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STAFF REPORT FOR THE 2026 DISCUSSIONS ON COMMON POLICIES OF 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 18, 2026, consideration of the staff report.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on May 18, 2026, following discussions that ended on February 20, 2026. Based on information available at the time of these discussions, the staff report was completed on May 1, 2026.
- A **Statement by the Executive Director** for the West African Economic and Monetary Union (WAEMU) member countries

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PRESS RELEASE

PR26/166

IMF Executive Board Concludes 2026 Discussions on Common Policies of the West African Economic and Monetary Union

FOR IMMEDIATE RELEASE

- The WAEMU was among the fastest growing regions in the world in 2025, with low inflation and external reserves at comfortable levels following a sharp recovery. Fiscal deficits narrowed and public debt declined for the first time in over a decade.

- The region faces significant downside risks, notably from the war in the Middle East, high debt burdens and elevated sovereign financing needs, a strong sovereign-bank nexus with pockets of financial sector vulnerability, and exposure to security and climate shocks.

- Credible and sustained fiscal convergence toward the 3 percent deficit target, anchored by the prompt adoption of the WAEMU Convergence Pact, remains the priority. Monetary policy should remain data dependent, while timely action is needed to address financial sector vulnerabilities, including elevated sovereign exposures, high non-performing loans, and low provisioning.

Washington, DC – May 21, 2026: On May 18, 2026, 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 in the WAEMU reached 6.6 percent in 2025—among the fastest growing regions of the world—while inflation fell below its target range from mid-2025, driven primarily by transitory food price deflation. Progress in reducing external imbalances continued as the current account deficit narrowed from 5.7 percent of GDP in 2024 to 1.7 percent in 2025, reflecting elevated gold and cocoa prices and rising hydrocarbon export volumes. Reserves rose sharply above adequate levels, reaching 7.8 months of prospective imports in February 2026. The

[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/waemu page.

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external position is assessed to be broadly in line with the level implied by fundamentals and desirable policies. As inflation fell and external buffers recovered, the Central Bank of West African States (BCEAO) lowered policy rates by a cumulative 50 basis points since June 2025.

Public debt is estimated to have declined in 2025, supported by fiscal consolidation and strong growth, although debt sustainability risks remain elevated in several countries. The fiscal deficit narrowed from 5.4 percent of GDP in 2024 to 3.4 percent in 2025, and the debt-to-GDP ratio fell from 68 percent in 2024 to an estimated 65 percent in 2025. However, debt levels and financing conditions remain heterogeneous across the union, with high debt and tighter financing conditions in some countries. Increased reliance on the regional debt market saw issuance volumes rise sharply in 2025, keeping the risks associated with banks' exposures to sovereigns high. The banking system remains solid overall, although persistently high non-performing loans (NPLs), low provisioning, elevated sovereign exposures, and pockets of vulnerability in some countries heighten financial stability risks.

Growth is projected to moderate to about 5.5 percent in 2026, stabilizing at around 6 percent over the medium term, while inflation is expected to return to the target range in 2026. Fiscal convergence to the 3 percent of GDP deficit target is expected to continue, with delays in several countries. Reserves are projected to increase gradually, reaching about 8.1 months of prospective imports by 2030. However, the region remains subject to significant downside risks, notably from the war in the Middle East—which could significantly impact inflation, growth, and external sustainability—as well as fiscal sustainability pressures, macro-financial stability risks, and security and climate shocks.

Executive Board Assessment[3]

Executive Directors agreed with the thrust of the staff appraisal. They welcomed that the WAEMU continues to benefit from strong growth and low inflation, alongside progress in reducing fiscal imbalances and rebuilding external buffers. Noting significant heterogeneity across countries in terms of policy space, implementation capacity and exposure to risks, amplified by the war in the Middle East, Directors stressed the importance of prudent policies to preserve macroeconomic and financial stability, and of structural reforms to foster inclusive growth, combined with the need for strengthened coordination at the regional and national levels. They looked forward to the Fund's continued engagement with WAEMU member states to bolster reform momentum and policy credibility.

Directors welcomed the decline in regional debt ratio, the first in over a decade. Given elevated public debt and financing needs, Directors stressed the importance of a credible and sustained commitment to fiscal consolidation. Fiscal adjustment should be driven primarily by domestic revenue mobilization, alongside measures to contain debt creating stock flow adjustments. Improvements in fiscal and debt transparency are also important. In this context, they called for the rapid adoption of the enhanced WAEMU Convergence Pact and emphasized the need to avoid fiscal slippages which could strain financing conditions and exacerbate sovereign bank nexus risks. Closely monitoring regional market conditions is thus paramount.

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[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.

Directors noted that the current monetary policy stance remains broadly appropriate. They agreed that monetary policy should remain data dependent and continue to focus on maintaining price stability while safeguarding financial stability. Directors stressed that the BCEAO should stand ready to adjust the policy stance if conditions deteriorate. Directors also encouraged continued dialogue between staff and the authorities to strengthen the effectiveness of monetary policy.

Directors welcomed that the financial system remains broadly sound. They noted that risks to financial stability persist reflecting the elevated sovereign bank nexus, persistently high nonperforming loans, low provisioning, and pockets of vulnerabilities in some countries. In that context, they encouraged the authorities to address these risks with actions anchored in fiscal discipline and supported by prudential, supervisory and crisis preparedness measures. Full implementation of remaining FSAP recommendations will also be essential.

Directors agreed that WAEMU's longer term prosperity will depend on stronger regional solidarity, deeper economic integration, and sustained inclusive growth. They welcomed the 2030 Strategic Plan as a useful framework to support economic transformation and diversification, including by reducing trade barriers and strengthening regional value chains.

The views expressed by Executive Directors today will form part of the Article IV consultations with individual member countries that will 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.

WAEMU: Selected Economic and Social Indicators, 2021–30

GDP		**Poverty (2021, latest available)**	
Nominal GDP (2025, millions of US Dollars)	253,956	Headcount ratio at $1.90 a day (2011 PPP, percent of population)	35.0
GDP per capita (2025, US Dollars)	1,615	Undernourishment (percent of population)	10.5
Population characteristics		**Inequality (2021, latest available)**	
Total (2024, millions)	147.8	Income share held by highest 10 percent of population	28.4
Urban population (2024, percent of total)	41.5	Income share held by lowest 20 percent of population	7.7
Life expectancy at birth (2023, years)	62.2	Gini index	35.4

Economic Indicators

	2021	2022	2023	2024	2025		2026	2027	2028	2029	2030
					SR25/110 [1]	Est.	Projected				
	(Annual Percentage Change)										
National income and prices											
GDP at constant prices [2]	6.1	5.9	5.4	6.4	6.3	6.6	5.5	5.6	5.7	5.7	5.8
GDP per capita at constant prices	3.2	3.0	2.5	3.5	3.3	3.6	2.6	2.6	2.8	2.8	2.9
Consumer prices (average)	3.6	7.4	3.8	3.5	3.5	0.1	2.0	2.0	2.0	2.0	2.0
Terms of trade	-6.3	-18.3	9.0	36.1	12.4	29.5	2.3	-2.2	0.1	-2.0	-1.2
Nominal effective exchange rate	1.2	-2.3	6.3	3.6	3.0	3.0	...	...	...	...	...
Real effective exchange rate	1.5	-3.5	3.8	3.0	0.1	0.1	...	...	...	...	...
	(Percent of GDP)										
National accounts											
Gross national savings	20.0	18.7	17.4	18.9	20.8	21.4	21.0	20.6	20.8	21.4	21.5
Gross domestic investment	25.9	28.5	26.9	24.1	26.9	23.1	23.1	23.2	23.5	23.7	23.9
Of which: public investment	7.7	8.2	8.0	7.2	6.8	6.7	7.1	7.4	7.5	7.7	8.0
	(Annual changes in percent of beginning-of-period broad money)										
Money and credit											
Net foreign assets	1.7	-7.9	-7.2	6.1	6.1	17.7	4.1	4.0	3.3	2.7	2.9
Net domestic assets	16.9	20.7	10.4	3.0	3.4	2.4	9.6	9.2	9.4	9.5	9.3
Broad money	18.0	11.4	3.5	8.9	8.9	17.5	13.0	12.8	12.5	11.9	12.0
Credit to the economy	8.1	9.0	6.8	2.7	2.7	3.9	4.6	5.4	5.8	6.3	6.3
	(Percent of GDP, unless otherwise indicated)										
Government financial operations											
Government total revenue, excl. grants	16.1	15.5	16.1	16.4	16.6	17.5	17.5	18.0	18.4	18.7	18.9
Government expenditure	24.2	25.0	23.7	22.5	22.4	21.6	21.9	22.0	22.1	22.2	22.4
Overall fiscal balance, excl. grants	-8.1	-9.4	-7.6	-6.1	-5.8	-4.1	-4.4	-4.0	-3.7	-3.5	-3.5
Overall fiscal balance, incl. grants	-6.7	-8.2	-6.6	-5.4	-5.2	-3.4	-3.7	-3.3	-3.0	-2.9	-2.9
External sector											
Exports of goods and services [3]	18.8	19.3	17.5	19.1	18.8	23.5	24.3	23.5	22.7	22.5	22.0
Imports of goods and services [3]	24.6	29.3	27.0	24.2	24.6	24.0	24.7	24.2	23.6	22.9	22.6
Current account, excl. grants	-6.5	-10.7	-9.9	-6.1	-6.5	-2.0	-2.4	-2.8	-2.9	-2.6	-2.6
Current account, incl. grants	-5.8	-9.8	-9.3	-5.7	-6.1	-1.7	-2.1	-2.5	-2.7	-2.4	-2.4
External public debt	37.5	38.0	40.7	40.9	39.9	37.9	37.5	36.9	36.0	34.9	33.7
Total public debt	59.1	62.5	65.1	67.6	65.0	64.7	63.9	62.7	61.2	59.9	58.3
Broad money	39.9	40.1	38.2	38.0	38.8	41.1	43.0	45.0	46.9	48.7	50.5
Memorandum items:											
Nominal GDP (billions of CFA francs)	103,103	114,228	124,112	135,823	133,227	147,506	159,452	172,128	185,473	200,147	216,132
Nominal GDP per capita (US dollars)	1,326	1,272	1,378	1,466	1,446	1,615	1,771	1,853	1,935	2,028	2,128
CFA franc per US dollars, average	554.2	622.4	606.5	606.2	580.8	580.8	...	...	...	...	...
Gross international reserves											
In months of next year's imports (of goods and services)	5.0	4.1	3.5	4.6	4.6	7.0	7.3	7.6	7.8	7.9	8.1
In percent of current GDP	13.6	10.0	7.6	10.0	10.1	15.5	15.9	16.1	16.1	16.1	16.3
In percent of the BCEAO's sight liabilities	79.7	63.8	56.9	66.9	66.9	87.2	89.0	89.1	88.3	87.7	87.8
In millions of US dollars	24,172	18,398	15,979	21,408	21,593	40,850	45,679	49,760	53,574	57,773	62,865

Sources: IMF, African Department database; World Economic Outlook; World Bank World Development Indicators; IMF staff estimates and projections.
All projections presented were prepared in September 2025. Projections correspond to the latest WEO and will be refreshed with the new submission.

[1] Shows data from the IMF Country Report 25/110 issued on May 19, 2025.

[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.

INTERNATIONAL MONETARY FUND

WEST AFRICAN ECONOMIC AND MONETARY UNION

STAFF REPORT FOR THE 2026 DISCUSSIONS ON COMMON POLICIES OF MEMBER COUNTRIES

May 1, 2026

KEY ISSUES

Context. Economic growth in the WAEMU remained strong in 2025, while inflation fell below target primarily owing to transitory food price deflation. Progress in reducing external imbalances, elevated gold and cocoa prices, rising volumes of hydrocarbons and gold exports, and sizable capital inflows supported a sharp rebound in reserves, which returned to adequate levels in 2025 and continued to rise in early 2026. Economic and financial conditions remain heterogeneous across member states, with elevated public debt burdens, tight financing conditions, and pockets of financial sector vulnerability in several countries continuing to pose risks. The region remains vulnerable to downside risks, notably fiscal sustainability pressures and high financing needs, elevated sovereign-bank nexus risks with localized financial sector vulnerabilities, adverse commodity price movements and tighter financing conditions, and security and climate shocks. Heightened geopolitical tensions—including the war in the Middle East—have increased downside risks through commodity prices, financing, and confidence channels, with uneven exposure across member states, underscoring the importance of policy flexibility and policy buffers.

Key Policy Recommendations

Fiscal Policy. Fiscal policy should ensure credible and sustained convergence toward the 3 percent of GDP fiscal deficit target to safeguard debt sustainability, external viability, and financial stability. Fiscal slippages should be avoided, as additional financing needs could strain the regional market and intensify sovereign-bank nexus risks. However, a calibrated and temporary fiscal response may be needed to address spillovers from the war in the Middle East, while safeguarding fiscal sustainability. Addressing stock-flow adjustments remains a priority and requires stronger public financial management, improved fiscal and debt reporting, regular audits, and enhanced data consistency. Fiscal adjustment should be anchored in domestic revenue mobilization, given persistent expenditure pressures and constrained financing space.

Rapid adoption of a new, enhanced Convergence Pact—preserving existing deficit and debt ceilings and complementing them with an exogenous escape clause, while strengthening enforcement, transparency, and the treatment of shocks—would reinforce confidence in WAEMU's commitment to sustainability and unity.

Monetary Policy. Monetary policy should remain data dependent and focused on maintaining inflation within the 1–3 percent target range, while safeguarding reserve adequacy and financial stability. While the policy stance remains broadly adequate, the BCEAO should stand ready to adjust it if price, credit, external, or financial market conditions were to deteriorate, notably as a result of spillovers from the war in the Middle East. With external buffers at adequate levels, the BCEAO could consider a return to a fixed rate full allotment framework to strengthen monetary policy transmission and financial intermediation.

Financial Sector Policy. The authorities should continue efforts to address persistently high non-performing loans (NPLs), improve provisioning, enhance crisis preparedness, and strengthen prudential enforcement. In the short term, this should include improved asset quality reporting, NPL reduction plans, effective recovery and resolution planning and enforcement, and the establishment of an emergency liquidity assistance framework. Over the medium term, authorities should adopt forward-looking provisioning and Basel III liquidity ratios, as well as strengthen resolution tools for problem assets. To mitigate sovereign-bank nexus risks, authorities should prioritize—in addition to sustained fiscal consolidation—regular stress testing of sovereign risk exposures and the implementation of FSAP recommendations aimed at curbing sovereign overexposure and ensuring adequate buffers. Reforms should be carefully paced and complemented by close monitoring of regional cross-border sovereign exposures and efforts to diversify the investor base to contain spillovers and safeguard regional financial stability.

Structural Reforms. Policies to strengthen regional resilience and deepen integration will be important to support sustainable growth. The envisaged macroeconomic stabilization fund (MSF) should be anchored in strong fiscal rules and PFM frameworks and designed to avoid leverage and the creation of contingent liabilities. Advancing the implementation of the WAEMU Commission's 2030 Strategic Plan—focused notably on reducing trade barriers and strengthening regional value chains—would help raise potential growth. Continued progress in digital payments—supported by a robust legal and institutional framework—and market infrastructure would support financial inclusion, deeper intermediation, market efficiency, and economic resilience.

Approved By
Vitaliy Kramarenko (AFR) and Tokhir Mirzoev (SPR)

The regional discussions were held in Ouagadougou, Abidjan, and Dakar over February 9-20, 2026. The mission comprised Mr. Ricci (head), Ms. Dordevic, Mr. Retana de la Peza, Mr. Mbaye (AFR), Mr. Zabczyk (MCM), and Mr. Perdigao (SPR). The concluding meeting was held on February 20, 2026, in Dakar and virtually, when Mr. Kramarenko, Mr. Ricci (AFR), and Mr. Tall (OED) met with BCEAO Governor Brou, the President of the WAEMU Council of Ministers, and the President of the WAEMU Commission. Ms. Spencer Goncalves 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.

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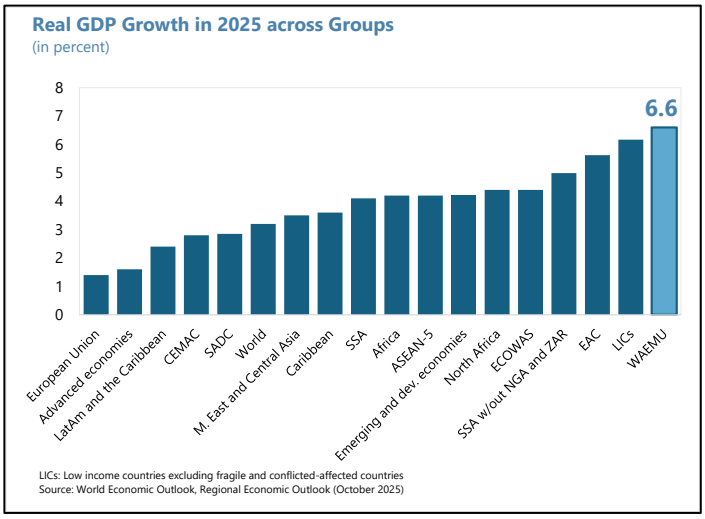
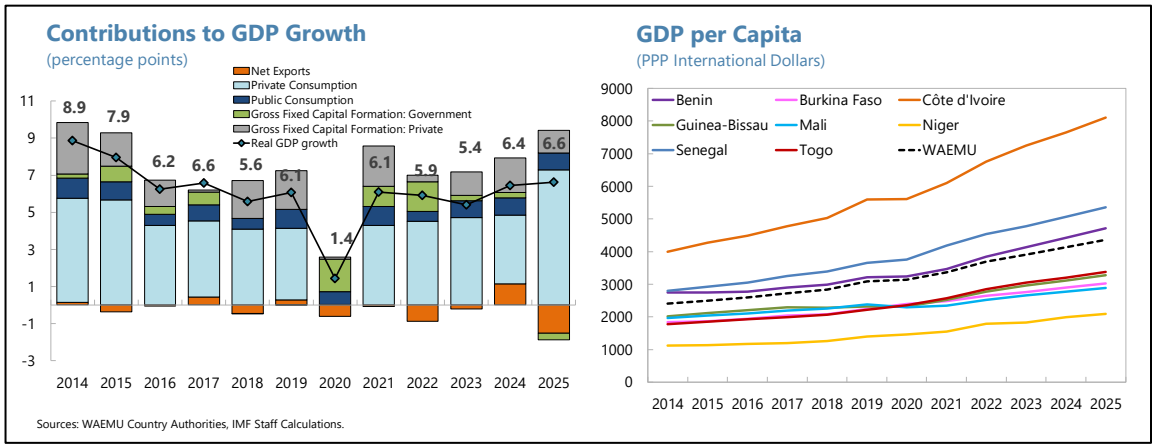
CONTEXT: STRONG ECONOMIC PERFORMANCE AMID INCREASING DIVERGENCE

1. Economic growth remained strong in 2025. The WAEMU was among the fastest growing regions of the world in 2025, with real GDP growth estimated broadly unchanged at 6.6 percent, above the 2015-2024 average of 5.8 percent. Per capita GDP growth remained robust at 3.6 percent, above the 2015-2024 average of 2.8 percent. Economic and development outcomes remain uneven across members, with GDP PPP per capita ranging from US$2,100 in Niger to US$8,100 in Côte d'Ivoire.[1]

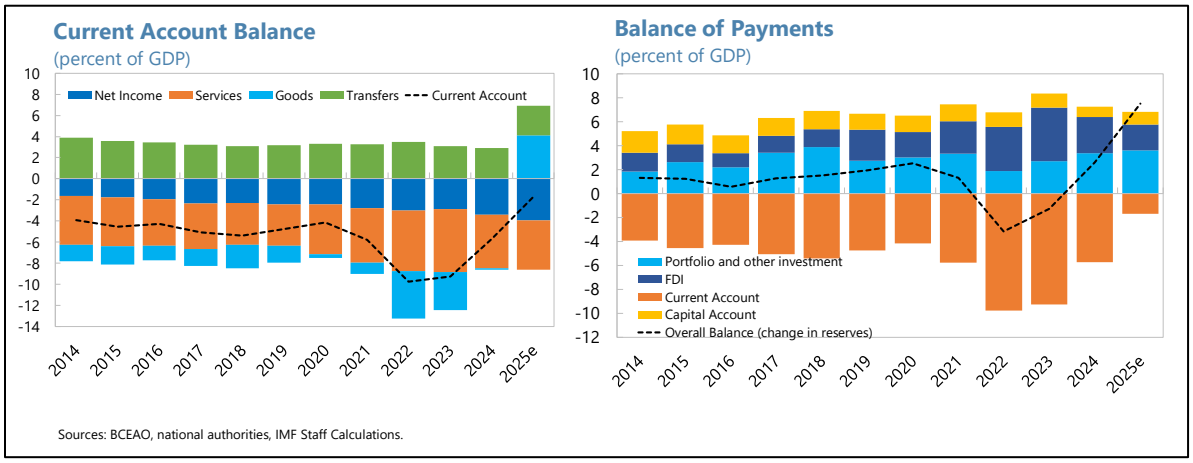




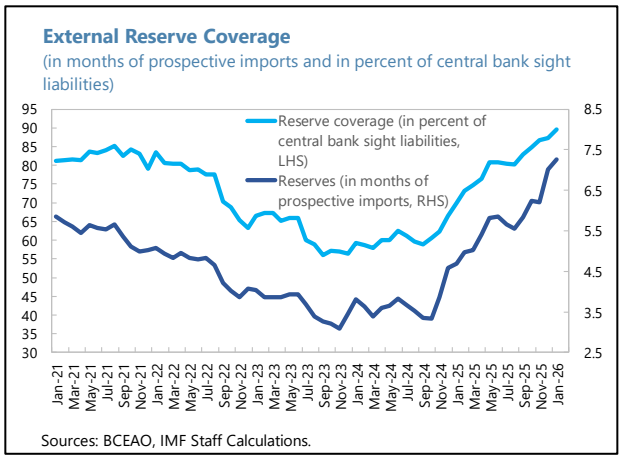
2. Progress in reducing external imbalances continued in 2025. The current account deficit is estimated to have narrowed from 5.7 percent of GDP in 2024 to 1.7 percent in 2025. The improvement was mainly driven by fiscal consolidation and the first positive trade balance of goods in over a decade. The latter was supported by higher exports, boosted by elevated gold

[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.

and cocoa prices, as well as rising volumes of hydrocarbons (especially in Niger and Senegal) and gold (especially in Burkina Faso and Côte d'Ivoire).



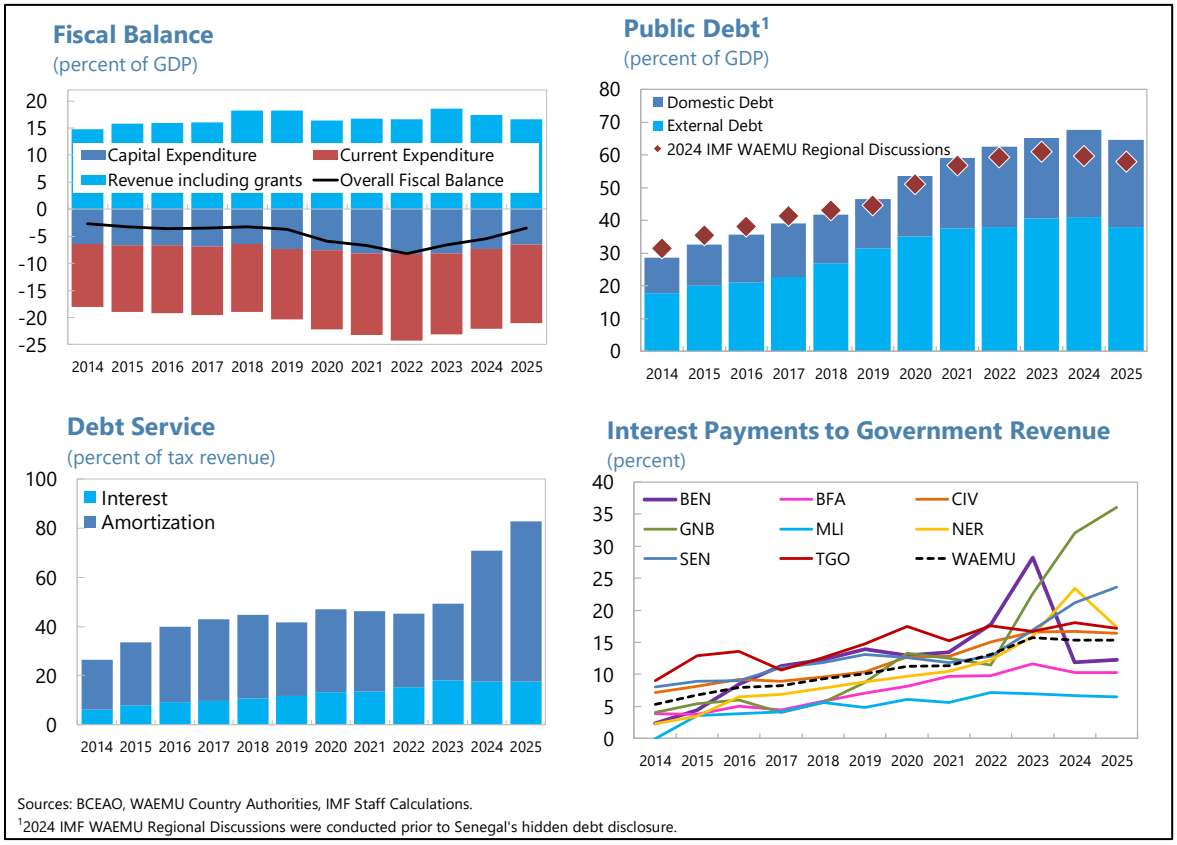
3. Reserves rebounded strongly in 2025, reaching 7.0 months of prospective imports, and returning to adequate levels. After falling below adequate levels in 2023, they recovered sharply from US$14.5 billion in October 2024 to US$40.9 billion in 2025, owing to continuing strong exports and net capital and financial inflows, including Eurobond issuances by some members and the BOAD. They rose further to US$45.8 billion (7.8 months of prospective imports) in February 2026. Tighter enforcement of reserve repatriation rules may also have contributed. Annex I estimates the lower bound of reserve adequacy at 5 months of prospective imports. SDR holdings at the regional level remain consistent with Fund obligations.



4. Fiscal deficits and persistent stock-flow adjustments (SFA) drove a significant increase in public debt, although the trend is estimated to have reversed in 2025. Total debt rose from 47 percent of GDP in 2019 to 68 percent in 2024, driven by elevated deficits following the suspension of the WAEMU Convergence Pact in 2020 and its subsequent expiration, alongside sizeable stock-flow adjustments.[2] In 2025, fiscal consolidation—reflected in a reduction of the fiscal deficit from 5.4 to 3.4 percent of GDP— combined with robust growth led to a decline in the debt ratio to an estimated 65 percent of GDP, marking the first reduction in 15 years. WAEMU's debt service increased sharply in 2025, reaching 83 percent of tax revenue, driven by both higher amortization payments reflecting increased reliance on the domestic

[2] The 2025 Staff Report found SFAs averaging 1.3 percent of GDP per year over the last decade.

treasury market and shorter maturities in some countries. Senegal's debt was revised up to 132 percent of GDP for 2024, and stood at 130 percent of GDP in 2025, while other countries face high risks of overall debt distress (Guinea-Bissau and Niger). All members have Fund arrangements, except Mali (Staff Monitored Program successfully concluded in March) and Benin (program successfully concluded in February 2026), while Senegal's program is off track (see Annex III).



Sources: BCEAO, WAEMU Country Authorities, IMF Staff Calculations.
[1]2024 IMF WAEMU Regional Discussions were conducted prior to Senegal's hidden debt disclosure.

