

ECOWAS Economic Performance and Investment Patterns

2.1 Introduction

This chapter examines the characteristics of ECOWAS countries in terms of the growth and structure of their economies, and the growth, structure and financing of investment. The analysis follows the basic classification of ECOWAS countries into developing and least developed countries, with Nigeria, Ghana and Côte d'Ivoire regarded as developing countries.

2.2 Aggregate and sectoral output growth performance

The average growth performance of the ECOWAS countries over time is presented in Table 2.1. Between 1980 and 1985, most LDCs in ECOWAS recorded growth in domestic output, with the exception of Liberia, Niger and Togo, where output declined. In contrast, output declined in the developing members as a group, with falling output in Nigeria and Ghana. A comparison of the average output growth performance in the two categories of countries shows that the LDCs performed better than the developing countries, but the overall output growth performance was little higher than 1 per cent. In the following period, 1985–1990, output growth improved for most LDCs and for all developing countries in the group. With output declining in only Sierra Leone, the average growth rate of the LDCs rose to 3 per cent, but this was surpassed by the average growth rate of the developing countries of 4.1 per cent, which also exceeded the overall average growth rate of 3.2 per cent for ECOWAS as a whole.

Regrettably, in the 1990–95 period, average output growth fell to 2.1 per cent in the LDCs, since some members of the group could not sustain the increased growth performance they achieved in the previous period. Similarly, except in the case of Côte d'Ivoire, the developing members experienced a fall in their output growth rate. There was therefore a fall in the average growth rate for ECOWAS as a whole. In the 1995–2001 period, all the LDCs in the group witnessed a rise in their output, culminating in average growth of 3.6 per cent, except for Guinea-Bissau and Sierra Leone, where output declined by 2.8 per cent. Similarly, the average growth rate of the developing countries in the group rose from 2.9 per cent to 3.5 per cent, but this was still less than the overall ECOWAS rate of 3.6 per cent. This analysis shows that average output growth performance has been less than the 7 per cent required for poverty reduction as recommended in most poverty reduction strategies such as the MDGs and NEPAD. Despite this, emerging ECOWAS growth drivers can be identified, namely Cape Verde, Benin, Burkina Faso, Senegal and Côte d'Ivoire.

Table 2.1 ECOWAS states: average annual growth rate of GDP

ECOWAS state	1980–1985	1985–1990	1990–1995	1995–2001
Benin	3.6	1.5	4.1	5.1
Burkina Faso	4.0	4.4	3.5	4.8
Cape Verde	6.4	4.5	4.5	6.1
Gambia, The	3.6	3.3	2.4	4.4
Guinea	0.9	4.7	3.8	4.0
Guinea-Bissau	4.5	3.1	3.6	1.4
Liberia	-1.6	–	–	–
Mali	1.2	0.8	2.2	4.2
Mauritania	0.0	3.3	2.9	4.4
Niger	-4.3	4.2	0.6	3.5
Senegal	3.2	3.5	2.0	5.4
Sierra Leone	0.4	-0.3	-5.1	-2.8
Togo	-1.0	3.4	0.5	3.1
LDC average	1.6	3.0	2.1	3.6
Nigeria	-3.0	5.0	3.4	2.9
Ghana	-0.5	5.2	1.3	3.4
Côte d'Ivoire	1.0	2.0	4.0	4.2
Developing country average	-0.8	4.1	2.9	3.5
ECOWAS average	1.2	3.2	2.2	3.6

Source: World Bank, *African Development Indicators*, Washington, DC, 2004 (CD ROM)

At sectoral level, the average growth performance of these countries over time can be analysed from Table 2.2, using a sectoral classification of agriculture, industry and services. Between 1980 and 1985, agricultural output grew in most ECOWAS LDCs, with the exception of Cape Verde and Mali, but even then the average growth rate was less than 2 per cent. In contrast, agricultural output fell in all developing countries, resulting in an average growth rate of only about 1 per cent in the ECOWAS sub-region. In the 1985–90 period all ECOWAS countries except The Gambia experienced a rise in agricultural output. However, the average growth rate of LDCs surpassed that of the developing countries. It should also be pointed out that Cape Verde and Mali in the LDC group and Nigeria in the developing countries group recorded growth rates that exceeded the averages for their respective groups. In the 1990–1995 period all ECOWAS LDCs experienced an increase in agricultural output except for Burkina Faso, Mali and Senegal. An outstanding performance was recorded in Cape Verde, which had a high growth rate of around 24 per cent. Among the developing countries, agricultural output rose only in Nigeria, but the rate of growth was far lower than that of Cape Verde. A striking feature of agricultural growth in this period was that while LDCs as a group experienced a rise of output of about 6 per cent, the developing countries on average recorded a fall of about 1.5 per cent. In the 1995–2001 period, the agricultural output

growth rate in both LDCs and developing countries coincided at 4.2 per cent.

