



# REGIONAL ECONOMIC COMMUNITIES SERIES

## Community of Sahel-Saharan States

Sector Commentary

September 2025



## Regional Economic Communities: CEN-SAD

### 1. Introduction

#### Purpose of the Series from a Credit Rating Perspective

As part of its commitment to deepening sovereign risk analysis across the continent, Sovereign Africa Ratings (SAR) is launching a series of research publications focused on Africa's Regional Economic Communities (RECs). These groupings play a pivotal role in shaping the macroeconomic, institutional, and geopolitical environments in which sovereigns operate.

This series turns to the Community of Sahel-Saharan States (CEN-SAD) to illuminate the credit-relevant dynamics shaping member economies, with a particular focus on institutional resilience, macroeconomic fundamentals, and regional integration trajectories. As CEN-SAD evolves from a political and security alliance into a more economically cohesive bloc, understanding its structural strengths and vulnerabilities becomes essential for investors, policymakers, and rating agencies alike.

The series will also serve as a foundation for SAR's future rating and sectoral assessments, particularly in areas such as regional debt sustainability, financial integration, and institutional resilience.

#### Importance of RECs in Sovereign Risk Analysis

Regional Economic Communities are more than political alliances; they are economic ecosystems that shape trade flows, fiscal co-ordination, infrastructure development, and crisis response mechanisms. RECs offer critical context for evaluating:

**Macroeconomic Stability:** RECs influence regional trade balances, inflation trends, and investment flows, which are key inputs in sovereign credit assessments.

**Institutional Strength:** The governance and enforcement capacity of RECs can either enhance or undermine national institutions, thereby affecting transparency, the rule of law, and policy predictability.

**Debt and Fiscal Co-ordination:** Regional frameworks may support debt harmonisation, fiscal surveillance, or bailout mechanisms, which impact sovereign default risk.

**Political Risk Mitigation:** RECs often play a role in conflict resolution and democratic consolidation, reducing political volatility across member states.

**Financial Market Development:** Initiatives such as regional bond markets or payment systems contribute to financial deepening and investor confidence.

By analysing RECs, SAR seeks to highlight both the credit-enhancing and credit-constraining features of regional integration, offering a more holistic view of sovereign risk in Africa.

## 2. Macroeconomic Overview of the Region

CEN-SAD's aggregate GDP surpasses USD 1.3 trillion, with economic weight heavily concentrated in Nigeria, Egypt, and Morocco. These three economies anchor the bloc's financial footprint, yet growth trajectories across member states reveal stark divergence. Senegal and Niger stand out as high-growth performers, each exceeding 6% real GDP expansion, propelled by infrastructure investment and extractive sector development. In contrast, Sudan remains in economic contraction, hampered by ongoing conflict and macroeconomic instability, underscoring the heterogeneity of the bloc's growth landscape.

Inflation continues to pose a significant credit constraint, particularly in Egypt and Nigeria, where elevated price pressures, exceeding 20%, reflect structural imbalances and the limited effectiveness of monetary tightening. These conditions erode consumer purchasing power and complicate fiscal planning. Meanwhile, West African Economic and Monetary Union (WAEMU) member states such as Mali and Niger benefit from the BCEAO's co-ordinated monetary policy, which has helped anchor inflation below 3%, reinforcing macroeconomic stability and supporting investor confidence.

Fiscal balances across CEN-SAD remain broadly in deficit territory, with most countries posting shortfalls between 4–6% of GDP. These deficits are largely attributable to post-pandemic recovery spending, rising security expenditures, and limited revenue mobilisation. Libya and Morocco exhibit relatively stronger fiscal discipline, though both remain exposed to external shocks, Libya through oil price volatility and Morocco through its growing external debt obligations.

The bloc presents a mixed picture. Senegal and Niger offer positive signals, with robust growth and improving macro frameworks that could support upward rating momentum, provided fiscal consolidation efforts are sustained. Conversely, Nigeria and Egypt face downward pressure due to persistent inflation and widening fiscal gaps, especially in the context of tightening global financial conditions. Sudan and Libya represent outliers: Sudan's macroeconomic collapse and Libya's political fragmentation continue to obstruct credit normalisation and long-term investment planning.

### CEN-SAD Macroeconomic Indicators – 2024

Country	GDP (USD Billion)	Real GDP Growth (%)	Inflation (%)	Fiscal Balance (% of GDP)
Nigeria	~480	3.3	22.7	-4.1
Egypt	~470	4.2	27.0	-6.5
Sudan	~30	-1.5	>100 (hyperinflation)	-7.8
Chad	~12	2.5	6.8	-3.2
Burkina Faso	~20	4.8	3.9	-5.0
Mali	~19	5.0	2.5	-4.7
Niger	~14	6.9	2.8	-4.2
Libya	~45	3.5	4.0	-2.0
Senegal	~30	8.8	3.0	-4.9
Morocco	~150	3.1	4.5	-4.0

## Trade and Investment Flows Within CEN-SAD

CEN-SAD's internal trade remains underleveraged, with intra-bloc flows accounting for just 12–15% of total trade. Nigeria and Egypt dominate export and import volumes, respectively, reflecting their industrial scale and diversified demand. However, trade corridors such as Nigeria–Chad–Sudan face persistent infrastructure and regulatory bottlenecks that constrain volume and efficiency.

Investment flows are increasingly concentrated in Senegal, Morocco, and Nigeria, where political stability and reform momentum have attracted capital in infrastructure, digital services, and agribusiness. Informal trade continues to play a critical role in regional food security and livelihoods, though its opacity limits fiscal capture and credit visibility.

From a credit rating lens, countries improving trade facilitation and investment climates (particularly Morocco and Senegal) may benefit from enhanced sovereign profiles. Conversely, fragmented logistics and weak institutional co-ordination in Sahelian states pose downside risks to credit normalisation and regional economic resilience.

Indicator	Value / Country (2024)	Commentary
<b>Intra-CEN-SAD Trade Share</b>	~12–15% of total CEN-SAD trade	Trade integration remains modest; dominated by informal and bilateral exchanges.
<b>Top Exporter (CEN-SAD)</b>	Nigeria – \$61B	Crude petroleum and gas exports drive Nigeria's dominance.
<b>Top Importer (CEN-SAD)</b>	Egypt – \$88.2B	Egypt's import demand reflects industrial inputs and consumer goods.
<b>Main Trade Corridor</b>	Nigeria–Chad–Sudan	Driven by energy, livestock, and manufactured goods; infrastructure gaps persist.
<b>Investment Flows (FDI)</b>	Senegal, Morocco, Nigeria – Top destinations	Infrastructure, fintech, and agribusiness attract regional capital.
<b>Informal Trade Share</b>	>40% of intra-regional flows (est.)	Informal trade remains underreported but vital for food and consumer goods.
<b>Trade Facilitation Index</b>	Mixed performance across CEN-SAD members	North African states outperform in logistics and customs; Sahel states lag.

