



HAL
open science

The impact of the withdrawal of ESA countries (Burkina Faso, Mali, Niger) from ECOWAS on their foreign direct investment

Lassana Toure, Mickaël Clevenot, Abdoul Karim Diamoutene, Mahamadou
Bassirou Tangara

► To cite this version:

Lassana Toure, Mickaël Clevenot, Abdoul Karim Diamoutene, Mahamadou Bassirou Tangara. The impact of the withdrawal of ESA countries (Burkina Faso, Mali, Niger) from ECOWAS on their foreign direct investment. 2024. hal-04686072

HAL Id: hal-04686072

<https://hal.science/hal-04686072v1>

Preprint submitted on 7 Sep 2024

HAL is a multi-disciplinary open access archive for the deposit and dissemination of scientific research documents, whether they are published or not. The documents may come from teaching and research institutions in France or abroad, or from public or private research centers.

L'archive ouverte pluridisciplinaire **HAL**, est destinée au dépôt et à la diffusion de documents scientifiques de niveau recherche, publiés ou non, émanant des établissements d'enseignement et de recherche français ou étrangers, des laboratoires publics ou privés.

The impact of the withdrawal of ESA countries (Burkina Faso, Mali, Niger) from ECOWAS on their foreign direct investment

Dr. Lassana TOURE¹, Lecturer-Researcher at the University of Ségou in Mali, Email: lassana.toure@mesrs.ml

Prof. Mickaël CLEVENOT², Lecturer-Researcher at the University of Bourgogne in France, Email: mickael.clevenot@u-bourgogne.fr

Prof. Dr. Abdoul Karim DIAMOUTENE³, Lecturer-Researcher at the University of Social Sciences and Management of Bamako in Mali, Email: a2005diamou@yahoo.fr

Prof. Mahamadou Bassirou TANGARA⁴, Lecturer-Researcher at the University of Social Sciences and Management of Bamako in Mali, Email: mb.t75@mesrs.ml

Summary

This study analyses the impact of the withdrawal of Burkina Faso, Mali and Niger from ECOWAS, focusing on foreign direct investment (FDI) inflows as a percentage of GDP, using data from the World Bank database (API_BX.KLT.DINV.WD.GD.ZS_DS2_en_excel_v2_7799.xls) for the period 1971 - 2022. Using a counterfactual analysis approach, specifically the double-difference method also known as difference-in-differences. The results indicate that Mali could potentially lose on average 1.86% of FDI inflows if it left ECOWAS, while for Niger this loss could reach 2.48%. However, Burkina Faso's membership of ECOWAS does not appear to have a significant impact on FDI inflows according to this model. This analysis highlights both the challenge and the opportunities of redefining regional economic and political relations. It highlights the need for strategic adjustments at national and regional level to cope with this new dynamic.

Keywords : ECOWAS, Foreign Direct Investment (FDI), Counterfactual analysis, Regional economic impact, Adjustment strategies

Introduction

In the dynamic context of regional economic unions, the Economic Community of West African States (ECOWAS) is recognised as an essential pillar in the quest for an integrated Africa. Founded on 28 May 1975, the organisation has been hailed for its significant progress in the political, economic and security spheres, establishing West Africa as one of the most integrated regions on the continent (Ecofin Weekly, 2023). However, almost fifty years after its creation, the withdrawal of the countries of the Alliance of Sahel States (AES) from ECOWAS, announced on 28 January 2024, raises crucial questions about the effectiveness and future of regional integration in Africa. This withdrawal represents a decisive moment, both for the countries concerned and for the entire ECOWAS structure. It undermines the objectives of regional integration, which include improving the attractiveness of Foreign Direct Investment (FDI) by creating a stable and predictable economic environment. Moreover, integration also fosters the creation of larger, integrated regional markets, improving economies of scale and making the region more attractive to investors. This decision also favours the transmission channels that help attract FDI, notably the reduction of

trade barriers, the harmonisation of economic policies and cooperation on security and infrastructure.

ECOWAS and the ESA appear to have the same objectives, which lie in their ability to pool efforts in development and the fight against terrorism, by creating a common defence architecture. However, current challenges include the management of trade with ECOWAS and ESA countries, leading to higher risk premiums for investors and increased financing costs on the regional market. The withdrawal of these three countries from the regional union can be interpreted as a step backwards in this continuum of economic integration. By leaving ECOWAS, these countries are foregoing the potential benefits of regional integration, such as access to a larger market, the facilitation of cross-border trade and investment, and the possibility of benefiting from regional development programmes and financing.

In addition, the new configuration of international players, notably Russia, China, Turkey and India, is also influencing the economic dynamics of ESA countries. These emerging countries are playing an increasingly important role as investors and economic partners, providing financial resources, technologies and expertise to support the region's development and fight terrorism.

