Emerging Analysis

The Sahel Conflict: economic & security spillovers on West Africa

Sherillyn Raga, Alberto Lemma and Jodie Keane

April 2023

Abstract

Extremist activities and violence in the centres of conflict in the Sahel (i.e. Burkina Faso, Mali and Niger) are moving south towards the four countries of interest of this paper (Côte d'Ivoire, Ghana, Senegal and Togo). At the time of writing, all except Ghana have experienced direct jihadist attacks, and all have reported extremist encroachment and recent increases in refugees, especially from Burkina Faso.

The Sahel conflict may affect economic performance in the focus countries in two ways. One pathway is through economic spillover effects. Even though the epicentre of extremist attacks and humanitarian disaster is in Mali, Niger and Burkina Faso, impacts on focus countries may be transmitted through economic links (e.g. trade, investment, remittances) with conflict-affected countries, and their policy response (e.g. refugee management, security defence, trading partner substitution). These effects are already happening. Losses through lower exports and FDI flows could be equivalent to between 1.3% (Ghana) and nearly 5% (Senegal) of GDP.

Another pathway is through 'conflict spillovers', whereby conflict and violence from the centre of the Sahel are transmitted to the focus countries. This pathway would lead to adverse effects on lives and economic activities and may result in an 8% reduction in GDP in the focus countries at the onset of an intense conflict. In both pathways, higher military spending involved in mitigating the effects (of both conflict and economic spillovers) in the four countries would add further pressure to their macro-financial stability risks, given that they are currently dealing with high inflation and moderate/high risk of debt distress (Ghana is already in default).

Economic spillover effects of the conflict may be mitigated by ensuring that trade, FDI and financial channels in the Sahel region are open, safe and facilitated. It is critical to continue combatting the spread of extremism, while simultaneously addressing the structural roots of extremism. Evidence suggests that deepening trade and investment reduces disputes, while MSME-led development improves social cohesion. Political ownership, stronger fiscal positions, and predictable and patient financing for multi-stakeholder and conflict-sensitive interventions may help the Sahel region achieve economic resilience and better peace outcomes.

How to cite: Raga, S., Lemma, A. and Keane, J. (2023) 'Spillover effects of the Sahel conflict on selected West African countries'. ODI Emerging analysis. London: ODI (https://odi.org/en/publications/the-sahel-conflict-economic-security-spillovers-on-west-africa)

Acknowledgements

The authors would like to thank Matthias Nikolaus Mayer, Etienne Magbunduku, David Musial, Sylvia Schmitt and Dirk Willem te Velde for useful comments on earlier drafts of the report, and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German government for financial support. The views presented in this publication are those of the authors and do not necessarily represent the views of GIZ or ODI. Comments are welcome to s.raga@odi.org.uk.

About this publication

This paper is part of the GIZ regional project Support to Reform Partnerships. The study is based mostly on secondary data and official reports (e.g. by governments and international institutions) and was largely carried out between November 2022 and January 2023.

About the authors

Sherillyn Raga is a Research Fellow at ODI. Sherillyn has a decade of professional experience on policy-oriented research covering macroeconomics, financial integration, trade and investment in Asian and African contexts. Prior to joining ODI, she worked at the Philippine central bank, the International Monetary Fund and the Asian Development Bank. She holds an MSc in Economics for Development from the University of Oxford.

Alberto Lemma is a Research Fellow at ODI. Alberto specialises in private sector development, specifically in access to finance, business partnership programmes and the interplay between the private sector and climate change adaptation and mitigation. His work in finance is focused on development finance institution (DFI) impact assessment and the role of DFIs in development, small and medium-sized enterprise (SME) finance and access to innovative sources of finance (such as crowdfunding or alternative financial mechanisms for SMEs). Alberto has previously worked in Vietnam and Cambodia as an economic development consultant and holds an MSc in Political Economy of Development from SOAS University of London.

Jodie Keane is a Senior Research Fellow at ODI. She is an experienced trade economist and project manager who has worked with multiple governments across the developing world to secure their trade policy outcomes. She has a PhD in Economics from SOAS University of London and has published journal articles, book chapters and edited volumes on global value chains and least developed countries. She has taught research seminars on the political economy of trade, London School of Economics (2017–2020). Prior to rejoining ODI in 2020, she was Economic Adviser at the Commonwealth Secretariat.

Contents

Acronyms

AfDB	African Development Bank
AU	African Union
BOG	Bank of Ghana
CPA	Center for Preventive Action
ECOWAS	Economic Community of West African States
EU	European Union
FDI	foreign direct investment
GDP	gross domestic product
GFCF	gross fixed capital formation
GNI	gross national income
GSS	Ghana Statistical Service
ICMPD	International Centre for Migration Policy Development
IDP	internally displaced person
IHD	Integral Human Development
IMF	International Monetary Fund
INSEED	National Institute of Statistics and Economic and Demographic Studies (Togo)
IOM	International Organization for Migration
KAS	Konrad Adenauer Stiftung
MDFC	Movement of Democratic Forces of Casamance
MINUSMA	United Nations Multidimensional Integrated Stabilization Mission in Mali
MMC	Mixed Migration Centre
NATO	North Atlantic Treaty Organization
NRC	Norwegian Refugee Council
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
UCDP	Uppsala Conflict Data Program
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference for Trade and Development
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nations Refugee Agency
UNICEF	United Nations Children’s Fund
UNODC	United Nations Office on Drugs and Crime
UNOWAS	United Nations Office for West Africa and the Sahel
US	United States
USAID	United States Agency for International Development
USIP	United States Institute of Peace
WDI	World Development Indicators
WFP	World Food Programme
WITS	World Integrated Trade Solution

Executive summary

Violence and extremist activities in the Sahel have had devastating effects on the countries touched by conflict in terms of loss of life, forced displacement, severely disrupted social services, weakened institutions and wider macroeconomic impacts. The conflict situation has only worsened over time, and violence has been observed to move downwards, affecting the coastal countries in West Africa.

Based on a brief review of literature, intense conflict situations may lead to a reduction in gross domestic product (GDP) growth of up to 8% in a year, while neighbouring countries may experience a third of the growth reduction experienced in conflict areas. Trade, investment and labour productivity decline significantly as a result of conflict disruptions and costs, and GDP growth and per capita incomes tend to stay low several years after the onset of conflict.

This paper investigates the observable impacts and identified potential channels of economic spillover effects of the Sahel conflict to four focus countries – Côte d'Ivoire, Ghana, Senegal and Togo – and finds that:

- There are reports of increasing encroachment activities and recruitment by extremist groups in the four countries bordering the centres of conflict (i.e. Burkina Faso, Mali and Niger). Senegal, Côte d'Ivoire and Togo have already experienced direct jihadist attacks, leading to deaths in the latter two countries. The Ghanaian government recognises an increased threat of terrorism, in view of the recent intensification of community disputes in Northern Ghana near to the border with Burkina Faso, which jihadists may exploit to infiltrate Ghana. Nevertheless, there are no reported extremist-linked attacks in Ghana as of the time of writing this paper. There are lessons to learn from Ghana's bottom-up security approach, which allows for better coordination and information-sharing, and policy frameworks for refugee management and combatting extremism.
- The four countries have stepped up their defence strategies and deployment in view of heightened threats of insecurity from the Sahel. Côte d'Ivoire, Senegal and Togo contribute military personnel to the UN peacekeeping mission in Mali. Regional efforts are also under way, such as through the G5 Sahel (a military taskforce), the Economic Community of West African States (potential economic sanctions, a standby taskforce) and the Accra Initiative (resource mobilisation for a joint taskforce).
- The economic exposure of the four focus countries to the centre of the Sahel conflict ranges from 1% to 5% of their GDP via bilateral exports,

foreign direct investment (FDI) and remittances alone. Ghana seems to be the least exposed and Togo the most. Bilateral exposure through the same channels with other neighbouring West African countries ranges between 3.6% of GDP for Ghana and up to 27% of GDP for Togo, highlighting the need to mitigate the spread of the conflict at a regional level.

- Military spending is likely to have increased among the four focus countries, potentially up to a fifth of government budgets. There is a worrying pattern in Ghana and Togo whereby past episodes of increased military expenditure were associated with stagnant or declining spending on health and education, implying long-term implications for social development.

There are two pathways through which the Sahel conflict could affect the focus countries. One is through ‘economic spillover effects’, wherein the conflict remains concentrated in the centre of the Sahel and the impacts depend on the four countries’ bilateral economic links (e.g. trade, investment, remittances) with conflict-affected countries, and their policy response (e.g. refugee management, security defence, trading partner substitution). This path is already in place, and this paper estimates that losses of the four countries through lower exports and FDI flows alone are equivalent to at least 1.3% of GDP (Ghana) and up to nearly 5% of GDP (Senegal).

Another pathway is through ‘conflict spillovers’, whereby the conflict and violence from the centre of the Sahel are transmitted to the focus countries. This path would have adverse effects on lives and economic activities and may result in an 8% reduction in GDP growth of the focus countries in one year of an intense conflict spillover. Protracted and widespread conflict throughout the West African region would likely have significant short- and long-term impacts on the growth prospects of the four focus countries.

In both pathways, higher military spending involved in mitigating the effects (of both conflict and economic spillovers) in the four countries would be especially challenging given that the four countries are already dealing with persistent structural issues of poverty and inequality, adverse effects of climate change and the socioeconomic impacts of Covid-19 and the Russia–Ukraine war shocks, while managing current macro-stability risks (e.g. Ghana is in debt default; the others are at high/moderate risk of debt distress).

In this context, national, regional and international actors need to:

- continue to be vigilant in mitigating and preventing the spread of extremism and violence throughout West Africa, given the potential significant economic effects of the conflict that may be transmitted through the region’s integrated trade, investment and remittance channels
- go beyond military and humanitarian interventions, and consciously implement interventions and programmes that both are conducive for economic recovery and enhance peace outcomes

- keep the channels of economic exposure (e.g. trade, investment and financial transaction) among the Sahel countries open, safe and facilitated (especially in less stable areas)
- deepen trade and investment, and encourage micro, small and medium-sized enterprise-led private sector development, both of which may help in reducing the risks of disputes and improving social cohesion
- be supported by political ownership, strengthened institutions, and predictable and multi-year (patient) financing, and conflict-sensitive and country-specific programmes. The role of the international community in augmenting the financial and technical capacity of West African countries is especially critical, given that fiscal space has already been squeezed by compounding crises.

Future research could focus on identifying country-specific interventions for peace and resilience-building in Côte d’Ivoire, Ghana, Senegal and Togo.

1 Introduction

‘The Sahel crisis' is a term used to describe the complex and multifaceted set of challenges facing the Sahel region of West Africa. The Sahel region has been facing persistent challenges associated with its high incidence of poverty, susceptibility to extreme weather conditions, weak institutions and political marginalisation. These challenges have been exacerbated by the rise of extremist activities that have led to political instability, violence and internal displacement in the region.

Human development has deteriorated significantly in the past decade. Out of 191 countries ranked on the human development index comprising indicators for health, education and income, Burkina Faso (184th), Mali (186th), Niger (189th) and Chad (190th) are in the bottom 10 as of 2022, having fallen by more than 20 spots from their ranks in 2010 (UNDP, 2010; 2022).[1]

The region has also been susceptible to episodes of severe drought since the 1970s. The recent increase in prevalence of episodes of climate change effects in the region, through a combination of droughts, heavy rains and floods, has contributed to lower agricultural productivity and food insecurity, damaged infrastructure and migration to urban centres, and has triggered conflict (e.g. competition over natural resources) in the Sahel countries (Mayans, 2020).

There are serious challenges in the region posed by the loss of sovereignty outside of large urban centres, created by the emergence of armed groups from marginalised social and ethnic groups competing with the government for sovereignty, particularly in the border regions (Boas and Strazzari, 2020). This has been exacerbated by a lack of public goods and services supply by the government outside of central controlled areas, which has created opportunities for armed groups to engage and infiltrate local populations (ibid.). This case is demonstrated in Mali, where the state monopoly over power has eroded steadily since the 2012 military coup (Baudais, 2020), and in Burkina Faso, where the end of Blaise Compaoré’s regime left space for new insurgent groups (Haavik, 2022). This lack of economic opportunities, public goods and services, combined with weakened institutions in countries, has created space for the spread of jihadist infiltration.

Violent and extremist activities in the region are most common in Mali, Niger and Burkina Faso. These have led to widespread human rights abuses, internal displacement and a significant humanitarian crisis. In

[1] In 2010, Mali ranked 160th, Burkina Faso 161st, Chad 163rd and Niger 167th (UNDP, 2010).

addition, the growing insecurity has made it difficult for businesses to operate, discouraged foreign investment and tourism activities, and hindered provision of and accessibility to basic services such as water, healthcare and education. All of these impacts have contributed to increasing poverty and unemployment, weakened institutions and poor economic performance of the countries in the epicentre of extremist activities and attacks.

The security crisis in the Sahel has a regional dimension, as it is affecting neighbouring West African countries with a relatively stable political environment. Millions of people from Mali, Niger and Burkina Faso have been forced to flee their homes as a result of increased violence, poverty and food insecurity. For instance, during an intensification of conflict and violence in Burkina Faso in January 2022, 160,000 Burkinabés were internally displaced, contributing to 1.8 million internally displaced persons (IDPs) in the country. Between 2021 and 2022, 50,000 displaced Burkinabés fled to Benin, Côte d'Ivoire, Ghana, Mali, Niger and Togo.

Against this backdrop, this paper aims to understand the economic spillover effects of the ongoing Sahel conflict on four focus countries (Côte d'Ivoire, Ghana, Senegal and Togo), as well as the potential economic impacts on these four countries in the event of the spread and escalation of the Sahel conflict to them. The paper is structured as follows. Section 2 provides a brief literature review of the impacts of conflict and their channels. Section 3 maps out the prevalence of conflict in the Sahel region and broad economic trends in conflict-affected countries. Section 4 discusses the framework for analysing the potential spillover effects of the Sahel conflict on the four focus countries, before proceeding to an assessment of each country in terms of the conflict's observable impacts, their bilateral economic exposure (as a potential channel of spillover effects) and policy responses. Section 5 concludes with policy implications.

2 Conflict and channels of impacts

2.1 Definition, intensity and persistence of conflict

There is no clear 'universal' definition of conflict, as the definition changes depending on the lens used to investigate it (Rahim, 2011). The Uppsala Conflict Data Program (UCDP), one of major providers of historical conflict-related data, provides definitions and key categories of conflict.[2] Armed conflict is characterised by the use of armed force resulting in deaths, and is classified into state-based armed conflict (i.e. one party is the government); non-state armed conflict (i.e. none of the warring parties is a government); and one-sided violence (i.e. armed force by the government or an organised group against civilians).

Conflict is also categorised by intensity, as measured by conflict-related deaths. UCDP considers a conflict to be 'minor' if deaths reach between 25 and 1,000 in year, and 'war' if there are at least 1,000 deaths in a year. The World Bank (2022e) groups violent conflict-affected countries into those with high-intensity and medium-intensity conflict, measured by the ratio of deaths per population and development of the security situation (e.g. decreasing or increasing numbers of deaths or casualties). This paper focuses on violent conflict, which generally characterises the activities and violent attacks by extremist and armed groups in the Sahel region.

2.2 General channels of direct and indirect economic spillover effects of conflict based on the literature

There is a general consensus that conflict adversely affects the short- and long-term economic growth and development of affected countries, especially in situations of high-intensity conflict and violence. However, neighbouring countries may also experience challenges through spillover effects – directly through the spread of the conflict and indirectly through depressed economic activities (e.g. trade disruptions) or the creation of social strains (e.g. as a result of a large refugee influx) – even when they are not directly involved in the conflict (see IMF, 2019).

In this context, the literature review below covers studies investigating the channels of economic impact of conflict in directly affected states as well as those looking at the spillover effects to neighbouring countries, where available. Investigation of both areas can help inform West African countries neighbouring the centre of the Sahel conflict of potential impacts

[2] https://ucdp.uu.se/

under scenarios whereby (i) the impact of the Sahel conflict is limited to spillover effects and (ii) the Sahel conflict spreads and directly affects them.

2.2.1 Macroeconomic impact

Measuring the economic effects of conflict can be challenging because of the very nature of conflict (Mueller, 2013): the inherent physical risk of violence to person and property can delay or avert clear stock-taking of economic metrics. In addition, the magnitude of the economic impacts of conflict across countries may vary depending on the duration and the intensity of the conflict and the quality of institutions.

For instance, estimates of the per capita gross domestic product (GDP) impacts of civil war over time show that, over the course of approximately four years, there is an average 18% loss to GDP per capita – a greater loss even than those suffered by countries during recent major recessions (Mueller and Tobias, 2016). Similarly, Novta and Pugacheva (2021) estimate that, over the course of 10 years of conflict, GDP per capita will be 28% lower than in a state of peace.