## CEN-SAD Intra-Regional Trade: Performance & Comparative Insights

CEN-SAD's intra-regional trade share, just 7.3% of total exports, is among the lowest across African trade blocs. This reflects fragmented logistics, weak institutional co-ordination, and overlapping memberships that dilute integration incentives. Despite its large geographic footprint and diverse resource base, CEN-SAD lacks the trade facilitation infrastructure and harmonised policy frameworks seen in more advanced blocs.

Blocs like **SADC** and **COMESA** have achieved higher intra-trade shares by investing in cross-border infrastructure, streamlining customs procedures, and promoting regional value chains. The **EAC**<sup>1</sup>, though smaller, benefits from compact geography and strong political commitment to integration. These examples underscore the importance of operationalising trade corridors and reducing non-tariff barriers, areas where CEN-SAD lags.

Low intra-regional trade constrains economic diversification and exposes member states to external shocks. For credit analysts, this signals limited resilience and weak regional buffers. Countries that improve trade connectivity and institutional effectiveness, such as Morocco and Senegal, may see enhanced sovereign ratings, while those mired in fragmentation face continued risk premiums.

**Comparative Metric: Intra-Trade Share (% of Total Exports)**

This metric allows benchmarking CEN-SAD against other African and global trade blocs:

Trade Bloc	Intra-Trade Share (% of Total Exports)	Commentary
CEN-SAD	7.3%	Trade remains shallow; dominated by primary goods and informal exchanges.
SADC	~21%	Stronger integration via customs union and infrastructure corridors.
COMESA	~22%	Benefits from harmonised trade regimes and investment facilitation.
EAC	~25%	High trade density due to compact geography and policy co-ordination.
AfCFTA (target)	33% (aspirational)	Continental goal under AfCFTA; requires deep structural reforms.

**Foreign Direct Investment (FDI) Inflows by Country – CEN-SAD (2024)**

Mauritania, Senegal, and Chad stand out within CEN-SAD for their high FDI-to-GDP ratios, which signal strong investor confidence relative to the size of their economies. In these countries, foreign capital is flowing primarily into extractive industries and infrastructure development (sectors that offer immediate returns and long-term strategic value). Senegal, in particular, has emerged as a regional investment magnet, leveraging political stability and reform momentum to attract capital into transport, energy, and agribusiness. Mauritania’s mining sector and Chad’s oil infrastructure continue to anchor their FDI profiles, although both remain exposed to commodity price fluctuations.

In contrast, Nigeria’s FDI inflows remain modest despite its status as the largest economy in the bloc. This underperformance reflects macroeconomic volatility, currency instability, and persistent regulatory uncertainty. While Nigeria possesses significant market depth and demographic advantage, these strengths are undermined by inconsistent policy signalling and infrastructure bottlenecks, which deter

<sup>1</sup> SADC, COMESA, and EAC are three Regional Economic Communities (RECs) in Africa, which have come together to form the COMESA-EAC-SADC Tripartite Free Trade Area (TFTA).

long-term investment commitments. The gap between potential and realised FDI inflows highlights the need for institutional reforms and investor-friendly frameworks.

Across CEN-SAD, energy and extractives dominate the FDI landscape, reinforcing the bloc's dependence on resource-based growth. However, Morocco and Tunisia offer a more diversified investment profile, attracting foreign capital into manufacturing, renewable energy, ICT, and pharmaceuticals. This sectoral breadth not only enhances economic resilience but also aligns with global trends in sustainable and value-added investment. Their ability to move beyond extractive positions them favourably in terms of long-term competitiveness and credit stability.

From a sovereign credit perspective, countries that consistently attract FDI into productive and diversified sectors (especially Senegal and Morocco) are likely to benefit from improved external balances, enhanced growth prospects, and more favourable rating trajectories. Conversely, economies heavily reliant on volatile sectors such as oil and gas (like Libya and Chad) face elevated exposure to external shocks and price cycles. Without structural diversification and institutional strengthening, these countries may struggle to translate FDI into durable macroeconomic gains or credit upgrades.

Country	FDI Inflows (USD Millions)	% of GDP (Approx.)	Key Sectors
Egypt	9,841	~2.1%	Energy, real estate, manufacturing
Nigeria	1,873	~0.4%	Oil & gas, fintech, telecom
Morocco	1,096	~0.8%	Automotive, renewable energy, tourism
Senegal	2,641	~6.5%	Infrastructure, agribusiness, digital
Niger	966	~5.5%	Mining, energy, logistics
Mali	698	~4.2%	Agriculture, mining, telecom
Chad	913	~6.8%	Oil, infrastructure, energy
Libya	603	~1.3%	Hydrocarbons, construction
Tunisia	768	~1.9%	Manufacturing, ICT, pharmaceuticals
Mauritania	873	~9.0%	Mining, fisheries, energy

## Currency Regimes and Monetary Policy Co-ordination

While its objectives include the harmonisation of monetary and financial policies, the reality on the ground reflects a fragmented landscape. Unlike more advanced regional blocs such as WAEMU or CEMAC, CEN-SAD lacks a centralised monetary authority or binding convergence framework. This absence of institutional depth has limited its ability to co-ordinate monetary policy or pursue a unified currency agenda.

The currency regimes within CEN-SAD are notably heterogeneous, shaped by historical affiliations, economic structures, and regional alliances. Several member states belong to the Franc Zone, operating

under the CFA franc system managed by the BCEAO (West Africa) and BEAC (Central Africa)<sup>2</sup>. These regimes are characterised by fixed exchange rates pegged to the euro, offering monetary stability but limiting autonomous policy responses. In contrast, countries like Nigeria, Egypt, and Sudan maintain floating exchange rate regimes, allowing for more flexible monetary policy but often grappling with inflation volatility and external shocks. Others, such as Libya and Somalia, exhibit dollarised or hybrid systems, where central bank influence is minimal and foreign currencies dominate transactions.

Currency Regime	Member States	Key Features
<b>Franc Zone (CFA)</b>	WAEMU & CEMAC members (e.g., Senegal, Chad)	Pegged to the euro; managed by BCEAO and BEAC; strong monetary discipline
<b>Floating Regimes</b>	Nigeria, Egypt, Sudan, others	Independent monetary policy; exchange rate flexibility; inflation targeting vary
<b>Dollarised/Hybrid</b>	Libya, Somalia (informal)	Limited central bank control; reliance on foreign currencies

This diversity in currency regimes presents a significant challenge to monetary policy co-ordination. While some efforts exist (such as policy dialogues facilitated by the African Union or donor-supported macroeconomic forums), there is no enforceable convergence mechanism within CEN-SAD itself. Aspirational targets around inflation control, fiscal deficit limits, and reserve adequacy are occasionally discussed, but without institutional enforcement, they remain largely symbolic. The most tangible progress toward monetary integration occurs within overlapping blocs like WAEMU and CEMAC, whose frameworks indirectly support CEN-SAD's broader goals.

From a strategic standpoint, this fragmented monetary environment has implications for investment climate, financial inclusion, and macroeconomic resilience. For a stakeholder like yourself, Lincoln, the opportunity lies in leveraging comparative insights from successful monetary unions to inform policy advocacy and institutional reform. WAEMU's rule-based discipline and shared central banking infrastructure offer a benchmark for what co-ordinated monetary governance can achieve. Moreover, aligning CEN-SAD's ambitions with AfCFTA's financial integration agenda (particularly in harmonising payment systems and regulatory standards) could catalyse more coherent policy outcomes.