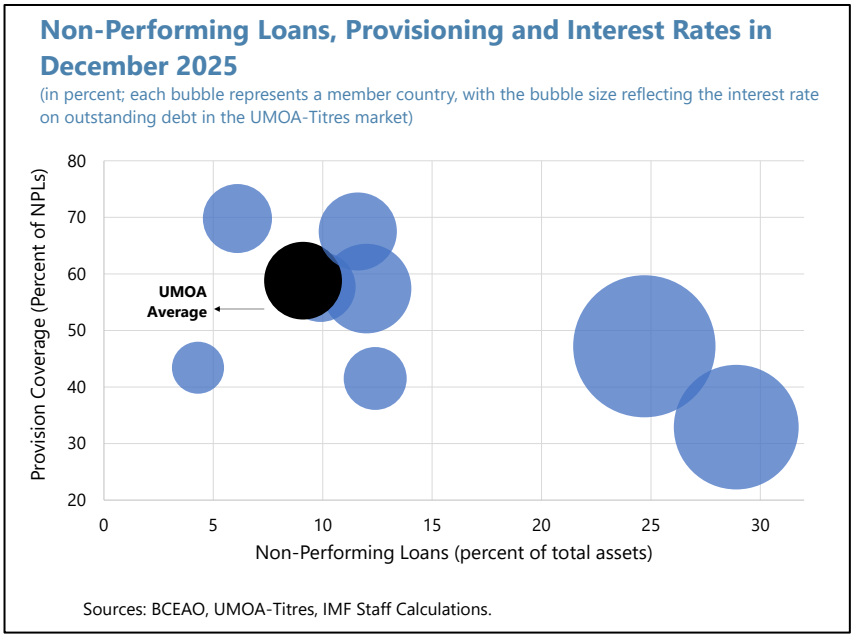
5. Inflation fell below the 1-3 percent target range from June 2025 onward, driven by falling food prices, with substantial cross-country variation. Average yearly inflation fell from 3.5 percent in 2024 to 0.1 percent in 2025, reflecting food price deflation following strong harvests, lower international food prices, and base effects. Year-on-year headline inflation was -0.1 percent in February 2026, remaining negative for nine consecutive months. Core inflation (excluding energy and fresh products) stood at 1.3 percent in February 2026, within the target range for the second consecutive month. Deflation was particularly pronounced in Niger, where average inflation fell to -4.6 percent in 2025, partly reflecting sizable base effects. Excluding Niger, WAEMU average inflation was 0.7 percent in 2025.

6. Monetary conditions have eased. The BCEAO lowered policy rates by 25 basis points (bps) in June 2025, and by a further 25 bps in March 2026, bringing the policy rate corridor to 3- 5 percent, while keeping the reserve requirement at 3 percent. Combined with liquidity from higher external reserves, the more accommodative policy stance lowered the effective

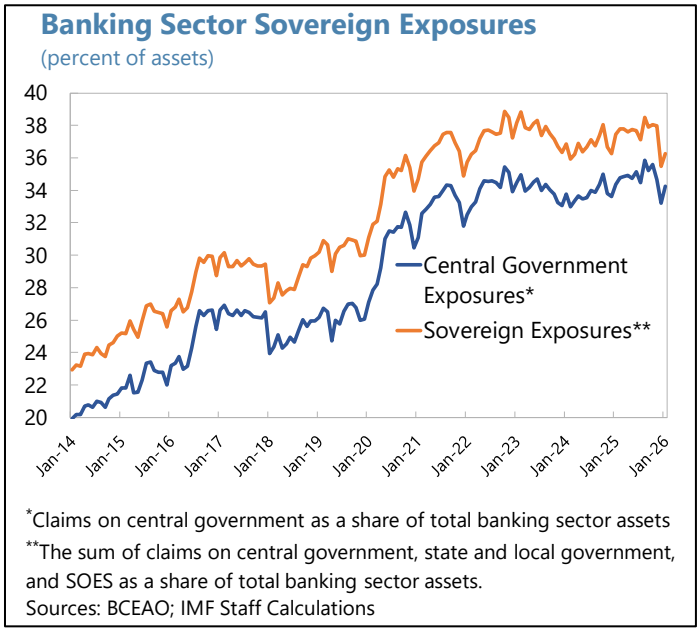
refinancing rate—the *de facto* main policy rate—from 5.5 percent in March 2025 to 3.6 percent in March 2026. Over the same period, average interbank weekly rates fell from about 6.3 percent to 4.1 percent, while the union-weighted-average three-month T-bill rates declined from 6.5 percent to 4.8 percent. Government securities purchased by the BCEAO in 2023 (an initial stock of around CFAF 2 trillion) are being gradually unwound as they mature.

7. Domestic financing conditions eased overall in 2025, unevenly across countries, then external financing conditions tightened in March 2026 amid rising geopolitical tensions related to the war in the Middle East. One-year bond yields decreased by an average of 22 bps relative to 2024, except in Niger, where they rose by 107 bps. Conditions in the regional market remain more favorable for some countries (Benin, Côte d'Ivoire, and Togo), with weighted average yields on one-year treasury bonds of 7.1 percent in 2025, compared to 9.6 percent for the remaining countries. Senegal has relied heavily on the regional market to address financing needs, though through shortened maturities in 2026 issuances, given limited access to external financing and debt vulnerabilities. Part of Senegal's issuances in the *UMOA-Titres* securities market in 2025 were purchased as part of Total Return Swap operations[3]. In international markets, Côte d'Ivoire's and Benin's Eurobond Euro spreads continued easing through February 2026—to 350 bps and 320 bps, respectively—but rose sharply for Senegal to a record 1,700 bps in December 2025 (from 675 bps in January 2025) following a further downgrade by S&P to CCC+, before stabilizing at 1,400 bps through February 2026. Spreads rose by 40 bps in Côte d'Ivoire, 60 bps in Benin, and 230 bps in Senegal in March 2026, driven partly by rising geopolitical tensions. Benin raised US$850 million in international markets in January 2026 (US$500 million via a 7-year Sukuk with a 6.9 percent yield and US$350 million by reopening the 2038 Eurobond with a 6.2 percent coupon). Côte d'Ivoire also raised US$1.3 billion in international markets in February 2026, through a 15-year bond with a 6.75 percent coupon. Furthermore, public funding conditions are closely linked to financial sector vulnerabilities. Countries with higher funding costs (larger bubbles in the text Figure) tend to display higher nonperforming loan ratios (horizontal axis) and lower provisioning levels (vertical axis).

[3] Total Return Swaps (TRS) are ISDA derivative contracts with the following structure: foreign investors provide funding through an intermediary regional bank, which purchases the equivalent amount in CFA denominated securities issued on the regional market in the case of Senegal. Senegal is required to post a cash collateral in foreign currency, subject to margin calls, and pays a floating rate plus a spread, while coupons on the underlying regional securities are rebated to Senegal. The effective financing cost for Senegal is the TRS rate plus the funding costs of the cash collateral.

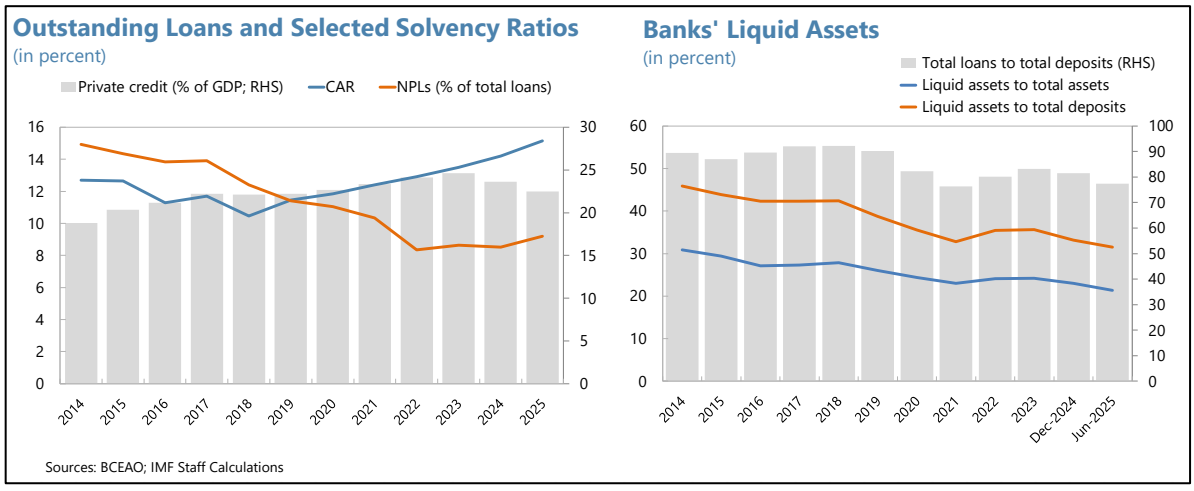


8. WAEMU banks' sovereign and cross-border exposures remain high, heightening financial stability, private credit crowding-out, and regional spillover risks. In 2025, the regional market absorbed exceptionally high government financing, with net issuance reaching about CFAF 5 trillion—nearly double initial projections (CFAF 2.6 trillion). This absorption capacity was supported by above-trend banking sector asset growth—linked to surging official reserves—and a marked increase in participation by non-bank and non-resident investors. Bank claims on the central government grew by 13.3 percent in 2025 compared with 5.6 percent for claims on the private sector. Banks' exposure to sovereign risk was very high in 2025 (averaging 37.6 percent), higher than in 2024 (36.8 percent), and close to the average of the last four years (37.3 percent). Exposures were broadly unchanged in January 2026 (37.2 percent). Cross-border exposures amounted to 7 percent of WAEMU GDP and 12 percent of WAEMU banking sector assets at end-2025. However, financial home bias is rising in parts of the market, owing to a higher perception of sovereign risks in some countries and the differentiated tax treatment by some governments of sovereign bond purchases based on investors' residency (issuing country vs. other WAEMU countries).



9. WAEMU banking sector's capitalization exceeds the regulatory minimum, but there are signs of deteriorating asset quality and liquidity, as well as regional pockets of vulnerabilities. The overall capital adequacy ratio (CAR) rose from 13.5 percent at end-2023 to 15.1 percent in June 2025, above the 11.5 percent regulatory minimum. However, persistently high NPLs reaching 9.2 percent in June 2025 (and over 20 percent in some countries) have heightened asset quality concerns.[4] Provision coverage (61 percent on average in WAEMU) is uneven—high in Côte d'Ivoire (78 percent) but significantly lower in most other countries—and decreasing in some countries, which could mechanically boost profitability and capitalization metrics. Asset liquidity continues to weaken (with liquid assets to total assets dropping from 23 percent in 2024 to 21 percent by June 2025), and the introduction of Basel III liquidity ratios is still under preparation.

10. Authorities have made further progress in strengthening the regional banking resolution framework and crisis preparedness. The Banking Commission (CBU) adopted 4 resolution plans for systemic banks (SIBs), bringing the total number of approved plans to 27 (six regional SIBs and 21 domestic SIBs) out of 39 (SIBs list was updated from 34 to 39 institutions in December 2025). The adoption of at least 4 more SIB plans is expected in 2026. The CBU also adopted preventive recovery plans for all SIBs. The BCEAO and the CBU conducted regional crisis simulation exercises in 2025 in collaboration with the Bank for International Settlements (BIS) and the World Bank. The main recommendations included the need for stronger coordination among regulatory and supervisory actors, the preparation of a crisis management manual, and the need for regular crisis simulation exercises. The implementation of these recommendations is underway. Meanwhile, the initial preventive and recovery plans were approved for all SIBs and 42 out of 80 non-SIBs in 2025.

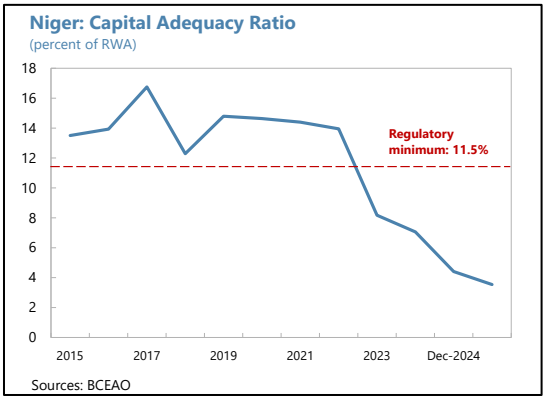


[4] NPLs reported by the BCEAO may be underreported by international standards, as discussed in Annex VI.

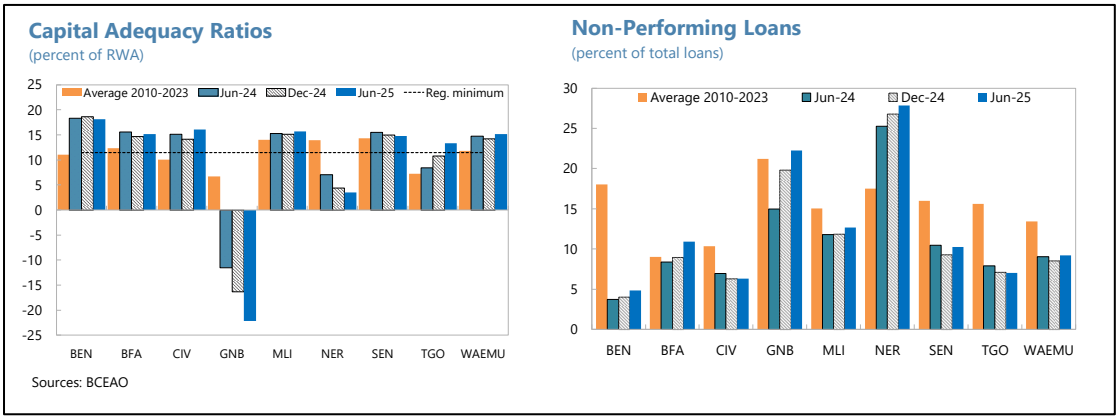
11. Banking system vulnerabilities require attention in Niger, Togo, and Guinea-Bissau:

- While banking sector weaknesses in Guinea-Bissau, Niger, and Togo are significant and warrant prompt supervisory action, available indicators suggest that they do not currently pose systemic risks to the WAEMU banking system as a whole. The affected institutions are not regionally systemic by size, and direct cross-border exposures remain moderate at the aggregate level. However, vulnerabilities could become systemic through indirect channels—particularly via the sovereign-bank nexus and reliance on the regional government securities market—if bank distress were to coincide with a broader sovereign shock or persistent delays in resolution. This underscores the need for timely Banking Commission action, strengthened crisis management tools, and close monitoring of cross-border sovereign exposures.

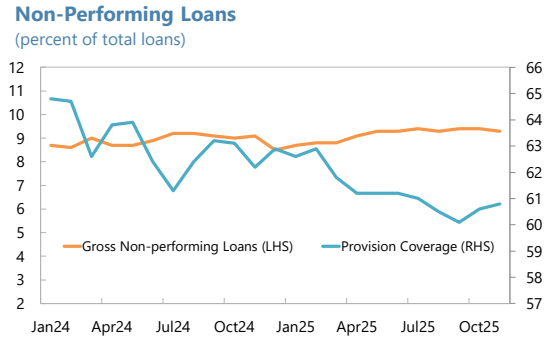
- In **Niger**, the banking system is under strain due to low liquidity, high NPLs, high government sector exposures, and low capitalization. Asset quality keeps deteriorating (the aggregate NPL ratio reached 28.5 percent in September 2025—above the WAEMU average of 8.7 percent). The system-wide CAR fell from 4.4 percent at end-2024 to 3.5 percent by mid-2025. However, when excluding one bank with deeply negative capital, the CAR is at 14.9 percent—above the regulatory minimum. Liquidity pressures remain high. In the absence of a formal emergency liquidity facility, the BCEAO has allowed some banks that do not meet solvency or regulatory capital requirements to continue accessing refinancing, although at a capped level, given the potential financial stability risks of excluding them.



- In **Togo**, following an audit in a medium-sized bank in June 2024, the bank sharply revised its NPL ratio upwards, resulting in a significant capital shortfall. The revision seems related to concentrated exposures.

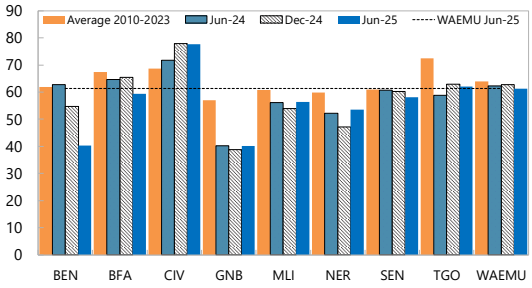


- In **Guinea-Bissau**, upon approval from the Minister of Finance, based on the Banking Commission's advice in February 2025, government ownership of a systemic and deeply insolvent bank with longstanding issues was transferred. The authorities indicated that a capital injection by a new investor, originally expected to be completed by end-2025, should be finalized shortly.



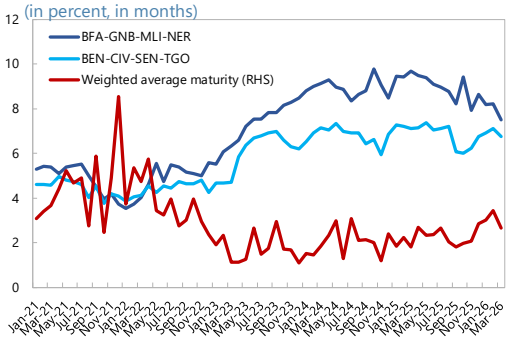
Non-Performing Loans
(percent of total loans)

Sources: Monthly Statistical Bulletin, BCEAO.

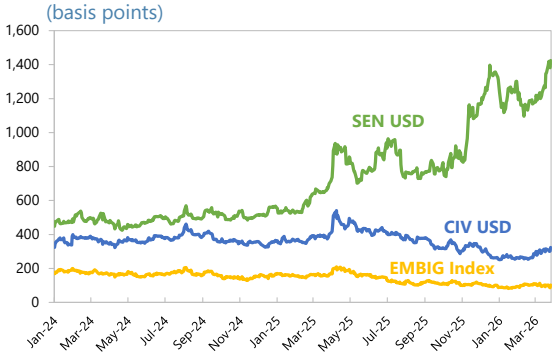


Loan Loss Provisions
(percent of gross NPLs)

Sources: Financial Soundness Indicators, BCEAO.



Weighted Average Yield and Maturity of Monthly Issuances
(in percent, in months)



EMBIG USD Spreads
(basis points)

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

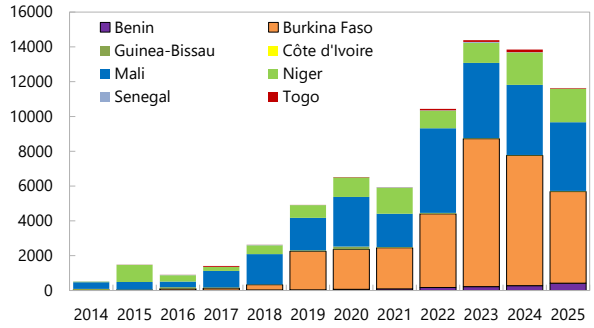
Systemic Vulnerability Heatmap, 2010–24

Sectors	Indicators	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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 since 2005.

Fatalities linked to Securities Incidents

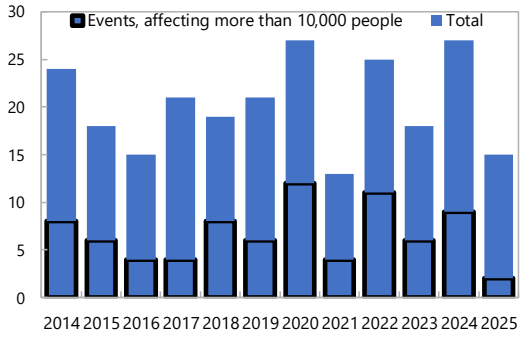
(number of fatalities)



Sources: ACLED, IMF Staff Calculations. The declining trend in BFA likely reflects data quality issues (including the impact of media restrictions) as field contacts report no noticeable improvements in security trends.

Climate Events

(number of events per year)

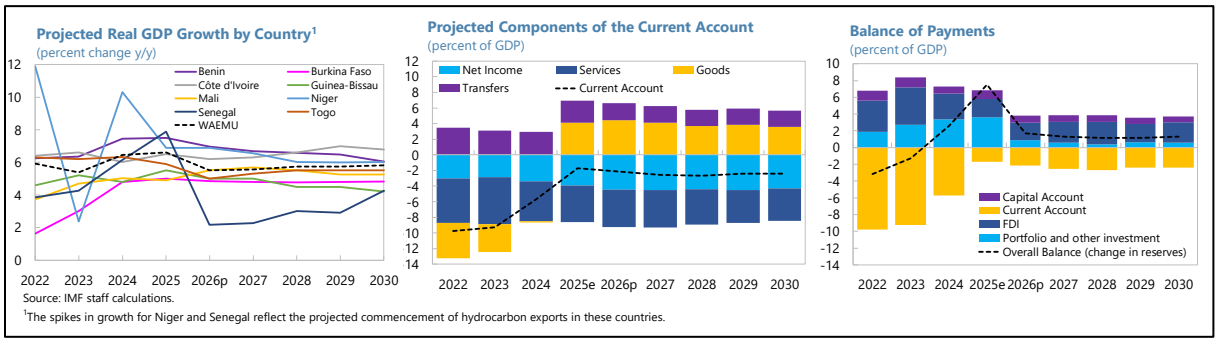


Sources: EM-DAT; IMF Staff Calculations.

12. The region continues to face security threats, political instability, and climate shocks. Security risks remain acute in Burkina Faso, Niger, and Mali. Political risks have been contained so far, with peaceful polls in Togo, Côte d'Ivoire, and Benin. Climate shocks remain frequent.

POSITIVE MEDIUM-TERM PROSPECTS SUBJECT TO CONSIDERABLE DOWNSIDE RISKS

13. Under the baseline scenario, growth is expected to remain robust, and the current account and reserve coverage are projected to remain adequate. Growth is projected to moderate somewhat to 5.5 percent in 2026 and stabilize at 5¾ percent over the medium term. Inflation is expected to increase to 2 percent in 2026 and stabilize at that level. The current account deficit is expected to widen to 2.1 percent of GDP in 2026 and stabilize around 2.5 percent of GDP over the medium term—despite a sustained reduction in official development assistance—underpinned by continued fiscal consolidation and high goods exports. Gold, cocoa, and hydrocarbons accounted for over 80 percent of the increase in goods exports in 2025 and are projected to be the main drivers of exports in 2026. The immediate impact of the war in the Middle East under the WEO reference scenario[5] is expected to be limited, reflecting WAEMU's resilience to short-term oil price shocks. WAEMU's oil dependence has declined, with the oil trade balance improving from an average of -4 percent of GDP in 2020-24 to -2 percent in 2025, primarily owing to higher oil exports. In addition, the pass-through of international oil prices to domestic prices is limited in some countries, owing to long-term pre-purchased fixed-price oil import contracts and regulated petroleum product prices. However, higher fertilizer prices could dampen growth in the agriculture sector and put upward pressure on food prices. Under the baseline, also reflecting the expected strong export performance, reserves are expected to increase gradually over the medium term, reaching about 8.1 months of imports by 2030. Thus, compared to last year, WAEMU countries' capacity to repay the Fund has improved notwithstanding repayments to the Fund of about 0.3 percent of GDP per year in the medium term (Annex III). The external position is assessed as broadly in line with the level implied by fundamentals and desirable policies (see Annex I).



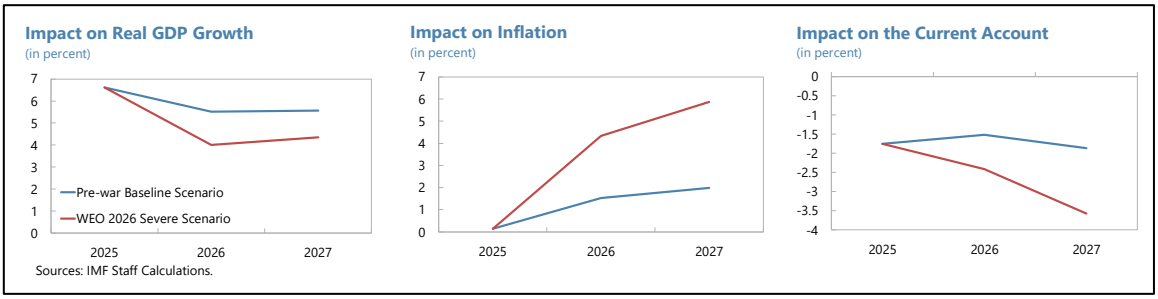
14. Fiscal convergence to the 3 percent of GDP deficit target is expected to continue, with delays in several countries and uncertainty in the case of Senegal. Mali met the target

[5] This scenario is incorporated into the baseline and assumes the conflict lasts a few weeks and production and exports from the Middle East normalize by mid-2026.

in 2023, while Benin and Côte d'Ivoire are estimated to have met it in 2025. Niger[6] and Togo are projected to converge to the target in 2027, Burkina Faso and Guinea-Bissau in 2028 and Senegal in 2029[7]. The public debt-to-GDP ratio is projected to decline gradually and reach 58 percent of GDP by 2030, supported by fiscal consolidation and strong nominal GDP growth, though uncertainty remains high. The debt service-to-revenue ratio is also expected to fall progressively, given expectations of further fiscal consolidation, improvements in revenues, and reduced reliance on short-term domestic financing instruments.

15. This positive outlook is subject to significant downside risks:

- **The war in the Middle East, particularly under the WEO severe scenario, could significantly and unevenly impact inflation, growth, and external sustainability**. The impact will crucially depend on the conflict's duration, intensity, and scope. A severe persistence of the war would put upward pressure on oil, fertilizer, and food prices, lead to a tightening of global financial conditions, and weigh on global growth as well as on the WAEMU's capacity to repay the Fund. Under the assumptions of the WEO severe scenario, staff envisage that WAEMU GDP growth could be lower by around 1½ percentage points, inflation higher by about 3–4 percentage points, and the current account deficit higher by 1– 1½ percent of GDP in 2026-27, relative to the pre-war baseline. The impact would be heterogeneous across member countries, with more severe effects likely in economies facing higher net exposure to food and fertilizer imports, limited fiscal space, and tighter market financing conditions.



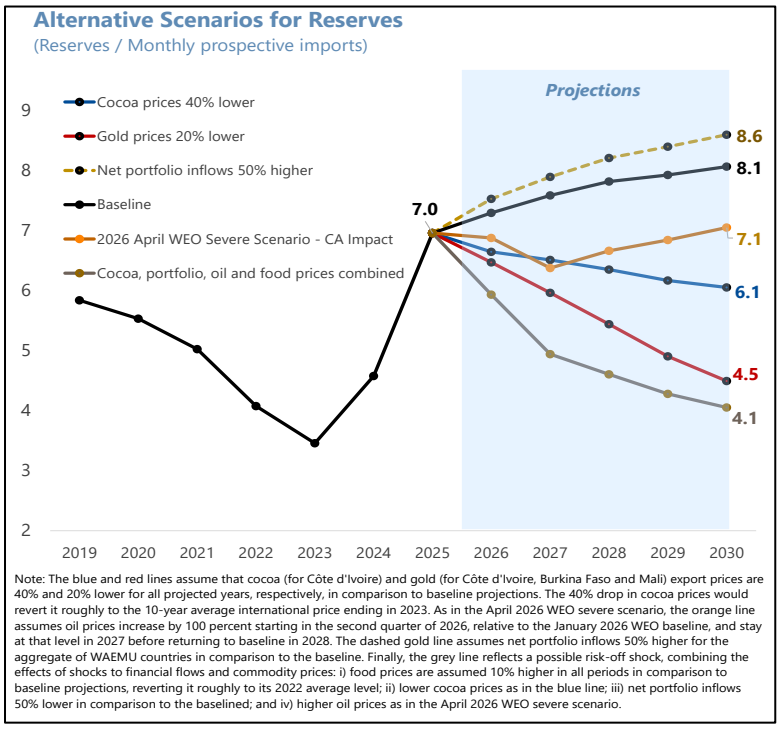
- **A deterioration of the external position, also owing to the war, could significantly affect reserve coverage.** Less favorable scenarios for prices of main export and import commodities, or for inflows of foreign capital, could impact the projected reserve path. For example, if cocoa prices fall by 40 percent (back to the 10-year average pre-2024) or gold prices drop 20 percent, reserve coverage would drop from 8.1 months of imports to 6.1 and 4.5 months of imports by 2030, respectively, relative to prices assumed under the baseline

[6] In Niger and Burkina Faso, fiscal deficits declined below the 3 percent of GDP target in 2025 but are projected to be above the target in 2026 owing to exogenous shocks, before returning to the 3 percent target in 2027 and 2028, respectively.

[7] Senegalese authorities are targeting convergence by 2027 while staff envisages a more gradual convergence, by 2029, in light of the impact of the war in the Middle East on the budget, given general fuel and fertilizer subsidies.

ceteris paribus. The direct impact from the war on the current account under the severe scenario would lower reserve coverage to 6.4 months of prospective imports in 2027. A broader combined shock—reflecting higher oil prices as in the severe WEO scenario, but also the shocks discussed above about higher food prices, lower cocoa prices, and reduced portfolio inflows from 2026 onward—could reduce reserve coverage to 4.1 months of imports by 2030, elevating the risks to capacity to repay the Fund, especially if fiscal positions also worsen and begin to diverge from the 3 percent of GDP fiscal deficit target.

