



BCEAO
CENTRAL BANK OF
WEST AFRICAN STATES

2023

ANNUAL REPORT



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(SUMMARISED VERSION)



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WEST AFRICAN STATES

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LIST OF ACRONYMS AND ABBREVIATIONS

AACB	Association of African Central Banks
AERC	African Economic Research Consortium
AfCFTA	African Continental Free Trade Area
AFD	French cooperation agency (Agence française de développement AFD)
AFES	Africa Conference of the Econometric Society
AFI	Alliance for Financial Inclusion
AFIS	Africa Financial Industry Summit
AfPI	African Financial Inclusion Policy Initiative
AFREXIMBANK	African Export-Import Bank
AICFM	International association of francophone researchers in microfinance (Association Internationale des Chercheurs Francophones en Microfinance)
AJUR	Application for the management of legal affairs (Application dédiée à la gestion des affaires juridiques)
AMF-UMOA	WAMU financial markets authority (Autorité des Marchés Financiers de l'Union Monétaire Ouest Africaine)
AMI	African Monetary Institute
AML/CTF	Anti-Money Laundering and Counter-Terrorism Financing
AML/CFT/FP	Anti-money laundering and countering financing of terrorism and weapons of mass destruction
AML/CTF/PWMD	Anti-money laundering and countering financing of terrorism and financing of the proliferation of weapons of mass destruction
API	Application Programming Interface
ASE	African School of Economics
ATM	Automated Teller Machine
ATTF	Financial Technology Transfer Agency
BADEA	Arab Bank for Economic Development in Africa
BCC	Central Bank of the Congo
BCEAO	Central Bank of West African States
BCP	Business Continuity Plan
BCRG	Central Bank of the Republic of Guinea
BCSF-UMOA	WAMU FinTech Knowledge and Monitoring Office
BEAC	Bank of Central African States
BIS	Bank for International Settlements
BoE	Bank of England
BoG	Bank of Ghana
BoJ	Bank of Japan
BPCI	Banque Populaire de la Côte d'Ivoire
BRVM	Regional stock exchange
BSR	Support and resilience bonds
CAP	Priority Action Framework
CAPEC	Cires Economic Policy Analysis Unit
CBDC	Central Bank Digital Currency

CBN	Central Bank of Nigeria
CDP	Savings and provident fund / Cassa Depositi e Prestiti
CEMAC	Central African Economic and Monetary Community
CEMSTRAT	Executive Certificate in Strategic Banking Management
CERDI	Center for Studies and Research on International Development (Centre d'Etudes et de Recherches sur le Développement International)
CFA F	African Financial Community Franc
CG	Central government
CGAP	Consultative Group to Assist the Poorest
CIB	Credit Information Bureau
CIC	Check scanning platform (Capital Image Chèque)
CIFIA	A Senegalese Islamic finance company (Compagnie Indépendante de la Finance Islamique en Afrique)
CIRES	Ivorian Center for Economic and Social Research
CISAE	Committee for the Identification of Support and Monitoring Agencies (Comité d'Identification des Structures d'Appui et d'Encadrement)
CIWA	Creditinfo West Africa
CLAB	Anti-Money Laundering Liaison Committee (Comité de Liaison Anti-Blanchiment)
CMS	Central monitoring station
CNRS	French National Center for Scientific Research
CNSMO	National Implementation Monitoring Committees
COFEB	West African Center for Banking Studies and Training (Centre Ouest Africain de Formation et d'Etudes Bancaires)
CPC	Climate Policy Committee (Comité de Politique Climat)
CPM	Monetary Policy Committee (Comité de Politique Monétaire)
CRAEF-UMOA	Automated reporting framework for the financial statements of WAMU credit institutions and financial companies
DC/BR	Central Depository/Settlement Bank (Dépositaire Central/Banque de Règlement)
DFS	Decentralized Financial System
DGEM	Directorate-General of Economic and Monetary Affairs
DIA	Inspection and Audits Directorate
DOM	Directorate of Market Transactions
DPC	Data Processing Center
DRC	Democratic Republic of the Congo
DSI	Information Systems Directorate
DSPR	Directorate of Surveillance and Risk Prevention
ECB	European Central Bank
ECF	Extended Credit Facility
ECO	Common ECOWAS currency
ECOWAS	Economic Community of West African States
EFF	Extended Fund Facility
EFP	Economic and Financial Program
EMI	Electronic Money Institution

ENSEA	National school of statistics and applied economics, Abidjan (Ecole Nationale Supérieure de Statistique et d’Economie Appliquée d’Abidjan)
ERMA	International association for macroeconomic and monetary studies and research in Africa (Association Internationale pour les Etudes et Recherches Macroéconomiques et Monétaires en Afrique)
FATF	Financial Action Task Force
FCI	Factors Chain International
FDI	Foreign direct investment
Fed	Federal Reserve System
FERDI	Foundation for Studies and Research on International Development
FMI	Financial market infrastructure
GDP	Gross Domestic Product
GIABA	Inter-Governmental Action Group against Money Laundering
GIM-UEMOA	Interbank Electronic Banking Group of the West African Economic and Monetary Union
GPE	Economic Policy Management
HEC	A prestigious Parisian business school (Ecoles des Hautes Etudes Commerciales)
IBFI	Cooperation branch of the French central bank (Institut Bancaire et Financier International)
IFC	International Finance Corporation
IFI	Islamic financial institution
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee
INTERMON	Electronic payment interface
IROCO	Accounting information and reporting system
ISSM	Information Systems Security Manager
LEO	Laboratoire d’Economie d’Orléans
LSEs	Large-scale enterprises
MIMOSA	Payroll and Fixed Assets
NEAs	Net external assets
OCP	Operational Continuity Plan
OdR	Stimulus Bonds
PAFLA	Accelerated English-language training program
PBoC	People’s Bank of China
PCI/DSS	Payment Card Industry/Data Security Standard
PCS	Community solidarity levy (Prélèvement Communautaire de Solidarité)
PFMI	Principles for Financial Market Infrastructures
PKI	Public Key Infrastructure
Pp	Percentage point
PRDEN	WAEMU’s Regional Program for the Development of the Digital Economy
QMS	Quality Management System
RBI	Reserve Bank of India

RCF	Rapid Credit Facility
REC	Regional Economic Community
REM	BCEO economic and monetary journal (Revue Economique et Monétaire)
RR	Reserve requirements
RSF	Resilience and Sustainability Facility
SAE	Support and Supervision Structures (Structures d'Appui et d'Encadrement)
SDGs	Sustainable Development Goals
SDRs	Special drawing rights
SGI	Management and intermediation company
SGPME	Ivorian guarantee company for loans to SMEs (Société de Garantie des Crédits aux Petites et Moyennes Entreprises)
SIB	Banking information system (Système d'Information Bancaire)
SICA-UEMOA	Automated Interbank Clearing System of the West African Economic and Monetary Union
SIGMA	Integrated activity planning and management system software (Système Intégré de planification et de Management des Activités)
SME/SMI	Small and medium-sized enterprises / Small and Medium-sized Industries
SNIF	National financial inclusion strategy (Stratégie Régionale d'Inclusion Financière)
SOC	Operational Cybersecurity Service
SPAME	Payment services backed by electronic money (Services de Paiement Adossés à la Monnaie Electronique)
SRIF	Regional financial inclusion strategy (Stratégie Régionale d'Inclusion Financière)
SRPs	Studies and Research Papers
SSA	Sub-Saharan Africa
STAR-UEMOA	Automated Transfer and Settlement System in the West African Economic and Monetary Union
STC	Specialized Technical Committee
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TCN	Negotiable debt securities (Titres de Créances Négociables)
Tmoney	Ivorian Treasury electronic wallet ("Trésor Money")
UNCDF	United Nations Capital Development Fund
VASP	Virtual asset service provider
VSAT	Very Small Aperture Terminal
WADB	West African Development Bank
WAEMU	West African Economic and Monetary Union
WAMA	West African Monetary Agency
WAMU GSBC	General Secretariat of the WAMU Banking Commission (SGCB-UMOA)
WAMU	West African Monetary Union
WAMU-FSC	WAMU Financial Stability Committee
WAY	Weighted average rate
WAY	Weighted average yield
WB	World Bank

GOVERNOR'S MESSAGE

The year 2023 was characterized by a slowdown in global economic activity, owing to persistent inflationary pressures resulting from geopolitical tensions and the Russian-Ukrainian crisis.

Against this backdrop, central banks tightened their monetary policies, leading to recessionary impacts on the global economy. Global economic growth slowed somewhat from 3.5% in 2022 to 3.2% in 2023. Global inflation eased from 8.7% in 2022 to an annual average of 6.8% in 2023.

Given the strong performance of the 2022/2023 agricultural season and lower international prices for the main imported products, the average annual inflation rate in the WAEMU Union stood at 3.7% in 2023, down from 7.4% a year earlier. The Union's gross domestic product (GDP) rose by 5.3% in 2023, after 5.5% in 2022, thanks mainly to the strong performance of the tertiary sector.

Faced with fears of renewed inflationary pressures linked to mounting international and regional uncertainties, the BCEAO continued the gradual normalization of its monetary policy, which began on June 22, 2022. The Bank raised its key rate by 25 bps on three separate occasions in 2023.

After a period of fixed-rate liquidity auctions prompted by the COVID-19 health crisis, the BCEAO decided on February 10, 2023, to revert to normal operations at its weekly and monthly refinancing windows, with variable rates on amounts announced in advance in the tender notice, in accordance with the guidelines issued by its Monetary Policy Committee.

In an international environment marked by tighter financing conditions on the financial markets, the Central Bank has maintained the special refinancing window for stimulus bonds as well as the Support and Resilience Bond window to allow the Member States of the Union to raise resources at favorable interest rates and cover their financing needs.

The banking system has also increased lending to governments, notably in response to low inflows of foreign capital to finance budget deficits. The net claims of all deposit-taking institutions on central governments increased by 3,370.0 billion in 2023, or 16.5%. Claims on private businesses increased by 10.1% and claims on households and non-profit institutions grew by 7.6%.

The financial intermediation activity of microfinance institutions has grown in line with the trend in outstanding deposits and loans. Deposits collected amounted to 2,263.8 billion at the end of December 2023, compared with 2,023.7 billion a year earlier, representing an increase of 11.9%.

On the regulatory front, in 2023, the BCEAO initiated major reforms which led to the adoption by the Union's Council of Ministers of the Convention governing the Banking Commission, the revised Banking Regulation Act, the new Microfinance Regulation Act and the Act on combating money laundering, terrorist financing and the proliferation of weapons of mass destruction in WAMU Member States.

In addition, the Central Bank continued to implement the measures set out in the regional strategy for financial inclusion in 2023.

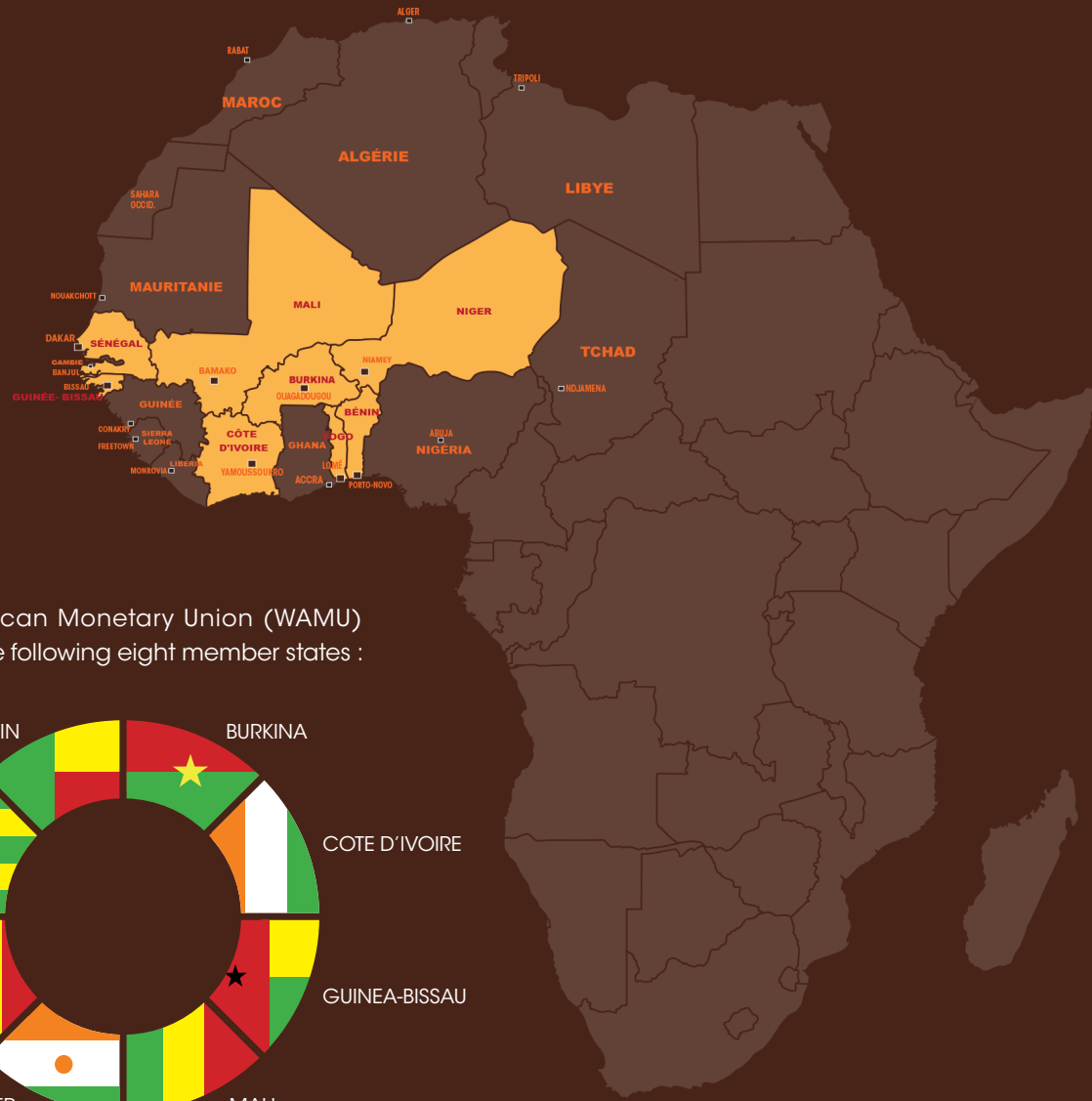
These activities are part of the BCEAO's efforts to maintain and further consolidate monetary and financial stability within the Union and to promote the financial inclusion of the population. In line with its missions, the Central Bank will continue to work toward creating conditions conducive to the development of an innovative financial environment, while maintaining price stability and achieving strong and robust growth.

Jean-Claude Kassi Brou

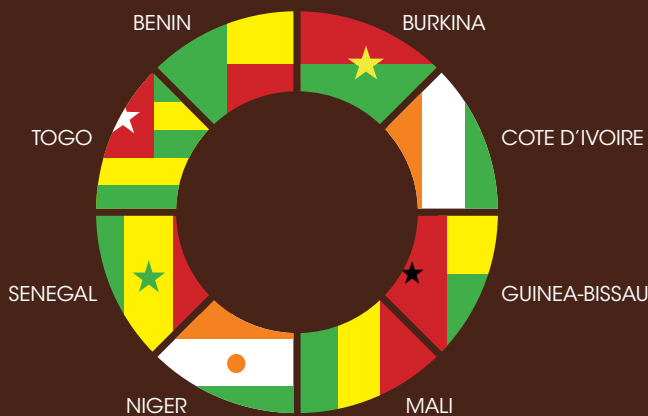
Governor of the Central Bank of West African States

MEMBERSHIP OF THE STATUTORY BODIES AND ORGANIZATION
CHART OF THE BCEAO

WEST AFRICAN MONETARY UNION (WAMU)



The West African Monetary Union (WAMU) comprises the following eight member states :



The Monetary Union formed by the aforementioned states recognizes a single common currency, which is issued by the Central Bank of West African States (BCEAO).

managing their common currency, the African Financial Community Franc (CFA Franc) and their foreign exchange reserves, as well as implementing their common monetary policy.

The BCEAO is the common central bank of the WAMU member states; it is in charge notably of

N.B. - Unless otherwise specified, all values indicated in this report are expressed in CFA francs.

CONFERENCE OF WAMU HEADS OF STATE AND GOVERNMENT

CHAIR: His Excellency **Alassane Ouattara**

President of the Republic of Côte d'Ivoire

His Excellency **Patrice Guillaume Athanase Talon,**

President of the Republic of Benin

His Excellency Captain **Ibrahim Traoré,**

President of the Transition, Head of State of Burkina Faso

His Excellency **Umaro Sissoco Embalo,**

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His Excellency Colonel **Assimi Goïta,**

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His Excellency **Macky Sall,**

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His Excellency **Faure Essozimna Gnassingbé,**

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Ms. Nialé Kaba, Minister of Economy, Planning and Development.		Mr. Doudou Ka, Minister of Economy, Planning and Cooperation.
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		Mr. Simféitchéou Pré, Minister, Advisor to the President of the Republic.

BCEAO MONETARY POLICY COMMITTEE

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Chair of the Committee.

Mr. Norbert Toé, **Mr. Mamadou Diop,**
Deputy Governor Deputy Governor

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REPUBLIC OF COTE D'IVOIRE		REPUBLIC OF SENEGAL
Mr. Mama Ouattara, Professor at Université Félix Houphouët- Boigny de Cocody, Director of the training program on economic policy management (GPE).		Mr. Cheikh Tidiane Diop, Director General of Public Accounting and Treasury.
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Mr. Jeremias António da Cruz Pereira, Coordinator of the Technical Cabinet of the Minister of Finance of Guinea-Bissau.		Mr. Mohamed Takpara-Khoura, Retired teacher-researcher.

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<p>Mr. Abdoulaye Soumana, Chair of the Board of Directors, Université des Sciences et Technologies du Niger, Republic of Niger;</p>		<p>Mr. Kodzo Mawuena Dossa, Economist, Lomé, Togolese Republic;</p>
		<p>Mr. Michel Lazare, Economist, Chevy Chase, USA.</p>

BCEAO BOARD OF DIRECTORS

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Mr. Arthur Ahoussi, Director General of Treasury and Public Accounting, Chairperson of the Audit Committee.		Mr. Alio Daouda, Secretary General of the Ministry of the Economy and Finance.

HIGHLIGHTS OF 2023

IMPORTANT EVENTS

January 13, 2023

The new FAPBEF-UEMOA executive committee met with the Governor of the BCEAO

On January 13, 2023, Governor Jean-Claude Kassi Brou met with the new management team of the *Fédération des Associations Professionnelles des Banques et Etablissements Financiers de l'UEMOA* (FAPBEF-UEMOA - the federation of professional associations of WAEMU banks and financial institutions).

The meeting offered the outgoing president, Ms. Nana Aïssa Ango, Chair of Niger's APBEF, an opportunity to take stock of her term of office after two years at the head of the Federation, and introduce the new FAPBEF-UEMOA team, led by Mr. Mamadou Bocar Sy, Chair of Senegal's APBEF, to the Governor of the BCEAO.

From February 27 to March 2, 2023

Regional consultation at BCEAO headquarters on General Policy on financial market infrastructure (FMI) and payment instruments and services in the WAEMU region for 2023-2027

From February 27 to March 2, 2023, the BCEAO organized a regional consultation on the General Policy on financial market infrastructure (FMI), payment instruments and payment services in the WAEMU Union for the 2023-2027 period, to address the concerns of all internal and external players in the sub-regional payment ecosystem.

The meeting brought together approximately one hundred participants, including market players (banks, decentralized financial systems, electronic money institutions, FinTechs, etc.), national treasuries, technical and financial partners, AFI, UNCDF and CGAP.

March 9, 2023

Ordinary meeting of the Bureau of the Association of African Central Banks (AACB) at BCEAO headquarters

The Bureau of the Association of African Central Banks (AACB) held its ordinary meeting on March 9, 2023, in Dakar, at the headquarters of the Central Bank of West African States (BCEAO).

The meeting, attended by twelve (12) central banks belonging to the Bureau and the African Union Commission (AUC), was chaired by Mr. Buah Saidy, Chair of the AACB and Governor of the Central Bank of The Gambia.

The Bureau meeting focused, among other things, on the implementation of the decisions taken by the Assembly of Governors at its 44th ordinary meeting, held in Banjul, The Gambia, on August 5, 2022.

April 10 to 16 and October 9 to 15, 2023

2023 Spring Meetings and Annual Meetings of Bretton Woods Institutions

A BCEAO delegation led by Governor Jean-Claude Kassi Brou took part in the Spring Meetings and Annual Meetings of the Bretton Woods Institutions. These meetings took place respectively from April 10 to 16, 2023, in Washington and from October 9 to 15, 2023, in Marrakech. Highlights included the semi-annual sessions of the International Monetary and Financial Committee (IMFC), the Development Committee (DC) and Africa Group II. These gatherings provide exceptional forums for discussing economic policymaking and offer opportunities for

bilateral meetings between the BCEAO and other Central Banks and Institutions on subjects of mutual interest.

During these meetings, the Governor met with Ms. Kristalina Georgieva, Managing Director of the IMF, and Mr. François Villeroy de Galhau, Governor of the Banque de France. At the meeting with the IMF, the Governor took stock of the Union's economic situation and the challenges ahead. On this basis, he made a plea for increased financial resources for WAEMU countries. The Governor also expressed his hope that the IMF would examine the possibility of allowing the countries to benefit from front-loaded access mechanisms, which would enable them to meet short-term challenges from the start of the implementation of economic and financial programs. These proposals were welcomed by the Managing Director, who instructed her teams to take them on board. The meeting with the Banque de France addressed strategic issues of interest to both central banks, notably the approval of the 2023-2024 joint action program and the reform of the institutional architecture of the Anti-Money Laundering Liaison Committee (CLAB).

During the 2023 annual meetings, the Governor of the BCEAO met with Mr. Ousmane Diagana, Vice-President of the World Bank, as well as Mr. Andrew Bailey and Mr. Abdellatif Jouahri, respectively Governor of the Bank of England and Governor of Bank Al-Maghrib. The purpose of the meeting with Mr. Diagana was to exchange views on strategic issues relating to government financing and prospects for cooperation between the two institutions. During talks with his counterpart from the Bank of England, Mr. Andrew Bailey, both Governors welcomed the opportunity afforded them by this multilateral forum to meet for the first time and exchange on views on future cooperation. Governor Brou emphasized that such cooperation could focus on three areas: monetary policy, green finance and financial education. The meeting with the Governor of Bank Al-Maghrib provided an opportunity to take stock of the fruitful cooperation between the two central banks. The Governor also granted an audience to the heads of banking groups to discuss the current situation and outlook for the sector in the WAEMU zone.

June 5, 2023

International conference on: “Financial digitization: a sustainable development tool for Africa?”

Governor Jean-Claude Kassi Brou led a BCEAO delegation attending an international conference entitled: “Financial digitization: a sustainable development tool for Africa?”, held in Paris on June 5, 2023, by the *Banque de France*, the *Foundation for Studies and Research on International Development* (FERDI) and the *Agence française de développement* (AFD). The aim of the conference was to explore the impact of financial digitization on sustainable development in Africa, with a focus on analyzing its contribution to the development of financial systems, understanding its potential to foster sustainable development, and highlighting the associated risks and necessary regulations. The Governor spoke at the final round table on the opportunities and risks of digitization and competing currencies, particularly digital currencies, for Africa.

June 19, 2023

High-level round table on central bank digital currencies

A Central Bank delegation led by Governor Jean-Claude Kassi Brou participated in a high-level round table on central bank digital currencies focusing on: “*The Role of the Public Sector in Money and Payments - A New Vision*”, organized by the IMF and Bank Al-Maghrib, in Rabat, on June 19, 2023. The meeting examined the implications of central bank digital currencies for monetary policy, financial stability, financial inclusion and international payments. It also provided an opportunity to present a new perspective on the role of the public sector in digital currency services, harnessing the increased efficiency of financial innovation while managing the risks associated with the advent of digital currencies. Governor Brou's presentation at the high-level strategic debate on the theme: “*Where do we stand and where are we headed?*” highlighted the significant benefits that the introduction of central bank digital currencies would bring to the WAEMU countries, notably in terms of strengthening financial inclusion, reducing the circulation of bills and coins, facilitating cross-border transactions, and stimulating inter-country trade.

June 24 and 25, 2023

93rd Annual General Meeting of the BIS and 2023 Round Table of African Central Bank Governors

Governor Jean-Claude Kassi Brou attended the 93rd Annual General Meeting of the Bank for International Settlements (BIS) and the 2023 Round Table of African Central Bank Governors held in Basel on June 24 and 25, 2023. These meetings brought together the heads of central banks from most of the regions of the world.

During the General Meeting, the heads of issuing institutions addressed the main challenges of the current environment, marked by persistent inflationary pressures and heightened financial vulnerabilities, coupled with record high levels of public and private sector debt. These challenges are further compounded by turbulence in the banking sector, decentralized finance and crypto assets. Governor Brou shared the macroeconomic outlook for the WAEMU zone and highlighted the concerns raised by the tightening of international financial conditions, in particular the difficulty of mobilizing external resources to finance public deficits, and its corollary in terms of pressure on the Union's foreign exchange reserves. Governor Brou also held talks with some of his counterparts and participated in a working session with the Deputy General Manager of the BIS, Luiz Awazu Pereira da Silva, on strengthening cooperation between the BIS and the BCEAO.

The 2023 Round Table of African Central Bank Governors provided an opportunity for the continent's leading central bankers to discuss the region's growth and inflation outlook, the effectiveness of the monetary policies implemented in curbing inflationary pressures, the impact of the worsening public finance situation on monetary policy, and the effects of the monetary policy stance on public debt sustainability.

July 3, 2023

Meeting of the ECOWAS Convergence Council

On July 3, 2023, the Governor of the Central Bank took part, by videoconference, in a meeting of the ECOWAS Convergence Council organized as part of the implementation of the activities of the Community's Single Currency Program. During the meeting, various points were discussed, including the ECOWAS macroeconomic convergence report for 2022 and the status of implementation of the Single Currency Program.

September 14, 2023

62nd Ordinary Meeting of the Committee of Governors of Central Banks of ECOWAS Member States

BCEAO Governor Jean-Claude Kassi Brou chaired the 62nd ordinary meeting of the Committee of Governors of the Central Banks of the Member States (BCEM) of the Economic Community of West African States (ECOWAS) on September 14, 2023, in Accra, Ghana.

The meeting, which rounded out the series of statutory mid-year meetings of the West African Monetary Agency (WAMA), provided an opportunity to exchange views on matters of strategic importance, and make decisions to move forward on the future monetary union.

The Committee of Governors examined reports from WAMA's Technical Committee and Audit Committee. During the meeting, speakers praised the quality of the work accomplished by the regional institutions in the area of monetary integration, while recommending closer cooperation to ensure the effective implementation of the activities set out in the roadmap for the launch of the ECO.

September 25, 2023

BCEAO honored for its progress in implementing the Maya Declaration at the Alliance for Financial Inclusion's 13th Global Policy Forum on Financial Inclusion

A BCEAO delegation, led by Deputy Governor Norbert Toé, took part in the 13th Global Policy Forum on Financial Inclusion, organized by the Alliance for Financial Inclusion (AFI) in collaboration with the Central Bank of the Philippines on the theme “*Stability, Sustainability, and Inclusivity for Shared Prosperity*”, in Manila, Philippines, from September 12 to 15, 2023.

The event, which was the largest ever international gathering on the subject of financial inclusion, was attended by over 700 participants, including regulators, policymakers and various public and private international organizations working to foster financial inclusion.

During the Forum, five (5) awards were presented at the AFI Global Financial Inclusion Awards ceremony, in recognition of the efforts of AFI member institutions in implementing innovative policies and strategies to promote financial inclusion.

On that occasion, the BCEAO was presented, for the second time, with an award in the Maya Declaration category, in recognition of its efforts to promote financial inclusion as well as the recent progress achieved in the Union.

The Maya Declaration comprises a set of measurable commitments adopted by AFI members in Mexico in 2011, with the aim of promoting financial inclusion and contributing to the attainment of the Sustainable Development Goals (SDGs) through the search for appropriate solutions to help the world's unbanked.

It should be noted that the BCEAO was previously the recipient of an award in the same category, at the 10th Global Forum on Financial Inclusion Policies held in 2018 in Sochi, Russia.

October 11, 2023

16th Global Meeting of the Emerging Markets Forum

On the sidelines of the Annual Meetings of the World Bank (WB) and the International Monetary Fund (IMF), Governor Jean-Claude Kassi Brou took part in a high-level panel discussion on reforming the international monetary system as part of the 16th global meeting of the Emerging Markets Forum held in Marrakech on October 11, 2023. The panel focused on the following themes: “*Global Economic Outlook: Prospects for Emerging Market Economies*”, “*Climate Change Finance*”, “*Fighting Inequality*”, “*Improving Governance in Emerging Market Economies*”, “*Reforming the Multilateral System*” and “*Global Fragmentation*”.

During his address, the Governor recalled the multiple shocks facing African countries, and in particular the WAEMU Member States, which have been hard hit by the effects of the health crisis, but also by the security crisis owing to terrorism in the Sahel, inflationary pressures and the impact of climate change.

In a context where the 100 poorest countries hold only 3% of international reserves, Governor Brou called for a more equitable monetary system that would give African countries access to resources commensurate with their needs.

The Governor of the BCEAO also welcomed the IMF Managing Director's proposal to create a third Executive Director position for Sub-Saharan African countries at the International Monetary Fund, with a view to increasing their representation in the international monetary system's decision-making bodies.

October 12, 2023

Meeting between the IMF's Africa Department and the WAEMU Council of Ministers in Marrakech

On October 12, 2023, in Marrakech, Governor Jean-Claude Kassi Brou took part in a meeting initiated by the Africa Department of the International Monetary Fund (IMF) with the members of the WAEMU Council of Ministers and the President of the WAEMU Commission, on “*Maintaining Macroeconomic Stability to Preserve Growth Dynamics in WAEMU*”. The meeting provided an

opportunity to take stock of economic developments in the Union and identify various drivers that could help maintain economic and financial stability.

October 20, 2023

4th extraordinary session of the Specialized Technical Committee (STC) on Finance, Monetary Affairs, Economic Planning and Integration

Mr. Jean-Claude Kassi Brou led the Central Bank delegation attending the virtual ministerial meeting organized by the African Union Commission on October 20, 2023. The objectives of the meeting were: to review and approve the draft revised statutes of the African Monetary Institute (AMI), to ensure that the draft was submitted for further review and approval by the STC on Justice and Legal Affairs before being presented at the next ordinary session of the Assembly of the Union for adoption by the Executive Council, and to provide an update on the activation of the peer review mechanism to monitor implementation of the macroeconomic convergence criteria.

October 30, 2023

Audience granted to APBEF-Benin by the Governor of the BCEAO

On Monday October 30, 2023, on a working visit to Benin, Mr. Jean-Claude Kassi Brou, Governor of the BCEAO, granted an audience to a delegation of representatives of the professional association of banks and financial institutions of Benin (APBEF-Benin), led by Mr. Lazare Ignouli, President of the Association.

The meeting, which took place on the premises of the BCEAO's main branch office in Cotonou, afforded the Governor with an opportunity to exchange views with the heads of local credit institutions on the distinctive features of the Beninese market and the concerns of the banking profession at national level.

November 15 and 16, 2023

Africa Financial Industry Summit (AFIS 2023)

Governor Brou took part in the third edition of the Africa Financial Industry Summit (AFIS), organized jointly by Jeune Afrique Media Group and the International Finance Corporation (IFC), on November 15 and 16, 2023 in Lomé. Bringing together financial sector leaders, regulators and public policymakers, the meeting offered BCEAO the opportunity to present its initiatives and share its perspectives on the critical issues facing the banking and financial system. Discussions covered a range of topics, including: placing the financial service industry at the heart of the success of the African Continental Free Trade Area (AfCFTA) project, building financial inclusion, ensuring sustainable financing of the economies, ensuring that the voice of the African financial industry is heard in international regulatory talks, and contributing to the development of a world-class African financial sector.

The Governor of the BCEAO spoke during the closing panel of Central Bank Governors on the following subject: "Monetary Unions: The Future of Africa at Stake?". His contribution focused on the potential benefits of a monetary union as well as the challenges to be overcome, such as macroeconomic convergence, fiscal discipline, and regional cooperation.

November 17, 2023

Audience granted to APBEF-Togo by the Governor of the BCEAO

While attending the Africa Financial Industry Summit (AFIS) in Lomé, BCEAO Governor Jean-Claude Kassi Brou held a working session with the professional association of banks and financial institutions of Togo (APBEF-Togo) on November 17, 2023.

The meeting, which took place at the BCEAO's main branch office, provided an opportunity to discuss a range of issues of interest to the banking profession.

November 21, 2023

Virtual meeting of Governors and Alternate Governors on the creation of a third African seat at the IMF

On November 21, 2023, a Central Bank delegation led by Governor Jean-Claude Kassi Brou took part in a videoconference on the creation of a third seat for Sub-Saharan Africa (SSA) on the IMF Executive Board. Co-chaired by the IMF Governors representing the Democratic Republic of the Congo (DRC) and Namibia respectively, the purpose of the meeting was to review the proposals put forward by the Ministerial Steering Committee set up to decide on the composition of the three seats. The criteria guiding the development of the three potential configurations were broken down into three options, highlighting the advantages and disadvantages of each option. Key principles included the need to take account of existing regional economic communities (RECs), geographical proximity between group member countries, group size, workload, and balance in terms of voting power.

The Governor of the BCEAO stressed the importance of solidarity as a guiding principle in the negotiations to determine the definitive makeup of the three seats. He advocated maintaining the principle of rotating seats to ensure balanced governance within the three future constituencies. He also stressed the need to take into account the size of the groups in order to distribute the workload fairly, particularly the number of countries on IMF programs and the balance of voting power between the three constituencies. At the end of the discussion, a general consensus emerged in favor of option 1, which focuses on regional grouping. The Governors all agreed that it was vital for the IMF to provide substantial human and financial resources to all three Sub-Saharan African constituencies.

At the end of the proceedings, the Co-Chair representing the DRC agreed with his peers that solidarity was more important than quotas and decided to focus his consultation solely on Option 1, which had been chosen by the majority.

November 22, 2023

Meeting between Governor Jean-Claude Kassi Brou and an APBEF delegation from Guinea-Bissau

As part of a working visit to Guinea-Bissau, Governor Jean-Claude Kassi Brou met with a delegation from the professional association of banks and financial institutions (APBEF) on November 22, 2023.

The meeting focused mainly on the distinctive features of the market in Guinea-Bissau, as well as concerns that had not been addressed in the regular meetings between the National Directors and the General Secretariat of the WAMU Banking Commission.