In sum, while CEN-SAD's monetary policy co-ordination remains embryonic, there are pathways for strategic convergence. These include deepening ties with more integrated blocs, promoting ESG-aligned financial reforms, and advocating for institutional mechanisms that support macroeconomic stability. The mosaic of currency regimes may be complex, but with targeted interventions and regional alignment, it holds latent potential for transformation.

<sup>2</sup> BCEAO (Central Bank of West African States) and BEAC (Bank of Central African States) are the two central banks that manage the CFA franc, a currency shared by multiple African nations.



## 3. Institutional and Governance Framework

CEN-SAD was established in 1998 with the ambition of promoting economic, social, and cultural integration across its member states. The revised treaty, adopted in 2013 and operationalised in 2019, introduced reforms aimed at strengthening institutional coherence, regional security, and sustainable development. Despite these efforts, the governance architecture remains relatively underdeveloped compared to more advanced Regional Economic Communities (RECs) such as ECOWAS or COMESA.

CEN-SAD's governance model is characterised by a top-down structure with limited enforcement capacity. Decision-making is concentrated in high-level political organs, while implementation mechanisms are often constrained by resource limitations, overlapping mandates, and weak institutional linkages.

### Core Institutions and Functional Architecture

CEN-SAD's institutional framework comprises several key organs and specialised bodies, each with distinct roles:

Institution	Function
Conference of Heads of State and Government	Supreme decision-making body, meets annually in rotating member capitals
Executive Council	Composed of Ministers of Foreign Affairs and/or Integration, responsible for policy implementation
Executive Secretariat	Oversees daily operations, led by the Executive Secretary (currently Ambassador Ado Elhadji Abou)
Committee of Ambassadors and Permanent Representatives	Facilitates diplomatic co-ordination and monitors compliance
Permanent Peace and Security Council	Addresses regional security threats, including terrorism and instability
Permanent Council for Sustainable Development	Guides long-term development planning and environmental policy
Economic, Social and Cultural Council (ESCC)	Provides advisory input on socio-economic and cultural matters
Sahel-Saharan Investment and Trade Bank	Intended to mobilise capital and support regional investment, though operational capacity remains limited

The functional architecture is designed to support multi-sectoral integration, including trade, transport, education, and security. However, co-ordination across institutions is often fragmented, and implementation suffers from limited technical capacity and inconsistent political commitment.



## CEN-SAD Governance Scorecard (2024 Estimates)

The following scorecard provides a synthesised assessment of CEN-SAD's governance performance across key dimensions:

Dimension	2024 Estimate	Assessment
Institutional Coherence	4.5 / 10	Fragmented mandates, limited operational synergy
Policy Implementation Capacity	4.0 / 10	Weak enforcement mechanisms, donor-dependent execution
Transparency and Accountability	3.5 / 10	Limited public reporting, opaque decision-making
Stakeholder Engagement	5.0 / 10	Emerging consultative bodies (e.g., Youth Network), but low civil society integration
Security Governance	6.0 / 10	Active peace and security council, plans for counter-terrorism centre in Egypt
Development Planning	5.5 / 10	Sustainable development council exists, but lacks robust monitoring tools
Financial Governance	3.0 / 10	Investment bank underutilised, fiscal co-ordination absent

These estimates reflect a governance framework that is aspirational but underperforming in practice. While institutional structures exist on paper, their functionality is constrained by political fragmentation, resource scarcity, and limited regional ownership.

CEN-SAD's institutional architecture offers a foundation for integration, but requires targeted reforms to enhance effectiveness. Strengthening inter-organ co-ordination, embedding performance metrics, and aligning with continental frameworks such as the African Peer Review Mechanism (APRM) could improve governance outcomes.

## 4. Financial Integration and Capital Markets

### Regional Financial Integration Landscape

CEN-SAD's financial integration remains nascent, shaped by overlapping memberships in more advanced regional blocs and constrained by institutional fragmentation. While the bloc's founding treaty emphasises economic and financial co-operation, implementation has been limited due to political instability, weak regulatory harmonisation, and underdeveloped financial infrastructure.

Several member states are more actively integrated into regional financial ecosystems through ECOWAS, COMESA, or the Arab Maghreb Union. These overlapping affiliations have diluted incentives for deeper CEN-SAD-specific financial integration. Efforts to establish a regional investment and trade bank have been slow, and cross-border capital mobility remains restricted by divergent monetary regimes, regulatory standards, and currency convertibility challenges.

Despite these constraints, there are pockets of progress. Nigeria, Egypt, and Morocco have emerged as financial hubs within the bloc, offering relatively deep capital markets and more sophisticated financial

instruments. These countries also anchor regional stock exchanges and attract foreign portfolio investment, serving as potential catalysts for broader integration. However, most other member states remain reliant on banking systems with limited capital market depth, low institutional investor participation, and minimal secondary market activity.

### Domestic Market Capitalisation by Country (2024 Estimates)

The following table presents estimated market capitalisation figures for selected CEN-SAD member states in 2024, along with notes on key exchanges and financial infrastructure:

Country	Market Capitalisation (USD Billion)	Key Exchanges / Notes
Egypt	45.2	Egyptian Exchange (EGX); diversified listings, active IPO market
Nigeria	38.7	Nigerian Exchange Group (NGX); strong fintech and banking sectors
Morocco	25.4	Casablanca Stock Exchange; regional ESG leader
Tunisia	9.8	Bourse de Tunis; moderate liquidity, SME-focused reforms
Ghana	6.1	Ghana Stock Exchange; limited depth, improving regulatory oversight
Senegal	3.4	Regional listing via BRVM (based in Abidjan); part of the WAEMU bloc
Chad	<0.5	No standalone exchange; relies on BRVM access
Libya	0.9	Libyan Stock Market; limited activity, political risk constraints
Sudan	0.6	Khartoum Stock Exchange; underdeveloped, facing macroeconomic headwinds
Mali	<0.5	BRVM participant; low market penetration
Burkina Faso	<0.5	BRVM participant; limited corporate listings
Somalia	Negligible	No formal exchange; informal financial networks dominate

These figures reflect stark disparities in capital market development across the bloc. Egypt, Nigeria, and Morocco collectively account for the vast majority of market capitalisation, while most other member states remain marginal players. The BRVM (Bourse Régionale des Valeurs Mobilières), serving WAEMU countries, offers a shared platform but suffers from low liquidity and limited investor diversity.

CEN-SAD's financial integration is constrained by structural fragmentation, but targeted reforms could unlock latent potential. Strengthening regulatory harmonisation, promoting regional listing platforms, and leveraging fintech innovations could enhance capital market depth and cross-border investment flows. For a strategic analyst like yourself, Lincoln, the opportunity lies in identifying scalable models, such as Morocco's ESG-aligned capital market or Nigeria's fintech ecosystem, that could be adapted across the bloc to support inclusive financial development and regional resilience.