This article sets out to assess the impact of the ESA countries' decision to withdraw from ECOWAS on the economies of these three countries. To carry out our analysis, we will adopt a double-difference approach, focusing on foreign direct investment inflows as the variable of interest.

1. Economic and political situation of ESA countries.

1.1 Niger

Located in the heart of the Sahel, Niger has a relatively undiversified economy, based mainly on agriculture, which accounts for 40% of its GDP. In 2023, the extreme poverty rate reached 52.0% due to negative per capita growth and rising inflation, increasing the extremely poor population by almost 1.1 million compared with 2022, bringing the total to 14.1 million people. According to the UN Office for the Coordination of Humanitarian Affairs (UNOCHA), in 2023, 4.3 million people, or 17% of the population, would need humanitarian assistance in Niger, compared with 3.7 million in 2022. In January 2024, the United Nations Refugee Agency (UNHCR) reported that Niger was hosting nearly 690,000 refugees, asylum seekers and internally displaced persons, mainly in the regions of Tillaberi, Tahoua and Diffa. In addition, economic growth is expected to be limited to 1.2% in 2023 due to political, security and climatic crises. However, ECOWAS trade sanctions and the closure of borders have led to a reduction in exports, notably by delaying the export of crude oil via Benin through the new pipeline. The decline in soil fertility and insecurity in certain production zones have reduced agricultural production, despite a good performance from irrigated agriculture. The sanctions have also caused losses in the private sector, a liquidity crisis and a deterioration in bank portfolios. After falling steadily between January and July 2023, inflation began to rise again from August 2023, due to low agricultural production and the closure of borders. In the face of rising prices, foodstuffs should increase the poverty rate. In November and December 2023, around 2.3 million people were in a situation of severe food insecurity, according to the analysis of the Harmonized Gift.

1.2 Mali

According to the World Bank, Mali's economy is low-income, undiversified and vulnerable to fluctuations in commodity prices. Its strong demographic growth and climate change threaten agriculture and food security. Furthermore, extreme poverty has worsened, rising from 15.9% in 2021 to 19.1% in 2022, due to security crises and the Covid-19 pandemic, eroding the purchasing power of the most vulnerable. The densely populated rural areas of the south account for 90% of the country's poverty.

However, in 2022, despite the ECOWAS sanctions and the war in Ukraine, the Malian economy showed strong resilience, with GDP growth of 3.5% underpinned by cereal production and the mining sector. Nevertheless, the terms of trade improved in 2023 with the fall in oil prices and the rise in gold prices, but cotton exports declined. The current account deficit stabilised at 6.8% of GDP in 2023. In addition, budget expenditure continued to rise in 2023, mainly due to the wage bill and security spending, while tax revenue rebounded following the lifting of ECOWAS sanctions, stabilising the fiscal deficit at 4.8% of GDP.

. 1.3. Burkina Faso

Burkina Faso is a low-income Sahelian country with limited natural resources. Its economy is based mainly on agriculture and mining, particularly gold. More than 40% of the population lives below the national poverty line. According to the United Nations Development Programme (UNDP) Human Development Index (HDI) Report 2021-2022, Burkina Faso ranks 184th out of 191 countries. Since 2015, Burkina Faso has suffered terrorist attacks resulting in massive population displacements. In January 2019, there were fewer than 50,000 internally displaced persons (IDPs) in the country, but this number had risen to 2.01 million by 31 December 2023; 413 health facilities (20%) were affected, limiting access to healthcare for around 3.8 million people; 5,330 primary and secondary schools were closed, affecting 820,865 pupils, including 396,716 girls.

However, according to the World Bank, Burkina Faso's economy is set to grow by 3.2% in 2023, following growth of 1.5% in 2022. The service sector, accounting for 48% of GDP, remained the main driver of growth, supported by the expansion of the public sector. On the other hand, agricultural growth has been held back by the security context, which limits access to rural areas. The secondary sector saw positive growth thanks to manufacturing and construction, although gold production continued to fall due to the insecurity, even though gold prices remain high on the international market.

On the demand side, private consumption has been the main driver of growth, supported by low inflation. Investment is expected to stagnate as a result of major public investment in 2022 and uncertainties. Higher gold prices and lower energy prices have helped to reduce the current account deficit to 4.9% of GDP in 2023. In addition, inflation in Burkina Faso has fallen to 0.7%, after reaching a record level of 14.1% in 2022, thanks to lower prices for local products such as cereals, flour and fresh vegetables. This fall in inflation has contributed to a 0.7% reduction in the extreme poverty rate, which now stands at 25.6%.