Industrial sector output rose in most LDCs except The Gambia, Niger, Sierra Leone and Togo, where it declined by 2.2, 4.9, 6.8 and 4.7 per cent respectively in 1980–85. Outstanding performance was recorded in Benin and Mali. As in the agricultural sector, all developing countries experienced a fall in industrial output with an average of 4.4 per cent in contrast to a positive average growth rate of 2.7 per cent in the LDCs, which was higher than aggregate ECOWAS industrial output growth of 1.3 per cent. The growth trend of the preceding period was reversed for LDCs and developing countries in 1985–90. In this period, all developing countries in the group witnessed an increase in industrial output with an average growth rate higher than that of the LDCs, which fell slightly below the average of about 4 per cent for ECOWAS as a whole. Industrial output rose by 7.3 per cent in the whole of the ECOWAS sub-region in 1990–1995. During this period, industrial output grew in all the LDCs, but growth was much more significant in Cape Verde and Sierra Leone. In the case of the developing countries, industrial output increased except in Nigeria, where output fell. The rate of growth of industrial output in the LDCs was higher than that in the developing countries, just as in the 1995–2001 period, when average growth for the whole ECOWAS sub-region was 3.8 per cent.

The output growth of services increased in most LDCs in 1980–1985, except in Niger, Mauritania and Togo. Services output growth fell in Nigeria, in contrast to the increase recorded by the other two developing countries. The average growth rate of services output in developing ECOWAS countries was higher than that in the LDCs. Only two LDCs, Sierra Leone and Mali, did not record a rise in services output in 1985–1990, while among the developing countries only Côte d'Ivoire registered a fall in services output. Again, average services output growth was higher in developing ECOWAS countries than in the LDCs, but the average growth rate of both was greater than in the previous period. The services sector's growth behaviour in 1995–2001 was similar to that of agriculture and industry, except that services output average growth was the least both for LDCs and for developing countries. It appeared, however, that there was some convergence in the sectoral growth of LDCs and developing countries during 1995–2001.

Table 2.2 ECOWAS states: average annual growth rate of output by sector

ECOWAS state	1980–1985			1985–1990			1990–1995			1995–2001		
	Agriculture	Industry	Services	Agriculture	Industry	Services	Agriculture	Industry	Services	Agriculture	Industry	Services
Benin	1.8	13.1	2.7	4.6	-1.9	0.4	2.8	5.9	9.4	5.4	5.0	5.0
Burkina Faso	2.6	3.9	6.9	4.6	4.8	4.0	-8.0	5.0	-3.3	4.2	6.1	4.0
Cape Verde	-2.3	7.6	7.9	22.8	17.1	8.2	23.9	27.1	23.6	8.4	6.0	6.0
Gambia, The	5.5	-2.2	3.0	-2.4	10.6	1.9	2.7	2.1	5.3	9.2	4.5	3.1
Guinea	0.3	0.1	2.1	3.1	3.1	5.3	8.7	9.2	16.1	3.6	5.4	2.6
Guinea-Bissau	6.1	8.0	0.7	3.4	-3.5	4.7	8.6	1.9	11.3	3.4	-2.6	2.1
Liberia	-	-	-	-	-	-	-	-	-	-	-	-
Mali	-4.6	11.8	4.9	8.9	1.4	0.0	-0.1	12.9	-3.3	2.0	10.3	3.3
Mauritania	0.9	4.8	-3.3	4.5	3.7	3.6	2.3	12.5	-0.1	3.6	1.0	6.5
Niger	1.6	-4.9	-9.5	5.4	-4.1	7.6	4.8	0.3	-1.7	3.8	3.1	3.8
Senegal	2.1	2.2	4.0	4.5	4.9	2.8	-4.4	1.5	-2.8	3.9	7.4	5.3
Sierra Leone	2.2	-6.8	4.3	0.9	2.2	-1.8	19.3	20.2	7.9	-0.8	-4.1	-2.5
Togo	4.8	-4.7	-2.7	4.3	6.2	1.5	0.69	4.5	-1.8	4.2	4.8	1.3
LDC average	1.8	2.7	1.8	5.4	3.7	3.2	6.2	8.6	5.0	4.2	3.9	3.4
Nigeria	-1.5	-6.1	-0.3	6.4	2.1	7.6	2.7	-0.5	6.8	4.5	1.8	2.5
Ghana	-1.3	-5.5	2.7	2.3	9.1	7.8	-2.4	3.9	3.9	4.0	4.4	4.4
Côte d'Ivoire	-1.1	-1.5	4.6	3.0	6.5	-0.2	-4.8	3.5	3.5	4.2	3.6	2.9
Developing countries average	-1.3	-4.4	2.3	3.9	5.9	5.1	-1.5	2.3	4.7	4.2	3.3	3.2
ECOWAS average	1.1	1.3	1.9	4.8	3.9	3.3	4.7	7.3	5.0	4.2	3.8	3.3