November 24, 2023

Meeting of the High-Level Committee on Peace and Security in the WAEMU region

The Governor of the BCEAO took part in a meeting of the High-Level Committee on Peace and Security in the WAEMU region, convened by the WAEMU Commission on November 24, 2023, in Dakar.

The meeting, chaired by His Excellency Macky Sall, President of the Republic of Senegal, reviewed a number of issues, including progress in implementing the measures adopted at the 5th meeting of the High-Level Committee on Peace and Security, the security situation in the WAEMU Member States, the progress report on the implementation of the Framework Agreement for Security and Intelligence Cooperation between WAEMU Member States, and the conclusions of the third edition of consultations on peace, security and development in border areas, held in Ouagadougou in September 2023.

November 24 and 28, 2023

Annual meetings between the General Secretariat of the WAMU Banking Commission and the heads of banking and microfinance institutions

On November 24 and 28, 2023, BCEAO Governor Jean-Claude Kassi Brou, Chair of the Banking Commission, opened the 3rd and 8th editions of the annual meetings of the General Secretariat of the WAMU Banking Commission, respectively with the main managers of large-scale decentralized financial systems (DFSs), and the General Managers of credit institutions and financial companies, organized by videoconference, following consultations with the Ministerial Monitoring Structures for microfinance institutions, on November 21, 2023.

Mr. Brou sent a message to the banking industry and microfinance operators regarding the measures to be taken to improve risk management and increase the soundness of the regulated entities. He also stressed the need to remedy the shortcomings identified in the application of regulatory provisions on money laundering and the financing of terrorism (AML/CFT), as well as regulations on external financial relations.

The meeting with the heads of large-scale microfinance institutions provided an opportunity to review the development of their activities, the main risks borne by such entities, and their level of compliance with applicable regulations.

The meeting with the banking community provided an opportunity to discuss the situation in the sector, the main issues arising from documentary and on-site inspections, and the expectations of the supervisory authority. Discussions also focused on the application of the Regulation on the external financial relations of the Union's Member States, and on the adoption of the regulatory framework on money laundering and the financing of terrorism.

November 27, 2023

Meeting of the High-Level Committee for the launch of the ECOWAS single currency (ECO)

On November 27, 2023, the Governor of the BCEAO took part in a meeting of the High-Level Committee for the launch of the ECO, organized by videoconference by the ECOWAS Commission. The purpose of the meeting was to discuss the practical details of the launch of the ECOWAS single currency, the ECO, in accordance with the guidelines set out by the 63rd Conference of ECOWAS Heads of State and Government. During the meeting, the participants reviewed the report of the technical sub-committee on the draft terms of reference of the High-Level Committee. The aim was to define the practical steps for the launch of the ECO and to study the memorandum on the creation of the currency.

December 10, 2023

64th Conference of Heads of State and Government of the WAMU Union

On December 10, 2023, Governor Jean-Claude Kassi Brou took part in the 64th Ordinary Session of the ECOWAS Conference of Heads of State and Government in Abuja. The meeting reviewed the economic performances of the ECOWAS countries in 2023, which were impacted by global economic conditions and inflation. It also took note of the interim report of the High-Level Committee in charge of practical arrangements for the launch of the ECO and encouraged the Committee to continue its work and present a detailed report at the 65th session of the Conference.

December 13, 2024

Audience granted to APBEF-Mali by the Governor of the BCEAO

Governor Jean-Claude Kassi Brou, on a working visit in Bamako, granted an audience to members of the bureau of the professional association of banks and financial institutions of Mali (APBEF-Mali), on December 13, 2023. The APBEF delegation was led by the Chair of the association, Ms. Aïssata Koné Sidibé.

The meeting focused in particular on issues linked to the financing of the banking system and the BCEAO's current structural projects, while providing an opportunity to take stock of the challenges facing the banks, as well as the future outlook.

OVERVIEW

3.2% (2023) 3.5% (2022)	5.3% (2023) 5.5% (2022)
The rate of growth in the global economy stood at 3.2% in 2023, down from 3.5% in 2022.	In the WAEMU Union, the GDP grew by 5.3% in 2023, after growth of 5.5% in 2022.

International situation

The global economy slowed down in 2023 compared with 2022, due to the lingering effects of the health and geopolitical crises and the Russian-Ukrainian conflict. The resulting inflationary pressures prompted central banks to tighten monetary policy, which also had recessionary effects on global economic activity. According to estimates published in April 2024 by the International Monetary Fund (IMF), the global economy grew by 3.2% in 2023, after 3.5% in 2022.

Although headline inflation was lower in 2023, it remained above target in almost all inflation-targeting countries. The global annual inflation rate averaged 6.8% in 2023, compared to 8.7% in 2022. The slowdown in inflation in 2023 was linked to the tightening of central banks' monetary policies and lower international commodity prices.

Reflecting the slowdown in economic activity and geopolitical tensions, global trade flows posted a slight increase of 0.4% in 2023, compared with 5.2% growth the previous year.

Economic activity and inflation in the WAEMU Union

Despite the global economic slowdown and the fragile socio-political and security climate in the West African sub-region, economic activity in the WAEMU Union remained buoyant overall in 2023. The Union's gross domestic product (GDP) grew by 5.3% in 2023, following a performance of 5.5% in 2022, thanks mainly to a buoyant tertiary sector, driven by strong performances in trade and services.

The average annual inflation rate was 3.7% in 2023, compared with 7.4% the year before. The price slowdown in 2023 can be explained primarily by the easing of pressures on food prices due to the strong performance of the 2022/2023 agricultural season (with a 16.9% increase in cereal production) and, to a lesser extent, the slight downturn observed in the "Housing" sector, as well as lower international prices for the main commodities imported by WAEMU countries.

3.7% (2023) 7.4% (2022)	5.2% (2023) 6.9% (2022)
The annual inflation rate in the Union stood at 3.7% in 2023, compared with 7.4% a year earlier.	The overall deficit, on an accrual basis, inclusive of grants, represented 5.2% of the GDP in 2023, compared with 6.9% in 2022.

State financial transactions

Budget execution in WAEMU member countries in 2023 showed an improvement in the budget deficit, due to a faster increase in budget revenues and grants than in public expenditure.

Budget revenues rose by 2,188.6 billion compared with the previous year, to stand at 20,111.3 billion at the end of December 2023. This increase was primarily due to higher tax revenues (up by 12.7%, in nominal terms, to reach 17,144.4 billion). Grants fell by 121.2 billion (-8.9%) to stand at 1,239.4 billion at the end of December 2023. As a result, the budgetary revenue and grants of the Union's Member States rose by 10.7% to reach 21,350.7 billion or 17.7% of the GDP.

Net expenditure and loans amounted to 27,578.8 billion, an increase of 662.6 billion (2.5%) compared with December 2022, due to the rise in current expenditure, partially offset by the decline in capital expenditure.

Under those conditions, the overall deficit (on an accruals basis, including grants) eased by 1,404.8 billion to settle at 6,228.1 billion at the end of December 2023, or 5.2% of the GDP, compared with 7,632.9 billion or 6.9% of the GDP in 2022.

Monetary policy: BCEAO key rates and refinancing

Business in 2023 was conducted against a backdrop of rising risks of renewed inflationary pressures, linked to growing international and regional uncertainties. The Monetary Policy Committee (CPM) therefore continued with the gradual increase in key rates initiated in June 2022. The main policy rate, which stood at 2.0% in June 2022, was gradually raised to 3.5% in December 2023, after six increases of 25 basis points (bps) each.

In keeping with the guidance provided by the CPM, the BCEAO has decided to resume normal operations at its windows since February 10, 2023. Accordingly, on the weekly and monthly windows, auctions are now conducted at variable rates, and the amounts offered are announced ahead of time in the tender notice, as was the practice prior to the pandemic.

On the weekly tender window, the amount injected reached 6,200.0 billion in December 2023, as against 6,558.4 billion one year previously. On the monthly tender window, the amount injected by the Central Bank dropped from 2,157.4 billion at the end of December 2022 to 675.0 billion one year later. Volumes auctioned through the special window for stimulus bonds (OdR) averaged 723.3 billion in 2023, compared with 438.8 billion in 2022. The support and resilience bond (BSR) window was closed on August 29, 2023, when the BSRs matured.

Total outstanding refinancing fell by 915.1 billion in one year to stand at 8,440.8 billion at the end of December 2023. The Central Bank's liquidity injections, including government security repurchases on the secondary market, increased by 1,023.6 billion.

Interbank market transactions

The volume of cash exchanges increased on the WAMU interbank market. There was also an increase in the weighted average interest rate on one-week transactions. Rates rose in response to the gradual increase in marginal lending rates and minimum bid rates by the BCEAO. The average volume of transactions across all maturities was CFA F 704 billion in 2023, compared with CFA F 595 billion in 2022, representing an 18% increase. In terms of the cost of funds, the weighted average interest rate for the one-week segment rose from 2.87% in 2022 to 5.37% in 2023.

<p>CFA F -3,530.4 billion (2023)</p>	<p>CFA F 11,669.4 billion (2023)</p>
<p>CFA F -3,343.1 billion (2022)</p>	<p>CFA F 11,428.0 billion (2022)</p>
<p>The overall balance of payments showed a deficit of CFA F 3,530.4 billion, compared with a deficit of 3,343.1 billion in 2022.</p>	<p>As at December 31, 2023, the total amount of banknotes and coins in circulation stood at CFA F 11,669.4 billion, compared with CFA F 11,428.0 billion a year earlier.</p>

Balance of payments

In 2023, the overall balance of foreign trade deteriorated as a result of the 41.3% decline in capital inflows, attenuated by the easing of the current account deficit, which stood at 7.5% of the GDP, an improvement of 2.4 points over 2022. The overall balance of payments showed a deficit of CFA F 3,530.4 billion, compared with a deficit of 3,343.1 billion in 2022.

Monetary situation

In conjunction with trends in its counterparts, the money supply grew by 1,616.3 billion or 3.5%, to stand at 47,778.4 billion at the end of December 2023. This increase in overall liquidity was reflected in a rise of 1,280.8 billion or 3.6% in deposits and 335.5 billion or 3.2% in currency outside banks, which stood at 10,673.2 billion.

Net external assets of monetary institutions dropped by 3,308.8 billion to stand at 1,149.2 billion at the end of December 2023. The monetary issue coverage rate stood at 56.3% and 3.5 months of imports of goods and services in 2023, compared with 63.4% and 4.3 months the previous year.

Outstanding domestic claims rose by 6,309.6 billion or 12.2% compared to their level at the end of December 2022, reaching 58,069.6 billion at the end of December 2023. This development was due to the combined impact of the consolidation of net claims on central governments (CGs) and claims on other resident sectors of the economies of the Union.

Banks' net claims on central governments increased by 28.8 billion, i.e., an increase of 0.2%. In particular, their outstanding portfolio of government securities increased by 1.0% in 2023, from 17,637.7 billion to 17,819.1 billion. The BCEAO recorded an increase of 3,341.2 billion in net claims (+106.8%), due in particular to purchases of government securities (1,938.7 billion) during the special government securities repurchase operation on the secondary market, as well as IMF assistance to governments (+936.8 billion).

In addition, the rate of increase in claims by deposit-taking institutions on resident sectors of the economy other than the central government slowed to 9.4% in 2023, after 14.4% in 2022. This trend is associated with the continuing momentum of economic activity in WAEMU countries, despite the monetary policy measures implemented to combat inflationary pressures.

Management of banknotes and coins

Movements of bills and coins through BCEAO windows totaled CFA F 49,143.0 billion in 2023. Banknote withdrawals amounted to CFA F 24,678.0 billion, while deposits through BCEAO windows stood at CFA F 24,449.2 billion in 2023. Over the same period, coin outflows through bank windows amounted to CFA F 14.2 billion, while coin inflows came to CFA F 1.6 billion. As at the end of December 2023, the total amount of banknotes and coins in circulation stood at CFA F 11,669.4 billion, compared with CFA F 11,428.0 billion a year earlier.

Member State relations with the IMF

Transactions carried out by the BCEAO and the IMF on behalf of WAEMU Member States culminated in net inflows of resources totaling SDR 1,085.44 million (CFA F 878.78 billion) in 2023, versus SDR 388.04 million (CFA F 328.82 billion) the year before. This increase was due to the significant rise in the volume of drawdowns, which amounted to SDR 1,546.96 million (CFA F 1,251.28 billion), compared to only SDR 586.78 million (CFA F 486.51 billion) the previous year. Repayments increased by SDR 205.51 million, from SDR 183.96 million (CFA F 145.74 billion) to SDR 389.46 million (CFA F 314.43 billion). In 2023, none of the Union's countries were eligible for debt relief.

Monetary cooperation within ECOWAS

With regard to regional integration, the 2023 assessment of Member States' macroeconomic performance, pursuant to the provisions of the ECOWAS Convergence Pact adopted in June 2021, revealed that no Member State had met all the first-tier macroeconomic convergence criteria, due in particular to persistently high budget deficits, accelerating inflation and dwindling foreign exchange reserves in most countries of the region.

However, among the significant advances recorded during 2023 in the framework of the ECOWAS Single Currency Program, it is worth mentioning the acceleration of the implementation of the activities identified in the roadmap for the launch of the Eco, adopted on June 19, 2021, in Accra, Ghana. In this connection, the BCEAO chaired the ordinary sessions of the Committee of

Governors of the Central Banks of the ECOWAS Member States, during which the following proposals were adopted: criteria for setting up the ECOWAS Payment and Settlement System infrastructure, the distribution of the initial capital of the future West African Central Bank among the Member States, the foreign exchange reserves to be pooled for the region's future monetary union and their distribution, and the endowment of the community solidarity and stabilization fund.

Operations of the Central Bank

During the 2023 financial year, the Organs of the Union held their meetings in conformity with the provisions of the Treaty of January 20, 2007, establishing the West African Monetary Union and the Statutes of the Central Bank of West African States. The Conference of Heads of State and Government of the Union held two extraordinary sessions in 2023. The Council of Ministers of the Union held four ordinary sessions. The Monetary Policy Committee of the BCEAO held four ordinary meetings. The Board of Directors of the BCEAO held two ordinary meetings.

As at December 31, 2023, the total number of BCEAO staff stood at 3,414 compared with 3,401 on December 31, 2022. The figure included 3,348 active staff members deployed on BCEAO sites, and 66 staff members on secondment or leaves of absence. Women made up 38.5% of the total workforce.

I - INTERNATIONAL ECONOMIC DEVELOPMENT AND ECONOMIC TRENDS WITHIN WAEMU

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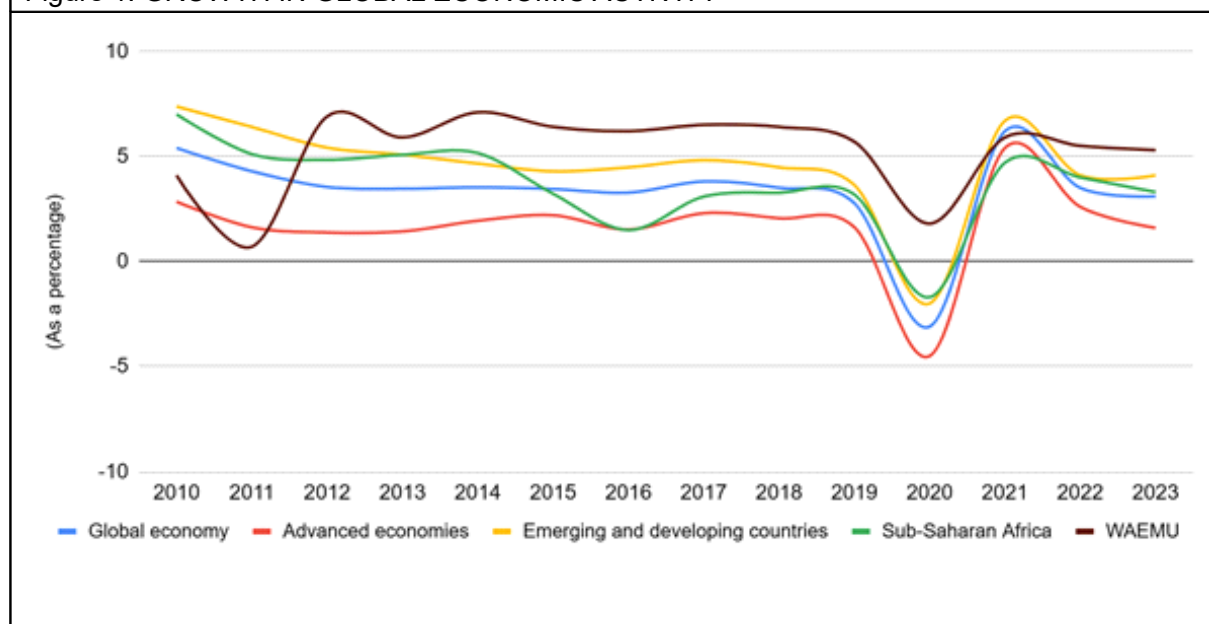
1.1 - INTERNATIONAL ECONOMIC ENVIRONMENT

GLOBAL ECONOMY	ADVANCED ECONOMIES
3.2% (2023)	1.6% (2023)
3.5% (2022)	2.6% (2022)
3.2% growth in 2023, compared to 3.5% in 2022	1.6% growth in 2023, compared to 2.6% in 2022
EUROZONE	EMERGING AND DEVELOPING COUNTRIES
0.4% (2023)	4.3% (2023)
3.4% (2022)	4.1% (2022)
0.4% growth in 2023, compared to 3.4% in 2022	4.3% growth in 2023, compared to 4.1% in 2022
CHINA	SUB-SAHARAN AFRICA
5.2% (2023)	3.4% (2023)
3.0% (2022)	4.0% (2022)
5.2% growth in 2023, compared to 3.0% in 2022	3.4% growth in 2023, compared to 4.0% in 2022

The international economic and financial environment was marked by a global slowdown in production. The slower pace of economic activity in 2023 reflects a number of shocks: monetary policy tightening to curb inflation, which has led to more difficult financing conditions; geopolitical shocks, such as the conflicts in the Middle East and Ukraine; and extreme weather events. According to International Monetary Fund (IMF) estimates¹, the global economic growth rate stood at 3.2% in 2023, after an increase of 3.5% recorded in 2022.

¹: January 2024

Figure 1: GROWTH IN GLOBAL ECONOMIC ACTIVITY



Sources: World Bank, IMF, OECD

1.1.1 - GROWTH IN INDUSTRIALIZED ECONOMIES

Year	USA	EUROZONE	UK	JAPAN
2023	2.5%	0.4%	0.1%	1.9%
2022	1.9%	3.4%	4.3%	1.0%

Source: IMF

Growth in advanced economies rang in at 1.6% in 2023, down from 2.6% in 2022. In the United States, economic activity progressed by 2.5% in 2023, after actual growth of 1.9% in 2022. The improvement in the country's economy can be ascribed to wage increases due to tensions in the labor market, which have supported consumer spending, as well as a recovery in exports and public spending.

In the Eurozone, gross domestic product (GDP) growth plummeted from 3.4% in 2022 to 0.4% in 2023, reflecting relatively high levels of vulnerability to the war in Ukraine, as well as tighter financial conditions that have weighed on corporate and household investment and consumption.

1.1.2 - EMERGING AND DEVELOPING COUNTRIES

EMERGING ECONOMIES				
Year	CHINA	INDIA	BRAZIL	RUSSIA
2023	5.2%	7.8%	2.9%	3.6%
2022	3.0%	7.2%	3.0%	-1.2%

SUB-SAHARAN AFRICA				
Year	NIGERIA	SOUTH AFRICA	GHANA	CEMAC
2023	2.9%	0.6%	2.3%	2.5%
2022	3.3%	1.9%	3.1%	2.8%

Sources: IMF, World Bank, BEAC

In emerging and developing countries, the growth rate stood at 4.3% in 2023, compared with 4.1% in 2022. In China, growth accelerated from 3.0% in 2022 to 5.2% in 2023, in connection

with the internal momentum of the Chinese economy, as well as increased public spending on capacity-building to cope with natural disasters. The Indian economy showed a growth rate of 7.8% in 2023 compared to 7.2% in 2022. In Brazil, the growth rate stood at 2.9% in 2023, after reaching 3.0% in 2022. The Russian economy was buoyed by high military spending and private consumption, driven by wage growth in a tight labor market. As a result, the country recorded 3.6% growth in its GDP in 2023, following a contraction of 1.2% in 2022.

In sub-Saharan Africa, GDP growth stood at 3.4% in 2023, after rising by 4.0% in 2022. This relatively strong growth reflects the resilience of the economies of sub-Saharan Africa, despite conflict, the adverse effects of climate change and continuing global economic uncertainty. In Nigeria, the pace of growth in production slowed from 3.3% in 2022 to 2.9% in 2023, mainly due to problems in the oil sector. In South Africa, the economy experienced a smaller increase in its GDP, with a growth rate of 0.6% in 2023 after an increase of 1.9% in 2022. The slowdown in growth in South Africa was due to worsening electricity shortages and tightening of austerity policies aimed at curbing inflation, combined with falling commodity prices on world markets.

Reflecting the slowdown in economic activity, global trade flows posted a slight increase of 0.3% in 2023, compared with 5.2% growth the previous year. The slower pace of growth in trade has swept across emerging and developing countries (+0.6% in 2023 vs. +3.7% in 2022) as well as advanced economies (+0.3% in 2023, after +6.1% in 2022).

1.1.3 - FINANCIAL AND COMMODITIES MARKETS

As for the financial markets, the main stock markets showed upward trends due to the solid performance of the US economy and anticipation of the end of the cycle of monetary policy tightening by central banks in advanced countries.

On average, the MSCI World Index improved by 4.3% compared to its average value in 2022, reaching 2,874.4 points. In the United States, the New York Stock Exchange's Dow Jones index rose by 3.8% in 2023 over the previous year, while the Nasdaq technology sector index rose by 6.0%. In the euro zone, the EuroStoxx 50 index rose by 13.6% compared to its average level in 2022, reaching 4,275.7 points in 2023.

In the United Kingdom, the FTSE 100 index rose by 3.5% to an average level of 7,619.9 points in 2023. Similarly, in Japan, the NIKKEI 225 index rose by 12.4% to reach an average level of 30,646.7 points in 2023.

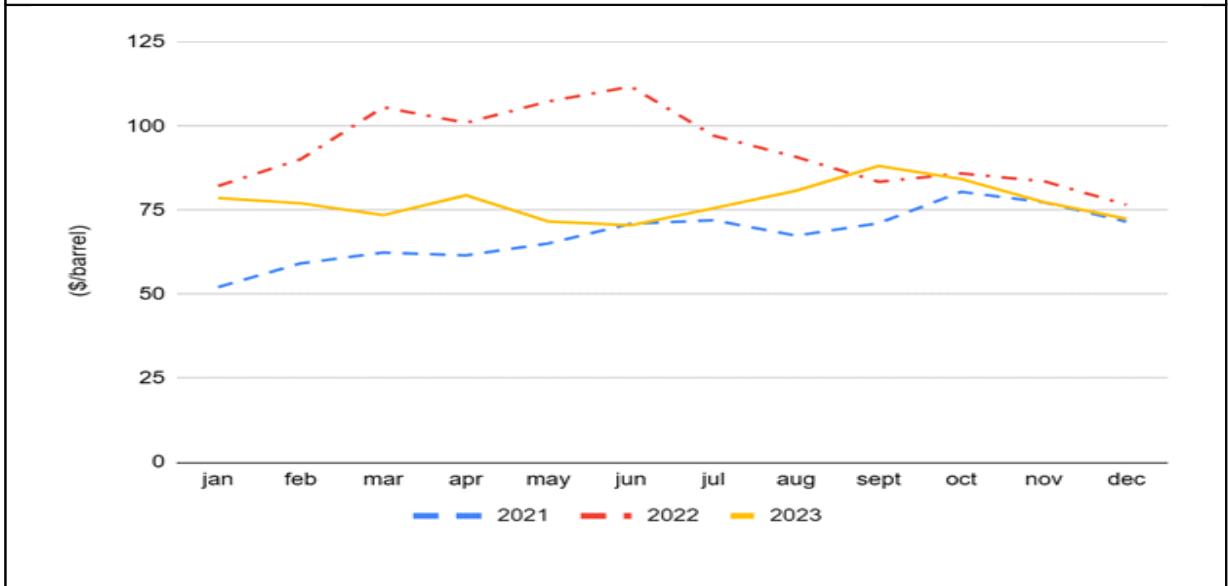
African stock market indices showed upward trends over the course of 2023, with the exception of Morocco's MASI and the WAEMU zone's BRVM composite indices, which declined by 8.0% and 1.2% year-on-year, respectively. Nigeria's NSE index rose by 25.5% to reach 60,931.0 points in 2023. Ghana's GSE index rose by 10.0% in 2023 relative to its average value in 2022. South Africa's FTSE index rose by 2.2% to stand at 3,880.3 points in 2023.

Prices of commodities exported by the Union's countries continued to rise, in line with dwindling supplies due to the adverse effects of the El Niño weather phenomenon. Prices of imported basic foodstuffs, meanwhile, fell back, driven by increased availability. The index of the Union's main export products, as calculated by the BCEAO, showed a slight increase of 0.9% in 2023, after +11.5% in 2022. The price index for the main imported food products was down (-7.6% in 2023, after +35.9% in 2022).

The rise in world prices for the primary commodities exported by the Union applied chiefly to non-energy products such as cocoa (+37.5%), uranium (+19.9%), phosphates (+17.6%), coffee (+15.6%), zinc (+7.9%) and gold (+7.9%). In contrast, prices for vegetable oils (-30.3%), cotton (-23.2%), rubber (-22.6%), cashew nuts (-21.5%) and energy products, particularly gas (-57.3%) and oil (-15.5%), weakened over the period.

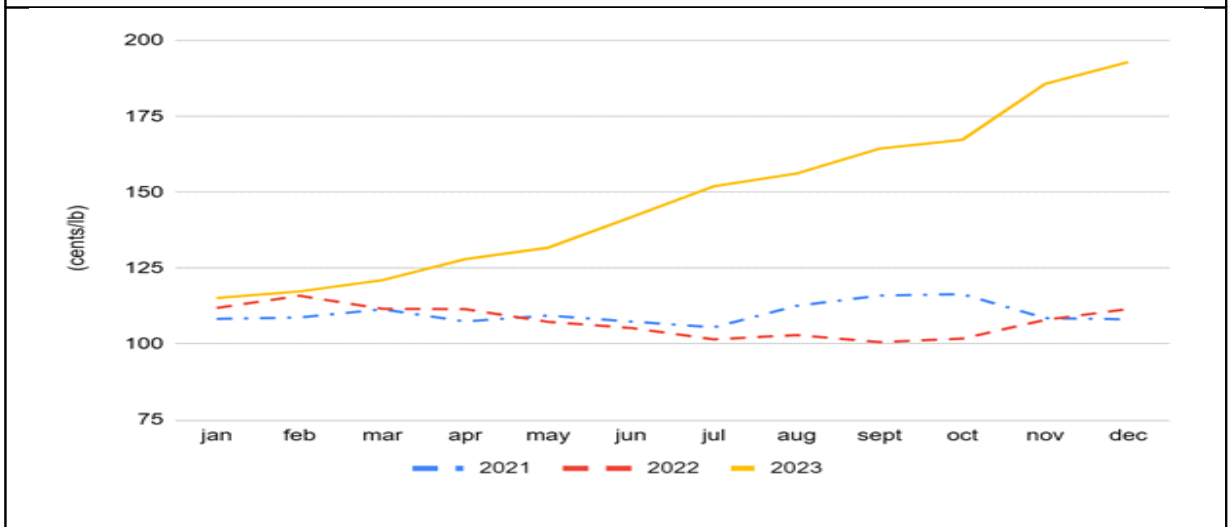
The decline in imported commodity prices applied to all products, with the exception of sugar (+15.0%) and rice (+2.3%). The sharpest price drops were for wheat (-28.2%), milk (-22.2%) and soybean oil (-18.9%).

Figure 2: TRENDS IN OIL PRICES (NYMEX)