Burkina Faso began to consolidate its public finances in 2023, reducing the deficit to 6.5% of GDP, or 1% less than in 2022, excluding the exceptional inclusion of all securitised debt

accumulated in 2022. This improvement is due to a reduction in investment and subsidies, helped by lower international oil prices, while military and humanitarian spending remains high. With the reduction in donations from bilateral donors, efforts have been made to increase the mobilisation of domestic revenues. Despite this, public debt is expected to exceed 60% of GDP in 2023, with a growing share of financing coming from the more expensive regional market. In February 2024, average yields on the regional market were 8% for 6-month Treasury bills and 9.6% for 3-year Treasury bills. Moreover, the risk of external over-indebtedness remains moderate.

1. Literature review

1.1 Theoretical review :

Regional Integration Theory (Balassa, 1961):

The theory of regional integration, formulated by Balassa in 1961, provides a conceptual framework for understanding the dynamics of countries joining and withdrawing from economic unions such as the Economic Community of West African States. According to Balassa, economic integration can be seen as a progressive process, ranging from the creation of a free trade area, a customs union, a common market to full economic and monetary union. Each stage of this continuum involves an intensification of economic cooperation between member countries, with specific implications in terms of trade policy, the movement of goods, services, capital and people, and the coordination of economic policies. When this theory is applied to the context of countries' initial membership of ECOWAS, it can be seen that the underlying economic motivations of member countries were often linked to the search for mutual benefits from regional integration. These benefits included the expansion of markets, the stimulation of trade, the promotion of cross-border investment, job creation, as well as the opportunity to strengthen cooperation in economic and social development.

Complex Interdependence Theory (Keohane and Nye, 1977):

This theory presents integration as a genuine opportunity to lay the foundations for sustainable development. By reducing political tensions between countries, integration creates a climate of security favourable to both domestic and foreign investment. The current crisis between the ESA countries and ECOWAS is exacerbating the economic, political and social uncertainty in an area weakened by the Sahel security crisis. On the one hand, it increases uncertainty in the fight against terrorism. On the other, it increases the risk of confrontation between countries. All in all, this crisis represents a serious risk to investment intentions. The risk is further amplified by the geopolitical and geostrategic positioning of the two blocs. Henceforth, space has become the zone of confrontation between the imperialist powers.

Theory of Neo-Realism (Waltz, 1979):

An analysis of the deep-rooted causes of this crisis shows that it stems from the security situation and the divergence of views between the countries of the ESA and ECOWAS on strategies for combating it. This fact supports the neo-realists who believe that the quest for security is the main concern of States. The crisis is also taking place against a backdrop of

geopolitical renewal, with definite consequences for foreign direct investment. As a result of the crisis, ESA countries have begun a process of expulsion and breach of contract with their traditional partners, including France and the USA. On the other hand, other equally important partners have come on board and become more involved. These include Russian, Chinese, Turkish and Iranian investment.

Dependency theory (Frank, 1967):

The crisis in the ECOWAS region is part of a general rejection of neo-colonialism, with countries aspiring to greater sovereignty. After independence, international relations were based on dependence (Frank, 1967), but attitudes and the environment have changed considerably. Indeed, dependence is no longer seen solely as a one-way relationship suffered by weak and poor countries. With the reconfiguration of the international geopolitical environment, relationships are increasingly chosen. In this context, the new spending relationships can provide significant resources and investment. So the advent of new players can be a real boon for FDI in ESA countries.

1.2 Empirical review

The study by Sissoko et al (2024) provides an in-depth assessment of the economies of Mali, Burkina Faso and Niger following their withdrawal from the Economic Community of West African States (ECOWAS). The analysis focuses on the challenges and opportunities arising from this withdrawal, using a qualitative methodology based on secondary data sources. The authors gathered data from institutional reports, press releases, ministerial council minutes and the finance laws of the countries concerned. This data was supplemented by information from international economic databases such as those of the World Bank and the IMF.

In their study, they use content analysis techniques to process these documents, thus ensuring a complete and reliable analysis of the economic indicators of the countries concerned. However, the conceptual framework developed by Sissoko et al. illustrates the interrelationships between various economic variables, indices of political stability, and measures of trade and investment flows.

They identify several major challenges arising from withdrawal from ECOWAS, including trade disruptions, which could lead to significant disruptions in trade with other ECOWAS members, adversely affecting local economies. In addition, the consequences for monetary and fiscal policies will require major adjustments to adapt to the new economic reality, which could pose difficulties in the short term.

In addition, the study by Diaw and Guidime (2013) analyses the determinants of foreign direct investment in ECOWAS, highlighting the importance of investment flows for the economies of member countries. The results of this study tell us that market accessibility and size, nominal exchange rate, institutional adaptation and period-delayed foreign direct investment are the main factors explaining FDI flows to ECOWAS countries. In addition, natural resources and financial development have a relatively positive influence on FDI flows to ECOWAS countries. Finally, institutional adaptation favours market factors in the mobilisation of FDI flows.