Source: World Bank, *African Development Indicators*, Washington, DC, 2004 (CD ROM)

2.3 Structure of output in ECOWAS countries

Table 2.3 presents the structure of output of ECOWAS countries over time. As at 1980, output of the services sector accounted for over 40 per cent of the total output in most ECOWAS LDCs, while the agricultural sector also contributed a significant proportion of total output in some of these countries. In the same year, the structure of output of developing countries in the group varied. While the agricultural and industrial sectors made the largest contribution to total output in Ghana and Nigeria, the services sector accounted for a significant part of total output in Côte d'Ivoire. In the overall analysis, it can be seen that the services sector accounted for over 40 per cent of the total ECOWAS output. By 1990 the services sector had become more dominant in terms of its share of total output in the LDCs in the group. However, the structure of output in the developing countries in the group remained the same, even though the ratio changed slightly.

It should be noted that by 1995 there was a further shift in the structure of output of some ECOWAS countries, as the contribution of the industrial sector to total output in ECOWAS countries ranged from 12 to 30 per cent. Thus, the services and agricultural sectors continued to play the leading role in terms of their contributions to total output in these economies. It can be seen from Table 2.3 that in 1980 the services sector accounted for an average of over 40 per cent of output in the LDCs, while the agricultural and services sectors both contributed an average of over 40 per cent of total output in developing ECOWAS countries. By 2002, again the leading sector in terms of contribution to total output was the services sector (except in three countries where the agricultural sector led). Similarly, the services sector contributed more to the total output in nearly all developing countries in the group. Overall analysis therefore reveals that in 1980–2002 the services sector was leading in terms of its share in total ECOWAS output. This implies that the industrial sector contributed the least in these countries. The data show that all the efforts at promoting industrialisation in ECOWAS countries, particularly initiatives aimed at attracting investment into the industrial sector, have yet to produce results.

Table 2.3 ECOWAS states: structure of output – sectoral contribution to GDP

ECOWAS state	1980			1990			1995			2002		
	Agriculture	Industry	Services	Agriculture	Industry	Services	Agriculture	Industry	Services	Agriculture	Industry	Services
Benin	35.0	12.0	52.0	36.0	13.0	51.0	34.0	12.0	53.0	36.0	14.0	50.0
Burkina Faso	33.0	22.0	45.0	28.0	20.0	52.0	34.0	27.0	39.0	32.0	18.0	50.0
Cape Verde	—	—	—	—	—	—	—	—	—	—	—	—
Gambia, The	30.0	16.0	53.0	29.0	13.0	58.0	28.0	15.0	58.0	26.0	14.0	60.0
Guinea	—	—	—	24.0	33.0	43.0	24.0	31.0	45.0	24.0	37.0	39.0
Guinea-Bissau	44.0	20.0	36.0	61.0	19.0	21.0	46.0	24.0	30.0	62.0	13.0	25.0
Liberia	—	—	—	—	—	—	—	—	—	—	—	—
Mali	61.0	10.0	29.0	46.0	16.0	39.0	46.0	17.0	37.0	34.0	30.0	36.0
Mauritania	30.0	26.0	44.0	30.0	29.0	42.0	27.0	30.0	43.0	21.0	29.0	50.0
Niger	43.0	23.0	35.0	35.0	16.0	49.0	39.0	18.0	44.0	40.0	17.0	43.0
Senegal	19.0	25.0	57.0	20.0	19.0	61.0	20.0	18.0	62.0	15.0	22.0	63.0
Sierra Leone	33.0	21.0	47.0	32.0	13.0	55.0	42.0	27.0	31.0	53.0	32.0	16.0
Togo	27.0	25.0	48.0	34.0	23.0	44.0	35.0	23.0	42.0	40.0	22.0	38.0
LDC average	36.0	20.0	45.0	34.0	19.0	47.0	34.0	22.0	44.0	35.0	22.0	43.0
Nigeria	27.0	40.0	32.0	33.0	41.0	26.0	43.0	27.0	31.0	37.0	29.0	34.0
Ghana	58.0	12.0	30.0	45.0	17.0	38.0	46.0	16.0	38.0	34.0	24.0	42.0
Côte d'Ivoire	27.0	20.0	53.0	32.0	23.0	44.0	31.0	20.0	50.0	26.0	20.0	53.0
Developing countries average	37.0	24.0	38.0	37.0	27.0	36.0	40.0	21.0	40.0	32.0	24.0	43.0
ECOWAS average	36.0	21.0	43.0	35.0	21.0	45.0	35.0	22.0	43.0	34.0	23.0	43.0