- **Key downward risks also relate to fiscal sustainability and the sovereign-bank nexus.** Persistently high government debt and financing needs—potentially aggravated by fiscal slippages, overoptimistic revenue projections, and SFAs—combined with a growing reliance on a regional market that might be nearing capacity owing to banks' limited appetite to further increase their sovereign exposures, could tighten financing conditions (especially for higher-risk countries), leading to credit rationing and heightened debt sustainability risks. Specifically for 2026, net regional government financing needs are estimated at around CFAF 5.5 trillion (or possibly more in case of fiscal slippages), above the authorities' estimate of around CFAF 4 trillion, which could appear excessive relative to market capacity suggested by the experience in previous years. Tightening global financial conditions could further increase reliance and pressure on the regional market. Rising banking sector sovereign exposures—in the absence of risk-weighting, provisioning requirements, and additional capital requirements for sovereign concentration risk—could amplify financial instability and contagion risks, particularly in the context of high cross-border sovereign exposures. Moreover, fiscal costs from bank recapitalizations could trigger a negative feedback loop between sovereigns and banks. Finally, weaker growth and increased fiscal pressures—particularly in countries with limited fiscal buffers—stemming from higher oil, fertilizer, and food prices driven by the war in the Middle East could further heighten fiscal sustainability and financial stability risks.



Note: The blue and red lines assume that cocoa (for Côte d'Ivoire) and gold (for Côte d'Ivoire, Burkina Faso and Mali) export prices are 40% and 20% lower for all projected years, respectively, in comparison to baseline projections. The 40% drop in cocoa prices would revert it roughly to the 10-year average international price ending in 2023. As in the April 2026 WEO severe scenario, the orange line assumes oil prices increase by 100 percent starting in the second quarter of 2026, relative to the January 2026 WEO baseline, and stay at that level in 2027 before returning to baseline in 2028. The dashed gold line assumes net portfolio inflows 50% higher for the aggregate of WAEMU countries in comparison to the baseline. Finally, the grey line reflects a possible risk-off shock, combining the effects of shocks to financial flows and commodity prices: i) food prices are assumed 10% higher in all periods in comparison to baseline projections, reverting it roughly to its 2022 average level; ii) lower cocoa prices as in the blue line; iii) net portfolio inflows 50% lower in comparison to the baselined; and iv) higher oil prices as in the April 2026 WEO severe scenario.

- **Increased fiscal and financial sector vulnerabilities in some countries—primarily in Senegal—could heighten union-wide risks**. While the sovereign exposure of Senegalese banks as a share of their assets is not among the highest in the union, the magnitude of Senegal's debt and liquidity risks—if they were to materialize—combined with the sector's moderate capital headroom, could exacerbate financial sector risks. Given its size, the shock could spill over to the broader financial sector, while Senegal's large domestic financing needs could contribute to deepening the sovereign-bank nexus and materially elevate fiscal and financial stability risks for several countries.

- **Upside external risks** are mainly related to potentially larger net portfolio investment inflows, higher-than-expected gold exports (with rising prices encouraging new mining projects), and faster-than-expected hydrocarbon export growth. For example, a 50 percent increase in net portfolio investments relative to the baseline scenario (for example, through larger-than-expected Eurobond issuances) would push reserve coverage to 8.6 months of imports by 2030.

- **Worsening security challenges**, as well as governance and corruption vulnerabilities, could hurt growth, raise spending pressures, weaken revenues, and increase fiscal risks. Internal political tensions could weigh on confidence.

- **Additional risks** stem from more frequent climate events—such as floods and droughts, which can cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and lower growth—as well as from global uncertainty.

Authorities' Views

16. The authorities broadly shared staff's views on prospects but had a more positive view on growth and risks. They shared staff's forecast of stabilizing inflation, continuously robust growth, and reserves remaining adequate. However, they expect higher growth in 2025 and 2026 (6.7 and 6.4 percent, respectively, compared to staff's 6.6 and 5.5 percent). Regarding risks to the outlook, authorities broadly agreed with staff on their nature, but views diverged on their likelihood and potential magnitude. In particular, they found staff's assessment of risks to the external sector as overly pessimistic. In addition, they consider that the staff's concerns about potential financial instability risks from sovereign exposures, while legitimate, appear excessive. They emphasized that the region's financial sector remains robust, as evidenced by its strong and improving capitalization, and reiterated their commitment to monitor and adequately address the few existing pockets of vulnerability.

POLICIES—PRESERVING SUSTAINABILITY AND FINANCIAL STABILITY

A. Fiscal Policy

17. Country authorities should ensure prompt convergence of fiscal deficits to 3 percent of GDP, while adopting urgent measures to contain SFA and enhance fiscal transparency. Commitments—often under IMF-supported programs, as the new Convergence Pact is not yet adopted—to return deficits to 3 percent of GDP as soon as feasible are critical for external viability, debt sustainability, and financial stability, given elevated sovereign-bank nexus risks. The findings of the WAEMU Commission's SFA report identify the key SFA sources as: inadequately regularized emergency spending, differences in institutional coverage between fiscal balance and public debt, extrabudgetary operations, and possibly the practice of issuing public securities at a discount in the regional market. Measures recommended by the WAEMU Commission to address SFA include stronger PFM frameworks and controls, regular debt audits, and efforts to expand and harmonize coverage of debt and fiscal reporting (TOFE). The mission highlighted the importance of strengthening budgetary discipline and execution across the expenditure chain; improving the digitalization and interoperability of PFM systems; publishing commitments, financing agreements, and arrears; enhancing supervision of SOEs and quasi-fiscal operations, and ensuring systematic data consistency checks across fiscal, monetary, and financial data.

Fiscal Adjustment between 2022–25 Larger than Initially Projected Driven by Lower Spending
(percent of GDP)

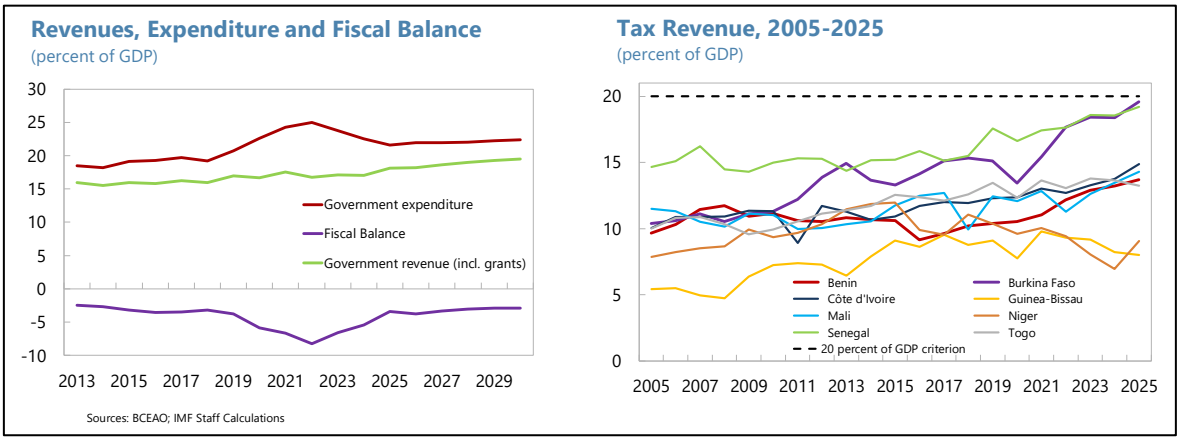
Source: IMF staff estimates, projections.
Note: Figure reports the contributions of the three components (expenditures, grants, and revenues) to the change in fiscal deficit. The top bar is the sum of the other three bars. 2023 SR proj. refers to projections of the respective indicator in the IMF Country Report No. 23/102 issued in February 2023.

18. Continued strengthening of fiscal transparency and debt management frameworks at both regional and national levels is essential for credibility and confidence. A WAEMU Commission mission visited Senegal in December 2025 to discuss with Senegalese authorities the Court of Auditors' report of February 2025, notably concerning the undisclosed debt. The WAEMU Commission should implement the recommendations of its mission, which in terms of regional surveillance include: (i) revising the harmonized public finance framework, in particular the Transparency Code Directive to strengthen requirements related to the publication, dissemination, and accessibility of information, and (ii) revising the regional Directive on public debt policy and public debt management in Member States. Operationalizing stronger regional transparency and debt management frameworks is likely to require medium-term regional efforts, as their effectiveness will depend critically on timely adoption of the Regional Directives

on transparency and debt management, clear allocation of responsibilities, and effective transposition and implementation by member states.

19. Fiscal slippages should be avoided to the extent possible, as added financing needs would further strain the regional market as well as heighten debt sustainability and financial stability risks. Sovereign financing conditions could become challenging, especially for high-risk countries, if appetite for sovereign issuance in the regional market is insufficient in 2026 following last year's high issuance volumes. Staff stressed the need for enhanced coordination of sovereign borrowing plans, as well as a close monitoring of conditions in the regional market, to ensure timely identification of stress and postpone expenditure needs that can be delayed. The impact of the war in the Middle East could warrant a calibrated fiscal policy response aimed at macroeconomic stabilization and complemented by targeted, temporary support—where fiscal space allows—to protect vulnerable households. Any such response should preserve fiscal sustainability, with any emergency measures time-bound and phased out as conditions normalize. Given differences in fiscal space and financing conditions across member states, the scope, composition, and effectiveness of any war-related fiscal response will necessarily vary across the Union.

20. Domestic revenue mobilization (DRM) should drive the fiscal adjustment. As expenditure is expected to remain at considerably higher levels than before the pandemic, reliance on DRM is essential to ensure there is fiscal space for development, social, and security spending. The heterogeneous progress toward the regional tax revenue target of 20 percent of GDP is hampered by narrow tax bases, weak enforcement capacity, and widespread informality. The WAEMU Commission has identified a few priority areas to improve DRM, including deeper digitalization, enhanced governance, improved forecasting, and the promotion of tax compliance.



21. Rapid adoption of a new, enhanced Convergence Pact is crucial and would reinforce confidence in WAEMU's commitment to sustainability and unity (Annex V). The WAEMU Commission proposal encompasses a revised Pact maintaining the 2015 convergence criteria—notably deficit and debt limits of 3 and 70 percent of GDP, respectively—enhanced with an

exogenous escape clause triggered by a GDP drop of at least 4 percentage points relative to the past three-year average, along with a proposed macroeconomic stabilization fund (MSF). Delayed convergence to the 3 percent-of-GDP deficit target in some countries should not be a consideration in postponing the adoption of the Pact, as delays can be mitigated with commitments under IMF-supported programs.

Authorities' Views

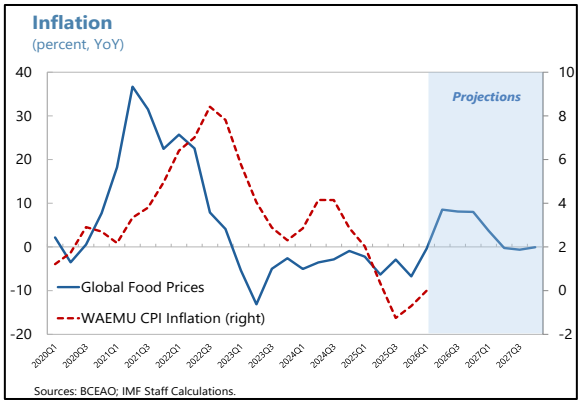
22. The regional authorities agreed with IMF staff on the importance of continued fiscal consolidation but stressed that financing risks in the regional market are more limited than envisaged by staff. They agreed with the need for governments to sustain consolidation efforts and avoid further slippages, noting that the implementation of the revised DRM action plan—adopted in 2024—is on track in most countries. They highlighted strong progress in mobilizing government revenues and reaffirmed the need to adopt the new, enhanced Convergence Pact with two main innovations—the introduction of an escape clause and MSF. While acknowledging Staff's concerns about pressures on the regional debt market, they argued that staff projections overestimate sovereign financing needs and they reaffirmed the market's capacity to meet these needs. They pointed to the favorable outcomes of issuances so far in 2026 and noted that recent issuances by some countries in international markets (for needs originally planned to be satisfied on the regional market) have eased pressures on the regional market, thus viewing risks of a regional financing gap as overstated.

B. Monetary Policy

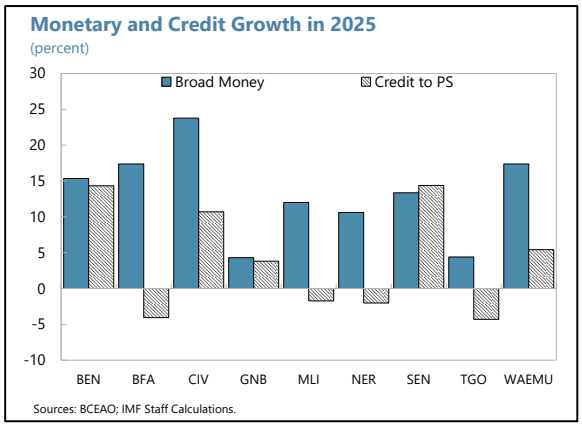
23. The monetary policy stance is broadly adequate but needs to remain data dependent (see more below). Despite the peg to the euro, the presence of capital controls gives the BCEAO some policy flexibility to manage liquidity and reserves, stabilize inflation, and safeguard financial stability. The current stance is justified by robust growth, adequate reserve buffers, real refinancing rates in line with the historical median (around 2 percent)[8], and anchored inflation expectations. The share of firms expecting inflation to remain within the target range in December 2025 (about 76 percent) exceeds both its level a year earlier and the historical average. Recent below-target inflation largely reflects transitory factors, notably temporary food price deflation and base effects linked to the normalization of elevated food prices in 2024.

[8] Estimated as the difference between the effective rate on BCEAO weekly refinancing operations and the target inflation rate.

Inflation is projected to return to target in 2026, consistent with historical patterns in which food price-driven disinflation has reversed without persistence[9].



24. Financial conditions are broadly accommodative despite their heterogeneity across the region and subdued private sector credit growth in some countries. Broad money growth of 17.4 percent in 2025, ample banking system liquidity, and robust output growth suggest accommodative financial conditions. Weak aggregate private credit growth masks significant heterogeneity, with robust expansion in some countries and contraction in others, likely reflecting crowding out from public borrowing as well as structural factors, notably security challenges and perceived credit risk.



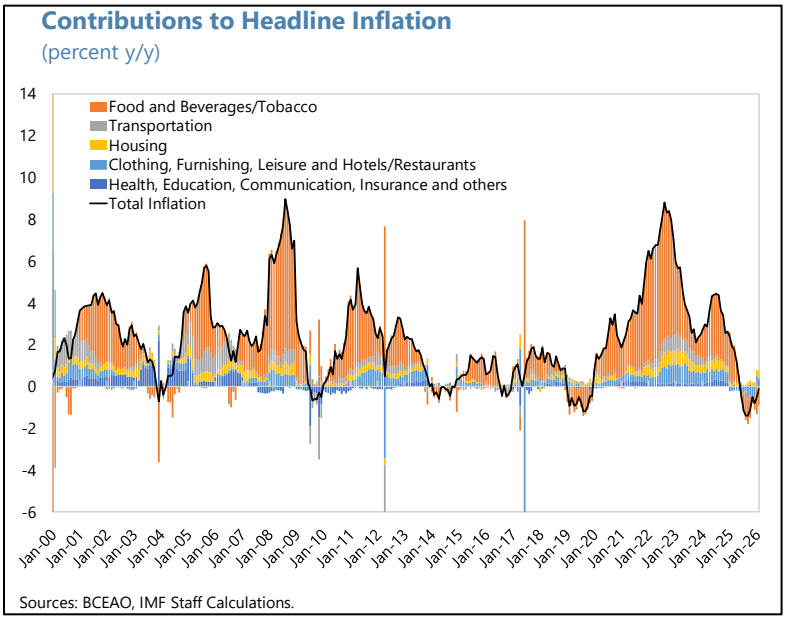
25. The monetary policy stance should continue to be data dependent to meet the inflation target of 1-3 percent, standing ready to tighten should second-round inflationary effects from the war in the Middle East materialize. The monetary policy stance—including the pace of the unwinding of BCEAO's 2023 asset purchases—may need to be reassessed if: second-round disinflationary effects emerge, private sector credit remains subdued, regional financial markets become distressed (e.g., if the effective refinancing rate rises above the policy rate corridor) or the ongoing fiscal consolidation exacerbates deflationary pressures, which—if sustained—could pose significant risks to fiscal sustainability and financial stability. Upside risks to inflation stem mainly from spillovers from the war in the Middle East, which is raising commodity prices, disrupting global supply chains, and could reignite inflation, notably via food prices. If these risks materialize, a prompt tightening of the monetary stance may be required to prevent second-round effects. A deterioration in the terms of trade would also weigh on external buffers, while climate and security shocks could add to food price pressures by disrupting food production and distribution.

26. The BCEAO could consider returning to a fixed rate full allotment (FRFA) framework to strengthen monetary policy transmission and financial intermediation. The BCEAO adopted a FRFA framework during the COVID-19 pandemic to mitigate liquidity risks in WAEMU's financial markets, before reverting to fixed quantity variable rate auctions (FQVR) in

[9] See WAEMU: Selected Issues, IMF Country Report No. 23/103 (March 2023), pp. 23-38.

early 2023 in response to acute pressures on external reserves[10]. With reserves at adequate levels, scope to reassess the operating framework has increased. The implementation of FQVR has been associated with heightened uncertainty regarding banks' access to central bank liquidity, reduced visibility on the monetary policy path, and weaker control over effective market rates. In response, banks have sought to reduce their reliance on BCEAO refinancing to mitigate liquidity risks, which may weigh on intermediation and weaken monetary policy transmission. A return to FRFA could support more predictable liquidity conditions for banks, a stronger alignment between policy rates and market conditions, and clearer monetary policy communication, while remaining consistent with external stability objectives.

27. The new foreign exchange (FX) regulation took effect in July 2025. Regulation 06/2024—governing the external financial relations of member states—entered into force following BCEAO's issuance of 15 implementing Instructions. Approved by the Council of Ministers in December 2024, the regulation updates and replaces Regulation 09/2010. Its implementation required that exports of services and proceeds from WAEMU's investments abroad are also subject to surrender requirements, and it tightened limits on foreign exchange liquidity retained by financial intermediaries.[11]



28. Plans to establish a new, ECOWAS-wide, currency union should take account of effective macroeconomic convergence and potential risks. Progress in this direction should be contingent on a sustained adherence to stricter convergence criteria than those currently envisaged by ECOWAS, given that some countries exhibit very different macroeconomic performance. In addition, the ECOWAS convergence criteria should be revised to disallow

[10] See WAEMU: IMF Selected Issues Paper (SIP/2024/013).

[11] Changes introduced by the new FX regulation are currently being reviewed by staff according to Fund's policies.

monetary financing and strengthen price stability, in line with the draft legislation currently being finalized.

29. Safeguards: The most recent assessment, completed in August 2023, found that the BCEAO continued to have well-established audit arrangements and a strong control environment. Implementation of a priority recommendation—to align BCEAO's Statute with the Cooperation Agreement of December 21, 2019, signed between the WAEMU member states and the French Republic—remains pending, as it requires ratification of the said agreement by all WAEMU member countries. To date, four of the eight member states have ratified the Agreement. Nevertheless, several of its provisions are already being applied. Staff continue to engage with the authorities on follow-up efforts.

Authorities' Views

30. The BCEAO broadly concurred with staff's views on monetary policy but argued that a FRFA is not appropriate in the current context. They agreed with staff's assessment that the ongoing deflationary pressures are transitory, and stand ready to act if risks materialize, particularly those emanating from the war in the Middle East. They indicated that the adoption of the FRFA was a stopgap measure related to the COVID crisis and argued that a return to this policy would not be appropriate, as banks have access to ample liquidity in the current framework, evidenced by negative net absorption of central-bank liquidity in 2025. Moreover, they argued that there is no uncertainty in banks' access to central-bank liquidity, as the current framework is transparent and well understood by stakeholders.

C. Financial Sector Policies

31. A strong sovereign-bank nexus, jointly with persistently high NPLs and low provisioning, is heightening vulnerabilities in the financial sector. Containing these risks requires primarily fiscal discipline to curb the sovereign-bank nexus, but also prudential and supervisory measures. It will be essential to carefully tune the pace and sequencing of financial sector reforms to avoid abruptly disincentivizing bank lending, mitigating risks of reduced market access for governments and further private credit slowdown. Forward-looking risk-based supervision and contingency planning will be crucial, should the risks materialize.

32. The current prudential framework places limited constraints on the build-up of sovereign-bank nexus risks. Under the framework, local-currency exposures to member states receive a zero-risk weight for credit risk purposes and are exempt from large-exposure limits on concentration risk, in line with Basel standards, and provisioning is optional.[12] The framework,

[12] After 180 days past due on sovereign exposures, all exposures of the bank to that sovereign become classified as in default. Provisioning remains optional, but the risk weight on these exposures jumps from 0 to 100 percent (if provision coverage is at least 20 percent) or to 150 percent (if provision coverage is smaller than 20 percent,

(continued)

however, incorporates the Basel III leverage ratio, which accounts for banks' total exposures, without applying risk weights. This indicator complements risk-based requirements with a simple measure to contain the growth of an institution's balance sheet relative to its equity, thereby limiting excessive leverage. Nevertheless, the leverage ratio is not a well-targeted instrument for containing sovereign risk. In particular, a reallocation of portfolios towards sovereign bonds, at the expense of private sector credit, can occur without affecting this ratio, thus limiting its ability to contain vulnerabilities related to sovereign exposures. Moreover, since April 2023, regulatory forbearance excludes securities issued by WAEMU member states from the application of the prudential standard on related parties for banks that are at least 10 percent owned by a member state (which otherwise limits their holdings of that sovereign's securities to 20 percent of banks' regulatory capital).

33. The BCEAO and the Banking Commission should continue taking timely measures to address persistently high NPLs, improve provisioning, deal in a decisive manner with non-compliant and potentially non-viable banks, and enhance crisis preparedness. Authorities are carrying out a comprehensive evaluation needed to design a strategy to strengthen the balance sheet of weak banks. Staff discussed a broad range of measures in this area (see Annex VI). In the short term, the BCEAO should improve asset quality reporting standards (including by aligning them with international norms) and monitoring. Banks with high NPLs should submit reduction plans and, where needed, undergo asset quality reviews. In this context, close oversight by the CBU will be essential to support the implementation of Fund-supported programs. When provisioning is deemed inadequate, the CBU should require higher provisioning and/or additional capital, including through dividend restrictions and Pillar 2 capital add-ons. Crisis preparedness should be strengthened, notably by ensuring banks have up-to-date preventive recovery and resolution plans, enhancing CBU's resources and autonomy, bolstering the resources of the Deposit Guarantee and Resolution Fund (FGDR-UMOA), and accelerating the establishment of BCEAO's emergency liquidity assistance (ELA) framework. Over the medium term, the BCEAO should adopt forward-looking provisioning and Basel III liquidity ratios, while the CBU should strengthen resolution tools for problem assets. Decisive and timely enforcement of prudential regulation is essential, including corrective supervisory measures and stringent sanctions against banks exhibiting systematic non-compliance with regulatory norms—such as time-bound recapitalization plans—with resolution or liquidation imposed on banks deemed non-viable.

34. To mitigate the sovereign-bank nexus risks, WAEMU authorities should strengthen fiscal and banking sector resilience, including by tightening prudential measures in line with FSAP recommendations, mainly over the medium term. Fiscal consolidation remains essential to reduce risks of debt distress and bank exposures, hence clear and credible commitments on this front will need to guide expectations, not only for debt sustainability but

which is usually the case given the optional nature of public exposure provisioning). The risk weight adjustments thus only apply *after* the credit risk materializes.

also for financial stability. In parallel, the BCEAO should continue to conduct regular stress testing for sovereign risk scenarios and fully implement FSAP recommendations, notably those curbing overexposure to sovereigns and ensuring adequate buffers (mainly Pillar 2 measures for concentration risk and collateral haircuts tied to sovereign credit ratings). The BCEAO should ensure banks have access to adequate liquidity—including through the creation of an ELA facility—to avoid potential shortfalls related to banks' high sovereign exposures (as a result of breaching current access criteria for refinancing). Reforms should be paced and sequenced carefully to avoid destabilizing the financial system, and paired with stronger efforts to improve liquidity, including by diversifying the investor base (Annex VI). Ongoing reforms by the AMF, including a collaboration with Euroclear, should facilitate foreign participation in the regional financial market, potentially enhancing market efficiency. Close monitoring is needed, given risks associated with rising government participation in bank ownership (which more than doubled between 2019 and 2024 in absolute terms, constituting 21 percent of total ownership in 2024) and with the regulatory forbearance exempting public securities from related parties lending limits since April 2023. More broadly, the authorities should prioritize improving financial stability rather than relying on forbearance, which veils risks and likely distorts key financial sector indicators. With respect to plans to increase the minimum paid-in bank capital to CFAF 20 billion, with a grace period until end-2026, the authorities indicated that 26 banks will need to raise an additional CFAF 176 billion in capital to meet the new requirement.

35. To contain spillover risks and safeguard regional financial stability, WAEMU authorities should closely monitor cross-border sovereign exposures. These exposures create channels for contagion in the event of sovereign stress, amplifying spillovers across the financial system. In this context, timely and granular monitoring of bilateral sovereign exposures at the bank level is critical to identify emerging concentration risks, assess transmission channels, and guide supervisory and macroprudential policy responses. Strengthening data availability and regular surveillance of cross-border exposures would support early risk detection, including through stress testing, and help safeguard financial stability.

36. Financial sector data quality, timeliness, and monitoring tools should be improved to help inform policy decisions. Delays in the semi-annual release of financial soundness indicators (FSI) and major subsequent revisions should be avoided. Authorities should consider transitioning to quarterly FSI publication—ideally within the quarter following the reference date—and disseminate them through the dedicated IMF Statistical Office platform. Given deteriorating bank liquidity, transitioning to Basel III liquidity ratios should be prioritized to strengthen monitoring and ensure banks internalize risks. The Fund's technical assistance to improve systemic risk monitoring as well as calibrate and deploy macroprudential tools could be considered.

37. Effective AML/CFT systems protect regional financial stability and integrity, while preventing illicit financial flows, and recent progress has been made at a national level. Côte d'Ivoire is the only remaining WAEMU country on the FATF grey list due to deficiencies in its AML/CFT framework, while Mali and Burkina Faso were removed from the list in June and

October 2025, respectively, following domestic remedial action. In Côte d'Ivoire, further progress is required in strengthening the effectiveness of the AML/CFT framework, notably with respect to investigations and prosecutions related to money laundering. A review of Côte d'Ivoire's implementation of agreed remedial measures by FATF is planned for the first half of 2026.

Authorities' Views

38. The authorities shared staff's concerns about the sovereign-bank nexus but argued that financial instability risks were overstated. They agreed with staff that the sovereign-bank nexus is elevated but view this as a temporary issue, reflecting spending pressures driven by a series of global shocks in the context of declining external financing. They argued that continued fiscal consolidation efforts should gradually reduce banks' sovereign exposures. They stressed that the financial sector remains strongly capitalized and subject to a rigorous regulatory framework, in line with Basel rules, and they reiterated their commitment to implement FSAP recommendations. The BCEAO argued that vulnerabilities are related to a handful of institutions for which credible solutions are being implemented. The CBU also argued that NPLs as a share of assets remained manageable and stressed the need to account for existing guarantees in assessing provisioning adequacy. They stressed that the use of the 180-day past-due threshold for the assessment of exposures to WAEMU sovereigns is grounded in Basel II rules, notably footnote 89 of International Convergence of Capital Measurement and Capital Standards. In addition, they recalled that the transposition of standards must take account of country-specific circumstances, particularly the lengthy payment timelines associated with public procurement settlement procedures. Furthermore, changes in international standards are transposed into the Union only after an impact assessment has been carried out, with a view to identifying the most appropriate transposition options.

D. Regional and Structural Policies

39. The WAEMU Commission plans to propose a Macroeconomic Stabilization Fund (MSF) to support members facing idiosyncratic shocks and enhance regional solidarity. The fund's success will critically hinge on strong fiscal rules and enhanced PFM procedures. As previously discussed, the proposed MSF should be fully funded by member countries and not use leverage, in order to mitigate credit risks, contingent liability risks for sovereigns, and crowding out of other borrowers in the regional market. The WAEMU Commission is exploring a VAT-based funding option, which could mitigate the identified risks.

40. The recent adoption of the WAEMU Commission's 2030 Strategic Plan offers opportunities to further promote inclusive and sustainable growth. The plan is organized around five strategic axes and twelve programs, with a central focus on the development of regional production ecosystems—covering agro-industries, light and extractive industries, and value-added services—supported by coordinated action on infrastructure, human development, and integration. It emphasizes the reduction of barriers within the common market, the strengthening of regional value chains, and improved coordination of sectoral and economic

policies. The plan also envisages a modernization of the Commission's internal organization and governance, including a stronger results-based approach, to support the effective implementation of regional policies and programs. Enhancing diversification of production and exports, and lowering reliance on food imports would increase the resilience of the region to global shocks.