Despite these challenges, the study also highlights a number of potential opportunities. Withdrawal could enable the countries concerned to explore new economic and political

partnerships with other regions and international organisations, thereby increasing their economic autonomy. It could also encourage these countries to diversify their export and import markets, thereby reducing their dependence on ECOWAS members.

Our study differs from that of Sissoko et al. by adopting a quantitative approach to assess the effects of ECOWAS withdrawal on Foreign Direct Investment in the countries of the Alliance of Sahel States (AES). We will use a double-difference methodology to determine what the ESA countries will gain or lose in terms of FDI. This approach aims to provide a complementary perspective to the qualitative analysis of Sissoko et al. by offering insights based on empirical data and rigorous statistical methods.

2. Methodology

This section details the methodology used to analyse the impact of the withdrawal of Mali, Burkina Faso and Niger from ECOWAS.

2.1. Study Variables and Data.

The data used in this study was collected from the World Bank for the period 1971-2022. However, for countries where data on FDI inflows was missing, a treatment was performed by imputing the missing values by the average of the available values for each country where data was missing. This was applied to countries such as Mozambique, the Republic of Congo, Gabon, etc.

Table 1: Variables used in the double-difference approach

Variable	Variable description	Data source
FDI inflows as a percentage of GDP	Foreign direct investment is the net inflow of capital to acquire a lasting interest in a company in a foreign economy.	World Bank database
Time	Explanatory variable, which takes the value 1 for the years following the intervention (entry of ECOWAS countries).	Author's calculation
Interventions	Intervention: explanatory variable, which takes the value 1 for the ECOWAS member which is the subject of the intervention.	Author's calculation

Interaction (intervention X_time)	The interaction variable (intervention X time) plays a crucial role in understanding the evolution of FDI inflows over time following the intervention (which is the accession of countries to ECOWAS).	Author's calculation
-----------------------------------	---	----------------------

Source: Author's construction based on WDI data, 2024

2.2. Double-difference approach

To measure the impact of ECOWAS withdrawal on FDI inflows from ESA countries, a counterfactual analysis technique will be used, namely the double-difference method. This approach is commonly used in impact studies. More recently, it has been applied by Compos and Corricelli (2015) using the synthetic control method for a model based on trade openness, GDP per capita and market size. In addition, this estimation method was also used by Mihaela Simionescu (2018) to measure the impact of Brexit on FDI inflows to the UK.

Unlike the study by SISSOKO et al. (2024), which used a qualitative analysis approach, to assess the post-ECOWAS economy of Mali, Burkina Faso and Niger, we will use a different approach based on double difference to measure the impact of the withdrawal of the ESA countries from ECOWAS. Nevertheless, this method will allow us to highlight the deficit in FDI flows from these countries.

However, the use of the double-difference method to estimate the impact has become standard practice in economic research. This method is based on the identification of a specific treatment or intervention, in our case the intervention is the countries' membership of ECOWAS. The idea is to compare the differences in results obtained before and after this intervention for countries that have undergone it (membership of ECOWAS) compared with those that have not. Therefore, to apply this method, we choose a control group made up of countries that did not undergo the intervention and a treatment group made up of ECOWAS countries, and a variable of interest. To do this, we will choose as our control group the sub-Saharan African countries that have never been members of ECOWAS or that have left ECOWAS, and our variable of interest will be foreign direct investment flows.

Thus, as part of our analysis based on the counterfactual approach, in particular double differences, we use the following regression model:

$$Y_{it} = \alpha + \beta_1 intervention_{it} + \beta_2 time_{it} + \beta_3 intervention_{it} time_{it} + e_{it}$$

With Y: dependent variable;

Time, interventions and time intervention: explanatory variables;

- i : indices for cross sections;
- t : the year taken into account;
- e: the error term;
- β_k : a real for all k belonging to {1, 2, 3}.

This model includes several explanatory variables, including time, intervention, as well as an interaction between these two variables to capture the evolution of the impact over time and a dependent variable.

More precisely, the dependent variable (Y) represents the phenomenon that we seek to study, in our case, it is FDI inflows as a percentage of GDP. Foreign direct investment is the net investment inflow to acquire a lasting interest (10% or more of the voting shares) in a company operating in an economy other than that of the investor. It is the sum of equity, reinvested profits, other long-term capital and short-term capital recorded in the balance of payments (World Bank 2023). This data series shows net inflows (net investment flows minus disinvestments) of foreign investors in the reporting economy.