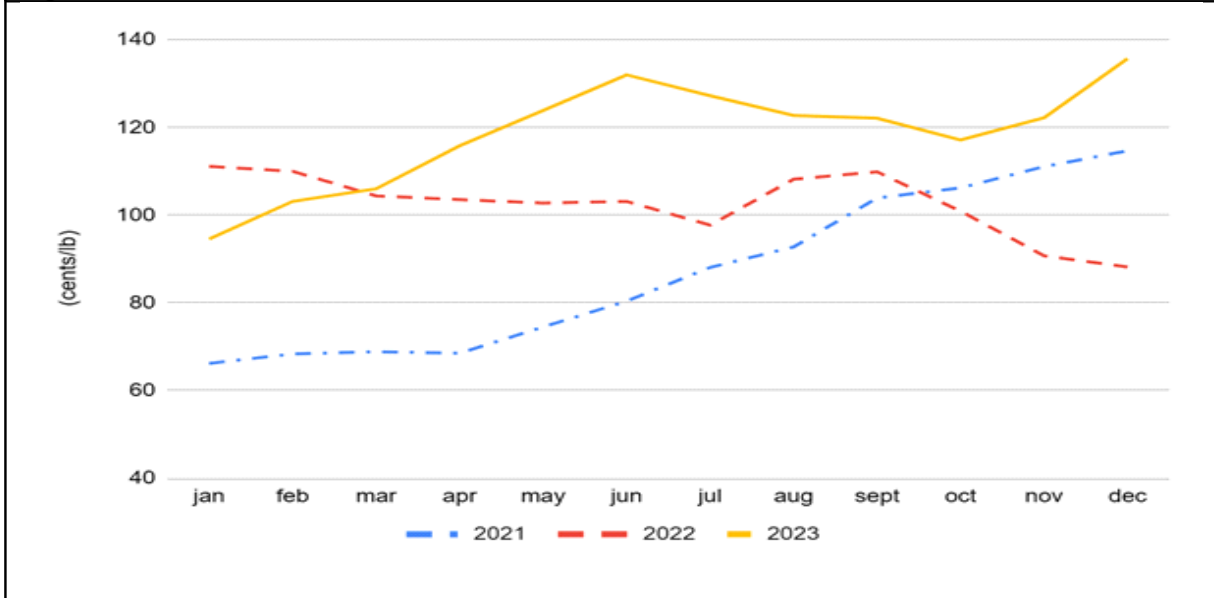
Sources: Reuters, BCEAO

Figure 3: TRENDS IN COCOA PRICES



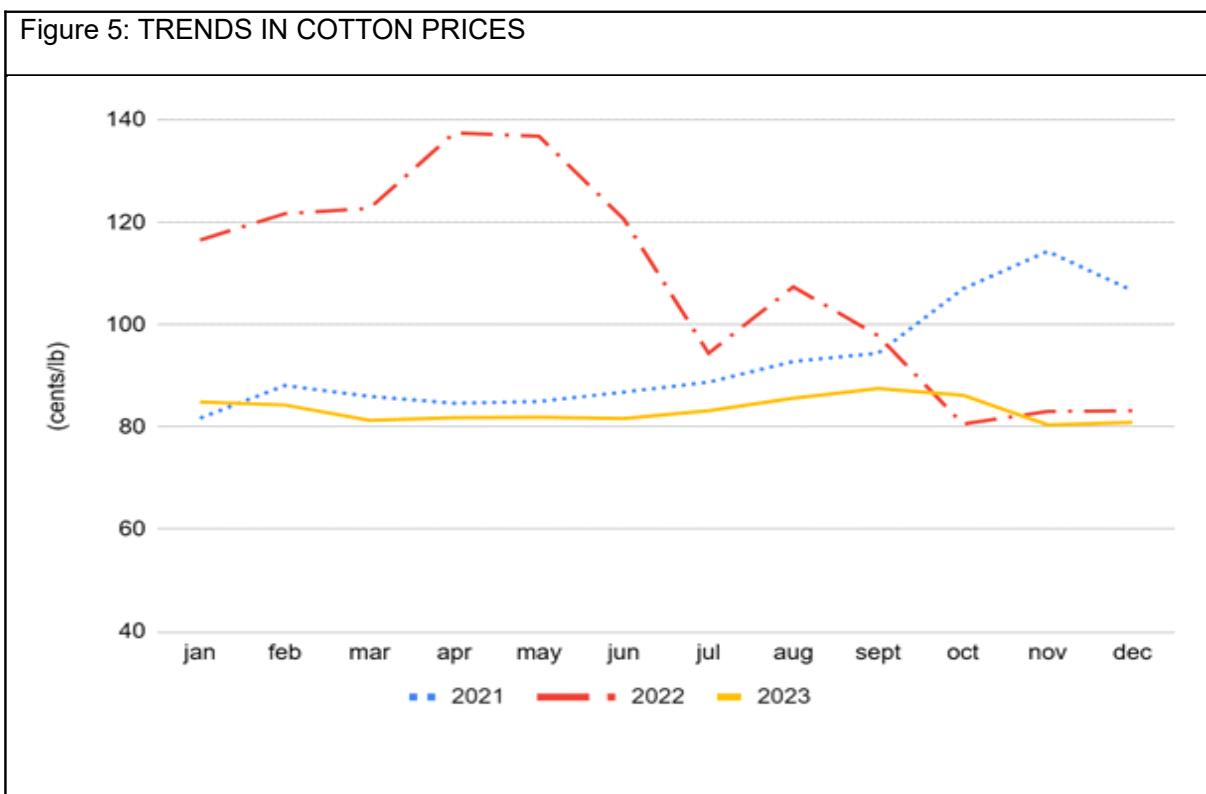
Sources: Reuters, BCEAO

Figure 4: TRENDS IN COFFEE PRICES



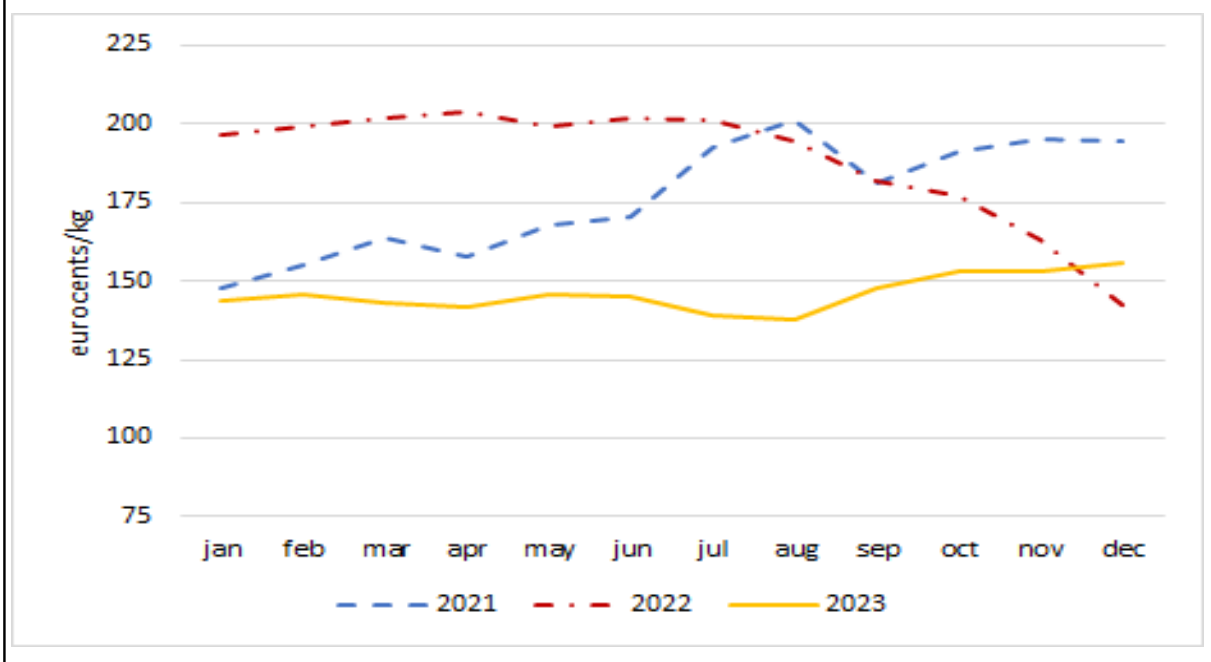
Sources: Reuters, BCEAO

Figure 5: TRENDS IN COTTON PRICES



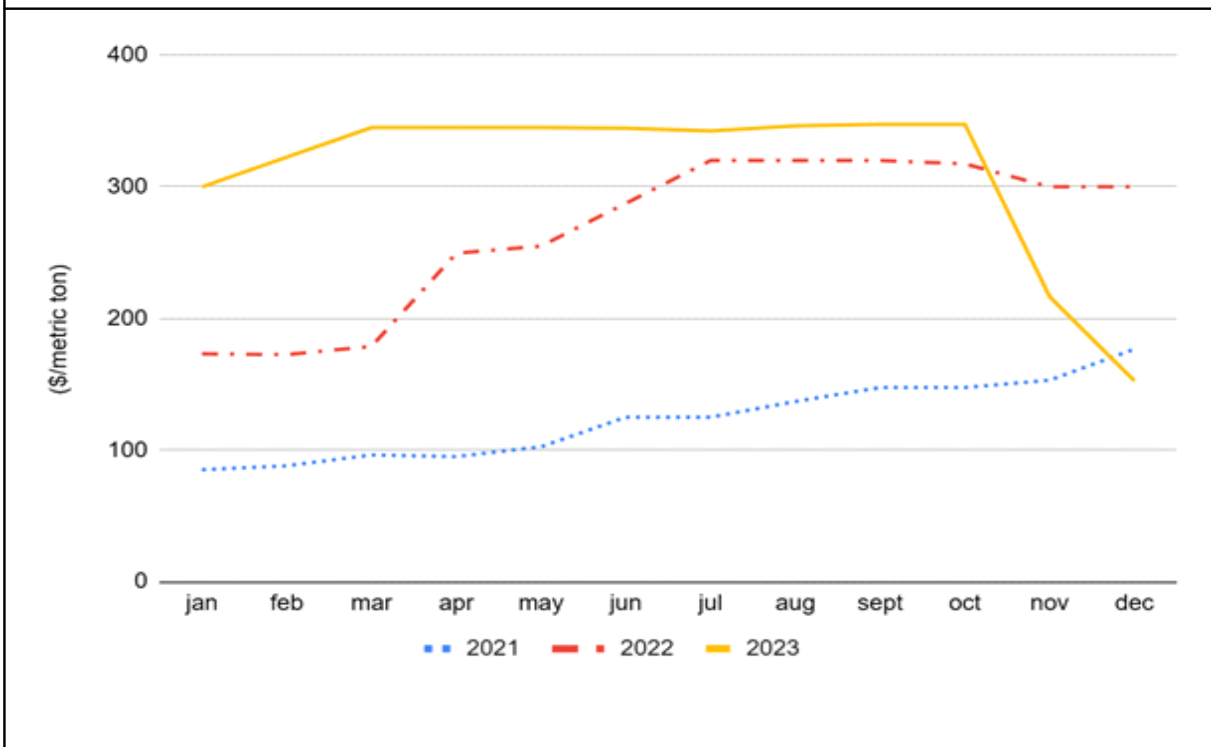
Sources: Reuters, BCEAO

Figure 6: TRENDS IN RUBBER PRICES



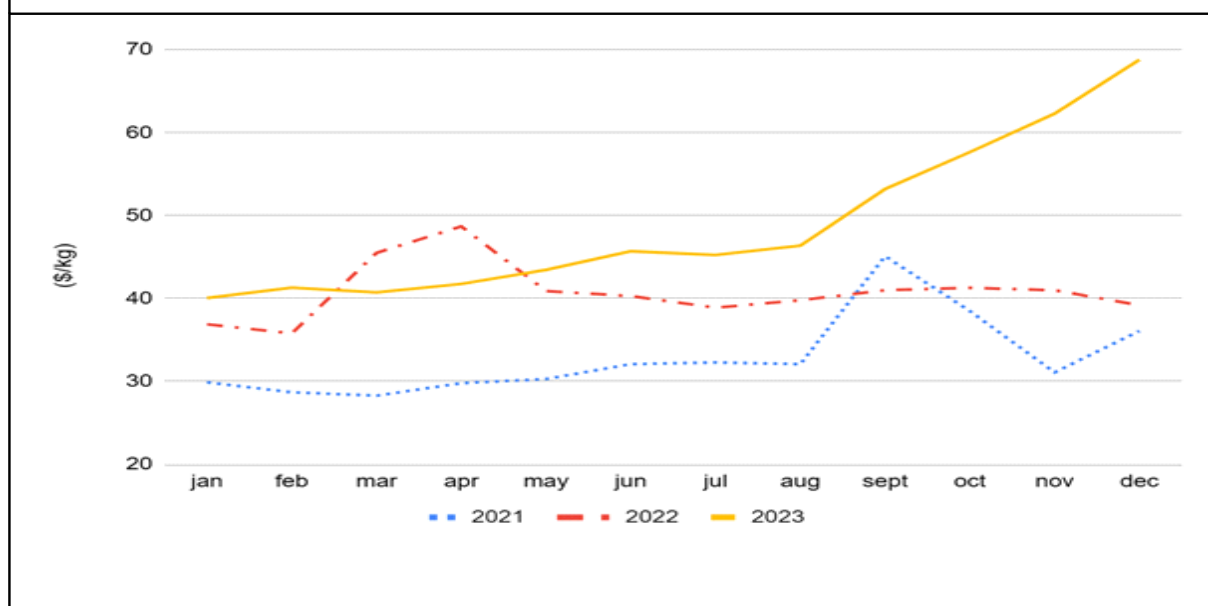
Sources: Reuters, BCEAO

Figure 7: TRENDS IN PHOSPHATE PRICES



Sources: Reuters, BCEAO

Figure 8: TRENDS IN URANIUM PRICES



Sources: Reuters, BCEAO

1.1.4 - EMPLOYMENT AND INFLATION

--> LOWER INFLATION, DRIVEN BY FALLING INTERNATIONAL COMMODITY PRICES AND THE IMPACT OF MONETARY POLICY TIGHTENING MEASURES.

--> CONTRASTING TRENDS IN UNEMPLOYMENT RATES IN INDUSTRIALIZED COUNTRIES.

--> HEADLINE INFLATION OF 6.8% IN 2023 COMPARED TO 8.7% IN 2022.

--> DROP IN THE AVERAGE INFLATION RATE IN EMERGING AND DEVELOPING COUNTRIES (+8.4% IN 2023 COMPARED TO +9.8% IN 2022).

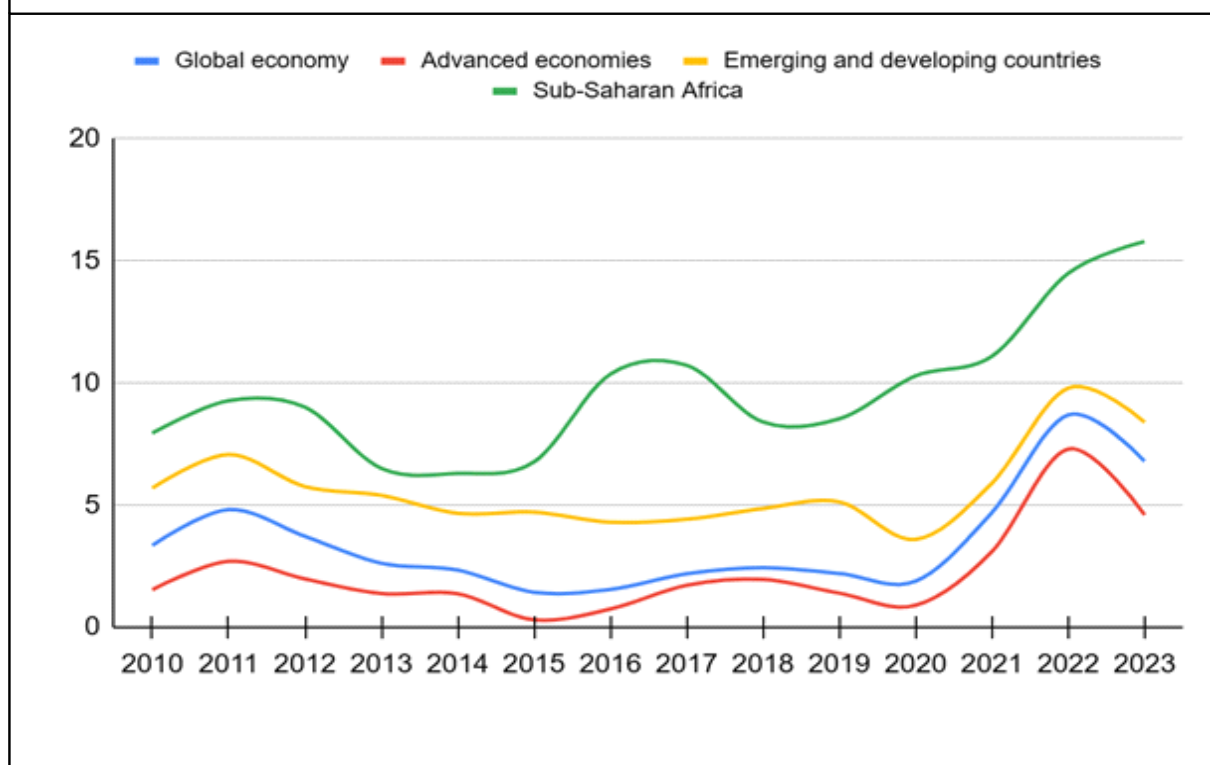
--> THE INFLATION RATE IN SUB-SAHARAN AFRICA REMAINED HIGH, AT 15.8% IN 2023 AFTER 14.5% IN 2022.

In 2023, the unemployment rate showed contrasting trends across most of the major industrialized countries. In the United States, the unemployment rose from 3.5% in December 2022 to 3.7% in December 2023, an increase of 0.2 percentage point. In the Eurozone, the unemployment rate fell by 0.2 percentage point to reach an all-time low of 6.4% in December 2023.

Headline inflation declined over the course of 2023, while remaining above target in virtually all inflation-targeting countries. Disinflation in 2023 reflected the drop in international commodity prices induced by measures designed to address supply-side issues, as well as the impact of monetary policy tightening measures.

In industrialized countries, the inflation rate stood at 4.6% in 2023, against 7.3% in 2022, above the target rates set by central banks. It averaged 8.4% in 2023 in emerging and developing countries, after a level of 9.8% in 2022, owing to measures designed to address supply-side issues and the impact of monetary policy tightening measures. In sub-Saharan Africa, inflation stood at 15.8% in 2023, mainly due to Ghana and Nigeria. Inflationary pressures in Africa were mainly ascribable to factors such as supply chain disruptions and geopolitical tensions, loss of foreign exchange reserves, the appreciation of the dollar, and capital outflows.

Figure 9: TRENDS IN THE INFLATION RATE (ANNUAL AVERAGE %)



Source: BCEAO

1.1.5 - MONETARY POLICY MEASURES AND FOREIGN EXCHANGE MARKETS

CONTINUATION OF MONETARY POLICY NORMALIZATION MEASURES		APPRECIATION OF THE EURO AGAINST MAJOR CURRENCIES IN 2023		UPWARD TREND IN THE CFA FRANC ON THE WEST AFRICAN MARKET
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The monetary policy stance of the world's major central banks was generally restrictive in 2023. Central banks in advanced economies, with the exception of the Bank of Japan, maintained their key rates at high levels, with a view to curbing rising inflation, which remained above the targets of most central banks. In emerging and developing economies, central banks also continued to tighten their monetary policy in response to persistent inflationary pressures.

The US Federal Reserve (Fed) raised the federal funds rate target range by 100 basis points (bps) in the course of 2023, to reach a range of 5.25% to 5.50%, its highest level in 23 years. At its last four meetings, the Fed kept its rates unchanged.

The European Central Bank (ECB) also continued the normalization of its monetary policy throughout 2023, cumulatively raising its interest rates by 200 bps. Interest rates on the main refinancing operations, marginal lending facilities and deposit facilities stood at 4.50%, 4.75%, and 4.00% respectively at the end of December 2023. At its final meeting of the year on December 14, 2023, the ECB kept its main key rate unchanged at 4.50% and announced the rapid conclusion of its latest bond-buying program, as part of efforts to combat high inflation.

On December 14, 2023, the Bank of England (BoE) left its key interest rate unchanged at 5.25% to combat inflation. The BoE stressed the likely need for an extended period of restrictive monetary policy to curb inflation, as well as the possibility of further tightening if inflationary pressures persisted. The BoE raised its key rate by 175 bps over the course of 2023, from 3.50% in December 2022 to 5.25% in December 2023.

At its meeting on December 19, 2023, the Bank of Japan (BoJ) maintained its short-term interest rate at -0.10%. The Bank also authorized a range of -1.0% to 1.0% for 10-year yields, as part of its yield curve control (YCC) policy.

This decision came as the BoJ struggled to maintain a balance between supporting the Japanese economy, reducing the weakness of the yen and combating higher levels of inflation.

In emerging countries, the main central banks continued to tighten their monetary policy, keeping rates high, with the exception of China and Brazil.

The Reserve Bank of India (RBI) carried on with the normalization of its monetary policy in 2023. However, the RBI raised its key rate only once during the year, by 25 bps, to reach 6.50%. At its meeting on December 8, 2023, the institution kept its key rate unchanged at 6.50% for the fifth consecutive time, due to an increase in annual inflation, which stood at 5.7% in December 2023. The People's Bank of China (PBoC) kept its main interest rate unchanged at its last two meetings of 2023, as part of its continued efforts to support economic recovery. Thus, the one-year loan prime rate (LPR), which is the medium-term lending facility used for loans to businesses and households, remained unchanged at a record level of 3.45%. For 2023 as a whole, the PBoC's monetary policy stance was accommodative, with rates falling cumulatively by 20 bps to stand at 3.45%. The Brazilian Central Bank cut its key rate four times in 2023, by a cumulative 200 bps, from 13.75% at the end of 2022 to 11.75% at the end of 2023. It also noted that the full extent of the easing cycle over time would depend on factors such as inflationary dynamics, long-term expectations, inflation projections, the output gap and the balance of risks. The Central Bank of Russia launched a cycle of monetary policy tightening, with a cumulative increase of 850 bps over the year 2023. The main key rate was raised from 7.50% at the end of December 2022 to 16.00% at the end of December 2023. This move was prompted by continuing expectations of rising inflation for consumers and businesses, which could lead to an untenable rise in prices. The Bank also announced that its monetary policy would remain restrictive for an extended period of time in order to counter growing inflationary pressures.

As regards the WAEMU Union's trading partners in the West African sub-region, the Central Bank of Nigeria (CBN) increased its key rate by 225 bps in 2023, to stand at 18.75%, the level in force since July 25, 2023. In Ghana, the Bank of Ghana (BoG) raised its key interest rate by 200 bps to 30.00% in July 2023, in a bid to curb inflation, which stood at 23.2% in December 2023. In the CEMAC zone, the BEAC kept its key rates unchanged at its Monetary Policy Committee meeting on December 12, 2023. Interest rates on tenders, the marginal lending facility and the deposit facility stood at 5.00%, 6.75% and 0.00%, respectively. Over the year 2023, these rates were raised by 50 bps.

On foreign exchange markets, the euro appreciated against the major currencies in 2023, reflecting the narrowing of the one-year interest rate differential with the US during the year and an improvement in foreign trade. The exchange rate index for the euro, as calculated by the ECB, rose by 4.8%. The euro exchange rate rose by 2.6%, reaching 1.0816 US dollar in 2023. The Eurozone currency also rose against the Japanese yen (+10.1%), the Australian dollar (+7.3%), the Canadian dollar (+6.5%), and the pound sterling (+2.0%). The euro also gained value against the currencies of emerging countries. It improved by 29.3% against the Russian ruble, 15.9% against the South African rand, 8.2% against the Chinese yuan, and 8.0% against the Indian rupee. However, the euro weakened against the Swiss franc (-3.3%).

On the West African market, the WAEMU currency rose against the Nigerian naira (+55.5%), the Ghanaian cedi (+38.5%), the Sierra Leonean leone (+27.3%), the Liberian dollar (+17.3%), and the Gambian dalasi (+12.6%) over the course of the year. On average over the year, CFA F 1,000 was traded for 18.12 Ghanaian cedis, 99.96 Gambian dalasis, 28,511.15 Sierra Leonean leones, 288.25 Liberian dollars, 14,030.98 Guinean francs and 1,056.81 Nigerian naira.

Table 1: TREND IN ANNUAL AVERAGE EXCHANGE RATES (AMOUNT OF FOREIGN CURRENCY PER CFA F 1,000)

Currency	Code	2022	2023	Change (%)*
Special drawing rights	SDRs	1.20	1.24	3.0
US dollar	USD	1.61	1.65	2.6
Swiss franc	CHF	1.53	1.48	-3.3
Pound sterling	GBP	1.30	1.33	2.0
Japanese yen	JPY	210.39	231.63	10.1
Chinese yuan	CNY	10.79	11.68	8.2
Russian ruble	RUB	108.93	140.82	29.3
Indian rupee	INR	126.10	136.17	8.0
Gambian dalasi	GMD	88.80	99.96	12.6
Ghanaian cedi	GHS	13.09	18.12	38.5
Guinean franc	FGN	13,982.83	14,030.98	0.3
Liberian dollar	LRD	245.67	288.25	17.3
Nigerian naira	NGN	679.44	1,056.81	55.5
Sierra Leonean leone	SLL	22,405.50	28,511.15	27.3

Sources: WAMA, Banque de France, IMF, BCEAO

* The (-) sign indicates a depreciation of the CFA franc compared to the foreign currency

Table 2: TREND IN QUARTERLY AVERAGE EXCHANGE RATES (AMOUNT OF FOREIGN CURRENCY PER CFA F 1,000)

Currency	Code	1st quarter		2nd quarter		3rd quarter		4th quarter	
		2022	2023	2022	2023	2022	2023	2022	2023
Special drawing rights	SDRs	1.23	1.22	1.20	1.24	1.17	1.25	1.19	1.24
US dollar	USD	1.71	1.64	1.62	1.66	1.54	1.66	1.56	1.64
Swiss franc	CHF	1.58	1.51	1.57	1.49	1.48	1.47	1.50	1.45
Pound sterling	GBP	1.28	1.35	1.29	1.33	1.31	1.31	1.33	1.32
Japanese yen	JPY	198.88	216.44	210.59	227.96	212.20	239.70	219.87	242.44
Chinese yuan	CNY	10.86	11.19	10.73	11.65	10.52	12.02	11.06	11.85
Russian ruble	RUB	135.16	119.72	109.92	134.97	92.33	156.35	98.33	152.23
Indian rupee	INR	128.69	134.54	125.36	136.44	122.48	137.17	127.85	136.55
Gambian dalasi	GMD	89.86	99.58	88.61	98.67	86.26	99.32	90.48	102.27
Ghanaian cedi	GHS	11.01	17.16	11.61	18.18	12.31	18.29	17.42	18.85
Guinean franc	FGN	15,306.09	13,954.71	14,103.52	14,127.86	13,227.79	14,110.34	13,293.90	13,930.99
Liberian dollar	LRD	260.63	258.19	246.94	279.42	235.97	307.78	239.12	307.59
Nigerian naira	NGN	711.11	749.03	674.97	812.70	646.78	1,271.43	684.90	1,394.06
Sierra Leonean leone	SLL	19,736.38	30,894.26	20,660.19	27,651.22	21,533.78	28,354.66	27,691.63	27,144.43

Sources: WAMA, Banque de France, IMF, BCEAO

1.2 - ECONOMIC AND FINANCIAL TRENDS IN WAEMU MEMBER STATES

REAL GDP GROWTH RATE IN THE UNION:	5.3% (2023)	5.5% (2022)
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1.2.1 - GROSS DOMESTIC PRODUCT

Economic activity in the WAEMU Union remained buoyant overall in 2023, despite the global economic slowdown and the fragile socio-political and security climate in the West African sub-region. According to available recent estimates, the GDP in the Union grew by 5.3% in 2023, after 5.5% in 2022. Economic growth was driven in particular by the tertiary sector (3.5 percentage points (pps)), reflecting the robust performances of trade and services. The contribution of the

secondary sector to economic growth is estimated at 1.3 pp in 2023, after real growth of 0.8 pp in 2022. The sector's renewed vitality reflects increased production in the extractive (0.1 pp) and manufacturing (0.7 pp) industries, as well as growth in the "Public Works and Civil Engineering" sub-sector (0.3 pp). The contribution of the primary sector represented 0.5 pp, under the impetus of increased agricultural production during the 2023/2024 growing season.

In terms of GDP uses, economic growth in 2023 was essentially driven by final consumption (4.5 points) and capital expenditure (2.4 points). The substantial contribution made by capital expenditure can be ascribed to the implementation of a number of major projects, notably in Côte d'Ivoire, in connection with the construction of infrastructure for the African Cup of Nations to be held in 2024, as well as in Senegal, with a view to the completion of oil and gas projects. The contribution of the external sector is estimated at -1.6 point, down by 0.2 point, due in particular to the decline in the contribution of exports, which dropped from 5.5 points in 2022 to -0.4 point in 2023.

Table 3: TRENDS IN CONTRIBUTIONS TO GROSS DOMESTIC PRODUCT GROWTH IN THE UNION (IN PERCENTAGE POINTS)

	2021	2022 (1)	2023 (2)	Variation (2)-(1)
Primary sector	0.5	1.6	0.5	-1.1
Secondary sector	1.0	0.8	1.3	0.5
incl.				
- Manufacturing industries	0.5	0.4	0.7	0.3
- Extractive activities	0.2	-0.1	0.1	0.2
- Public works and civil engineering	0.2	0.4	0.3	-0.1
Tertiary sector	4.5	3.1	3.5	0.4
Real GDP	6.0	5.5	5.3	-0.2
Final consumption	4.4	4.2	4.5	0.3
CapEx	2.3	2.7	2.4	-0.3
External sector	-0.7	-1.4	-1.6	-0.2
incl.				
- Exports of goods and services	3.0	5.5	-0.4	-5.9

Sources: National departments, BCEAO

1.2.1.1 - Agricultural production

FOOD CROP PRODUCTION: 78,665,729 METRIC TONS, UP BY 2.3%

Based on available estimates, food crop production in the Union stood at 78,665,729 metric tons (mt) in the 2023/2024 growing season, up 2.3% compared to the previous crop year.

This trend was due to the increase in production of cereals (+648,278 mt, or +2.0 %) and tubers (+1,343,570 mt, or +5.0%). Compared to the average of the previous five crop years, harvests for the 2023/2024 crop year showed an increase of 11.5%.

In terms of export commodities, harvests showed mixed trends during the 2023/2024 crop year. Cocoa, coffee and cotton production declined, while groundnuts, cashew nuts and rubber are expected to increase.

Cocoa production fell substantially, by 22.5%, to stand at 1,839,794 metric tons. This decline was mainly due to a sharp drop in production in Côte d'Ivoire, as a result of excessive rainfall and measures taken by the Ivorian authorities to regulate the supply of cocoa beans in order to prevent a dramatic drop in world prices. Côte d'Ivoire, the Union's leading cocoa producer,

reported an estimated production of 1,822,320 metric tons in the 2023/2024 crop year, compared with 2,358,800 metric tons the previous year (-22.7%).

Coffee production was down 38.6% on the previous year, at 73,045 metric tons. This reduction was due to unfavorable weather conditions in Côte d'Ivoire, where production fell by 50.6%. In Togo, on the other hand, coffee harvests increased by 8.8%.

The seed cotton supply was estimated at 1,916,779 metric tons, down 0.6% on the previous growing season (2022/2023), due in particular to the 49.9% drop in the supply from Côte d'Ivoire, owing to recurrent attacks by cotton crop pests known as jassids, as well as the lackluster performance of the sector in Burkina Faso, where production rose by only 0.7%. Unfortunately, these disappointing results could not be offset by the new momentum of the sector in Mali.

Groundnut harvests rose by 9.1% to 4,103,573 metric tons, reflecting production growth in all the Union's Member States, with the exception of Niger, where production fell by 9.9%.

Overall, cashew production in the Union increased by 14.5%, to stand at 1,762,296 metric tons. This increase was driven by higher harvests in all producing countries, particularly Côte d'Ivoire (+19.2%), Guinea-Bissau (+4.2%), and Benin (+5.3%).

The regional supply of rubber stood at 1,624,824 metric tons, up significantly by 21.9% compared to the previous growing season, mainly due to an increase in the number of mature trees.

1.2.1.2 - Mining production

INCREASED OIL PRODUCTION	DECREASED PRODUCTION OF GOLD, PHOSPHATE AND URANIUM
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Available estimates for extractive activities in 2023 point to an increase in oil production, while production of gold, phosphates and uranium declined.

Gold production, estimated at 210,616.1 kg in 2023, was down slightly by 0.1% compared to 2022. This negative trend can be ascribed to lower mining output in Burkina Faso, Senegal and Niger, partially offset by higher levels of extraction in Côte d'Ivoire and Mali. Gold production stood at 72,593 kg (+0.5%) in Mali, 67,860 kg (-0.5%) in Burkina Faso, 50,453 kg (+4.4%) in Côte d'Ivoire, 17,286 kg (-7.1%) in Senegal and 2,424 kg (-27.7%) in Niger.

The supply of phosphates fell by 2.5% to stand at 3,358,699 metric tons in 2023, due to a simultaneous drop in supplies from the Union's two main phosphate-producing countries, Togo and Senegal. These countries saw their production fall by 1.6% and 3.3% respectively in 2023 compared with the previous year.

Uranium production, which takes place in Niger only, fell by 44.1% to 1,130 metric tons in 2023.

Crude oil production totaled 17,107.5 thousand barrels in 2023, up 9.4% over 2022, mainly due to a 15.6% increase in production in Côte d'Ivoire.

1.2.1.3 - Industrial production and sales

Industrial production in the Union grew by 3.8% in 2023, following growth of 1.5% the previous year. This trend was driven by an acceleration in manufacturing (+5.3% vs. +1.2%) and energy production (+11.7% vs. +8.5%), partially offset by a drop in mining and quarrying production (-1.5% vs. -0.6%). The momentum in manufacturing output was driven by increases in food production, oil and chemical refining, as well as paper and cardboard products. In the energy sector, electricity production grew by 12.8% in 2023 after 8.6% in 2022. In the mining and quarrying sector, uranium and metal ore production were down, and the rate of growth in crude oil extraction slowed.

Retail trade turnover in the Union rose by 6.1% in 2023, after growing by 13.5% the previous year. This performance, which took place against a backdrop of markedly lower inflation in the Union, can be explained by slower growth in sales of food products (+5.2% vs. +7.8%) and

petroleum products (+7.2% vs. +23.4%), as well as building materials and household appliances (+6.8% vs. +14.3%).

The turnover index in market services (excluding financial services) was up by 5.1% in 2023 after rising by 8.2% in 2022. The slowdown was mainly due to sluggish business in the transport, accommodations and food services sectors, particularly in Niger.

The financial services activity index rose by 16.2% during the period under review, compared with a 13.8% increase the year before, mainly due to the higher volume of banking transactions (particularly loans), coupled with higher lending rates.

1.2.2 - CONSUMER PRICE TRENDS

ANNUAL AVERAGE INFLATION RATE	CAUSES OF PRICE DROPS:
3.7% in 2023	<ul style="list-style-type: none"> ➔ INCREASE IN CEREAL PRODUCTION; ➔ DECREASE IN INTERNATIONAL PRICES FOR THE MAIN IMPORTED COMMODITIES.
7.4% in 2022	

The annual average inflation rate in the Union stood at 3.7% in 2023, compared to a performance of 7.4% in 2022. The slower increases in price levels in 2023 can be explained primarily by lower pressures on food prices (+3.7% vs. +12.5% a year earlier) and, to a lesser extent, a slight downturn in inflation in the “Housing” component (+4.7% vs. +4.8%). An acceleration was recorded in the “Transportation” component, (+6.7% vs. +5.6%). The drop in prices in the food component was essentially due to the strong performance in the 2022/2023 crop year, with a 17.0% increase in cereal production. As a result, growth in prices for cereal products in the Union slowed significantly to 1.4% year on year, compared with 19.4% in 2022. In addition to these factors, international prices for the main products imported by WAEMU countries declined by 9.8% in 2023, following a 35.7% rise one year previously, which contributed to a drop in imported product prices.

The slight slowdown in the “Housing” sector reflected lower prices for solid fuels (notably wood and charcoal) and liquid fuels (kerosene). The acceleration in the “Transportation” component was related to the reduction in government energy subsidies, particularly in Senegal and Côte d'Ivoire, which led to higher pump prices for gasoline and diesel in some of the Union's countries. Notwithstanding the foregoing, the inflation differential between the WAEMU Union and its main partners was found to be favorable to the Union by 4.3 percentage points in 2023. In particular, the inflation differential with Nigeria and Ghana stood at 16.8 and 25.5 percentage points, respectively.

Table 4: TRENDS IN CONSUMER PRICES IN 2022 AND 2023 (AS A%)

	2022		2023	
	Annual average	Year-over-year change as at the end of December	Annual average	Year-over-year change as at the end of December
Benin	1.4	2.8	2.7	0.4
Burkina Faso	14.1	9.6	0.7	1.0
Côte d'Ivoire	5.2	5.2	4.4	3.9
Guinea-Bissau	7.9	9.5	7.2	3.1
Mali	9.7	7.8	2.1	-0.5
Niger	4.2	3.1	3.7	7.2
Senegal	9.7	12.8	5.9	0.8
Togo	7.6	7.7	5.3	3.5
WAEMU	7.4	7.1	3.7	2.5

Sources: National Statistics Institutes, BCEAO

1.2.3 - PUBLIC FINANCE AND EXTERNAL DEBT POSITION

1.2.3.1 - Trends in State financial transactions

Budget execution in WAEMU member countries in 2023 showed an improvement in the budget deficit, due to faster growth in budget revenues and grants than in public expenditure.

Budgetary revenue stood at 20,111.3 billion at the end of December 2023, up 2,188.6 billion, or 12.2%, compared to the previous year. This increase was primarily due to higher tax revenue, which increased by 12.7%, in nominal terms, to reach 17,144.4 billion. Thus, the tax burden at the Community level reached 14.2% of the GDP in 2023, compared with 13.7% a year earlier, reflecting a buoyant economy and continued reforms to modernize tax administration. Grants were down by 121.2 billion or 8.9% to stand at 1,239.4 billion at the end of December 2023, reflecting decreased financial assistance from external partners in 2023. Consequently, the Union Member States' budget revenue and grants rose by 10.7% to reach 21,350.7 billion or 17.7% of the GDP.

Net expenditure and loans amounted to 27,578.8 billion, an increase of 662.6 billion or 2.5% over December 2022. This trend was driven by higher current expenditure (+4.7%), partially offset by lower capital expenditure (-1.7%). The rise in capital expenditure reflects lower levels of public investment in certain of the Union's countries, especially Niger, given the economic sanctions imposed on the country. As a percentage of the GDP, it stood at 7.1% in 2023, compared to 7.8% the year before. The increase in current expenses was mainly due to higher personnel costs (+10.1%) and higher interest on public debt (+27.7%), offset by lower transfers and subsidies (-14.7%). The increase in the wage bill reflects, among other things, the impact of government measures designed to protect the purchasing power of the population, notably through wage and compensation increases in certain Member States. The decrease in transfers and subsidies reflects the lifting of government subsidies, notably on energy commodities.

Under those conditions, the budget deficit on an accruals basis, including grants, decreased by 1,404.8 billion to stand at 6,228.1 billion at the end of December 2023, i.e., 5.2% of the GDP. In 2022, it was 7,632.9 billion or 6.9% of the GDP.

FISCAL REVENUE AND GRANTS:

-> **21,350.7** BILLION AT THE END OF DECEMBER 2023.

UP BY **2,067.4** BILLION OR **10.7%**
COMPARED TO THE YEAR BEFORE.

-> TAX BURDEN RATIO: **14.2%**, BELOW THE COMMUNITY STANDARD OF **20%** OF THE GDP.

NET EXPENDITURES AND LOANS:

-> **27,578.8** BILLION AT THE END OF DECEMBER 2023 UP BY **2.5%** COMPARED TO THE PREVIOUS YEAR.

OVERALL DEFICIT, ACCRUAL BASIS, INCLUSIVE OF GRANTS:

-> **6,228.1** BILLION AT THE END OF DECEMBER 2023 (**5.2%** OF THE GDP) VERSUS **7,632.9** BILLION IN 2022 (**6.9%** OF THE GDP).

AGGREGATE OUTSTANDING EXTERNAL PUBLIC DEBT OF THE MEMBER STATES OF THE UNION:

-> UP BY **11.1%** COMPARED TO GROWTH OF **15.2%** THE PREVIOUS YEAR, REPRESENTING **36.6%** OF THE GDP IN 2023 COMPARED TO **35.7%** A YEAR EARLIER.