41. Continued progress in financial inclusion and microfinance can support stronger intermediation, access to finance, and economic resilience. The WAEMU financial-inclusion rate has increased from 47 percent in 2016 to 75 percent in June 2025, partly reflecting the 2016-2020 regional financial inclusion strategy. A new regional strategy for 2025-2030 was adopted in April 2025, with the objective of achieving a financial-inclusion rate of 90 percent by 2030. On the microfinance front, the development of recovery plans for struggling microfinance institutions is ongoing. To date, 37 recovery plans have been validated out of the 40 diagnostic missions. Three non-viable microfinance institutions have had their licenses withdrawn. Efforts to strengthen the sector continue, notably through capacity building for supervisors and the deployment of an alert system on the health of microfinance institutions.

42. Recent innovations in payment systems and market infrastructure provide a basis for financial deepening and more efficient market functioning. A new instantaneous payment platform (PI-SPI) was launched by the BCEAO in 2025 across WAEMU. PI-SPI is an interoperable instant payment infrastructure, available 24/7, and fit for all use cases and account types. As of end-January 2026, the platform connected 70 participants and processed 174,340 transactions, with a total value of CFAF 15.7 billion. Staff welcomed this major innovation, which offers users a modern, instantaneous, and secure settlement tool. The secondary market for government securities (*UMOA-Titres*) has also been strengthened with the launch in January 2026 of a platform for listing, trading, and transacting in government securities. The platform's deployment is planned in phases, with an initial phase focusing on listing and trading, and a second phase integrating payments. This new tool should centralize listings, improve price transparency, and enhance market liquidity.

Authorities' Views

43. The authorities reaffirmed their commitments to regional integration and common policies to support inclusive growth. They detailed ongoing initiatives to support inclusive growth under the 2030 Strategic Plan, including in the areas of energy, financial inclusion, and agriculture, which would contribute to regional economic integration.

STAFF APPRAISAL

44. WAEMU's macroeconomic performance has improved, with solid growth prospects, adequate reserves, and inflation under control. Growth accelerated in 2024 and is expected to remain strong. At 7.0 months of prospective imports in December 2025, reserves are adequate, driven by stronger export prices and volumes. Inflation turned negative in H2-2025, with some

cross-country variations, but is expected to return to BCEAO's target over the medium term as food price shocks dissipate.

45. Fiscal deficits narrowed considerably in 2025, but public debt sustainability risks remain high in several countries. Governments continue making progress on fiscal consolidation, mostly under IMF-supported programs. While several countries are estimated to have met the 3-percent deficit target in 2025, most should converge over 2027-28. Public debt peaked in 2024 and is estimated to have declined in 2025, the first time in more than a decade. However, sovereign debt risks remain elevated in some countries and financing conditions could become challenging, especially as the region increasingly relies on the regional debt market for its financing needs. Net regional financing needs are projected at around CFAF 5.5 trillion in 2026, which might be excessive relative to market capacity and historical trends. Sovereign risks could materialize if investor appetite in the regional market reaches a limit in 2026 after high issuance volumes in 2025. In this context, high debt and elevated financing needs from Senegal could exacerbate union-wide risks. Increased fiscal pressures notably from higher oil, fertilizer, and food prices driven by the war in the Middle East, could further heighten fiscal sustainability risks. A more adverse war scenario could amplify these risks by simultaneously weakening growth, raising import costs, and tightening financing conditions, with disproportionately larger effects in countries with high debt burden and limited buffers.

46. The sovereign-bank nexus remains elevated and could exacerbate financial stability risks. Although the WAEMU financial system as a whole remains solid, there are pockets of vulnerability in Niger, Togo, and Guinea-Bissau. Average NPLs remain relatively high at 9.2 percent of total loans in June 2025 and exceed 20 percent in some countries. Provision coverage is high in Côte d'Ivoire but significantly lower in most other countries. Sovereign claims, including cross-border ones, continue to account for a large share of banks' assets, contributing to significant credit risks from high sovereign debt in some countries. A high share of government credit also risks crowding out private sector credit, whose growth has slowed significantly since 2024.

47. In this context, avoiding fiscal slippages to the extent possible and continued revenue-based fiscal consolidation efforts remain the crucial priority. Further delays in planned adjustments—as a result of revenue shortfalls, spending slippages, or SFAs—would elevate indebtedness, exacerbate refinancing risks, worsen the sovereign-bank nexus, and could potentially lead to fiscal and financial instability, elevating risks to capacity to repay the Fund. Spillovers from the war in the Middle East could call for a calibrated fiscal policy response to support macroeconomic stabilization, complemented—where fiscal space allows—by targeted and temporary measures to protect vulnerable households, while preserving fiscal sustainability and ensuring that any emergency measures are time-bound and phased out as conditions normalize.

48. Swift adoption of a new Convergence Pact and further efforts to improve fiscal transparency would strengthen credibility. The WAEMU Commission's new pact proposal maintains previous convergence criteria while introducing key innovations, mainly related to a

new exogenous escape clause and a proposed macroeconomic stabilization fund. The adoption of the new Pact should be expedited by exploring all available procedural avenues. Moreover, ongoing initiatives to strengthen fiscal and debt transparency and contain SFAs, including the planned strengthening of regional regulations, should be swiftly implemented.

49. Monetary policy should continue to be data dependent to meet the inflation target and safeguard external sustainability and financial stability. The monetary policy stance remains broadly adequate, given robust growth, adequate reserve buffers, and anchored inflation expectations. Current deflationary pressures largely reflect transitory factors, notably declining food prices and base effects. Inflation is expected to converge to its target in 2026 and beyond. Authorities should continue to monitor underlying macroeconomic and price dynamics and stand ready to adjust policies should risks materialize. Upward price pressures stemming from the war in the Middle East could require prompt policy tightening to prevent second-round effects. With external buffers at adequate levels, the BCEAO could consider a return to a fixed rate full allotment framework to strengthen monetary policy transmission and financial intermediation.

50. The authorities should take timely action to address financial stability risks, anchored in sustained fiscal discipline and supported by prudential, supervisory, and crisis-preparedness measures. In the near term, they should strengthen asset-quality reporting and monitoring, require NPL reduction plans and asset-quality reviews where warranted, ensure adequate provisioning and capital buffers, and enhance crisis preparedness—including via recovery and resolution plans and liquidity backstops. Over the medium term, the gradual adoption of forward-looking provisioning, Basel III liquidity requirements, strengthened resolution tools, and full implementation of FSAP recommendations—particularly those aimed at curbing excessive sovereign exposures and ensuring adequate buffers—will be essential. Throughout, reforms should be carefully paced and sequenced to avoid heightening financial stability risks, while close monitoring of cross-border sovereign exposures remains key to contain regional spillover risks. Further improvements in data quality and provision, notably timely production of financial soundness indicators (FSI), would support enhanced surveillance.

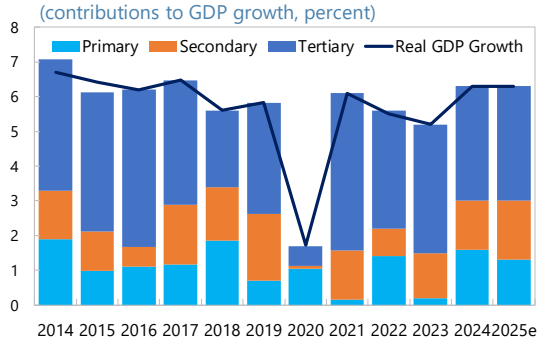
51. WAEMU's prosperity will also depend on regional solidarity, economic integration, and prospects for sustained inclusive growth. The new 2030 strategic plan offers a framework for promoting economic transformation and shared prosperity. The proposed stabilization fund to support members facing idiosyncratic shocks could strengthen regional solidarity but should refrain from creating contingent liability risks through leverage. Continued progress in financial inclusion, together with recent innovations in payment systems and market infrastructure, will further support financial deepening, efficiency, and economic resilience across the Union. Recent geopolitical shocks, including the war in the Middle East, underscore the importance of accelerating diversification, regional value-chain development, and reduced reliance on imported food and energy to strengthen resilience.

52. 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: Recent Economic Developments

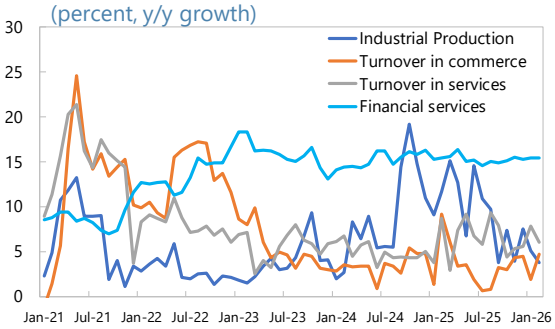
Services continue to drive the regional economy, but 2025 shows an increased contribution to growth from extractive industries.

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



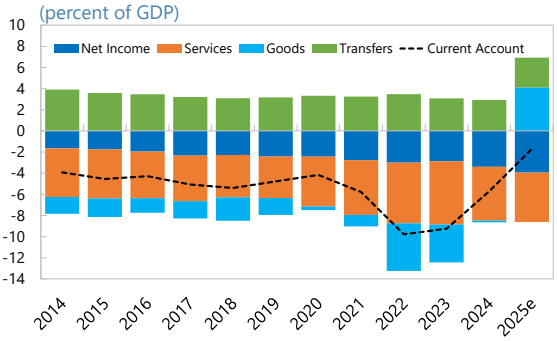
Latest indicators point to continued strong growth, led by financial services.

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



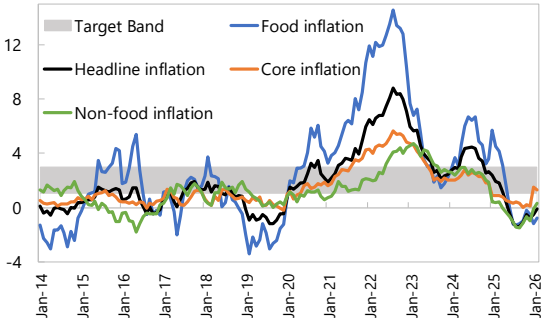
The current account deficit is estimated to have narrowed in 2025.

Current Account Balance
(percent of GDP)



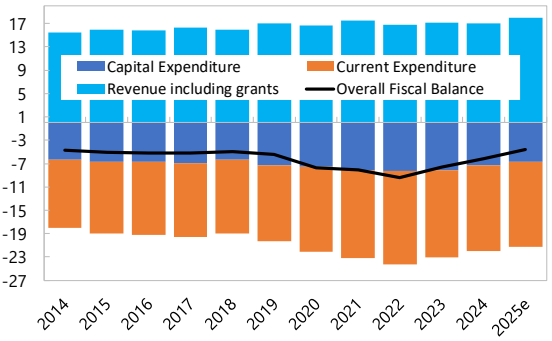
Overall, inflation stood below the target band for most of 2025, driven by food inflation.

Inflation
(percent, y/y)



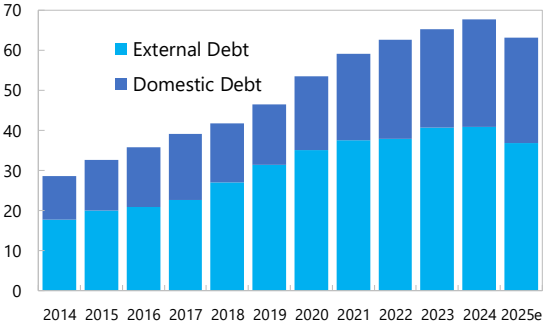
The narrowing of the average fiscal deficit in 2025 reflects continued fiscal consolidation by most member countries…

Fiscal Balance
(percent of GDP)



… and the public debt ratio decreased for the first time in over a decade.

Public Debt
(percent of GDP)

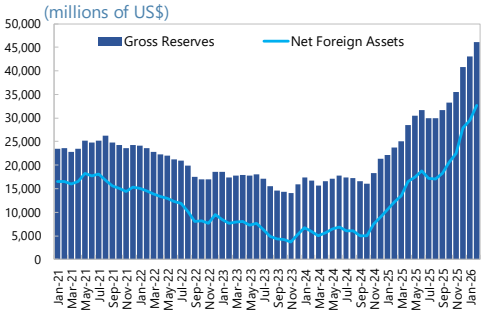


Sources: BCEAO, National Authorities, IMF Staff Calculations.

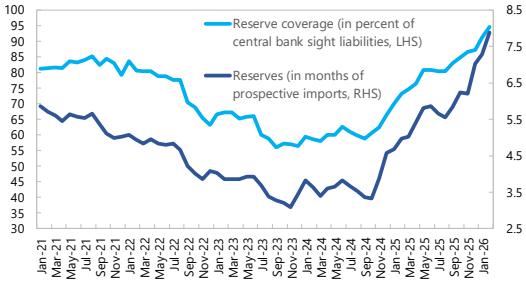
Figure 2. WAEMU: Monetary and Financial Indicators, 2014- 2026

Reserves continued to rise in February 2026, reaching USD 45.8 billion or 7.8 months of prospective imports.

Reserves
(millions of US$)



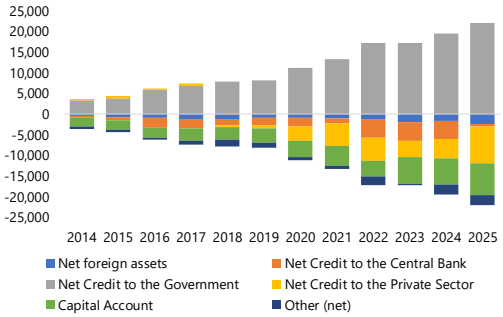
External Reserve Coverage
(in months of prospective imports and in percent of central bank sight liabilities)



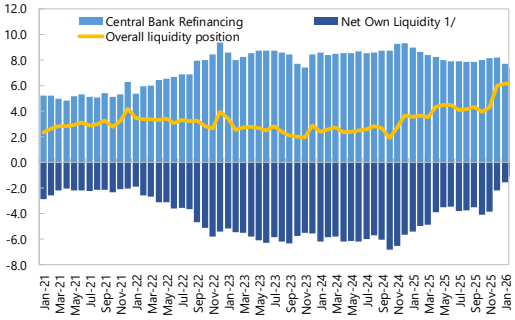
Commercial banks' net credit to central governments has continued to expand, funded primarily by falling net credit to the non-government sector.

Banks have become less reliant on central bank refinancing for liquidity in 2025. Own liquidity increased sharply in December, and continued increasing in January, coinciding with a sharp increase in reserves.

Commercial Banks Net Positions by Sector
(in CFAF billions)

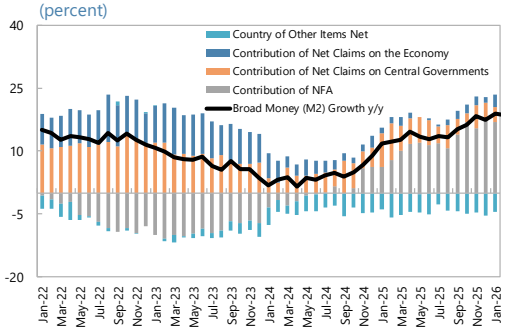


Commercial Bank Liquidity Position
(trillions of CFAF)

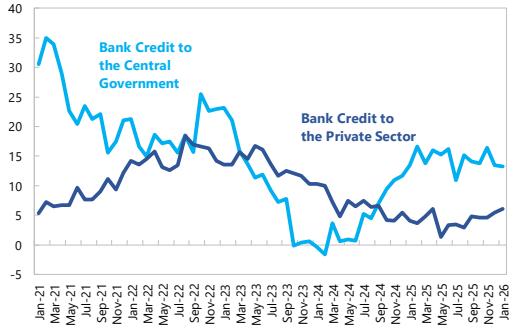


Broad money growth continued to increase on the back of rising foreign assets. In January, growth in credit to the private sector increased, while credit to the central government slowed.

Contributions to Annual Growth in Broad Money
(percent)



Bank Credit
(percent change year-on-year)

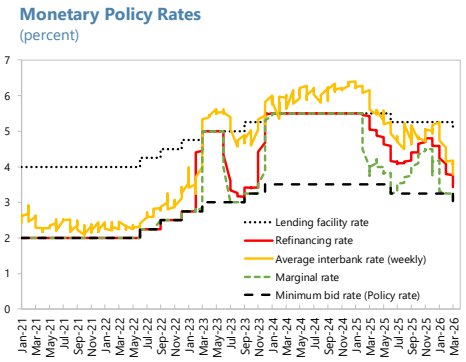


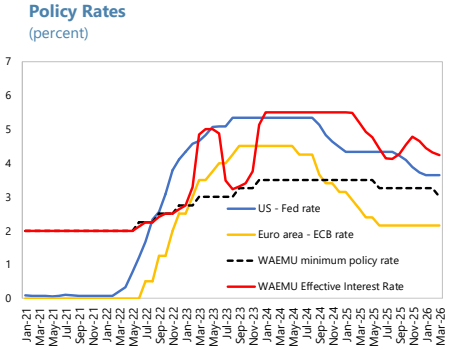
[1] Net own liquidity refers to banks' own financing sources (deposits, reserves) minus its uses (domestic credit).
Sources: BCEAO, IMF Staff Calculations.

Figure 3. WAEMU: Interest Rates and Central Bank Operation

The average weekly open market rate (refinancing rate) stood at 3.5 percent through March, with recent decreases after remaining at the ceiling of the monetary policy corridor in 2024 and until early 2025.

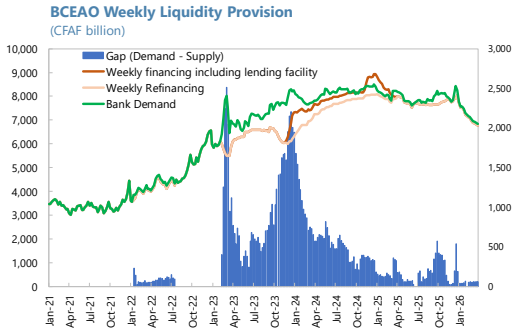
The BCEAO Monetary Policy Committee lowered the policy rate by 25bps in March 2026, following a 25bps cut in June 2025.

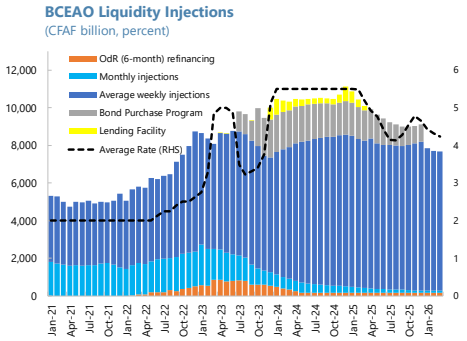




The gap between the liquidity demanded and quantity supplied has remained low, with slight increases in September and December.

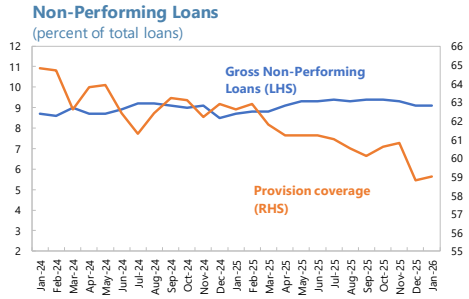
The BCEAO's total volume of liquidity injections has slightly decreased in recent months, mostly driven by a decrease in monthly injections.

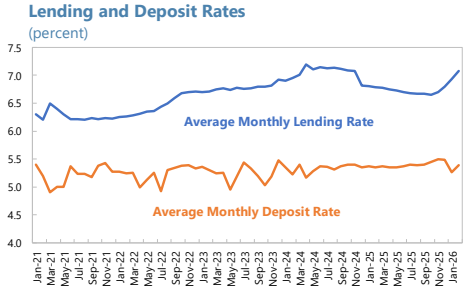




Gross non-performing loans [1] have remained steady while provisions have gone down on average since January 2024.

Lending rates have increased, while there was a fall in deposit rates since December 2025.





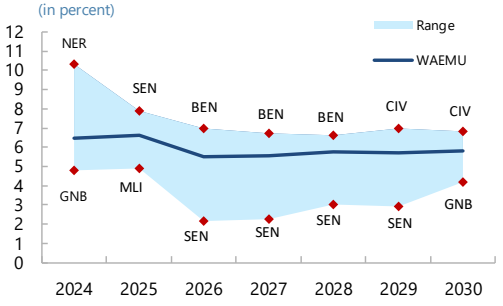
[1]Notes: The NPLs reported here correspond to "créances en souffrances", as definded under BCEAO Instruction No. 026-11-2016, which classifies exposures to sovereign and SMEs as non-performing only after 180 days of non-payments (as opposed to 90 days for other assets prescribed by the IMF FSI manual). Exposures may nevertheless be classified as defaulted if deemed "unlikely to pay" independently of the days past due, while the definition also includes restructured loans.

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

Figure 4. WAEMU: Medium-Term Prospects

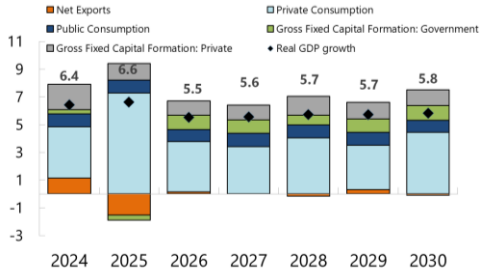
GDP growth is projected to converge to around 5.7 percent with a range of about 2 points between countries…

Real GDP Growth
(in percent)



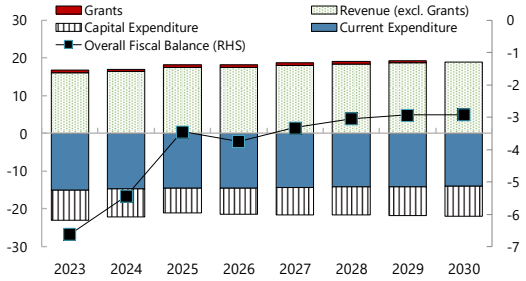
…, mostly sustained by private consumption.

Contribution to GDP Growth
(percentage points)



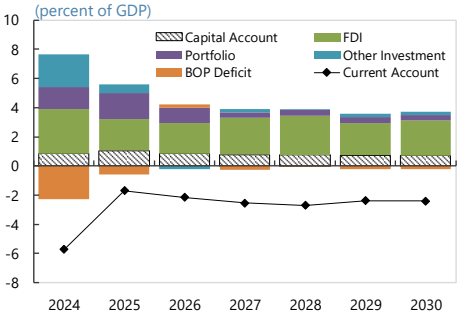
Consolidation towards an average fiscal deficit of 3 percent started in 2023 and is projected to be reached in most countries by 2028.

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



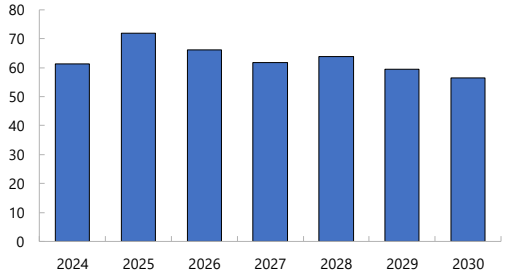
The current account deficit is projected to decrease from -5.7 percent in 2024 to -2.4 percent in 2030.

Financing Sources
(percent of GDP)



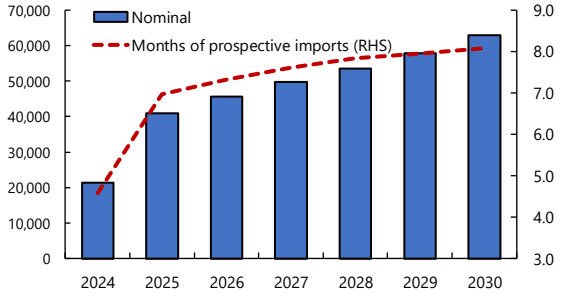
The debt service burden peaked at 72 percent of revenue in 2025 and is projected to decline only moderately over the medium term.

Government Debt Service
(percent of revenue excl. grants)



Reserves are projected to reach 7.3 months of prospective imports in 2026.

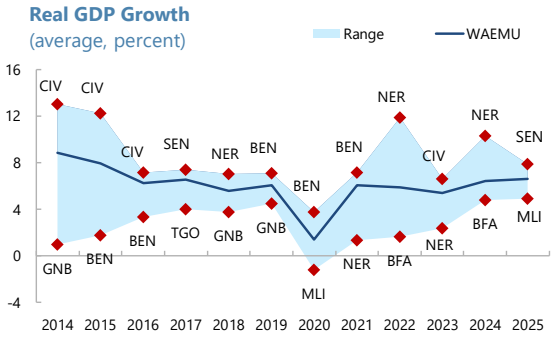
Gross Foreign Reserves
(Million of US$ and months of prospective imports)



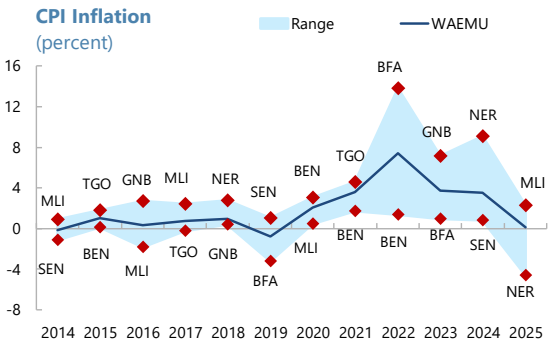
Sources: BCEAO; World Economic Outlook; and IMF staff calculations.

Figure 5. WAEMU: Regional Macroeconomic Heterogeneity

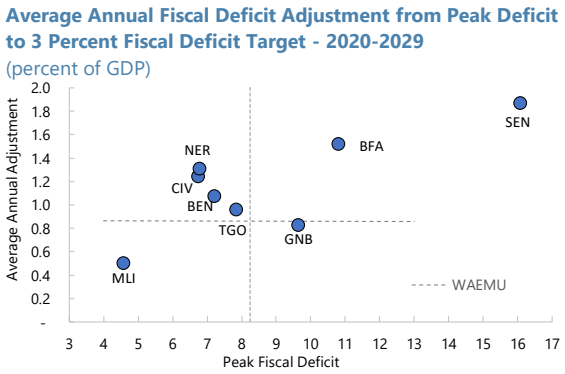
Growth rates across the WAEMU remain heterogeneous.



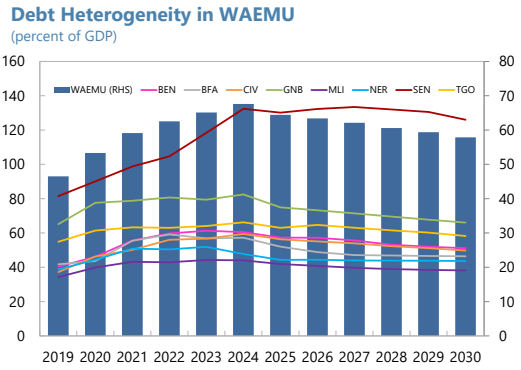
Inflation differentials remain higher than pre-pandemic.



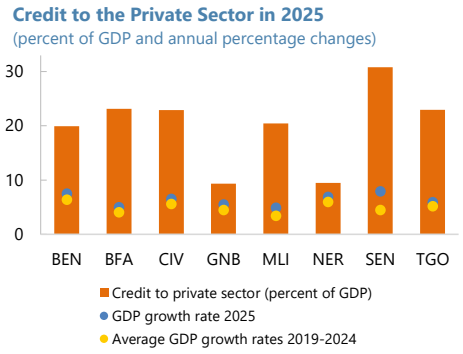
Fiscal adjustment is projected to be higher for countries with higher peak fiscal deficit…



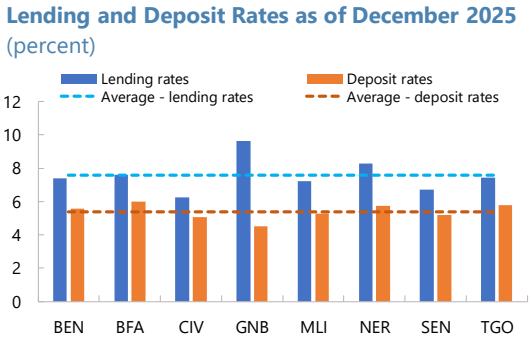
…and this heterogeneity across countries is reflected in the debt trajectory.