In terms of aggregate growth performance, Fan et al. (2022) find that, at the onset of conflict, GDP growth in conflict economies is 2 percentage points lower than that in non-conflict economies and the contraction lasts for at least three years after the conflict, with a reduction in GDP growth rates of between 0.3 and 1.1 percentage points compared with in non-conflict economies. In a high-intensity conflict country like Yemen, the difference between conflict and non-conflict scenarios in terms of GDP growth is estimated to be 4.4 percentage points (Hanna et al., 2021).[3]

Meanwhile, International Monetary Fund (IMF) estimates highlight the role of institutional quality and fiscal fundamentals on the magnitude of impact of conflict (IMF, 2019). Conflict in countries with weak institutions can induce a decline in GDP growth of 3 percentage points compared with in non-conflict countries – but the conflict impact is lower (GDP growth decline of 1.5 percentage points) for countries with relatively strong institutions.

Research by Murdoch and Sandler (2002a; 2002b; 2004) focuses on the impact of conflict specifically on neighbouring countries, and finds short-term negative impacts of civil wars on economic growth. This is aligned with the IMF's 2019 study, highlighting spillover effects and estimates of a GDP growth reduction by approximately one-third of that exhibited in the neighbouring conflict-afflicted countries.

Conflicts tend to affect **inflation**. At a geopolitical level, a recent study by Caldara et al. (2022) finds that the heightened risk of conflict caused by the Russia–Ukraine war led to an estimated 1.3% increase in average global inflation in the second half of 2022, with an increase of approximately 17% in oil prices and 10% in commodity prices, whereas stock prices declined by approximately 7%. At the country level, such as in Yemen, where intense conflict has led to fragmented institutions and monetary policies, the

|

exchange rate has depreciated significantly and inflation has accelerated, with serious impacts on food accessibility and security (Raga et al., 2021).

2.2.2 Investment and trade channels

Conflict can have a direct impact on growth through capital destruction, as well as indirect impacts through capital flight. The impacts have clear direct effects on the host country of the conflict while also creating indirect effects on neighbouring countries.

Conflicts negatively affect income as they often lead to the deterioration of investment and financial flows (e.g. aid, remittances, correspondent banking), trade and supply chains, tourism and transport.

While some research posits that conflict may have an initial short-run positive impact on investment – for example, spending on weapon production may have a stimulating effect on the economy – these effects tend to disappear in the long run (Baker, 2007). The impact also depends on whether such investments crowd out more productive investments or occur in addition to them: where they displace more productive investments the effect is likely to become negative. A case study of the impacts of conflict in Nepal found that the private investment rate within the country declined as a result of conflict: gross fixed capital formation (GFCF) declined from 15.4% in 1996 to 12.6% in 2004, with the conflict delaying or averting both domestic and foreign investments (Ra and Singh, 2005).

Conflict has a significant impact on **foreign direct investment** (FDI) flows and stock within a conflict-afflicted country. Li (2008) suggests that countries that are in conflict have, on average, 40% less in FDI flows than countries that are at peace. In addition, greater economic ties between countries reduce the likelihood of conflict, whereas countries with lower FDI flows between themselves are more likely than countries with higher levels of FDI flows to engage in conflict. Cate (2016) finds that, in armed conflicts, overall FDI inflows decline by almost a third, particularly in lower-middle- and high-income countries. Political instability, driven by conflict or the possibility of conflict, can also result in lower FDI inflows into a country as investors become more risk-averse, with factors such as the propensity for governments to expropriate FDI further exacerbating the issue (Azzimonti, 2016). This means that, even in the absence of conflict, the potential for conflict can also negatively affect FDI.

There is also evidence that the type of sector into which FDI flows may matter. Li et al. (2017) find that conflict will have negative impacts on FDI flows towards developing countries in the secondary and tertiary sectors (industry, services), and that greater intensity and duration may in fact lead to FDI reversals. On the other hand, conflict shows limited impact on FDI into the primary sector (agriculture, extractives). The end of a conflict can bring an increase to FDI inflows (Li, 2008); however, how a conflict concludes can also matter to FDI flows (Bak and Lee, 2021). Countries where conflict has a conclusive end (particularly a government victory), with a peace agreement involving major powers, tend to attract greater FDI inflows than those where conflict has a more nebulous end, such as a ceasefire rather than a peace agreement.

Except for a few select industries, such as diamonds (Guidolin and La Ferrara, 2007), firms will likely avoid investing in a conflict-afflicted country. This effect can also occur in neighbouring countries if firms are concerned that conflict will also spill over into neighbouring areas. Conflict may also cause a displacement of investments within the same region. An investor that initially chose the country where the conflict has occurred may still want to invest within the region and may choose then to invest in a neighbouring country that is less likely to be involved in the conflict (de Groot, 2010).

Trade is another impact channel of conflict. Martin et al. (2008) find an interesting relationship between trade and conflict, whereby countries that engage mainly in bilateral trade tend to be more averse to engaging in conflict as the opportunity cost is higher than for countries that engage in multilateral trade relations, as these latter countries are less dependent on a single trade partner. Their research also suggests that conflict can reduce trade between partners by about 40%, affecting both trading partners.

Meanwhile, Qureshi (2013) estimated a more modest adverse effect on trade in the context of regional conflicts, wherein bilateral trade flows tend to decline by around 12% if at least one trading partner is involved in a conflict, with negative effects persisting three to five years after the end of the conflict. There is less empirical evidence on the impact of the Sahel conflict on regional trade (e.g. including to neighbouring countries not directly involved in the conflict), as most analyses investigating trade effects are focused on growing informal and illicit trade.[4] However, data on Mali's trade with neighbouring countries during the onset of the intensified conflict in the country in 2012 may give some indications. In 2012, Mali's bilateral goods exports to neighbouring countries declined significantly, particularly with Nigeria (by 55%), Guinea (by 37%), Togo (by 34%), Ghana (by 28%), Niger (by 27%), Senegal (by 23%) and Burkina Faso (by 6%).[5]

2.2.3 Labour and human capital

Labour has also been identified as a channel of conflict impact. The most likely impacts of conflict on labour occur as a result of the destruction of labour (e.g. through violent conflict), labour being diverted to less productive sectors (e.g. military drafts) or the displacement of labour into neighbouring countries (e.g. refugees).

The fear of conflict, particularly the fear of escalating conflict, can also have a negative impact on the labour force. For example, the 2007 Kenyan election violence, which killed over 1,200 people over three months, led to a sharp increase in labour costs – by approximately 70% – as well as a 50% labour absenteeism effect in the flower sector, as people were afraid of going to work. The conflict also led to an estimated drop of 38% in the Kenyan flower trade (de Groot, 2010).

[4] See Stephens (2015); Muiderman (2016); UNODC (2022).
[5] Authors' computations based on data from World Integrated Trade Solution (WITS) database.

Labour displacement owing to intense conflict affects labour markets. It is estimated that each battle-related death will create 22 refugees (Mueller, 2013). Labour displacement in conflict-afflicted countries has indirect impacts on neighbouring countries. Novta and Pugacheva (2021) find that, after the onset of conflict, neighbouring countries typically receive approximately 2% (cumulatively) of the conflict country's population over a period of four to five years and that refugees tend to stay in host countries for 10 years after the onset of conflict.

Protracted conflict tends to adversely affect access to **education and learning outcomes**. A UN study on the quantitative impacts of conflict across 25 countries showed significant negative impacts on the proportion of the population with formal education, literacy rates and years of attained education (UNESCO, 2010). Children who were in school during the period of conflict were shown to have lower educational attainment that persisted over time and would likely not be caught up on even after the conflict ended. In quantitative terms, it has been estimated that civil war causes an enrolment decline of between 1.6% and 3.2% (Lai and Thyne, 2007). There is a decrease in mean years of schooling of between 0.6% and 1.5% and in educational attainment of between 3% and 7.6% a year of schooling for countries that have experienced conflict (Omoeva et al., 2018).

The impacts of conflict on **health** are also, as expected, negative. Mortality rates of women aged between 15 and 49 years and orphanhood rates of children younger than 15 were assessed for areas nearby conflict (50 km) for 35 African countries between 1996 and 2015 (Wagner et al., 2019). The research found that exposure to the highest-intensity conflicts was likely to increase female mortality rates by 202% and orphanhood rates by 42% *vis-à-vis* conflict-free periods. A systemic review of the impacts of conflict on health in developing countries found a negative association between conflict and heart disease (Jawad et al., 2019).

There is also a negative impact on **healthcare**. Evidence from the conflict in Syria finds a negative association between conflict incidence and healthcare consultations (Ekzayez et al., 2021). The traumatic effects of war can also result in a greater burden on healthcare costs. Evidence from the Balkan countries shows that war victims suffering from post-traumatic stress disorder exhibited unit healthcare costs 63% higher than the average (Sabes-Figuera et al., 2012). An assessment of the healthcare impacts of the Tigray conflict in Ethiopia found that, during the conflict, only 25% of hospitals in the region remained fully functional, while more than 50% were either non-functional or severely limited in their functions. In addition, approximately 90% of ambulances were reported as missing and only 17.5% of local health centres remained functional (Gesesew et al., 2021).

2.2.4 Public finance

The impact of conflict on public finances is an additional impact channel. Public finances could be affected in terms of both revenue mobilisation and patterns of public expenditure.

Conflict may have an impact on **government revenues**, through tax mobilisation rates. Traditional discussions on tax mobilisation during conflict stem from observations by Tilly (1985) on how taxation mobilisation during the American Civil War and World War II strengthened government capacity to collect tax revenues. However, while the strengthening impact of conflict on taxation mobilisation may have held true for Western nations, the same outcome has not been observed in developing countries (van den Boogard et al., 2018; Dama, 2021).

Prior to the outbreak of conflict, declining tax revenues can potentially signal an increased likelihood of conflict occurring, particularly intra-state conflict, as the strength of government declines and so does its capacity to collect taxes (van den Boogard et al., 2018). Although they are not a directly identified spillover of conflict, observing tax revenue streams in conflict-neighbouring countries could help in identifying if there is a weakening of the state architecture (if tax revenue streams are declining), which could signal an increase in the likelihood of conflict within them.

In a conflict situation, research on the impacts of conflict across a panel of 42 sub-Saharan African countries finds that the outbreak of violence reduces tax revenue per capita by an estimated average of 1.7% (Dama, 2021).

Tax revenues decline directly because of an incapacity of governments to collect revenues, owing to the physical risks and impacts of conflict, as well as indirectly because conflicts reduce revenue-generating economic activities. The impact is particularly severe in countries where tax collection systems were already not robust prior to the outbreak of conflict (Dama, 2021). The geographical scope of conflict will have an effect on taxes. Conflict occurring over a wider geography, encompassing larger economic centres, will have a greater negative tax impact than conflict that is more localised, centred on less economically strategic areas (van den Boogard et al., 2018). The geographic location of conflict will also alter the importance of conflict duration: shorter conflicts in more economically strategic locations (e.g. capital cities) are likely to have a greater impact than longer conflicts in less strategic locations. Finally, the intensity of conflict also matters, where higher conflict intensity leads to greater declines in tax revenue, as was the case in both Sierra Leone (in the late 1990s) and Rwanda (in 1994) during the height of conflict (van den Boogard et al., 2018).

Policy responses to conflict directly affect **government expenditure**. Alongside declining tax revenues, as discussed above, conflict tends to divert government expenditure into military expense. Collier (2006) estimates that an international war will increase military expenditure (as a percentage of GDP) by an additional 2.5%, whereas a civil war will increase it by 1.8%. The study also finds that a country with a 30% risk of civil war will raise military expense by approximately 1.2% of GDP.

An IMF study on the impacts of conflict and terrorism in developing countries finds that higher government spending on defence leads to a decline in spending on welfare (Gupta et al., 2002).

Diverting budgets away from welfare expenditure may exacerbate the likelihood of conflict. A panel study of 12 Latin American countries between 1970 and 2010 found that, where governments increased welfare spending, particularly to reduce inequality and increase social and institutional trust, the incidence of conflict declined (Justino and Martorano, 2017).

Finally, there is the issue of **public debt**. Research has shown that the outbreak of conflict increases public debt (as a percentage of GDP) compared with in countries not involved in conflict, both during and after the period of conflict (Lederman and Rojas Guzman, 2018). Fan et al. (2022) estimate that in conflict economies public debt is between 8.6% and 13% higher than that in non-conflict economies, three years after the onset of conflict.

2.2.5 Private finance

Conflict is likely to have impacts on private finance also. Raga et al. (2021) look at the impact of conflict in Yemen and find that the conflict has led to a weakening of banking sector capacity by bringing down confidence in formal financial institutions and increasing reliance on informal financial systems.

Ouedraogo et al. (2020) look at the impact of conflict (and political instability) on banking crises in 92 developing countries between 1970 and 2016. They find that these events are associated with a higher probability of systemic banking crises. The duration of conflict is found to have a positive association with the rising risk of a banking crisis: the probability of experiencing a banking crisis is 25% when a conflict lasts 10 years against 16.4% when it lasts two years. Increase in conflict intensity[6] is also associated with higher likelihood of banking crisis.[7] Finally, the paper also shows that conflicts do increase the risk of banking crises in neighbouring countries, estimating that, if the number of bordering countries suffering from conflict increases from zero to three, the likelihood of a banking crises increases from 6.3% to 11.2%.

Table 1 summarises the direct economic impacts of conflict, as well as the potential channels of spillover effects of conflict to neighbouring countries. Section 4 presents estimates of the spillover effects of the Sahel conflict.

[6] Using the UCDP scale of conflict intensity.
[7] Exact figures not provided by the study.

Table 1 Channels of direct and spillover effects of conflict based on existing literature

Channels of impact	Conflict scenario (i.e. full impact of conflict)	Potential spillover effects of conflict (i.e. economic effects to neighbouring countries)
Output (GDP)	2–3 percentage points reduction in growth rate compared with period without conflict or non-conflict countries Up to 8% reduction in growth in high-intensity conflict situations for at least three years after the conflict, growth contraction between 0.3 and 1.1 percentage points compared with in non-conflict economies	reduction of GDP growth by approximately a third of conflict-afflicted countries
Trade	40% reduction of trade between trading partners; up to 32% reduction of bilateral trade in the event of economic sanctions; trade partner substitution	12–40% reduction in bilateral trade with conflict-affected countries; 32% reduction in bilateral trade with sanctioned conflict countries; trade partner substitution
Investment	40% less in FDI flows compared with non-conflict countries; decline in overall FDI inflows by a third (or 33%); FDI reversals; displacement of investment towards non-conflict country/region	around 30% reduction of overall FDI inflows; 40% reduction of bilateral FDI flows with conflict-affected countries
Labour force	up to 70% increase in labour costs and up to 50% increase in labour absenteeism; intense conflict resulting in conflict-related deaths	migration of labour force towards countries that are relatively more stable
Migration	creation of 22 refugees for every one battle-related death	neighbouring countries receiving 2% of conflict country's population over four to five years; refugees tend to stay in host country for 10 years after onset of the conflict
Financial sector	weakening of financial regulatory institutions and the banking sector; increased reliance on informal systems (e.g. for financial services, remittances); foreign exchange shortages; higher probability of banking crises	increased risk of banking crises; potential increase in informal channels for remittances
Public finance (spending and debt)	increased public spending on military by 1.8–2.5% of GDP, often at the expense of spending on welfare; higher public debt by up to 13% of GDP compared with in non-conflict countries; lower tax mobilisation	increased pressures on public spending through military expenditure at potential expense of welfare; increased public debt pressures if military expenses are financed by public borrowing
Human capital and social development	declines in enrolment rates; higher female mortality rates and orphanhood rates; lower health consultations; increased healthcare costs; less functional healthcare systems and infrastructure	pressured/constrained social services in host communities

Source: Authors' compilation based on sources cited in Section 2.

3 Impacts of conflict in the Sahel region on neighbouring countries

This section broadly maps out the prevalence of conflict (e.g. conflict-related deaths, nature of conflict, persistence of conflict) in the Sahel region. The United Nations Office on Drugs and Crime (UNODC) describes the Sahel region as including Burkina Faso, Chad, Mali, Mauritania and Niger, with linkages in neighbouring countries in West Africa (Benin, Côte d'Ivoire, Ghana, Guinea, Nigeria, Senegal and Togo) and the Maghreb region (Algeria, Libya and Morocco) (UNODC, 2015). In this paper, the centre of the Sahel conflict refers to Burkina Faso, Mali and Niger; the focus countries refer to Côte d'Ivoire, Ghana, Senegal and Togo; and the neighbouring West African countries refer to the four focus countries, Benin, Guinea, Mauritania and Nigeria.

3.1 The Sahel conflict

The intensification of the Sahel conflict referred to in this paper began in early 2011 with an outbreak of violence in northern Mali following the end of the 2011 Libyan civil war. This resulted in an arms and combatant influx for the local Tuareg, who, in broad strokes, formed two groups, the National Movement for the Liberation of Azawad, which was seeking independence for the Tuareg in Mali, and the Ansar Dine, a Tuareg Islamist movement seeking to spread Sharia across Mali. The conflict was initially restricted to northern Mali. The conflict within Mali continued and saw an advancing front of the Ansar Dine, which was pushed back through French intervention in mid-2014.