Table 5: PUBLIC FINANCES IN 2022 AND 2023

	December 2022 (1)	December 2023(*) (2)	Variation (2) – (1)	
			in billions	in %
Budgetary revenue and grants	19,283.3	21,350.7	2,067.4	10.7
(% of GDP)	17.3	17.7	-	-
Budgetary revenue	17,922.7	20,111.3	2,188.6	12.2
Fiscal revenue	15,214.2	17,144.4	1,930.2	12.7
(% of GDP)	13.7	14.2	-	-
Other revenue (including non-tax revenue)	2,708.5	2,966.9	258.4	9.5
Grants	1,360.6	1,239.4	-121.2	-8.9
Total expenditure and net loans	26,916.2	27,578.8	662.6	2.5
(% of GDP)	24.2	22.9	-	-
Current expenses	16 772.1	17,562.2	790.1	4.7
payroll	6,050.9	6,661.3	610.4	10.1
grants and transfers	5,219.7	4,453.6	-766.1	-14.7
interest on the debt	2,190.5	2,798.1	607.6	27.7
other current expenses	3 311.0	3,649.2	338.2	10.2
Capital expenditures	8,647.0	8,500.5	-146.5	-1.7
(% of GDP)	7.8	7.1	-	-
Other expenditures	1,432.3	1,460.1	27.8	1.9
Net loans	64.8	56.0	-8.8	-13.6
Balance, accrual basis (including grants)	-7,632.9	-6,228.1	1,404.8	18.4
(% of GDP)	-6.9	-5.2	-	-
Balance, cash basis (including grants)	-7,104.5	-6,233.4	871.1	12.3
(% of GDP)	-6.4	-5.2	-	-

(*) Estimates

Sources: BCEAO, National departments

1.2.3.2 - External resource mobilization and external debt position

In 2023, the countries of the Union mobilized external resources mainly from the World Bank (1,818.2 billion).

As part of their IMF-supported economic and financial programs, six Member States of the Union - Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Niger and Senegal - received disbursements totaling 1,247.5 billion in 2023. Out of that total, Benin and Côte d'Ivoire respectively received 122.8 billion and 602.2 billion under the Extended Fund Facility (EFF) and the Extended Credit Facility (ECF). Guinea-Bissau and Niger received 6.9 billion and 15.9 billion respectively under the ECF. Disbursements to Senegal totaled 431.2 billion under the standby credit facility, the standby agreement and the resilience and sustainability facility (RSF), as well as the EFF and the ECF. Burkina Faso received a total disbursement of 68.5 billion under the Rapid Credit Facility (RCF) and the ECF.

As in 2022, none of the Union's Member States raised funds on the international markets through Eurobond issues in 2023.

Available data show that the stock of external public debt is expected to increase by 11.1%, to 4,386.2 billion in 2023, compared with 15.2% the previous year. As a percentage of the GDP, the external debt represented 36.6% in 2023 against 35.7% the previous year. The situation by country is summarized in Table below:

Table 6: EXTERNAL DEBT RATIOS IN 2022 AND 2023 (As a % of GDP)

Countries	2022	2023(*)	Variation
Benin	37.4	38.4	1.0
Burkina Faso	26.0	25.5	-0.5
Côte d'Ivoire	34.4	35.9	1.5
Guinea-Bissau	35.3	35.3	0.0
Mali	28.6	28.1	-0.5
Niger	32.7	31.6	-1.1
Senegal	53.9	56.1	2.2
Togo	25.4	25.7	0.3
WAEMU	35.7	36.6	0.9

Sources: National departments, BCEAO

(*) Estimates

1.2.4 - BALANCE OF PAYMENTS

THE AGGREGATE FOREIGN TRADE BALANCE OF THE UNION'S COUNTRIES SHOWED A DEFICIT OF **3,530.4** BILLION, AGAINST A DEFICIT OF **3,343.1** BILLION ONE YEAR PRIOR.

In 2023, there was a deterioration in the overall balance of foreign trade, in line with a sharp drop in capital inflows on the financial account, moderated by a narrowing of the current account deficit. The current account deficit fell by 2.4 points compared with 2022, to stand at 7.5% of the GDP in 2023. This improvement can be largely ascribed to a reduction in the negative balance of goods and services, resulting mainly from a decrease in imports (-7.0%), with exports remaining virtually stable. Strong exports reflected a revival of activity in the gold sector, mainly linked to the start-up of a new mine in Burkina Faso, as well as higher cocoa sales (+10.5%), boosted by favorable prices.

The decline in imports of consumer goods (-7.6 %) and the drop in the oil bill, primarily due to the easing of international prices, also helped to curb the trade deficit, which improved by 40.3%.

The balance of services deficit fell by 7.8%, due in particular to the rise in tourism receipts (+3.7%) coupled with a reduction in freight costs (-6.6%). The primary income deficit deepened by 7.6% to reach 3,555.8 billion in 2023, due in particular to higher interest payments on foreign debt. The secondary income account surplus fell by 9.9%, mainly as a result of the downturn in budgetary aid (-8.4%), the effects of which were mitigated by an increase in migrant remittances (+2.2%).

The capital account surplus should stand at 1,301.6 billion versus 1,373.2 billion in 2022, reflecting increased project grants in certain WAEMU countries. Net capital inflows on the financial account fell by 41.3%, reflecting a decline in foreign direct investment (-19.9%), combined with a drop in net public drawdowns (-17.3%). The drop in foreign direct investment is linked to the completion of mining and oil exploration projects in Côte d'Ivoire and Senegal, and the construction of the Niger-Benin pipeline.

Under these conditions, the aggregate balance of payments showed a deficit of 3,530.4 billion, against a deficit of 3,343.1 billion in 2022.

**Table 7: TRENDS IN THE BALANCE OF PAYMENTS OVER THE 2021-2023 PERIOD
(IN BILLIONS OF CFA F, EXCEPT WHERE OTHERWISE STATED)**

	2021	2022	2023 (*)
Trade balance	-1 111.4	-5 140.5	-3 071.1
Balance of services	-5 338.4	-6 565.2	-6 052.6
Balance of the current transactions account	-5 973.6	-11 046.1	-9 107.7
Balance of the current transactions account (as a % of GDP)	-5.9	-9.9	-7.5
Balance of the current transactions account exclusive of grants (as a % of GDP)	-6.3	-10.3	-7.8
Balance of the capital account	1 482.7	1 373.2	1 301.6
Balance of the financial account	-5 317.5	-6 864.9	-4 028.5
Aggregate balance	475.7	-3 343.1	-3 530.4
Revaluations	133.5	54.0	221.6
Change in NEAs	-609.2	3 288.7	3 308.8
Nominal GDP	100 705.0	111 326.6	120 682.4

(*) *Estimates*

Source: BCEAO

II - MONETARY POLICY AND FOREIGN EXCHANGE RESERVES

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2.1 - MONETARY POLICY

2.1.1 - MONETARY POLICY OBJECTIVES

The institutional reform that came into force in April 2010 stipulated that maintaining price stability was the foremost objective of the Central Bank's monetary policy. In addition to this objective, monetary policy also aims to support the economic policies of the WAEMU Member States, with a view to achieving sustainable growth.

In operational terms, the price stability objective is defined as an inflation rate of 2%, allowing for a margin of plus or minus 1% over a 24-month period. In order to achieve this objective, the Central Bank assesses potential risks to price stability and growth on the basis of its analysis of the internal and external macroeconomic environment, published quarterly in its monetary policy report.

2.1.2 - MONETARY ACTION

MONETARY POLICY MEASURES IN 2023:

-> The Monetary Policy Committee (CPM) continued to raise key rates; a process initiated in June 2022. The main key rate, which stood at 2.75% at the end of December 2022, was raised three times in 2023, reaching 3.5% as of December 16, 2023.

-> Normal operations resumed as of February 10, 2023. Accordingly, on the weekly and monthly windows, auctions are now conducted at variable rates, and the amounts offered are announced ahead of time in the tender notice, as was the practice prior to the pandemic.

-> The reserve requirement ratios applicable to banks were left unchanged. The rate remained at 3.00% in 2023, the level in force since March 16, 2017.

BANK LIQUIDITY REGULATION MEASURES:

-> The special, six-month maturity, full-service window for the refinancing of stimulus bonds (OdR²) was maintained. The OdRs were structured and a dedicated window was opened to allow countries to raise long-term resources at favorable interest rates to cover financing needs related to the health crisis and the implementation of stimulus measures.

-> The special full-service twelve-month maturity window for the refinancing of twelve-month maturity Support and Resilience Bonds (BSRs) was closed. The closure of the window was due to the fact that, given its characteristics, credit institutions no longer had eligible collateral to obtain liquidity through it.

2.1.2.1 - Interest rate policy

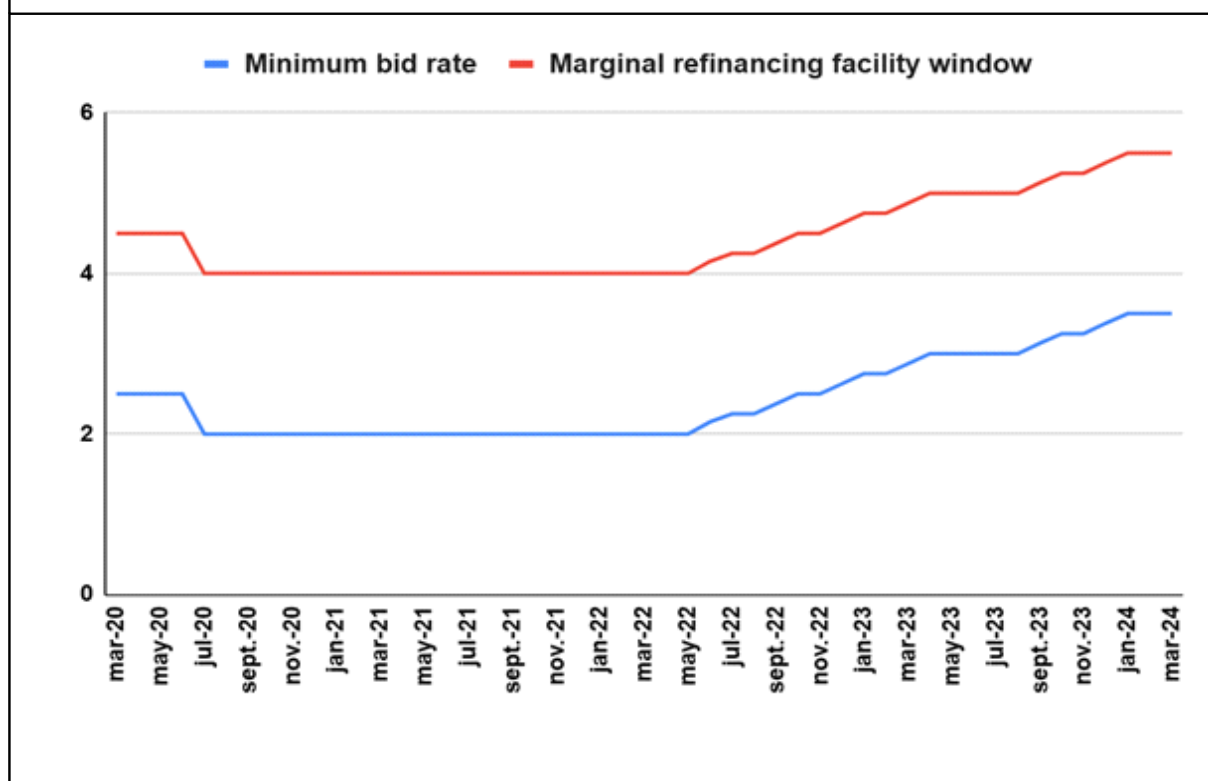
Business in 2023 was conducted against a backdrop of rising risks of renewed inflationary pressures, linked to growing international and regional uncertainties.

The BCEAO's Monetary Policy Committee (CPM) therefore continued with the gradual increase in key rates initiated in June 2022, at a moderate pace, with a view to reducing the inflationary tensions faced by the WAEMU economies. The main policy rate was gradually raised from 2.00% in June 2022 to 3.5% in December 2023, with six increases of 25 bps each. These increases were also implemented in response to the pressures on the Union's external accounts.

In keeping with the guidance provided by the CPM, the BCEAO decided to resume normal operations at its windows starting on February 10, 2023. Accordingly, on the weekly and monthly windows, auctions are now conducted at variable rates, and the amounts offered are announced ahead of time in the tender notice, as was the practice prior to the pandemic.

²: Stimulus bonds (Obligations de Relance - OdR) are medium and long maturity Treasury bonds (3 years, 5 years, 7 years, 10 years, 12 years or more), issued throughout 2021 and 2022 by open auction on the WAEMU Public Securities Market.

Figure 10: TRENDS IN THE KEY RATES OF THE BCEAO (%)



Source: BCEAO

2.1.2.2 - Reserve requirements

The Central Bank maintained the reserve requirement ratio applicable to the Union's banks unchanged at 3.00%. During the year 2023, the reserves actually built up by the Union's banks represented on average 202.87% of the reserves required by the regulations, as compared to 304.25% the year before.

It should be recalled that the Central Bank has opted for a single reserve requirement rate applicable to all banks in the Union since December 16, 2010, at the outcome of the Monetary Policy Committee meeting. Table 8 shows the history of the reserve requirement ratios applied by the Central Bank.

Table 8: RESERVE REQUIREMENT RATIOS APPLICABLE TO BANKS (%)

	Up to Nov. 15, 1998	Nov. 16 - Dec. 15, 1998	Dec. 16, 1998 - April 15, 2000	April 16 - Aug. 15, 2000	Aug. 16 - Sept. 15, 2000	Sept. 16, 2000 - April 15, 2002	April 16, 2002 - March 15, 2004	March 16, 2004 - June 15, 2005	June 16, 2005 - June 15, 2009	June 16, 2009 - May 15, 2010	May 16 - Dec. 15, 2010	Dec. 16, 2010 - March 15, 2012	March 16, 2012 - March 15, 2017	since March 16, 2017
As a percentage (%)														
Benin	9.0	9.0	3.0	3.0	9.0	9.0	9.0	13.0	15.0	9.0	7.0	7.0	5.0	3.0
Burkina Faso	9.0	9.0	3.0	3.0	3.0	3.0	3.0	3.0	7.0	7.0	7.0	7.0	5.0	3.0
Côte d'Ivoire	9.0	1.5	1.5	3.0	3.0	5.0	5.0	5.0	5.0	5.0	5.0	7.0	5.0	3.0
Guinea-Bissau	5.0	5.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	5.0	7.0	5.0	3.0
Mali	9.0	9.0	3.0	3.0	3.0	3.0	9.0	9.0	9.0	7.0	7.0	7.0	5.0	3.0
Niger	5.0	5.0	1.5	3.0	5.0	5.0	5.0	5.0	9.0	7.0	7.0	7.0	5.0	3.0
Senegal	5.0	1.5	1.5	3.0	9.0	9.0	9.0	9.0	7.0	7.0	7.0	7.0	5.0	3.0
Togo	9.0	3.0	1.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	5.0	7.0	5.0	3.0

Source: BCEAO

2.1.3 - MONEY MARKET TRANSACTIONS AND FINANCING CONDITIONS

2.1.3.1 - Open market transactions

On the weekly tender window, the amount injected reached a volume of 6,200.0 billion in December 2023, as against 6,558.4 billion one year previously. The average amount of weekly liquidity injections in 2023 stood at 6,241.4 billion, up by 1,587.8 billion from the level recorded in 2022. The average annual rate on the weekly window was 4.01% in 2023, compared with 2.22% in 2022.

On the monthly tender window, the amount injected by the Central Bank stood at 675.0 billion at the end of December 2023, compared with 2,157.4 billion one year prior. Requests satisfied through this compartment, on average, in 2023, stood at 1,383.2 billion compared to 1,716.7 billion in 2022. The average annual rate on the weekly window was 4.09% in 2023, compared with 2.23% in 2022.

Volumes auctioned through the **special window for stimulus bonds (OdR)** averaged 723.3 billion in 2023, compared with 438.8 billion in 2022. Banks' outstanding commitments on this six-month maturity window fell to 575.0 billion at the end of December 2023, from 655.8 billion on the same date the year before. The support and resilience bond (BSR) window was closed on August 29, 2023, when the BSRs matured.

2.1.3.2 - Transactions through permanent refinancing windows

During the first 11 months of 2023, no loans were requested through the marginal lending window. However, in December 2023, in anticipation of possible pressures in the run-up to the festive season, banks increased their commitments to the BCEAO through this window. At the end of December 2023, outstanding refinancing on the marginal lending window stood at 975.0 billion.

With regard to the special refinancing window, which was introduced in January 2014 and under which banks can raise resources on their own initiative for periods ranging from three to twelve months at the marginal lending window rate, with instruments having a residual maturity of more than five years, no commitments to the BCEAO were recorded in 2023.

2.1.3.3 - Interbank market

The average volume of transactions across all maturities amounted to CFA F 704 billion in 2023, compared with CFA F 595 billion in 2022, representing an increase of 18%. The transactions covered maturities ranging from one day to twelve months. The one-week and one-day compartments were the most active, accounting for 62% and 28% of the average transaction volume respectively, compared to 62% and 16% in 2022.

Compared to the average amount of cash injections, the volume of interbank transactions dropped from 9.0% in 2022 to 8.4% in 2023.

With regard to interest rates, the one-week segment recorded an increase in the weighted average interest rate from 2.87% in 2022 to 5.37% in 2023.

Table 9: Trends in interbank rates in 2023 (weighted average as a percentage)

	1 day	1 week	2 weeks	1 month	3 months	6 months	9 months	12 months
January	3.44	3.53	3.95	4.09	3.2	4.5	-	-
February	3.88	3.71	4.36	4.39	4.85	4.29	3.55	-
March	5.26	5.18	5.76	5.53	4.15	4.75	-	-
April	5.52	5.53	5.81	5.96	-	5.55	-	5.25
May	5.56	5.51	5.78	5.72	5.18	5.64	-	-
June	5.19	5.53	5.82	5.96	4.48	5.6	-	3.00
July	4.97	5.03	5.53	5.52	-	5.65	-	-
August	4.04	4.72	5.3	5.73	5.81	-	-	-
September	4.29	4.86	5.24	5.8	4.57	-	-	-
October	4.39	4.8	5.53	5.12	-	5.75	-	-
November	4.84	5.14	5.69	5.36	5.27	5.52	5	5.00
December	5.42	5.74	5.48	5.75	5.5	5.6	-	3.44
Average	5.32	5.37	5.68	5.72	5.29	5.48	4.37	4.93

Source: BCEAO

Table 10: Trends in interbank lending within WAMU in 2023 (in millions of CFA francs)

	Average amounts		Average outstanding loans	Rate ranges (%)	Loan terms
	Total	Including WAMU			
January	510,698	299,860	746,744	3.20 - 4.50	1 day to 6 months
February	867,013	567,629	954,598	3.55 - 4.85	1 day to 9 months
March	925,326	648,611	809,368	4.75 - 5.76	1 day to 12 months
April	686,233	451,228	800,590	5.25 - 5.96	1 day to 6 months
May	652,750	419,241	899,844	5.18 - 5.78	1 day to 6 months
June	759,315	485,483	818,710	3.00 - 5.96	1 day to 6 months
July	659,960	454,798	737,161	4.97 - 5.65	1 day to 3 months
August	581,614	407,996	666,425	4.04 - 5.81	1 day to 12 months
September	721,581	456,394	806,566	4.29 - 5.80	1 day to 12 months
October	713,727	459,627	717,632	4.39 - 5.75	1 day to 3 months
November	804,087	611,744	732,702	4.84 - 5.69	1 day to 12 months
December	569,097	455,091	506,686	3.44 - 5.75	1 day to 12 months
Average	704,283	476,475	766,419		

Source: BCEAO

2.1.4 - TRENDS IN MONETARY AGGREGATES

The money supply in the Union in 2023 was marked by a slowdown in growth in the broad monetary aggregate, which stood at 3.5% compared with 11.3% in 2022. The unfavorable trend in the external accounts, linked to reduced mobilization of resources abroad, together with the normalization of the BCEAO's monetary policy, slowed growth in the money supply.

2.1.4.1 - Net external assets

Net external assets of monetary institutions dropped by 3,308.8 billion to stand at 1,149.2 billion at the end of December 2023. This trend was driven by a drop of 2,733.8 billion in the Central Bank's net external assets and a contraction of 575.0 billion in those of the banks. Consequently, the level of foreign exchange reserves ensured a comfortable coverage rate of 56.3% of the monetary issue and 3.5 months of imports of goods and services against 63.4% and 4.3 months the previous year.

2.1.4.2 - Internal claims

Outstanding domestic claims rose by 6,309.6 billion or 12.2% compared to their level at the end of December 2022, reaching 58,069.6 billion at the end of December 2023. This development was due to the combined impact of the consolidation of net claims on central governments and loans to other sectors of the economies of the Union.

2.1.4.2.1 - Net claims on central government administrations

Over the course of 2023, governments continued to tap the regional public debt market to secure financing for their budget deficits. Net claims of all deposit-taking institutions on central governments rose by 3,370.0 billion during the year, or 16.5%. In particular, banks' net claims on central governments increased by 28.8 billion, or 0.2%. Their outstanding portfolio of government securities grew by 1.0% in 2023, from 17,637.7 billion to 17,819.1 billion. Net BCEAO claims rose by 3,341.2 billion (+106.8%), mainly due to IMF assistance to governments (+936.8 billion) and purchases of government securities (1,938.7 billion) as part of the special operation to buy back government securities on the secondary market.

Table 11: NET CLAIMS OF DEPOSIT-TAKING INSTITUTIONS ON CENTRAL GOVERNMENTS (IN BILLIONS OF CFA F)

	Dec. 22	Dec. 23	Annual variation (%)
Net claims on central governments	20 380.0	23 750.0	16.54
Claims of deposit-taking institutions	27 100.3	30 194.9	11.42
Loans	9 446.3	10 339.2	9.45
Public securities portfolios	17 637.7	19 839.1	12.48
Other claims	16.2	16.6	2.47
Deposit institution liabilities	6 720.3	6 444.9	-4.10
Treasury cash in Central Bank	30.4	30.4	0.00
Deposits	6 541.8	6 218.3	-4.95
Other commitments	148.1	196.1	32.41

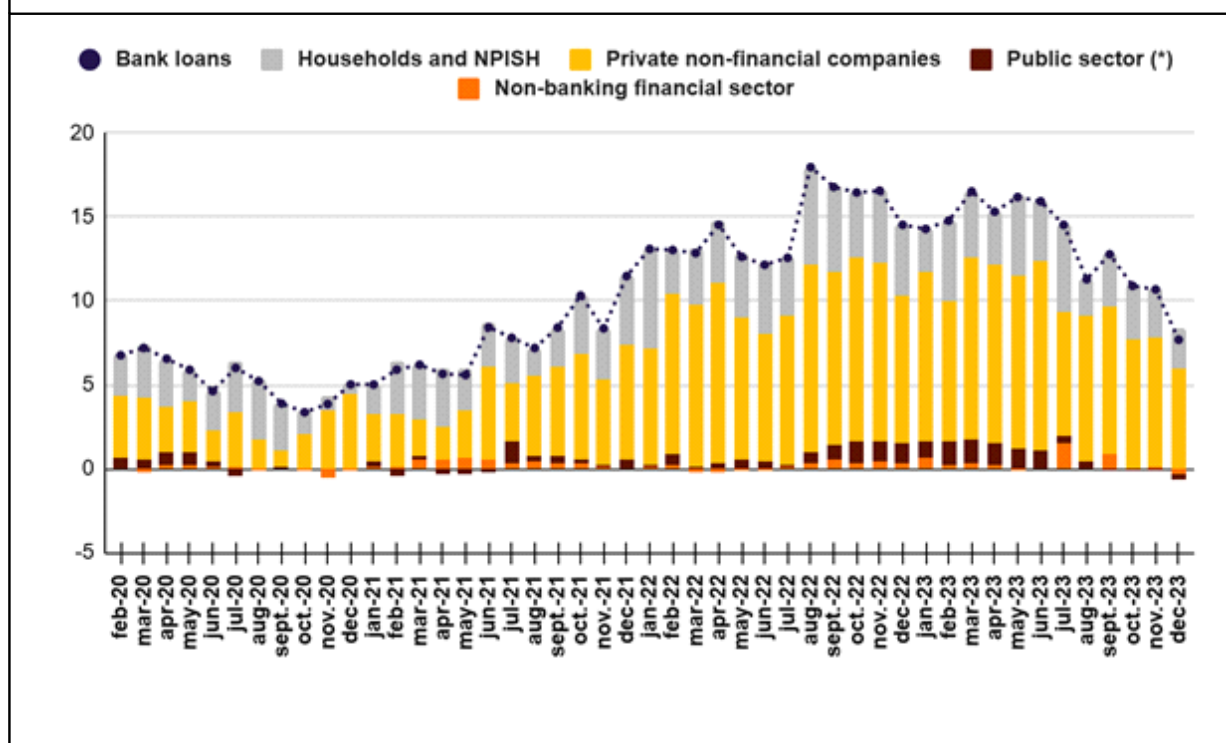
Source: BCEAO

2.1.4.2.2 - Claims on the private sector

The rate of increase in claims by deposit-taking institutions on sectors of the economy other than central government rose by 9.4% in 2023, after 14.4% in 2022. This trend is associated with the continuing momentum of economic activity in WAEMU countries, despite the monetary policy measures implemented to combat inflationary pressures.

The increase in loans granted was mainly driven by a rise in bank loans to businesses and households (+2,508.6 billion), contributing 8.0 percentage points. Loans to private businesses increased by 10.1% and loans to households grew by 7.6%.

Figure 11: ANNUAL GROWTH IN BANK LOANS (IN PERCENTAGE POINTS)



Source: BCEAO

(*) Local government and Public non-financial companies

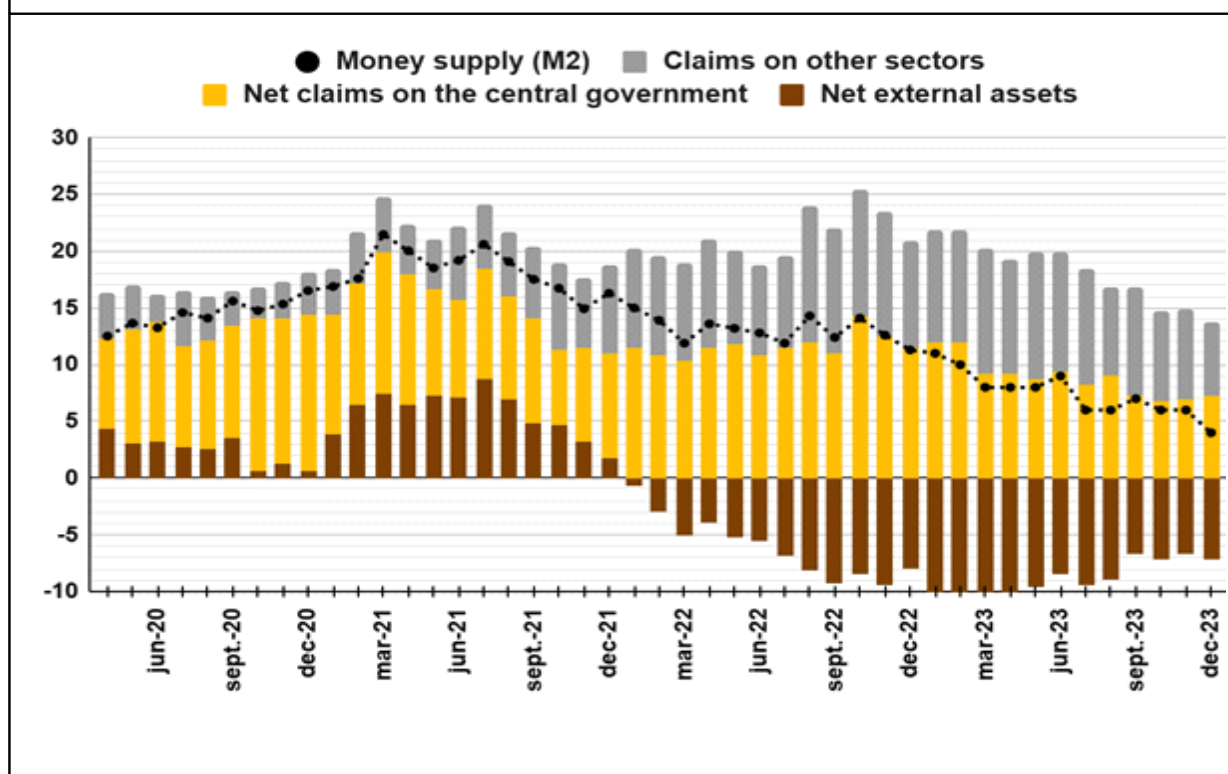
2.1.4.3 - Money supply and monetary base

<p>THE MONEY SUPPLY GREW BY 1,616.3 BILLION OR 3.5% YEAR ON YEAR, TO STAND AT 47,778.4 BILLION AT THE END OF DECEMBER 2023</p>		<p>THE MONETARY BASE CONTRACTED BY 814.1 BILLION OR 5.1% IN 2023, SETTLING AT 15,119.5 BILLION AT THE END OF DECEMBER 2023</p>
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In conjunction with the trends in its counterparts, the money supply grew by 1,616.3 billion or 3.5% year over year, to stand at 47,778.4 billion at the end of December 2023. This increase in overall liquidity was reflected in a rise of 1,280.8 billion or 3.6% in deposits and 335.5 billion or 3.2% in currency outside banks, which stood at 10,673.8 billion.

The monetary base shrank by 814.1 billion or 5.1% in 2023, settling at 15,119.5 billion at the end of December 2023. This trend was driven by the decline in lending to banks and financial institutions (-751.6 billion) and in the Central Bank's net external assets (-2,733.8 billion). It was partially offset by an increase of 3,341.2 billion in net receivables from central governments, including 340.8 billion in loans from the IMF.

Figure 12: ANNUAL GROWTH IN THE MONEY SUPPLY (%)

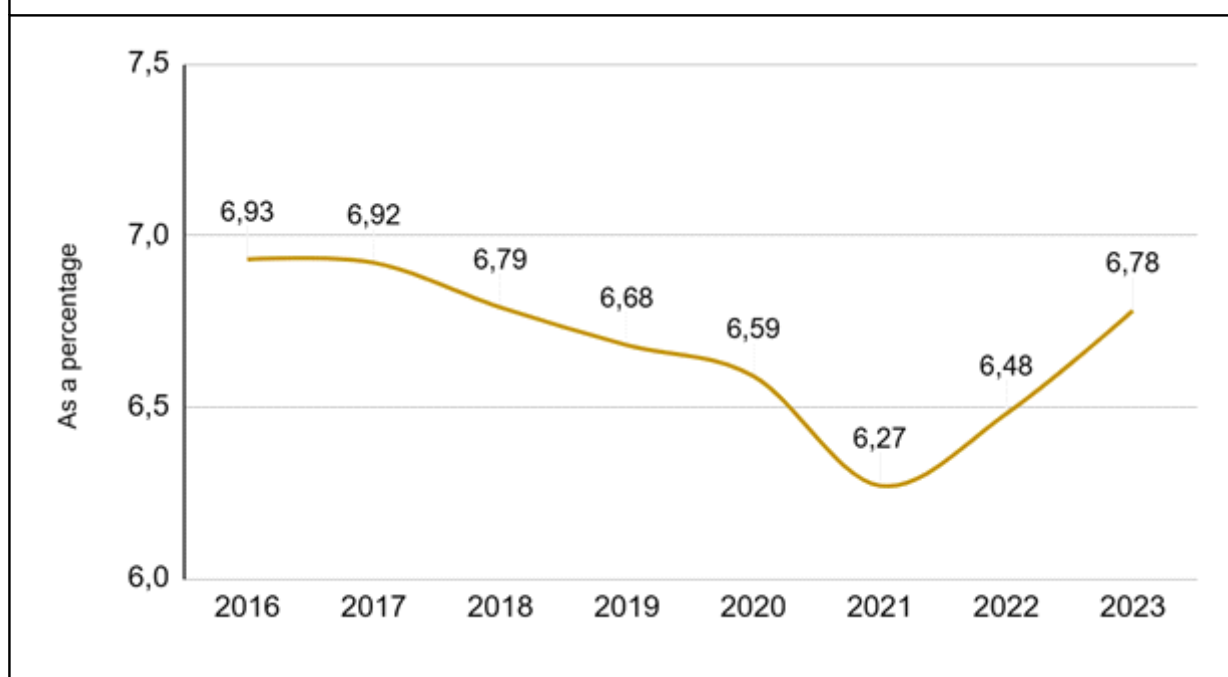


Source: BCEAO

2.1.5 - TRENDS IN LENDING RATES

With regard to monitoring of banking conditions, the cost of credit rose in most WAEMU countries in 2023, against a backdrop of successive increases in key BCEAO interest rates. The average lending rate in the Union rose from 6.48% in 2022 to 6.78% in 2023, corresponding to an increase of 30 basis points.

Figure 13: TRENDS IN LENDING RATES IN THE UNION (%)



Source: BCEAO

2.2 - FOREIGN EXCHANGE RESERVES

In 2023, the BCEAO's foreign exchange reserves were managed in an environment marked by continued pressure on the Union's foreign exchange reserves, in connection with rising food and energy prices, calling for continued efforts to consolidate reserves and adjust their management to deal effectively with the foreign exchange payment requests submitted to the Central Bank.

Measures have been taken to raise reserve assets to a suitable level, in particular by stepping up controls on the repatriation of export earnings, with a view to improving compliance with the regulatory provisions governing external financial relations, and by diversifying management instruments to enhance the liquidity of foreign exchange reserves and ensure optimum coverage of the BCEAO's external payment needs.

In this context, the BCEAO maintained its policy of investing its foreign currency assets in strict compliance with generally accepted principles and practices for the management of official foreign exchange reserves, and in particular the relevant IMF guidelines. In this respect, reserve assets were invested in monetary and bond assets, in the light of their liquidity and security criteria.

<p>BOX 1: EXPORT REVENUE REPATRIATION</p> <p>Non-WAEMU commodities exports were estimated at CFA F 16,272 billion in 2023, down by CFA F 307 billion (-2%) year over year. Foreign exchange repatriation from sales outside the Union totaled 12,114 billion, up 695 billion (+6%) compared to a performance of 11,419 billion recorded in 2022.</p> <p>The repatriation rate was 74% in 2023, up from 69% a year earlier. This positive trend was due to concomitant improvements in the rate of collection by economic operators and the rate of transfer by banks to the Central Bank.</p> <p>The percentage of export earnings collected by economic operators on the books of local banks stood at 86%, up five percentage points (pps), despite a slight year-on-year decline in the domiciliation rate (94% versus 95% in 2022).</p> <p>The Union's banks surrendered 86% of foreign currency export earnings in 2023, compared with 85% the year before. The requirement for authorized intermediaries to surrender at least 80% of revenue received was generally adhered to in all countries of the Union, although 23 individual banks had surrender rates below the regulatory standard.</p> <p>In line with Community requirements, the repatriation default amounted to 2,260 billion, versus 3,186 billion the previous year. The year-on-year reduction in the repatriation default (-926 billion) was mainly due to improved compliance by economic operators (-890 billion on the default) and, to a lesser extent, lending institutions, whose default fell to 61 billion, compared with 97 billion a year earlier (-36 billion).</p> <p>Ultimately, the shortfall for the foreign exchange pool, due to non-compliance by economic operators and credit institutions, is estimated at 14% of exports, compared with 19% in 2022.</p>

III - BANKING AND FINANCIAL SYSTEM AND FINANCING OF THE ECONOMIES

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3.1 - SITUATION OF CREDIT AND MICROFINANCE INSTITUTIONS

3.1.1 FINANCIAL SITUATION OF CREDIT INSTITUTIONS

<p>160 active lending institutions, including 135 banks</p>	<p>25 bank-like financial institutions</p>
<p>BANKING LANDSCAPE</p>	
<p>The average capital-to-weighted-risk ratio was 13.6% as at December 31, 2023, above the minimum requirement of 11.5% established by the WAMU Council of Ministers.</p>	<p>Uses of funds increased by 5.6% (+3,135.1 billion) to stand at 59,270.9 billion.</p>
<p>BANKING ACTIVITIES</p>	
<p>Uses of funds increased by 4.5% (+2,303.4 billion) to stand at 53,488.5 billion.</p>	

As at December 31, 2023, the banking sector in the Union comprised 160 approved credit institutions, 157 of which were active, including 135 banks and 25 bank-like financial institutions. Over the course of 2023, the WAMU banking sector licensed four institutions: three banks, AFG Bank Côte d'Ivoire, Algerian Bank of Senegal and Orange Bank in Senegal, and one financial institution, Société de Garantie des Crédits aux Petites et Moyennes Entreprises (SGPME) in Côte d'Ivoire and withdrew BPCI's license following the partial transfer of its assets to AFG Bank CI.