Then the explanatory variables of the model allow us to deepen our understanding of the phenomenon studied which is the impact of the withdrawal of the AES countries from ECOWAS, such as for example, the time variable plays an important role in explaining the evolution of net inflows of FDI over time. It makes it possible to capture changes in FDI inflows over the different temporal periods; we will assign a value of 1 to the time variable for the years following the intervention (i.e. the countries' entry into the ECOWAS) and a value of 0 for the years preceding this intervention.

Then, the intervention variable in our model is essential to capture the difference in average FDI inflows between the two groups of countries: those which are members of ECOWAS and those which are not. We will assign a value of 1 to the intervention variable for ECOWAS member countries and a value of 0 to other countries that are not ECOWAS members; this variable allows us to directly compare the average levels of FDI inflows between both groups.

Finally, in our model, the interaction variable (intervention X time) plays a crucial role in understanding the evolution of FDI inflows over time following the intervention which is the accession of countries to ECOWAS. This interaction allows us to examine how the impact of the intervention on FDI inflows varies over time, in other words, it helps us understand whether the impact of ECOWAS membership on IDE entries change as time passes.

In this analysis, we will focus on five comparisons to assess the impact of the withdrawal of the AES countries from ECOWAS, these include:

- Comparison between AES countries (countries leaving ECOWAS) and sub-Saharan African countries which are not members of ECOWAS. This comparison will help us to highlight the lack of these three countries compared to their exits from ECOWAS;
- the comparison between ECOWAS countries and sub-Saharan African countries which are not members of ECOWAS. This comparison allows us to understand how membership in ECOWAS has influenced member countries compared to those which have not been part of this regional organization;
- The comparison between each country of the AES (Burkina Faso, Mali, Niger) and the countries of sub-Saharan Africa which are not members of ECOWAS, this comparison makes it possible to highlight the individual consequences of their possible exit from this organization regional.

3. Results

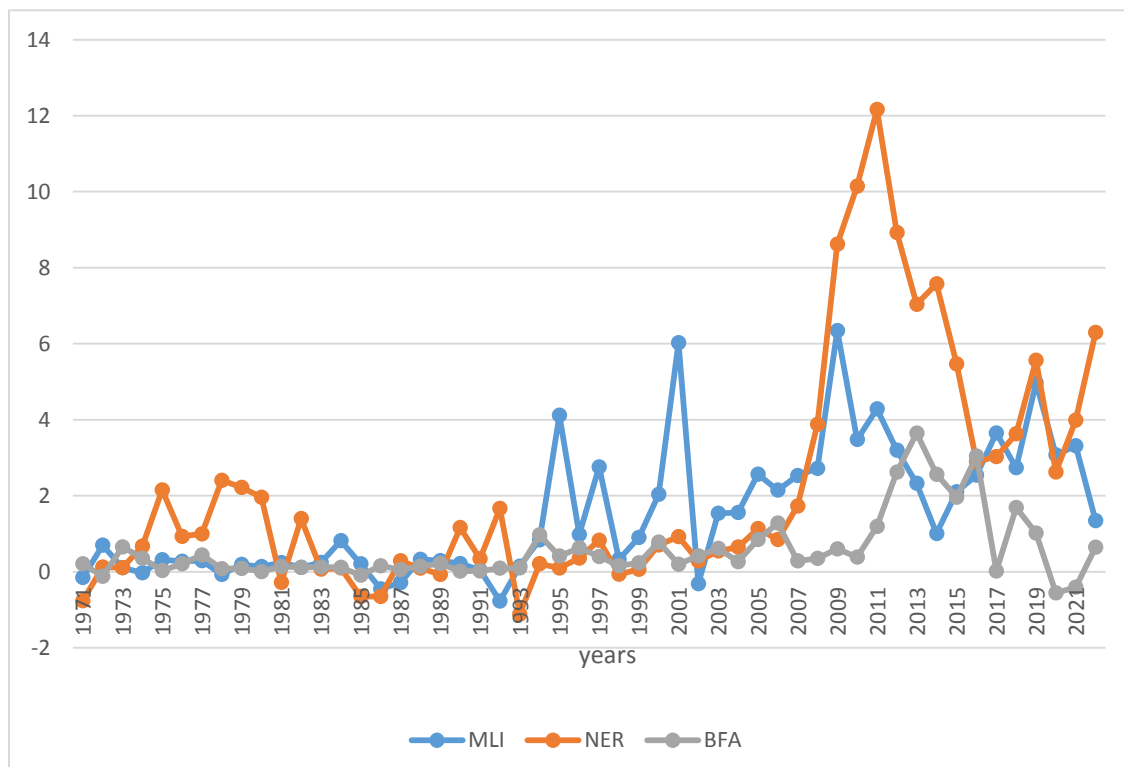
3.1. Analysis of FDI in AES countries

Looking at the graph, a certain stability of foreign direct investments (FDI) was observed between 1971 and 1994 in Mali. However, from 1995 onwards, foreign direct investment inflows increased sharply, reaching a peak in 2001. The low level of FDI inflows can be attributed to economic crises and changes in Mali's political regime. Then, during election years such as 2002, 1992, 1998 or 1971, where negative FDI inflows were recorded. However, a considerable decline is observed from 2001 to 2009. Then, a further decrease of 4% between 2019 - 2022 is also noted, these declines may be due to insecurities and also to the multiple sanctions imposed on Mali by ECOWAS.