The conflict spilled over from Mali into Burkina Faso in 2015, initially through terrorist attacks led by Boko Haram. Attacks intensified in 2016 after the formation of a new group, named Ansur ul-Islam.

In Niger, Islamist insurgents carried out attacks in the western region of the country. There were also concurrent attacks in the south-eastern region of the country, as conflict spilled over across the border from Nigeria. The Niger conflict intensified in 2017 and attacks remained frequent throughout 2021.

Since 2020, violence and internal displacement have been moving southwards, with considerable violent attacks in Burkina Faso's southern regions and borderlands with Côte d'Ivoire and increasing violence in southern Mali (MMC, 2021). Violence and conflict have spilled over to Benin, Côte d'Ivoire, Ghana and Togo (UNHCR, 2022a).

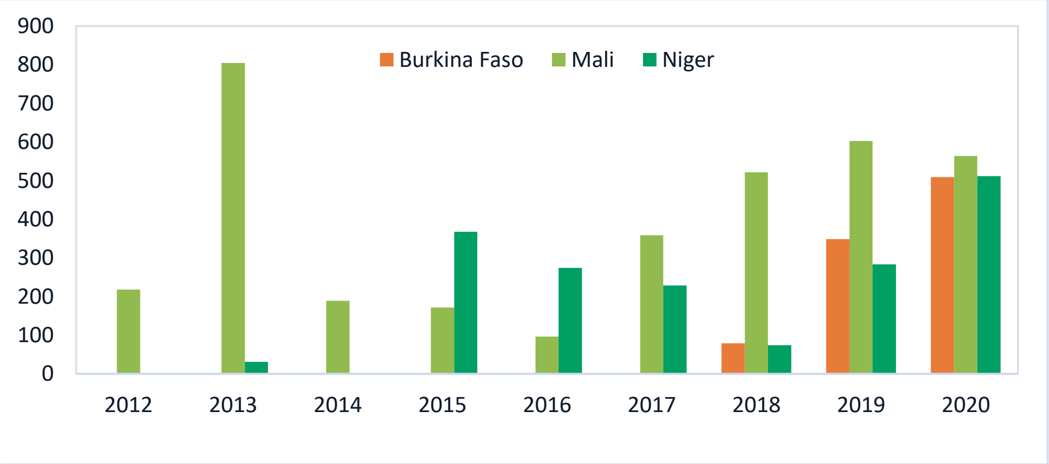
3.2 Observable impacts of the Sahel conflict

Loss of life would be one of the most visible and devastating impacts of the Sahel conflict. However, the number of deaths the conflict has caused is likely to be difficult to determine accurately, as it is affected by many factors, including the number of actors involved, the complexity of the conflict and lack of reliable data. Some estimates are available, however. Figure 1 shows the number of battle-related deaths across three Sahel conflict countries – Burkina Faso, Mali and Niger[8] – using data from the WDI (2023) from between 2012 at the outset of the conflict and 2020.

Battle-related deaths spiked in Mali in 2013, at approximately 800; this was followed by a relative lull between 2014 and 2016 (Figure 1).[9] In 2017, battle-related deaths started once again to increase, peaking in 2019 at 603. Burkina Faso saw a steady rise in the number of deaths from 2018 onwards, from approximately 70 in 2018 to more than 500 in 2020. Niger showed an initial decline in deaths between 2015 (368) and 2018 (74); however, by 2020 the number had risen again to over 500 battle-related deaths.

Conflict-related deaths (see Figure 2) capture a wider number of deaths related to the Sahel conflict in comparison with battle-related deaths as they encompass a wider modality of fatalities (i.e. deaths resulting from violent attacks on unarmed civilians). For all three countries, data show that, by 2021, more than 1,000 deaths had been reported. Reported deaths were estimated at 1,445 in Burkina Faso, 1,279 in Mali and 1,127 in Niger.

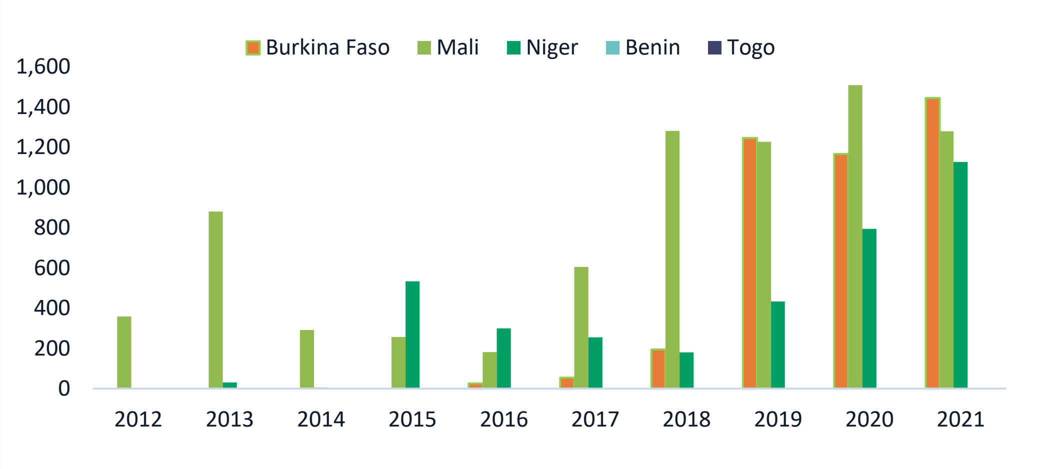
Figure 1 Battle-related deaths, Sahel region



Source: WDI (2023).

[8] No data are available for Benin and Togo.
[9] Based on the World Bank database, battle-related deaths are defined as 'deaths in battle-related conflicts between warring parties, usually involving armed forces. This includes traditional battlefield fighting, guerrilla activities, and all kinds of bombardments of military units, cities, and villages, etc. All deaths--military as well as civilian--incurred in such situations, are counted as battle-related deaths.'

Figure 2 All conflict-related deaths, Sahel region



Source: https://ucdp.uu.se/

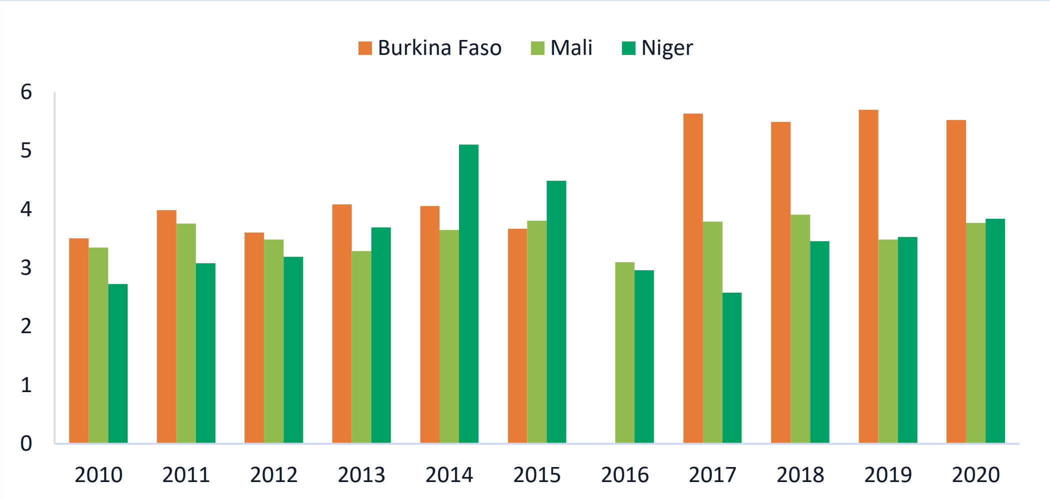
There is a long history of regional migration in the Sahel, facilitated by free movement within the Economic Community of West African States (ECOWAS) region. Migration can be broadly categorised into labour migration towards urban or coastal economic centres; seasonal employment and transhumance; movement of people along tribal and pastoral society lines; and displacement in response to conflict, persecution, climatic challenges or extreme weather events (MMC, 2021). Key informants claim that, while migration from the Sahel (i.e. Burkina Faso, Mali) to coastal areas (i.e. Côte d'Ivoire, Ghana) is predominantly for economic reasons, in 2019–2020 there was a rise in migration of people fleeing conflict and IDP cross-border movement owing to lack of resources or loss of livelihoods triggered by the conflict in their area of origin (ibid.). It is estimated that the conflict generated an approximately 1.9 million IDPs within the Sahel region from Burkina Faso, Mali and Niger in 2020 (IOM, 2022).

Reports suggest that the conflict has induced an increase in the number of people, particularly youth, leaving the Sahel region in search of better economic opportunities and food security. This has led to increased migration to neighbouring countries, such as Burkina Faso, Mali and Niger, as well as to other countries in West Africa and Europe (ICMPD, 2022).

In particular, in January 2022, a military coup took place in Burkina Faso, and civilian deaths and Islamist attacks have continued to rise in frequency since (Booty, 2022). During the same month, the number of newly displaced Burkinabés reached a record high of 160,000, contributing to a total of 1.76 million IDPs as of 2022 (NRC, 2022). The increased conflict and violence in Burkina Faso led 50,000 displaced Burkinabés to flee to Benin, Côte d'Ivoire, Ghana, Mali, Niger and Togo between 2021 and 2022.

The heightened insecurity and migration in the region have put pressures on the fiscal accounts of affected countries in the Sahel. Figure 3 shows military spending in the three Sahel conflict countries as a percentage of EU GDP. Between 2010 and 2014, Niger increased its military spending from 2.7% of GDP to 5.1%; it declined to 2.6% in 2017 but had increased again to 3.9% by 2020. For Burkina Faso, spending hovered around the 4% mark between 2010 and 2015; by 2017, this figure had jumped to 5.6%. It stayed relatively stable through 2020.[10] For Mali, military spending stayed between 3% and 4% of GDP throughout the period. In the context of the ongoing Sahel conflict, it is reported that the G5 Sahel (Burkina Faso, Chad, Mali, Mauritania and Niger) dedicates 18–32% of the government budget to security, at the expense of development and social services (Infos Plus Gabon, 2019).

Figure 3 Military spending, Burkina Faso, Mali and Niger (% of GDP)



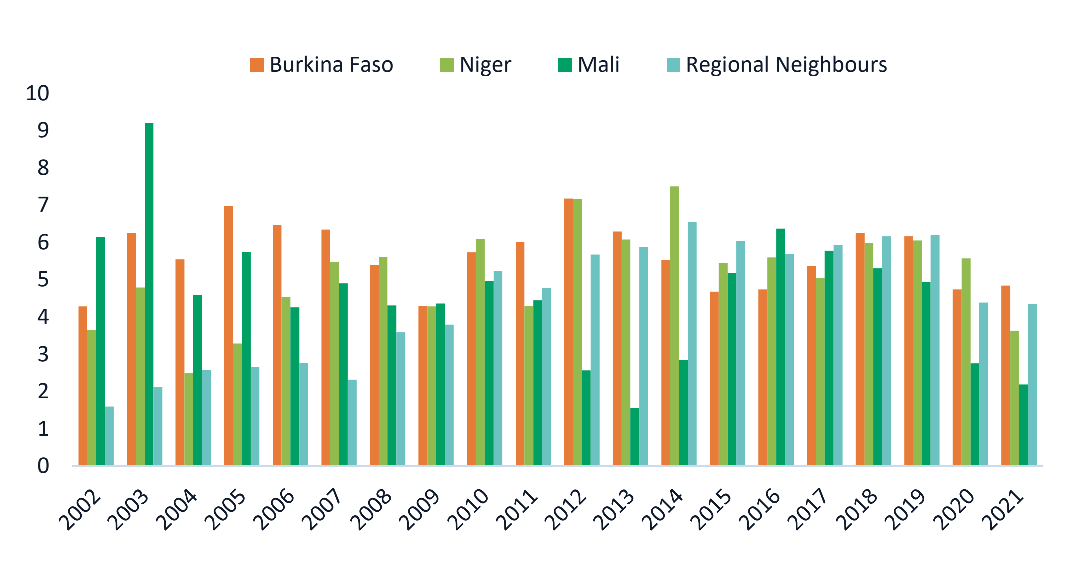
Source: WDI (2023).

The trend in output performance of countries in the Sahel region may provide an indication of the broad impact of conflict, especially in years of heightened insecurity. Figure 4 shows the GDP growth rates of the three conflict countries in the Sahel and neighbouring West African countries based on the three-year rolling average of GDP growth rates from 2002 to 2021. The trend shows that there have been periods where there have been significant drops in the growth rate. Most evident are the 2011–2013 period for Mali and 2012–2015 for Burkina Faso. Both periods coincide with conflict outbreaks.

Later drops from 2018 onwards are harder to attribute solely to conflict: the Covid-19 crisis will also have contributed to a GDP growth decline, as evidenced by the decrease in GDP growth rates for the regional neighbours, which otherwise exhibited a trend towards increasing growth prior to the period. However, Covid-19 will have had a more severe impact in the Sahel, given that the pandemic took place amid capacity and institutions weakened as a result of years of conflict. For instance, IMF projections suggest that fragile and conflict-affected states may recover their 2019 level per capita income only after 2024 (Bousquet, 2022).

[10] Data for 2016 are missing.

Figure 4 GDP growth rate, Burkina Faso, Mali and Niger, compared with regional neighbours (3-year rolling average, %)



Note: Regional neighbours are Côte d'Ivoire, Ghana, Senegal and Togo.
Source: WDI (2023).

4 Spillover effects of the Sahel conflict in Côte d'Ivoire, Ghana, Senegal and Togo

This section presents the analytical framework and discusses available evidence on the actual or potential spillover effects of the conflict in the Sahel on four focus West African countries – namely, Côte d'Ivoire, Ghana, Senegal and Togo.

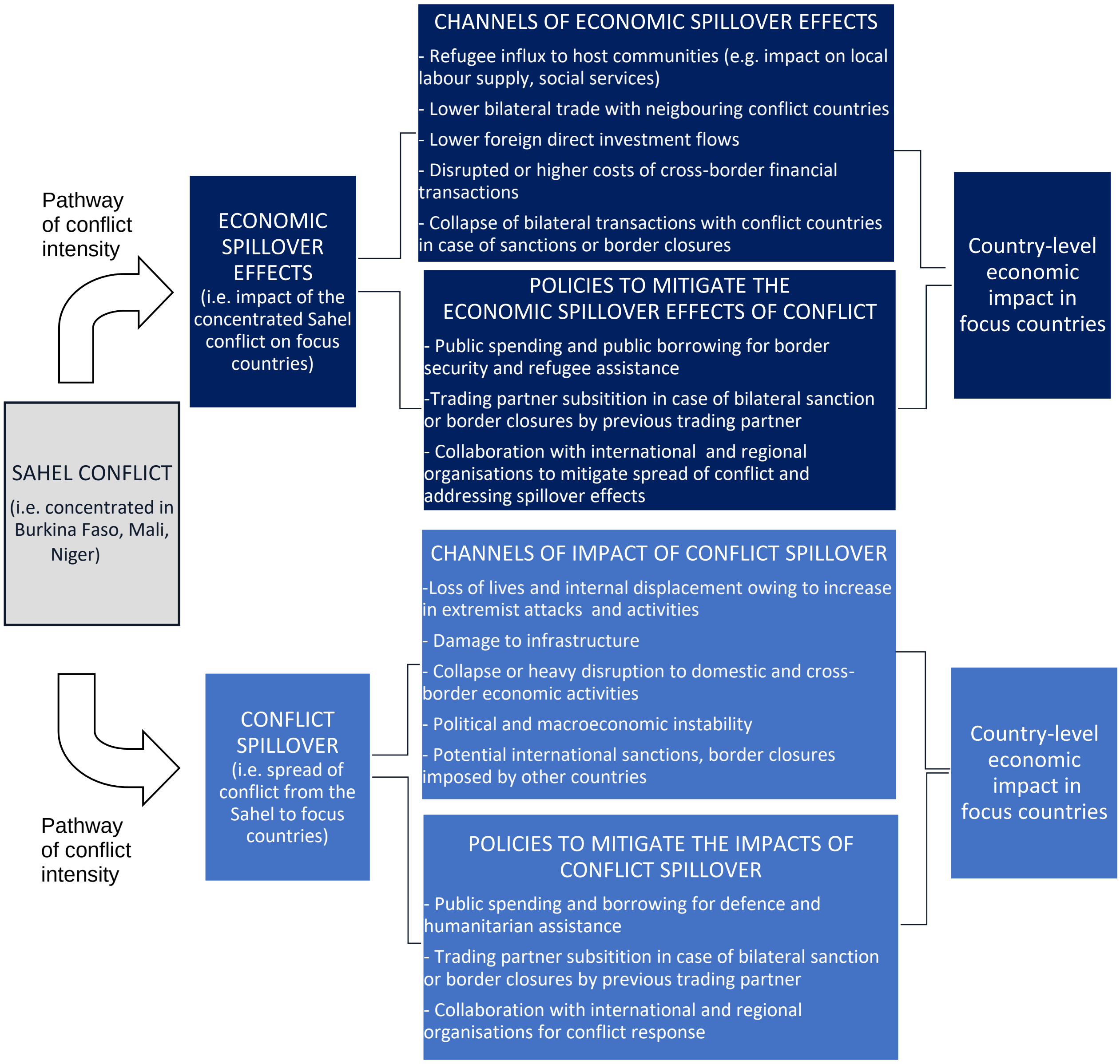
4.1 Analytical framework

Leveraging on the channels of impact of conflict identified in the literature in Section 2, and following the framework on assessing vulnerability of countries to impacts of shocks in Raga and te Velde (2020), this section utilises the analytical framework presented in Figure 5 to analyse the impact of the Sahel conflict on the economic performance of each of the four countries depending on the two pathways of intensity of conflict in the Sahel.