Source: World Bank, *African Development Indicators*, Washington, DC, 2004 (CD ROM)

2.4 Rate and structure of investment

The average annual rate of domestic investment in ECOWAS countries is presented in Table 2.4. During 1980–1985, the domestic investment rate ranged between 12 and 46.3 per cent among ECOWAS LDCs, and between 5 and approximately 20 per cent among developing countries. Thus the rate of domestic investment was higher among the LDCs than among the developing countries, with the former higher than the average of about 20 per cent for ECOWAS as a whole. There was a mixed performance in the domestic investment rate during 1985–1990. This is because while the domestic investment rate increased in some countries, it fell in others. This led to a decline from the previous period to between 9 and 36 per cent among the LDCs, while the rate was over 10 per cent in all developing countries. The decline in the domestic investment rate in some ECOWAS countries during this period was not unconnected with economic reforms that emphasised reduction in government investment. The subsequent periods, 1990–1995 and 1995–2001, witnessed a further decline in the average rate of domestic investment in ECOWAS LDCs, while that of the developing countries increased slightly. Thus the average rate of domestic investment in the developing countries exceeded that of the LDCs during these years. However, the rate of investment has averaged around 17 per cent since 1985–1990.

Table 2.4 ECOWAS states: average annual rate of investment (gross domestic investment as a ratio of GDP)

ECOWAS state	1980–1985	1985–1990	1990–1995	1995–2001
Benin	16.6	12.6	14.7	18.2
Burkina Faso	20.0	21.7	21.8	27.3
Cape Verde	46.3	32.3	34.7	23.7
Gambia, The	20.6	17.1	20.8	18.6
Guinea	12.8	16.1	17.0	19.2
Guinea-Bissau	28.0	35.6	30.7	19.8
Liberia	14.8	9.2	–	–
Mali	16.9	20.1	23.3	22.0
Mauritania	32.1	26.6	19.7	21.4
Niger	17.3	13.7	8.2	9.9
Senegal	12.0	11.8	14.3	18.0
Sierra Leone	14.3	9.2	8.2	5.3
Togo	26.4	17.1	16.0	18.2
ECOWAS LDC average	21.4	18.7	17.6	17.0
Nigeria	13.7	15.1	19.8	20.7
Ghana	5.6	10.8	18.5	23.8
Côte d'Ivoire	20.2	11.8	9.8	14.6
ECOWAS Developing countries average	13.2	12.6	16.0	19.7
ECOWAS average	19.9	17.5	17.3	17.5

Source: World Bank, *African Development Indicators*, Washington, DC, 2004 (CD ROM)

Table 2.5 shows the structure of domestic investment in ECOWAS countries. In the period 1985–1990, the rate of domestic public investment ranged between 3 and about 30 per cent in LDCs, while it was 4–7 per cent in the developing countries. Similarly, the rate of domestic private investment was as high as 19 and as low as 2.4 per cent among the LDCs. It should be noted that the average rate of domestic public investment in the LDCs in the group was higher than that of domestic private investment, while in the developing countries, the latter exceeded the former. In ECOWAS as a whole, the average rate of domestic public investment was higher than the other type of investment.