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

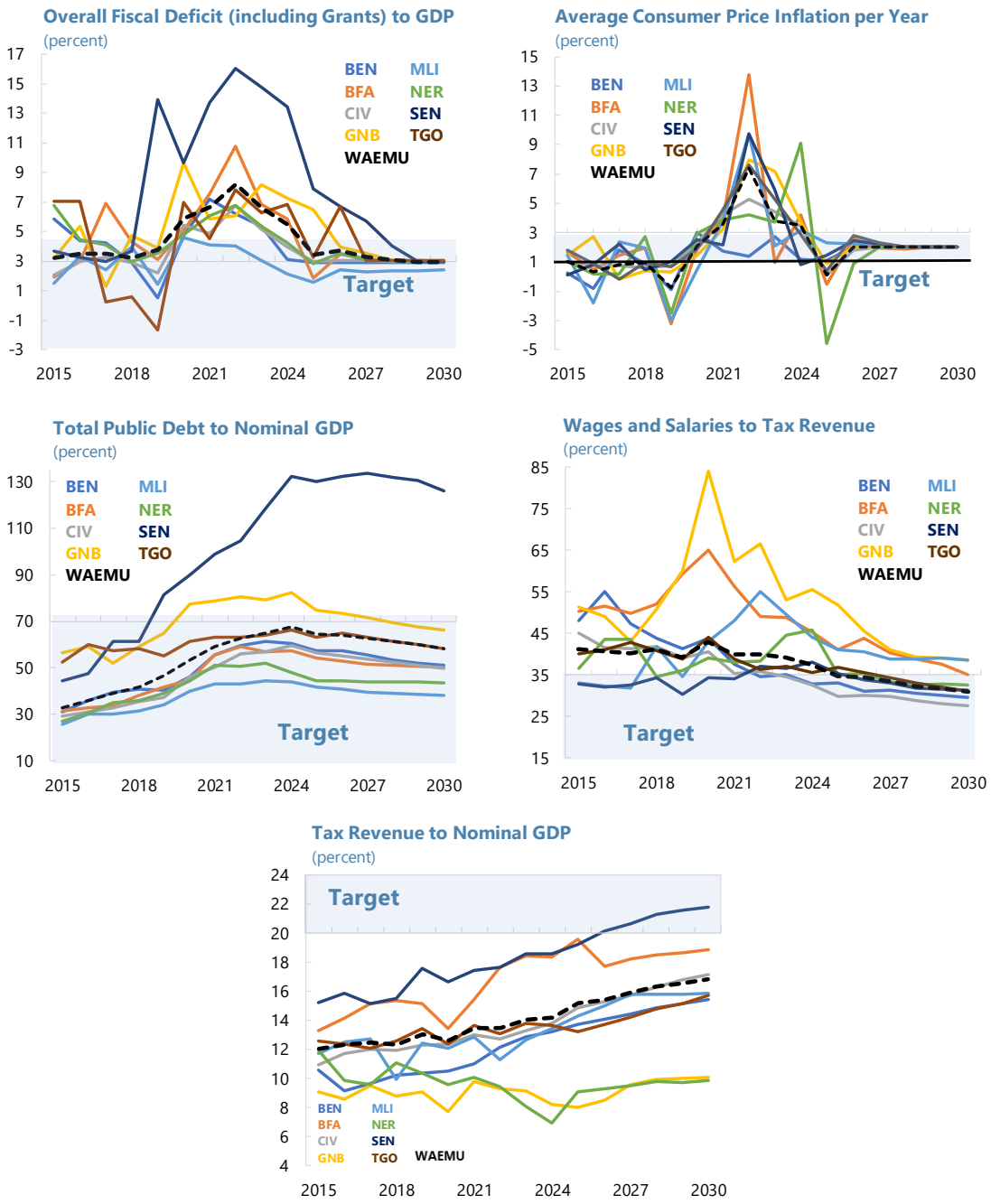


Bank lending rates vary across the region from around 5 to 10 percent while deposit rates are more homogeneous.



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

Figure 6. WAEMU: Convergence Criteria[1], 2015–30

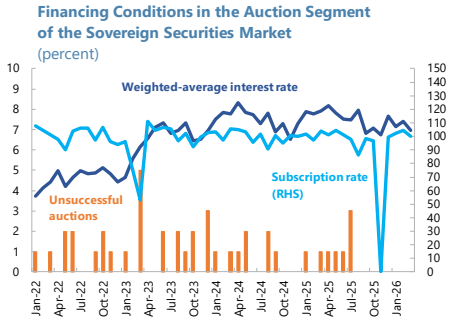


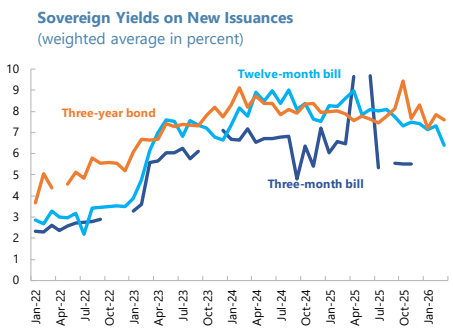
Source: IMF Staff Calculations.

[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.

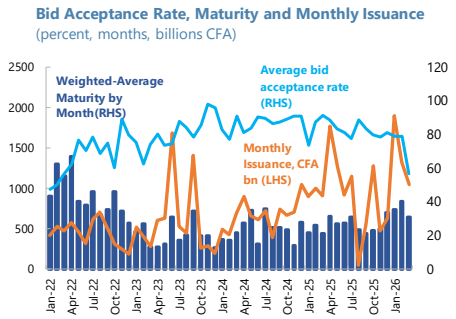
Figure 7. WAEMU: Regional Market, 2022–27

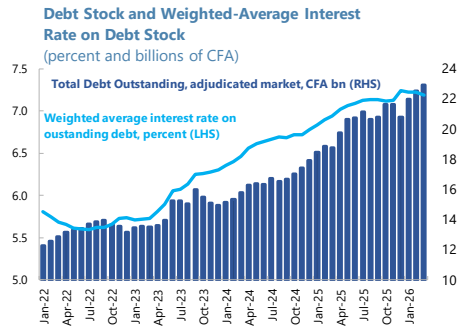
The weighted-average yield on debt has varied between 6 and 8 percent, reaching 7 percent in March 2026.



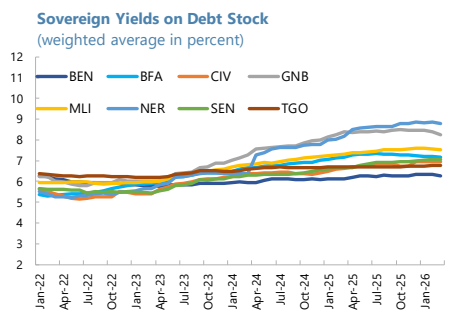


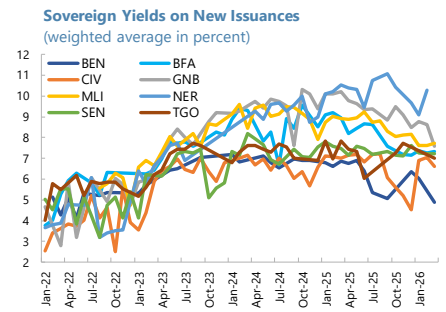
Gross issuance in 2025 peaked during the month of April, reaching 1.77 trillion CFAF. In 2026, issuance reached a new high of 1.9 trillion CFAF in January, followed by a sharp decrease in February and March.



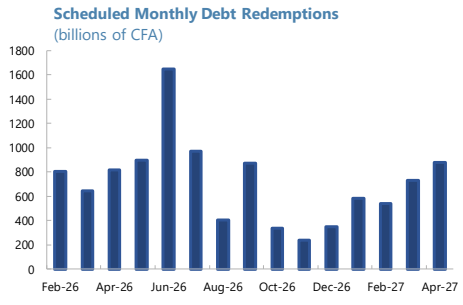


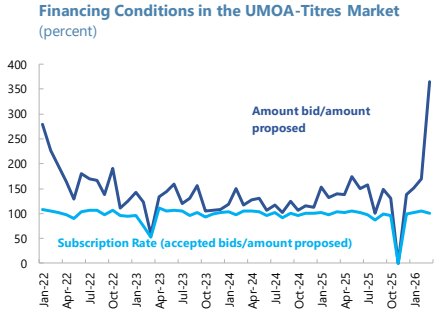
The interest rate on the stock of debt continues to rise, and spreads across WAEMU members remained at 210bps, similar to previous months, from 190bps in early 2025. Yields on new issuances show heterogeneity across countries.





June 2026 sees near-term rollover peak at 1.6 trillion CFAF. In terms of financing conditions, bid-to-cover ratio shooted in March 2026 to its highest figure since 2022.





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

Table 1. WAEMU: Selected Economic and Social Indicators, 2021–30

Social Indicators

GDP		**Poverty (2021, latest available)**	
Nominal GDP (2025, millions of US Dollars)	253,956	Headcount ratio at $1.90 a day (2011 PPP, percent of population)	35.0
GDP per capita (2025, US Dollars)	1,615	Undernourishment (percent of population)	10.5
Population characteristics		**Inequality (2021, latest available)**	
Total (2024, millions)	147.8	Income share held by highest 10 percent of population	28.4
Urban population (2024, percent of total)	41.5	Income share held by lowest 20 percent of population	7.7
Life expectancy at birth (2023, years)	62.2	Gini index	35.4

Economic Indicators

	2021	2022	2023	2024	2025		2026	2027	2028	2029	2030
					SR25/110 [1]	Est.	Projected				
	(Annual Percentage Change)										
National income and prices											
GDP at constant prices [2]	6.1	5.9	5.4	6.4	6.3	6.6	5.5	5.6	5.7	5.7	5.8
GDP per capita at constant prices	3.2	3.0	2.5	3.5	3.3	3.6	2.6	2.6	2.8	2.8	2.9
Consumer prices (average)	3.6	7.4	3.8	3.5	3.5	0.1	2.0	2.0	2.0	2.0	2.0
Terms of trade	-6.3	-18.3	9.0	36.1	12.4	29.5	2.3	-2.2	0.1	-2.0	-1.2
Nominal effective exchange rate	1.2	-2.3	6.3	3.6	3.0	3.0	...	...	...	...	...
Real effective exchange rate	1.5	-3.5	3.8	3.0	0.1	0.1	...	...	...	...	...
	(Percent of GDP)										
National accounts											
Gross national savings	20.0	18.7	17.4	18.9	20.8	21.4	21.0	20.6	20.8	21.4	21.5
Gross domestic investment	25.9	28.5	26.9	24.1	26.9	23.1	23.1	23.2	23.5	23.7	23.9
Of which: public investment	7.7	8.2	8.0	7.2	6.8	6.7	7.1	7.4	7.5	7.7	8.0
	(Annual changes in percent of beginning-of-period broad money)										
Money and credit											
Net foreign assets	1.7	-7.9	-7.2	6.1	6.1	17.7	4.1	4.0	3.3	2.7	2.9
Net domestic assets	16.9	20.7	10.4	3.0	3.4	2.4	9.6	9.2	9.4	9.5	9.3
Broad money	18.0	11.4	3.5	8.9	8.9	17.5	13.0	12.8	12.5	11.9	12.0
Credit to the economy	8.1	9.0	6.8	2.7	2.7	3.9	4.6	5.4	5.8	6.3	6.3
	(Percent of GDP, unless otherwise indicated)										
Government financial operations											
Government total revenue, excl. grants	16.1	15.5	16.1	16.4	16.6	17.5	17.5	18.0	18.4	18.7	18.9
Government expenditure	24.2	25.0	23.7	22.5	22.4	21.6	21.9	22.0	22.1	22.2	22.4
Overall fiscal balance, excl. grants	-8.1	-9.4	-7.6	-6.1	-5.8	-4.1	-4.4	-4.0	-3.7	-3.5	-3.5
Overall fiscal balance, incl. grants	-6.7	-8.2	-6.6	-5.4	-5.2	-3.4	-3.7	-3.3	-3.0	-2.9	-2.9
External sector											
Exports of goods and services [3]	18.8	19.3	17.5	19.1	18.8	23.5	24.3	23.5	22.7	22.5	22.0
Imports of goods and services [3]	24.6	29.3	27.0	24.2	24.6	24.0	24.7	24.2	23.6	22.9	22.6
Current account, excl. grants	-6.5	-10.7	-9.9	-6.1	-6.5	-2.0	-2.4	-2.8	-2.9	-2.6	-2.6
Current account, incl. grants	-5.8	-9.8	-9.3	-5.7	-6.1	-1.7	-2.1	-2.5	-2.7	-2.4	-2.4
External public debt	37.5	38.0	40.7	40.9	39.9	37.9	37.5	36.9	36.0	34.9	33.7
Total public debt	59.1	62.5	65.1	67.6	65.0	64.7	63.9	62.7	61.2	59.9	58.3
Broad money	39.9	40.1	38.2	38.0	38.8	41.1	43.0	45.0	46.9	48.7	50.5
Memorandum items:											
Nominal GDP (billions of CFA francs)	103,103	114,228	124,112	135,823	133,227	147,506	159,452	172,128	185,473	200,147	216,132
Nominal GDP per capita (US dollars)	1,326	1,272	1,378	1,466	1,446	1,615	1,771	1,853	1,935	2,028	2,128
CFA franc per US dollars, average	554.2	622.4	606.5	606.2	580.8	580.8	...	...	...	...	...
Gross international reserves											
In months of next year's imports (of goods and services)	5.0	4.1	3.5	4.6	4.6	7.0	7.3	7.6	7.8	7.9	8.1
In percent of current GDP	13.6	10.0	7.6	10.0	10.1	15.5	15.9	16.1	16.1	16.1	16.3
In percent of the BCEAO's sight liabilities	79.7	63.8	56.9	66.9	66.9	87.2	89.0	89.1	88.3	87.7	87.8
In millions of US dollars	24,172	18,398	15,979	21,408	21,593	40,850	45,679	49,760	53,574	57,773	62,865

Sources: IMF, African Department database; World Economic Outlook; World Bank World Development Indicators; IMF staff estimates and projections.
All projections presented were prepared in September 2025. Projections correspond to the latest WEO and will be refreshed with the new submission.

[1] Shows data from the IMF Country Report 25/110 issued on May 19, 2025.

[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, 2021–30

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
				Act.	Est.	Proj.				
	(Annual percentage changes)									
Real GDP										
Benin	7.2	6.3	6.4	7.5	7.5	7.0	6.7	6.6	6.5	6.0
Burkina Faso	6.9	1.6	3.0	4.8	5.0	4.9	4.8	4.8	4.8	4.8
Côte d'Ivoire	7.1	6.4	6.6	6.0	6.5	6.2	6.3	6.6	7.0	6.8
Guinea-Bissau	6.2	4.6	5.2	4.8	5.5	5.0	5.0	4.5	4.5	4.2
Mali	3.1	3.7	4.7	5.0	4.9	5.5	5.7	5.5	5.2	5.3
Niger [1]	1.4	11.9	2.4	10.3	6.9	6.9	6.5	6.0	6.0	6.0
Senegal [1]	6.5	3.9	4.3	6.1	7.9	2.2	2.3	3.0	2.9	4.3
Togo	5.1	6.3	6.2	6.3	5.9	5.0	5.3	5.5	5.5	5.5
WAEMU	6.1	5.9	5.4	6.4	6.6	5.5	5.6	5.7	5.7	5.8
Real GDP per capita										
Benin	4.4	3.6	3.7	4.6	4.5	3.9	3.6	3.5	3.3	2.9
Burkina Faso	4.4	-0.7	0.7	2.4	2.6	2.5	2.4	2.4	2.5	2.5
Côte d'Ivoire	4.1	3.4	3.6	3.1	3.5	3.2	3.3	3.6	4.0	3.8
Guinea-Bissau	3.9	2.3	3.0	2.6	3.3	2.9	2.9	2.4	2.5	2.2
Mali	0.0	0.7	1.6	1.9	1.8	2.4	2.6	2.4	2.1	2.1
Niger	-2.4	7.8	-1.3	6.3	3.1	3.1	2.8	2.3	2.3	2.3
Senegal	3.7	1.1	1.5	3.3	5.0	-0.6	-0.5	0.3	0.2	1.5
Togo	2.6	3.8	3.7	3.8	3.4	2.5	2.8	3.0	3.0	3.0
WAEMU	3.2	3.0	2.5	3.5	3.6	2.6	2.6	2.8	2.8	2.9
Inflation										
Benin	1.7	1.4	2.7	1.2	1.1	2.0	2.0	2.0	2.0	2.0
Burkina Faso	3.9	13.8	0.9	4.2	-0.5	2.6	1.9	1.9	2.0	2.0
Côte d'Ivoire	4.2	5.2	4.4	3.4	0.1	1.8	2.0	2.0	2.0	2.0
Guinea-Bissau	3.3	7.9	7.2	3.7	0.9	2.0	2.0	2.0	2.0	2.0
Mali	3.8	9.7	2.1	3.2	2.3	2.2	2.0	2.0	2.0	2.0
Niger	3.8	4.2	3.7	9.1	-4.6	0.9	2.0	2.0	2.0	2.0
Senegal	2.2	9.7	5.9	0.8	1.4	2.5	2.2	2.0	2.0	2.0
Togo	4.5	7.6	5.3	2.9	0.4	2.8	2.3	2.0	2.0	2.0
WAEMU	3.6	7.4	3.8	3.5	0.1	2.0	2.0	2.0	2.0	2.0
	(Percentage of GDP)									
Gross national savings										
Benin	24.7	25.5	26.4	29.0	28.2	29.8	29.9	30.8	31.3	31.9
Burkina Faso	15.9	10.5	15.3	18.4	28.1	24.7	22.2	20.4	19.6	18.9
Côte d'Ivoire	19.1	19.4	16.5	17.2	20.3	20.9	19.4	19.5	21.1	21.3
Guinea-Bissau	17.5	9.4	8.6	10.0	10.8	11.5	13.5	14.5	15.6	17.0
Mali	17.2	14.2	13.2	12.2	14.1	13.5	16.8	18.0	17.6	17.4
Niger [2]	17.8	11.1	10.0	14.2	17.3	18.7	19.5	19.7	19.7	19.7
Senegal	26.0	25.1	21.9	24.9	23.5	20.3	20.2	20.0	20.1	20.0
Togo	20.7	24.0	22.4	23.6	22.9	21.0	22.1	23.2	24.0	24.9
WAEMU	20.0	18.7	17.4	18.9	21.4	21.0	20.6	20.8	21.4	21.5
Gross domestic investment										
Benin	28.9	31.1	34.5	35.1	33.9	34.8	34.7	35.4	35.7	36.0
Burkina Faso	15.5	18.1	20.4	21.9	21.4	20.5	19.5	19.3	19.2	19.1
Côte d'Ivoire	23.6	27.5	24.5	20.9	21.4	22.0	22.5	23.2	23.7	23.9
Guinea-Bissau	18.3	18.1	17.2	17.5	17.0	17.2	18.2	18.9	19.8	21.0
Mali	23.2	20.3	19.3	16.1	14.9	15.0	15.2	15.1	15.5	16.0
Niger [2]	31.8	27.3	23.9	19.8	22.2	23.7	23.7	23.6	23.0	22.5
Senegal	38.1	45.1	41.7	36.2	29.1	26.6	26.0	25.7	25.8	25.5
Togo	22.8	27.3	24.0	26.0	24.0	24.2	24.8	25.8	26.4	27.0
WAEMU	25.9	28.5	26.9	24.1	23.1	23.1	23.2	23.5	23.7	23.9

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 hydrocarbon production.

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

Table 3. WAEMU: Sub-Saharan Africa: Cross-Group Comparison, 2021–30

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
					Est.			Proj.		
	(Annual percentage changes)									
Real GDP										
WAEMU	6.1	5.9	5.4	6.4	6.6	5.5	5.6	5.7	5.7	5.8
CEMAC [1]	1.7	3.4	2.5	3.4	2.6	2.9	3.2	3.7	3.8	3.9
Sub-Saharan Africa [2]	6.0	5.6	3.8	4.2	4.5	4.3	4.4	4.5	4.7	4.7
Inflation (annual averages)										
WAEMU	3.6	7.4	3.8	3.5	0.1	2.0	2.0	2.0	2.0	2.0
CEMAC [1]	1.4	5.3	5.4	3.9	2.0	2.7	3.1	2.8	2.8	2.8
Sub-Saharan Africa [2]	12.3	16.1	19.4	20.7	12.5	8.8	8.8	7.5	6.6	6.5
Terms of trade										
WAEMU	-6.3	-18.3	9.0	36.1	29.5	2.3	-2.2	0.1	-2.0	-1.2
CEMAC [1]	14.1	9.0	-11.6	12.9	-1.5	0.1	-6.7	-0.1	0.0	1.3
Sub-Saharan Africa [2]	12.3	0.1	-6.1	4.1	3.8	5.5	-1.1	0.5	0.1	0.8
	(Percent of GDP, unless otherwise indicated)									
Gross national investment										
WAEMU	25.9	28.5	26.9	24.1	23.1	23.1	23.2	23.5	23.7	23.9
CEMAC [1]	24.8	24.6	25.5	26.1	26.2	27.1	27.0	26.7	26.6	26.7
Sub-Saharan Africa [2]	20.3	19.6	18.8	18.1	18.3	20.1	20.2	19.8	19.3	20.1
Overall fiscal balance, incl. grants										
WAEMU	-6.7	-8.2	-6.6	-5.4	-3.4	-3.7	-3.3	-3.0	-2.9	-2.9
CEMAC [1]	-1.4	2.4	0.7	-1.3	-2.8	-2.8	-2.7	-2.5	-2.2	-2.2
Sub-Saharan Africa [2]	-4.8	-4.1	-4.1	-3.7	-3.7	-3.9	-3.4	-3.3	-3.2	-3.1
External current account, incl. grants										
WAEMU	-5.8	-9.8	-9.3	-5.7	-1.7	-2.1	-2.5	-2.7	-2.4	-2.4
CEMAC [1]	0.7	3.9	-1.7	-1.5	-3.3	-4.2	-4.4	-4.0	-3.9	-3.7
Sub-Saharan Africa [2]	-0.7	-1.9	-2.4	-1.3	-0.9	-0.6	-1.1	-1.2	-1.0	-1.0
Total public debt										
WAEMU	59.1	62.5	65.1	67.6	64.7	63.9	62.7	61.2	59.9	58.3
CEMAC [1]	58.0	52.6	57.3	56.7	58.1	59.1	60.6	61.1	61.2	61.2
Sub-Saharan Africa [2]	51.5	52.3	57.1	58.6	57.2	56.0	55.9	54.9	54.0	53.1

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, 2021–30

(In billions of CFA francs, unless otherwise indicated)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
					Est.			Proj.		
					I. Central Bank					
Net foreign assets	8,880	5,836	3,105	5,710	15,600	18,072	20,783	23,370	25,731	28,579
(In billions of US$)	*15.3*	*9.4*	*5.2*	*9.1*	*27.8*	*32.5*	*37.2*	*41.8*	*46.0*	*51.1*
Gross International Reserves	14,027	11,397	9,485	13,517	22,805	25,424	27,770	29,942	32,307	35,155
Gross Foreign Liabilities	5,152	5,566	6,385	7,812	7,205	7,352	6,987	6,572	6,576	6,576
Net domestic assets	6,360	10,122	12,065	11,863	8,396	8,345	8,219	8,394	8,967	9,319
Net credit to the nonfinancial public sector	2,362	3,158	6,443	6,438	5,878	6,025	5,661	5,246	5,249	5,249
Of which : Net credit to the central government	2,367	3,159	6,446	6,446	5,880	6,027	5,663	5,247	5,251	5,251
Net Credit to the Financial Sector	6,772	9,868	9,011	10,003	8,938	9,661	10,430	11,238	12,127	13,096
Other net assets and capital account	-2,774	-2,904	-3,389	-4,578	-6,420	-7,341	-7,871	-8,090	-8,410	-9,026
Base Money	15,213	15,934	15,120	18,249	23,918	26,340	28,925	31,686	34,620	37,820
Currency in circulation	10,407	11,428	11,669	13,678	16,469	18,034	19,693	21,446	23,290	25,293
Commercial reserves and other deposits	4,806	4,506	3,450	4,571	7,448	8,306	9,231	10,241	11,330	12,527
					II. Commercial Banks					
Net foreign assets	-1,132	-1,356	-1,931	-1,626	-2,373	-2,373	-2,373	-2,373	-2,373	-2,373
(In billions of US$)	*-2.0*	*-2.2*	*-3.2*	*-2.6*	*-4.2*	*-4.3*	*-4.3*	*-4.2*	*-4.2*	*-4.2*
Net domestic assets	33,955	38,434	40,152	42,910	50,338	56,881	64,221	72,324	81,117	91,031
Net Credit to the nonfinancial public sector	15,068	19,417	19,453	21,406	23,936	28,008	31,839	35,627	39,079	42,944
Of which : Net credit to the central government	13,315	17,251	17,280	19,468	22,044	25,962	29,630	33,247	36,511	40,171
Liabilities to the central bank	6,271	9,344	8,422	9,316	8,183	9,000	9,716	10,469	11,297	12,200
Credit to the private sector	24,049	27,469	30,290	31,942	33,673	36,198	39,637	43,838	49,055	54,893
Reserves and Cash	5,161	5,014	3,827	4,862	7,518	8,353	9,263	10,254	11,332	12,517
Other net assets and capital account	-4,052	-4,122	-4,997	-5,982	-6,605	-6,678	-6,801	-6,926	-7,051	-7,123
Non-government deposits	31,134	34,817	35,964	38,373	44,291	50,537	57,561	65,332	73,760	83,275
					II. Consolidated Banking System					
Net foreign assets	7,748	4,480	1,174	4,084	13,226	15,699	18,410	20,997	23,358	26,205
(In billions of US$)	*13.3*	*7.2*	*2.0*	*6.5*	*23.6*	*28.2*	*33.0*	*37.6*	*41.8*	*46.9*
Net domestic assets	35,098	43,629	48,394	49,821	51,073	56,873	63,178	70,464	78,752	87,833
Net Credit to the nonfinancial public sector	17,430	22,574	25,896	27,844	29,815	34,033	37,500	40,873	44,328	48,193
Of which : Net credit to the central government	15,682	20,410	23,726	25,913	27,924	31,989	35,293	38,495	41,762	45,422
Net credit to the private sector	24,142	27,572	30,403	32,065	33,782	36,317	39,765	43,976	49,204	55,054
Other net assets and capital account	-6,474	-6,518	-7,906	-10,088	-12,524	-13,476	-14,087	-14,385	-14,780	-15,414
Broad money	41,130	45,823	47,439	51,661	60,698	68,590	77,373	87,014	97,411	109,076
Currency in circulation	9,455	10,369	10,704	12,488	14,961	16,403	17,932	19,549	21,243	23,082
Deposits	31,675	35,454	36,735	39,173	45,738	52,187	59,441	67,465	76,168	85,994
					(12-month percentage change)					
Currency in circulation	19.3	9.8	2.1	17.2	20.4	9.5	9.2	8.9	8.6	8.6
Base money	24.3	4.7	-5.1	20.7	31.1	10.1	9.8	9.5	9.3	9.2
Narrow Money	20.0	14.5	2.7	9.3	19.4	12.6	12.4	12.0	11.6	11.6
Broad money	18.0	11.4	3.5	8.9	17.5	13.0	12.8	12.5	11.9	12.0
Deposits	17.4	11.9	3.6	6.6	16.8	14.1	13.9	13.5	12.9	12.9
Credit to the private sector	12.0	14.2	10.3	5.5	5.4	7.5	9.5	10.6	11.9	11.9
Memorandum items:										
Central Bank Foreign Exchange Reserves (months of imports)	5.0	4.1	3.5	4.6	7.0	7.3	7.6	7.8	7.9	8.1
Commercial Bank Credit to Private Sector (percent of GDP)	23.3	24.0	24.4	23.5	22.8	22.7	23.0	23.6	24.5	25.4
Change in Central Bank Refinancing y/y	504	3,065	-946	989	-1,081	674	715	753	828	902
Change in Commercial Bank Holdings of Government Debt y/y	3,107	4,101	137	2,592	3,321	3,341	3,950	3,893	3,843	3,843

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, 2021–30[1]