One pathway is through 'economic spillover effects'. Even though conflict might remain concentrated in the centre of the Sahel, there will be impacts on focus countries depending on international economic links (e.g. trade, investment, remittances) with conflict-affected countries, and their policy response (e.g. refugee management, security defence, trading partner substitution). This pathway is already in place; estimated losses of the four countries via exports and FDI will be discussed in Section 4.6.

Another pathway is through 'conflict spillovers', whereby the conflict and violence from the centre of the Sahel are transmitted to the focus countries. This pathway would lead to adverse effects through loss of lives, damage to property and infrastructure, halted economic activities, and overall political and macroeconomic instability. Policy responses to the conflict (e.g. public spending on defence and humanitarian assistance, trading partner substitution) may help mitigate the impacts of the conflict but may also bring about fiscal pressures depending on the available resources of the focus country.

Figure 5 Pathways of conflict intensity from the conflict in the Sahel and channels of impacts on the neighbouring focus countries



Following this framework, the next sections discuss the security situation, direct conflict impacts, potential spillover effects and policy responses to the Sahel conflict in Côte d'Ivoire, Ghana, Senegal and Togo.

4.2 Côte d'Ivoire

Côte d'Ivoire shares a land border with five African countries. To the southwest it borders Liberia. To the northwest it has a border with Guinea as well as a 599 km border with Mali. To the northeast it borders Burkina Faso (545 km) and to the east Ghana (720 km).

The country has had several conflicts in its recent history. In the 1990s, it saw a period of steep economic decline and significant political turbulence, including a military coup in 1999. This was followed by a popular uprising against the military that allowed Laurent Gbagbo to become president and a year of conflict between Gbagbo southern ‘Christian’ forces and Alessandre Outtara’s northern ‘Muslim’ rebels between 2000 and 2001. Hostilities ceased in early 2001. In 2002, a power-sharing agreement was agreed between President Gbagbo and Ouattara.

Peace was brief. The first Ivorian civil war began with a military rebellion in 2002 and lasted until 2007. It saw the government fight a domestic insurgency led by the Ivory Coast Patriotic Movement in the country’s north. Hostilities continued until 2007, when a power-sharing peace deal was brokered between the government and the rebels, now led by Guillame Soro of the New Forces. As part of the agreement, Soro was named prime minister; Gbagbo remained president. Conflict de-escalation kept pace until the presidential elections of 2010, in which Outtara was declared victor. However, Gbagbo did not concede, resulting in an escalation of violence that had by 2011 resulted in 3,000 deaths and 500,000 displaced citizens. In 2016, a series of Al-Qaeda terrorist attacks targeted tourist facilities. The country has enjoyed a period of political stability since the end of the political tensions resulting from the October 2020 presidential elections won by President Ouattara.

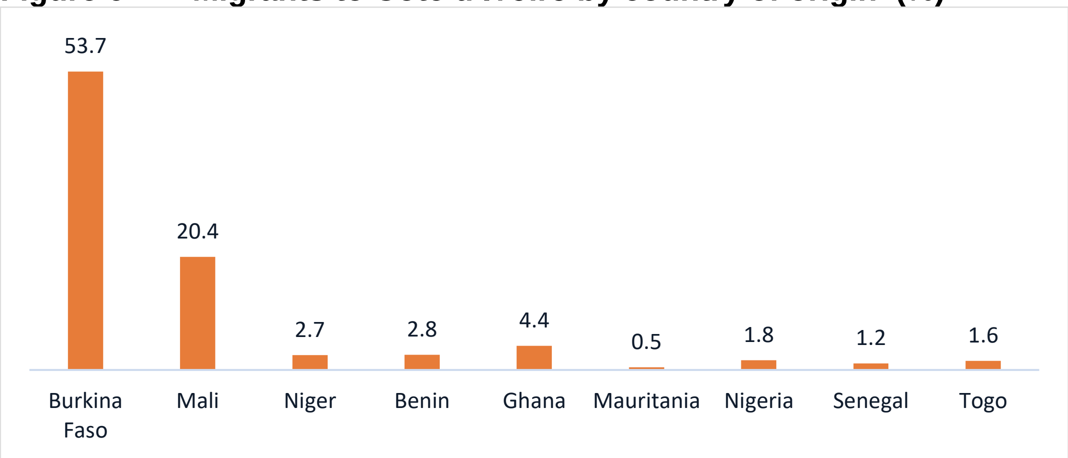
However, the Sahel crisis has now touched the borders of Côte d’Ivoire, with instances of violence recorded in the borderlands with Burkina Faso (MMC, 2021).

4.2.1 Observable impacts of the Sahel conflict in Côte d’Ivoire

Migration

Migration from neighbouring countries into Côte d’Ivoire that is attributable to the Sahel conflict seems to have been mostly undocumented in terms of total numbers. However, there has been a steady stream of immigrants from Burkina Faso into the country. Although a large majority of these migrants have been undocumented (MMC, 2021), it is known that Burkina Faso immigrants already represent more than 50% of all migrants in Côte d’Ivoire. In addition, immigrants from two other conflict countries, Mali and Niger, represented 20% and 2.6% of migrants in the country by 2021.

Figure 6 Migrants to Côte d’Ivoire by country of origin (%)



Source: Authors based on data from Knomad (2022a).

Recent evidence posits that, since May 2021, when the land borders between Burkina Faso and Cote d'Ivoire were opened (UNHCR, 2023), there has been an influx of approximately 7,000 refugees from Burkina Faso into the country (UNHCR, 2022c).

Security situation

It is claimed that, on 10–11 June 2020, 14 soldiers in Côte d'Ivoire were killed by an insurgent group with links to the Sahel conflict (NATO, 2020). This was followed by the capture by the Ivorian government of the head of a jihadist commando by 21 June 2020 (TV5 Monde, 2021). The incident was reported to be the first deadly jihadist attack in the country since 2017 (with 19 deaths) (ibid.). Côte d'Ivoire has also reported an increase in smuggling of livestock, drugs and guns, which may serve as a key source of income for extremist groups (NATO, 2020). Islamic State in the Greater Sahara fighters have also been reported to be recruiting fighters in Côte d'Ivoire, Benin and Togo (ibid.).

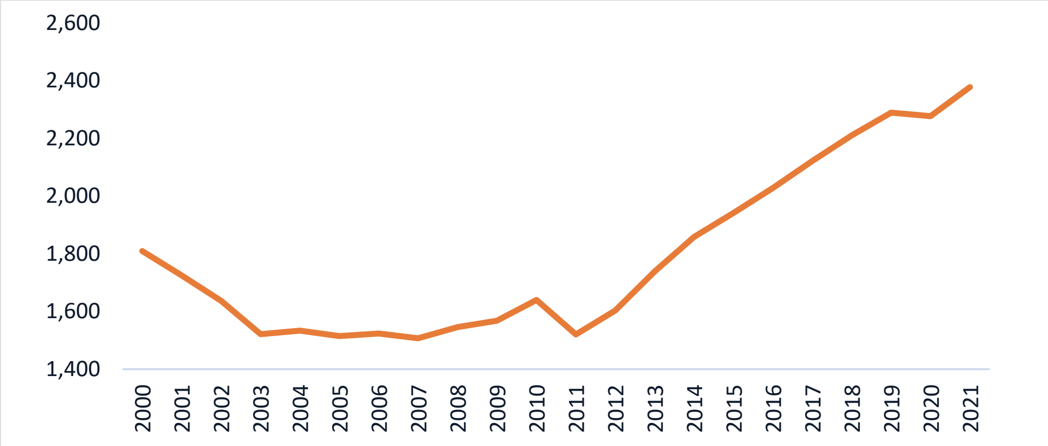
Tension between Côte d'Ivoire and Mali in particular has risen since July 2022, when Mali detained 49 Ivorian soldiers accused of conspiring against the Mali government (Reuters, 2023), while the Ivorian government claims that they were part of support to the UN mission to protect civilian from violent Islamist groups (Maclean, 2022). On 3 September 2022, three female Ivorian soldiers were released on humanitarian grounds after several diplomatic initiatives undertaken by ECOWAS leaders (ECOWAS, 2022b). On 3 December 2022, the detained Ivorian soldiers were sentenced to 20 years of imprisonment (Reuters, 2023). The sentence was revoked by 6 January 2023 as part of the Mali government's commitment to preserving relations with countries in the region, brokered by the government of Togo. The soldiers were released and returned to Côte d'Ivoire on 8 January 2023 (Aljazeera, 2023).

4.2.2 Channels of economic spillover effects of the Sahel conflict in Côte d'Ivoire

Background: macroeconomic trends

Côte d'Ivoire's GDP per capita saw a decline between 2000 and 2003, and stagnated until 2012, when its growth rate increased, going from -5.7% in 2011 to 7.6% in 2012 (Figure 7). In particular, Côte d'Ivoire per capita GDP growth slowed significantly, to 2.4% in 2011 (from 8.6% in 2010), following the country's post-election political crisis, after years of built-up civil unrest. The country recovered strongly from the crisis, with GDP growth averaging 7.2% annually between 2012 and 2021, accompanied by a GDP per capita increase from $1,520 to $2,377 during the same period. This has resulted in Côte d'Ivoire being one of the fastest growing economies on the continent (World Bank, 2022a).

Figure 7 Côte d'Ivoire, GDP per capita (constant 2015 US$)



Source: WDI (2023).

While there was a slowdown in growth in 2020, attributed to the Covid-19 crisis, 2021 once again saw an increase in GDP growth rates, to 7% (AfDB, 2022; WDI, 2023). In the context of increases in global food prices induced by the Russia–Ukraine war, Côte d'Ivoire has been dealing with accelerating inflation, which hit 5.5% in 2022 (IMF, 2023a). This has been driven by imported food prices as in-country production has been insufficient to meet demand (AfDB, 2022), with the increase in prices putting more pressure on poverty levels (World Bank, 2022a).

There is a possibility of a slowdown of growth to approximately 6% for the 2022–2023 period, mainly driven by the developments and spillover effects of the Russia–Ukraine war (AfDB, 2022). The worsening of the Sahel conflict also remains a downside risk to Côte d'Ivoire's growth, as the situation may negatively affect demand for Ivorian exports and lead to increased security spending pressures (IMF, 2022c).

The next sections discuss the specific channels of potential spillover effects from the Sahel conflict via the trade, investment, remittances and fiscal policy channels.

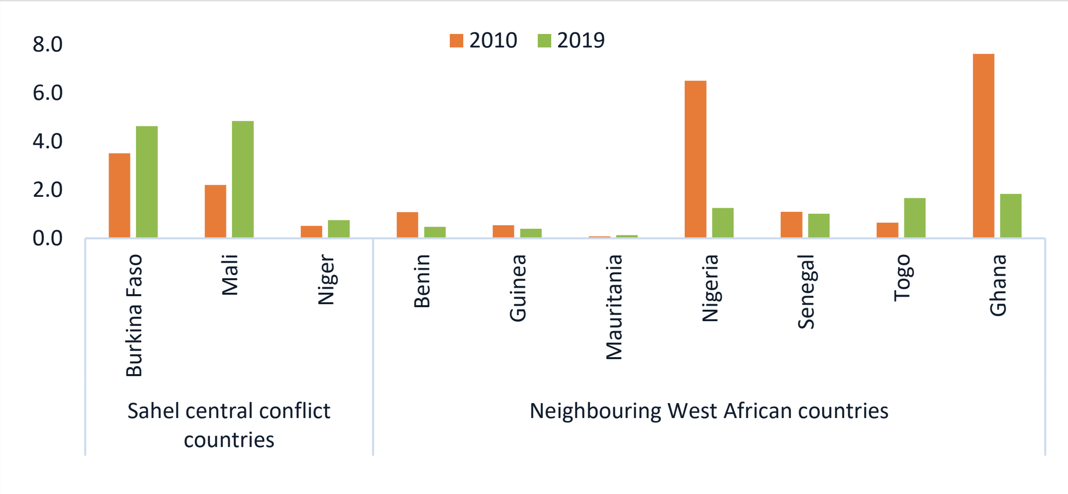
Trade

By 2021, total trade (imports and exports) accounted for 46% of the country's GDP; however, there had been a significant decline from 70% in 2012. Given that the average growth rate of the country has been approximately 7.2% per year, this indicates that trade likely stagnated with an average growth rate in value at 1.96% between 2012 and 2021.

Côte d'Ivoire's goods exports to Sahel countries remain limited and have decreased over time. In 2003, they accounted for 4.5% of GDP, decreasing to 3.4% by 2020. Of these, Burkina Faso and Mali are the most significant trade partners, accounting for 4.6% and 4.8%, respectively, of exports. By contrast, the largest export country is the Netherlands, which accounts for 10.6% of exports. Although both Burkina Faso and Mali were already significant trading partners in 2010, both Ghana and Nigeria represented larger export partners (7.2% and 6.5% of exports, respectively). However, by 2019, the share of exports to both Ghana and Nigeria had declined, to 1.84% and 1.25%, respectively.

Although the importance of the Sahel countries for Côte d'Ivoire's trade has declined over time, there is still potential for a marginal impact on Côte d'Ivoire's economy should the Sahel conflict significantly disrupt trade.

Figure 8 Côte d'Ivoire, exports to Sahel countries (% of goods exports)

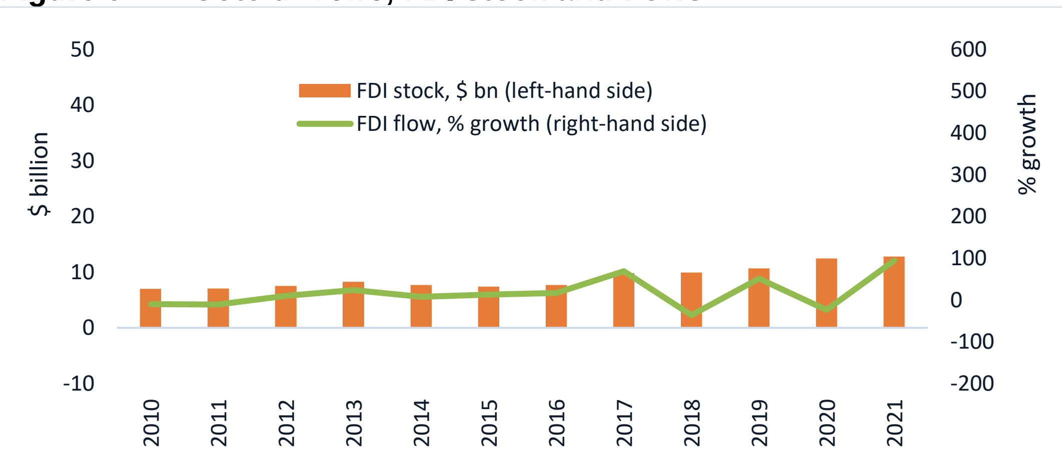


Source: Authors' computations based on WITS data.

Investment

The total amount of FDI stock in Côte d'Ivoire doubled between 2010 and 2021, from approximately $6 billion in 2010 to $12 billion in 2021. FDI flow growth rates remained broadly stable, gradually increasing until 2017 and seeing a period of turbulence in 2018 and 2020, although both years saw FDI flow rates recover (Figure 9).

Figure 9 Côte d'Ivoire, FDI stock and flows



Source: Authors based on UNCTAD data.

The majority of inward FDI stems from Europe, particularly Luxembourg and France, which together account for approximately 67% of FDI, representing 2.36% of Côte d'Ivoire's GDP. Mali and Niger, both currently embroiled in the Sahel conflict, represent 9.5% of total inward FDI;

however, this accounts for only 0.28% of GDP. In addition, Togo and Benin's inward FDI into Côte d'Ivoire accounts for 7.86% of inward FDI and 0.39% of GDP. Therefore, the conflict could result in some disruption to inward FDI. In total, approximately 17.36% of inward FDI could be disrupted; however, this accounts for only approximately 0.67% of GDP, therefore this is a marginal loss, at most, in economic terms. A greater adverse impact through the FDI channel may potentially emerge if other investors from outside the region halt investment in Côte d'Ivoire as a result of a perceived high risk of insecurity.