During 1990–1995, average rates of both public and private investment converged in the two groups of countries; policy reform might have accounted for a reduction in the rate of public investment, while the rate of private investment increased in the LDCs. However, the average rate of both types of domestic investment rose in the developing countries. In 1995–2001, LDCs recorded a further fall in the average rate of public investment, while average private investment rate rose slightly. However, in the case of the developing countries, the average rate of public investment attained in the previous period was maintained, while the average rate of private investment rose. The reform programmes (especially privatisation programmes) implemented in ECOWAS countries appear to have boosted private investment, as it continued to outweigh public investment.

Table 2.5 ECOWAS states: structure of domestic investment (gross domestic investment as a ratio of GDP) – average annual rate

ECOWAS state	1985–1990		1990–1995		1995–2001	
	Public	Private	Public	Private	Public	Private
Benin	8.2	4.5	8.4	6.9	7.8	10.0
Burkina Faso	7.6	13.0	9.5	13.1	13.5	13.2
Cape Verde	19.3	7.7	28.4	11.6	16.0	7.8
Gambia, The	7.6	9.5	8.1	12.3	7.2	11.4
Guinea	7.4	8.7	6.3	10.4	6.2	12.9
Guinea-Bissau	29.6	10.0	22.1	8.7	12.9	5.9
Liberia	–	–	–	–	–	–
Mali	10.2	9.9	10.5	13.0	9.5	12.4
Mauritania	7.6	19.0	3.9	16.0	6.1	15.2
Niger	8.5	2.4	4.3	2.0	5.8	4.1
Senegal	4.0	8.4	4.7	10.0	6.2	11.8
Sierra Leone	2.9	5.7	4.1	3.1	3.5	1.4
Togo	10.2	7.6	2.9	10.2	3.4	12.9
ECOWAS LDC average	10.3	8.9	9.4	9.8	8.2	9.9
Nigeria	–	6.1	8.2	11.8	8.9	11.9
Côte d'Ivoire	4.4	7.1	3.9	6.1	4.1	9.1
Ghana	7.0	3.7	12.2	7.9	11.5	12.2
ECOWAS developing countries average	5.7	8.4	8.1	8.6	8.1	11.1
ECOWAS average	9.6	8.2	9.2	9.5	8.2	10.1

Source: World Bank, *African Development Indicators*, Washington, DC, 2004 (CD ROM)

2.5 Financing investment

Domestic investment may be financed either entirely by domestic savings or by a combination of domestic savings and inflow of funds from foreign countries. Table 2.6 shows the average savings rate in ECOWAS countries between 1980 and 2001. In 1980–1985, dis-savings occurred in six ECOWAS LDCs. Among the LDCs where savings occurred, the rate of savings ranged between 2 and 21 per cent, with an average rate of approximately 4 per cent. In contrast, the savings rate among ECOWAS developing countries ranged between 5 and 22 per cent, with an average savings rate of 13.4 per cent, higher than that of the entire ECOWAS group, which was less than 6 per cent. By 1985–1990, the number of LDCs which dis-saved and the rate of dis-savings fell. However, the savings rate was relatively low in most the ECOWAS LDCs, averaging a little above 6 per cent, while for developing countries it increased marginally, resulting in an ECOWAS average of around 8 per cent. There was a continuous fall in the average savings rate of LDCs in the subsequent periods, with a persistent rise in developing countries. Generally, the average savings rate in the ECOWAS group as a whole declined in the subsequent period.

The savings-investment gap (resource balance), which shows the extent to which domestic investment is being financed by domestic savings, is presented in Table 2.7. In

Table 2.6 ECOWAS states: average annual rate of domestic savings (savings as a ratio of GDP)

ECOWAS state	1980–1985	1985–1990	1990–1995	1995–2001
Benin	-4.8	-2.3	3.0	5.8
Burkina Faso	-1.0	2.4	7.2	10.0
Cape Verde	-7.0	-2.9	-1.1	-11.3
Gambia, The	5.1	7.6	5.6	2.3
Guinea	16.3	16.4	13.8	15.7
Guinea-Bissau	-5.5	-0.1	3.2	-4.2
Liberia	16.2	16.4	–	–
Mali	-4.0	0.1	6.5	9.0
Mauritania	2.9	10.3	8.3	9.7
Niger	7.9	7.9	2.3	2.8
Senegal	-1.4	3.8	8.5	11.9
Sierra Leone	5.4	14.1	4.1	-5.4
Togo	21.0	7.6	8.7	5.8
ECOWAS LDC average	3.9	6.2	5.4	4.0
Nigeria	13.9	17.7	23.6	25.4
Ghana	5.0	5.5	7.4	8.6
Côte d'Ivoire	21.4	18.4	13.8	20.8
ECOWAS developing countries average	13.4	13.9	14.9	18.2
ECOWAS average	5.7	7.7	7.2	6.7