5. Debt Sustainability and Fiscal Co-ordination

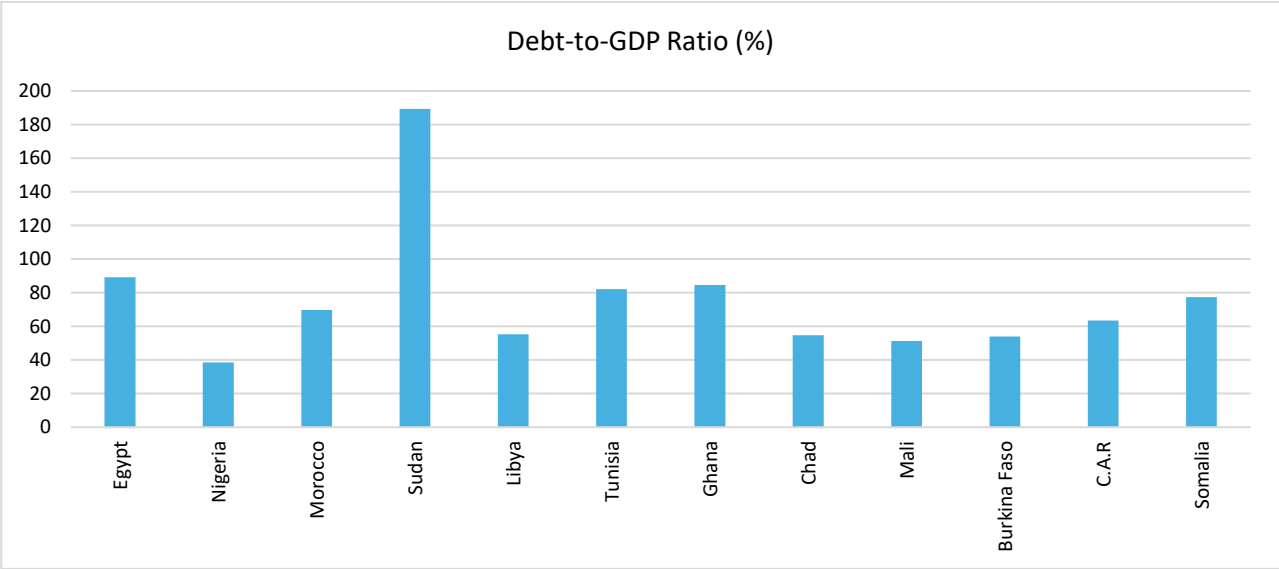
Regional Debt Trends and Risk-Sharing Mechanisms

CEN-SAD’s fiscal landscape is marked by pronounced heterogeneity, with member states exhibiting wide disparities in debt levels, revenue capacity, and macroeconomic stability. This divergence necessitates differentiated policy responses that reflect the unique structural and institutional realities of each country. A one-size-fits-all approach would be insufficient to address the complex interplay between fiscal vulnerability, development financing needs, and external shocks that shape the region’s debt dynamics.

To enhance fiscal resilience, strengthening debt transparency must be prioritised. Many member states operate with limited public disclosure of debt obligations, which undermines investor confidence and complicates regional co-ordination. Establishing standardised reporting frameworks and integrating debt data into regional surveillance platforms would improve accountability and facilitate more informed policy decisions. In parallel, enhancing domestic revenue mobilisation is critical. Overreliance on external borrowing and commodity exports has left many economies exposed to volatility. Expanding tax bases, improving collection efficiency, and formalising informal sectors can generate more sustainable fiscal space.

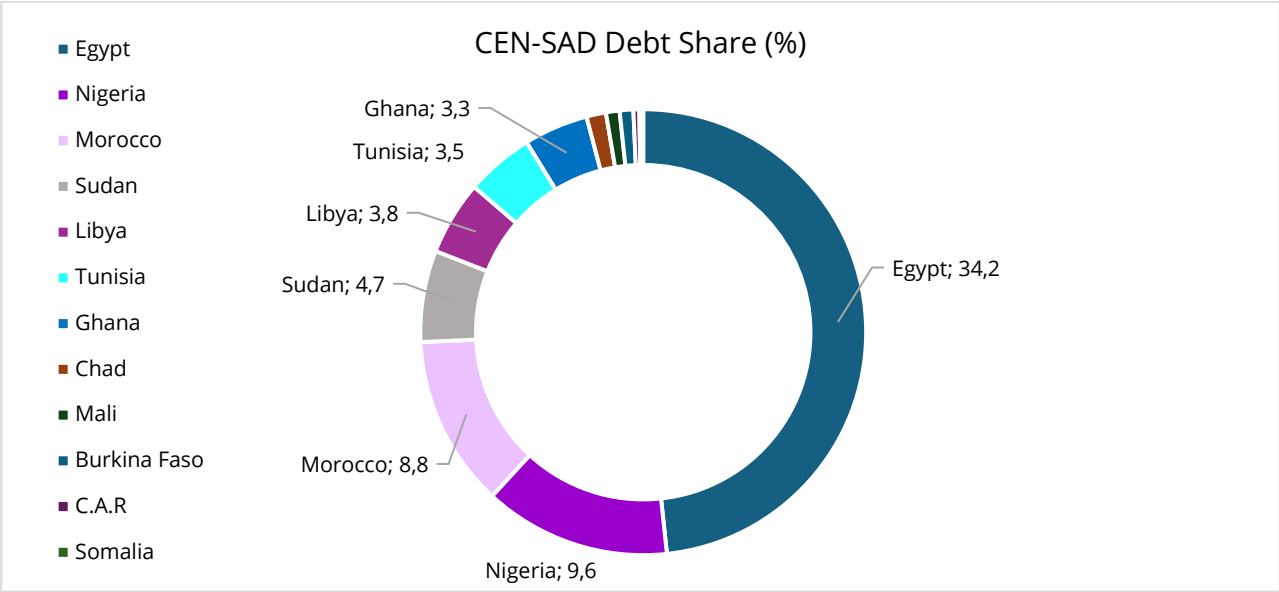
Exploring regional risk-sharing instruments offers another avenue for resilience. Mechanisms such as pooled sovereign bond platforms could allow member states to access capital markets under more favourable terms by leveraging collective creditworthiness. Similarly, fiscal surveillance mechanisms—modelled on successful practices in WAEMU or the European Union—could help monitor compliance with agreed benchmarks and provide early warnings of fiscal stress. While CEN-SAD currently lacks the institutional depth to implement these tools independently, cross-membership in other regional blocs presents opportunities for alignment and capacity building.

Aligning these fiscal reforms with the African Continental Free Trade Area’s financial integration agenda would further amplify their impact. AfCFTA’s push for harmonised payment systems, financial regulations, and investment protocols provides a strategic framework for embedding fiscal discipline within broader economic integration. For CEN-SAD, the path to sustainable debt management lies not in uniformity, but in tailored, co-ordinated strategies that reflect the bloc’s diversity and unlock its collective potential.



The distribution of public debt across CEN-SAD member states is highly uneven, reflecting disparities in economic size, borrowing capacity, and institutional maturity. Three countries (Egypt, Nigeria, and Morocco) account for the majority of the bloc’s total debt stock, underscoring their fiscal weight and more developed financial systems. In contrast, smaller economies and fragile states contribute marginally to the overall debt profile, though they often face disproportionately high debt distress risks.