According to the graph, a constant evolution of FDI inflows is observed in Burkina Faso over the period 1970 - 2010, it is possible that political instability in Burkina Faso contributed to this situation, which did not encourage an environment favorable to FDI inflows. Subsequently, between 2010 – 2013, there was a slight increase of around 3%, this is a period during which Burkina recorded strong economic growth despite the fragility of its socio-political environment. Finally, a decrease of around 4% is observed between 2013-2021, this drop in FDI inflows may be due to insecurities, or changes in the permanent political regime and also to the multiple sanctions imposed by ECOWAS.

Niger's FDI inflows show an increasing trend, although they evolve irregularly, with a maximum value of 12% in 2011. Furthermore, between 1971 - 1975, a slight increase of around 2% is observed, followed by an evolution of approximately 10% from 1975 to 2011. However, a considerable drop of 10% in FDI inflows is observed between 2011 - 2022. These decreases could be attributed to the political situation, in particular the numerous coups d'état that the country has experienced, the insecurity and also the multiple sanctions imposed by ECOWAS.

Figure 1 : Evolution of FDI inflows from AES countries



Source: author's construction based on WDI data, 2024

In summary, a constant evolution of FDI inflows is observed in Burkina and Mali, with a slight increase in FDI inflows in Niger between 1971 and 1993. Then, from 1993 - 2006, we notice a stable growth in FDI inflows. FDI in Burkina Faso and Niger, while FDI inflows to Mali are significantly higher than those of the other two countries during this period. From 2008 to 2022, FDI inflows to Niger exceed those of Mali due to their superiorities compared to Burkina Faso. It can be noted that the evolution of FDI inflows to Burkina Faso is lagging behind those of the two other AES countries.

3.2. Estimates and interpretations of results

3.2.1. Comparison between ECOWAS countries and sub-Saharan African countries that are not members of ECOWAS

Table 2: The impact of the entry of West African countries in terms of FDI compared to sub-Saharan African countries which are not in ECOWAS.

Variable	Coefficient	Std. Err.	t	P > t	[95% coef. Intervalle]
Time	-1,033	0,508	-2,03	0,042*	[-2,029 ; -0,73]
Intervention	-2,692	0,508	-5,14	0,000***	[-3,721 ; -1,66]
Time_X_intervention	1,0701	0,559	3,35	0,001**	[0,774 ; 2,966]
_cons	3,610	0,485	7,44	0,000***	[2,658 ; 4,562]

Source: author's construction based on WDI data, 2024

Note: (***), (**) and (*) denote the significance of the coefficient at the respective thresholds of 1%, 5% and 10%

If West African countries had not joined ECOWAS, net FDI inflows as a percentage of GDP would have declined on average by about 1.033% during the period 1971-2022 compared to other countries. sub-Saharan African countries that are not members of ECOWAS. However, because West African countries belong to ECOWAS, they managed to attract on average 1.07% of FDI inflows as a percentage of GDP over the period 1971-2022. This means that in the event of exiting ECOWAS, they could potentially miss out on average 1.07% of FDI inflows compared to sub-Saharan African countries that are not members of ECOWAS.

3.2.2. Comparison between AES countries and sub-Saharan African countries that are not members of ECOWAS.

Table 3: The impact of the entry of AES countries in terms of FDI compared to sub-Saharan African countries which are not in ECOWAS

Variable	Coef.	Std. Err.	t	P > t	[95% conf.
----------	-------	-----------	---	--------	------------

					Intervalle]
Time	-0,95	0,49	-1,92	0,056	[-1,91 ; 0,23]
Intervention	-3,37	0,48	-6,95	0,000***	[-4,319 ; -2,41]
Time_X_intervention	2,09	0,54	3,84	0,000***	[1,0 ; 3,16]
_cons	3,52	0,47	7,48	0,000***	[2,60 ; 4,40]

Source: author's construction based on WDI data, 2024

*Note: (***) , (**) and (*) denote the significance of the coefficient at the respective thresholds of 1%, 5% and 10%*

Due to the fact that the AES countries belong to ECOWAS, they managed to attract on average 2.09% of FDI inflows as a percentage of GDP over the period 1971-2022. This means that in the event of exiting ECOWAS, they could potentially miss out on average 2.09% of FDI inflows compared to sub-Saharan African countries that are not members of ECOWAS.