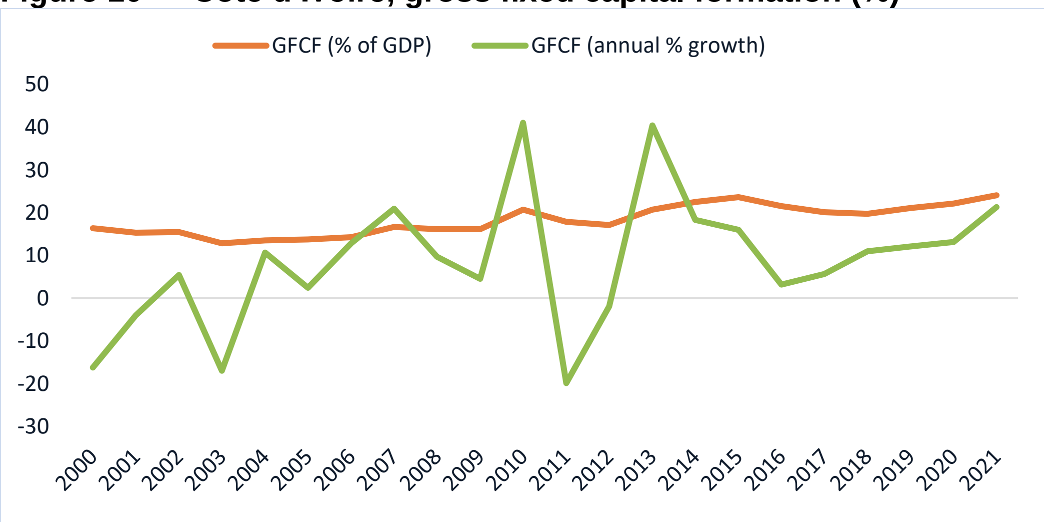
Table 2 Inward FDI into Côte d'Ivoire, by country, 2021

Country	Inward FDI ($ millions)	% of total inward FDI	% of GDP
Luxembourg	1,626	46.33	2.321
France	733	20.88	1.046
Mauritius	440	12.54	0.628
Benin*	204	5.81	0.291
Niger**	192	5.48	0.274
Mali**	144	4.10	0.206
Guinea	84	2.39	0.120
Togo*	72	2.06	0.103
Uganda	5	0.13	0.007
Italy	5	0.13	0.007
Estonia	4	0.11	0.006
Zambia	1	0.02	0.001
China (mainland)	1	0.02	0.001

Note: *Regional neighbour; **centre of Sahel conflict.
Source: Bilateral FDI data based on IMF Coordinated Direct Investment Survey database (accessed in January 2023); nominal GDP based on UNCTAD database.

Figure 10 looks at GFCF in Côte d'Ivoire as a proxy for domestic investment. Since 2000, there has been a steady increase in the GFCF growth rate. There are two notable slumps, in 2011 and 2016, representing the impact of two internal violence flashpoints; the political turbulence and ensuing violence following the 2020 elections do not seem to be reflected in the GFCF's growth rate. Overall, there seems to be limited quantitative evidence of a negative impact on domestic investment of the Sahel conflict. Rather, investments in the country have continued to grow and may also signal some degree of resiliency to internal violence incidences.

Figure 10 Côte d'Ivoire, gross fixed capital formation (%)

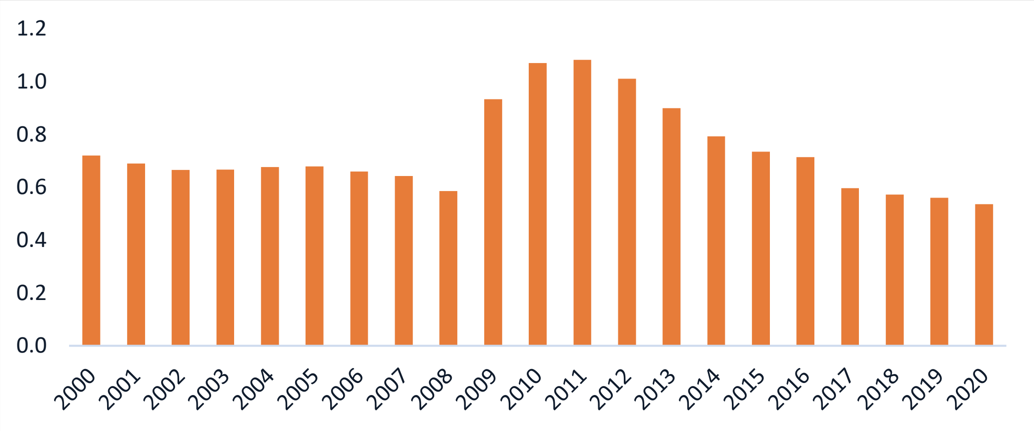


Source: WDI (2023).

Remittances

Remittances as a percentage of GDP have seen a period of steady decline since 2011. They have likely stayed at broadly similar levels to 2002 in value terms but have been outpaced by rapid economic growth in the country indicating a significant decline in their overall economic importance.

Figure 11 Côte d'Ivoire, remittances as a share of GDP (%)



Source: WDI (2023).

Remittances from Sahel conflict countries represent approximately 0.28% of GDP. From other neighbouring countries, the value is significantly lower, at 0.04% of GDP (Table 3). The total disruption to remittances could be up to $226.9 million (0.324% of GDP in 2020) should the conflict escalate across the whole region. Hence, the potential GDP loss via this channel under a widespread Sahel conflict is likely to remain minimal for Côte d'Ivoire as most remittances already flow from Sahel conflict countries.

Table 3 Remittances from Sahel countries to Côte d'Ivoire, 2021

		$ millions	% of GDP
	Global remittances	**348.000**	**0.497**
Sahel Conflict countries	Burkina Faso	145.313	0.207
	Mali	50.479	0.072
	Niger	0.468	0.001
Neighbouring countries	Benin	8.882	0.013
	Ghana	19.404	0.028
	Mauritania	0.130	0.000
	Senegal	0.757	0.001
	Togo	1.499	0.002
	Total Sahel conflict countries	196.260	0.280
	Total neighbours	30.672	0.044
	Total regional	226.933	0.324

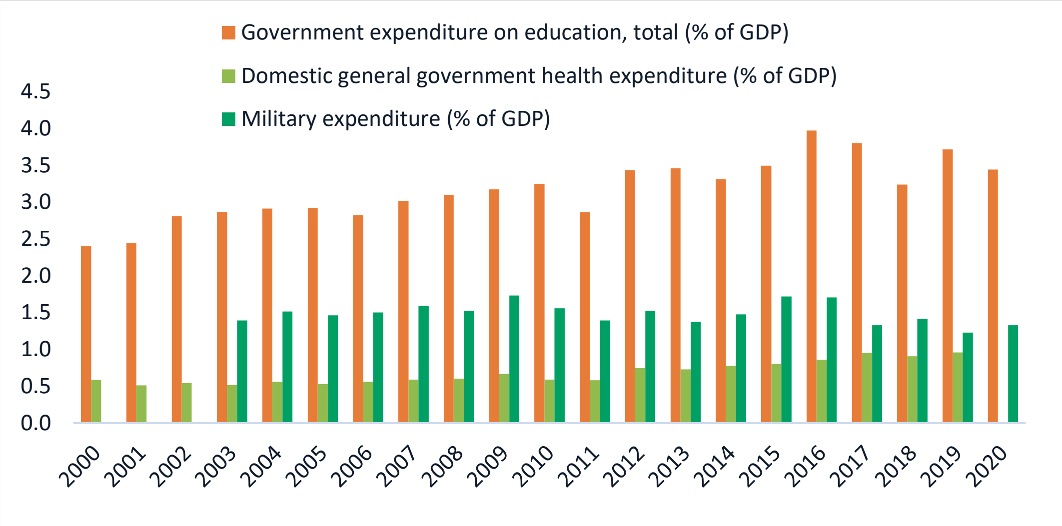
Source: Authors' compilation/computations based on remittances data from Knomad (2022b); nominal GDP based on WDI database.

Fiscal spending (military and social services)

Current fiscal spending patterns in the country are favouring welfare expenses, such as on education and health, which together account for 4.4% of GDP. Military expenditure remains significant, at 1.3% of GDP, but this trend shows a decrease, with a peak in 2007 and 2016 at 1.7% and a gradual decline since. This signifies that funds are not being diverted into the military in response to the conflict in neighbouring Sahel countries.

Meanwhile, both education and health expenditure show an increasing trend, even though the pattern for expenditure on healthcare is more erratic given heightened expenditure following Ebola outbreaks (2014–2016) and the Covid-19 pandemic (2019–2020).

Figure 12 Côte d'Ivoire, government spending areas (% of GDP)



Source: WDI (2023).

The World Bank (2022a) posits some heightened strain on public finances as a result of the impacts of increased inflation and tightened monetary conditions in developed countries, which will likely lead to higher debt servicing costs. The fiscal balance (as a percentage of GDP) is estimated to deteriorate from -5.1% in 2021 to -5.7% in 2022, while debt (as a share of GDP) should increase from 52.1% to 53.2% over the same period (ibid.). Thus, the direct and spillover effects that may arise under a widespread intensification of the conflict in the Sahel may put further fiscal pressures (e.g. security spending, refugee support) on Côte d'Ivoire.

In summary, the evidence suggests that the spillover effects on Côte d'Ivoire have been marginal at best. However, there are a few distinct channels – trade, FDI, remittances and migration – by means of which the Sahel conflict may have a marginal impact on the economy of Côte d'Ivoire should it persist or spread across other Sahel countries.

4.2.3 Policies to address the impacts of the conflict in the Sahel and the potential spread of terrorism in Côte d'Ivoire

The government of Côte d'Ivoire has made no evident policy responses to spillovers from the Sahel crisis, including potential spillovers from terrorist activities. However, there have been diplomatic tensions between Côte d'Ivoire and Mali since July 2022, after the latter detained 46 Ivorian soldiers (see Section 4.2.1). In November 2022, Côte d'Ivoire announced that it would gradually withdraw its military and police personnel deployed in the UN mission to combat extremism in Mali (Africa News, 2022b).

There have also been some developments in terms of approach to refugees. Previously, there was no clear guidance in Côte d'Ivoire on granting citizenship for stateless persons (e.g. refugees, returnees, trafficked persons, newly arrived migrants through irregular channels, communities living in border regions), which limited their access to public services, legal employment and community integration, among others (MMC, 2021). To address this, the Ivorian government signed and adopted a Statelessness Determination Procedure in 2020 (such a procedure is a first in Africa) (ibid.). In addition, Côte d'Ivoire's border with Burkina Faso, which was previously closed (ICMPD, 2022), has been opened to Burkinabé refugees since May 2021 (UNHCR, 2023).

More generally, the government is currently implementing its 2021–2025 National Development Plan, which is based on six strategic pillars (structural transformation, promoting human development, private sector development, social inclusion, sustainability and governance reforms). The Plan seeks to promote economic liberalisation, export trade, inward FDI and private sector activities, industrial reform and a number of other policy actions towards economic transformation and environmental sustainability.

While the Plan mentions the Sahel crisis, particularly the risk of terrorist attacks in the region, it does not set out any specific policy agenda to deal with any potential fallout. As the previous sections have shown, military spending has remained more or less stable as a percentage of GDP, at broadly pre-crisis levels. This shows that the country has made no particular move to increase its military capacity. In addition, there does not seem to be any policy response to declining FDI, remittances or trade with Sahel crisis countries. Rather, the country is seeking to further integrate with the global economy, particularly increasing trade with and investment from higher-income economies.

4.3 Ghana

Northern Ghana shares a border of over 602 km with Burkina Faso (see GSS, nd), such that an escalation of conflict intensity in the Sahel region, especially in Burkina Faso, will directly heighten insecurity risks in Ghana. Since 2015, violent attacks such as kidnapping, assassinations and road-side bombing by extremist organisations have increased in frequency in Burkina Faso (IOM, 2022). This has led to the declaration of a state of emergency in almost a third of Burkina Faso's provinces since 2018, which has contributed to increasing security concerns in Ghana.

The Ghanian government has been especially vocal on the growing threats of terrorism in the region and at its borders. In December 2022, the Ghanaian president stated that, 'The worsening situation [of the Sahel conflict] threatens to engulf the entire West Africa' (Aljazeera, 2022). Ethnic disputes are increasingly common, resulting in casualties and attempted bombings in Northern Ghana, and the government has expressed concerns that the ongoing disputes may fuel spillovers of jihadist war across the border with Burkina Faso (France24, 2023).

The Ghanaian government thus recognises the increased threat of terrorism in view of the recent intensification of community disputes in Northern Ghana near to the border with Burkina Faso, which jihadists may exploit to infiltrate Ghana.

4.3.1 Observable impacts of the Sahel conflict in Ghana

Migration

Ghana has porous borders with its neighbouring countries, as illustrated by its 44 official migration entry points but more than 189 unofficial entry points along the border with Burkina Faso alone.[11] This makes Ghana a destination of regional migration, both for economic reasons and also because of the Sahel conflict. Disaggregated data on the motivations of migrants to Ghana are limited but Knomad (2022a) estimates that, on aggregate, there are 67,431 migrant Burkinabés (14% of total migrants) in Ghana. Reports suggest that, in 2019–2020, about 1,200 people arrived from Burkina Faso to Ghana for conflict-related reasons (MMC, 2021). After terrorist attacks in Burkina Faso in July 2022, over 1,800 refugees Burkinabés fled to Ghana (Agbey, 2022).

In 2020, key informant interviews indicated that social cohesion and relations between refugees and migrants (e.g. from Burkina Faso) and Ghana host communities were predominantly positive, as the migrants help fill existing labour needs, do not put pressure on existing resources (e.g. stay with friends/family), do not arrive in big groups that may trigger perceptions that the hosts are being overburdened and have not (yet) put pressure on public resources (MMC, 2021). There is no evidence yet to suggest that the recent increase in forced migration to Ghana (triggered by recent growing violence in Burkina Faso) is overstretching public services/facilities in host communities.

Terrorist threats

Field interviews in 2022 cited various reports of jihadist training camps in Mali and Niger hosting young fighters from Benin, Côte d'Ivoire, Ghana, Guinea, The Gambia and Togo (KAS, 2022). Armed groups have been established in Northern Ghana, and estimates suggest there were 200–300 Ghanaian recruits in various jihadist groups as of 2021 (see KAS, 2022; USIP, 2022). Interviews suggested that some recruits returned after six months of training in Mali and Niger to engage in religious preaching or convince their parents to buy them weapons (KAS, 2022). While there have been suspected jihadist attacks in Burkina Faso near to Ghana's borders (see Africa News, 2022a), there have been no such attacks yet in Ghana.

4.3.2 Channels of economic spillover effects of the Sahel conflict in Ghana

Background: macroeconomic trends

Ghana's GDP grew at 6.6% per year on average from 2011 to 2019, above the average growth rate among counterparts in sub-Saharan Africa (3.5%) during the same period.[12] Traditionally, the agriculture, mining and utilities sectors drive Ghana's growth, contributing 37% of total value added on average from 2016 to 2020 (UNDESA, 2022). In 2020, Covid-19 induced a

[11] Based on a West Africa Network for Peacebuilding report (cited in KAS, 2022).
[12] Authors' computations based on WDI (2023) data.

slowdown in economic growth to 0.5%. While growth recovered to 5.4% in 2021, the country faced new challenges in 2022, including the spillover effects of the Russia–Ukraine war on domestic food and fuel prices, a tightening of global financial conditions that increased borrowing costs, credit rating downgrades, and instability and uncertainty caused by the recent debt default (Raga, 2023). The Bank of Ghana expects that GDP growth in 2022 will slow to between 3.7% and 4.5% (BOG, 2022). An escalation of the Sahel conflict would be a further downside risk to growth in an already challenging macroeconomic environment.

Trade

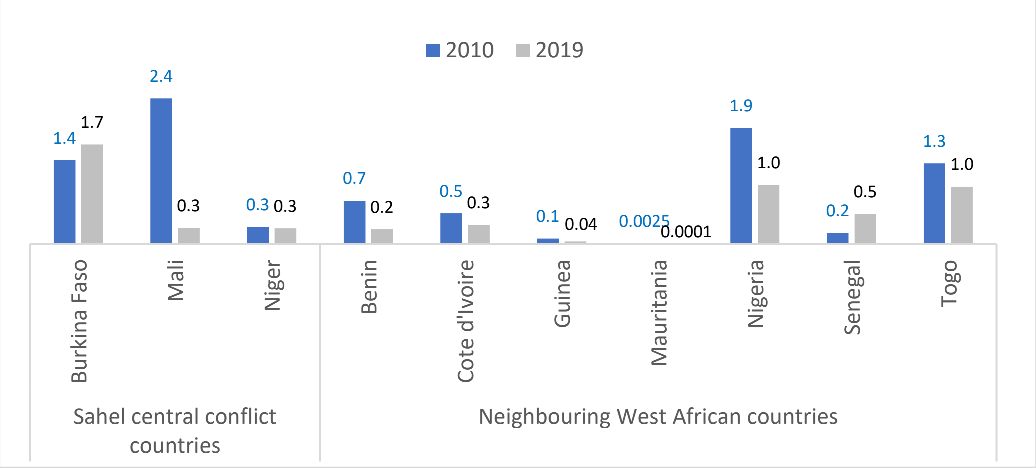
Trade has contributed significantly to Ghana's economy. Total trade (exports plus imports) in goods and services was equivalent to 68.2% of GDP (46% for goods, 22% for services) on average per year from 2011 to 2021.[13] As of 2021, exports of goods were equivalent to 19.3% of GDP, and exports of services were at 20.6% of GDP.