Against a backdrop marked by monetary policy normalization and tightening, credit institutions' activities continued to grow in 2023, albeit at a slower pace than in 2022.

During 2023, the Union's credit institutions proved their commitment to continuing to finance economic activities. Thus, at the end of December 2023, resources and uses were consolidated by 2,303.4 billion (+4.5%) and 3,135.1 billion (+5.6%) respectively, compared with the end of 2022, reaching 53,488.5 billion and 59,270.9 billion.

Growth in resources was driven by all components, namely deposits and borrowings (+2.6%; +1,129.1 billion), net equity (+11.2%; +612.0 billion) and various other resources (+22.5%; +562.3 billion). The structure of these resources, which reflects that of retail banks, was made up of 82.9% customer deposits, 11.4% net equity and 5.7% other resources. In December 2022, these percentages stood at 84.4%, 10.7% and 4.9%, respectively.

The increase in uses was driven by customer loans (+6.8%; +2,240.5 billion), the securities portfolio (+2.5%; +493.0 billion) and other assets (+10.7%; +401.6 billion). At the end of December 2023, 59.0% of banking assets were made up of customer loans, 34.0% of securities and 7.0% of miscellaneous uses. In December 2022, these proportions stood at 58.3%, 35.0% and 6.7%, respectively.

The cash position of credit institutions, which is structurally in deficit, stood at -5,782.3 billion, after -4,950.6 billion a year earlier. The deficit thus increased by 831.7 billion compared with the end of December 2022.

The quality of the banking sector's portfolio deteriorated by 0.3 percentage point, falling from 8.4% in December 2022 to 8.7% in December 2023. The net rate rose from 2.9% to 3.4%.

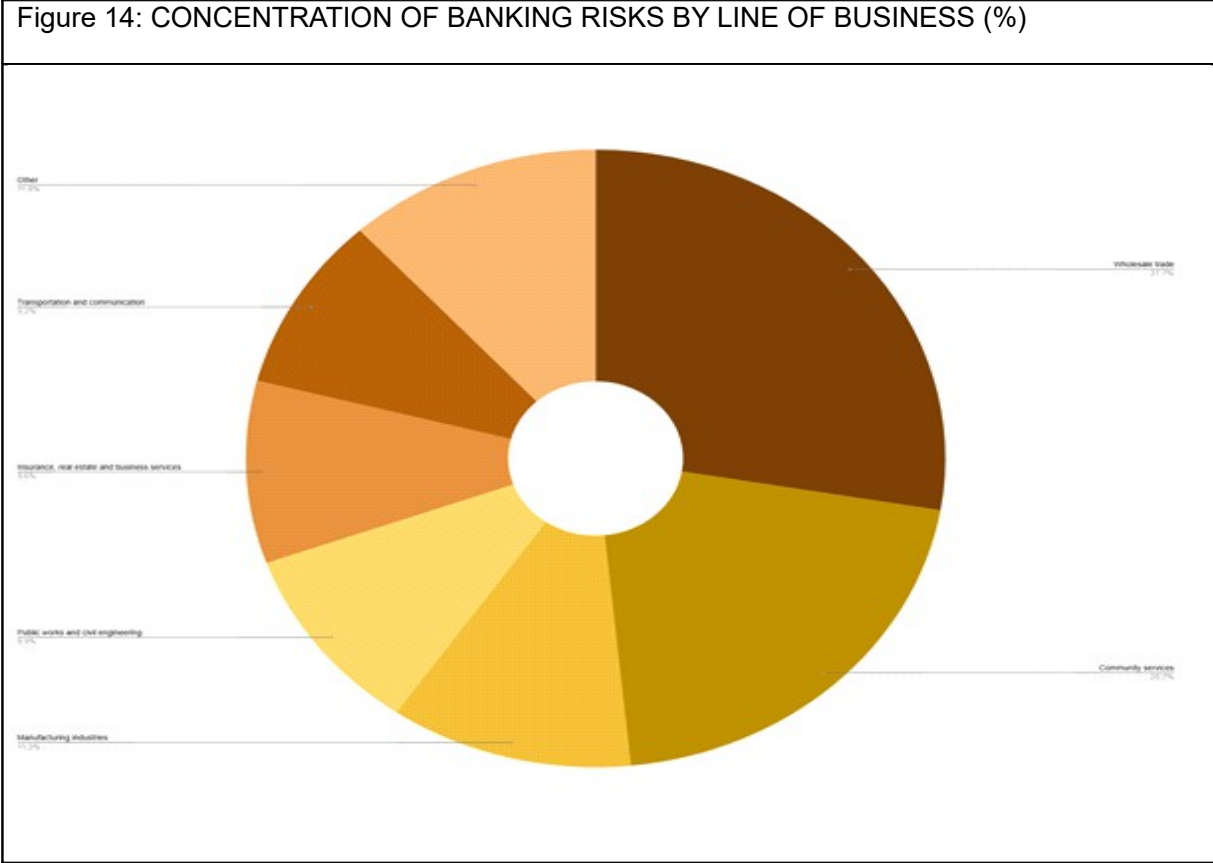
In prudential terms, the banking sector remained solvent and resilient overall, despite a relatively unstable international environment. Based on credit institutions' disclosures at the end of December 2023, the overall solvency ratio stood at 13.6%, well above the minimum standard of 11.25% required by the prudential framework. The compliance rate for reporting credit institutions was 90.2%.

However, some banks remained in a precarious situation, due to their negative equity capital. These banks have been closely monitored by the Banking Commission, following recommendations for corrective action or remedial measures.

3.1.2 - CENTRALIZATION OF BANKING RISKS

With respect to banking risk centralization, the overall outstanding amount of credit registered with the central credit register was estimated at 18,295.6 billion at the end of December 2023, against 17,013.6 billion on December 31, 2022, an increase of 7.5%. It is comprised of short-term loans (58.9%) amounting to 10,778.2 billion, and medium- and long-term loans (41.1%) worth 7,517.4 billion.

These risks were essentially concentrated in the following sectors: “Wholesale trade” (27.7%), “Community services” (20.7%), “Manufacturing industries” (11.3%), “Public works and civil engineering” (9.9%), “Insurance, real estate and business services” (9.6%), and “Transportation and communication” (9.2%). These six areas of activity alone accounted for more than 88.2% of the loans declared at the central credit register.



Source: BCEAO

BOX 2: SCORING OF NON-FINANCIAL FIRMS

With a view to increasing the volume of private bills eligible for refinancing, the BCEAO set up a rating system for non-financial companies in 2020. Following the launch of the system, studies were carried out to broaden its scope to include scoring, with a view to linking each risk profile with the probability of default by non-financial companies in the Union. Thus, over the course of 2021, the rating system was migrated to a scoring system.

Conceptual framework for scoring

The scoring system is based on the quantification of default probabilities using financial data taken from the Central Balance Sheet Office, supplemented by qualitative information on the company's payment performance, available from other central information systems. Based on lessons learned from various experience-sharing exercises, the basic statistical model was disaggregated to refine the probability of default within one year for non-financial companies in the Union based on their size, measured in terms of annual sales. This made it possible to distinguish between larger enterprises (LSEs) and small and medium-sized enterprises (SMEs). Based on the default probabilities calculated in this manner, five risk classes were created, ranging from A (exceptional class with the lowest probability of default) to E (failure class with the highest probability of default).

Scores of non-financial firms available at the Central Balance Sheet Office

Based on the information available in the Central Balance Sheet Office, 11,440 businesses have filed loan declarations with information centers, for a total outstanding amount of CFA F 13,015.1 billion. Based on the scoring system in use, 4,057 of these 11,440 companies - comprising 1,812 large-scale enterprises and 2,245 small and medium-sized enterprises - were rated A, while 7,383 were rated B or E. Taking into account potential eligibility for refinancing under the sovereign guarantee, the number of companies whose bills would be eligible for refinancing through Central Bank windows stood at 6,337, with reported outstanding loans of CFA F 6,568.6 billion.

3.1.3 - ACTIVITIES OF THE CREDIT INFORMATION BUREAU (CIB)

	GROWTH IN THE NUMBER OF CUSTOMERS IN THE CIB DATABASE	
	30,694 AT END FEBRUARY 2016	15,164,656 AT END DECEMBER 2023
As of December 31, 2023, 239 of the 262 regulated institutions in the Union (or 91.2% of the total) participated in the credit information sharing system.		

On December 31, 2023, 239 of the 262 regulated institutions in the Union (or 91.2%) participated in the credit information sharing system, based on qualifying tests. In addition, twenty-one public utilities, including the main electricity, water, mobile phone and telecommunications companies in Benin, Côte d'Ivoire, Niger, Senegal and Togo, were connected to the credit information sharing system and reported data to the Union's CIB. In Burkina Faso and Mali, following the adoption of Decrees No. 2020-0726/PRES/PM/MINEFID/MDENP/MCIA of August 24, 2020, and No. 2021-0778/PT-RM of November 9, 2021, work was underway to integrate the data of public utilities in both countries into the CIB data sharing platform.

The number of customers on whom information is available in the CIB database grew from 30,694 at the end of February 2016, when CREDITINFO WEST AFRICA (CIWA) was launched, to 15,164,656 on December 31, 2023, and includes 338,859 legal entities and 14,825,797 individuals. On December 31, 2022, it was estimated at 13,367,638 customers, made up of 314,618 legal entities and 13,053,020 individuals. This development was made possible by the

who received loans prior to the date of entry into force of the uniform law. In addition to these provisions, most of the countries have adopted additional instruments authorizing the inclusion of automated processing of public utilities data on the electronic credit information platform.

CIWA has also proposed a new fee schedule for credit information services in 2024. The new schedule, approved by the BCEAO in November 2023, continues to offer incentives, with a decrease in pricing for nano-credit score reports to reflect the distinctive nature of this type of financing, which most often involves relatively small amounts granted over short periods.

3.1.4 - FINANCIAL SITUATION OF MICROFINANCE INSTITUTIONS

<p>540 microfinance institutions (MFIs)</p>		<p>MICROFINANCE</p>
	<p>MICROFINANCE SECTOR</p>	<p>-> Number of beneficiaries: +7.0% 18.1 million at end December 2023 16.9 million at end December 2022</p> <p>-> Deposits collected: +11.9% 2,263.8 billion at end December 2023 2,023.7 billion at end December 2022</p> <p>-> Loans granted: +18.1% 2,561.1 billion at end December 2023 2,170.6 billion at end December 2022</p>
<p>4.778 service points at the end of December 2023.</p>		

In 2023, the WAMU microfinance sector continued to grow in terms of intermediation and access to financial services. Based on available information at the end of December 2023, the number of beneficiaries of microfinance services stood at 18.1 million, compared with 16.9 million at the end of December 2022, an increase of 7.0%. These trends reflect the continued penetration of decentralized finance among the target populations. The number of microfinance institutions stood at 540 at the end of December 2023, compared with 542 at the end of December 2022, while the number of service points rose from 4,616 to 4,778 over the same period.

The financial intermediation activity of microfinance institutions has grown in line with the trend in outstanding deposits and loans. Deposits collected by these institutions totaled 2,263.8 billion at the end of December 2023 compared to 2,023.7 billion at the end of December 2022, corresponding to an 11.9% increase. These deposits accounted for 5.1% of all deposits collected by the Union’s credit institutions during the reporting period. The breakdown of deposits by term continued to be dominated by sight deposits (55.0%), with an upward trend in term deposits, which reached 22.9%. Other deposits represented 22.1%. Savings mobilized by DFSs were 43.0% held by men, 22.4% by women and 34.6% by groups. Average deposits per customer rose by 4.5% to reach 125,092 at the end of December 2023, compared with 119,697 at the end of December 2022.

Outstanding loans granted by microfinance institutions rose by 18.0%, from 2,170.6 billion at end December 2022 to 2,561.1 billion at end December 2023. They represented 7.3% of the outstanding loans granted by the Union’s credit institutions at end December 2023. Short-term loans represented 51.1% of all loans granted by microfinance institutions. Medium- and long-term loans accounted for 30.6% and 18.3%, respectively. Average outstanding loans per member rose by 10.2% to reach CFA F 141,519 at the end of December 2023, compared to CFA F 128,420 at the end of December 2022.

The quality of the decentralized financial system loan portfolio improved during the period under review. The gross deterioration rate of the portfolio of microfinance institutions in WAMU stood at 6.2% at end December 2023, as against 6.9% at end December 2022. However, it remained well in excess of the 3% maximum standard generally accepted in the sector. In terms of sector reorganization, 2023 was marked by the implementation of actions set out in the regional strategy for financial inclusion (Stratégie Régionale d'Inclusion Financière - SRIF), in particular to support the recovery of struggling microfinance institutions in the WAMU Union. Operations have begun in Benin, Côte d'Ivoire, Senegal and Togo to draw up recovery plans for institutions that have been diagnosed. They will continue in Burkina Faso, Mali and Niger in 2024. In Guinea-Bissau, a special recovery plan was drawn up following the BCEAO's diagnostic audit of the country's microfinance sector in 2022.

3.2 - ENHANCING THE SUPPORT MECHANISM FOR SME/SMI FINANCING

SME MECHANISM:
From January to June 2023:
-> 5,623 SMEs supported by SAEs
-> 1,238 SMEs received loans
-> 40,662 million CFA francs in loans granted

Over the course of the 2023 financial year, the BCEAO stepped up its efforts to promote the SME/SMI financing support mechanism (SME mechanism), in particular by taking part in workshops and training courses, monitoring the progress made by other players in the mechanism, and implementing the actions set out in the Action Plan to enhance the effectiveness of the SME mechanism.

For reference, based on the results recorded by the SME mechanism since its launch in 2018, the BCEAO proposed an action plan, approved by the WAMU Council of Ministers on December 17, 2021, to strengthen the mechanism's effectiveness. The proposed measures were aimed at improving the steering of the SME mechanism, strengthening stakeholder involvement, harmonizing assessment of the risks borne by banks on SMEs eligible for the mechanism, and implementing measures to support the action plan.

Work on priority 1 has already begun. This includes reviewing the remit of the committee for the identification of support and supervision structures (*Comité d'Identification des Structures d'Appui et d'Encadrement* - CISAE) and improving selection and assessment of support and supervision structures (*Structures d'Appui et d'Encadrement* - SAEs). Draft rules of procedure for the new steering body, known as the *Comité National de Pilotage du Dispositif PME* (CNP-DPME), a model interministerial decree setting up the Committee, and a revised version of the harmonized selection criteria for SAEs are currently being adopted by the Member States.

Over the past two years, these efforts have boosted interest in the SAE mechanism among SMEs. The number of SMEs supported by SAEs rose from 1,237 at the end of June 2021 to 5,623 at the end of June 2023, an increase of over 454%. The number of credit recipients also increased from 68 SMEs to a total of 1,238 SMEs as at the end of June 2023. Total loans granted amounted to CFA F 40,662 million, up by more than 641% compared with June 2021 (CFA F 6,341 million).

3.3 - FINANCIAL MARKET

3.3.1 - RESOURCES RAISED BY THE MEMBER STATES ON THE PRIMARY MARKET

RESOURCES RAISED BY WAEMU MEMBER STATES ON THE REGIONAL PUBLIC DEBT SECURITIES MARKET TOTALED 8,746.0 BILLION, DOWN BY 60.7 BILLION COMPARED TO THE END OF DECEMBER 2022.

3.3.1.1 - Resources raised on the regional market

In 2023, resources raised by WAEMU Member States on the regional public debt securities market amounted to 8,746.0 billion, down by 60.7 billion compared to the end of December 2022. This downturn reflected the drop in Treasury bonds (-27.2%), partially offset by an increase in Treasury bills (+105.8%).

In the Treasury bill segment, Member States raised 3,613.6 billion in 2023, or 41.3% of total resources raised on the regional financial market, compared with 1,755.8 billion the year before. Issues with 12-month maturities were the most highly sought after, with a total value of 1,624.7 billion, or 45.0% of all bonds issued during the period.

National treasuries raised 5,132.4 billion on the bond segment in 2023, compared to 7,050.9 billion the previous year. This sharp decrease can be ascribed to banks' preference for shorter maturities given their liquidity constraints. The most popular maturity was 3 years (53.5% of the total), followed by 5 years (19.6% of the total), 7 years (18.1% of the total), 15 years (5.0% of the total), 10 years (2.8% of the total), and 2 years (1.0% of the total).

Table 12: GROSS ISSUES BY AUCTION AND SYNDICATION ON THE REGIONAL PUBLIC SECURITIES MARKET (IN BILLIONS OF CFA F)

Instrument	2022				Total 2022	2023				Total 2023
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Bills	572.5	413.9	479.9	289.5	1,755.8	715.4	1,435.5	908.6	554.1	3,613.6
Bonds	1,331.2	1,889.6	2,009.6	1,820.5	7,050.9	1,159.2	1,778.8	1,762.5	431.9	5,132.4
<i>By auction</i>	805.0	983.2	1,227.1	483.6	3,498.9	497.6	1,458.8	1,422.5	201.9	3,580.8
<i>By syndication (*)</i>	526.2	906.4	782.5	1,336.9	3,552.0	661.6	320.0	340.0	230.0	1,551.6
Total	1,903.7	2,303.5	2,489.5	2,110.0	8,806.7	1,874.6	3,214.3	2,671.1	986.0	8,746.0

Sources: WAMU Securities, AMF-UMOA

(*) preliminary data on syndication

Financing conditions on the public debt market tightened overall in 2023 compared to the previous year. The average cost of resources raised by the Member States generally followed an upward trend for most maturities, both in terms of Treasury bills and bonds. The weighted average yield rate on bills increased overall by 322 basis points (254 points for one-month maturities, 252 points for 3-month maturities, 377 points for 6-month maturities and 344 for 12-month maturities in 2023. Bond yields also rose on 3-year maturities (+186 points), 5-year maturities (+146 points), 7-year maturities (+25 points), 10-year maturities (+58 points) and 15-year maturities (+22 points). Overall, the weighted average rate on Treasury bills and the weighted average yield on bonds stood at 6.10% and 6.87% respectively, as against 2.88% and 5.73% one year prior.

These developments were mainly due to pressures on the government securities market, stemming from banks' lack of interest in buying sovereign papers and the gradual normalization of monetary policy.

Table 13: AVERAGE INTEREST AND YIELD RATES ON TREASURY BILLS AND BONDS (%)

	2022				2022 Average	2023				2023 Average***
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
1 month	-	-	-	2.51	2.51	-	-	-	5.05	5.05
3 months	2.41	2.60	2.81	-	2.63	3.90	5.79	5.98	6.98	5.15
6 months	2.58	2.53	3.30	2.96	2.60	5.15	6.72	7.23	8.08	6.37
12 months	2.84	2.89	3.32	3.40	3.15	4.14	6.95	6.86	6.58	6.59
WAR* on bills	2.63	2.71	3.09	3.28	2.88	4.38	6.71	6.57	5.99	6.10
2 yrs	-	-	-	-	-	-	-	7.06	-	7.06
3 yrs	4.39	4.86	5.58	5.51	5.35	6.41	7.25	7.34	7.97	7.21
5 yrs	4.55	5.27	5.90	5.84	5.40	6.38	7.01	6.98	7.00	6.86
7 yrs	5.33	5.89	5.95	6.06	5.92	5.88	6.22	6.40	6.31	6.17
10 yrs	5.78	5.81	6.09	6.03	5.91	6.35	-	6.50	6.60	6.49
15 yrs	5.77	5.90	5.75	6.00	5.85	6.07	-	-	-	6.07
WAY** on bonds	5.39	5.64	5.84	5.97	5.73	6.19	7.05	7.13	6.93	6.87

(*) WAR: weighted average rate (**) WAY: weighted average yield (***) preliminary data on syndication

Sources: WAMU Securities, AMF-UMOA

3.3.1.2 - Outstanding public securities on the regional market

Overall outstanding public securities were estimated at 24,686.9 billion or 20.4% of the GDP at the end of December 2023, as against 21,335.5 billion or 19.2% of the GDP in 2022. The structure of the outstanding securities was dominated by Treasury bonds which represented 91.9% of the total.

Table 14: OUTSTANDING PUBLIC SECURITIES ON THE REGIONAL FINANCIAL MARKET AT END DECEMBER 2023 (IN BILLIONS OF CFA F)

	2017	2018	2019	2020	2021	2022	2023(*)
Outstanding	9,681.0	10,036.1	11,078.0	14,407.8	17,674.2	21,335.5	24,686.9
(% of GDP)	12.4	12.0	12.4	15.5	17.5	19.2	20.5
Relative share (in %)							
- bills	12.5	11.0	8.0	8.0	6.9	4.3	8.1
- bonds	87.5	89.0	92.0	92.0	93.1	95.7	91.9

Sources: WAMU Securities, AMF-UMOA

(*) preliminary data

3.3.2 - TRENDS ON THE REGIONAL STOCK EXCHANGE

In early 2023, the regional stock exchange (*Bourse Régionale des Valeurs Mobilières* - BRVM) introduced new compartments on its equity market: "Prestige", "Principal" and "Croissance", along with two new stock market indices: "BRVM 30" and "BRVM Prestige". The "BRVM Prestige" index includes all the stocks listed in the Prestige compartment and will be adjusted annually in line with the Prestige compartment's eligibility criteria. The "BRVM 30" index is made up of the 30 most heavily traded stocks over the quarter. This index, which is intended to replace the previous BRVM 10 index, offers greater diversification and takes account of changes in market liquidity in recent years. The two new indices were introduced on January 2, 2023, with a base level of 100.

At the end of December 2023, the BRVM 30 stood at 107.9 and the BRVM Prestige at 101.5, up 7.9% and 1.5% respectively from their launch levels at the beginning of the year. The BRVM composite index stood at 203.2 points at the end of December 2023, up 5.4% compared to its level on December 30, 2022.

Market capitalization rose by 10.8% to reach 18,269.2 billion at the end of December 2023, thanks to buoyant activity in both the equities and bonds segments. Equity market capitalization rose by 5.4% to stand at 7,967.0 billion on December 29, 2023. Bond market capitalization reached 10,302.3 billion at the close of 2023, with an increase of 15.4% (+1,375.8 billion) compared to the end of 2022.

IV - FINANCIAL STABILITY

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4.1- PRESERVING FINANCIAL STABILITY

The Bank took part in the proceedings of the 23rd and 24th ordinary sessions of the WAMU Financial Stability Committee (WAMU-FSC), held respectively on June 9 and December 19, 2023. During the meetings, the Committee took note of the continuing growth of the Union's economies and the resilience of the regional financial sector despite the various external and internal shocks it was facing. The growth momentum was maintained thanks to measures taken by the Union's governments and financial sector regulatory and supervisory authorities. In addition, inflation started on a downward trend at the beginning of 2023, reflecting the impact of the normalization of monetary policy initiated in June 2022.

The Committee noted, however, that persistent uncertainties in the international and regional economic environment posed risks to the stability of the financial sector, particularly in connection with:

- monetary policy tightening in developed and emerging economies, which could put pressure on capital flows from developing countries;
- the deterioration of sovereign debt sustainability indicators;
- uncertainties linked to international geopolitical tensions, notably the Russian-Ukrainian crisis and conflicts in the Middle East;
- growing cybercrime and increasingly sophisticated techniques used in external and internal frauds and attacks;
- the repercussions of socio-political unrest and acts of terrorism in certain of the Union's Member States, which have had a detrimental effect on the smooth running of economic activities and continued investment in growth-generating sectors;
- the increase in sovereign risk borne by banks, combined with the persistence of credit and asset concentration risks for banking and financial institutions;
- risks linked to money laundering and terrorist financing and the proliferation of weapons of mass destruction (AML/CFT/FPWMD) and their impact on the banking and financial system, particularly on correspondent banking relationships;
- governance issues and the low quality of microfinance institutions' credit portfolios;
- growing insurance and reinsurance arrears, with negative repercussions on cash flow, coverage of regulated commitments and solvency;
- the lack of diversification in the investment portfolios of certain social welfare organizations, and their concentration in the banking sector.

The Committee issued recommendations, notably to member regulatory and supervisory authorities, aimed at mitigating the identified risks, namely those stemming from money laundering and terrorist financing, the proliferation of weapons of mass destruction, the growing sophistication of cybercrime techniques and changes in the international economic climate.

4.2 - REINFORCING BANKING AND FINANCIAL REGULATION AND SUPERVISION

Financial year 2023 was marked by the finalization and approval of several instruments governing financial sector.

THE BANKING REGULATION ACT

In June 2023, the Union's Council of Ministers approved a new Banking Regulation Act. This revision of the WAMU Banking Act was motivated by internal and external shifts in the financial sector, including the extensive reforms conducted by the BCEAO over the past decade. The primary objective of the revised act was to address changing trends in the regional banking landscape, the impact of new technologies, and the challenges of promoting financial inclusion and supporting economic activities across WAMU Member States.

The main innovations introduced by this reform include adjustments to the institutional framework, an expanded scope of application, stricter licensing procedures and conditions for banking operations, and improved governance standards within regulated institutions. The reform also includes a new classification of mandated intermediaries, establishes the status and powers of the Macprudential Authority, creates a framework for protecting banking service users, and outlines a system for managing institutions facing difficulties.

THE CONVENTION GOVERNING THE BANKING COMMISSION

With regard to the supervision of regulated institutions, the Convention governing the Banking Commission and its Appendix have been revised to strengthen the independence of the supervisory authority and clarify its powers, particularly in terms of bank resolution. The Convention governing the Banking Commission and its Appendix were adopted by the Council of Ministers at its March 2023 session.

To enhance the banking sector's resilience and address escalating financing needs within Union member countries, the Council of Ministers, in its Decision 020 dated December 21, 2023, decided to raise the minimum share capital for banks, from CFA F 10 to 20 billion, while maintaining the capital level for financial credit institutions unchanged at CFA F 3 billion.

THE MICROFINANCE REGULATION ACT

The Union also adopted a new Microfinance Regulatory Act, which was approved by the Council of Ministers at its December 2023 session. The revision of the act governing the microfinance sector aims, firstly, to align the legal and regulatory framework with changing social, economic, and financial conditions, as well as with international standards, in order to address weaknesses identified by stakeholders (regulators, supervisors, regulated institutions) and, secondly, to reinforce the stability of microfinance institutions, enhance their contributions to financial inclusion and meet the challenges of mobilizing savings in the Union. The amendment of the instrument governing the microfinance sector in WAMU also offers an opportunity to clarify provisions of the current act that are difficult to apply or interpret, providing the Union's Member States with a legal framework aligned with the goals of resilience, financial inclusion, and economic financing.

The changes introduced by the new Microfinance Regulatory Act primarily focus on reshaping the microfinance landscape, including by streamlining authorized legal forms, introducing minimum share capital requirements, expanding the range of authorized activities, enhancing supervision and improving institutional governance, in particular through minimum competency requirements for members of governing bodies, the protection of cooperatives and customers, the integration of specific provisions for Islamic finance and procedures for addressing microfinance institutions facing difficulties.

REGULATORY FRAMEWORK ON ANTI-MONEY LAUNDERING, TERRORIST FINANCING AND FINANCING THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION (AML/FT/FP)

To reinforce the anti-money laundering, terrorist financing and financing the proliferation of weapons of mass destruction (AML/CFT/FP) framework, and ensure its compliance with international standards, the Council of Ministers adopted a new uniform act on March 31, 2023. The revision of the current framework is intended to address deviations from Financial Action Task Force (FATF) standards identified during evaluations of the AML/CFT systems of the Union's eight Member States conducted by the Intergovernmental Action Group against Money Laundering in West Africa (GIABA), between 2017 and 2022.

The main innovations in the new regulatory framework include the introduction of a risk-based approach, the creation of a regional risk assessment mechanism, the application of AML/CFT/FP due diligence measures to virtual asset service providers (VASPs), and the establishment of a declaration system for the physical transportation of cash and bearer negotiable instruments within the Union.

In addition, at its meeting of December 21, 2023, the Council of Ministers adopted a Decision establishing threshold amounts for the implementation of certain provisions of the AML/CFT/FP Act.

In an effort to promote effective use of digital financial services and in light of recent changes in the environment, the Central Bank has initiated revisions to the regulatory framework governing electronic money. The primary changes anticipated to strengthen the scope of the regulatory framework include:

- reviewing approval procedures for electronic money institutions, in accordance with the provisions of the new banking act,
- establishing partnership frameworks, especially between banks and technical service providers,
- managing inactive electronic wallets,
- enhancing remote customer identification processes through electronic Know Your Customer (e-KYC) measures,
- strengthening protections for users of electronic money services, and
- incorporating, within bulk payments, institutions that use electronic money for professional activities aside from acceptance or distribution, or for the purpose of fund-raising

Efforts are also underway to revise Decision No. 31, which outlines the rules for clearing and settling electronic money transactions within WAMU. This revision addresses the emergence of new players and the increasing use of new payment methods spurred by technological innovations, which require adjusting the scope of the Decision.

The updated Decision, while reaffirming the principle of clearing and settling domestic transactions in local currency, proposes the following regulatory changes:

- expanding the scope of application to include any payment solution developed within WAEMU and any electronic transaction, irrespective of the account type, medium, channel, issuer, or acquirer based within the Union, and
- mandating the routing of all transactions involving Union acquirers through platforms authorized by the BCEAO.

V - FINANCIAL INCLUSION, ISLAMIC FINANCE AND GREEN FINANCE

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5.1 - PROMOTION OF FINANCIAL INCLUSION IN THE WAEMU UNION

In 2023, the BCEAO continued its regional initiatives aimed at promoting financial inclusion and education among the populations of the WAEMU region. The actions conducted focused on implementing the regional financial inclusion strategy, supporting States in the process of digitizing public payments and reinforcing the microfinance sector. They also involved the rollout of the financial services interoperability project, participation in AFI's international meetings on financial inclusion, and promotion and supervision of FinTech.

5.1.1 - IMPLEMENTATION OF THE REGIONAL FINANCIAL INCLUSION STRATEGY (SRIF) IN WAEMU

The implementation of the action plan of the regional financial inclusion strategy in WAEMU continued with studies aimed at enhancing the availability of data on the financial inclusion situation and promoting a tax framework that incentivizes innovative financial services and inclusion within WAEMU. It also included the rollout of the regional financial education program and support for the States in formulating their national financial inclusion strategies.

As part of efforts to enhance data availability, the feasibility study for establishing a single identification system for financial service users in WAEMU was finalized. This study included an in-depth analysis of identification systems and programs across Union countries, as well as a review of experiences from other regions in Africa and beyond. Based on this analysis, various implementation scenarios were identified, which should enable the Central Bank to choose the optimal solution for the unique identification of financial service users in the WAEMU region.

A comparative study of the various tax frameworks for innovative financial services in WAEMU was also conducted to identify the reforms needed to promote financial inclusion in WAEMU countries.

Regarding the roll-out of the regional financial education program, efforts centered on organizing workshops to share feedback from interviews with institutional stakeholders and target populations in the Member States. In addition, secondary data was analyzed, and an inventory of financial education themes for course and module design was drawn up. A draft communication strategy for financial education in WAEMU was also developed.

On the subject of financial inclusion strategies, 2023 marked the adoption of national financial inclusion strategies in Benin and Guinea-Bissau. As of now, all WAEMU Member States have adopted a national strategy to coordinate local financial inclusion initiatives.

5.1.2 - SUPPORT FOR STATES IN THE DIGITALIZATION OF PAYMENTS

Efforts to promote and support the digitalization of public payments continued with the organization of a regional workshop in April 2023. Nearly 650 participants from WAEMU countries, the financial sector, universities, and business schools attended. The workshop served as a platform for discussions on the impact of payment digitalization on financial inclusion within WAEMU. It also enabled all stakeholders to discuss initiatives, in particular those undertaken by the BCEAO to assist public administrations and decentralized financial systems in digitalizing their financial operations, thereby fostering inclusive economic and social development.

5.1.3 - STRENGTHENING OF THE MICROFINANCE SECTOR

The Central Bank developed four recovery plans for microfinance institutions in Senegal with a view to reorganizing and strengthening the microfinance sector, and 36 recovery plans for the other countries are currently being drawn up. In addition, the BCEAO organized the second series of training sessions for staff of WAEMU DFSs on enhancing governance, compliance, financial monitoring, and reporting systems. In all, 913 participants benefited from training sessions: 445 in the first series and 468 in the second.

5.1.4 - IMPLEMENTATION OF THE UNION'S DIGITAL FINANCIAL SERVICES INTEROPERABILITY PROJECT

The BCEAO continued its work on establishing an interoperable infrastructure for instant payments. This platform should facilitate transactions between various account types (both banking and non-banking) regardless of the institutions, instruments or payment channels used, 24 hours a day, 7 days a week.

The actions carried out under this project focused on finalizing development work, including:

- the design and creation of the payment platform and the Participant Interface Application to be made available to participants to facilitate their connection to the system;
- the design and implementation of a Public Key Infrastructure (PKI) management system for digital signing of messages and secure connections.
- the specification of the QR Code for interoperability and the Application Programming Interface (API), which participants must provide to their corporate customers to automate their transactions;
- the design and deployment of a mobile application to facilitate the use of instant payment services, and the definition of minimum requirements for participants. A successful user experience, characterized by quick, simple, and intuitive processes, was identified as a key success factor in the payment systems review carried out in several jurisdictions. Against this backdrop, the BCEAO developed and deployed a mobile application whose source codes are available free of charge to participants, allowing them to integrate it into their customer interfaces as needed.

The BCEAO also set up a collaborative platform to support participants, along with a sandbox to test the operational efficiency of their systems.