3.2.3. Comparison between Niger and sub-Saharan African countries which are not members of ECOWAS.

Table 4: the impact of Niger's entry in terms of FDI compared to sub-Saharan African countries which are not in ECOWAS

Variable	Coef.	Std. Err.	t	P > t 	[95% Intervalle] conf.
Time	-0,946	-0,494	-1,91	0,056*	[-1,915 ; 0,232]
Intervention	-3,489	0,537	-6,5	0,000***	[-4,542 ; -2,436]
Time_X_intervention	2,481	0,696	3,56	0,000***	[1,115 ; 3,848]
_cons	3,523	0,471	7,48	0,000***	[2,6 ; 4,447]

Source: author's construction based on WDI data, 2024

*Note: (***) , (**) and (*) denote the significance of the coefficient at the respective thresholds of 1%, 5% and 10%*

Due to the fact that Niger belongs to ECOWAS, they managed to attract on average 2,481% of FDI inflows as a percentage of GDP over the period 1971-2022. This means that in the event of exiting ECOWAS, they could potentially miss out on an average of 2,481% of FDI inflows compared to sub-Saharan African countries that are not members of ECOWAS.

3.2.4. Comparison between Mali and sub-Saharan African countries which are not members of ECOWAS.

Table 5: the impact of Mali's entry in terms of FDI compared to sub-Saharan African countries which are not in ECOWAS

Variable	Coef	Std. Err.	t	P > t	95% Intervalle	conf.
Time	-0,946	0,494	-1,91	0,056*	[-1,915 ; 0,023]	
Intervention	-3,366	0,498	-6,76	0,000***	[-4,344, -2,39]	
Time_X_intervention	1,86	0,613	3,04	0,002**	[0,659 ; 3, 065]	
_cons	3,523	0,47	7,48	0,000***	[2,6 ; 4,447]	

Source: author's construction based on WDI data, 2024

Note: (***), (**) and (*) denote the significance of the coefficient at the respective thresholds of 1%, 5% and 10%

As Mali is an ECOWAS member country, they managed to attract on average 1.86% of FDI inflows as a percentage of GDP over the period 1971-2022. This means that in the event of exiting ECOWAS, they could potentially miss out on average 1.86% of FDI inflows compared to sub-Saharan African countries that are not members of ECOWAS.

3.2.5. Comparison between Burkina Faso and sub-Saharan African countries which are not members of ECOWAS.

Table 6: the impact of the entry of Burkina Faso in terms of FDI compared to the countries of sub-Saharan Africa which are not in ECOWAS

Variables	Coef.	Std. Err.	t	P > t	95% conf. Intervalle
Time	-0,946	0,494	-1,91	0, 056	[-1,915 ; 0,23]
Intervention	-3, 25	0,491	-6,62	0,000	[-4,213 ; -2,286]
Time_X_intervention	1,063	0,584	1,82	0,0659	[-0,0831 ; 2,209]
_cons	3,523	0,471	7,48	0,000	[2,6 ; 4,447]

Source: author's construction based on WDI data, 2024

The interaction variable between time and intervention, represented by "Time_X_intervention" has a coefficient which is not significant at 5% alone, this suggests this variable does not seem to have a significant effect in the regression model .

Therefore, Burkina Faso's membership in ECOWAS does not bring significant added value to FDI inflows, at least according to the results of this model. Thus, according to this analysis, Burkina Faso would not lose FDI inflows in the event of exit from ECOWAS.

After analyzing all these cases, we can conclude that the entry of West African countries into ECOWAS has had significant positive effects on FDI inflows compared to sub-Saharan African countries which do not. are not members of ECOWAS. But, if we compare each AES country with the countries of sub-Saharan Africa which are not members of ECOWAS, Mali and Niger have a shortfall in this withdrawal from ECOWAS, whereas Burkina Faso would not lose any FDI inflows in the event of its exit from ECOWAS.

Conclusion

In conclusion, the in-depth analysis of the withdrawal decision taken by Burkina Faso, Mali and Niger to withdraw from ECOWAS highlights a series of challenges and opportunities for

the economic future of these nations. While the withdrawal could potentially lead to a reduction in foreign direct investment inflows to Mali and Niger, but will not have a significant impact on Burkina Faso. To address these challenges, it is crucial that these countries implement policies aimed at strengthening their attractiveness as alternative investment destinations. This could include promoting political and economic stability, establishing a business-friendly regulatory framework, as well as efforts to diversify their economies and encourage innovation. Furthermore, these nations could explore new opportunities for economic cooperation with other regions of the African continent and beyond. Thus, seeking strategic partnerships with other economic unions could help offset the possible loss of access to ECOWAS markets and resources. Finally, it is essential that Burkina Faso, Mali and Niger invest in the development of their human capital, likewise policies focused on education, health and skills development could help increase productivity and competitiveness of these economies in the long term. However, by taking a proactive approach and implementing bold reforms, these countries can transform the challenges posed by their withdrawal from ECOWAS into opportunities for sustainable development and economic prosperity for their citizens.

