

***Africa-France monetary cooperation
2019 Economic and Financial Report on CEMAC, WAEMU and the Union of the
Comoros^{1 2}***

Written with the participation of African central banks, this report presents the main economic and financial developments in 2019 and takes stock of the effects of the shock related to the Covid-19 pandemic and the measures adopted in 2020 to deal with it. It is complemented by two analytical studies addressing topical issues for Sub-Saharan Africa (SSA): the first on the impact of natural disasters on public debt and the second on official development assistance in response to the Covid-19 crisis. Finally, a study by Ferdi³ puts into historical perspective the effect of monetary cooperation agreements on poverty in the CEMAC and WAEMU: its results tend to show that growth is more inclusive than in the rest of SSA, thanks to the moderate nature of inflation.

The report shows that in 2019 economic growth in the countries involved in Africa-France monetary cooperation (4.5%) was still significantly higher than that in Sub-Saharan Africa as a whole (3.2%). The former experienced a particularly low inflation rate of 0.3% in 2019, significantly below the 8.4% recorded in SSA. The credible peg of their currencies to the euro continued to play a mitigating role on prices in WAEMU, CEMAC as well as in the Comoros.

In 2020, due to the negative impact of the Covid-19 pandemic on domestic activity and, as far as oil-exporting countries are concerned, to the sharp fall in oil prices, the economic situation in WAEMU, CEMAC and Comoros deteriorated sharply. Oil-exporting countries are the most hardly hit, with a sharper deterioration in external accounts and public finances. Governments and central banks have taken swift action to limit the impact of the epidemic on the economy and populations. In addition, emergency aid from the IMF and the Debt Service Suspension Initiative implemented by the G20 and the Paris Club are supporting the most vulnerable countries.

In this context, the countries involved in Africa-France monetary cooperation are expected to face a recession of 0.4% in 2020, a downturn much less marked than that in Sub-Saharan Africa as a whole (-3.0%). CEMAC should go into recession, at -3.1%, but WAEMU and the Union of the Comoros should continue to post positive growth rates, of 1.3% and 0.9% respectively. Driven by difficulties in the supply of food and medicines, inflation is expected to rise, despite the economic slowdown, to 2.1%, compared with 10.6% in Sub-Saharan Africa as a whole.

¹ *The recent reform of the monetary cooperation agreements with WAEMU, which has rendered the notion of Franc Zone obsolete, has led to a change in the name of the annual report, traditionally produced by the Banque de France, on the economic and financial situation of WAEMU, CEMAC and the Comoros. France is still strongly committed towards these countries through the monetary cooperation agreements and, in particular, the guarantee it provides. This is why the Banque de France, in collaboration with the Banque Centrale des États de l’Afrique de l’Ouest (BCEAO), the Banque des États de l’Afrique Centrale (BEAC) and the Banque Centrale des Comores (BCC), continues to monitor the economic and financial situation of the monetary unions and countries concerned by these agreements.*

² CEMAC: Communauté économique et monétaire de l’Afrique centrale and WAEMU: West African Economic and Monetary Union.

³ Ferdi: Fondation pour les études et recherches sur le développement International.