Based on the outcomes, a pilot phase will be organized concurrently with the implementation of a communication campaign targeting the general public.

BOX 3: PARTICIPATION IN THE ACTIVITIES OF THE ALLIANCE FOR FINANCIAL INCLUSION

On June 29, 2023, in Victoria, Seychelles, the BCEAO participated in the twelfth Leaders' Roundtable of the African Financial Inclusion Policy Initiative (AfPI), on the theme: *"Rising Above Global Uncertainty - Pathways to Inclusive Innovation."*

The BCEAO took the opportunity to share its experiences regarding the regulatory and operational framework for digital financial services and learn from the experiences of its peers in implementing financial inclusion strategies.

At the AfPI Leaders' Roundtable, a new agreement known as the *"VICTORIA Consensus"* was adopted. The agreement aims to promote responsible and inclusive innovation to enhance financial inclusion. It builds on prior commitments made by AFI members, including the Sochi Accord for FinTech, the Denarau Action Plan to reduce gender gaps in financial inclusion, and the Kigali Declaration focused on accelerating the financial inclusion of disadvantaged groups.

The BCEAO also took part in the 13th Global Forum on Financial Inclusion Policies, organized by the Alliance for Financial Inclusion (AFI) from September 12 to 15, 2023, in Manila, Philippines, in collaboration with the Central Bank of the Philippines, on the theme: *"Stability, Sustainability, and Inclusiveness for Shared Prosperity"*.

The event, which was the largest ever international gathering on the subject of financial inclusion, was attended by over 700 participants, including regulators and policymakers, as well as various public and private international organizations working to foster financial inclusion.

During the Forum, five awards were presented at the AFI Global Financial Inclusion Awards ceremony, in recognition of the efforts of AFI member institutions in implementing innovative policies and strategies to promote financial inclusion. The BCEAO was presented with an award in the Maya Declaration category, after having previously won a similar award during the 10th Global Forum on Financial Inclusion Policies held in 2018 in Sochi, Russia.

The Maya Declaration comprises a set of measurable commitments adopted by AFI members in Mexico in 2011, with the aim of promoting financial inclusion and contributing to the attainment of the Sustainable Development Goals (SDGs) through the search for appropriate solutions to help the world's unbanked.

The BCEAO received the award in recognition of its efforts to promote financial inclusion as well as recent progress achieved in the Union.

5.1.5 - PROMOTION AND SUPERVISION OF FINANCIAL TECHNOLOGY (FINTECH) FIRMS IN THE UNION

The BCEAO continued its efforts to supervise and monitor FinTechs within the Union through the ongoing census of FinTechs operating in the Union and the organization of exchange workshops and regular meetings on financial innovations. The insights gained from these activities have made it possible to complete a draft Instruction on payment services.

The aim of this draft Instruction is to regulate and promote payment service activities. It is expected to encourage the provision of innovative payment services, such as payment transaction acquisition, payment initiation, and account aggregation services. In addition, it will enable FinTechs to engage in these activities without having to form partnerships with credit institutions.

Furthermore, as part of its efforts to promote FinTech, key achievements included the continuation of the activities of the WAMU FinTech Knowledge and Monitoring Office (BCSF-UMOA), namely:

- periodic meetings with FinTechs, to assess current trends and innovations,
- the organization of a regional exchange workshop to disseminate information on the BCEAO's initiatives in the digitalization of financial services and gather information on FinTechs' expectations in terms of "support" and "regulation",
- the launch of a dedicated FinTech web page on the Central Bank's official website,
- updating of the mapping of FinTechs and Payment Service Providers in WAMU,
- drafting of a strategy document for the promotion of FinTechs in WAEMU, with the vision of "promoting technological innovation, for an efficient and stable financial ecosystem, conducive to the financial inclusion of the people of WAEMU", and
- the organization of a workshop with representatives of FinTech associations in the region.

The FinTech census conducted at the end of December 2023 identified 167 FinTechs registered with the BCEAO, divided into six categories. These FinTechs provide payment solutions, credit offerings, monitoring and supervision, as well as digital transformation, and cybersecurity consulting services.

FinTechs operating in the payment sector accounted for 55% of the entities registered in the Union. In light of that fact, it was deemed urgent to regulate the activity. Consequently, an instrument governing payment services in WAMU is scheduled for adoption in 2024, alongside the rollout of the action plan for the WAMU FinTech Promotion Strategy.

5.1.6 - CONTRIBUTION OF PAYMENT SYSTEMS AND INSTRUMENTS TO INCREASED FINANCIAL INCLUSION

The Central Bank's initiatives regarding payment-related aspects of financial inclusion have focused on assisting Public Treasuries, Decentralized Financial Systems (DFSs), and Management and Intermediation Companies (MICs) in enhancing their payment processes.

It should be noted that these efforts were aligned with the Central Bank's vision to bolster the automation of Public Treasuries' payment circuits and their operational autonomy.

5.1.6.1 - Electronic money payment services offered by national treasury departments

In line with this commitment to helping governments digitalize public payments, national treasuries in the Union have been authorized to provide limited payment services backed by electronic money to recipients of government benefits, and to entities and individuals with tax obligations.

To take advantage of these provisions, the Côte d'Ivoire Treasury launched its "Trésor Money" (also known as "Tmoney") e-money project in 2022. The system for monitoring payment services backed by electronic money (SPAME) provided by national treasuries, offered by national treasuries, was rolled out with two main objectives: ensuring the effectiveness of public treasury payment services and managing associated risks, including overdrawn e-money issuance and securing bearer funds.

5.1.6.2 - Connection of national treasury departments to WAEMU payment systems

In 2023, the number of public treasuries connected to the e-clearing system remained at its 2022 level (seven), while the number of public treasuries connected to the real-time gross settlement system rose to eight.

5.1.6.3 - Promoting access of microfinance institutions to WAEMU regional payment systems

Under the project to promote access by microfinance institutions to the WAEMU regional payment system, the BCEAO provided technical support to DFSs to enable them to connect to the SICA-UEMOA platform via partner banks, and to improve their information systems by setting up a shared data processing center in Côte d'Ivoire and Niger.

As at the end of December 2023, the efforts undertaken resulted in the successful launch of 13 microfinance institutions in SICA-UEMOA through partner banks.

Significant progress was made in validating the functional and technical architecture of the processing centers, in setting up steering bodies including Ministerial Monitoring Structures, the DFSs and their professional associations, and in creating the legal entities of the Data Processing Centers. These centers provide DFSs with high-performance, secure technical infrastructure, supporting the automation of their operations, the production of reports in compliance with regulations, and connect them to WAEMU payment systems.

5.1.6.4 - Access to STAR-UEMOA for management and intermediation companies (SGIs) to boost their participation in the public securities auction market

Support for the participation of management and intermediation companies in the system by allowing them to settle their transactions on the public securities auction market via partner bank accounts was continued in 2023, with the 14 SGIs that had already been set up to use the system.

5.2 THE STATUS OF ISLAMIC FINANCE

ISLAMIC FINANCE
<p>18 licenses were granted to:</p> <ul style="list-style-type: none">-> 2 banks operating exclusively in Islamic finance-> 7 banks with an Islamic finance branch-> 8 microfinance institutions operating exclusively in Islamic finance-> 1 microfinance institution with an Islamic finance branch.

The BCEAO continued its efforts to promote Islamic finance in 2023. To facilitate access to the sector, the Central Bank opted to support initiatives to create Islamic Financial Institutions (IFIs). Nine applications for licenses to engage in Islamic finance activities were reviewed, and the applicants were asked to make improvements. So far, 18 licenses have been granted to 2 banks operating exclusively in the Islamic finance sector, 7 banks with an Islamic branch, 8 exclusively Islamic microfinance institutions and 1 microfinance institution with an Islamic branch. In 2023, three licenses were granted to Islamic microfinance institutions in Burkina Faso, Niger, and Senegal.

In addition, the BCEAO's draft guide on Sharia-compliant governance and model contracts for Islamic finance were approved by the Central Bank's authorities and shared with Islamic Financial Institutions (IFIs) in May 2023. These documents were reviewed during a feedback and training session held on November 29 and 30, 2022.

The Central Bank also organized an online training session on Islamic finance for its staff, from June 26 to 28, 2023. As part of its ongoing efforts popularize the specific instruments governing Islamic finance, the Central Bank also participated in the "Islamic Finance Tour Senegal 2023" workshop, held by the *Compagnie Indépendante de la Finance Islamique en Afrique* (CIFIA) and Dexterity AFRICA on July 11, 2023, in Dakar. The event, themed "*Developing a Regional Hub for Islamic Finance in the WAMU*", provided an opportunity to share the BCEAO's initiatives in promoting and regulating Islamic finance in WAMU, along with work being done to promote the harmonious development of this rapidly expanding field.

5.3 GREEN FINANCE

Recognizing the impact of the lack of structural policy addressing climate change challenges, the BCEAO has initiated discussions on adapting its strategies to play a pivotal role in mitigating the effects of climate risks on WAMU economies.

In 2023, the BCEAO began drafting a climate policy and governance framework, in order to adequately address the risks and opportunities associated with climate change in the performance of its mandates as a Central Bank.

To this end, a "Climate Policy Committee" (CPC) was established in September 2023, dedicated to proposing, overseeing, and coordinating the implementation of actions arising from the Central Bank's climate policy. The CPC's deliberations will also be leveraged to help define the BCEAO's climate strategy and roadmap, which will identify ongoing and planned work to address the risks and opportunities associated with climate change in the Union.

As part of this process, the BCEAO plans to organize a high-level international conference in Dakar in February 2024 on "*The role of central banks in meeting the challenges of climate change*".

VI - MANAGEMENT OF BANKNOTES AND COINS, PAYMENT SYSTEMS AND INSTRUMENTS

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6.1 - MANAGEMENT OF BANKNOTES AND COINS

In 2023, withdrawals and deposits through BCEAO windows totaled CFA F 49,143.0 billion in bills and coins, compared with CFA F 50,258.0 billion the year before.

6.1.1 - WITHDRAWALS AND DEPOSITS THROUGH BCEAO BRANCH WINDOWS

Banknote withdrawals totaled CFA F 24,678.0 billion, as against CFA F 25,624.1 billion in 2022, a year-over-year decrease of 3.7%. The largest withdrawals in value terms were observed in Côte d'Ivoire (32.6%), Senegal (20.5%) and Burkina Faso (15.6%).

The value of coin withdrawals contracted by 9.5%, from CFA F 15.7 billion in 2022 (236.3 million units) to CFA F 14.2 billion in 2023 (219.3 million units).

Table 15: BANKNOTE AND COIN WITHDRAWALS IN 2023 (BILLIONS OF CFA F)

	Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	Total
Bills	1,891.31	3,843.08	8,038.55	322.15	2,719.24	1,029.35	5,050.71	1,783.64	24,678.02
Coins	1.27	1.53	5.57	0.19	1.68	0.64	2.37	0.98	14.22
TOTAL	1,892.58	3,844.61	8,044.11	322.34	2,720.91	1,029.99	5,053.08	1,784.62	24,692.24

Source: BCEAO

Banknote deposits through the windows of the Central Bank totaled CFA F 24,449.2 billion in 2023 (3,309.9 million units) as compared to CFA F 24,615.7 billion (3,354.4 million units) in 2022, representing a 0.7% decrease in terms of value. The largest inflows in value terms were observed in Côte d'Ivoire (31.1%), Senegal (18.6%) and Burkina Faso (16.3%). Coin inflows through the windows of the Central Bank fell from CFA F 2.5 billion (11.8 million units) in 2022, to CFA F 1.6 billion (7.8 million units) in 2023, representing a 37.9% decrease in value.

Table 16: BANKNOTE AND COIN DEPOSITS IN 2023 (BILLIONS OF CFA F)

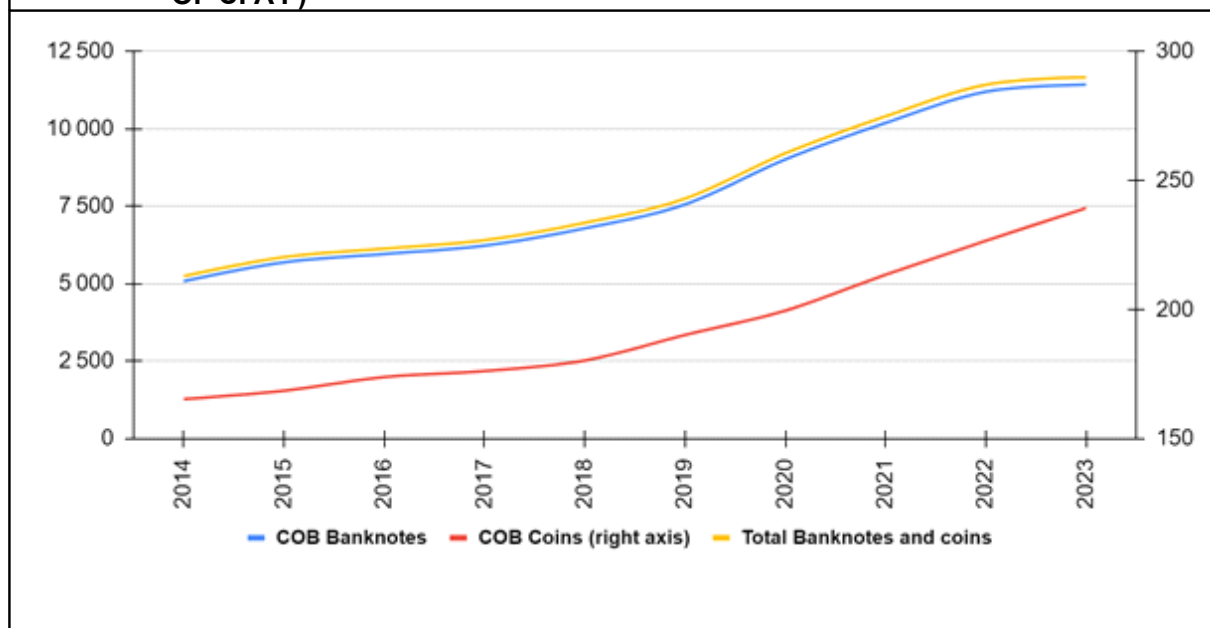
	Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	Total
Bills	2,171.36	3,983.34	7,599.95	300.48	2,719.20	821.66	4,549.69	2,303.52	24,449.19
Coins	0.09	0.11	0.35	0.01	0.65	0.21	0.06	0.07	1.55
TOTAL	2,171.45	3,963.45	7,600.30	300.49	2,719.85	821.87	4,549.75	2,303.58	24,450.74

Source: BCEAO

6.1.2 - STRUCTURE OF CURRENCY OUTSIDE BANKS

As at the end of December 2023, currency outside banks stood at CFA F 11,669.4 billion, against CFA F 11,428.0 billion one year prior, for an increase of CFA F 241.4 billion (+2.1%). Large denominations made up 92.2% of the value of banknotes in circulation, as was the case in 2022. The relative shares of banknotes and coins in the value of currency outside banks were 97.9% and 2.1% respectively in 2023, compared with 98.0% and 2.0% respectively in 2022.

Figure 15: TRENDS IN CURRENCY OUTSIDE BANKS FROM 2014 TO 2023 (BILLIONS OF CFA F)



Source: BCEAO

6.2 - PAYMENT SYSTEMS AND INSTRUMENTS IN THE WAEMU UNION

STAR-UEMOA	SICA-UEMOA
152 participants in the WAEMU Automated Transfer and Settlement System (STAR-UEMOA) at end December 2023, against 146 the previous year.	151 participants in the WAEMU Automated Interbank Clearing System (SICA-UEMOA) at end December 2023, against 148 in 2022.
Number of transactions: 1.7 million Value of transactions: CFA F 1,040,806 billion INTERCOUNTRY EXCHANGES: - Number of transactions: 509.058 - Value of transactions: CFA F 85.546 billion	Number of transactions: 28.3 million Value of transactions: CFA F 78.210 billion Number of transactions per payment instrument (in millions): - Checks: 7.9 - Transfers: 20.1 - Bills of exchange: 0.1 - Promissory notes: 0.003 - Withdrawals: 0.2 INTERCOUNTRY EXCHANGES: - Number of transactions: 280.134 - Value of transactions: CFA F 1.7 billion

As at 31 December 2023, the performance of the Union’s payment systems showed upward trends in the main activity indicators.

6.2.1 - REGIONAL PAYMENT SYSTEMS

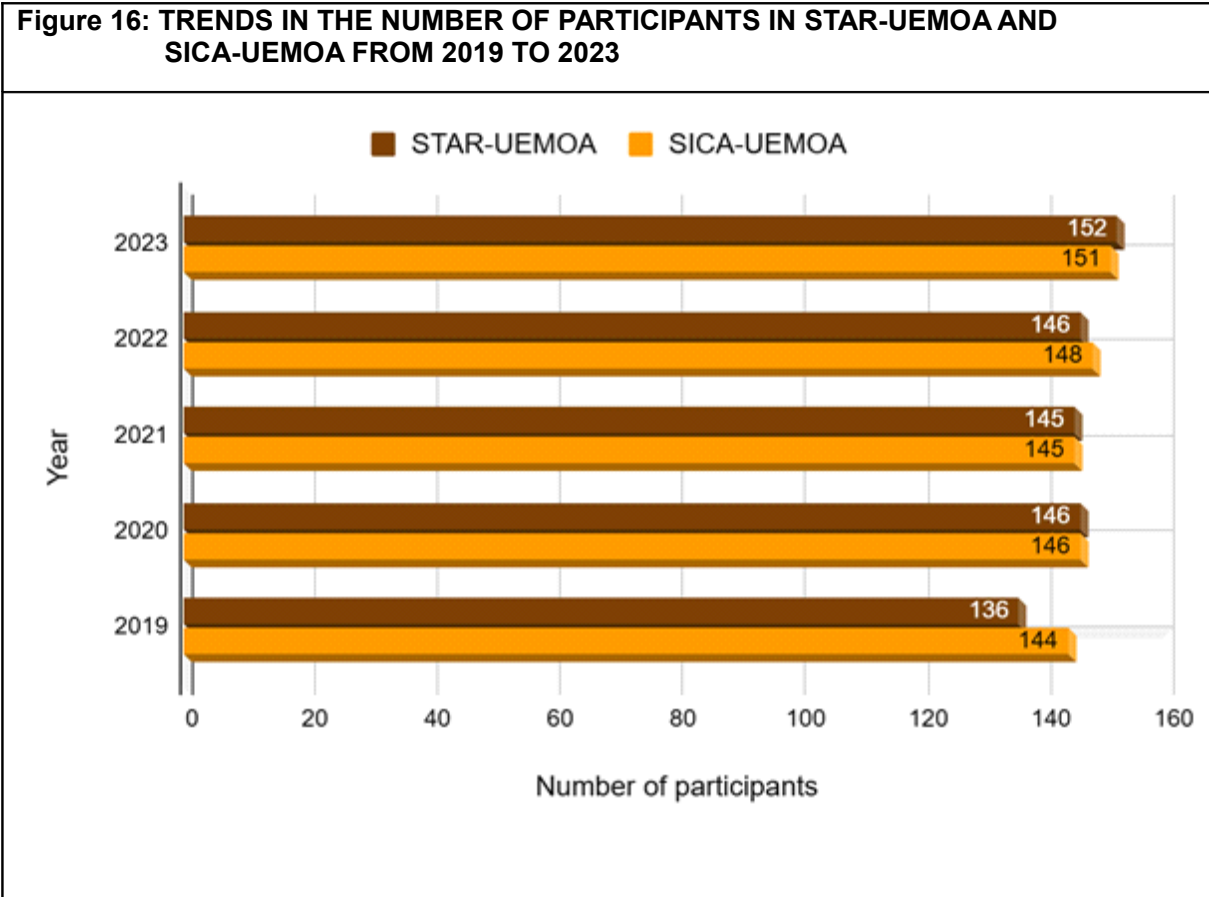
6.2.1.1 - Operations of payment systems managed by the BCEAO

There were 152 participants in the WAEMU Automated Transfer and Settlement System (STAR-UEMOA) at end December 2023, versus 146 in 2022. The latest institutions to join the system were the Public Treasury of Guinea-Bissau, CORIS BANK Guinea-Bissau, Banque de Développement du Mali - Togo Branch, Banque Postale du Burkina Faso (BPBF), WAMU Securities, and AFG Bank Côte d'Ivoire.

The volume of transactions settled in STAR-UEMOA rose from 1,637,468 transactions worth a total of CFA F 842,363 billion in 2022, to 1,682,185 transactions, with an aggregate value of CFA F 1,040,806 billion in 2023. This marks annual growth rates of 2.73% in volume and 23.56% in value.

The WAEMU Interbank Automated Clearing System (SICA-UEMOA) had 151 participants at end December 2023, up from 148 in 2022. This total includes banks, the BCEAO, and the treasuries of Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, and Senegal.

The volume of transactions processed in SICA-UEMOA during the period under review amounted to 28,339,223, worth a total of CFA F 78,210 billion. This represented a 4.30% increase in volume and a 9.74% increase in the value of payments cleared compared to 2022, which saw 27,171,381 transactions valued at CFA F 71,267 billion.

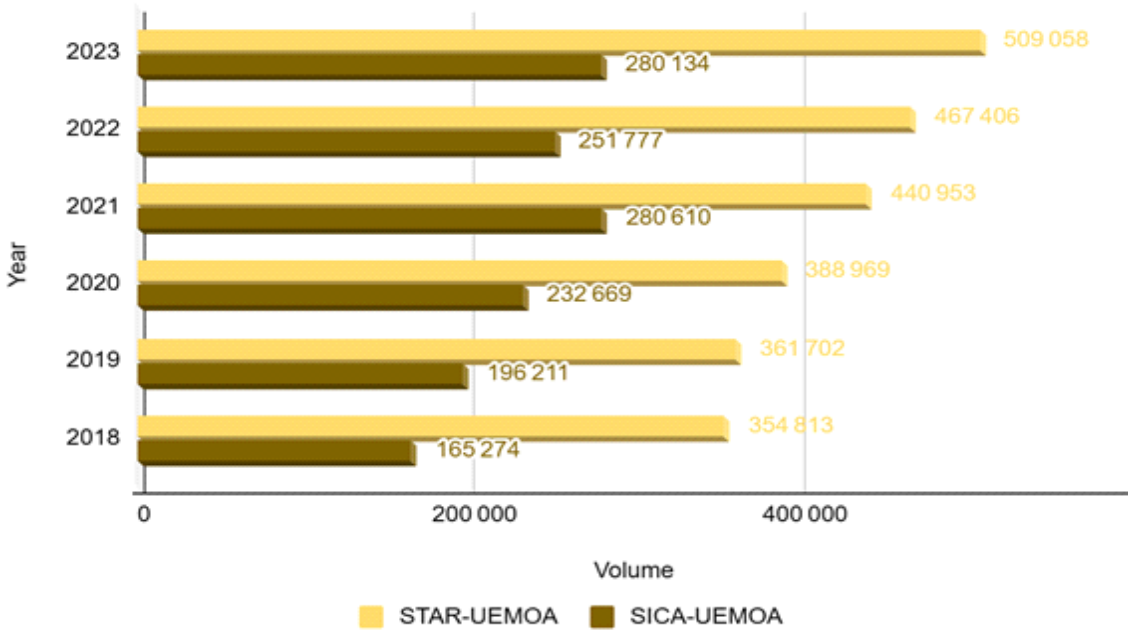


Source: BCEAO

In 2023, inter-country trade within WAEMU increased by 9.9%, reaching a total value of CFA F 85,546 billion, up from CFA F 77,807 billion in 2022. The relative share of these inter-country transactions accounted for 8.2% of the aggregate value of transactions processed in

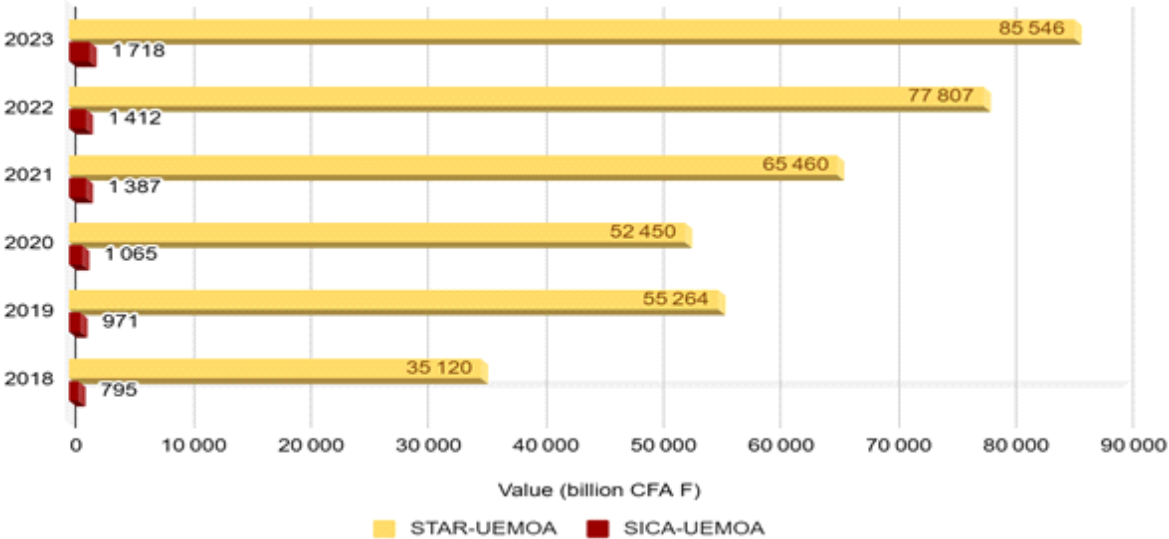
STAR-UEMOA. This represents a slight decline from the previous year's 9.0% share in the aggregate transaction value of inter-country trade, likely influenced by restrictions on transactions originating from or received by the Niger financial center.

Figure 17: TRENDS IN THE VOLUME OF INTERCOUNTRY TRANSACTIONS FROM 2018 TO 2023



Source: BCEAO

Figure 18: TRENDS IN THE VALUE OF INTERCOUNTRY TRANSACTIONS FROM 2018 TO 2023



Source: BCEAO

Intercountry transactions in the WAEMU Union

9.9% increase, from CFA F 77,807 billion in 2022 to CFA F 85,546 billion in 2023.

In 2023, the breakdown of payment instruments processed in the e-clearing system indicated that transfers accounted for 70.98% of the total volume, up from 69.32% in the previous year. Checks accounted for 27.84% of the volume of transactions, down from 29.5% in 2022. In terms of value, check transactions represented 72.57% of exchanges in 2023, a slight decrease from 73.30% the previous year.

It should be noted that in 2023, users' preference for transfers was confirmed, while the use of checks decreased slightly compared to the previous year.

As a relative share of payment volumes, withdrawals rose from 0.7% in 2022 to 0.8% in 2023. In value terms, they stood at 2.9%, unchanged from the previous year.

With respect to commercial papers (bills of exchange and promissory bills), a 15.28% drop in volume and a 7.25% rise in value were seen between 2022 and 2023. This trend points to the utilization of these payment instruments primarily for high-value transactions.

In 2023, the BCEAO conducted actions aimed at strengthening the security, modernization and inclusive impact of payment systems, instruments, and services in WAEMU.

6.2.1.2 - Security of payment systems

As regards the security of payment systems, awareness-raising activities continued, with a view to ensuring compliance with the minimum security requirements and rules applicable to payment system participants' connection platforms. With regard to systemically important MFIs outside the BCEAO's remit, it should be noted that work is ongoing to operationalize the supervision of the Central Depository/Settlement Bank (DC/BR), in conjunction with the Financial Markets Authority of the West African Monetary Union (AMF-UMOA).

6.2.1.3 - Modernization of payment systems and services

As part of efforts to modernize the subregional payment infrastructure, the BCEAO focused its efforts in 2023 on redefining the general policy on financial market infrastructure and payment instruments and services in WAEMU, implementing the WAEMU digital financial services interoperability project, and monitoring the issuance of central bank digital currencies (CBDCs).

- ***Revision of the general policy on financial market infrastructure and payment instruments and services in WAEMU***

From 2013 to 2022, the BCEAO adopted and implemented a General Policy designed to "Equip WAEMU with reliable, efficient, and accessible payment systems governed by transparent criteria, and provide economic operators with modern, low-cost payment instruments".

The implementation outcomes of this policy indicate that the Central Bank's vision for 2022 has been realized. The action plan was executed at a 90% success rate, with over 90% of participants expressing satisfaction, while the number of e-money transactions surged from 109 million, worth CFA F 2,251 billion in 2013, to 5.13 billion transactions, valued at CFA F 63,716 billion in 2021. In addition, National Public Treasuries, Community Financing Institutions, and other non-bank financial entities joined the payment systems

In addition, the diagnosis of the Union's MFIs and its payment instruments and services conducted by the Central Bank identified challenges, vision, pillars, and strategic objectives for a new policy on financial market infrastructure and payment instruments and services. The assessment particularly emphasized the strengths of payment systems, in terms of their overall alignment with the Principles for Financial Market Infrastructures (PFMI) and the inclusive impact of regional payment infrastructure, driven by the significant contribution of electronic money to the overall rate of financial inclusion. However, the diagnosis also revealed weaknesses such as the need to update payment regulation in response to emerging activities and new participants, the Central Bank's considerable reliance on technology suppliers, and the absence of a permanent payment research and monitoring system.

The analysis further pointed to significant shifts in the payment ecosystem, presenting opportunities like the entry of new non-bank actors, especially FinTechs, the implementation of several regional and continental payment system integration projects, and the proliferation of new technologies enhancing the efficiency of MFIs. Nonetheless, challenges persist, including low payment acceptance rates, the proliferation of initiatives aimed at setting up public and private interoperable platforms in WAEMU, the surge in cybercrime, and the expansion of crypto-assets.

A regional consultation, held from February 27 to March 2, 2023, also identified new challenges as well as the concerns of the players in the WAMU payments ecosystem.

Once the General Policy for 2023-2027 is finalized, the actions to be undertaken will include, firstly, the deployment of a communication plan targeting stakeholders and, secondly, the effective management of the planned actions.

• Oversight of the issuance of central bank digital currencies (CBDCs)

In view of the opportunities and challenges associated with central bank digital currency (CBDC), in terms of financial inclusion, monetary policy, financial stability, cross-border payments, and fiduciary operations, the BCEAO has undertaken research, under the aegis of its FinTech Committee created in 2020, to assess the utility of issuing this new form of currency in the WAMU region.

The initial conclusions of these studies led the Bank's authorities to reaffirm the relevance of the project and to establish, in July 2023, a Project Group to continue reflection. The mandate of the Project Group is to:

- **identify the objectives, challenges, and risks related to the issuance of central bank digital currencies (CBDCs) within WAMU,**
- **conduct a feasibility study, including the identification of use cases, prerequisites, key success factors, risk control mechanisms, and design options for CBDCs,**
- **assess the potential impact of CBDCs on the roles and activities of the BCEAO, and**
- **review potential impact on credit institutions, microfinance institutions, other financial ecosystem players, and financial inclusion.**

The outcomes of the Project Group's work will inform the development of draft guidelines for the Bank's authorities to advance work on CBDCs in the Union.

VII - ACTIVITIES OF THE STATUTORY BODIES AND ADMINISTRATION OF THE BCEAO

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7.1 - ACTIVITIES OF THE STATUTORY BODIES

During the 2023 financial year, the organs of the BCEAO held their meetings in compliance with the provisions of the Treaty of the West African Monetary Union (WAMU) of January 20, 2007, and the Statutes of the Central Bank of West African States.

7.1.1 - CONFERENCE OF HEADS OF STATE AND GOVERNMENT OF THE WAMU UNION

The Conference of Heads of State and Government of the Union held two extraordinary sessions in 2023, respectively on July 8, 2023, in Bissau, Guinea-Bissau, and on July 30, 2023, in Abuja, Nigeria.

7.1.2 - WAMU COUNCIL OF MINISTERS

The following changes were made to the membership of the Council in the 2023 financial year:

Representing the Republic of Benin, Mr. Olushegun Adjadi Bakari, Minister of Foreign Affairs, was appointed to the Council, with effect from June 16, 2023, to replace Mr. Hamet Aguemon.

Representing the Republic of Guinea-Bissau,

- Mr. Suleimane Seidi was appointed Minister of Economy and Finance on August 16, 2023, replacing Mr. Ilidio Vieira Té.
- Following the dissolution of Parliament on December 4, 2023, Prime Minister Geraldo João Martins took over from Suleimane Seidi as Minister of Economy and Finance until December 19, 2023.
- Mr. Ilidio Vieira Té was appointed Minister of Finance, replacing Mr. Geraldo João Martins, on December 20, 2023.

Representing the Republic of Mali,

- Mr. Alousséni Sanou, Minister of Economy and Finance, rejoined the Board following Mali's return to the Union's governing bodies, as decided by the WAEMU Conference of Heads of State on July 8, 2023, in Guinea-Bissau.
- Mr. Moussa Alassane Diallo, Minister of Industry and Trade, was appointed second representative, replacing Mr. Lamine Seydou Traoré.

Representing the Republic of Senegal,

- Mr. Doudou Ka, Minister of Economy, Planning and Cooperation, was appointed second representative, replacing Ms. Oulimata Sarr.

As at December 31, 2023, the Council of Ministers had convened for four ordinary sessions: on March 31 at Central Bank headquarters in Dakar, on June 16 at the BCEAO's Main Branch Office in Niamey, on September 22 at its Main Branch Office in Abidjan, and on December 21 at its Main Branch Office in Cotonou. An extraordinary session was also held on June 26 by videoconference, under the chairmanship of Mr. Adama Coulibaly, Minister of Finance and Budget of Côte d'Ivoire and statutory Chairman.

At its ordinary session of March 31, 2023, at Central Bank headquarters in Dakar, Senegal, the Council of Ministers reviewed recent developments in the Union's economies and welcomed the continued recovery in economic activity in 2022, despite the unfavorable international environment. Real gross domestic product (GDP) growth stood at 5.6% in 2022, down from 6.1% in 2021, fueled by strong performance across all production sectors and continued domestic demand.

The Ministers noted a slight easing of the inflation rate in the Union, mirroring trends in other regions worldwide, dropping to 7.8% in the fourth quarter of 2022, down from 8.4% the previous

quarter. This slowdown in the overall price level was mainly due to increased food production from the 2022/2023 agricultural season and the gradual normalization of the monetary policy. For 2022 as a whole, the inflation rate stood at 7.4%, compared with 3.6% in 2021. Inflation was forecast to continue its downward trend in 2023, reaching 5.6%.

Reviewing the budget situation, the Council of Ministers noted a worsening of the budget deficit, calculated on an accruals basis including grants, which reached 6.8% of the GDP at the close of December 2022, up from 5.4% the previous year. This trend was driven by an increase in government expenditures related to measures to address the high cost of living and the continuation of investment programs.