Références

- (1) Diaw, A., & Guidime, D. C. (2013). Une analyse dynamique des déterminants des investissements directs étrangers dans les pays de la Communauté Économique Des États de l'Afrique de l'Ouest (CEDEAO). *Canadian Journal of Development Studies/Revue canadienne d'études du développement*, 34(1), 37-53.
- (2) KOUASSI, D. S. É., & Jean, G. I. M. T. (2024). Le Tarif Extérieur Commun de la CEDEAO est-il un instrument au service de la diversification des exportations des pays membres ? *Revue Française d'Economie et de Gestion*, 5(1).
- (3) MEZENE, M., & Echkoundi, M. (2019). L'INTEGRATION ECONOMIQUE ENTRE LES PAYS DE LA CEDEAO : A L'HEURE D'UNE MONNAIE UNIQUE ECONOMIC INTEGRATION BETWEEN THE ECWAS STATES : AT THE TIME OF A SINGLE CURRENCY. *Finance & Finance Internationale*, (15).
- (4) Ouédraogo, C., Koté, A., & Sorgho, Z. (2015). La mobilité des capitaux en Afrique de l'Ouest : investigation avec les pays de la CEDEAO. *Document de travail*, 2015(06), 01.
- (5) Sissoko, E. F., Amadou, L., & Lamine, A. (2024). *L'économie post-CEDEAO : Défis et opportunités pour le Mali, le Burkina Faso et le Niger* (Doctoral dissertation, International Journal of Accounting, Finance, Auditing, Management and Economics, 5 (1), 289-307.).

- (6) [Mali - Vue d'ensemble \(banquemondiale.org\)](https://www.banquemondiale.org/fr/country/mali)
- (7) [Niger - Vue d'ensemble \(banquemondiale.org\)](https://www.banquemondiale.org/fr/country/niger)
- (8) Dupuigrenet-Desroussilles, G. (1964). Balassa (Bela)-The theory of economic integration. *Revue économique*, 15(1), 145-146.
- (9) [Burkina Faso - Vue d'ensemble \(banquemondiale.org\)](https://www.banquemondiale.org/fr/country/burkina-faso)
- (10) Locatelli, C., & Abbas, M. (2019). Interdépendance complexe et Économie politique internationale de l'énergie : le cas de la relation UE-Russie.
- (11) Rioux, J. F., Keenes, E., & Légaré, G. (1988). Le néo-réalisme ou la formulation du paradigme hégémonique en relations internationales. *Études internationales*, 19(1), 57-80.
- (12) Kalmanovitz, S., & Métailié, A. M. (1975). « Théorie de la dépendance » ou Théorie de l'impérialisme ? *Sociologie du travail*, 17(1), 78-104.
- (13) Sissoko, E. F., Amadou, L., & Lamine, A. (2024). L'économie post-CEDEAO : Défis et opportunités pour le Mali, le Burkina Faso et le Niger (Doctoral dissertation, International Journal of Accounting, Finance, Auditing, Management and Economics, 5 (1), 289-307.).
- (14) Sissoko, E. F., TANGARA, T., & DEMBELE, K. (2024). RETRAIT DES PAYS DE L'AES DE LA CEDEAO : Analyse théorique des conséquences macroéconomiques. *International Journal of Strategic Management and Economic Studies (IJSMES)*, 3(2), 576-597.
- (15) JEFFALI, H. Libre circulation pour le développement de la CEDEAO, Communauté Economique Régionale d'Afrique.
- (16) Osmont, A. (1995). *La Banque mondiale et les villes : du developpement à l'ajustement*. Karthala Editions.
- (17) Gertler, P. J., Martinez, S., Premand, P., Rawlings, L. B., & Vermeersch, C. M. (2011). *L'évaluation d'impact en pratique*. The World Bank.
- (18) Simionescu, M. (2018). L'impact du Brexit sur les IDE entrants du Royaume-Uni. *Economie, gestion et durabilité*, 3(1), 6-20.
- (19) Simionescu, M. (2018). Propose une approche de double différence sur l'évaluation de l'impact du Brexit sur les IDE entrants du Royaume-Uni. *Economie, gestion et durabilité*, 3(1), 10-12.
- (20) Osmont, A. (1995). *La Banque mondiale et les villes : du developpement à l'ajustement*. Karthala Editions.