### Debt Share

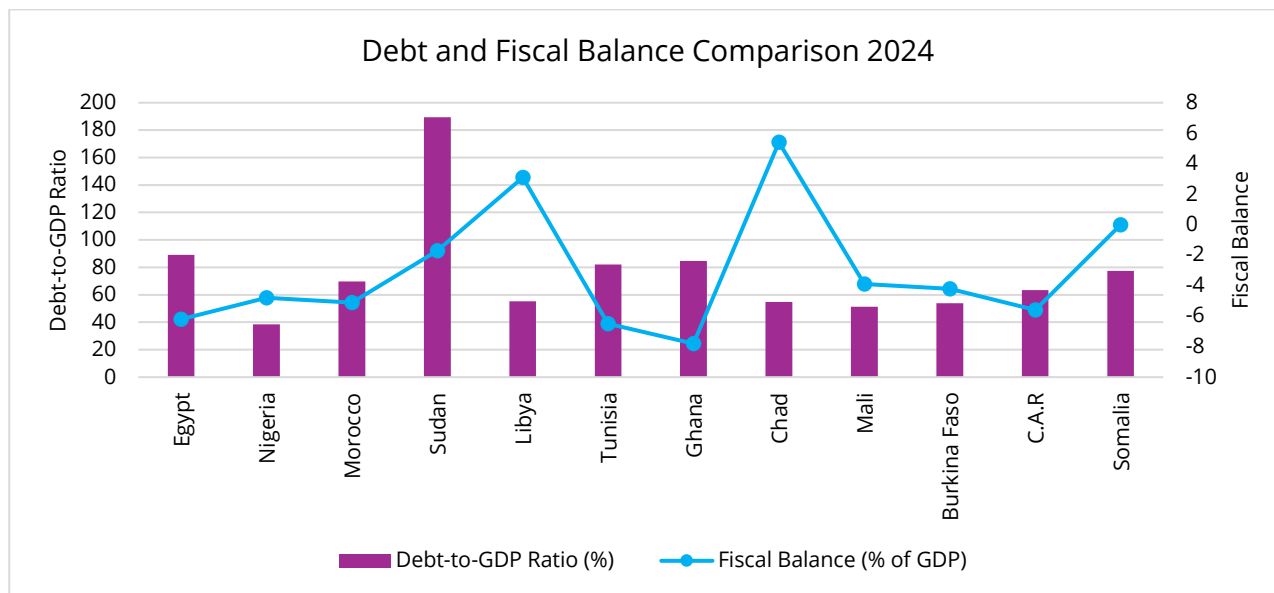


Egypt alone holds over one-third of the bloc’s total debt, reflecting its large economy, active domestic bond market, and substantial infrastructure financing needs. Nigeria and Morocco follow, each contributing close to 10%, supported by diversified economies and relatively stable fiscal frameworks. These three countries collectively shape the bloc’s debt dynamics and are better positioned to access international capital markets and negotiate favourable terms.

Conversely, countries such as Sudan, Libya, and Tunisia carry moderate debt shares but face elevated risks due to political instability, limited fiscal buffers, and constrained access to concessional financing. Smaller economies like Chad, Mali, and the Central African Republic contribute minimally to the aggregate debt stock, yet their debt-to-GDP ratios often exceed sustainability thresholds, making them vulnerable to external shocks and liquidity crises.

This distribution highlights the need for differentiated debt management strategies within CEN-SAD. Larger economies may lead regional initiatives on debt transparency and market development, while smaller and fragile states require tailored support mechanisms, including concessional financing, technical assistance, and risk-sharing instruments. Strengthening regional fiscal surveillance and aligning with AfCFTA’s financial integration agenda could help harmonise debt governance and improve collective resilience.

## CEN-SAD Debt and Fiscal Balance Comparison



The fiscal landscape across CEN-SAD member states reveals three distinct profiles, each shaped by varying debt burdens, budgetary dynamics, and institutional capacity. These differences underscore the need for tailored policy responses that reflect the structural realities and economic trajectories of individual countries.

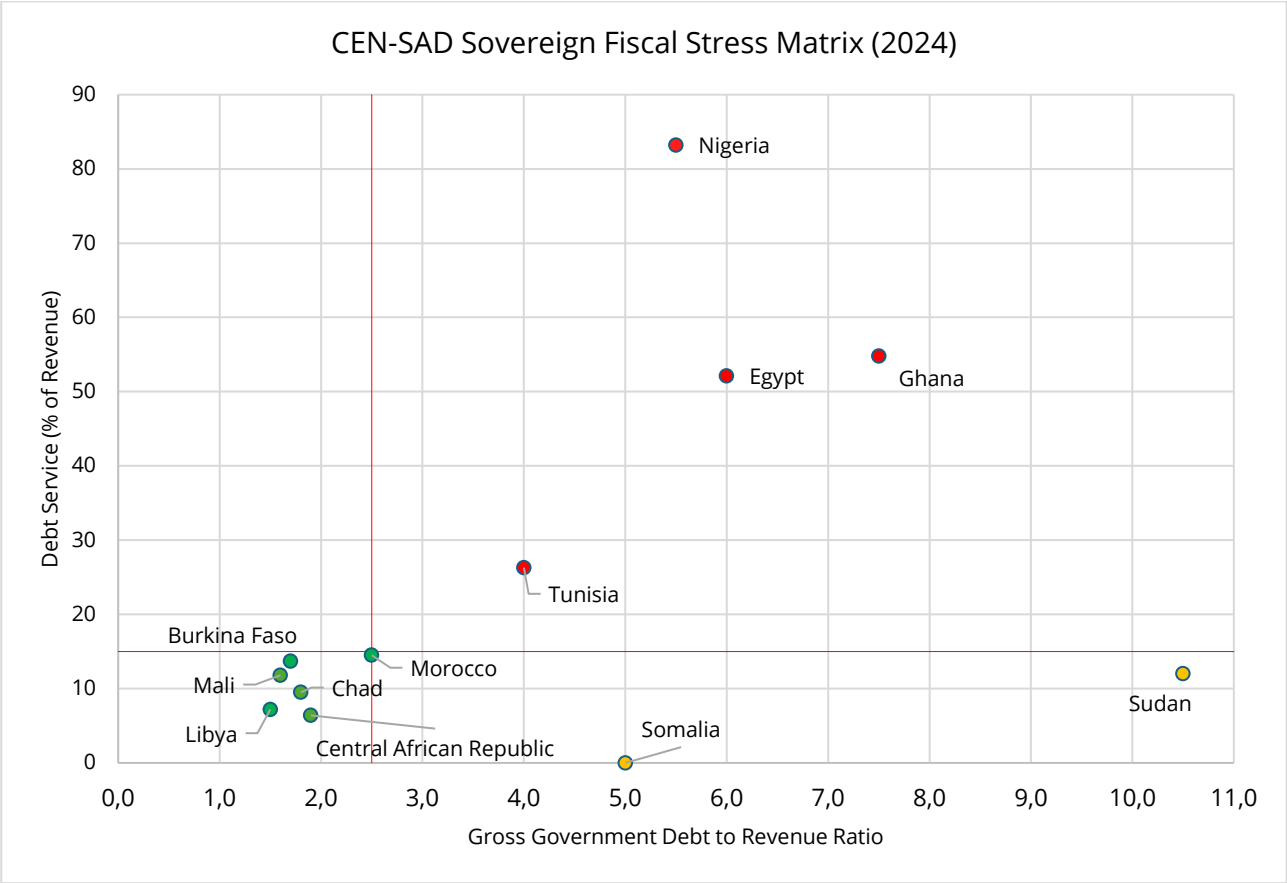
The first group comprises high-debt, high-deficit economies such as Egypt, Tunisia, Ghana, and Sudan. These countries face acute fiscal pressures, with debt-to-GDP ratios exceeding sustainability thresholds and persistent budget deficits undermining macroeconomic stability. Egypt and Tunisia, for instance, have struggled with inflationary pressures and rising debt service costs, while Ghana and Sudan are navigating complex debt restructuring processes. For these economies, urgent fiscal consolidation is essential, alongside enhanced domestic revenue mobilisation and expanded access to concessional financing. Without these interventions, fiscal space will remain constrained, limiting their ability to invest in development and social protection.