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
					Est.			Proj.		
	(Percent of GDP)									
Primary fiscal balance										
Benin	-4.8	-4.4	-3.6	-1.2	-1.0	-1.1	-1.2	-1.4	-1.4	-1.4
Burkina Faso	-5.8	-8.8	-4.4	-3.6	0.4	-1.4	-1.2	-1.0	-0.9	-1.0
Côte d'Ivoire	-2.9	-4.5	-2.6	-1.3	-0.2	-0.3	-0.5	-0.5	-0.6	-0.7
Guinea-Bissau	-4.3	-4.7	-5.5	-3.9	-3.0	-0.3	-0.2	0.2	0.0	-0.3
Mali	-3.0	-2.8	-1.7	-0.8	0.0	-0.9	-0.6	-0.5	-0.5	-0.6
Niger	-5.0	-5.5	-4.0	-2.5	-1.1	-1.9	-1.2	-1.2	-1.5	-1.5
Senegal	-11.4	-13.6	-11.4	-9.3	-3.1	-1.4	-0.3	1.6	2.7	2.6
Togo	-2.4	-5.5	-3.7	-4.1	-0.6	-4.2	-0.4	-0.5	-0.7	-0.8
WAEMU	-4.8	-6.3	-4.3	-2.9	-0.7	-1.0	-0.7	-0.4	-0.4	-0.4
Overall fiscal balance (including grants), commitment basis										
Benin	-7.2	-6.2	-5.4	-3.1	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9
Burkina Faso	-7.5	-10.8	-6.8	-5.8	-1.8	-3.5	-3.2	-3.0	-3.0	-3.0
Côte d'Ivoire	-4.9	-6.7	-5.1	-4.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Guinea-Bissau	-5.9	-6.1	-8.2	-7.3	-6.5	-4.0	-3.5	-3.0	-3.0	-3.0
Mali	-4.1	-4.0	-3.0	-2.2	-1.6	-2.4	-2.3	-2.4	-2.4	-2.4
Niger	-6.1	-6.8	-5.4	-4.3	-2.8	-3.5	-3.0	-3.0	-3.0	-3.0
Senegal	-13.7	-16.1	-14.8	-13.4	-7.9	-6.7	-5.7	-4.0	-3.0	-3.0
Togo	-4.5	-7.8	-6.3	-6.8	-3.2	-6.7	-3.0	-3.0	-3.0	-3.0
WAEMU	-6.7	-8.2	-6.6	-5.4	-3.4	-3.7	-3.3	-3.0	-2.9	-2.9
Government revenue (excluding grants)										
Benin	16.6	14.0	14.4	14.7	15.1	15.4	15.9	16.3	16.7	17.1
Burkina Faso	17.8	19.7	20.8	20.7	22.9	19.9	20.2	20.5	20.6	20.8
Côte d'Ivoire	15.1	14.6	15.2	15.9	17.0	17.2	17.7	18.3	18.7	19.1
Guinea-Bissau	12.8	11.8	11.6	10.4	9.8	10.8	11.3	11.7	11.8	11.8
Mali	17.8	16.4	17.6	18.7	19.3	19.9	20.8	20.8	20.8	20.9
Niger	10.8	10.1	8.7	7.7	10.3	10.4	10.7	10.9	10.8	10.9
Senegal	19.1	19.1	19.7	19.5	20.5	21.7	22.0	22.6	22.8	22.8
Togo	14.9	14.2	15.7	15.6	15.1	15.5	16.0	16.6	17.1	17.6
WAEMU	16.1	15.5	16.1	16.4	17.5	17.5	18.0	18.4	18.7	18.9
Government expenditure [2]										
Benin	24.7	20.7	20.6	18.3	18.5	18.8	19.3	19.6	20.0	20.4
Burkina Faso	27.9	32.8	29.3	27.8	25.9	24.5	24.5	24.6	24.7	24.9
Côte d'Ivoire	20.5	21.9	21.0	20.4	20.2	20.6	21.1	21.5	22.0	22.3
Guinea-Bissau	25.0	21.3	21.9	20.4	19.7	17.7	18.2	18.1	18.1	18.2
Mali	22.5	20.8	21.2	21.0	20.9	22.6	23.6	23.9	24.0	24.2
Niger	24.3	21.6	15.8	13.4	15.2	15.4	15.1	15.2	15.0	14.9
Senegal	33.7	36.1	35.5	33.5	29.2	29.1	28.3	27.1	26.4	26.4
Togo	21.3	24.4	24.8	24.3	19.8	23.4	20.2	20.8	21.2	21.7
WAEMU	24.2	25.0	23.7	22.5	21.6	21.9	22.0	22.1	22.2	22.4
Government current expenditure										
Benin	11.8	11.2	10.9	10.8	11.4	11.2	11.5	11.3	11.4	11.4
Burkina Faso	18.7	21.9	18.1	16.4	16.6	15.9	15.5	15.1	15.0	14.5
Côte d'Ivoire	14.7	14.8	14.3	14.1	14.3	14.0	14.0	14.0	14.0	13.9
Guinea-Bissau	15.5	15.0	16.0	15.0	14.3	12.7	12.5	12.4	12.1	11.6
Mali	13.3	13.1	13.9	13.7	13.4	14.1	14.3	14.5	14.3	14.1
Niger	10.7	10.0	9.6	8.7	9.1	8.9	8.8	8.7	8.5	8.4
Senegal	19.8	24.3	21.3	22.4	20.1	20.8	20.5	20.5	20.6	20.4
Togo	13.2	15.3	14.1	15.0	12.9	16.5	12.9	12.8	12.6	12.5
WAEMU	15.0	16.0	15.0	14.8	14.5	14.6	14.3	14.3	14.2	14.0
Government capital expenditure										
Benin	8.2	8.8	8.5	7.4	7.0	7.6	7.8	8.3	8.7	9.0
Burkina Faso	9.1	11.0	11.3	11.4	9.0	8.7	9.0	9.5	9.7	10.4
Côte d'Ivoire	5.8	7.1	6.6	6.3	5.9	6.6	7.1	7.5	8.0	8.4
Guinea-Bissau	9.5	6.3	5.9	5.4	5.4	5.0	5.7	5.7	6.0	6.6
Mali	5.0	3.3	3.1	3.5	3.9	4.5	5.3	5.4	5.7	6.1
Niger	13.1	10.8	5.6	4.7	5.7	6.6	6.5	6.6	6.6	6.6
Senegal	13.9	11.8	14.2	11.1	9.1	8.3	7.9	6.6	5.8	6.0
Togo	8.0	9.2	10.7	9.3	6.9	6.9	7.3	8.0	8.6	9.2
WAEMU	8.2	8.3	8.1	7.3	6.6	6.9	7.2	7.3	7.6	7.9

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, 2021–30

(Millions of USD)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
					Est.			Proj.		
	(Millions of USD)									
Balance on current account	-10,747	-17,932	-18,943	-12,802	-4,319	-6,128	-7,847	-8,948	-8,525	-9,266
Excluding official transfers	-12,085	-19,629	-20,223	-13,626	-5,181	-6,886	-8,703	-9,738	-9,428	-10,213
Balance on goods and services	-11,637	-18,786	-19,591	-11,747	-1,418	-984	-2,129	-2,896	-1,318	-2,056
Exports of goods and services [1]	42,598	44,473	45,568	51,733	70,900	82,957	86,708	90,165	96,025	101,522
Exports of goods	37,821	39,498	40,443	46,431	63,798	75,223	78,132	80,943	86,069	90,735
Exports of services	4,777	4,975	5,125	5,302	7,101	7,734	8,576	9,221	9,956	10,787
Imports of goods and services [1]	54,235	63,259	65,158	63,479	72,318	83,941	88,837	93,061	97,343	103,578
Imports of goods	39,826	47,757	47,785	46,784	53,362	62,551	65,478	68,794	72,309	76,795
Imports of services	14,409	15,502	17,373	16,695	18,956	21,390	23,359	24,267	25,034	26,783
Income, net	-5,154	-5,514	-5,865	-7,614	-10,011	-12,836	-13,884	-14,534	-16,139	-16,586
Income credits	2,307	2,415	2,676	2,927	3,207	3,622	3,880	4,142	4,488	4,852
Income debits	7,461	7,929	8,541	10,541	13,218	16,458	17,764	18,676	20,627	21,438
Current transfers, net	6,043	6,368	6,312	6,561	7,161	6,229	6,682	6,924	7,408	7,842
Private current transfers, net	4,706	4,672	5,032	5,737	6,299	5,470	5,827	6,134	6,504	6,896
Official current transfers, net	1,338	1,696	1,280	824	862	758	856	790	903	946
Balance on capital and financial account	13,916	12,487	17,098	16,294	17,329	10,957	11,927	12,762	12,723	14,360
Balance on capital account	2,692	2,221	2,401	1,911	2,662	2,415	2,433	2,533	2,604	2,739
Balance on financial account	11,224	10,266	14,697	14,383	14,667	8,542	9,494	10,229	10,119	11,621
Direct investment, net	5,005	6,809	9,112	6,805	5,465	6,046	7,714	8,884	7,885	9,353
Portfolio and other investments, net [2]	6,219	3,457	5,586	7,579	9,202	2,496	1,781	1,345	2,234	2,268
Errors and omissions, net	-724	-329	-787	2,334	6,103	0	0	0	0	0
Overall balance	2,444	-5,774	-2,631	5,827	19,113	4,830	4,080	3,814	4,199	5,093

Source: IMF, African Department database.

[1] Including intraregional trade.

[2] Includes FX valuation gains (losses) on reserves.

Table 6b. WAEMU: Balance of Payments, 2021–30

(Percent of GDP)

	2021	2022	2023	2024	2025 Est.	2026	2027	2028 Proj.	2029	2030
	(Percent of GDP)									
Balance on current account	-5.8	-9.8	-9.3	-5.7	-1.7	-2.1	-2.5	-2.7	-2.4	-2.4
Excluding official transfers	-6.5	-10.7	-9.9	-6.1	-2.0	-2.4	-2.8	-2.9	-2.6	-2.6
Balance on goods and services	-6.3	-10.2	-9.6	-5.2	-0.6	-0.3	-0.7	-0.9	-0.4	-0.5
Exports of goods and services [1]	22.9	24.2	22.3	23.1	27.9	28.9	28.1	27.2	26.8	26.3
Exports of goods	20.3	21.5	19.8	20.7	25.1	26.2	25.3	24.4	24.1	23.5
Exports of services	2.6	2.7	2.5	2.4	2.8	2.7	2.8	2.8	2.8	2.8
Imports of goods and services [1]	29.2	34.5	31.8	28.3	28.5	29.3	28.8	28.1	27.2	26.8
Imports of goods	21.4	26.0	23.4	20.9	21.0	21.8	21.2	20.7	20.2	19.9
Imports of services	7.7	8.4	8.5	7.5	7.5	7.5	7.6	7.3	7.0	6.9
Income, net	-2.8	-3.0	-2.9	-3.4	-3.9	-4.5	-4.5	-4.4	-4.5	-4.3
Income credits	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.2	1.3	1.3
Income debits	4.0	4.3	4.2	4.7	5.2	5.7	5.8	5.6	5.8	5.5
Current transfers, net	3.2	3.5	3.1	2.9	2.8	2.2	2.2	2.1	2.1	2.0
Private current transfers, net	2.5	2.5	2.5	2.6	2.5	1.9	1.9	1.8	1.8	1.8
Official current transfers, net	0.7	0.9	0.6	0.4	0.3	0.3	0.3	0.2	0.3	0.2
Balance on capital and financial account	7.5	6.8	8.4	7.3	6.8	3.8	3.9	3.8	3.6	3.7
Balance on capital account	1.4	1.2	1.2	0.9	1.0	0.8	0.8	0.8	0.7	0.7
Balance on financial account	6.0	5.6	7.2	6.4	5.8	3.0	3.1	3.1	2.8	3.0
Direct investment, net	2.7	3.7	4.5	3.0	2.2	2.1	2.5	2.7	2.2	2.4
Portfolio and other investments, net [2]	3.3	1.9	2.7	3.4	3.6	0.9	0.6	0.4	0.6	0.6
Errors and omissions, net	-0.4	-0.2	-0.4	1.0	2.4	0.0	0.0	0.0	0.0	0.0
Overall balance	1.3	-3.1	-1.3	2.6	7.5	1.7	1.3	1.1	1.2	1.3

Source: IMF, African Department database.

[1] Including intraregional trade.

[2] Includes FX valuation gains (losses) on reserves.

Table 7. WAEMU: Government Public Debt and Debt Service, 2021–30[1]

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
					Est.			Proj.		
	(Percent of GDP)									
External Debt										
Benin	42.1	43.1	45.2	47.4	48.9	51.7	51.2	49.2	47.0	45.9
Burkina Faso	25.6	26.3	26.2	25.5	24.3	23.7	23.6	23.5	23.4	23.4
Côte d'Ivoire	30.4	34.1	35.0	37.8	33.8	33.8	32.8	31.1	30.0	28.5
Guinea-Bissau	40.2	39.0	35.4	34.7	28.4	26.9	26.0	25.1	24.5	23.6
Mali	24.3	22.4	22.5	20.6	17.9	16.2	15.0	14.4	14.0	13.8
Niger	33.0	32.8	31.6	27.0	23.8	24.1	24.1	24.2	24.4	24.8
Senegal	73.9	73.1	84.1	91.4	87.1	83.8	85.6	83.8	82.1	78.0
Togo	26.6	24.2	24.5	27.9	27.9	29.4	28.9	29.1	28.6	28.6
WAEMU	37.5	38.0	40.7	40.9	37.9	37.5	36.9	36.0	34.9	33.7
Domestic Debt										
Benin	13.5	16.6	16.1	13.1	8.4	5.6	4.4	3.9	5.0	5.2
Burkina Faso	29.9	32.9	30.6	31.8	30.1	29.3	28.1	27.7	27.3	26.8
Côte d'Ivoire	19.7	21.9	21.7	21.7	22.5	21.3	21.2	21.2	21.1	21.3
Guinea-Bissau	38.6	41.7	44.0	47.7	46.6	46.3	45.4	44.4	43.2	42.5
Mali	18.9	20.5	21.8	23.4	24.0	24.6	24.6	24.6	24.5	24.4
Niger	17.8	17.6	20.3	20.8	20.5	20.3	19.9	19.7	19.4	18.9
Senegal	24.8	31.6	34.3	41.0	43.1	48.4	47.8	48.2	48.5	48.0
Togo	36.7	38.7	39.5	38.3	35.1	35.3	34.1	32.5	31.7	29.6
WAEMU	21.7	24.6	24.5	26.7	26.8	26.5	25.8	25.2	25.0	24.6
Total Debt										
Benin	55.6	59.7	61.3	60.5	57.3	57.2	55.6	53.2	52.0	51.1
Burkina Faso	55.5	59.2	56.8	57.2	54.4	52.9	51.6	51.3	50.7	50.2
Côte d'Ivoire	50.2	56.0	56.7	59.5	56.3	55.1	54.0	52.3	51.2	49.8
Guinea-Bissau	78.8	80.7	79.4	82.4	74.9	73.2	71.4	69.6	67.7	66.1
Mali	43.2	42.9	44.3	44.0	41.9	40.8	39.7	38.9	38.5	38.2
Niger	50.9	50.5	51.9	47.7	44.4	44.4	44.0	43.9	43.8	43.6
Senegal	98.7	104.7	118.4	132.4	130.2	132.3	133.4	132.0	130.5	126.0
Togo	63.3	63.0	64.1	66.2	63.0	64.7	63.1	61.5	60.2	58.3
WAEMU	59.1	62.5	65.1	67.6	64.7	63.9	62.7	61.2	59.9	58.3
	(Percent of government revenue excluding grants)									
Total debt service										
Benin	75.1	61.8	66.8	43.0	49.1	37.9	26.7	21.7	21.2	19.1
Burkina Faso	34.9	24.5	23.7	30.2	32.8	36.7	35.3	40.0	40.5	39.7
Côte d'Ivoire	33.8	46.6	45.4	67.9	81.3	60.7	54.0	51.0	49.8	46.8
Guinea-Bissau	102.0	64.1	93.8	164.3	210.7	216.8	206.4	215.8	190.2	158.4
Mali	25.9	33.4	34.2	30.5	35.8	47.5	48.2	57.4	55.0	54.6
Niger	65.4	73.9	45.1	141.7	111.5	76.0	83.7	103.8	92.5	96.9
Senegal	23.9	11.0	34.9	75.5	104.6	118.3	116.8	120.7	107.5	105.6
Togo	63.8	64.9	78.0	81.8	73.8	66.9	57.7	65.8	57.2	37.5
WAEMU	38.6	39.1	42.9	61.4	71.9	66.1	61.7	63.8	59.4	56.4
Debt service, interest										
Benin	13.5	17.8	28.3	11.9	12.3	11.1	10.9	9.8	9.2	9.0
Burkina Faso	9.8	9.8	11.6	10.2	9.5	10.6	9.9	9.9	10.0	9.7
Côte d'Ivoire	12.8	15.0	16.6	16.7	16.5	16.0	14.3	13.6	12.8	12.2
Guinea-Bissau	12.5	11.5	22.6	32.0	36.0	34.1	29.6	27.7	25.4	23.4
Mali	5.6	7.2	7.0	6.7	6.5	7.4	8.3	8.9	9.3	9.0
Niger	10.4	12.3	15.9	23.4	16.5	15.7	16.8	16.4	14.1	13.6
Senegal	11.8	12.8	16.9	21.2	23.6	24.4	24.5	24.6	24.8	24.6
Togo	15.3	17.6	16.7	18.0	16.2	15.2	14.9	14.0	12.2	11.0
WAEMU	11.3	13.1	15.8	15.3	15.2	15.3	14.6	14.2	13.7	13.2

Source: IMF, African Department database.

[1] Fiscal and debt service figures for Senegal for 2019–24 are preliminary and subject to revision.

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

Table 8. WAEMU: Financial Soundness Indicators, 2016–25[1]

	2016	2017	2018[1]	2019	2020	2021	2022	2023	2024	2025
	Dec.	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	13.5	14.2	15.1
Tier I capital to risk-weighted assets	10.3	10.8	9.7	10.6	11.1	11.8	12.2	12.7	13.5	14.3
Provisions to risk-weighted assets	10.1	9.8	7.5	7.6	7.5	6.7	6.1	5.9	5.6	6.0
Capital to total assets	5.8	6.3	6.8	6.6	6.6	6.7	6.5	7.2	7.7	7.5
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	53.5	49.4
Concentration: loans to 5 largest borrowers to capital	101.9	89.8	82.6	86.1	76.9	81.7	99.1	102.2	83.4	81.5
Sectoral distribution of loans										
Agriculture	3.2	3.9	4.6	3.0	3.0	3.1	3.3	2.9	2.8	2.3
Extractive industries	1.6	1.5	1.7	1.7	1.8	1.8	2.1	2.0	2.5	2.1
Manufacturing	15.5	16.2	15.1	14.3	13.0	12.0	12.2	12.0	11.5	12.0
Electricity, water and gas	4.9	5.6	5.6	4.6	4.7	5.5	6.1	5.8	4.9	5.5
Construction	10.8	9.8	10.6	11.2	10.2	10.7	9.5	8.2	8.5	8.1
Retail and wholesale trade, restaurants and hotels	26.7	26.8	27.7	25.9	26.5	26.7	28.3	26.8	26.6	26.7
Transportation and communication	9.9	11.6	10.5	11.3	10.8	9.5	8.1	8.9	8.4	9.4
Insurance, real estate and services	7.2	7.2	6.8	7.2	8.4	8.4	7.4	8.7	9.4	9.3
Other services	20.1	17.4	17.5	20.8	21.7	22.4	23.1	24.8	25.5	24.7
Gross NPLs[2] to total loans	13.8	13.9	12.4	11.4	11.0	10.3	8.4	8.7	8.5	9.2
Provisioning rate	65.5	63.6	65.3	63.3	67.2	65.1	68.0	63.3	62.8	61.3
Net NPLs[2] to total loans	5.2	5.5	4.7	4.5	3.9	3.9	2.8	3.4	3.4	3.8
Net NPLs[2] to capital	47.2	48.0	38.2	38.3	31.0	28.8	22.4	25.1	23.4	24.8
Earnings and profitability										
Average cost of borrowed funds	2.9	2.5	2.4	0.7	0.9	2.0	2.0	2.6	2.9	...
Average interest rate on loans	9.8	8.4	7.6	7.1	7.6	6.9	7.1	8.2	8.2	...
Average interest margin	6.9	5.9	5.2	6.4	6.7	4.9	5.1	5.5	5.3	...
After-tax return on average assets (ROA)	1.3	1.3	1.2	1.3	1.2	1.5	1.5	1.5	1.6	...
After-tax return on average equity (ROE)	20.2	17.6	14.6	15.3	13.9	17.4	17.4	16.8	16.5	...
Noninterest expenses to net banking income	58.5	58.3	60.5	58.9	58.1	55.2	53.0	53.0	54.1	...
Salaries and wages to net banking income	25.6	25.0	25.9	24.8	25.1	23.9	22.9	23.2	24.2	...
Liquidity										
Liquid assets to total assets	27.1	27.3	27.8	26.0	24.4	23.1	24.1	24.2	23.0	21.3
Liquid assets to total deposits	42.3	42.3	42.4	38.7	35.5	32.8	35.5	35.6	33.2	31.6
Total loans to total deposits	89.5	92.0	92.2	90.2	82.2	76.3	80.1	83.2	81.5	77.4
Total deposits to total liabilities	64.1	64.5	65.7	67.1	68.7	70.3	67.9	68.1	69.4	67.6
Sight deposits to total liabilities	34.4	34.7	35.1	35.8	37.1	39.2	38.7	38.0	38.6	38.0
Term deposits to total liabilities	29.7	29.8	30.6	31.4	31.5	31.1	29.2	30.1	30.8	29.7

Source: BCEAO.

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

[2]NPLs correspond to "créances en souffrances" as defined under BCEAO Instruction No. 026-11-2016. Under this instruction, exposures are classified as NPLs when they are more than 180 days past due for sovereign and SME exposures, more than 90 days past due for all other exposures, or when the debtor is otherwise deemed unlikely to pay (regardless of days past due), while they also include restructured loans."

Table 9. WAEMU: Main Features of WAEMU Economies in 2025[1]

	Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAEMU Total
Nominal GDP (billions of CFAF)	14,162	15,764	57,435	1,538	17,454	12,683	21,558	6,911	147,506
Nominal GDP (billions of US Dollars)	24.4	27.1	98.9	2.6	30.0	21.8	37.1	11.9	254.0
Nominal GDP per capita (thousands of CFAF)	949	654	1,746	762	691	435	1,124	707	938
SDR Quota (million)	124	120	650	28	187	132	324	147	1,712
Population (millions)	14.9	24.1	32.9	2.0	25.2	29.1	19.2	9.8	157.3
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)	2,828	6,343	16,748	211	4,358	2,245	6,812	1,644	41,189
Imports of goods and services (billions of CFAF)	3,644	4,958	14,196	417	4,685	2,934	9,089	2,091	42,013
Share of individual countries (in percent)									
In nominal GDP	9.6	10.7	38.9	1.0	11.8	8.6	14.6	4.7	100
In population	9.5	15.3	20.9	1.3	16.1	18.5	12.2	6.2	100
In land area	3.3	7.9	9.2	0.8	35.2	36.5	5.6	1.6	100
In exports	6.9	15.4	40.7	0.5	10.6	5.4	16.5	4.0	100
In imports	8.7	11.8	33.8	1.0	11.2	7.0	21.6	5.0	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 external position of WAEMU in 2025 is assessed to be broadly in line with the level implied by fundamentals and desirable policies, notwithstanding uncertainty stemming from data gaps. The current account deficit is estimated to have decreased substantially in 2025, driven by higher exports, favorable terms of trade, and fiscal consolidation. The level of reserves is deemed adequate based on estimated adequacy metrics.*

Potential Policy Responses: *In 2026, monetary policy should remain carefully calibrated to maintain external sector and macroeconomic stability. Fiscal consolidation should continue until deficits are contained within the 3 percent of GDP ceiling set by the expired Convergence Pact as well as the draft proposed by the WAEMU Commission, which should be approved without further delays. Over the medium term, the implementation of structural reforms will be fundamental to spur growth and strengthen the external position.*

Foreign Assets and Liabilities: Position and Trajectory

Background. WAEMU's net international investment position (NIIP) deteriorated slightly to -49.4 percent of GDP in 2023, compared to -48.9 percent in 2022. This decline reflects a high current account deficit (9.3 percent of GDP in 2023) that drove both an increase in external debt and a loss in reserve assets (from 10 percent of GDP in 2022 to 7.6 percent in 2023).

Assessment. Since 2023, the current account deficit has narrowed significantly and is projected to reach about 1.7 percent of GDP in 2025. Looking ahead, the forecasted improvement in the current account is expected to persist—consistent with economic fundamentals and desirable policies—helping stabilize the NIIP. In addition, foreign direct investment (FDI), which accounts for more than 40 percent of WAEMU's external liabilities, is expected to finance most of the current account deficit over the medium term. Consequently, risks associated with a negative NIIP appear contained.

2023 (% GDP)	NIIP: -49.4%	Gross Assets: 30.1%	Debt Assets: N/A	Gross Liab.: 79.5%	Debt Liab.: N/A

Current Account

Background. Based on the published autumn 2025 WEO data (which constitute the ground for the assessment below), the current account deficit is projected to narrow significantly to 3.7 percent of GDP in 2025, down from 5.7 percent in 2024. This improvement reflects the lowest trade balance deficit in more than a decade, estimated at 0.6 percent of GDP in 2025, driven by contained food import prices, lower energy imports, high prices for WAEMU's main export commodities—particularly gold and cocoa—and a scaling-up in hydrocarbon exports by Niger and Senegal. Ongoing fiscal consolidation has also contributed to the reduction in current account deficits. Over the medium term, the current account deficit is expected

[1] Prepared by Bruno Perdigao (SPR).

to remain slightly above 2025 levels, but below the pre-pandemic historical average, as the extractive sector gains importance in WAEMU's exports.

Assessment. When applied to data and projections for 2025 (and again based on the published autumn 2025 WEO data) the IMF's EBA-Lite CA model yields a current account norm of -5.5 percent of GDP against an adjusted current account balance of -4.6 percent of GDP, resulting in a positive gap of almost 1.0 percent of GDP (Table I.1). WAEMU's overall gap reflects a mix of positive and negative gaps across member countries, driven in part by differing fiscal policy stances. Favorable terms of trade account for the cyclical adjustments in the observed current account. Unlike previous external assessments, no temporary adjustors were applied. Overall, as the estimated gap is within a 1 percentage point range around zero, the EBA-Lite CA model indicates that WAEMU's external position in 2025 is broadly consistent with levels implied by fundamentals and desirable policies.

Model Estimates for 2025 (percent of GDP)

	CA Model[1]	REER Model
CA Actual	**-3.7**	
Cyclical contributions (from model) (-)	0.7	
Additional temporary/statistical factors (+)	0.0	
Natural disasters and conflicts (-)	0.2	
Adjusted CA	**-4.6**	
CA Norm (from model)[2]	**-5.5**	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	**-5.5**	
CA Gap	**1.0**	**-0.1**
o/w Relative policy gap	**2.2**	
Elasticity	-0.2	
REER gap (in percent)	**-5.2**	**0.4**

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

Real Exchange Rate

Background. The nominal effective CFAF rate appreciated in 2025, following the recent euro's strengthening against the U.S. dollar, but was offset by relatively low inflation in WAEMU countries compared to their trading partners, leaving the CFA franc in real effective terms stable in 2025. In real effective terms, the CFA franc is around its average value of the past two decades.

Assessment. The EBA-Lite Real Effective Exchange Rate (REER) model estimates a REER gap close to zero for the CFA franc in 2025, supporting the EBA-Lite CA model indication that the REER CFA franc is neither overvalued nor undervalued.

Capital and Financial Accounts: Flows and Policy Measures

Background. Net external financial inflows are estimated to have declined to 4.5 percent of GDP in 2025, down from 6.8 percent in 2024. This decrease reflects lower net external debt inflows through other investments (from 2.3 to 0.6 percent of GDP) and lower net FDI inflows (from 3.0 to 2.2 percent of GDP), being partially compensated by higher net portfolio inflows (from 1.5 to 1.8 percent). The latter includes Eurobond issuances by Benin and Côte d'Ivoire, as well as the regional development bank (BOAD), indicating that international financial markets remained accessible to some WAEMU countries. Over the medium term, net financial inflows are projected to stabilize at around 3 percent of GDP, driven mainly by foreign direct investment, as external indebtedness continues to decline.

Assessment. As the current account deficit narrows and remains largely financed by net FDI inflows, vulnerabilities linked to insufficient external funding are reduced. However, divergent financing conditions

across member countries highlight fragmentation in the risks perceived by international markets, with some sovereigns facing significantly higher spreads than others. In an environment of heightened global policy uncertainty, sudden declines in foreign risk appetite pose a threat to member countries—particularly those viewed as having higher credit risk, as illustrated by the April 2025 tariff episode and the ongoing war in the Middle East. Over the medium term, narrowing disparities in financial conditions and attracting foreign capital will require firm commitments to debt sustainability and stronger PFM framework and controls, alongside reforms that strengthen regional institutions.

FX Intervention and Reserves Level

Background. WAEMU's pooled reserves are expected to rebound sharply for the second year, rising from US$16.0 billion in 2023 (equivalent to 3.5 months of prospective imports) to US$40.9 billion in 2025 (7.0 months of prospective imports). The 2025 buildup reflects the lowest deficit in the trade balance in more than a decade, driven also by favorable terms of trade and the ramp-up in hydrocarbon production in Niger and Senegal. As a share of prospective imports, reserves are projected to rise smoothly over the medium term, reflecting sustained exports of WAEMU's main commodities.