Ghana's goods exports to the Sahel countries are limited in proportion to its overall exports or GDP. The share of central Sahel (i.e. conflict countries Burkina Faso, Mali and Niger) in Ghana's total goods exports stood at 4.4% on average between 2015 and 2019; the share was 3.5% for goods exported to neighbouring West African countries (i.e. Benin, Côte d'Ivoire, Guinea, Mauritania, Nigeria, Senegal and Togo).[14] In comparison, India's share in Ghana's total exports stood at 17.2% during the same period. The conflict might have contributed to this low trend in Ghana's exports to Sahel countries. For instance, Figure 13 shows the significant decline of Ghana's exports to Mali between 2010 (prior to Mali's conflict escalation) and 2019.

In terms of GDP, the value of exports as a share of GDP in 2015–2019 averaged at 1% and 0.8% of GDP in central Sahel and neighbouring West African countries, respectively. This implies at least 1% of GDP lost in the extreme case that intensified conflict in the Sahel induces trading closures of Ghana or regional economic communities with countries at the centre of conflict. This has already happened in the case of Mali. Between January and July 2022, ECOWAS members imposed economic sanctions on Mali in view of the former's announcement to delay the holding of democratic elections (sanctions were lifted following Mali's proposed 24-month transition to democracy) (Aljazeera, 2022).

[13] Authors' computations based on United Nations Conference for Trade and Development (UNCTAD) data.
[14] Authors' computations based on UNCTAD data.

Figure 13 Ghana, exports to Sahel countries (% of goods exports)



Source: Authors' computations based on WITS data.

Imports by Ghana from Sahel countries are even less significant in terms of share in Ghana's total imports and GDP. In 2015–2019, the share of imports from Sahel conflict countries and neighbouring West African countries comprised only 0.1% and 3.7% (1.4% of which from Nigeria) of total imports, respectively.[15] In terms of GDP, imports were equivalent to 0.1% (Sahel conflict countries) and 0.8% (neighbouring West Africa).

Investment

Stock of FDI in Ghana has increased steadily, from 25.4% of GDP ($10 billion) in 2011 to 53.8% of GDP in 2021 ($41 billion).[16] There are limited comparable historical data on bilateral FDI among Sahel countries to contrast pre- and post-conflict changes (e.g. 2011) in FDI in Ghana from countries affected by the Sahel conflict. Latest country report data from an IMF survey as of 2021 show that inward FDI to Ghana from Sahel conflict and neighbouring West African countries reached $285 million, dominated by Nigeria and to some extent Côte d'Ivoire ($33 million) (Table 4).

Table 4 Inward FDI into Ghana, by country (2021 or latest)

	$ million*	% of GDP
Burkina Faso	7.9	0.01
Mali	47.9	0.11
Niger	-0.7	0.00
Benin	11.0	0.01
Côte d'Ivoire	32.8	0.04
Guinea	7.4	0.01
Nigeria	186.1	0.27
Senegal	0.4	0.00
Togo	0.6	0.00
Total (selected Sahel)	285.4	0.45

Notes: Burkina Faso and Senegal as of 2019; Guinea as of 2018; Nigeria as of 2020.
Source: Bilateral FDI data based on IMF Coordinated Direct Investment Survey database (Table 6 accessed in January 2022); nominal GDP based on UNCTAD database.

As a share of GDP, the value of this inward FDI from selected Sahel countries amounts to 0.5% (0.12% of which is the value of FDI from Sahel conflict countries) (Table 4). This implies that Ghana's economy would be

[15] Authors' computations based on UNCTAD data.
[16] Authors' computations based on UNCTAD data.

adversely affected through the investment channel if the conflict spilled over significantly, particularly to Nigeria.

Remittances

Remittances to Ghana have increased significantly in the past decade, from $136 million (0.4% of GDP) in 2010 to $4.3 billion in 2020 (6.1% of GDP).[17] Historical data on bilateral remittance flows among Sahel countries are extremely limited. Table 5 shows the World Bank's estimated remittances to Ghana from selected Sahel countries for 2021, using migrant stocks, and host and home country incomes (Knomad, 2022b). In terms of Ghana's GDP, remittances from central Sahel conflict countries contributed about 0.2%, while remittances from neighbouring West African countries accounted for 1.8% (of which 1% and 0.5% are from Nigeria and Côte d'Ivoire, respectively) as of 2021.

Remittances have a countercyclical nature, as demonstrated by their better-than-anticipated performance during the pandemic. Hence, increased conflict may affect remittances to Ghana in both a reducing and an increasing direction, depending on migration patterns induced by the conflict. In the first case, if remittance-sending Ghanaians in Sahel conflict countries and affected West African areas are forced to go back to Ghana as a result of intensified conflict, remittances may decline. In the second case, if conflict-induced migrants from conflict areas migrate to Ghana, the families of these migrants in a relatively stable situation in the country of origin may send remittances to Ghana. However, given the ongoing humanitarian crisis and widespread poverty in the Sahel conflict countries, it seems less likely that families at home will have significant income for remittances.

Table 5 Remittances from Sahel countries to Ghana, 2021

Sending country	Remittance received by Ghana ($ millions)	% share of sending country remittances received by Ghana	% of Ghana's GDP	% share of Ghana in remittances worldwide by sending country
Burkina Faso	113.7	2.5	0.15	5.5
Mali	19.9	0.4	0.03	31.2
Niger	7.3	0.2	0.01	19.4
Benin	55.1	1.2	0.07	0.0
Côte d'Ivoire	379.4	8.4	0.49	4.5
Mauritania	0.8	0.0	0.00	0.5
Nigeria	809.3	18.0	1.04	0.5
Senegal	6.3	0.1	0.01	57.2
Togo	160.4	3.6	0.21	1.5
Total Sahel and neighbouring countries	1,552.1	34.4	2.0	
World	4,506.6		5.8	

Source: Authors' compilation/computations based on remittances data from Knomad (2022b); nominal GDP based on WDI database.

Hence, Ghana's economy may slow modestly (by up to 2% of GDP) through the remittances channel in the extreme event of significant spreading of conflict in neighbouring West African countries (especially Côte d'Ivoire and Nigeria). This may affect Ghanaian migrant workers'

[17] Based on data from the World Development Indicators (WDI).

income through displacement, job losses from firm closures or halted/disrupted/expensive access to financial services.

Fiscal spending (military and social services)

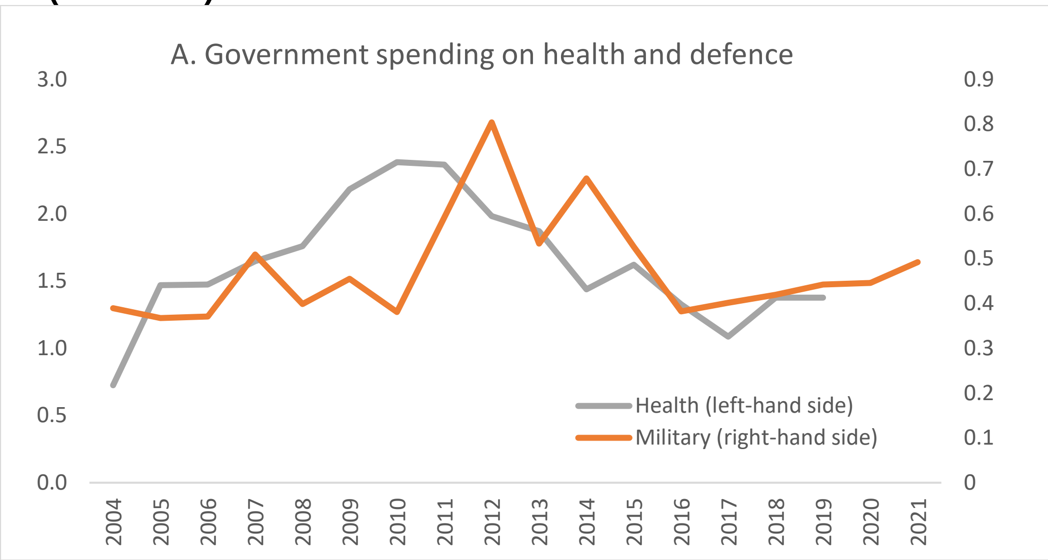
Health and education have always received a higher share of total expenditure than has defence in Ghana (Figure 14). However, historical trends indicate that spikes in military spending are associated with declines in allocations towards health (see Figure 14A). The same seems to be the case for public spending on education in selected periods.

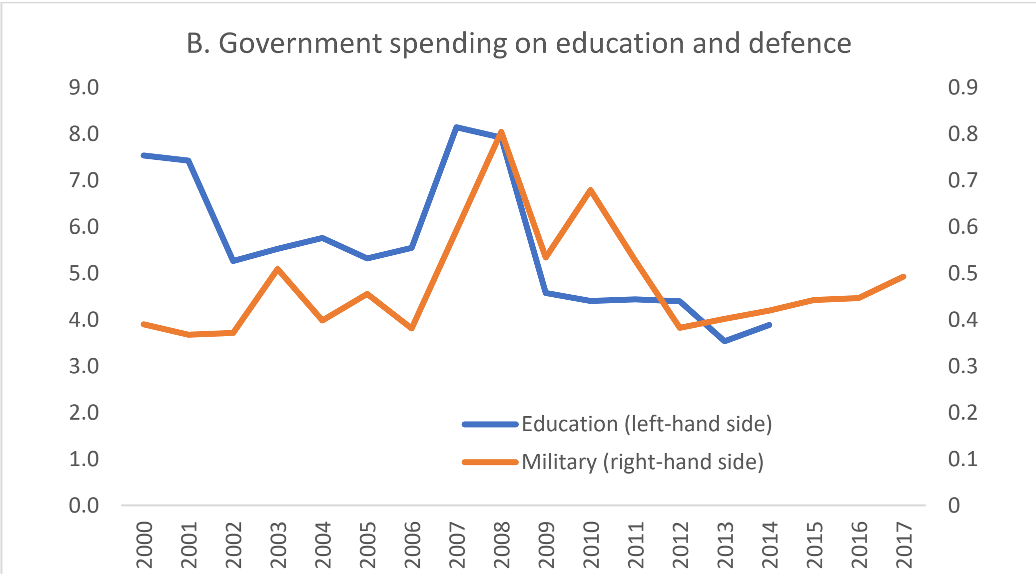
To demonstrate, in 2010, Ghana started its oil production, and experienced security challenges (e.g. pirates) in its maritime area in the west of the country (see Colombant, 2011). In response, the Ghanaian government upgraded the capacity of its military forces by providing requisite skills and equipment, building military hospitals and improving maritime infrastructure during the early years of its gas and oil production (PWC, 2011; 2012). This is reflected in an increase in military spending (as a share of GDP) from 0.4% to 0.6% and 0.8% in 2010, 2011 and 2012, respectively (Figure 14). In 2012, declines were observed in public spending on health (by 0.4% of GDP) and education (by 0.2% of GDP) compared with the previous year.

A study by Asea (2016) finds that Ghana's fiscal multipliers (e.g. growth impact for every dollar of public spending) are higher for education (1.2) and health (1.2) than military spending (0.6). This implies that a situation of increased insecurity in the Sahel, which would require corresponding policy trade-offs for Ghana’s military, education and health spending, may have important growth and development implications for Ghana.

There is less information on the direct impact of increased military spending on Ghana’s public debt. Military spending can be financed through fiscal revenues, or through borrowing from external and domestic sources. Military spending that is financed through domestic borrowing may put a strain on public debt sustainability, given that domestic debt has shorter maturities and higher interest rates relative to external debt. For instance, in Ghana, domestic debt had interest rates at 17.9% (vs 5.2% for external debt) and an average maturity of 3.2 years (vs 14.8 years for external debt) as of 2021 (see Raga et al., 2022). Ghana had already defaulted on its external debt in December 2022, and additional expenditure in the event of increased insecurity in the Sahel would exacerbate the country’s macroeconomic stability challenges.

Figure 14 Ghana, public expenditure on defence and social services (% of GDP)





Source: WDI (2023).

Socioeconomic development

There are already huge inequalities between the north and the south of Ghana, with 68% of Ghanaians in the Northern region living on less than $1.25 a day and stunting rates among children under five reaching 40% in some districts (USAID, 2022). Northern Ghana, like other Sahel countries, is experiencing erratic rainfall with long dry periods, limiting agricultural production (for the 90% of the population who rely on this sector), contributing to chronic poverty, food insecurity and malnutrition in the region (WFP, 2022). Spillover effects to Northern Ghanaian regions – for example, directly through a substantial increase in forced migration from centres of conflict in the Sahel, or in the event of increased violence/insecurity if the conflict moves towards the region – may put further strain on the region amid already pressing economic and social development challenges.

4.3.3 Policies to address the impacts of the conflict in the Sahel and the potential spread of terrorism in Ghana

The most visible impact of the Sahel crisis in Ghana is in the inflows of refugees from centres of conflict, as well as the increasing threat of violent attacks closer to Ghana's borders.

In terms of managing refugees, Ghana has institutions, regulations and frameworks within its national migration policies. This is in the context of the Ghanaian government's recognition of the history of regional migration towards Ghana, especially after its independence in 1957, and the opportunities that have emerged in its agriculture and mineral sectors.

Ghana is a signatory of and has ratified international agreements (e.g. the 1951 United Nations Refugee Convention and its 1967 Protocol; the 1969 Organisation of African Unity (African Union, AU) Convention on Refugees) that require it (as a host country) to respond to the needs of forced migrants and provide an assistance framework. The Ghana Refugee Board was established in 1992, and works closely with the United Nations Refugee Agency (UNHCR) to coordinate protection and the delivery of humanitarian assistance (e.g. camp management, water, sanitation, shelter, counselling, skills training, etc.) to refugees and asylum-seekers. As of January 2023, there were more than 13,000 refugees across four camps in Ghana (Ghana Refugee Board, 2023).[18]

Ghana put in place a dedicated National Migration Policy in 2017, covering internal displacement but also forced migration of regional refugees and asylum-seekers, including those moving away from areas of protracted conflict and displacement in the ECOWAS region. This policy contains a framework to provide durable solutions for refugees and asylum-seekers, including through promoting non-discrimination against migrants, protecting the rights of refugees and IDPs and extending education and training opportunities for long-term refugees and IDPs, among other things.

Against the backdrop of violent extremist and terrorist groups affiliated with al Qaeda and Islamic State (Daesh) in West Africa, and the threats these may bring to Ghana, in 2019 the government released its National Framework for Preventing and Countering Violent Extremism and Terrorism in Ghana. This sets out the context, stakeholders and an architecture for the assignment of responsibilities and for the coordination of effort from national down to community level in Ghana. It has the following pillars:

- prevent: deliberate measures to create awareness in order to inhibit violent extremism and terrorism in Ghana by addressing their root causes, while minimising vulnerability to the threat through the building of resilience

[18] In addition to refugees in camps, there are also reportedly refugees and migrants who settle with existing families or friends in Ghana (MMC, 2021).

- pre-empt: measures for the early detection of violent extremist or terrorist activity and the application of proactive action to deter and pre-empt their incidence
- protect: measures to protect Ghana's interests and to render safe from the harm of violent extremist or terrorist attack vulnerable communities, members of the population, their property, critical infrastructure, mobility corridors and public places as well as virtual/cyberspace
- respond: measures to mitigate the impact of a violent extremist or terrorist attack and to recover from such an incident.

Several international partners have aligned their support on anti-terrorism in Ghana with this framework (e.g. US Embassy in Ghana, 2021; IOM, 2022).

The complementary overarching document of Ghana's first National Security Strategy was launched in 2021. This aims to optimise the effectiveness of the security and intelligence sector, prioritise the effective use of resources and equip institutions to confront threats with rapid, coordinated and comprehensive responses (The Presidency, Republic of Ghana, 2021). It is also intended to be the basis for budget allocations to relevant agencies to help them with implementation (ibid.).

In view of the increasing frequency of threats from radical groups from the Sahel in recent years, the government has been stepping up its defence and security deployment in Northern Ghana (KAS, 2022). For instance, the government recognises that jihadist groups might find infiltration opportunities amid the ongoing ethnic conflict in Bawku, Northern Ghana (France24, 2023). In this regard, the government has increased the presence of soldiers in Bawku from 50 to 400, and has been dispatching up to 500 military force in the region (ibid.).