The second group includes moderate-debt, deficit-prone states such as Nigeria, Morocco, Mali, and Burkina Faso. These countries maintain more manageable debt levels but continue to run fiscal deficits, often driven by structural spending needs, security-related expenditures, and narrow tax bases. Nigeria and Morocco, despite their economic scale, face challenges in diversifying revenue sources and curbing recurrent expenditure growth. Mali and Burkina Faso, meanwhile, contend with rising defence costs and limited fiscal buffers. These economies would benefit from targeted reforms in public financial management, improved expenditure efficiency, and broader tax policy modernisation to ensure fiscal sustainability.

The third profile consists of surplus or low-deficit economies, notably Libya and Chad. Both countries report fiscal surpluses, largely attributable to hydrocarbon revenues that have buoyed government coffers. However, their fiscal positions remain vulnerable to commodity price volatility and governance constraints, which can quickly erode surpluses during downturns. Somalia, while reporting a zero fiscal balance, reflects data limitations rather than genuine fiscal stability. The informal nature of its economy and limited institutional capacity make accurate fiscal assessments challenging. For these states, strengthening fiscal governance and building resilience to external shocks will be critical to maintaining stability and supporting long-term development.

CEN-SAD Sovereign Fiscal Stress

Debt affordability reflects a country's ability to service its debt without compromising fiscal sustainability. SAR considers both debt stock and interest payment burdens when assessing sovereign creditworthiness.



The data reveals that Nigeria, Ghana, and Egypt are under significant fiscal pressure, with debt-service ratios exceeding 50%, and gross debt levels several times higher than annual revenue. Nigeria's debt-service burden is particularly acute at 83.2%, meaning nearly all government revenue is absorbed by debt obligations, leaving minimal room for discretionary spending or investment.

Sudan and Somalia present extreme debt-to-revenue ratios, exceeding 1,000% and 500% respectively, though their debt-service ratios appear lower due to concessional terms or incomplete data. These figures reflect structural revenue weaknesses and legacy debt accumulation, rather than fiscal stability.

In contrast, Morocco, Libya, and Chad maintain more sustainable profiles, with lower debt-service burdens and moderate debt-to-revenue ratios. These countries benefit from stronger institutional frameworks, diversified revenue sources, or commodity-driven fiscal buffers.

This fiscal divergence across CEN-SAD underscores the need for differentiated policy responses. High-burden economies must prioritise debt restructuring, enhance domestic revenue mobilisation, and seek concessional financing. More stable states can lead regional efforts in fiscal co-ordination, transparency, and pooled debt instruments.

## 6. Political and Security Stability

### Regional Conflict Resolution Mechanisms

CEN-SAD's political and security stability remains one of the most complex and fragile among Africa's regional economic communities. The bloc spans a vast and volatile geography, encompassing parts of North, West, and Central Africa, where overlapping crises (including armed insurgencies, political transitions, and transnational criminal networks) have tested the limits of regional co-operation. The Sahel-Saharan corridor, in particular, has become a hotspot for jihadist movements, migratory turbulence, and post-conflict fragility, making peace and security a central concern for CEN-SAD's institutional agenda.

To address these challenges, CEN-SAD has developed a series of regional conflict resolution mechanisms anchored in its Security Charter (signed in N'Djamena, Chad, in February 2000), the Niamey Declaration (adopted in May 2003), and a Protocol on Prevention Mechanism, Management, and Resolution of Conflicts. These frameworks emphasise normalisation of relations between member states affected by conflict, co-operation in security matters, and alignment with broader continental efforts led by the African Union and the United Nations. The mechanisms are designed to promote political dialogue, prevent escalation, and facilitate post-conflict stabilisation, although implementation has often been uneven due to institutional capacity gaps and divergent national interests.

CEN-SAD's efforts have included the establishment of a regional counter-terrorism centre (headquartered in Egypt), the adoption of the Sharm el-Sheikh Declaration (2009), and proposals for a Permanent Peace and Security Council. These initiatives reflect a growing recognition among member states that co-ordinated responses to terrorism, cross-border crime, and political instability are essential for regional resilience. However, operational challenges persist. Conflicts in Sudan, South Sudan, the Central African Republic, and the aftermath of the Arab Spring have exposed the limitations of CEN-SAD's security apparatus, often delaying or derailing its peacebuilding programmes.

Despite these setbacks, the political will to strengthen regional security co-operation remains evident. Member states continue to reaffirm their commitment to peace and stability through joint declarations, security agreements, and participation in African Union-led standby forces. The integration of transitional justice principles into CEN-SAD's treaty objectives further signals an evolving approach that links conflict resolution with governance reform, human rights, and institutional accountability.

In sum, while CEN-SAD's conflict resolution mechanisms are conceptually sound and regionally relevant, their effectiveness depends on deeper institutional co-ordination, sustained political commitment, and stronger synergy with continental frameworks. Enhancing early warning systems, operationalising the proposed Peace and Security Council, and investing in cross-border stabilisation programmes could significantly improve the bloc's capacity to manage and resolve conflicts.



## 7. Infrastructure and Economic Resilience

### Regional Transport, Energy, and Digital Infrastructure

CEN-SAD's infrastructure and economic resilience remain foundational challenges to its broader integration and development goals. The bloc spans a vast and diverse geography, yet many member states continue to face acute infrastructure deficits (in transport, energy, and digital connectivity), which constrain productivity, trade, and investment. While continental frameworks such as the Programme for Infrastructure Development in Africa (PIDA) have helped prioritise regional corridors and energy interconnectivity, implementation within CEN-SAD has been uneven due to financing gaps, political instability, and weak institutional co-ordination.

Transport infrastructure across the Sahel-Saharan region is fragmented, with limited cross-border road and rail connectivity. Many landlocked member states (including Chad, Mali, and Burkina Faso) rely on outdated transit networks and face high logistics costs, which undermine competitiveness and regional trade. Although flagship projects such as the Trans-Saharan Highway and the Dakar–N'Djamena–Djibouti corridor have been proposed under PIDA, progress has been slow. The lack of harmonised transport policies and maintenance frameworks further impedes the operational efficiency of existing infrastructure.