Assessment. The ARA CC approach estimates the range for adequate reserve levels at 5.0 to 7.1 months of prospective import coverage for the WAEMU, considering 2024 data, with the lower end calibrated on fragile states and the higher end calibrated on non-resource rich countries. The estimated adequate level represents an increase in comparison with the previous year (0.6 increase for the lower value and 0.7 for the upper value), as holding the same levels of reserves in terms of months of prospective imports is now less costly in GDP terms.[1] The level of reserves observed in 2025 (7.0 months of imports) is within these levels, while medium-term projections (8.1 months of prospective imports by 2030) are above them.[2] Growth-friendly fiscal consolidation, appropriate monetary policy, and implementation of structural reforms will be key to sustaining reserves at adequate levels going forward.

[1/] In particular, the ARA CC compares the benefits of holding reserves with its costs, as a percentage of GDP. As imports/GDP have decreased between 2023 and 2024, holding the same level of reserves in terms of months of prospective imports is now less costly in GDP terms than in the previous year, hence the country should hold a higher level of reserves according to this metric.

[2/] The estimated reserve adequacy range of 5.0 to 7.1 months of prospective imports aligns with the practice in previous regional consultations. However, WAEMU countries differ in other characteristics that influence adequate reserve levels. In particular, the higher adequacy level relates to non-resource-rich countries under the IMF definition. If we were to consider the resource-rich category, which is the case for some WAEMU countries, the higher threshold would rise to 9.4 months. Overall, we take a holistic view and consider WAEMU's reserve levels adequate.

Annex II. Risk Assessment Matrix[1]

Risks	Likelihood	Economic Impact	Policy Responses
Country Specific			
• **Fiscal slippages leading to heightened financing and debt challenges**. Delays in implementing revenue reforms or political resistance to expenditure measures could further delay planned fiscal adjustments and lead to heightened financing and debt pressures.	**High**	**High.** Rising refinancing risks and increased risks to debt sustainability. Further pressure on the regional debt market and bank balance sheets. Weaker external balance, lower private-sector credit, and lower growth. Risk of social tensions.	• Refrain from further delaying fiscal adjustment, which could later trigger a more costly forced adjustment. • Prioritize base-broadening revenue measures to ease the social and growth cost of the adjustment. • Improve the efficiency of spending. • Address underlying causes of SFAs. • Urgently adopt the enhanced Convergence Pact.
• **Fiscal challenges causing financial instability.** Governments are unable to meet their debt-service obligations (due to liquidity or sustainability issues) compounding existing pockets of vulnerability and high banks' sovereign exposure, triggering financial instability in parts of the regional banking sector.	**High**	**High**. Banks incur liquidity and recapitalization needs because of exposures to regional sovereigns, damaging their ability to finance the economy. Lower growth. Risk of social tensions.	• Accelerate fiscal consolidation. • Regularly stress test banks' balance sheets for sovereign risk scenarios. • Enhance crisis preparedness and contingency planning. • Address concentration risks of sovereign exposures (through pillar 2 capital surcharges for sovereign exposures). • Deepen the regional financial market to diversify the investor base.
• **Growing security and political instability in the Sahel spilling over into the broader region**. Extended violence and political instability could disrupt investment, growth, and trade, and prompt a new surge in refugees and IDPs, while threatening social stability.	**High**	**High**. Lower investment and 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 within existing budget envelopes. • Promote security budget transparency. • Seek concessional external financing.

[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
Conjunctural shocks and scenarios (Global)			
• **Geopolitical Tensions.** Intensification of conflicts, coupled with the weakening of multilateralism, may trigger commodity price volatility, increase migration pressures, reignite inflation, and weigh on growth by undermining confidence, investment, tourism, trade, and supply chains.	**High**	**Medium** Lower economic growth, rising inflation, 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.** Shifts in supply and demand—driven by geopolitical tensions and conflicts, OPEC+ actions, or the green transition—may fuel commodity price swings, intensifying external and fiscal pressures, social unrest, and macroeconomic instability**.**	**High**	**High** Lower economic growth, rising inflation, weaker external balance, and lower reserves. Rising pressure on the budget and 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.
• **Financial Market Volatility and Correction**. Stretched asset valuations, easy financial conditions, and subdued volatility in key markets could be significantly affected by a sudden and disruptive shift in investor sentiment or policy stance, triggering market corrections, exchange rate turbulence, spikes in sovereign bond yields, and capital flow volatility. Elevated leverage among non-bank financial intermediaries further amplifies these risks, as forced deleveraging during periods of stress could exacerbate asset price swings and propagate shocks. Rapid growth of unregulated crypto markets could add to these vulnerabilities.	**High**	**High** Rising international risk premia would hamper access to markets and increase strains on regional financing, affecting also the stability of the regional banking system.	• Tighten monetary policy to anchor expectations and support 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.

Risks	Likelihood	Economic Impact	Policy Responses
• **Fiscal Vulnerabilities and Higher Long-Term Interest Rates.** Rising public debt and deficit levels may put upward pressure on long-term interest rates and increase the risk of sovereign bond market disruptions. These developments could amplify capital flow volatility, tighten financial conditions, threaten sovereign debt sustainability, and trigger global spillovers. To the extent that major economies are affected, market imbalances (such as reduced investor capacity to absorb sovereign debt) could emerge, exacerbating risks from a close sovereign-financial nexus.	High	**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. • Substitute financing with domestic revenue mobilization or temporarily reduce spending.
• **Decline in International Aid.** A further sharp reduction in international financial assistance, including development aid and humanitarian support, could severely affect low-income and fragile countries. Such an additional aid withdrawal would strain public finances, worsen current accounts, increase debt vulnerabilities, and lead to a further deterioration in living conditions and food security**.**	High	**High** Budget financing shortfall and lower reserves. Additional pressure on regional debt markets and banks. Worsening sovereign-bank nexus. Increased financial stability risks from fiscal spillovers. Further fiscal adjustment needs and risks of social unrest.	• Adopt a medium-term fiscal adjustment plan, leveraging also on stepping up revenue mobilization efforts. • Accelerate structural reforms to attract capital flows and FDI. • Adjust fiscal policy to the available financing envelope. • Accelerate PFM and governance reforms to improve the efficiency of government spending.
Structural Risks (Global)			
• **Climate change.** Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heighten economic and financial instability.	Medium	**High** WAEMU is vulnerable to climate change, including floods and droughts.	• Provide targeted support to the vulnerable. • Pursue medium-term reforms to increase climate change adaptation.

Annex III. Status of Fund Relations

1. **Benin:** On February 25, 2026, the IMF Executive Board concluded the seventh and final reviews of the Extended Fund Facility (EFF) and the Extended Credit Facility (ECF) arrangements, and the fourth and final reviews of the Resilience and Sustainability Facility (RSF) arrangements, approved respectively in July 2022 and December 2023. Total financing by the IMF under those arrangements amounted to about US$ 850 million (391 percent of quota under the EFF/ECF and 120 percent of quota under the RSF). Overall program performance was strong.

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). On February 18, 2026, the IMF Executive Board completed the fourth review, enabling the disbursement of SDR 24.08 million (about US$33.2 million), bringing total IMF financial support under the arrangement to SDR 120.4 million (about US$165.8 million). The Executive Board also approved an arrangement under the Resilience and Sustainability Facility (RSF), running until September 20, 2027, for an amount of SDR 90.3 million (about US$124.3 million).

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 fifth EFF/ECF reviews and fourth RSF review on December 3, 2025.

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 ninth and tenth ECF reviews were completed by the Executive Board on March 20, 2026.

5. **Mali:** Mali received an RCF disbursement of 50 percent of quota (about US$129 million) in April 2025 to address urgent BOP needs from severe floods in 2024, along with a Staff-Monitored Program to re-establish a track record for a potential upper credit tranche arrangement. The first review of the SMP was completed in December 2025, while the second and final review was completed on March 18, 2026.

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 two arrangements were extended by six months until December 2025, with the sixth ECF review, second RSF review, and 2024 Article IV consideration completed on January 22, 2025. The ECF arrangement was further extended until December 2026, while the RSF arrangement was extended to March 2026 and subsequently extended to June 2026. The eighth ECF review and the fourth RSF review were completed on March

13, 2026, when the Executive Board also approved an augmentation of access under the ECF arrangement equivalent to 60 percent of quota (about US$107.2 million).

7. **Senegal**: On June 26, 2023, the IMF Board approved 3-year EFF/ECF (US$1.5 billion) and RSF (US$324 million) arrangements. The first review was completed in December 2023, however no further reviews were concluded. The ECF arrangement expired in June 2025. The 2023 EFF is expected to expire on June 25, 2026. The RSF will automatically terminate upon the expiration of the EFF. The current program is off track, and the authorities requested a new program to reflect their new development strategy in October 2025 and discussions with IMF staff are ongoing.

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 6, 2024, and the Executive Board completed the second ECF review on June 30, 2025.

Annex III. Table 1. WAEMU: Current IMF Arrangements for WAEMU Members

Country	Type	Date of Approval [by the Executive Board]	Expiration Date [as of March 31, 2026]	Total Agreed (Million of SDR)	Total Agreed (Million US $ at the time of approval)
Burkina Faso	ECF	21-Sep-23	20-Sep-27	228.8	302.5
	RSF	18-Feb-26		90.3	124.3
Côte d'Ivoire	EFF	24-May-23	23-Sep-26	2,601.6	3,500.0
	ECF				
	RSF	15-Mar-24	14-Sep-26	975.6	1,300.0
Guinea-Bissau	ECF	30-Jan-23	29-Dec-26	39.8	53.3
Niger	ECF	8-Dec-21	7-Dec-26	197.4	275.8
	RSF	5-Jul-23	4-Jun-26	98.7	131.5
Senegal	EFF	26-Jun-23	25-Jun-26	755.1	1,006.4
	RSF			242.7	324.0
Togo	ECF	1-Mar-24	31-Jul-28	293.6	389.5
TOTAL				5,523.5	7,407.3

Annex III. Table 2. WAEMU: Outstanding WAEMU Member Countries' Fund Credit

(As of March 31, 2026)

	SDR million				Percent of quota		
	GRA [1]	PRGT [2]	RST [3]	Total	GRA	PRGT	RST
Benin	322.7	337.8	148.5	809.0	260.7	272.9	120.0
Burkina Faso	-	241.8	-	241.8	-	200.8	-
Côte d'Ivoire	1,779.3	1,114.1	731.7	3,625.1	273.6	171.3	112.5
Guinea Bissau	-	56.3	-	56.3	-	198.2	-
Mali	-	361.1	-	361.1	-	193.5	-
Niger	-	377.6	98.7	476.3	-	286.9	75.0
Senegal	444.9	384.7	48.5	878.1	137.5	118.9	15.0
Togo	-	309.4	-	309.4	-	210.8	-
Total	**2,546.9**	**3,182.8**	**1,027.4**	**6,757.2**	**148.8**	**186.0**	**60.0**

Source: IMF

[1] General Resources Account (including EFF, Stand-by Arrangement)

[2] Poverty Reduction and Growth Trust (including ECF, RCF and SCF)

[3] Resilience and Sustainability Trust (RSF)

Annex III. Table 3. WAEMU: Member Country SDR Position
(As of March 31, 2026)

(in millions of SDRs)		
	Net Cumulative Allocation	Holdings
Benin	177.82	264.92
Burkina Faso	172.98	213.92
Côte d'Ivoire	934.28	2,031.77
Guinea-Bissau	40.82	68.09
Mali	268.21	246.12
Niger	189.07	310.62
Senegal	464.96	82.52
Togo	211.03	289.03
WAEMU	**2,459.18**	**3,506.99**

Annex III. Table 4. WAEMU: Capacity to Repay the IMF, 2026-32[1]

	2026	2027	2028	2029	2030	2031	2032
Fund obligations based on existing credit							
(in millions of SDRs)							
Principal	662	639	661	771	766	668	657
Charges and Interest	124	117	110	102	92	80	69
Fund obligations based on existing and prospective credit							
(in millions of SDRs)							
Principal	662	639	661	771	788	735	764
Charges and Interest	130	126	119	111	100	88	76
Total obligations based on existing and prospective credit							
In millions of SDRs	792	765	780	882	889	823	839
In billions of CFA francs	606	587	601	680	685	635	647
In percent of government revenue	2	2	2	2	2	1	1
In percent of exports of goods and services	1	1	1	1	1	1	1
In percent of external debt	1.0	0.9	0.9	1.0	0.9	0.8	0.8
In percent of GDP	0.4	0.3	0.3	0.3	0.3		
In percent of quota[2]	46	45	46	52	52	48	49
Oustanding Fund credit[3]							
In millions of SDRs	6,629	6,083	5,434	4,663	3,875	3,140	2,376
In billions of CFA francs	5,070	4,670	4,189	3,595	2,987	2,421	1,832
In percent of government revenue	17	15	12	9	7	5	4
In percent of exports of goods and services	11	10	8	7	5	4	3
In percent of external debt	8.3	7.3	6.3	5.1	4.1	3.2	2.3
In percent of GDP	3.2	2.7	2.3	1.8	1.4		
In percent of quota[3]	387	355	317	272	226	183	139
Net use of Fund credit							
Disbursements	552	93	11	0	0	0	0
Repayments and Repurchases	792	765	780	882	889	823	839
Memorandum Items							
Exports of Goods and Services (billions of CFA francs)	44,705	47,429	49,655	52,973	56,003	60,372	64,557
Government revenue and grants (billions of CFA francs)	29,129	32,192	35,271	38,590	42,164	45,837	49,686
External debt (billions of CFA francs)	60,822	64,372	66,919	70,030	72,761	75,498	77,993

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

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

[3]Fund credit outstanding was overstated by SDR 3,440 million in all projection years in the Capacity to Repay table in the previous staff report (IMF Country Report No. 25/110).

Annex III. Table 5. WAEMU: Member State Debt Sustainability Assessments

Country	Risk of External Debt Distress	Overall Risk of Debt Distress	Date of Assessment
Benin	Moderate	Moderate	25-Feb-26
Burkina Faso	Moderate	Moderate	30-Jan-26
Côte d'Ivoire	Moderate	Moderate	17-Nov-25
Guinea-Bissau	High	High	23-Jul-25
Mali	Moderate	Moderate	14-Jul-25
Niger	High	High	31-Mar-26
Senegal	*NA* [1]	*NA*	*NA*
Togo	Moderate	Moderate	11-Jul-25

[1]No DSA has been published since mid-2023.

Annex IV. Data Adequacy Assessment

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

Data Adequacy Assessment Rating 1/
C

Questionnaire Results 2/

Assessment	National Accounts	Prices	Government Finance Statistics	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						
Coverage	B	B	C	B	C	
Granularity 3/	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 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 are adequate for surveillance.
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.

Rationale for staff assessment. 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 granularity are broadly adequate across the membership, 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, and the presence of persistent stock-flow adjustments suggest a need to understand possible shortcomings in coverage and consistency. Balance of payments statistics are produced only annually and with a significant lag. Moreover, international investment position data is not sufficiently granular, notably to assess the composition of liabilities. Monetary and Financial statistics are broadly adequate and timely, but financial stability indicators are reported only semiannually and with a considerable lag and could be made more granular, consistent with international standards, and through the IMF official data portal. Comprehensive data is not available for a key financial market representing around 40 percent of the sovereign debt market, which hampers surveillance, notably of cross-border financial flows and exposures.

Changes since the last Article IV consultation. The authorities successfully implemented the planned enhancement to the CPI index, including updating the base year from 2014 to 2023. The emergence of vulnerabilities in the financial sector underscores the importance of improving financial sector statistics, notably in terms of the coverage, frequency, to allow for adequate surveillance.

Corrective actions and capacity development priorities. The authorities are finalizing a report on the key drivers of SFAs and will propose measures to address them, notably by strengthening PFM frameworks and controls, carrying out regular debt audits, and expanding and harmonizing the coverage of debt and fiscal reporting.

Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. N.A.

Other data gaps.

Annex IV. 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/.

Annex IV. Table 3. WAEMU: Summary of Data Quality Factsheets [1/2/]

1/ The heatmap compares different dimensions of the country's data quality to its regional and income group peers, based on the findings from sectoral data quality factsheets. The ratings are based on the following scoring system: good data quality (shown as green-colored cells in the map) refers to countries that meet or exceed the relevant benchmarks established in statistical manuals or the Fund's dissemination standards, whereas weak data quality (shown as red-colored cells) refers to countries that lag behind these benchmarks or do not report the data. In cases where a statistical standard or benchmark is not established (e.g., internal consistency between CPI and GDP deflator, size of unidentified debt-creating flows), good data quality refers to countries that are at or above the median of the Fund membership, and weak data quality refers to countries below this median or without the data.

2/ All colored-cells in this heatmap are also presented in sectoral data quality factsheets (worksheets starting with "DQF-"), in the form of bar charts and heatmaps, together with additional details and sources. In the case of granularity-related indicators, which are based on heatmaps in data quality factsheets, we take the median rating of individual data categories to determine the cell color (i.e., "green" if the country's median rating is above or equal to the Fund median and "red" if not).

3/ The consistency indicator captures the following in each sector: the 5-year average correlation between CPI and GDP deflator inflation in the real sector ("Prices"); the size of unidentified government debt creating flows in the fiscal sector; and the size of net errors and omissions in the balance of payments in the external sector.

4/ GO: Government Operations; ESS: External Sector Statistics; MFS: Monetary and Financial Statistics; and FSI: Financial Soundness Indicators.
Disclaimer: Information reported in the map—sourced from FAD, SPR, STA, and RES databases, as well as from the authorities' National Summary Data Page (for those countries participating in the Data Standard Initiatives), may be incomplete or outdated. This information is offered as input for the team's overall assessment of data adequacy, which should also reflect each country's surveillance priorities and specific circumstances.

Annex V. The New WAEMU Convergence Pact

1. The WAEMU Convergence Pact, in place since 2015, was suspended in 2020 due to the COVID-19 shock, and it subsequently expired. The WAEMU Commission has since prepared a new draft Pact which incorporates the bulk of Staff suggestions. Importantly, the original convergence criteria would be preserved—including the ceilings of 3 percent for deficit and 70 percent for debt, respectively—and the draft is enhanced with an exogenous escape clause (triggered by a GDP drop of at least 4 percentage points relative to the three-year average). The draft received a favorable opinion from the Council of Ministers and would normally be presented to the Conference of Heads of State and Government for approval. Exceptional procedures also allow approval via bilateral consultations with member states.

2. Staff reviewed the draft Pact and shared additional recommendations with the WAEMU Commission. Specifically, the draft Pact (or implementing regulations) should:

- include a transition mechanism for countries with debt exceeding 70 percent of GDP at the time of Pact adoption, by establishing minimum annual debt reduction, while prescribing clearance of arrears;
- include a fiscal correction mechanism for when debt exceeds 70 percent of GDP specifying a timeline for correction, and preventive measures to reduce risks of breaching the rule;
- consider calibrating the required adjustment path to the size and persistence of deviations from the debt ceiling, which would enhance the framework's flexibility and responsiveness to country-specific circumstances;
- spell out the methodology for calibrating the trigger threshold for the escape clause at a 4- percentage-point of GDP growth drop relative to the past three-year average (in particular, whether the threshold is determined by the historical distribution of growth shocks or other considerations);[1]
- spell out the methodology for measuring the escape clause trigger—GDP drop—including the data sources to be used (this could be done in a technical annex), procedures for activation and monitoring of the escape clause, and timelines for reinstating rule compliance and/or correcting for fiscal deviation attained during rule suspension;
- strengthen monitoring through mandatory public reporting on compliance, escape clause use, and plans for returning to targets, while ensuring clearer and time-bound oversight responsibilities for the Commission and Council, enhanced roles for independent national bodies, and reinforced peer-review processes among member states;

[1] Note that, since 2000, such a threshold would have triggered the escape clause in 2011 and 2020.

- improve statistical foundations by integrating reforms in national accounts and government finance statistics into the Pact legislation;
- plan steps for establishing and implementing a consistent definition of fiscal deficit and public debt for all WAEMU members;
- align monitoring and reporting calendars with the budget preparation process;
- explicitly define the concept of "critical mass," (number of countries and share of regional GDP) used to determine when the Union reached convergence.

Annex VI. Financial Stability Policies for the WAEMU[1]

Large and rising domestic financing needs could strain the regional securities market and heighten financial stability risks. The sovereign–bank nexus remains pronounced, with banks holding over 80 percent of government securities and sovereign exposures accounting for about 38 percent of bank assets in 2025.[2] Bank balance sheets are further weakened by persistently high NPLs and low provisioning, with marked cross-country heterogeneity. The prudential treatment of sovereign exposures—characterized by zero risk weights (until 180 days past due), the absence of concentration limits and capital buffers, and optional provisioning—leaves banks vulnerable to sovereign distress, while data gaps constrain stress-test analysis of contagion and second-round effects. Finally, independence and resources of key institutions need to be further strengthened to ensure effective supervision, resolution, and crisis management. Safeguarding financial stability will require prudent fiscal policy, and appropriately paced and sequenced prudential and supervisory policies to address weak asset quality and the strong sovereign-bank nexus, while enhancing crisis preparedness.

Main Policy Recommendations

1. Ensure fiscal consolidation and debt sustainability: Strengthening fiscal buffers and pursuing sound debt management would mitigate vulnerabilities stemming from the sovereign-bank nexus. Fiscal consolidation and declining debt ratios would also lower financing needs and eventually reduce bank exposure to governments. Harmonizing tax treatment of holding any WAEMU sovereign debt (over the medium term) could avoid potential home-bias in banks' exposure to sovereigns.

2. Regulatory and supervisory measures to address persistently high NPLs and low provisioning, and to enhance crisis preparedness: In the short run, the regulator—BCEAO—should improve asset quality reporting standards (by fully aligning them with international norms). In order to ensure adequate levels of provisions, the supervisor should use its existing tools more decisively and be more forthcoming in requiring banks deemed under-provisioned to bolster provisioning or capital (including possibly via dividend restrictions and higher capital buffers under Pillar 2). For banks that have high NPLs, the CBU should intensify asset quality reviews and require submission of plans to reduce NPLs and follow up on their implementation. As flagged in the FSAP, crisis preparedness also needs to be enhanced: up-to-date preventive recovery plans (PPR) and resolution plans for all banks should be in place, CBU's resources as well as autonomy should both be strengthened, while the resources of the Deposit Guarantee and Resolution Fund (FGDR-UMOA) need to be reinforced, and the BCEAO should speed up setting up an emergency liquidity assistance (ELA) framework. In the medium term, the BCEAO should promote forward-looking provisioning

[1] Prepared by Ljubica Dordevic (AFR) and Pawel Zabczyk (MCM). The authors wish to thank colleagues in AFR, MCM and STA, as well as the WAEMU authorities, for helpful discussions and suggestions.

[2] The sum of banks' claims on central government, state and local government, and SOEs.

frameworks and transition to Basel III liquidity ratios, while the CBU should strengthen resolution tools for problem assets. The rest of section II elaborates these points in more detail.

Improve Asset Quality Reporting Standards and Monitoring (Short Term)

- For asset quality reporting purposes, the BCEAO should implement standardized definitions for NPLs in line with international norms, to improve transparency and comparability.

    - The loan quality statistics reported by the BCEAO and the CBU correspond to "*créances en souffrances*", as defined under BCEAO Instruction 26-11-2016. This definition applies a 180-day past-due threshold for public sector and SME exposures (versus 90-day for other exposures), reflecting the Basel framework's flexibility for the regulatory definition of default for public sector and retail exposures (i.e., for the purpose of credit risk assessment and capital requirement calculations). Exposures may nevertheless be classified as defaulted if deemed "unlikely to pay" independently of the days past due, and the definition also includes restructured loans. However, flexibility on days past due does not apply to the international definition of non-performing loans (NPLs) for purposes of reporting asset-quality statistics, for which the Basel Committee's guidelines on prudential treatment of problem assets (2017) and the IMF's 2019 Financial Soundness Indicators (FSI) Guide prescribe a maximum 90-day past-due threshold for all counterparties, to ensure a harmonized asset quality indicator. As a result, the reported figures for WAEMU potentially understate NPLs for disclosure purposes. A recent Fitch report (2025) estimates NPLs using a uniform 90-day definition for all exposures at end-2024 to be in the 12–14 percent range.

- The CBU should, particularly for banks with high NPL ratios: a) require more timely development and submission of NPL reduction plans and progress reports, the adequacy and implementation of which would be reviewed and regularly followed up on; b) conduct more frequent reviews of banks' asset quality and provisioning practices; and c) increase the frequency and depth of on-site inspections and off-site monitoring.

Strengthen Provisioning, Capital and Liquidity Buffers (Short Term)

- For banks with inadequate provisioning and/or elevated NPLs, swift and decisive action should be taken to improve provisioning and/or bolster bank capital (including possibly dividend restrictions and requiring additional capital under Pillar 2). This would, in particular, help contain persistent cases of non-compliance witnessed in Guinea-Bissau, Niger, and Togo.

- Monitoring of liquidity risks arising from concentrated credit portfolios and sovereign exposures should be improved**.** While sovereign instruments formally qualify as high-quality liquid assets, the market for these securities in WAEMU is relatively shallow and illiquid. Coupled with refinancing caps imposed by the BCEAO, this could leave banks with high sovereign exposures unable to efficiently mobilize liquidity under stress.

- Transition to Basel III liquidity ratios should be initiated, to help banks internalize liquidity risk (**to be completed in the medium term**). As noted during the 2022 FSAP, the WAEMU liquidity risk management standard, adopted in 2017, is consistent with the Basel Core Principles. However, transition to the Basel III liquidity ratios (the Liquidity Coverage Ratio - LCR; and the Net Stable Funding Ratio - NSFR), has not yet begun. Both ratios, as well as the transitional approach, were already defined in the BCEAO Prudential framework (2016). Although the draft regulation and impact study have been completed, implementation is still pending.

Enhanced Supervision and Crisis Preparedness (see** FSAP 2022 **and the accompanying** Technical note on Financial Safety Net and Crisis Preparedness**) (Short Term)

- The BCEAO should adopt procedures for emergency liquidity assistance (ELA) and measures to mitigate its own balance sheet risks. As a measure of last resort, the BCEAO would offer ELA to solvent, viable banks that face temporary liquidity pressures, after they have exhausted other funding sources and standard eligible collateral.

    - The current refinancing framework could be bolstered to ensure adequate crisis preparedness. Banks are required to be solvent and hold eligible collateral—they can pledge up to 35 percent of their "*emplois bancaire*"—while BCEAO's total holdings (as banks' collateral in refinancing operations or on BCEAO's own account) of instruments issued or guaranteed by the sovereign cannot exceed 35 percent of the corresponding sovereign's tax revenues in the penultimate fiscal year. While bank-level requirements can be temporarily relaxed (as during the pandemic, when the BCEAO injected substantial liquidity through the marginal facility window)—absent an ELA framework—the limits of BCEAO's discretion remain unclear (e.g., whether exposures to sovereigns could exceed the current threshold if banks were unable to post alternative collateral).

- CBU's resources and autonomy from political interference by member states should be further strengthened to support implementation of risk-based supervision (see Annex VIII).

- The CBU should impose monetary sanctions more decisively, publish censure letters, and refrain from repeated use of stays of proceedings. Notably, the BCEAO is revising the regulatory framework to increase monetary penalties imposed by the Banking Commission, with the number of sanctions imposed increasing from 17 in 2024 to 36 in 2025.

- Increasing the resources and independence of key stakeholders in the financial safety net should continue to be an institutional priority, consistent with the amended principle of independence articulated in Article 9 of the Annex to the Convention governing the WAEMU Banking Commission.

    - The WAEMU Council of Ministers (CM) should increase the number of Resolution Board members appointed by virtue of qualifications ("*intuitu personae*"), while appeals of the Resolution Board decisions should be submitted to the WAEMU Court of Justice (instead of CM).

- The powers of the WAEMU Council of Ministers should also be redressed—to the benefit of the FGDR-UMOA's Board of Directors—with a corresponding reduction in the share of active members of the banking industry (currently making up half of the board).
- The resources of the Deposit Guarantee and Resolution Fund (FGDR-UMOA) need to be reinforced.

- In addition:
  - A more granular gap analysis is advisable to ensure the bank resolution regime and deposit insurance scheme fully align with international standards (FSB Key Attributes and IADI Core Principles).
  - Risk management should be strengthened by: (i) rigorously enforcing existing provisioning requirements; (ii) reviewing and, if needed, tightening criteria for (mandatory) write-offs of NPLs; (iii) refraining from using liquidity assistance to keep insolvent banks afloat; and (iv) carefully considering "cliff effects", e.g., calibrating any additional measures to additional exposures, as opposed to the extant stock.
  - Resolution/liquidation tools should be applied promptly to address undercapitalized, non-viable institutions.
  - The authorities should ensure that banks dependent on BCEAO financing are required to prepare funding plans, to be reviewed and monitored by the BCEAO and the CBU.
  - The CBU should ensure up-to-date preventive recovery plans for all banks are in place, as well as finalize the adoption of preventive recovery plans (PPR) for the remaining 38 non-systemic banks.