Regarding budget financing, governments raised CFA F 8,476.9 billion in 2022 through the public securities market, and CFA F 2,022.9 billion in the first quarter of 2023. In response to recent developments, the Council discussed strategies to enhance the public securities market in WAEMU.

The Council emphasized that the economic outlook for the Union remained positive overall, despite the persistence of certain risk factors. Real GDP growth was expected to rise to 6.5% in 2023 and 7.0% in 2024, driven by increased activity in the tertiary and secondary sectors, especially due to the completion of several significant oil and gas projects.

The Ministers also reviewed and approved the Report on the Economic and Monetary Situation of the WAEMU as at December 31, 2022, and approved the BCEAO's accounts for the 2022 financial year, as well as the allocation of the financial earnings.

In addition, the Council adopted the Draft Convention governing the WAMU Banking Commission and its Annex, as well as the Directive addressing money laundering, terrorist financing and the financing the proliferation of weapons of mass destruction, along with a Draft Uniform Act on the same subject.

Lastly, the Council approved the appointment of member state representatives to the WAMU Financial Stability Committee (WAMU-FSC).

Regarding the WADB

The Council of Ministers approved the revised financial outlook for 2023-2027, the Annual Report for 2022, and the annual accounts of the WADB for the year ended December 31, 2022. The Ministers also approved amendments to the institution's Articles of Association in light of the decision to increase its capital at the end of December 2022.

Regarding the WAEMU Commission

The Council of Ministers reviewed and approved the Draft Additional Act renewing the term of office and appointing councilors to the WAEMU Court of Auditors.

The Ministers also reviewed and approved the Decision adopting the WAEMU Regional Program for the Development of the Digital Economy (PRDEN), along with the modalities for its implementation. The PRDEN, which will be implemented over the 2023-2027 period, aims to enhance business performance in the Union and facilitate interactions between citizens and Member States. It also seeks to boost the utilization of digital services in economic and social activities across the WAEMU region.

By adopting these two instruments, the program can be operationalized through the establishment of the required institutional mechanisms for its governance and funding.

As pertains to the AMF-UMOA

The Council of Ministers has tasked the Chairman of the AMF-UMOA with establishing an institutional and organizational reform committee, with a view to submitting to it, before the end of 2023, proposals for the overhaul of the body and the subsequent restructuring of the key instruments governing its operation, after more than twenty-five (25) years of existence.

At its ordinary session of June 16, 2023, convened at the Main Branch Office of the BCEAO Bank in Niamey, the Council of Ministers approved the following conclusions and recommendations following their discussions:

Regarding the WAEMU Commission

The Council reviewed and adopted the June 2023 Semi-annual Multilateral Surveillance Report for the first half of 2023, which assesses the economic and financial performance of the Union's Member States for 2022 and the outlook for 2023. The Union's economy was expected to grow by 5.9% in 2022, following growth of 6.1% in 2021. In 2023, economic growth rate is expected to reach 7%. The Council also adopted the Recommendation on economic policy guidelines for 2024, urging Member States to undertake structural initiatives to boost agricultural production. In this regard, the Council called on the WAEMU Commission to launch measures aimed at increasing agricultural output to promote food self-sufficiency.

The Council adopted the WAEMU Community Mining Code Regulation, which seeks to establish a harmonized legal framework that is conducive to sustainable economic development. This framework strikes a balance between the imperatives of providing incentives to attract investors and of safeguarding Member States' revenue base and resources.

The Ministers also adopted the Directive on Consumer Protection within WAEMU, which aims to establish a harmonized legal and regulatory framework for consumer protection in Member States, with a view to strengthening the common market.

The Council adopted the Directive on the digitalization of customs and external trade procedures and formalities within WAEMU. This Directive aims to provide a legal foundation for digitalizing customs and foreign trade procedures and formalities, in order to better support Member States in promoting cross-border e-commerce.

The Council adopted the Directive on the framework for the coordination and sharing of radio frequencies for terrestrial services from 87.5 MHz to 30 GHz in the border and maritime zones of WAEMU Member States. The purpose of this Directive is to define the rules for managing radio frequencies in WAMU border areas to prevent interference that could adversely affect communications.

The Council also adopted the Directive on the harmonization of the regulatory framework for the approval of terminal equipment and radio equipment in the WAEMU region. The purpose of this directive is to establish common rules for the approval of terminal equipment and radio equipment in the WAEMU region, including base stations, mobile phones, Wi-Fi terminals, and radio transmitters.

The Council ratified the first collective budget of the Union and adopted the second collective budget for the 2023 financial year. It also reviewed the report on credit transfers conducted between September 11, 2022, and May 30, 2023.

As pertains to the Court of Auditors

The Council reviewed and approved the final audit reports for the WAEMU bodies' accounts for the 2019 and 2020 financial years.

In the process, it adopted the Regulations approving the financial accounts of the Union's bodies, as well as the Decisions granting discharge to the Principal Authorizing Officer of the Union's Budget and to the Principal Accountant of the Union's Bodies for the 2019 and 2020 financial years for their management. It also adopted decisions granting discharge to the outgoing principal accountants for their management.

As pertains to the AMF-UMOA

The Union's Council of Ministers renewed the mandate of Guinea-Bissau's representative to the AMF-UMOA for a three-year term, starting from July 1, 2023.

The Council additionally approved the annual accounts of the WAEMU Financial Markets Authority for the 2022 fiscal year and determined how to allocate the resulting profit.

As pertains to the BCEAO

The Council of Ministers adopted the draft Uniform Act on banking regulations in WAMU Member States. The Council also applied articles 67 et seq. of the BCEAO Articles of Association to proceed with the replacement of two members of the Monetary Policy Committee.

At its extraordinary session of June 26, 2023, held by videoconference, the Council focused mainly on the items on the agenda of the Conference of Heads of State and Government of July 8, 2023.

During its ordinary session of September 22, 2023, held at the BCEAO's Main Branch Office in Abidjan, the Council of Ministers approved the following conclusions and recommendations at the end of its deliberations:

Regarding the WAEMU Commission

Regarding the digital economy, the Council reviewed and adopted the Directive on the mass use of digital technology, which sets out the principles and conditions with which Member States are required to comply in promoting digital usage. The Directive also establishes a list of 20 public services that Member States are required to digitalize within 12 to 18 months.

The Council of Ministers also approved the Decision to establish the Committee of National Digital Regulators for WAEMU Member States. This Decision aims to create a more comprehensive framework for consultation between the Digital Regulatory Authorities of the Member States and the Commission, with a view to enhancing governance in the digital economy sector.

The Council also examined the Regulation on the control of concentrations of undertakings within the West African Economic and Monetary Union, with a view to ensuring effective control in that area. It decided to postpone its adoption to a future meeting.

The Council validated the decision to adopt the WAEMU Special Technical and Financial Support Program for Guinea-Bissau, which is primarily designed to strengthen the human and technical resources of the public administration and improve the nation's production capabilities.

The Council adopted the Directive on the harmonization of provisions relating to the right to remuneration for private copying within WAEMU Member States, the main aim of which is to help increase the income of creators, and particularly copyright and related rights holders.

The Council was also briefed on progress made in creating a macroeconomic stabilization fund within WAEMU. The purpose of the fund is to reinforce multilateral monitoring and strengthen the Member States' resilience to external shocks.

The Council received information regarding the Commission's recommendations for effective mobilization of tax revenue in the Union.

As pertains to the AMF-UMOA

After reviewing the key findings of the initial monitoring reports on the public service concessions awarded to the BRVM and the DC/BR, the Council of Ministers urged the AMF-UMOA and the concession-holding Central Bodies to expedite the ongoing due diligence process to fulfill the expected performance requirements.

After reviewing the findings of the market risk mapping report, the Council of Ministers requested that the AMF-UMOA implement appropriate risk management measures and submit any relevant proposals for approval.

The Council of Ministers was updated on the progress of the reform of the WAMU regional financial market. It commended the body for effectively executing strategic actions to enhance the market's appeal and promote its growth.

Finally, the Council took due note of the AMF-UMOA's *Collectif Budgétaire 2023*, the Body's annual report for 2022, and the key conclusions from the International Colloquium on Sustainable Finance and Investment in the Union, which took place in Abidjan on September 14 and 15, 2023. It urged community bodies and institutions to create a synergy of actions focusing on climate finance.

Regarding the WADB

The Ministers approved the note on the establishment of a fund to finance feasibility studies for "climate" projects in WAEMU member countries.

As pertains to the BCEAO

The Council reviewed the proposals concerning the implementation of Article 56 of the Articles of Association of the Central Bank.

At its ordinary session of December 21, 2023, held at the BCEAO's Main Branch Office in Cotonou, the Council of Ministers adopted the following conclusions and recommendations:

As pertains to the BCEAO

Reviewing recent developments in the Union's economic situation, the Council of Ministers welcomed the continuing strength of economic activity in 2023, despite a difficult international environment. Economic activity in the Union has remained robust across all sectors, with the growth rate projected to reach 5.7% in 2023.

The Ministers noted that inflationary pressures had eased, although the risk of a downturn could not be ruled out. Inflation in the region was expected to reach 3.7% in 2023, compared with 7.4% in 2022.

The Council noted that the Union's economic outlook remained favorable overall. According to the latest projections, the Union's GDP growth, in real terms, should reach 6.5% in 2024 after 5.7% in 2023, driven by a strong performance in the tertiary sector as well as renewed activity in the secondary sector, fueled by increased production in extractive and manufacturing industries.

The Ministers therefore approved the Report detailing the economic and monetary situation of WAEMU as at September 30, 2023, and endorsed the WAEMU macroeconomic framework for the 2023-2028 period.

Additionally, the Council approved the draft uniform law governing microfinance in WAMU. The Council also resolved to increase the minimum share capital required for WAMU banks, to enhance the resilience of the banking sector and address the financing needs of the Union's economies.

The Ministers also established threshold amounts for the enforcement of the Uniform Act on Combating Money Laundering, Financing of Terrorism, and Proliferation of Weapons of Mass Destruction in WAMU Member States.

The Council also endorsed the work of the Special Commission tasked with selecting the BCEAO External Auditors for the 2024-2029 financial years and appointed Mali's representative to the WAMU Financial Stability Committee (WAMU-FSC).

Lastly, pursuant to Article 56 of the BCEAO Articles of Association, the Council of Ministers appointed Mr. Der Rogatien Poda as Deputy Governor of the Central Bank, for a five-year term of office, taking effect on February 5, 2024.

Regarding the WADB

The Council, having adopted the minutes of the ordinary meetings of the WAMU Council of Ministers held on March 31, 2023, in Dakar, Republic of Senegal and on September 22, 2023, in Abidjan, Republic of Côte d'Ivoire, approved the WADB's revised Financial Outlook for 2024-2028, the note regarding the stake of Arab Bank for Economic Development in Africa (BADEA) in the WADB's capital, and the note relating to the waiver of the WADB's immunities and privileges in relation to loans granted by certain partners.

The Council was also informed of the proposed issue of hybrid debt to be underwritten by Cassa Depositi e Prestiti (CDP) through a private placement, and the proposed issue of a hybrid debt to be underwritten by BADEA, also in the form of a private placement. The Council was also briefed on the conclusions of the thematic workshops organized by the WADB in celebration of its fiftieth anniversary.

Regarding the WAEMU Commission

The Council of Ministers reviewed and approved the budget of the Union's Organs for the 2024 financial year, amounting to CFA F 142.0 billion in both revenue and expenditure, compared with the revised 2023 forecast of CFA F 145.5 billion, representing a decrease of CFA F 3.5 billion or 2.4%.

This budget specifically reflects the accelerated implementation of the Priority Action Framework (CAP-2025).

The Council adopted the Regulations governing the budget of the Union's Bodies for the 2024 financial year and the subsequent Decisions.

The Ministers also reviewed the semi-annual report on multilateral surveillance for December 2023.

Regarding the medium-term economic and financial outlook, fiscal consolidation is anticipated to commence in 2025. However, this forecast remains contingent on the international environment, which is shaped by the ongoing war in Ukraine, geopolitical tensions in the Middle East, volatile commodity prices, and tighter financing conditions. On the regional level, risks include the ongoing security crisis and uncertainties stemming from socio-political crises in certain Union countries.

To safeguard the viability of the Union and enhance the resilience of its economies, the Council emphasized the necessity of restoring or maintaining a peaceful socio-political climate in all Member States. Additionally, it highlighted the importance of pursuing efforts to mobilize both internal and external resources.

The Council therefore adopted the semi-annual multilateral surveillance report for December 2023, along with the Recommendation on the medium-term economic and financial outlook for the Member States for the 2024-2028 period.

Regarding the WAEMU Court of Auditors

The Council reviewed and approved the final audit report on the accounts of the WAEMU bodies for the 2021 financial year.

To this end, it adopted the Regulations approving the financial accounts of the Union Bodies for 2021, along with the Decisions granting discharge to the authorizing officers and accountants of the Union's Bodies for the 2021 financial year.

The Ministers adopted a Decision granting discharge to the outgoing principal accountant of the Union's Bodies for his management.

As regards the Financial Markets Authority

The Council of Ministers urged the West African Monetary Union Financial Markets Authority (AMF-UMOA) to finalize the documentation on the Institutional and Organizational Reform of the Body, so it can be reviewed during the March 2024 session, when the draft budget for the Body for the year 2024 will also be discussed.

7.1.3 - BCEAO MONETARY POLICY COMMITTEE

The following changes were made to the Monetary Policy Committee of the BCEAO during the 2023 financial year:

Representing the Republic of Guinea-Bissau, Mr. Jeremias António Da Cruz Pereira, Coordinator of the Technical Cabinet of the Minister of Finance of Guinea-Bissau, was appointed on June 16, 2023, to succeed Mr. José Biai.

Representing the Republic of Senegal, Mr. Cheikh Tidiane Diop, Director General of Public Accounting and Treasury, was appointed on September 1, 2023, to succeed Mr. Moussa Touré.

Regarding *intuitu personae* members, Mr. Abdoulaye Soumana, Chairman of the Board of Directors of the Université des Sciences et Technologies du Niger, was appointed on June 16, 2023, to succeed Mr. Maïna Boukar Moussa.

Representing the Republic of Mali, Mr. Sidiki Traoré, Treasury Inspector, rejoined the Committee following Mali's reinstatement in the Union's governing bodies, following the decision of the WAEMU Heads of State Conference, held on July 8, 2023, in the Republic of Guinea-Bissau.

In 2023, the BCEAO Monetary Policy Committee held four ordinary meetings. These took place on March 1, September 6, and December 6 at the BCEAO headquarters, and on June 7 via videoconference, under the chairmanship of Mr. Jean-Claude Kassi Brou, Governor of the Central Bank, its statutory Chair.

During its session of March 1, 2023, the Committee reviewed the major trends in the international and regional economy and assessed the risk factors that could affect the medium-term outlook in terms of inflation and economic growth in the Union.

With regard to international economic conditions, the Committee noted the continued slowdown in global economic activity in the fourth quarter of 2022. According to the latest projections published by the International Monetary Fund (IMF) in January 2023, global economic growth is expected to slow from 3.4% in 2022 to 2.9% in 2023. According to the IMF, this outlook will be accompanied by overall bearish risk factors, linked mainly to the worsening health situation in China, the stalemate in the war in Ukraine, and the further tightening of financial conditions, which could accentuate the risk of defaults on foreign debt.

On commodity markets, energy and non-energy product prices fell overall in the fourth quarter of 2022, after peaking at historic levels in the second and third quarters of 2022.

However, inflationary pressures persisted in most regions of the world, prompting central banks to further tighten monetary policy by raising their key rates. In particular, the European Central Bank (ECB) and the Federal Reserve (Fed) have taken steps to reduce the size of their balance sheets. These measures are expected to lead to a decrease in liquidity in the financial system.

Examining the economic situation in the WAEMU Union, the Committee noted that economic activity remained robust in the fourth quarter of 2022, with year-on-year real GDP growth of 5.4%, following 5.7% growth in the previous quarter. According to the latest estimates, real GDP growth in the Union is expected to stand at 5.6% in 2022 and 6.5% in 2023, after 6.1% in 2021. The Monetary Policy Committee noted, however, that these favorable growth prospects for the Union were subject to predominantly bearish risks, linked to uncertainties over the international economic situation, a deterioration in the security climate in the region, and adverse weather conditions.

In 2022, the financial operations of the WAEMU Member States generated an increase in the budget deficit on an accruals basis, including grants, as compared with the previous year, due to the measures taken to preserve the purchasing power of the population and to continue implementing public investment programs. The budget deficit stood at 6,971.7 billion or 6.4% of the GDP at the end of December 2022, against 5,435.3 billion or 5.4% of the GDP one year prior.

Union Member States' foreign trade in 2022 showed a current account deficit of 7.7% of the GDP, after 5.6% in 2021. The aggregate balance of payments showed a deficit of 3,343.2 billion, compared with a surplus of 475.7 billion one year earlier. This deterioration in the external accounts took place against a backdrop of rising food and energy prices on world markets, combined with a decline in net capital flows on the financial account.

Monetary conditions in the Union during the fourth quarter of 2022 were marked by a rise in interest rates, due to the three successive 25 basis point increases in BCEAO key rates since June 2022. Refinancing requests from banks in the Union were served at a minimum rate of 2.50% until December 15, 2022, then at 2.75% for the rest of the quarter. The average interbank lending rate for all maturities rose from 2.62% to 3.26% in the final quarter of 2022. In particular, the interest rate on one-week interbank loans rose from 2.80% to 3.10%. The average interest rate on loans granted by banks to their customers rose from 6.54% in the third quarter of 2022 to 6.70% in the fourth quarter of 2022.

The money supply had increased by 14.4%, year on year, at the end of December 2022. On the other hand, the Union's net external assets contracted by 3,288.7 billion, in line with the deterioration in the external accounts. These developments led to a year-on-year increase of 11.3% in money supply at the end of December 2022. The level of official reserve assets recorded at the end of December 2022 reflected a monetary issue coverage rate of 63.2%, compared with 67.9% at the end of the previous quarter. They provided coverage for 4.4 months of imports of goods and services in the Union, compared with 4.6 months one quarter earlier.

The Monetary Policy Committee noted a slight decrease in the inflation rate, which stood at 7.8% in the fourth quarter of 2022, after 8.4% in the previous quarter. Similarly, core inflation (inflation excluding products with volatile prices) stood at 5.2% in the fourth quarter of 2022, down from 5.4% a quarter earlier. This slowdown in overall inflation was underpinned in particular by the good harvest in crop year 2022/2023, as well as by the Central Bank's monetary policy measures and governments' efforts to reduce inflation.

According to the latest forecasts, the inflation rate in the Union should continue its downward trend, while remaining at a high level for several quarters to come. It is expected to stand at 5.6% in 2023 and 2.9% in 2024, after 7.4% in 2022. Looking ahead two years, to the fourth quarter of 2024, the inflation rate is projected at 2.5%, a level that would place it within the monetary policy target zone [1.0% - 3.0%]. This slowdown in the general inflation rate over the forecast period is linked in particular to the expected easing of world food and oil prices, continuing normalization of monetary policy, and budgetary measures designed to curb the high cost of living.

However, the fact that the inflation rate has remained high for several periods, and the risks of a short-term rebound in inflation associated with recent increases in petroleum product and electricity prices in certain countries, give rise to fears that the inflation forecast could be knocked off course.

The Monetary Policy Committee therefore deemed it necessary to continue the gradual normalization of its monetary policy, which has been underway since June 2022. It decided to raise the BCEAO's key rates by 25 basis points to speed the gradual return of inflation to the target zone. As a result, the minimum bid rate for liquidity injection tenders was raised from 2.75% to 3.00%, and the interest rate for the marginal lending window from 4.75% to 5.00%. The decision entered into force as of March 16, 2023. The reserve requirement ratio for the Union's banks remained unchanged, at 3.0%.

At its session of June 7, 2023, the Monetary Policy Committee decided to keep the main key rate at which the Central Bank lends its resources to banks unchanged at 3.00%, as well as the interest rate on the marginal lending window, at 5.00%. These rates have remained unchanged since March 16, 2023

This decision followed the key rate hikes implemented since June 2022 and was based on the gradual easing of inflationary pressures against a backdrop of sustained economic growth in the Union.

The inflation rate in the Union's countries decreased, falling from 8.4% in September 2022 to 5.7% in March 2023, and further to 4.6% in April 2023. This decline was underpinned by the positive results of the 2022/2023 growing season, a reduction in energy costs, as well as the monetary policy measures implemented by the Central Bank and the efforts of the States to address the high cost of living. Over the coming periods, inflation is expected to continue its downward trend, falling below 3.0%, in keeping with the Central Bank's target.

Loans to the economy had increased by 16.6% year-on-year at the end of March 2023, up from 14.4% in the previous quarter, to support the financing of the Union's economies.

At its meeting of September 6, 2023, the Monetary Policy Committee decided to increase the Central Bank's key rates by 25 basis points, effective September 16, 2023. As a result, the main rate at which the Central Bank lends resources to banks rose from 3.00% to 3.25%.

This decision was made against a backdrop of rising regional uncertainties, persistent inflationary pressures, more expensive financial conditions on international markets, and reduced mobilization of external resources. The increase in key rates was therefore designed to anticipate and contain the impact of these risk factors on the Union's macroeconomic outlook.

Economic activity within WAMU maintained its upward momentum in the second quarter of 2023. Economic growth for 2023 was projected at 5.6%.

The annual inflation rate, which had reached 5.8% in the first quarter of 2023, fell to 4.0% in the second quarter. In July 2023, it stood at 3.4%.

In addition, lending to the economy grew at a rapid pace, recording an annualized increase of 16.2% at end-June 2023, from 16.6% at the end of March 2023. This positive trend boosted economic activity in the Union.

At its meeting of December 6, 2023, the Monetary Policy Committee decided to raise the Central Bank's key rates by 25 basis points, with effect from December 16, 2023. As a result, the main key rate at which the Central Bank lends its resources to banks was expected to rise from 3.25% to 3.50%. The reserve requirement ratio for banks remained unchanged at 3.0%.

This decision was made against a backdrop of heightened risks of renewed inflationary pressures amid rising international and regional uncertainties. It also took account of tensions on the Union's external accounts. The purpose of raising key rates is to anticipate and mitigate the impact of these risk factors.

Economic activity in WAMU maintained its upward momentum in the third quarter of 2023, pointing to projected economic growth of 5.7% for 2023 as a whole. The annual inflation rate was expected to stand at 3.7% at the end of 2023, down from 7.4% in 2022.

Lending to the economy continued to grow steadily, recording an annualized increase of 13.9% at the end of September 2023, following a 16.2% increase at the end of June 2023. Specifically, loans to private companies rose by 15.0%, after experiencing 18.9% growth in the previous quarter, while loans to households increased by 9.8%, down from 11.3% three months earlier. This trend has contributed to robust economic activity in the Union.

The Monetary Policy Committee has assessed the evolving risks surrounding the macroeconomic outlook and will take any appropriate measures to ensure monetary stability in the zone, as needed.

7.1.4 - BOARD OF DIRECTORS OF THE BCEAO

The following changes were made to the membership of the Board of Directors of the BCEAO during the 2023 financial year:

Representing Burkina Faso, Mr. Bruno Raymond Bamouni, Director General of the Treasury and Public Accounting, was appointed to the Board of the BCEAO, as of April 26, 2023, to succeed Mr. Célestin Santéré Sanon.

Representing the Republic of Côte d'Ivoire, Mr. Arthur Ahoussi, Deputy Director General of the Treasury and Public Accounting, was appointed on November 7, 2023, to succeed Mr. Konan Jacques Assahore.

Representing the Republic of Guinea-Bissau, Mr. Faustino De Pina Rodrigues, Treasurer General, was appointed on November 14, 2023, to replace Mr. Carlos Gomes.

Representing the Republic of Mali, Mr. Abdoulaye Traoré, Secretary General of the Ministry of Economy and Finance, rejoined the Council following Mali's return to the Union's governing bodies, as decided by the WAEMU Conference of Heads of State meeting on July 8, 2023, in the Republic of Guinea-Bissau.

The Council held two ordinary sessions on March 15 and December 15, 2023, at BCEAO headquarters in Dakar, under the chairmanship of Mr. Jean-Claude Kassi Brou, Governor of the Central Bank and its statutory Chair.

At its ordinary meeting of March 15, 2023, the Council examined and approved the BCEAO's financial statements for the year ended December 31, 2022, prepared in accordance with International Financial Reporting Standards (IFRS) and the BCEAO's specific rules. The Council also took due note of the Statutory Auditor's reports for the 2022 financial year.

The Council reviewed the BCEAO Audit Committee's self-assessment report for the 2022 financial year and approved the conclusions from the Committee's meeting held on March 14, 2023, at BCEAO headquarters.

The Council was also informed about the findings of the Audit Committee's annual activity report for the 2022 financial year.

At the close of the proceedings, the Council commended the Central Bank for its achievements and decided to submit the financial statements to the WAMU Council of Ministers for approval, in accordance with the BCEAO's Articles of Association.

During its ordinary session on December 15, 2023, the Council examined and adopted the BCEAO's draft budget for the 2024 financial year.

The Council members also approved the conclusions of the BCEAO Audit Committee meetings held in July and December 2023 at BCEAO headquarters.

Finally, the Council was also informed about the work of the Special Commission for the selection of BCEAO External Auditors for financial years 2024 to 2029 and expressed its favorable opinion for their submission to the Union's Council of Ministers for approval, in keeping with the Central Bank's Articles of Association.

7.1.5 - BCEAO AUDIT COMMITTEE

The following changes were made to the membership of the BCEAO Audit Committee in 2023:

Representing Burkina Faso, Mr. Bruno Raymond Bamouni, Director General of the Treasury and Public Accounting, was appointed as of January 23, 2023, replacing Mr. Célestin Santéré Sanon.

Representing the Republic of Côte d'Ivoire, Mr. Arthur Ahoussi, Deputy Director General of the Treasury and Public Accounting, was appointed on January 23, 2023, to succeed Mr. Konan Jacques Assahore

Representing the Republic of Mali, Mr. Abdoulaye Traoré, Secretary General of the Ministry of Economy and Finance, rejoined the Committee after Mali's reinstatement in the Union's governing bodies, as determined at the WAEMU Heads of State Conference on July 8, 2023, in the Republic of Guinea-Bissau.

As at December 31, 2023, the BCEAO Audit Committee had held three ordinary sessions at the BCEAO headquarters and the Abidjan branch, on March 14, 2023, and July 17, 2023, under the chairmanship of Mr. Konan Jacques Assahore, its statutory Chair, and on December 13, 2023, at BCEAO headquarters, under the chairmanship of Mr. Arthur Ahoussi.

At its meeting on March 14, 2023, the Central Bank's Audit Committee reviewed the Central Bank's financial statements and the Statutory Auditor's reports for the year ended December 31, 2022.

After examining the financial statements drawn up by the Bank's departments and the audit reports presented by the Statutory Auditor, the Committee expressed its satisfaction that the Central Bank's operations yielded a net surplus of 125.306 billion, reflecting a 127% increase compared to the previous year.

The Committee took note of the opinion issued by the Statutory Auditor on the financial statements, which resulted in his unqualified certification of the BCEAO's accounts for the year ended December 31, 2022. The Statutory Auditor also indicated that the Central Bank's internal control system was satisfactory. However, he made a number of recommendations to enhance it.

The Audit Committee warmly commended the Governor and staff of the Central Bank on the results achieved and recommended that the Board of Directors be asked to approve the financial statements for the year ended December 31, 2022, as presented.

In addition, the Committee noted with satisfaction the implementation status of the action plan stemming from its self-assessment in 2019, and the outcome of the assessment of the performance of the Statutory Auditor-Controller and National Auditors for the 2022 financial year.

In addition, the Audit Committee reviewed the report on the BCEAO's cybersecurity system, as well as the annual report on the Central Bank's control activities. The Committee encouraged the diligent implementation of the planned measures with a view to increasing the maturity of the above-mentioned system.

It also took note of the matters under review, in particular the letter of representation for the 2022 financial year and the status of implementation of the recommendations made by the internal and external auditors.

Finally, the Committee commended the Central Bank's departments and the Statutory Auditor for the quality of the documents produced and the well-structured presentations delivered.

At its meeting of July 17, 2023, the Central Bank's Audit Committee assessed the status of internal audit assignments as at June 30, 2023, along with the annual report on operational risks for the 2022 financial year.

The Committee noted with satisfaction the successful execution of the internal audit program for the first half of 2023 and commended the BCEAO on its performance.

After reviewing the Central Bank's annual report on operational risks for the 2022 financial year, the Committee expressed its satisfaction with the report, which provided a reasonable assurance on the quality of risk management at the BCEAO.

The Committee also took note of the implementation status, as at May 31, 2023, of the recommendations made at previous sessions, and of the action plans arising from its self-assessments.

The Committee followed with interest a presentation on the operations control system of the BCEAO National Directorate for Côte d'Ivoire. At the end of the presentation, it lauded the Central Bank for the quality of the existing system.

In addition, the Committee took note of the conclusions drawn from the comparative analysis of the composition of the Audit Committees of a sample of central banks, regarding the presence of independent directors.

Finally, the Committee congratulated the Central Bank on the quality of the documents produced and the well-structured presentations delivered.

At its meeting on December 13, 2023, the Audit Committee convened to review a number of items, including the Special Commission's work to select the BCEAO's External Auditors for the 2024-2029 period, its annual activity report for 2023, its work program for 2024, and the BCEAO's three-year internal audit plan for 2024-2026.

The Committee reviewed the findings of the Special Commission's work to select the BCEAO's Statutory Auditor-Controller and National Auditors for the 2024-2029 financial years.

The Committee commended the BCEAO and the Special Commission for the quality of their work, highlighting their thoroughness, transparency, and compliance with best practices throughout the selection process. It also ensured that the audit firms chosen possessed the necessary human resources and technical expertise to audit and certify the Central Bank's accounts in compliance with the Bank's Articles of Association and international standards.

Accordingly, the Audit Committee recommends that the Board of Directors issue a favorable opinion on the list of full and alternate candidates proposed for the external audit of the BCEAO's accounts for the years 2024 to 2029.

The Audit Committee also adopted its annual activity report for the 2023 financial year, subject to the comments made during the meeting being taken into account, as well as the implementation status of the action plans arising from its self-assessments. The annual activity report will be submitted to the Board of Directors for approval at its March 2024 session.

The Committee also adopted its work plan for 2024, focusing notably on the examination of the BCEAO's financial statements for the financial year ended on December 31, 2023, the plan of action on the reinforcement of the BCEAO's cyber resilience system, the external audit of the Directorate of Inspection and Audits and monitoring of the implementation of the internal audit work plan for 2024. In addition, the Committee decided to hold three training sessions to strengthen the capacities of its members.

It expressed satisfaction with the successful implementation of the Central Bank's 2021-2023 three-year audit plan. The Committee also approved the internal audit plan for 2024-2026, which addresses the Bank's key areas of activity and emerging risks, especially those related to cybersecurity, money laundering, and financing of terrorism.

The Committee also acknowledged the progress made in implementing previous recommendations, as well as those from both internal and external audits.

Additionally, it appreciated the Statutory Auditor's presentation on the audit of the accounts as at October 31, 2023, and the internal control review.

Finally, the Committee congratulated the Central Bank on the high quality of the documents produced and the well-structured presentations delivered.

7.2 - ADMINISTRATION OF THE BCEAO

7.2.1 - GOVERNANCE AND OPERATIONAL STRUCTURE OF THE BCEAO AS AT DECEMBER 31, 2023

MEMBERS OF THE GOVERNMENT

Governor:	Mr. Jean-Claude Kassi Brou
Deputy Governor	Mr. Norbert Toé
Deputy Governor	Mr. Mamadou Diop
Secretary General	Mr. Abdoulaye Seck
Cabinet Director	Mr. Kouao Ephrem Enoh
Special Advisor to the Governor	Mr. Bassambié Franck Bationo
Advisor to the Governor	Mr. Antoine Traoré
Advisor to the Governor	Mr. Gbégnon Alain M. Komaclo
Advisor to the Governor	Mr. Ahmadou Al Aminou Lo
Advisor to the Governor	Mr. Kossi Tenou
Advisor to the Governor	Mr. Chalouho Coulibaly

CABINET OF THE GOVERNOR

Managing Director of the BCEAO's Abdoulaye Fadiga Foundation	Ms. Akouélé Sylviane Mensah
Chief of Staff to the Governor	Mr. Abdoulaye Traoré
Director in charge of the Governor's Communication Unit	Ms. Adja Aminata Ndiaye

OFFICE OF THE SECRETARY GENERAL

Secretary General	Mr. Abdoulaye Seck
Advisor to the Secretary General	Mr. Adrien Amadou Mactar Diouf
Chief of Staff to the Secretary General	Ms. Gisèle Keny Ndoye

OFFICE OF THE COMPTROLLER GENERAL

Comptroller General	Mr. Gbégnon Alain Michel Komaclo
Advisors to the Comptroller General	Mr. Coulibaly Horo Mr. Kora Liliou Mr. Mahamadou Ali Issoufou

GENERAL DIRECTORATES

Director General, Fiduciary Activities	Mr. Bwaki Kwassi
Director General, Economic and Monetary Affairs	Mr. Bassambié Franck Bationo
Director General, Operations and Financial Inclusion	Mr. Mahamane Alassane Touré
Director General, Financial Stability and Financing of the Economies	Ms. Yaye Aminata Seck Mbow
Director General, Organization and Information Systems	Mr. Ekoué Djro Glokpor
Director General, Administration and Human Resources	Mr. Alioune Blondin Bèye
Director General, <i>Centre Ouest Africain de Formation et d'Etudes Bancaires</i> (COFEB, West African Center for Bank Training and Studies)	-

ADVISORS TO THE DIRECTORS GENERAL

Advisor to the Director General, Fiduciary Activities	Mr. Siaka Keita
Advisor to the Director General, Economic and Monetary Affairs	Mr. Bléhoué Toussaint Damoh
Advisor to the Director General, Operations and Financial Inclusion	Mr. Charlie Jerry Dingui
Advisor to the Director General, Financial Stability and Financing of the Economies	-
Advisor to the Director General, Organization and Information Systems	Mr. Tiéguélé Abdoul F. Coulibaly
Advisor to the Director General, Administration and Human Resources	Mr. Fama Adama Keïta
Advisor to the Director General, <i>Centre Ouest Africain de Formation et d'Etudes Bancaires</i> (COFEB, West African Center for Bank Training and Studies)	- Mr. Patrick Kodjo - Mr. Balibié Serge Auguste Bayala

CENTRAL SERVICES DEPARTMENTS

Director, Legal and Institutional Affairs	Mr. Abdourahmane Niang
Director, Documentation, Publications and Archives	Ms. Ndèye Fatou DIOP Seck
Director, Inspection and Audits	Mr. Mouhamed Diop

Director, Surveillance and Risk Prevention	Ms. Anastasie Carvalho Kodjo
Director, Fiduciary Studies	Mr. Mohamed Almountaka Alfidja
Director, Cash Transactions	Mr. Yamoussa M. Koné
Director, Currency Circulation Management Center	Mr. Salifou Hamani
Director, Statistics	Mr. Mahaman Tahir Hamani
Director, Economic Conditions and Monetary Analysis	Mr. Bléhoué Toussaint Damoh
Director, Economic Studies and Regional Integration	Mr. N'Guessan Berenger Landry Abou
Director, Market Transactions	Mr. Djibril Diaw
Director, Payment Systems and Instruments	Mr. Charlie Jerry Dingui
Director, Financial Inclusion	Ms. Niffone Jacqueline Dabou
Director, Banking Activities and Alternative Financing	Mr. Bassirou Makha Racine Kane
Director, Financial Stability	Mr. Banassi Ouattara
Director, Accounting and Management Control	Mr. Noël Doris Houndji
Director, Information Systems	Mr. Tiéguélé Abdoul F. Coulibaly
Director, Budget and Procurement	Mr. Jean-François Jossou
Director, Administrative and Social Management of Human Resources	Mr. Vincent Sedalo
Director, Career and Skills Management	Mr. Jean-Blaise Kouamé
Director, Property and Security	Mr. Ali Seini Oumar
Director, Teaching and Training Programmes	Mr. Toukou Fernand Aboutou
Director, Research and Partnerships	Ms. Ndèye Amy Ngom Seck
Director, Administrative Affairs and Communications	Ms. Hadja Yelly Koné

NATIONAL DIRECTORS

National Director for Benin	Mr. Emmanuel Assilamehoo
National Director for Burkina	Mr. Armand Badiel
National Director for Côte d'Ivoire	Mr. Chalouho Coulibaly
National Director for Guinea-Bissau	Ms. Zenaida M. Lopes Cassama

National Director for Mali	-
National Director for Niger	Mr. Maman Laouali Abdou Rafa
National Director for Senegal	Mr. Ahmadou Al Aminou Lo
National Director for Togo	Ms. Akuwa Dogbe Azoma

**OFFICE OF THE SECRETARY GENERAL OF THE WAMU BANKING COMMISSION
(WAMU BC)**

Secretary General	Mr. Antoine Traoré
Under-Secretaries-General	- Mr. Habib Thiam - Mr. Thierry Toffa
Director, Crisis Resolution and Legal Affairs	Ms. Fatou Sy Mangane Antwi-Gyampem
Director, International Relations and Studies	Mr. Babacar Fall
Director, Permanent Inspection of Credit Institutions and Electronic Money Institutions	Mr. Josephate Zola
Director, Permanent Inspection of Decentralized Financial Systems	Mr. Saïdou Sayore
Director, On-Site Inspection of Credit Institutions and Electronic Money Institutions	Mr. Malick Diarra
Director, On-Site Inspection of Decentralized Financial Systems	Mr. Kalidou Assane Thiam
Director, General Resources	Ms. Aissa Cheiffou N'Dabian

7.2.2 - HUMAN RESOURCE MANAGEMENT

At the end of December 2023, the total number of BCEAO staff across all categories reached 3,414, marking a net increase of 13 employees (0.38%) compared to 3,401 staff members on December 31, 2022.