Ghana has been one of the few countries in the region that has not had a jihadist attack. The relative success in securing the Ghanaian territory could be attributed to its decentralised security network (using a bottom-up approach through district, regional and national security councils), which allows for better coordination and information-sharing between local and national levels, and strengthened regional security committees (ibid.).

Ghana has also been active in the regional security space, including through the Accra Initiative, established under its leadership in 2017. This aims to prevent the spread of violent extremism from the Sahel. Ghana is also part of ECOWAS, which is conducting several initiatives to address the challenges in the Sahel, including activation of the ECOWAS Standby Force to fight terrorism and address challenges to constitutional order. Regional and international initiatives are further discussed in Section 4.6.

4.4 Senegal

Senegal is home to one of Africa's longest-running conflicts – between the Senegalese military and the Movement of Democratic Forces of Casamance (MFDC) – which began in 1982. It also shares an eastern border with Mali – the epicentre of the Sahel crisis. Kayes, Mali, borders

Senegal (indeed, the Senegal River flows into Kayes) and is a location of displaced people as well as militant jihadist cells.

While there has reportedly been only a limited presence of jihadists in Senegal to date, there is a recognised risk that illicit trade and smuggling in the border region may attract more militants. Given the presence of mining reserves close to the south-eastern border region with Mali (Kédougou), the Senegalese government has taken active steps to bolster its military presence in areas along its eastern border close to known areas of terrorist threat in Mali, mainly around Tambacounda, to counteract any terrorist risks emanating from the Kayes region (given the attractiveness of mining activities that help fund violent extremism in the region).

4.4.1 Observable impacts of the Sahel conflict in Senegal

Security situation

The spread of the Sahel conflict to Senegal has so far been limited. The main spillover has been the arrest of three alleged members of a sleeper militant cell linked to Katiba Macina, in the Kidira area, on the eastern border of Senegal and close to the Kayes region of Mali (MAX Security, 2022). Although this cell has been dismantled, the increasing entrenchment of militants in Kayes means that jihadist encroachment is already considered nascent and likely to be a slow-growing process (ibid.). There has been an appeal to the Fulani in West Africa, including in Senegal, to embrace jihad; the exploitation of grievances among the Senegalese population is intended to create tensions and to facilitate recruitment.

The government has taken proactive steps to mitigate both the threat of violent extremism in Senegal and the potential for conflict to spill over from its eastern border with Mali. These steps include the construction of a military camp in Kaffrine and Goudiry, Tambacounda region (Cisse, 2022), and capacity-building operations to streamline cooperation among defence and security forces, gendarmes, police officers and other officials.

Conflict between the Senegalese government and the MFDC continues to exacerbate socioeconomic problems in Casamance – a region that already sees divergences from the rest of Senegal. The most recent reported fighting (March 2022) displaced an estimated 6,000 people, with the total number of displaced people being far higher since the conflict began in 1982. Casamance is a sub-tropical, riverine rice-farming and fishing region populated by people of various ethnicities, and with a significant Christian minority. Its people, about 12% of Senegal’s population, feel isolated and often forgotten by the national government.

Given the tension between this region and the rest of Senegal, there could be risks of potential alignment between the MFDC and other violent extremist groups, such as those emanating from the Sahel crisis. However, this has not been highlighted by the literature to date. Instead, there are broader political risks: the upcoming presidential elections in 2024 are already seeing a rise in tensions, as well as a crackdown on journalists

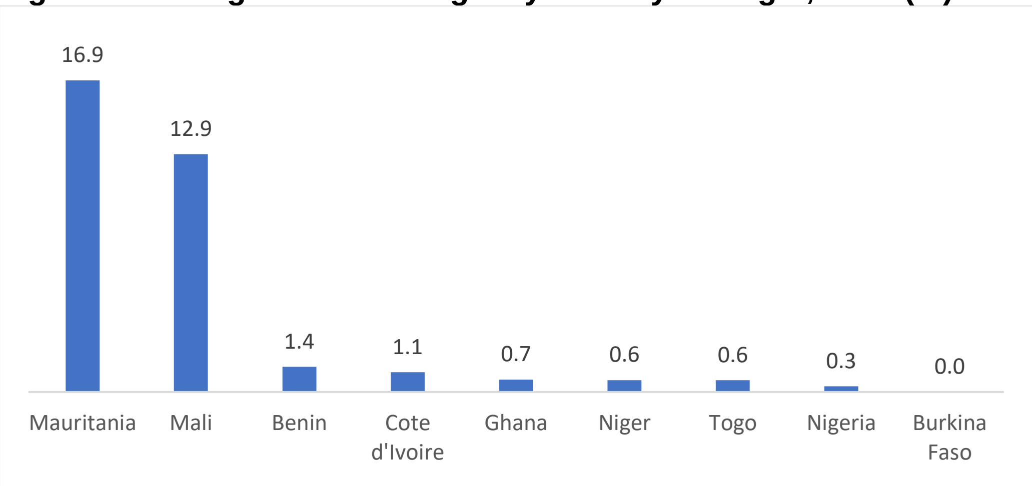
(Oxford Analytica, 2022). These issues are explored further in Section 4.4.3 on policy measures.

Migration

It is challenging to find evidence on the movement of displaced persons from Kayes, Mali (or others moving away from areas of intense conflict in the Sahel) into Senegal. More generally, Senegal hosted an estimated 11,799 refugees (most of whom are from Mauritania) and 263 asylum-seekers as of December 2022.[19]

However, intraregional migration has typically taken place from Mali to plantations and mines in Senegal: many artisanal gold mines are located in the south-eastern region of Tambacounda. Such mobility patterns are facilitated by the free movement allowed within the ECOWAS states (see Claes et al., 2021). Estimates show that the share of migrants from Mali in Senegal is quite high, around 13%. Coupled with the information on remittances (see Section 4.4.2), this is suggestive of close links with Mali through the diaspora.

Figure 15 Migrants to Senegal by country of origin, 2021 (%)



Source: Authors based on data from Knomad (2022a).

4.4.2 Channels of economic spillover effects of the Sahel conflict in Senegal

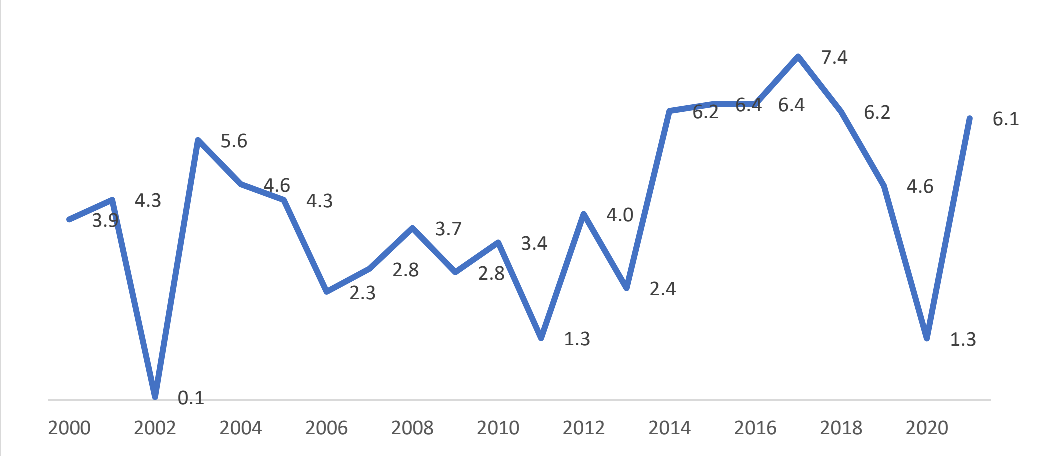
Background: macroeconomic trends

Generally, macroeconomic indicators in Senegal have been improving, especially since the Covid-19 shock, but 2023 has already seen some setbacks and revisions in projections. For example, economic growth in 2023 was expected to exceed past performance at 8.1%.[20] However, this was revised given weaker external demand, as well as heightened regional insecurity and growing social demands amid soaring costs of living (IMF, 2023b). Nevertheless, medium-term growth prospects appear more favourable, with oil and gas production set to start in late 2023, provided

[19] Based on UNHCR operational data accessed in January 2023 (https://data.unhcr.org/en/country/sen).
[20] Based on IMF data (https://www.imf.org/en/Countries/SEN).

appropriate policies are implemented (ibid.). GDP was US27.63 billion (current) in 2021.[21]

Figure 16 Senegal, GDP growth (annual %)



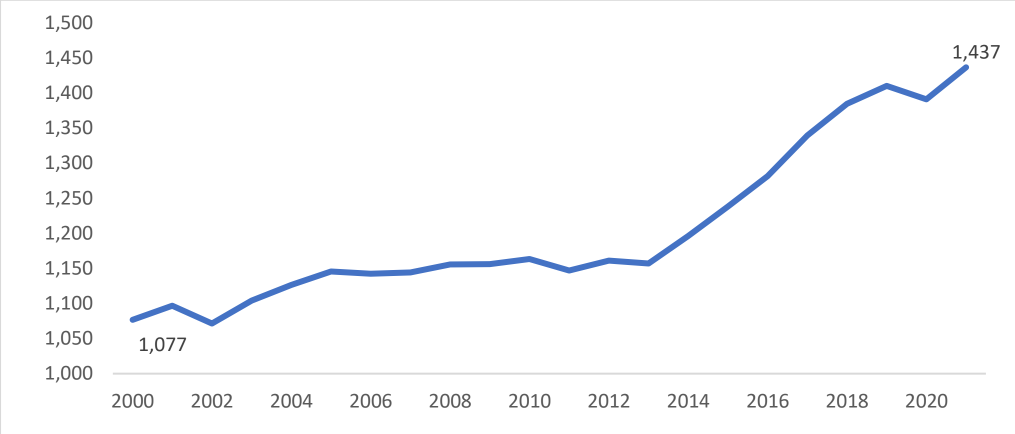
Source: WDI (nearest year).

GDP per capita is expected to increase in line with these trends (Figure 17). However, although real GDP growth averaged 5.5% between 2015 and 2021, it failed to translate into significant poverty reduction or reduced inequality (World Bank, 2022b). Senegal's structural long-run constraints to inclusive and sustained growth include insufficient competition, inadequate private financing and uneven tax enforcement, inequitable and inefficient public social spending, and high and rigid labour costs that have constrained the development of the private sector, limiting job creation in productive sectors (ibid.). The poverty headcount rate is expected to remain stable around 37% (using the lower-middle-income poverty line), as growth is driven mainly by urban services, while the majority of the poor derive their incomes from agriculture (ibid.).

After a steady decline, there has been a recent increase in unemployment (around 22% of the labour force is unemployed as of second quarter of 2022).[22] In view of this, different programmes have been established to better support private sector dynamism and address structural issues in the labour market. Only 6% of firms in Senegal have five employees or more. The share of formal firms with five employees or more is even smaller, at 1.3 % of the total number of firms (Slimane and Gonnet, 2022).

[21] See WDI (2023) GDP (current US$) – Senegal (accessed 15 March 2023) (https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=SN).
[22] Based on data from Agence Nationale de la Statistique et de la Démographie website (accessed March 2023).

Figure 17 Senegal, GDP per capita (constant 2015 US$)



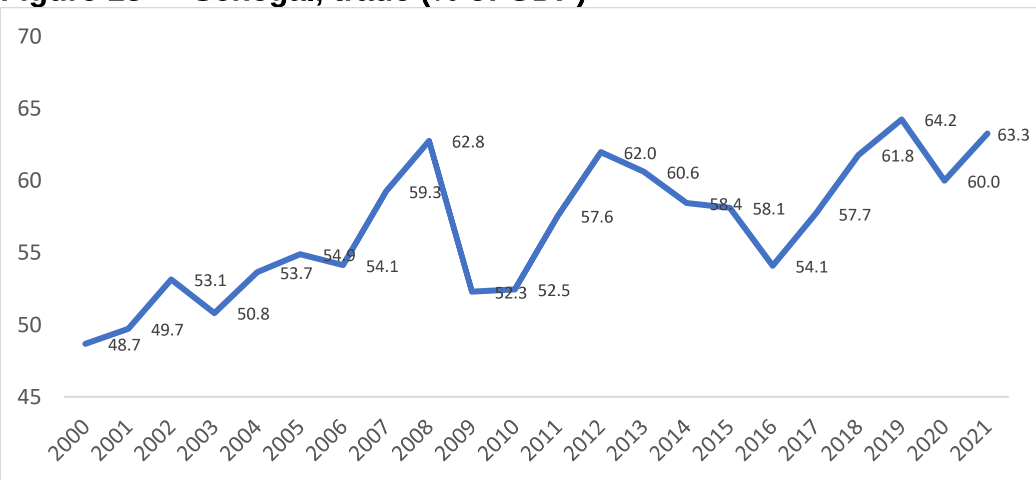
Source: WDI (2023).

Previous negative shocks, such as the 2020 pandemic, have already worsened food insecurity, with incidence of (moderate) food insecurity increasing from 33% in 2018/19 to nearly 50% in 2020 (World Bank, 2022b). In 2023, inflation is expected to rise to 3.1%, and monetary policy is likely to tighten in response to inflation.[23] Nevertheless, the IMF (2023b) suggests Senegal's medium-term growth, anchored in oil and gas production, is expected to be favourable, although risks may emerge from natural disasters and deterioration of the regional security situation in the Sahel.

Trade

Trade as a share of GDP has been growing over time. Senegal is a very open economy. Key sectors such as gas and gold are expected to experience increases in production, output and trade during 2023. The construction sector is also buoyant.

Figure 18 Senegal, trade (% of GDP)

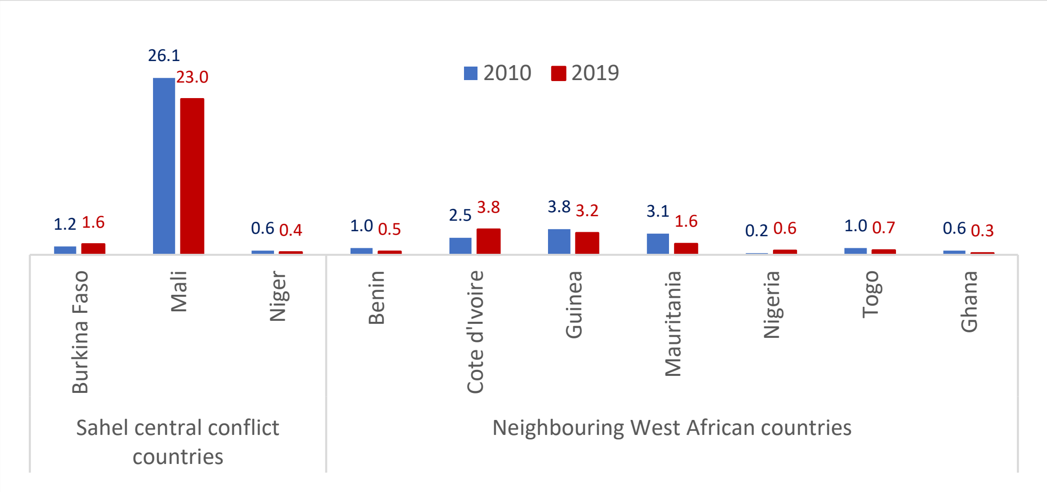


Source: Authors' computations based on WITS data.

[23] Based on IMF data (https://www.imf.org/en/Countries/SEN).

Trade flows with conflict-affected countries in the Sahel accounted for almost 25% of goods exports in 2019, slightly lower than in 2010. This relatively high share indicates the potential for spillover effects to be transmitted via trade.

Figure 19 Senegal, exports to Sahel countries (% of goods exports)



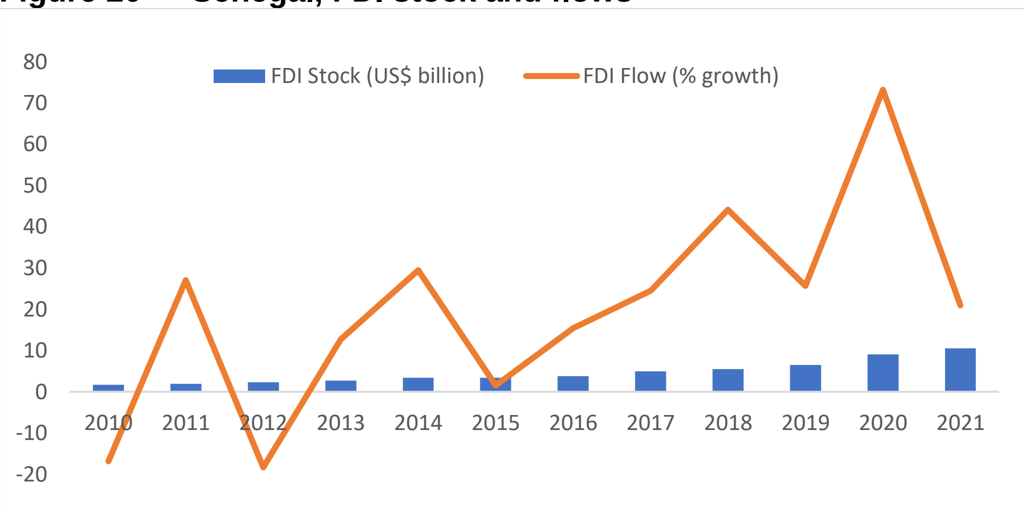
Source: Authors' computations based on WITS data.