Transition to Expected Credit Loss (ECL) Provisioning (Medium Term)

- Adoption of IFRS 9 should be prioritized to replace the incurred loss model, which would require banks to provision for losses based on forward-looking assessments, improving timeliness and adequacy of provisioning.

3. Targeted financial sector policies to address sovereign-bank nexus: Enhance prudential and supervisory measures to curb overexposure to sovereign securities and ensure adequate buffers, while also developing the regional market to diversify the investor base. The rest of section III elaborates these points in more detail.

Enhanced Transparency and Stress Testing (Short to Medium Term)

- The BCEAO should regularly stress test banks' balance sheets for sovereign risk scenarios, including cross-border contagion, with early warning indicators derived from such exercises allowing authorities to implement preventive measures (such as restricting dividends and other

discretionary distributions, or increasing capital requirements under Pillar 2) to build capital in banks overly exposed to sovereigns. ***(Short Term)***

- CBU could consider requiring banks to publicly disclose their sovereign debt holdings (by country, amount, and maturity), an option under Basel standards[3]. This can strengthen market discipline by enabling investors and supervisors to better assess the sovereign-bank nexus risk. Namely, increased transparency could lead to higher funding costs for heavily exposed banks, thereby creating incentives to diversify exposures or hold more capital. This option could be examined in the context of the ongoing work on Pillar 3. ***(Medium Term)***

Introduce Risk-Based Prudential and Supervisory Treatment of Sovereign Exposures (Medium Term) *(i.e., eliminate exclusions from concentration limits, and/or provisioning and capital requirements)*

- Supervisory (CBU)

  - Pillar 2 capital surcharges for concentration risk should be introduced (one of the main FSAP 2022 recommendations and a short-term priority), preferably calibrated to the size of sovereign exposures to account for heterogeneity in banks' risk profiles.

- Regulatory (BCEAO)

  - Differentiated haircuts to sovereign collateral should be considered (e.g., based on the sovereign credit rating, with exposures to lower rated and unrated sovereigns subject to higher haircuts), as called for by FSAP 2022.

    - While this could be highly procyclical and potentially politically challenging, particularly as WAEMU is an integrated zone implementing common monetary policy, the "solidarity principle" is not an obstacle to implementing such changes. This principle only refers to the pooling of foreign reserves, while the "*clause de sauvegarde*" explicitly allows regional authorities to adopt a differentiated approach.

  - The BCEAO could also consider introducing concentration limits for sovereign exposures, although it is not required by international standards.

    - Current BCEAO prudential framework (2016) has an embedded provision (Article 460) which allows the regulator to introduce concentration limits for sovereigns at a chosen level. Such a provision has not been utilized by the BCEAO so far.

[3] Basel Committee on Banking Supervision (2023) Disclosure requirements: Sovereign exposures (DIS45). Bank for International Settlements

- An approach advocated in IMF Departmental Paper 18/16 (Managing the Sovereign-Bank Nexus, 2018) would be to use a through-the-cycle (fixed) risk weight (to avoid procyclicality) combined with capital add-ons for concentration.
    - For instance, banks might be asked to always assign, say, a 20 percent risk weight to domestic government debt, and face additional capital requirements if their holdings exceed a certain share of their assets or capital. However, risk weighting sovereign exposures is not a strict requirement by international standards and remains a sensitive issue.

Diversifying Investor Base to Reduce Reliance on Banks (Short to Medium Term) *by fostering institutional investors, improving investor relations, harmonizing tax policies, and enhancing market infrastructure and liquidity.*

- Distortionary Tax Treatments should be eliminated ***(Short Term)***
    - Eliminate tax exemptions that favor WAEMU investors purchasing securities from their own sovereign, which currently discourages cross-border investment within the union.
- Investor Relations Programs should be improved ***(Short Term)***
    - Increase transparency and predictability in issuance and debt management strategies.
    - Establish and strengthen investor relations units at the national level.
    - Improve communication with investors, including organizing regular forums and dedicated web resources.
- The Development of Institutional Investors and Private Pension Funds should be fostered ***(Medium Term)***
    - Encourage the development and growth of domestic institutional investors (e.g., pension funds, insurance companies, investment funds).
    - Support regulatory and market reforms that make it easier for these entities to participate in the sovereign securities market.
- The Syndication and Adjudication markets should be integrated ***(Medium Term)***
    - Integrating the two securities markets (Agence UMOA-Titres and AMF) would increase transparency, market efficiency and liquidity, facilitate price discovery and reduce costs, while supporting the development of a more active secondary market.
- Secondary Market Liquidity should be improved ***(Medium Term)***
    - Develop an electronic trading platform for auctioned securities to facilitate price discovery and trading.

- Increase incentives for market makers (SVT) to provide continuous price quotations and liquidity, including access to securities lending and credit lines.

- Overall Formal Saving should be stimulated ***(Medium Term)***

  - Boost financial literacy and inclusion, as well as trust in the financial system.

Annex VI. Table 1. WAEMU: Key WAEMU Prudential Regulation	
Category	**Regulation**
Asset quality	***Créances en souffrances (CeS)*** = *Créances douteuses ou litigieuses* + *Créances restructurées* → see Instruction 26-11-2016) ***Créances douteuses ou litigieuses*** = after 90 days of past due payment, except for exposures to the public sector and SMEs which would enter this category after 180 days; or if deemed "unlikely to pay" (in part or in full) independently of the days past due; ***Créances restructurées*** = restructured loans
	Taux brut de dégradation = gross CeS / total loans

	Provision coverage = Loan loss provisions / CeS
	→see Instruction 26-11-2016
	• Provisioning (Article 16) is generally stepwise, and it differs by presence of guarantees:
	  ○ with full guarantee: provisioning is optional for the first 2 years, 50 percent after 3 years, and 100 percent after 4 years
	  ○ without guarantee, or with partial guarantee: provisioning is 20 percent when loans become *CeS*, 50 percent 3 months later, and 100 percent 9 months later (for the part not covered by a guarantee)
	• Restructured loans: provisioning is optional.
	• Public sector exposures (or with a public guarantee): provisioning for principal is optional, even after 180 days past due.
	• Past-due interest: must be 100 percent provisioned for all exposures.
	• The loan write-off (Article 13) is obligatory after 5 years since the loan becomes *CeS*.

Asset concentration	Maximum exposure of 25 percent of Tier 1 capital to a single counterparty (excludes sovereigns) →see 2016 BCEAO bank prudential framework (Articles 451 and 457) However, the framework has an embedded article which allows BCEAO to introduce concentration limit for sovereigns at a chosen level (Article 460). This measure has not been utilized by the BCEAO so far.

Capital	→see 2016 BCEAO bank prudential framework (Titre II, Titre III and Titre VIII)
	• **Common equity Tier 1 (CET1,** *Fonds propres de base durs*)
	  mostly "*capital social*" (paid-in capital) for which minimum requirement was increased from CFAF 10 to 20 billion in Dec 2023 with a 3-year transition period.
	  ○ BCEAO Regulatory minimum: 5 percent RWA (risk-weighted assets)
	• **Tier 1 (T1, core capital,** *Fonds propres de base, capital de base*) = CET1 (*Fonds propres de base durs)* + additional T1 (AT1, *Fonds propres de base additionnels*)
	  ○ BCEAO Regulatory minimum: 6 percent RWA
	• **Tier 2 (T2, additional capital,** *Fonds propres complémentaires*)
	• **Total capital** (or simply "capital", *fonds propres*) = T1 + T2
	  ○ BCEAO Regulatory minimum: 9 percent RWA
	• **Capital conservation buffer (Basel III)** (*Coussin de conservation*)
	  ○ 2.5 percent CET1 on top of minimum capital requirement, so the minimum capital requirement in total is 11.5 percent
	• **Countercyclical capital buffer** (*Coussin contracyclique)*
	  ○ Up to 2.5 Percent CET1 capital and representing no more than 2.5 percent of total RWAs. The buffer is at 0 percent since June 2023
	• **Leverage ratio** = T1 / total exposures (on + off balance sheet)
	  ○ BCEAO Regulatory minimum: 3 percent

Liquidity	**Liquidity coefficient:** short-term assets or resources (up to 3 months maturity) must cover at least 75 percent of liabilities with same residual maturity. **Medium- and long-term assets to stable resources:** stable resources must cover at least 50 percent of "*emplois immobilisés*" (mostly medium- and long-term loans, fixed assets, long-term investments)
Reserve requirements	3 percent since 2017 →included in BCEAO monthly statistical bulletins

Annex VII. Status of the 2025 Regional Discussions Recommendations

Area	Recommendations	Status
Fiscal Policy Coordination	Bring fiscal deficits to 3 percent of GDP by 2025 (unless otherwise agreed with the IMF).	**Partially Consistent** Mali met the target in 2023, while Benin and Côte d'Ivoire are estimated to have met it in 2025. Niger and Togo are projected to converge to the target in 2027, Burkina Faso and Guinea-Bissau in 2028, and Senegal in 2029[1].
	Reintroduce Convergence Pact with the previous ceilings, enhanced with an exogenous escape clause and fiscal correction mechanism when a member's public debt exceeds the limit of 70 percent of GDP.	**Partially Consistent** The draft proposal of the enhanced Convergence Pact preserving the original ceilings is awaiting adoption (see Annex V).
	Continue to address unidentified sources of debt creation (SFAs).	**Broadly Consistent** In 2024-2025, the Commission completed the field mission to all member states and prepared a final report with key policy recommendations for the regional and national authorities.
	Domestic revenue mobilization (DRM) should drive fiscal adjustment.	**Partially Consistent** Government revenue tangibly increased in 2025 reaching 17.3 percent of GDP from 16.4 percent in 2024. The new DRM action plan adopted in July 2024 expired at end-2025 and is pending impact evaluation. The WAEMU Commission has identified priority areas to improve DRM, including deeper digitalization, enhanced governance, improved forecasting, and the promotion of tax compliance.
Monetary Policy Stance	Monetary policy should continue to be closely calibrated to external buffers and inflation	**Broadly Consistent** Inflation fell below target in 2025 mainly owing to temporary food price deflation and base price effects and is expected to return to target in 2026. Meanwhile growth has remained robust, external buffers are adequate, inflation expectations are anchored, and real rates are in line with historical trends. As inflation has fallen and external buffers have recovered, the BCEAO has lowered policy rates twice by a combined 50 bps since June 2025, and financial conditions are broadly accommodative with easing financing conditions, ample banking system liquidity, and robust money growth.

[1] Burkina Faso and Niger met the target in 2025 but will deviate in 2026 (see main text).

Area	Recommendations	Status
Financial Regulation and Supervision	The BCEAO should consider measures to limit bank concentration risk from government debt exposure e.g., by introducing targeted Pillar 2 surcharges.	**Partially Consistent** The authorities rolled out a data collection template on banks' interest rate risk which is expected to guide additional capital surcharges where needed.
	Introduce Basel III LCR and NSFR liquidity ratios, introduce haircuts on government securities, and establish an Emergency Liquidity Assistance (ELA) framework.	**Partially Consistent** The authorities are finalizing draft regulation for applying the LCR and NSFR liquidity ratios, as well as haircuts on government bond collateral. The BCEAO is also finalizing a draft guidance note defining ELA terms (eligibility conditions, collateral scope, risk management, etc.).
	The Banking Commission (CBU) should build supervisory capacity, enforce prudential norms, and adopt a fully risk-based AML/CFT supervision approach.	**Broadly Consistent** The Secretariat's supervisory staff has been expanded by 19 new agents between 2021 and 2024, while the CBU more than doubled the number of monetary sanctions (36 in 2025 vs 17 in 2024). On the AML/CFT side, a new, dedicated Compliance Division was created within the CBU to implement an explicitly risk-based plan of AML/CFT supervision.
	Introduce macroprudential measures to curb systemic risks, improve crisis-management frameworks, and enhance transparency.	**Partially Consistent** The WAEMU Council of Ministers designated the BCEAO as the Union's "macroprudential authority" in April 2025, giving the central bank a formal mandate to deploy macroprudential tools. In parallel, the CBU has adopted 4 new resolution plans, bringing the total number of systemically important banks with plans in place to 27 out of 39.

Area	Recommendations	Status
Financial Sector Development	Pursue reforms to diversify and deepen domestic funding beyond the banking sector.	**Partially Consistent** The BCEAO is trying to reduce governments' over-reliance on banks by attracting more non-bank and cross-border investors to finance public debt. To that effect, it is aiming to improve market infrastructure, e.g., by working towards unifying securities depositories, revitalizing the primary dealer system, and using outreach events to encourage a broader range of investors. The secondary market for government securities (*UMOA-Titres*) has also been strengthened with the launch in January 2026 of a platform for listing, trading, and transacting in government securities. This new tool should centralize listings, improve price transparency, and enhance market liquidity.
Structural Reforms	Pursue policies to promote inclusive and sustainable economic growth, including on economic integration, education, and food security.	**Partially Consistent** The WAEMU Commission started the implementation of its strategic plan "Impact 2030" in 2025 with the development of three white papers and operational programs to develop priority value chains (cotton-textile, rice, and fertilizers). The Commission has continued efforts to establish a Macroeconomic Stabilization Fund, notably by commissioning a study to explore a VAT-based funding option. The BCEAO made significant strides in promoting financial inclusion and deepening, through the approval of a new regional financial inclusion strategy, the launching of an instantaneous payment platform, and the launching of an electronic platform to transact sovereign securities in the secondary market.

Annex VIII. Update on the Implementation of Key 2022 FSAP Recommendations[1]

Annex VIII. Table 1. WAEMU: Update on the Implementation of Key 2022 FSAP 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." This provision applies to both the Supervisory Board and the Resolution Board. • 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 6, 5, 5 and 3 employees in 2021, 2022, 2023, and 2024 respectively, reaching a total of 19 agents.
Impose capital surcharges for concentration risk and interest rate risk (Pillar 2).	ST	• A data collection template on interest rate risk has been developed and disseminated to supervised institutions forming part of the annual risk management report. Analysis of the information collected is expected to support the formulation of appropriate proposals for additional capital requirements.

Annex VIII. Table 1. WAEMU: Update on the Implementation of Key 2022 FSAP Recommendations (continued)

[1] Prepared by Ljubica Dordevic (AFR) and Pawel Zabczyk (MCM).

Recommendations	Time Frame	Status
Make more consistent use of monetary sanctions, publish sanctions and censures, and avoid repeated stays of proceedings.	ST	• In 2025, the Supervisory Board imposed 36 pecuniary sanctions, compared with 17 in 2024. The sanctions are published on BCEAO's and CBU's websites, specifying the nature of infringement and country of bank's location.
Publish a guidance note for banks on the preparation of stress tests.	ST	• A circular regarding crisis simulation within financial institutions is currently being finalized.
Strengthen AML/CFT supervision by fully adopting a risk-based approach and enhancing the capacity and methodology for onsite supervision.	ST	• The 2026 on-site and off-site risk-based supervision program accounts for, in particular, national AML/CFT assessments of supervised institutions. The program focuses on specific vulnerabilities identified—particularly through risk mapping and the newly-implemented autonomous AML/CFT rating system—with improved targeting reflected in the terms of reference for on-site missions. To strengthen AML/CFT/CPF supervision, a dedicated Compliance Division was established within the CBU Secretariat General on July 25, 2025. This unit supports member states in evaluation and follow-up processes led by GIABA or the FATF, and it provides ongoing monitoring of AML/CFT/CPF risk in coordination with the Permanent Supervision Directorates, with a particular focus on systemically important banks.
Macroprudential Framework and Tools		
Designate the BCEAO as the "macroprudential authority" and introduce a mechanism for national authorities to raise legitimate concerns.	ST	• At its ordinary session held on April 3, 2025, the WAEMU Council of Ministers designated the BCEAO as the Union's macroprudential authority.
Fill residual data gaps, including on the financial conditions of non-financial corporations, households, and the real estate sector.	MT	• Work on the WAEMU financial sector risk map (RM) is currently being finalized, with the RM accounting for NBFIs, including insurance, social protection, and microfinance institutions, as well as other capital-market participants.
Strengthen the monitoring of WAEMU's Financial Stability Committee (CSF-UMOA) recommendations by introducing a "comply or explain" mechanism.	MT	• All requests for deadline extensions must be justified and submitted to the Financial Stability Committee for validation.

Annex VIII. Table 1. WAEMU: Update on the Implementation of Key 2022 FSAP Recommendations (continued)

Recommendations	Time Frame	Status
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	• A draft instruction on the calculation modalities for short-term (LCR) and long-term (NSFR) liquidity ratios, together with monitoring tools that incorporate a haircut on government securities and required reserves, is being finalized. • In addition, the CBU monitors interest rate risk in institutions as part of its analysis of risk-management arrangements.
Impose a higher liquidity coverage ratio (LCR) for banks with riskier profiles (Pillar 2).	MT	• On hold, pending introduction of LCR and NSFR ratios and related monitoring tools (see above).
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 the BCEAO to formulate proposals and guidance for the organization of depositories in the public debt market. • Work is also under way to revitalize the activities of Primary Dealers (PD) within WAEMU. Key objectives include setting a market-share target for third-party transactions, diversifying and broadening the investor base beyond credit institutions, promoting the regional public debt market through targeted events, and establishing a PD association. • Additional catalyst measures being considered include the introduction of a liquidity-support mechanism, the establishment of a performance-based commission system, 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	• As part of the preparation of preventive recovery plans (PPR), institutions must put in place measures to secure access to emergency funding sources, as provided for under Article 53 of Circular No. 4-2017/CB/C of September 27, 2017, on risk management in credit institutions and financial companies in WAEMU. The availability of an emergency funding plan is required for validation of PPRs for institutions supervised by the WAEMU Banking Commission. Haircuts and concentration limits for assets eligible for BCEAO operations, reflecting underlying risks, are being considered in the ongoing review of texts related to monetary policy operations. • In addition, a draft guidance note covering the Emergency Liquidity Assistance facility and its key features (eligibility conditions, scope of collateral, risk-management arrangements, etc.) is being finalized.

Annex VIII. Table 1. WAEMU: Update on the Implementation of Key 2022 FSAP Recommendations
(concluded)

Recommendations	Time Frame	Status
Resolution and Crisis Management		
Liquidate or resolve undercapitalized, nonviable credit institutions on a timely basis.	ST	• Ongoing measures are being taken by the regional and national authorities. For example, in Guinea-Bissau a systemic bank with long-standing issues had government ownership transferred, and the second tranche of capital injection should be finalized shortly.
Finalize banks' resolution plans in accordance with best practices.	ST	• As of December 31, 2025, the CBU adopted 4 additional resolution plans, bringing the total number of validated plans to 27 out of a population of 39 systemically important banks (SIBs). Coverage comprises 6 plans for regional SIBs and 21 plans for national SIBs.
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	• The issue of the FGDR's independence–particularly vis-à-vis active representatives of the banking profession–is addressed in Article 10 of the Fund's Statutes. It provides that, during their term, these representatives must abstain from voting on any decision or intervention of the Fund concerning its members or the institutions in which they carry out their activities. Any proven inaccuracy in the disclosure of relevant business relationships results in the automatic resignation of the representative concerned.
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	• While the revised IADI Core Principles for Effective Deposit Insurance Systems (2025) do not prescribe normative target ratios, ongoing work to revise FGDR-WAEMU's operational indicators should allow the Fund to define a target size. • As of December 31, 2025, the coverage ratios for eligible deposits stood at 0.35 percent for the credit institutions window and 1.54 percent for the microfinance institutions window. • In addition, beyond its statutory ability to levy extraordinary contributions from members as needed, the Fund is examining—under its 2025–2027 Strategic Plan and with the benefit of technical assistance—other options for mobilizing emergency funding.
Climate Risk		
Adopt a strategy for managing climate risks, including raising supervisors' and financial institutions' awareness of climate-related issues.	ST	• The BCEAO prepared a draft Climate Strategy and Roadmap, which were subsequently shared with the World Bank and the IMF for comments. The final documents, incorporating World Bank suggestions, are currently being validated.
Define the prudential expectations for financial institutions' integration of climate and environmental risks in risk management systems and disclosures.	MT	• Work on this subject has not started yet.

Note: ST = Short Term (1 to 2 years); MT = Medium Term (3 to 5 years)

Statement by Ouattara Wautabouna, Executive Director for the West African Economic and Monetary Union, and Abdoulaye Tall, Senior Advisor to the Executive Director
May 18, 2026

1. Introduction

On behalf of the West African Economic and Monetary Union (WAEMU) authorities, we thank Staff for the insightful analytical work conducted in the context of the 2026 Regional Consultation on Common Policies with the WAEMU institutions, as well as for the constructive engagement throughout the consultation. We also extend our appreciation to the Fund for the quality of the policy dialogue and the continued close cooperation with the WAEMU member states. The authorities broadly share the thrust of the Staff's assessment, while placing greater emphasis on the region's demonstrated resilience, strengthened buffers, and continued progress in regional institution-building in a context of heightened global uncertainty.

2. Recent Economic Developments, Outlook and Risks

Economic activity remained robust in the WAEMU, with the Union recording one of the highest growth rates globally. GDP growth reached 6.7 percent in 2025, despite a difficult backdrop of global financial tightening, security challenges in the Sahel region, and heightened global trade and supply chains disruptions. Growth was underpinned by strong domestic demand, sustained public and private investment, and solid export performance, notably in gold, cocoa, and hydrocarbons. Nonetheless, growth dynamics remained heterogenous across member states.

Inflation eased significantly, falling below the BCEAO's target range of 1–3 percent, while core inflation remained subdued reflecting well-anchored inflation expectations.

External conditions improved markedly. The current account deficit narrowed to about 1.7 percent of GDP in 2025, down from 5.7 percent in 2024, supported by fiscal consolidation efforts across the Union and an improvement in the trade balance, which recorded a surplus for the first time in more than a decade. International reserves strengthened sharply, reaching 7.4 months of prospective imports at end 2025 and 8.1 months of imports at end-March 2026, comfortably above the estimated adequacy thresholds, reflecting strong export receipts and capital inflows.

The regional fiscal deficit declined significantly from 5.4 percent of GDP in 2024 to 3.4 in 2025, and public debt fell from about 68 percent of GDP to 65 percent of GDP, reflecting significant fiscal adjustment and improving domestic revenue mobilization.

Looking ahead, the authorities expect economic activity to remain robust in 2026, supported by investment and rising exports, although at a reduced pace due to the disruptions stemming from the war in the Middle East. Inflation is projected to return within the target range, as temporary deflationary factors dissipate. The current account deficit is expected to stabilize at around 3.1 percent of GDP, while reserve coverage is projected to remain adequate, supported by continued fiscal consolidation and strong export performance.

Fiscal convergence towards the 3 percent regional target is expected to continue, although with differentiated timelines across countries due to global uncertainties. The regional public-debt-to-GDP ratio is projected to continue declining from its recent peak.

Significant downside risks could affect the outlook, including from the impact of the war in the Middle East on oil and gas markets and global supply chains, persistent security challenges, tighter global financial conditions, commodity price volatility, and climate shocks. Additional risks relate to higher fertilizer and food import costs, the potential tightening of regional financing conditions, and constraints to market absorption capacity, should financing needs remain elevated. However, the authorities consider that given the region's heterogeneity, diversified productive base, strong export performance and buffers, these risks can be effectively mitigated through a pooling of resources and continued implementation of sound policies in the region.

3. Common Regional Policies

3.1 Fiscal policies

The WAEMU authorities recognize the central role of fiscal policy in safeguarding macroeconomic stability, preserving external buffers, and supporting confidence in the regional framework.

National authorities are firmly committed to fiscal consolidation and debt sustainability, while protecting priority social, development, and security spending. Consolidation efforts are well underway in most WAEMU countries, anchored in IMF-supported programs and national medium-term fiscal frameworks. Progress continues to be made towards meeting the **20 percent of GDP regional target on domestic revenue mobilization**, supported by tax policy and administration reforms, as well as ongoing improvements in public financial management and an harmonization of tax exemption throughout the WAEMU.

The authorities reiterated their commitment to a gradual and growth-friendly consolidation path, toward the regional fiscal deficit target of 3 percent of GDP. Public

debt ratios are expected to gradually decline toward 60 percent of GDP over the medium term, below the 70 percent regional target.

The authorities are determined to strengthen the regional fiscal framework, including through the adoption of a reinforced Convergence Pact which maintains the core deficit and debt ceilings, while introducing a well-defined escape clause, a debt correction mechanism, and a regional macroeconomic stabilization mechanism.

On the assessment of fiscal risks, the authorities caution against overestimating sovereign financing risks and underestimating the absorptive capacity of the regional debt market. The oversubscription of recent sovereign debt issuances and high liquidity in the banking system demonstrate continued investor appetite, and higher regional debt market's absorptive capacity. The authorities will strive to improve coordination of borrowing plans and strengthen debt management practices in the WAEMU to reduce refinancing risks and support orderly market conditions.

The authorities are pursuing efforts to address stock-flow adjustments, enhance transparency, and strengthen fiscal governance, including improved monitoring of public entities and contingent liabilities. They are cognizant that sustained progress in these areas is essential to the overall credibility of the WAEMU policy framework.

3.2 Monetary and Financial Sector Policies

The Central Bank of West African States (BCEAO) will continue to pursue its price and external stability objectives. Inflation in the WAEMU region declined sharply, falling below the target range, while inflation expectations remained well anchored. Reserves coverage and liquidity conditions remained strong, supported by stronger external buffers and earlier policy measures to safeguard reserve adequacy. In this context, the **Monetary Policy Committee** enacted a 25 basis-point cut of the main policy rates to support growth in the WAEMU.

Looking ahead, the authorities stand ready to adjust the monetary policy stance as needed to ensure price stability, further bolster external buffers, and respond to evolving financial conditions.

The authorities are committed to continue strengthening the monetary policy frameworks further. Reforms are underway to improve coordination of sovereign issuance calendars, enhance information sharing. The authorities are also determined to advance further reforms to market infrastructure to reinforce the transmission of monetary policy signals along the yield curve.

The authorities are of the view that the current fixed-quantity variable rates operational framework has served the WAEMU well. They noted that the fixed-rate full-allotment framework was an emergency covid-era crisis response, while the existing framework is well understood by market participants, transparent, and better aligned with prevailing economic conditions.

Financial sector policies will continue to aim at strengthening financial stability while supporting growth. The regional financial system has remained resilient in a challenging environment, with banking sector indicators improving and capital adequacy ratios remaining comfortably above regulatory requirements.

Supervisory and regulatory frameworks remain robust and broadly aligned with international standards. The authorities are closely monitoring risks arising from successive global shocks and stand ready to proactively address emerging risks. In this respect, progress is being made in strengthening crisis preparedness and resolution frameworks. Plans to modernize and deepen the regional financial market are advancing.

The authorities remain committed to implementing the outstanding FSAP recommendations and to continuing strengthening supervision, including through enhanced risk-based supervision, closer monitoring of vulnerable institutions, and strict enforcement of prudential requirements.

On financial stability risks, the authorities view **sovereign–bank nexus risks** as well contained and largely temporary. Vulnerabilities are limited to a small number of state-owned financial institutions which account for less than 1 per cent of the WAEMU financial system and for which corrective measures are being implemented.

Steady progress has been made in financial inclusion and digitalization, supported by regional strategies and payment system innovations, contributing to fostering inclusive growth, supporting formalization of economic activity, and deepening regional financial integration.

Structural Reforms

Our WAEMU authorities are strongly committed to advancing regional integration and common structural reforms to support inclusive and sustainable growth. Their efforts will continue to be guided by the **WAEMU 2030 Strategic Plan**, the overarching framework guiding regional structural transformation. The 2030 Strategic Plan focuses on addressing key structural bottlenecks through priority reforms in regional infrastructure, energy, transport, digital connectivity, human capital, and the development of regional value chains, particularly in agriculture and agro-industry. The authorities view these reforms as essential to boosting

productivity, diversifying and broadening sources of growth, and fostering convergence across member states. **They also remain committed to continuing improving the business environment and governance in the WAEMU region**, including through harmonized regulatory reforms, strengthened transparency, and enhanced institutional capacity at both the national and regional levels.

On AML/CFT, progress continues to be made in strengthening further the AML/CFT frameworks including through the transposition of regional directives into domestic laws. Most countries in the Union have exited the FATF's grey list and the few remaining countries are nearing exit.

The authorities are committed to ensuring that growth is durable and broadly shared across the WAEMU. Amongst other priorities are climate resilience and social inclusion objectives, including gender inclusion and human capital development.

4. Conclusion

The WAEMU authorities reaffirm their commitment to sound macroeconomic management, regional solidarity, amidst elevated regional risks and heightened global uncertainty. They value the close cooperation and support from the IMF in advancing the common regional policy agenda and are resolved to continue strengthening policy frameworks and resilience. They look forward to the continued engagement with the Fund, through surveillance, capacity building and financial support to the WAEMU member states.