Source: World Bank, *African Development Indicators*, Washington, DC, 2004 (CD ROM)

1980–1985, only two of the LDCs in ECOWAS (Guinea and Liberia) generated sufficient domestic savings to finance their domestic investment. This implies that other LDCs in the group sought foreign investment to supplement their internally generated savings to finance their domestic investment. This is because their savings-investment gap was negative. Of the developing countries, only Ghana could not mobilise adequate internal savings to finance its domestic investment. The resource gap in the whole of ECOWAS was as high as 14 per cent. The number of LDCs which had adequate savings to finance their domestic investment rose during the period 1985–1990, as Sierra Leone came on board. Among the LDCs, the savings-investment gap reduced drastically, but was still as high as 35.6 per cent. It is observed that some countries started generating idle savings (which should have been invested) of up to 4–7.5 per cent, suggesting that the macro-economic environment in ECOWAS countries is inadequate for promoting investment.

Table 2.7 ECOWAS states: average annual rate of savings-investment gap (resource balance as a ratio of GDP)

ECOWAS state	1980–1985	1985–1990	1990–1995	1995–2001
Benin	-21.5	-14.8	-11.7	-12.4
Burkina Faso	-21.0	-19.3	-14.5	-17.3
Cape Verde	-53.3	-35.2	-35.8	-35.0
Gambia, The	-15.6	-9.5	-15.2	-16.3
Guinea	3.5	0.2	-3.2	-3.4
Guinea-Bissau	-33.5	-35.6	-27.5	-24.0
Liberia	1.4	7.2	–	–
Mali	-20.9	-20.0	-16.8	-13.0
Mauritania	-29.2	-16.2	-11.4	-11.7
Niger	-9.4	-5.8	-5.9	-7.1
Senegal	-13.4	-8.0	-5.8	-6.1
Sierra Leone	-8.9	4.9	-4.1	-10.7
Togo	-5.5	-9.6	-7.2	-12.5
ECOWAS LDC average	-17.5	-12.5	-1.2.3	-13.1
Nigeria	0.2	2.6	3.8	4.7
Côte d'Ivoire	1.2	6.6	-11.1	-15.2
Ghana	-0.6	-5.3	4.1	6.2
ECOWAS developing countries average	0.3	1.3	-1.1	-1.4
ECOWAS average	-14.1	-9.9	-10.2	-10.9

Source: World Bank, *African Development Indicators*, Washington, DC, 2004 (CD ROM)

However, the situation changed during the 1990–1995 period, as all ECOWAS LDCs could not mobilise sufficient domestic saving to finance their domestic investment, while only one developing country in the group fell into this category. This undesirable trend continued in 1995–2001, as none of the LDCs could generate adequate savings to

finance domestic investment. This implies that the majority of ECOWAS countries depended on external sources of funds to finance their domestic investment.

Table 2.8 shows that the average rate of foreign direct investment in ECOWAS LDCs was about 1 per cent in 1980–85 and 1985–90, while it rose to about 1.6 and 2.5 per cent in 1990–1995 and 1995–2001, respectively. In the developing countries, the average rate of FDI was less than 1 per cent in 1980–85 and about 1.2 per cent in 1985–90. It rose to about 2.4 and 2.8 per cent in the subsequent periods. It can thus be observed that the average rate of FDI in the ECOWAS countries has been insignificant over time. It is therefore not surprising that FDI has not been sufficient to bridge the gap between domestic savings and investment rates, particularly among the LDCs (Table 2.9). After considering FDI, the gap that still remains to be filled, over time, is high. Therefore, there is a need to design policies to attract more FDI inflow into the ECOWAS sub-region.