The figure included 3,348 active staff members deployed on BCEAO sites, and 66 staff members on secondment or on leaves of absence.

The total number of active employees on BCEAO sites can be broken down follows:

Senior management and directors: **98 staff members, or 2.93%**

Management staff: **1,173 staff members, or 35.04%**

Administrative and technical staff: **2,077 staff members, or 62.04%.**

The distribution of all active staff members by site was as follows:

Headquarters: **788 staff members, or 23.54%**

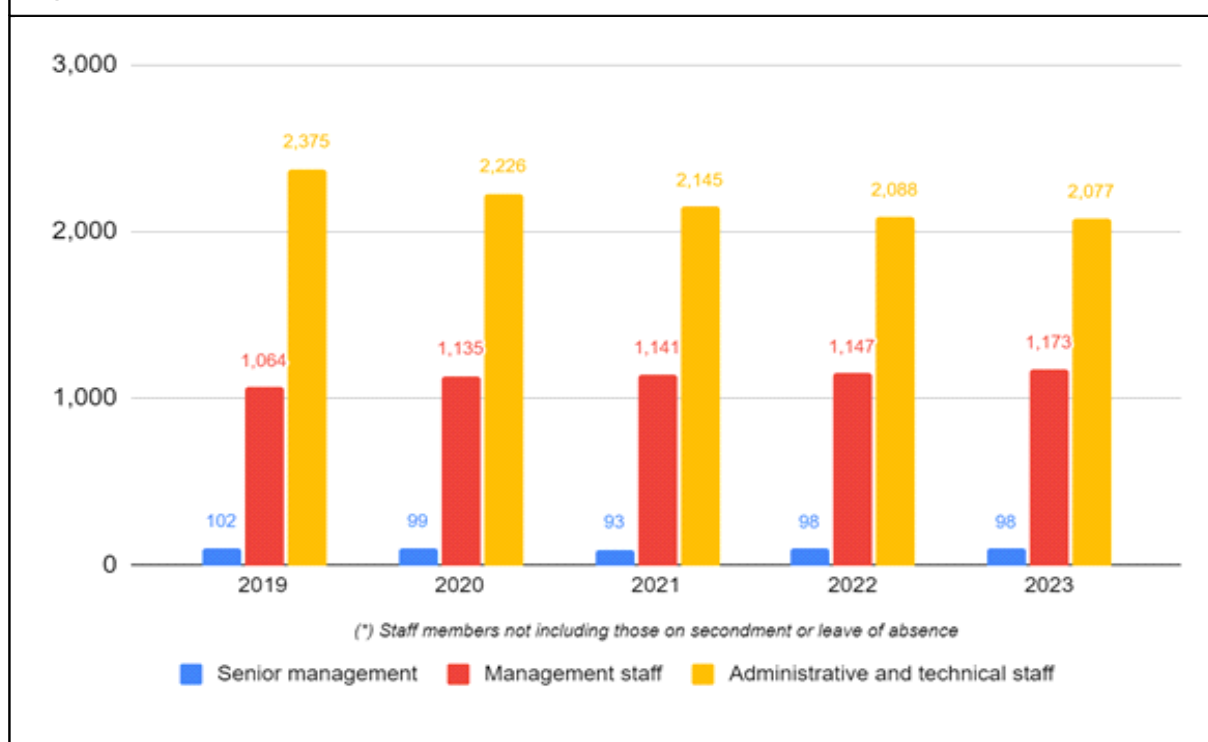
National Branches (8 Main Branches and 16 Sub-Branche): **2,410 staff members, or 71.98%**

General Secretariat of the WAMU Banking Commission: **147 staff members, or 4.39%**

BCEAO Representation with European Cooperation Institutions: **3 staff members, or 0.09%.**

The proportion of female staff in the active workforce was **38.5%**, or **1,314 staff members**, while the proportion of male staff was **61.5%**, i.e. **2,100 staff members**.

Figure 19: TRENDS IN BCEAO STAFFING FROM 2019 TO 2023



Source: BCEAO

7.2.3 - PROPERTY ASSETS

Concerning the management of the BCEAO's real estate assets, construction work on the Saint-Louis Sub-Branch buildings was completed in 2023, and the facilities were expected to become operational in 2024.

Under the infrastructure consolidation program, rehabilitation and expansion projects for the sub-branch buildings in Bobo-Dioulasso, Burkina Faso; Abengourou, Côte d'Ivoire, and Maradi and Zinder, Niger, continued throughout 2023, while work began on the sub-branch in Ouahigouya, Burkina Faso.

In addition, work continued on raising the height of the functional building housing the General Secretariat of the WAMU Banking Commission in Abidjan.

7.2.4 - INFORMATION SYSTEMS

Improving information security management

As part of its commitment to enhancing information security management, the BCEAO has set up an Operational Cybersecurity Department (SOC) under the Information Systems Division (DSI). This initiative was designed to facilitate effective management of activities related to the prevention, detection, response, and treatment of IT security incidents. To support this effort, the skills of personnel assigned to the SOC were upgraded, equipping them to proficiently use the incident response automation tool, which was successfully implemented in the first quarter of 2023.

Systems and network security

In terms of securing IT systems and networks, the implementation of a behavioral analysis platform for proactive threat detection was completed. In addition, a robust data encryption solution was deployed on all the Bank's laptops, with a view to preventing the leakage of sensitive information. Access management to IT systems was also improved, with the implementation of a unified identity management platform to optimize user authentication for the Banking Information System (SIB).

Personal data protection and regulatory compliance

In terms of personal data protection, the BCEAO initiated a consultation procedure to enlist the services of external experts in order to identify and formalize processes in line with current WAMU legislation. In addition, the BCEAO took the necessary steps to renew its PCI DSS³ certification, an essential standard for payment card data security. It also carried out an in-depth assessment of the security features of the SWIFT⁴ financial messaging platform, ensuring optimum security for financial transactions.

Development of applications

With regard to its application portfolio, the BCEAO is pursuing its strategy of consolidating business applications to optimize its internal processes, improve productivity and enhance the quality of services offered.

To this end, several application modules have been deployed, making a significant contribution to operational efficiency. These include the Integrated Activity Planning and Management System (SIGMA), the legal affairs management application (AJUR), the analytical review automation tool (IROCO) and the reserve requirement management system (RO). In addition, all the functionalities of the check scanning platform (CIC) and the key components of the electronic payment interface (INTERMON) have been integrated into the SIB.

A new version of the Payment Incident Center has been rolled out in the Union's banking community, taking into account requests for improvements made by the regulated institutions.

Work on overhauling applications covering decentralized financial systems, human resources management (SIRH), payroll and fixed assets (MIMOSA) has also progressed, notably with the production of a career path management module for BCEAO staff.

³: Payment Card Industry Data Security Standard

⁴: Society for Worldwide Interbank Financial Telecommunication

In addition, the project to integrate the securities and liquidity management functions of the monetary policy department into a dedicated application was pursued.

7.2.5 - RISK MANAGEMENT AND CONTROL SYSTEMS

The activities carried out in 2023 were part of the drive to strengthen the BCEAO's resilience to crisis situations, and to consolidate its operational risk management and internal control systems.

To reinforce the BCEAO's capacity to deal with crises, a campaign to update the documentation of the Operational Continuity Plan (OCP) was carried out at all sites. This campaign was preceded by awareness-raising and training activities for BCP¹ correspondents designated by the structures and sites to act as relays for the Surveillance and Risk Prevention Department (DSPR). A guide to preparing and conducting BCP tests was also drawn up and sent to remote sites². Finally, a BCP test was conducted in December 2023.

With regard to information security, the BCEAO has strengthened its information system governance framework by formally appointing an Information Systems Security Manager (ISSM). His or her main mission is to define the BCEAO's cybersecurity strategy and ensure its implementation. Innovations have also been introduced in terms of staff awareness-raising on information security, notably through the distribution of a monthly brochure and a bimonthly newsletter.

In the area of security of persons and property, security monitoring continued, in particular through the use of tools to track alert levels and country-specific risks.

The consolidation of the internal control system mainly involved the implementation of training initiatives, in particular the organization of seminars to enhance the skills of Operations Controllers, to enable them to fulfill their role effectively and work towards controlling risks.

In addition, with regard to the external audit of the BCEAO's 2022 financial statements, it was concluded that the financial statements were true and fair and accurately presented, in all material respects, the BCEAO's financial position, financial performance and cash flows as at December 31, 2022. The Statutory Auditor also indicated that the BCEAO's internal control system was satisfactory. In accordance with the provisions of the Policy on the Selection of External Auditors, the Council of Ministers selected the Statutory Auditor and the National Auditors to certify the BCEAO's accounts for the financial years from 2024 to 2029. In addition, the International Monetary Fund (IMF) mission to assess the BCEAO's safeguards concluded that the BCEAO's system was satisfactory overall.

In the area of internal auditing, some fifty assignments were carried out in line with the annual program of the Inspection and Audit Department (DIA), to provide independent and objective assurance on the degree of control over the BCEAO's activities, in particular compliance with legal, regulatory and contractual provisions, the effectiveness and efficiency of operations, the safeguarding of assets, and the security and reliability of data processed by information systems.

Special attention was paid to risks relating to cybersecurity, fiduciary activities, market operations and the safety of persons and property.

In addition, a number of activities were undertaken to build the capacity of internal auditors to ensure adequate coverage of the main risks associated with the Central Bank's activities. In addition to the BCEAO's training program on audit-related topics, internal auditors benefited from skill-building opportunities offered by the professional organizations in which they were members (training courses, experience-sharing, conferences, etc.). The BCEAO also took part in several high-level international meetings focusing on the challenges and prospects of the internal control and audit professions.

Measures were also implemented to improve the efficiency of the internal audit process and help it adapt to the evolving internal and external environment of the BCEAO. These actions included

¹: BCP = Business continuity plan

²: These remote sites include the BCEAO National Directorates and the Office of the Secretary General of the WAMU Banking Commission

leveraging digital tools introduced by the Bank in response to the Covid-19 pandemic, updating audit guidelines for fiduciary activities to align with the launch of the Fiduciary Processing Center, systematically integrating general IT controls into structural audits, and enhancing the communication of internal audit findings.

7.2.6 - BCEAO 2022-2024 STRATEGIC PLAN

In 2023, the Central Bank continued to implement its 2022-2024 Strategic Plan comprising 14 strategic objectives, broken down into 58 operational objectives and 72 projects. Over time, these projects should enable the Bank to equip itself with modern tools to deal with emerging threats and to contribute to strengthening knowledge of the dynamics of the Union's economies, as well as the resilience and solidity of the banking and financial system.

As at September 30, 2023, out of the 30 projects scheduled for completion by December 31, 2023, 17 had either been completed or were progressing as planned, representing 56.67%. These included initiatives such as implementing a strategy to monitor and respond to fake news, developing a graphic charter and a quality assurance unit for the COFEB, as well as establishing a database for the national accounts of WAEMU Member States. The same applies to projects relating to a study on the implementation by the BCEAO of an emergency liquidity supply mechanism for the Union, the drafting of a concept note outlining the approach the BCEAO could adopt to take account of the impact of climate change on the conduct of monetary policy, and studies on the impact of the issuance of a Central Bank Digital Currency (CBDC) on monetary policy. The remaining ongoing projects are advancing smoothly, with no significant challenges anticipated.

7.2.7 - BCEAO QUALITY MANAGEMENT SYSTEM

From November 8 to 10, 2023, the BCEAO submitted its Quality Management System to external follow-up audit No. 1 carried out by Bureau Veritas, in accordance with the normative requirements. On completion of this assessment, the BCEAO's ISO 9001 certification was maintained, testifying to the drive for continuous improvement in its operations and the quality of the services provided to its customers and partners through the conformity of its practices to international standards.

In addition, after more than ten years of implementing the quality approach, the Bank initiated a review of its contribution to business activities in 2023. Prospects for the development of the system will be identified, with a view to consolidating achievements while targeting greater efficiency in the operation of the Bank's activities and greater customer satisfaction.

VIII - TRAINING, RESEARCH AND PARTNERSHIPS

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8.1 TRAINING AND CAPACITY BUILDING

66 training sessions were organized

2,269 participants from Central Bank staff were recorded

84 newly recruited **staff members** were trained remotely via the e-learning platform, prior to residential training at COFEB

36 staff members took part in the Cashier Services Strengthening Program

421 staff members took part in the virtual English-language training program (PAFLA)

In 2023, COFEB continued to implement its training programs, for both internal (66 sessions) and external (37 sessions) targets, providing capacity-building support for BCEAO staff, WAEMU Member State governments, credit institutions, electronic money institutions and Decentralized Financial Systems (DFSs). The actions undertaken have placed special emphasis on strengthening the managerial capacities of BCEAO managers, as well as supporting the Union's banking and financial system, as part of the popularization of the reforms initiated.

8.1.1 - REFRESHER COURSES AND TRAINING FOR BCEAO STAFF

In 2023, BCEAO staff benefited from seminars organized by COFEB under the internal training plan. Sixty-six training sessions were organized during the year. They were attended by 2,269 staff members.

COFEB drew up a specific training program on the Regulation governing the external financial relations of WAEMU Member States, known as R09, targeting all the key players involved in the processing and control of external financial transactions, in particular BCEAO staff, the regulated institutions concerned and public administrations.

The objective of this training program is to explain the provisions of Regulation R09 and the modalities for its enforcement, such as the due diligence required for the valuation of foreign receivables and assets, the provisions governing the repatriation of export earnings, and the constitution of foreign currency hedging files at BCEAO windows. It also aims to ensure a better understanding of the various foreign exchange regulation principles, and to raise awareness of the need to strengthen existing internal control systems to ensure better compliance with regulatory requirements. Two training sessions were organized, respectively from September 12 to 15, 2023 for 192 BCEAO agents, and from October 10 to 13, 2023 for 246 managers and executives of the Union's credit institutions and economic and financial administrations.

Implementation of induction training for newly recruited staff continued. A total of 84 newly recruited agents completed the first stage, which took the form of self-training. The second stage consisted of a residential seminar at COFEB, organized at the beginning of the year.

The new English-language training system, known as the Accelerated English Language Training Program (PAFLA), entered its effective implementation phase. The program offers a flexible, virtual training solution, enabling learners to schedule their training according to their availability, with the main aim of enabling staff to become independent and operational in the short term in the use of the English language. A total of 421 BCEAO employees have started the training.

In 2023, the BCEAO initiated an internal recruitment process followed by qualifying training for successful candidates, aimed at strengthening the capacities of cashiers across all relevant sites. This process comprised two stages: a written test focusing on general knowledge and an oral interview conducted by a panel of judges. At the outcome of this process, 36 candidates were selected and have now begun a qualifying training program intended to prepare them for advancement to the higher-level positions to which they aspire.

Finally, the COFEB set up a specific training program on digital and green finance for its staff in 2023, validated by the Central Bank's Authorities.

8.1.2 - DEGREE COURSES

The COFEB provided academic support for the 44th, 45th and 46th cohorts. 23 auditors from the 44th class defended their dissertations between January 22 and 31, 2023. At its meeting of March 1, 2023, the Educational Results Validation Unit decided to award the Master II diploma in Finance and Banking Management to the entire graduating class, representing a 100% success rate.

The 26 auditors in the 45th cohort completed their internships from August 28 to November 28, 2023. Their dissertations are due to be defended between December 26, 2023, and January 16, 2024.

The 46th cohort comprises 31 auditors who were able to start their training on November 6, 2023, for the 2023-2024 academic year.

8.1.3 - EXECUTIVE TRAINING PROGRAM

The program comprises two components: support for BCEAO managers, and capacity building for directors and senior executives of credit institutions and public administrations.

Under the personal development program (management and leadership), 198 BCEAO managers took part in 6 training seminars organized in 12 sessions, 11 of which were by distance learning. The aim was to strengthen their managerial skills and equip them with the best tools to be inspiring and impactful managers. The topics addressed during these training sessions were as follows: "*Becoming a Proximity Manager*," "*Succeeding in Your New Role*," "*Speed Reading*," "*Effective Meeting Management*," "*Strategic Thinking for Improved Decision-Making*," and "*Enhancing Your Quality Management System (QMS)*".

Initiatives aimed at external targets centered on the first edition of two certification courses set up jointly by COFEB and HEC Paris:

- *the Executive Certificate in Strategic Banking Management Level 1 (CEMSTRAT 1) for technical and operational managers of banking and financial establishments, as well as public administrations and regional organizations. A total of 30 participants were certified during the 2023 edition, after completing a course organized around seven modules, and*
- *the Executive Certificate in Strategic Banking Management Level 2 (CEMSTRAT 2) for General managers, deputy general managers, members of management committees and high-potential executives of banks and financial institutions, as well as public administrations and regional organizations. Twelve recipients, including four women, were certified for the 2023 edition, after completing the five modules making up the course.*

In addition, COFEB and HEC Paris organized two short "Live Webinars" for the banking and financial ecosystem. The two topical themes developed for 70 participants focused on:

- *Green and sustainable finance: concepts, practices and prospects, and*
- *Financing infrastructure in Africa: what strategy for banks?*

8.1.4 - PROGRAMME D'ACCOMPAGNEMENT DES INSTITUTIONS DE CREDIT ET DES ADMINISTRATIONS ECONOMIQUES ET FINANCIERES DE L'UEMOA

COFEB organized 33 training sessions for credit institutions, decentralized financial systems (DFSs), electronic money institutions (EMIs) and public administrations. The number of participants stood at 2,020. These training sessions helped popularize the regulatory instruments relating to the Basel II and III prudential framework, notably through the organization of the 6th edition of the Certification Course, in partnership with the Grand Duchy of Luxembourg, on money laundering and the financing of terrorism, factoring, accounting of electronic money transactions, regulatory reporting and banking governance.

With respect to factoring, for which a draft uniform act was adopted by the WAEMU Council of Ministers in December 2020, the awareness-raising and training initiatives launched since 2021 in partnership with AFREXIMBANK and FCI (Factors Chain International) continued. An international conference was organized from June 7 to 9, 2023, at the Radisson Blu Hotel in Dakar, for factoring companies, banks, non-bank financial institutions and businesses.

In addition, as part of ongoing actions to raise awareness and promote digital innovation under the Regional Financial Inclusion Strategy, a regional workshop on the digitalization of public payments was organized on April 13, 2023. Participants included technical and financial partners as well as WAEMU public administrations.

The year was also marked by the launch of two new certification training programs, in May and October 2023, respectively. They cover the following topics:

- *Banking regulations and modeling of Basel parameters*: this training course is part of ongoing efforts to popularize the prudential framework. It also responds to the need to prepare banks for changes in Basel II and III regulations, notably the transition to internal models for assessing banking risks. It is organized jointly with the National School of Statistics and Applied Economics (ENSEA) in Abidjan;
- *Digital finance*: this training course reinforces the initiatives taken by the BCEAO to support the development of digital finance, notably the creation of a WAEMU FinTech Knowledge and Monitoring Office (BCSF-UMOA) and the publication of various guides⁷. It is supported by the Grand Duchy of Luxembourg, through the Financial Technology Transfer Agency (ATTF), and enables participants to deepen their knowledge in terms of designing and implementing digital development strategies and learn about the actions implemented or recommended by the BCEAO to foster the digital transformation process.

8.1.5 - OTHER TRAINING ACTIVITIES

COFEB organized topical conferences in 2023 on the following themes:

- *"What changes lie ahead for professions and employment in banking and finance?"* online conference on February 6, 2023, to coincide with the official opening of the 45th COFEB cohort, delivered by Jean-Michel Sahut, Professor of Finance at IDRAC Business School in Lyon, France,
- *"WAEMU and "non-price" competitiveness factors"*: a live conference on February 15, 2023, by Patrick Plane, Director of Research at CNRS (CERDI-FERDI), and member of the COFEB Scientific Committee, and
- *"Assessing the effects of trade policy using the gravity model"*: delivered on May 3, 2023, by Mr. Charles Doucouré FE, Lecturer at the National School of Statistics and Applied Economics (ENSEA) in Abidjan and Associate Researcher at the CIRES Economic Policy Analysis Unit (CAPEC).

In addition, as was the case the year before, a special seminar was organized for the auditors of the 45th cohort on the theme of *"Management and Leadership"*, to equip learners with the key managerial skills required to exercise the role of executive in the professional sphere.

On October 18, 2023, COFEB hosted the presentation of the October 2023 edition of the World Economic Outlook by a delegation from the International Monetary Fund (IMF). The presentation was made by Jean-Marc Natal and Martin Stuermer, respectively Deputy Division Chief in the IMF's Africa Department and Economist.

8.2. RESEARCH, PARTNERSHIPS AND PUBLICATIONS

COFEB's activities in terms of research, partnerships and publications mainly involved studies scheduled for 2023.

⁷ "Guide to the digitalization of payments in WAEMU member states", "Guide to the digitalization of financial operations in decentralized financial systems" and "Guide to the preparation of applications for the issuance of electronic money by public treasuries in WAEMU member states"

8.2.1 - STUDIES CONDUCTED BY IN-HOUSE RESEARCH TEAMS

This research focused on the following topics:

"Financial cycle and fiscal policy in WAEMU".

The study analyzes the impact of financial cycles on fiscal policy behavior in WAEMU and assesses the extent to which this impact is distinct from the impact of the business cycle.

"Impact of mobile money on the effectiveness of monetary policy: the case of WAEMU".

Analyzing the impact of mobile money on the effectiveness of monetary policy in WAEMU, this study explores, in particular, the mechanisms by which the development of mobile money is likely to affect money and inflation in the Union.

"Uncertainty and financing in the WAEMU zone: are banks rationing credit?"

The aim of this study is to explore the relationship between WAEMU bank financing and uncertainty, and to examine how the banks and monetary policy react during periods of uncertainty.

"Should we reconsider how the objective of price stability is measured? Summary of the recent debate"

This study examines the recent global debate surrounding the potential adjustment of how price stability is measured, specifically the 2% inflation target set by various central banks in their monetary policy frameworks.

"Inflation and monetary policy in a low-growth context: lessons from developed countries"

The aim of the study is to identify the factors behind recent global inflation, and to analyze the monetary policy measures implemented by central banks in developed countries to restore price stability.

8.2.2 - STUDIES CONDUCTED DURING RESEARCH VISITS

As part of the BCEAO's 2022-2024 Strategic Plan, two joint studies are in the final stages of completion. The first study, conducted with ENSEA-Abidjan, focuses on *"The Effects of Oil Price Volatility on Economic Growth: A Comparative Analysis Among WAEMU Countries"*. The second study, in collaboration with FERDI (France), examines *"Competitiveness in WAEMU and Product Export Dynamics"*.

In addition, as part of its cooperation with ENSEA in Abidjan, COFEB welcomed two researchers from the school to conduct research visits during the first half of 2023. These visits were part of the "exchange of techniques and experience" component of the cooperation agreement signed between the two institutions.

As part of the process of organizing the 2022 edition of the Abdoulaye Fadiga Prize for the promotion of economic research in WAEMU, COFEB welcomed the author of the best article for a research visit. During his visit, he produced a study on the theme *"Construction of a financial stress index for WAEMU"*.

The development of this index makes it possible to identify macroprudential risks at an early stage and propose appropriate measures. The study proposes a methodology for calculating an index to assess the smooth functioning and degree of resilience of the financial system, i.e., financial stability.

8.2.3 - DECISION-SUPPORT TOOLS

In terms of modeling and designing forecasting and decision-making tools for the BCEAO's core business divisions, the work carried out focused on the following:

- automation of the SARIMAX model for forecasting inflows and outflows of bills and coins at BCEAO counters for the Fiduciary Studies Department, and
- operationalization of the network model for analyzing systemic risks and contagion in the banking system on behalf of the Financial Stability Department.

8.2.4 - PARTICIPATION IN INTERNATIONAL SCIENTIFIC MEETINGS (SPONSORSHIPS)

As part of its collaboration with universities and research centers, the BCEAO, in partnership with AUDA-NEPAD and the African School of Economics, co-sponsored the Princeton University Annual Conference on "*Catalyzing Macroeconomic Policy for Development in Sub-Saharan Africa*", which took place in the United States on February 23 and 24, 2023. BCEAO staff and certain COFEB partners participated via streaming, and two BCEAO researchers presented their work at a workshop on development financing held prior to the conference. The BCEAO also co-sponsored the 2023 edition of the African Conference of the Econometric Society (AFES, 2023) organized by the African Economic Research Consortium (AERC) in Nairobi, Kenya, from June 1 to 3, 2023, on the theme "*Improving the monetary policy environment, and diversifying and strengthening financial systems and technical and professional capacities in the financial sector*". In addition, the Central Bank took part in the first Euro-African Conference on "*Money, Structural Transformations and Public Policy (MT2P)*", organized by the International Association for Macroeconomic and Monetary Studies and Research in Africa (ERMA), from November 29 to December 1, 2023, at the University of Tours, in France. The latter two conferences provided the BCEAO with an opportunity to present the results of the Study and Research Paper (SRP) produced in 2022 on the theme of "*Fiscal transition in the WAEMU zone: analysis of the effects on the budget deficit*" and to promote the Economic and Monetary Review (REM) published by the BCEAO.

8.2.5 - CAPACITY BUILDING

The BCEAO launched the third edition of its capacity-building program for WAEMU researchers in research methodology. The theoretical workshop on "*The fundamentals of economic research methodology and writing a research proposal*" and the practical workshop on evaluating article proposals were led by a team of professors from FERDI, AICFM, and the Universities of Ottawa, (Canada), Abomey-Calavi, (Benin), Thomas Sankara in Ouagadougou (Burkina-Faso), Abdou Moumouni in Niamey (Niger), Cheikh Anta Diop in Dakar and Gaston Berger in Saint-Louis (Senegal).

In 2023, cooperative actions also focused on the joint organization of methodological workshops for BCEAO staff and partner institutions. To this end, the following topics were covered: "*Modeling using R software*" with Princeton University from March 13 to 16, 2023; "*Gravity model programming using Stata software*" with ENSEA on May 12, 2023; "*Programming in Excel Visual Basic for Application*" with the African School of Economics (ASE), from July 31 to August 4, 2023, and "*Short-term forecasting and nowcasting*" with the Banque de France and the *Institut Bancaire et Financier International* (IBFI), on September 28 and 29, 2023. The workshops were attended by BCEAO staff and partner institutions, including Banque d'Algérie, Bank of Central African States (BEAC), Central Bank of the Congo (BCC), Central Bank of the Republic of Guinea (BCRG), African School of Economics (ASE) and the National school of statistics and applied economics (ENSEA).

In addition, on May 22, 2023, COFEB launched the first edition of the COFEB-ENSEA certification course on banking regulation and Basel parameter modeling. The two sessions, held respectively from May 22 to June 3, 2023, and from November 20 to December 1, 2023, brought together a total of 35 participants.

8.2.6 - PUBLICATIONS

With regard to publications, COFEB produced scientific documents addressing current and emerging economic topics and disseminated them to the general public. It maintained the regular publication of the BCEAO's Economic and Monetary Review (REM) and documented the proceedings of the symposium celebrating the BCEAO's sixtieth anniversary, where it served as secretary to the Scientific Committee.

In this respect, the Study and Research Papers (SRPs) and Thematic Study Notes produced in 2022 were posted on the COFEB website. Abrégés were also produced and published to make research findings easier to understand for non-specialist readers.

With respect to REM, issues 33 and 34 were edited and published on June 30 and December 29, 2023, respectively. The topics covered in issue 33 are *"Evaluation and determinants of business cycle synchronization in the West African Economic and Monetary Union (WAEMU)"* and *"Dynamic relationship between current account and budget balances in WAEMU: taking account of regime shifts and asymmetric transmission"*. Issue 34 features articles such as *"Monetary integration in West Africa: assessing the co-movements of real effective exchange rate misalignments"* and *"Can the African Continental Free Trade Area improve industrialization in West Africa?"*. The journal was also marked by the organization of the second Round Table on evaluation and orientation on March 28, 2023. The event offered the Scientific Committee an opportunity to assess REM's operations and provide recommendations to enhance its reputation and visibility.

IX RELATIONS WITH THE INTERNATIONAL MONETARY FUND & MONETARY COOPERATION WITHIN ECOWAS

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9.1 - RELATIONS WITH THE INTERNATIONAL MONETARY FUND

In 2023, Benin, Guinea-Bissau and Niger continued to implement IMF-supported economic and financial programs (EFPs). New financing agreements were signed with Côte d'Ivoire (May 2023), Senegal (June 2023) and Burkina (March and September 2023), and an IMF staff mission to Togo between November and December 2023 resulted in a preliminary agreement with the national authorities under the Extended Credit Facility (ECF). There were no developments in the situation of Mali during the period under review.

Highlights of 2023 notably included Burkina Faso's access to the IMF's new food shock window, set up in September 2022. The purpose of this financing, supported by the Rapid Credit Facility (RCF), is to assist the country in providing emergency aid to vulnerable populations facing food insecurity. Meanwhile, Senegal benefited from the new financing mechanism under the Resilience and Sustainability Facility (RSF) on June 26, 2023. This financial support is intended to support the country's structural reforms to mitigate macroeconomic risks, especially those related to climate change and pandemics.

The Central Bank's operations with the IMF on behalf of WAEMU Member States resulted in net resource inflows of SDR 1,085.44 million (CFA F 878.78 billion) in 2023, a significant increase from SDR 388.04 million (CFA F 328.82 billion) the previous year. This increase was linked to the significant rise in the volume of drawdowns, which amounted to SDR 1,546.96 million (CFA F 1,251.28 billion), compared to SDR 586.78 million (CFA F 486.51 billion) the previous year. Repayments also increased by SDR 205.51 million, from SDR 183.96 million (CFA F 145.74 billion) to SDR 389.46 million (CFA F 314.43 billion). Furthermore, no debt reductions were granted to any of the countries of the Union.

Charges covered by the BCEAO and the Member States amounted to SDR 175.04 million (CFA F 141.29 billion) in 2023, compared to SDR 45.54 million (CFA F 36.57 billion) the previous year. They applied to commissions paid by the BCEAO and interest charges under the Extended Fund Facility (EFF), the Rapid Financing Instrument (RFI) and the Standby Arrangement.

Regarding the remuneration of their positive positions in 2023, the amount paid by the IMF to the WAEMU Member States increased by SDR 72.22 million, to reach SDR 102.98 million (CFA F 83.22 billion) compared to SDR 30.76 million (CFA F 25.61 billion) the previous year. These resources were derived from interest on assets and interest on the reserve position.

9.2 - MONETARY COOPERATION WITHIN ECOWAS

In terms of regional integration, the assessment of Member States' macroeconomic performance continued in 2023, consistent with the ECOWAS Convergence Pact adopted in June 2021. The available data from 2023 indicate that, similar to 2022, no Member State fulfilled all of the first-tier macroeconomic convergence criteria. The region's underperformance is largely attributed to persistently high budget deficits, rising inflation, and decreasing foreign exchange reserves in most countries of the region.

However, as far as the ECOWAS Single Currency Program is concerned, significant progress was made during 2023. In this respect, it is worth mentioning the acceleration of the implementation of activities identified in the roadmap for the launch of the Eco, adopted on June 19, 2021, in Accra, Ghana. Against this backdrop, the BCEAO chaired the ordinary sessions of the Committee of Governors of Central Banks of ECOWAS Member States for 2023. During these meetings, the region's monetary authorities adopted the following proposals, among others: criteria for setting up the ECOWAS Payment and Settlement System infrastructure, the breakdown of the initial capital of the future West African Central Bank among the Member States concerned, foreign exchange reserves to be pooled for the region's future monetary union and their distribution, and the endowment of the Community Solidarity and Stabilization Fund.

The BCEAO will continue to engage, alongside other stakeholders, in all major economic and monetary integration initiatives involving WAEMU Member States in ECOWAS.



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