Energy access and reliability also pose significant constraints. Several CEN-SAD countries suffer from chronic power shortages, low electrification rates, and dependence on imported fuels. Regional power pools (such as the West African Power Pool and the North African interconnection initiatives) offer potential for cross-border energy trade, but technical and regulatory barriers persist. Investment in renewable energy (particularly solar in the Sahel belt) has gained traction, yet scaling these projects requires stronger public–private partnerships, concessional financing, and regional planning.

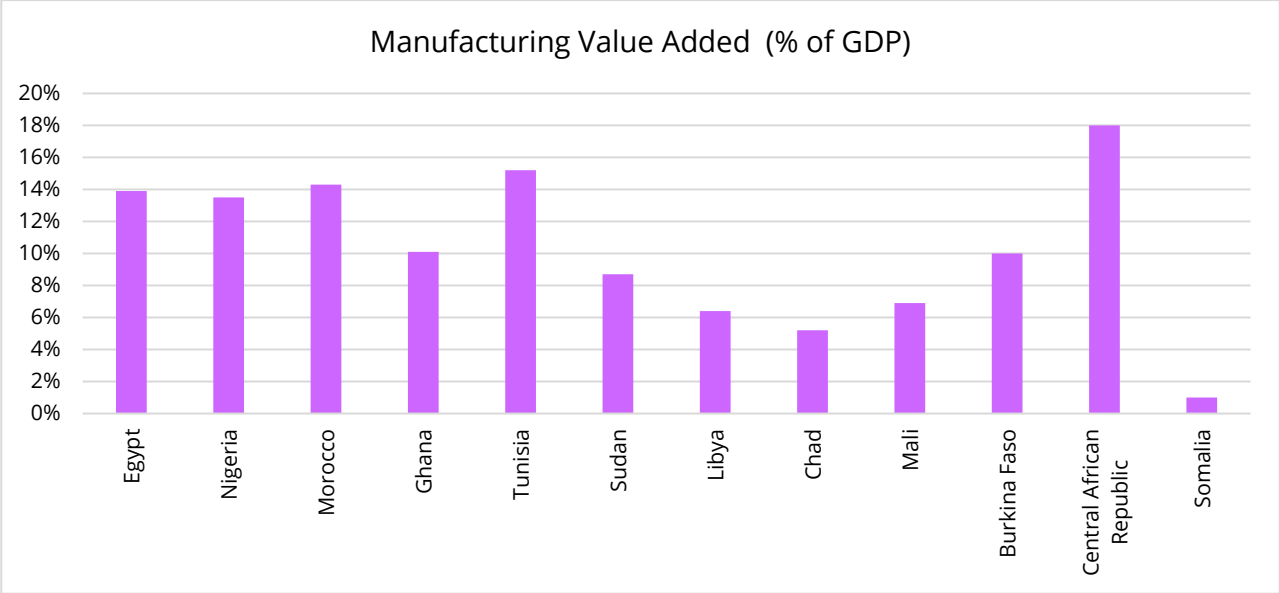
Digital infrastructure presents both a challenge and an opportunity. Internet penetration remains low in many member states, and digital divides (between urban and rural areas, and between genders) are pronounced. However, mobile connectivity and fintech adoption are rising, especially in Nigeria, Ghana, and Morocco. These trends offer a pathway to leapfrog traditional infrastructure constraints and foster inclusive growth. Regional efforts to expand broadband access, harmonise ICT regulations, and promote digital entrepreneurship could significantly enhance resilience and integration.

ECOWAS plays a pivotal role in enabling economic diversification within CEN-SAD's western corridor. Through its infrastructure development programmes, ECOWAS has prioritised transport and ICT connectivity, supported regional energy markets, and advanced industrial policy co-ordination. Its Public–Private Partnership (PPP) frameworks and regional investment codes have helped mobilise capital for strategic infrastructure projects. Moreover, ECOWAS's emphasis on value chain development (in agriculture, manufacturing, and services) aligns with CEN-SAD's goals of reducing commodity dependence and fostering structural transformation.

CEN-SAD's infrastructure and economic resilience depend on deepening regional co-ordination, leveraging continental platforms, and aligning with ECOWAS's proven mechanisms for diversification and connectivity. Strengthening institutional capacity, improving project execution, and embedding ESG principles into infrastructure planning will be essential to unlocking the bloc's latent potential.

Natural Resource Beneficiation

Manufacturing remains a modest contributor to GDP across most CEN-SAD countries, reflecting limited beneficiation of natural resources:



The data reveals a wide spectrum of industrial performance across CEN-SAD. Tunisia and the Central African Republic lead in manufacturing intensity, with MVA exceeding 15% of GDP, suggesting relatively stronger industrial ecosystems despite broader economic challenges. Morocco and Egypt also show robust manufacturing shares, reflecting diversified industrial bases and export-oriented policies.

Nigeria and Ghana, although economically significant, exhibit more modest MVA ratios relative to their GDP, suggesting untapped potential in downstream processing and industrial upgrading. Sudan, Libya, and Chad remain resource-dependent, with low manufacturing shares and limited beneficiation capacity. Somalia's figure, near 1%, reflects minimal formal industrial activity and heavy reliance on informal and subsistence sectors.

This divergence underscores the need for targeted industrial policy, regional value chain development, and infrastructure investment. CEN-SAD's path to economic resilience lies in transforming its resource wealth into industrial capacity through beneficiation, SME development, and integration with AfCFTA's manufacturing corridors.

## 8. CEN-SAD's Role in Continental Integration

### Alignment with AfCFTA and AU Agenda 2063

Although historically less institutionalised than other regional economic communities (RECs), CEN-SAD's strategic relevance is growing, particularly as it aligns more closely with the African Continental Free Trade Area (AfCFTA) and the African Union's Agenda 2063.

In terms of alignment with AfCFTA, CEN-SAD has endorsed key protocols on trade in goods, trade in services and dispute settlement. Member states are progressively implementing tariff liberalisation schedules and working to reduce non-tariff barriers. While the pace varies across countries, the bloc's geographic spread offers a valuable corridor for linking coastal economies (such as Nigeria, Ghana and Morocco) with landlocked states (including Chad, Mali and Burkina Faso). This connectivity is essential for unlocking intra-African trade, especially in agricultural goods, manufactured products and energy services. CEN-SAD's support for AfCFTA also includes efforts to harmonise customs procedures, digitise trade documentation and promote cross-border infrastructure.

CEN-SAD's commitment to the African Union's Agenda 2063 is reflected in its focus on inclusive growth, infrastructure development and peacebuilding. The Agenda's flagship projects (including the African Integrated High-Speed Rail Network and the Continental Free Trade Area) align with CEN-SAD's goals of regional connectivity and economic diversification. Countries such as Egypt, Morocco and Nigeria are leading contributors to this transformation, with Egypt in particular benefiting from manufacturing and technology transfer reforms. The bloc's endorsement of Agenda 2063 also signals a shift towards long-term planning, institutional reform and sustainable development.