Table 2.8 ECOWAS states: average annual rate of gross foreign direct investment (gross FDI as a ratio of GDP)

ECOWAS state	1980–1985	1985–1990	1990–1995	1995–2001
Benin	0.10	1.79	3.51	2.75
Burkina Faso	0.15	0.12	–	–
Cape Verde	–	0.31	1.42	3.37
Gambia, The	0.17	1.27	2.13	–
Guinea	0.0	0.47	0.44	0.69
Guinea-Bissau	–	–	–	–
Liberia	2.14	1.12	–	–
Mali	0.29	0.32	1.29	–
Mauritania	1.64	0.55	0.68	–
Niger	0.98	1.13	2.44	–
Senegal	1.66	0.89	1.20	2.32
Sierra Leone	1.50	5.11	1.42	–
Togo	3.50	1.06	1.71	3.24
ECOWAS LDC average	1.10	1.18	1.62	2.47
Nigeria	1.06	2.82	4.31	3.75
Côte d'Ivoire	0.54	0.54	1.29	3.20
Ghana	0.24	0.15	1.49	1.38
ECOWAS developing countries average	0.61	1.17	2.36	2.78
ECOWAS average	1.0	1.18	1.80	2.59

Source: World Bank, *African Development Indicators*, Washington, DC, 2004 (CD ROM)

Table 2.9 ECOWAS states: average annual rate of savings-investment gap net of gross FDI (resource balance net of gross FDI as a ratio of GDP)

ECOWAS state	1980–1985			1985–1990			1990–1995			1995–2001		
	S-I gap	FDI- GDP	S-I gap- Net FDI	S-I gap	FDI- GDP	S-I gap- Net FDI	S-I gap	FDI- GDP	S-I gap- Net FDI	S-I gap	FDI- GDP	S-I gap- Net FDI
Benin	-21.4	0.1	-21.3	-14.9	1.79	-13.11	-11.7	3.51	-8.2	-12.4	2.75	-9.7
Burkina Faso	-21	0.15	-20.85	-19.3	0.12	-19.18	-14.5	-	-	-17.3	-	-
Cape Verde	-53.3	-	-35.2	-35.2	0.31	-34.89	-35.8	1.42	-34.4	-35.0	3.37	-31.6
Gambia, The	-15.5	0.17	-15.33	-9.5	1.27	-8.23	-15.2	2.13	-13.1	-16.3	-	-
Guinea	3.5	0	3.5	0.3	0.47	0.77	-3.2	0.44	-2.7	-3.4	0.69	-2.7
Guinea-Bissau	-33.5	-	-35.7	-35.7	-	-27.5	-27.5	-	-	-24.0	-	-
Liberia	1.4	2.14	3.54	7.2	1.12	8.32	0	-	-	0	-	-
Mali	-20.9	0.29	-20.61	-20	0.32	-19.68	-16.8	1.29	-15.5	-13.0	-	-
Mauritania	-29.2	1.64	-27.56	-16.3	0.55	-15.75	-11.4	0.68	-10.7	-11.7	-	-
Niger	-9.4	0.98	-8.42	-5.8	1.13	-4.67	-5.9	2.44	-3.4	-7.1	-	-
Senegal	-13.4	1.66	-11.74	-8	0.89	-7.11	-5.8	1.2	-4.6	-6.1	2.32	-3.8
Sierra Leone	-8.9	1.5	-7.4	4.9	5.11	10.01	-4.1	1.42	-2.7	-10.7	-	-
Togo	-5.4	3.5	-1.9	-9.5	1.06	-8.44	-7.2	1.71	-5.5	-12.5	3.24	-9.2
Nigeria	0.2	1.06	1.26	2.6	2.82	5.42	3.8	4.31	8.1	4.7	3.75	8.5
Ghana	-0.6	0.24	-0.36	-5.3	0.15	-5.15	-11.1	1.49	-9.6	-15.2	1.38	-13.8
Côte d'Ivoire	1.2	0.54	1.74	6.6	0.54	7.14	4.1	1.29	5.3	6.2	3.2	9.4
ECOWAS LDC average	-17.5	1.1	-11.6	-12.4	1.2	-9.3	-12.2	1.6	-10.1	-13.0	2.5	-11.4
ECOWAS developing countries average	0.3	0.6	0.9	1.3	1.2	2.5	-1.1	2.4	1.3	-1.4	2.8	1.4
ECOWAS average	-14.1	1.0	-8.9	-9.9	1.2	-7.0	-10.2	1.8	-7.5	-10.9	2.6	-6.6

Source: Computed from the data above