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Abstracts

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Political risk will remain elevated across Francophone West Africa. We expect the situation in the Central African Republic to remain anarchic. With the exception of Senegal, we believe that all regional states will remain fragile over the long term. Inflation will stabilise at a low level across the Union Economique et Monétaire Ouest-Africaine (UEMOA). We predict that annual inflation will average 2.6% in 2014, well below the bloc's 3.0% convergence target. Economic growth will remain high, supported by a strong performance from Côte d'Ivoire. Integration efforts among the six nations of the Communauté Économique et Monétaire de l'Afrique Centrale (CEMAC) will make little progress in 2014. The refusal of Gabon and Equatorial Guinea to abide by a freedom of movement treaty signifies that there is little political will for a closer union.

Political reconciliation will be a slow process in Côte d'Ivoire, but we expect the country's economy to continue picking up speed; expanding by an average of 8.9% annual between 2014 and 2018. Pro-market reforms will continue to spur foreign investment. Political tensions in Burkina Faso are rising due to fears that long-serving President Blaise Compaoré will amend the constitution and seek another term in office. Former members of the ruling party have joined long-time political opponents in forming a new opposition party, and we believe that the 2015 election could be marred by violent protests. Economic growth in Cameroon will be slightly faster than that in its CEMAC peers, but declining oil production poses a serious threat to macroeconomic stability. Capital spending will be a major growth driver.

The appointment of a new transitional administration in the Central African Republic is a positive step, but it does not address the causes of the country's political crisis. We

doubt that President Catherine Samba-Panza will succeed in restoring state authority, and expect the French intervention to be extended. Equatorial Guinea's economy will contract in 2014 due to stagnating exports and high import demand. The government's controversial investment programme will have little effect on the domestic economy, but an LNG project planned for 2018 will provide a boost to growth later in our forecast. The growth of Gabon's non-oil sector is accelerating, and this has led us to upgrade our medium-term economic forecast for the country. Declining oil production still poses a serious economic risk. Mali's economy is rapidly recovering after the country's 2012-2013 political crisis. Political reconciliation, however, will be a slow process, and further political reforms will be needed. Economic growth is picking up in Senegal, and this will reduce the country's wide fiscal deficit. Even so, we stress that Senegal's budget shortfall will remain sizeable over the coming years.

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Enduring Fragility Across Francophone West Africa The sixteen states that make up Francophone West Africa have a variety of political systems, but – with the no exception of Senegal – all are characterised by weak institutions, poor governance, and a history of unconstitutional transfers of power.

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UEMOA Inflation Stabilising But Remaining Contained the latest inflation data for West Africa's franczone reinforce the disinflationary trend seen through the latter half of 2013, with year-on-year (y-o-y) price growth slowing to 0.7% in November.

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Key Obstacles To Economic Integration In Central Africa Economic integration in Central Africa will continue to be hamstrung by interstate disputes, overlapping regional institutions, and a lack of political leadership.

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