Trade harmonisation within CEN-SAD remains a work in progress. The absence of a unified customs union or common external tariff has led to regulatory fragmentation, especially given overlapping memberships with other RECs (such as ECOWAS, COMESA and UMA). However, there is growing momentum to align national trade policies with AfCFTA's rules of origin, sanitary and phytosanitary standards and investment protocols. These efforts are supported by regional workshops, technical assistance programmes and digital platforms for trade facilitation.

Private sector engagement is increasingly recognised as a cornerstone of CEN-SAD's integration strategy. Member states are promoting public-private partnerships (PPPs) in transport, energy and digital infrastructure, while also supporting small and medium-sized enterprises (SMEs) through regional investment codes and innovation hubs. Morocco's automotive and aerospace clusters, Nigeria's fintech ecosystem and Egypt's industrial zones offer scalable models for replication across the bloc. Strengthening access to finance, improving regulatory predictability and enhancing institutional support for entrepreneurship will be key to unlocking private sector dynamism.

CEN-SAD's contribution to continental integration depends on its ability to deepen alignment with AfCFTA and Agenda 2063, harmonise trade regimes and mobilise private sector leadership. With stronger institutional co-ordination, targeted infrastructure investment and inclusive industrial policies, the bloc can play a pivotal role in shaping Africa's unified economic future.

## 9. Rating Implications and Outlook

Country	GDP Per Capita (USD)	GDP Growth (%)	FDI Inflows (% of GDP)	Inflation Rate (%)	Corruption Control Index (0–100)
Egypt	4,320	0.6	1.9	28.0	42.0
Nigeria	2,430	2.9	0.9	23.0	25.0
Morocco	3,820	3.2	1.5	4.5	52.0
Ghana	2,480	3.7	4.3	16.0	40.0
Tunisia	4,050	2.1	1.2	9.8	47.0
Sudan	820	-0.5	0.4	145.0	12.0
Libya	6,200	3.5	0.6	3.2	18.0
Chad	710	-1.4	2.1	7.5	20.0
Mali	910	2.7	1.8	5.9	22.0
Burkina Faso	890	2.7	2.4	6.3	24.0
C.A.R	640	-1.9	1.1	8.2	13.0
Somalia	520	2.5	~0.2	6.0	8.0

The data demonstrates stark disparities in economic performance and governance across CEN-SAD. Libya leads in GDP per capita, driven by hydrocarbon wealth, while Somalia and the Central African Republic remain at the bottom, reflecting prolonged fragility and limited productive capacity. Egypt and Tunisia show relatively high per capita income but are burdened by inflation and institutional constraints.

GDP growth is modest across the bloc, with Ghana and Libya showing the strongest momentum. Sudan and Chad are in contraction, reflecting conflict, fiscal stress and external shocks. FDI inflows remain low overall, with Ghana standing out at 4.3% of its GDP, supported by investment in the extractive sector and reform efforts. Most other countries attract less than 2% of GDP in foreign direct investment, indicating structural barriers to capital mobilisation.

Inflation is a major concern in Egypt, Nigeria and especially Sudan, where triple-digit inflation reflects macroeconomic instability and currency depreciation. In contrast, Morocco and Libya maintain relatively stable price environments, aided by monetary discipline and external buffers.

The Corruption Control Index (scaled 0 to 100, where higher is better) highlights governance challenges. Morocco and Tunisia score above 45, suggesting moderate institutional strength, while Sudan, Somalia and the Central African Republic fall below 15, indicating systemic governance deficits. These scores correlate strongly with investment risk and fiscal credibility.

CEN-SAD's economic landscape is marked by heterogeneity. Countries with stronger governance and macroeconomic stability (such as Morocco and Tunisia) are better positioned to attract investment and sustain growth. Fragile states require targeted support in institutional reform, inflation control and investment facilitation. SAR recommends differentiated sovereign risk assessments and regional co-ordination to enhance resilience and unlock inclusive development.

## Regional Rating Sensitivities (SAR Perspective)

Country	Rating Sensitivity Drivers	CEN-SAD Impact	Outlook
<b>Egypt</b>	Elevated inflation, external debt exposure, fiscal consolidation pressures, reform fatigue	Strategic anchor in North Africa, limited CEN-SAD co-ordination, bilateral influence	Stable with downside risk
<b>Nigeria</b>	High debt-service ratio, weak revenue mobilisation, oil dependency, security volatility	Key West African node, potential for trade and security spillovers within CEN-SAD	Negative watch
<b>Morocco</b>	Export diversification, industrial competitiveness, moderate debt, stable governance	Strong bilateral ties, limited institutional engagement with CEN-SAD	Positive
<b>Ghana</b>	Debt restructuring, inflation volatility, IMF programme, governance reforms	ECOWAS-led convergence supports CEN-SAD's western corridor	Improving
<b>Tunisia</b>	Political uncertainty, external financing needs, fiscal fragility	Limited CEN-SAD leverage, reliant on bilateral and EU partnerships	Negative
<b>Sudan</b>	Armed conflict, debt distress, institutional breakdown	CEN-SAD peace and security frameworks remain underutilised	High risk
<b>Libya</b>	Oil-driven fiscal buffers, political fragmentation, low institutional predictability	CEN-SAD's geographic centre, but minimal policy co-ordination	Volatile
<b>Chad</b>	Security challenges, low revenue base, donor dependency	Beneficiary of CEN-SAD's security and migration co-ordination	Cautiously stable
<b>Mali</b>	Political transition, sanctions exposure, fiscal pressure	CEN-SAD's conflict resolution mechanisms offer limited stabilisation	Fragile recovery
<b>Burkina Faso</b>	Security risks, budgetary stress, governance uncertainty	CEN-SAD's peace and security council engagement remains inconsistent	Negative watch
<b>Central African Republic</b>	Conflict exposure, aid dependency, weak institutions	Peripheral member, limited regional integration impact	High risk
<b>Somalia</b>	Institutional fragility, minimal formal economy, external aid reliance	Marginal CEN-SAD engagement, no meaningful regional stabilisation	Very high risk

CEN-SAD's impact on sovereign ratings is uneven across its member states. While the bloc offers a platform for regional dialogue and security co-operation, its institutional capacity remains limited compared to more integrated RECs. Countries like Nigeria and Ghana benefit from overlapping ECOWAS membership, which enhances macroeconomic convergence and trade facilitation. Morocco and Egypt, though economically influential, operate largely outside CEN-SAD's institutional mechanisms, relying more on bilateral and continental partnerships.

Fragile states such as Sudan, Somalia and the Central African Republic face elevated sovereign risk due to conflict, weak governance and limited fiscal space. CEN-SAD's peace and security frameworks, while conceptually sound, require stronger operationalisation to influence rating trajectories meaningfully. Chad and Mali show cautious signs of stabilisation, but remain vulnerable to regional spillovers and domestic volatility.

To strengthen its rating relevance, CEN-SAD must deepen institutional co-ordination, operationalise its Permanent Peace and Security Council, and align more closely with AfCFTA and Agenda 2063 implementation. This would enhance investor confidence, reduce sovereign risk premiums and support long-term resilience across the bloc.

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