Investment

FDI stocks have been increasing steadily over time, with France followed by Mali as the largest sources, followed by Côte d'Ivoire and Guinea (Table 6). Annual growth (%) of flows reached an all-time high in 2020. Sahel crisis-affected countries – Mali and Niger – accounted for almost 25% of inward investment in 2021, which indicates that investment flows are a major channel through which spillover effects may be transmitted to Senegal.

GFCF has been on a growth trajectory since 2010 (Figure 21); the construction sector related to large infrastructure projects in particular is noted as an important driver of recent growth, indicating no evident impact of the regional conflict on domestic investment in Senegal.

Figure 20 Senegal, FDI stock and flows



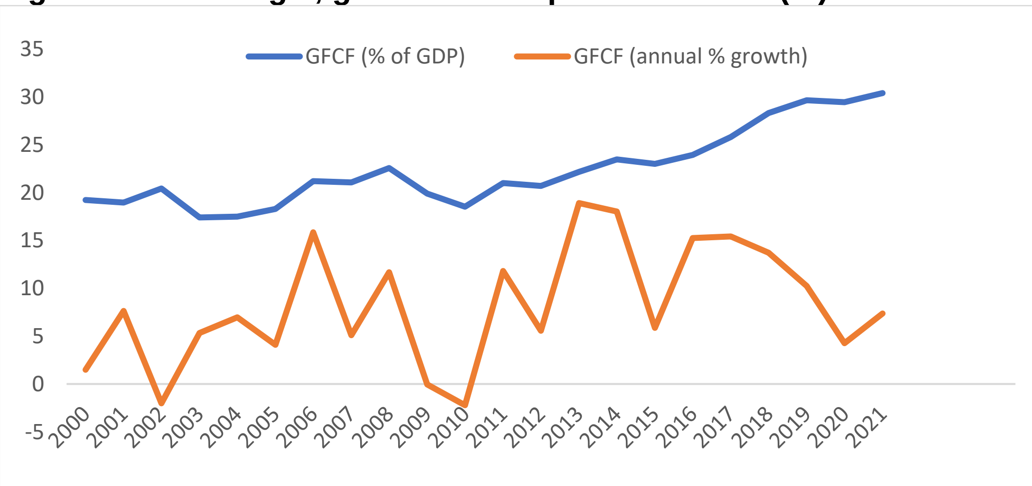
Source: Authors based on UNCTAD data.

Table 6 Inward FDI into Senegal, by country, 2021

Country	Inward FDI ($ millions)	% of total inward FDI
France	570	38.25
Mali*	252	16.93
Côte d'Ivoire	175	11.75
Guinea	154	10.32
Niger*	99	6.66
Benin	69	4.60
Mauritius	58	3.90
Portugal	30	2.00
Togo	18	1.20
Norway	15	1.01
Italy	13	0.91
Belgium	9	0.63
Rwanda	9	0.63
Ireland	7	0.46
The Netherlands	7	0.46
China (mainland)	3	0.22
Zambia	1	0.05
Thailand	1	0.04

Note: * Denotes centre of the Sahel conflict.
Source: Bilateral FDI data based on IMF Coordinated Direct Investment Survey database (accessed in January 2023); nominal GDP based on UNCTAD database.

Figure 21 Senegal, gross fixed capital formation (%)

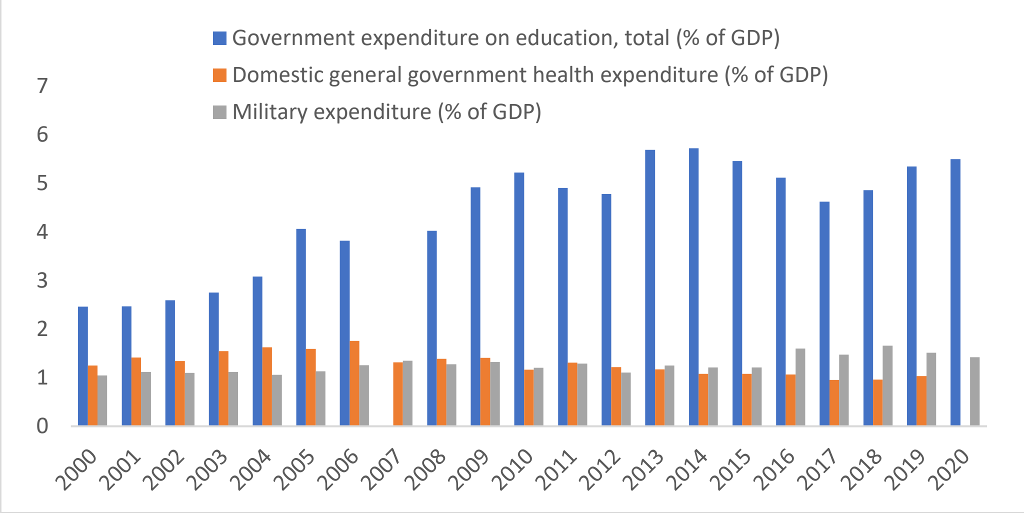


Source: Author's computations based on WITS data.

Fiscal spending

The government of Senegal is committed to fiscal consolidation with Covid-related expenditures being reined in. There have been notable military expenditures, but an increase is not yet reflected in publicly available data (Figure 22). Health expenditure as a share of GDP remains below levels in 2006; expenditure on education has increased in recent years and over the past 20 years has increased from around 2.5% of GDP to around 5.5%.

Figure 22 Senegal, government spending areas (% of GDP)



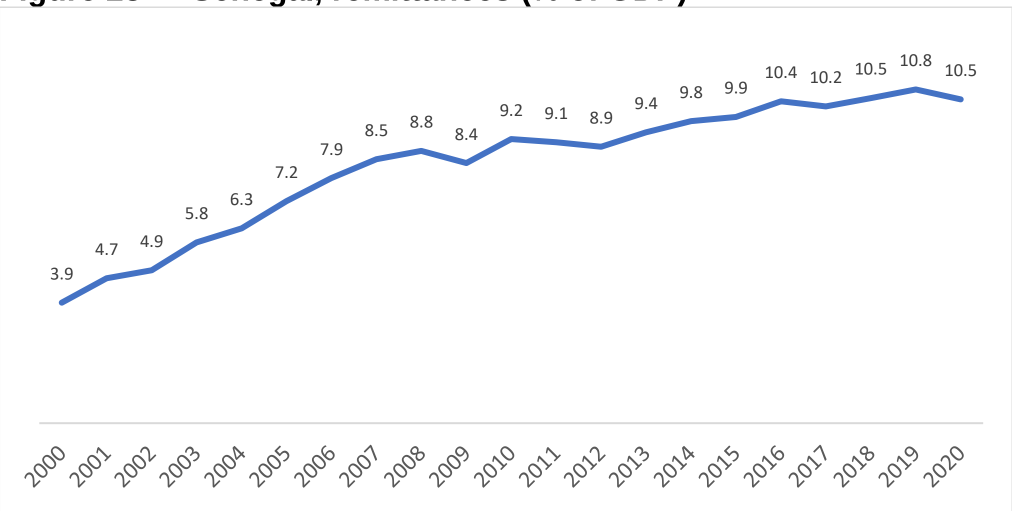
Source: WDI (2023)

Remittances

The diaspora of Kayes is a major actor in the development of its communities and is well organised through a network of migrant associations. These migration patterns are especially true among the Soninké, the dominant ethnic group in the region, who have often been described as 'travellers' (Claes et al., 2021). Remittances into Senegal as a share of GDP have been steadily growing over time (Figure 23).

However, the share of remittances coming from the region – Sahel and neighbours – accounts for a very low share overall: an estimated 0.7%. Nevertheless, the spillover effects of the Sahel crisis – and a reduction in these flows – may still have disproportionate effects on the stock of migrants and the communities that depend on them. This is because migrants from Mali account for the second largest share (13%) of total migrants in Senegal (Figure 15).

Figure 23 Senegal, remittances (% of GDP)



Source: WDI (2023).

Table 7 Remittances from Sahel and neighbours to Senegal

		US$ millions	% of GDP
	Global remittances	2657.500	9.620
Sahel conflict countries	Burkina Faso	9.879	0.036
	Mali	57.176	0.207
	Niger	3.460	0.013
Neighbouring countries	Côte d'Ivoire	77.533	0.281
	Ghana	0.219	0.001
	Mauritania	48.940	0.177
	Togo	2.395	0.009
Total Sahel conflict countries		70.515	0.255
Total neighbours		129.087	0.467
Total regional		199.602	0.723

Source: Authors' compilation/computations based on remittances data from Knomad (2022b); nominal GDP based on WDI database.

4.4.3 Policies to address the impacts of the conflict in the Sahel and potential spread of terrorism in Senegal

The Senegalese approach has been pre-emptive in seeking to counteract the spillover effects of the Sahel crisis. In addition, while there is less information on a formal legal framework for refugee policy, Senegal has dedicated institutions for migration management (the National Status Determination Council and the National Committee on Refugees, Returnees and Displaced People) (Armata, 2021). While securing permanent residency can take many years, as a result of low levels of inter-agency coordination, reports suggest the relative ease of refugees' local integration into agriculture and micro-businesses, while the government is working with international organisations to strengthen refugees' livelihoods and income (ibid.).

In addition, it has been suggested that Senegal should adopt soft counter-militancy approaches, including through other public investments. The current fiscal situation poses challenges – given high inflation and the government's commitment to fiscal consolidation. There are also broader political risks, as the ruling Benno Bokk Yaakaar coalition lost its parliamentary majority in the July 2022 legislative elections and in view of presidential elections in 2024.

Political risks

It is considered likely that current President Macky Sall will attempt to run for a third term in 2024. However, it is important to note that the opposition may see such a move as a violation of the Constitution, and it may consequently be contested by parts of the population. The significant opposition gains in the municipal and legislative elections in 2022 may reduce this likelihood.[24] The result is that political tensions will accelerate in the run-up and potentially beyond, depending on the outcome of the elections. Jihadist groups could exploit this heightened tension, unless the strategy of pre-emptive action continues and the dynamic changes to consider socioeconomic issues and public investment needs. The ongoing tension between the government and the Casamance region is likely to

[2424] Based on Economist Intelligence Unit data (https://country.eiu.com/senegal).

continue; this is also related to socioeconomic concerns that the region is marginalised.

Socioeconomic issues

The government faces a challenging socioeconomic context, with poor households bearing the brunt of inflationary pressure on basic staples. However, growth prospects are considered promising, as oil and gas production comes onstream in 2023. The challenge facing the government lies in ensuring that the resultant revenues are used effectively and equitably to address the need for public investments and to support broader-based economic growth.

4.5 **Togo**

Located on the West African coast, Togo is home to around 8.5 million people. It is bordered by Ghana, Benin and Burkina Faso – the latter country being severely affected by the Sahel crisis. The crisis has only recently directly affected Togo, with direct attacks occurring since May 2022. The observable impacts and channels of indirect effects of the Sahel conflict in Togo are discussed below.

4.5.1 Observable impacts of the Sahel conflict in Togo

Displaced persons

As of 29 July 2022, 1,868 people from Burkina Faso were displaced in zones located in Togo's Savannah province (or Savanes), living with host communities and placing additional strain on an already fragile network of basic social services.[25] Data on the sale of water by region show that Savannah state – the northern-most province, which is directly affected by spillovers from Burkina Faso in terms of the movement of displaced people – experienced a 29.4% year on year increase in sales and an 18.4% monthly increase between May 2022 and June 2022 (the latest month for which data are available) compared with the same periods in 2021.[26]

Terrorist attacks

In an attack on 11 May 2022, the al Qaida-affiliated Group for the Support of Islam and Muslims killed eight Togolese soldiers and wounded 13 in an attack on an army post in the town of Kpekankandi in Togo near the border with Burkina Faso. It was the first deadly attack by jihadist groups in Togo (Security Council Report, 2022). Since then, further deadly terrorist explosions (Bonny, 2022) have occurred, as well as other attacks in the Savane region (Crisis24, 2023). But it remains challenging to verify some reports, and reporting has been restricted.

[25] The spillover areas have consistently scored lowest in terms of infant and child mortality, vaccination coverage, access to water, child nutrition and school enrolment and present the highest level of monetary poverty (65% against a national average of 45%) (see UNICEF, nd).
[26] See https://inseed.tg/

State of emergency

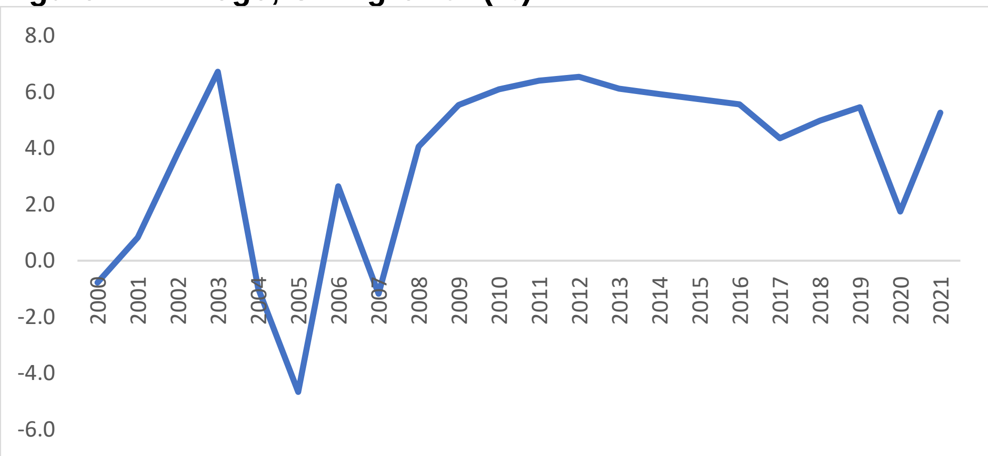
In June 2022, a state of emergency was declared for the state of Savannah, which has suffered from incursions from violent extremist organisations and jihadist groups. As of September 2022, around five attacks had been experienced since November 2021 (Africa News, 2022c). The state of emergency was subsequently extended until March 2023 – reportedly to allow for the more rapid deployment of operational forces.

4.5.2 Channels of potential spillover effects of the Sahel conflict in Togo

Background: macroeconomic developments

While overall macroeconomic indicators for Togo are improving, there are reasons for concern. Growth has bounced back since Covid-19; over the past decade, it has been considered robust – averaging 5.3% between 2010 and 2019 – but more action is needed to ensure it is more inclusive (World Bank, 2022c).

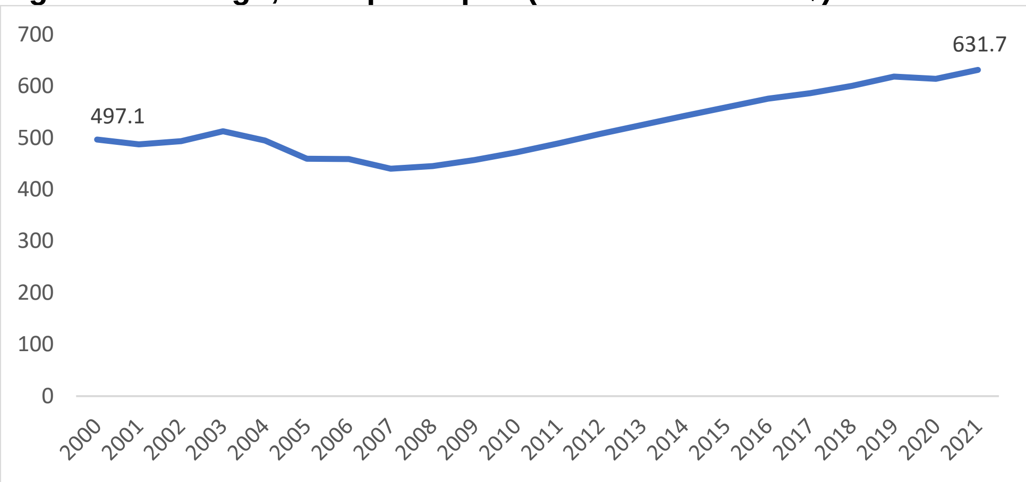
Figure 24 Togo, GDP growth (%)



Source: WDI (2023).

GDP per capita is growing (Figure 25) but overall levels are extremely low: poverty is severe, especially in rural areas (58.8% compared with almost 30% in urban areas), in part related to an annual population growth rate of 2.5% (World Bank, 2022d). Addressing social inclusion is one key objective of Togo’s latest development roadmap 2020–2025, together with other objectives for job creation, peace consolidation and modernising public administrative structures (World Bank, 2022d). The public investment associated with implementation of the roadmap is expected to boost Togo’s medium-term growth, although downside risks may emerge from global price volatility, growing domestic debt and fiscal risks, and the security situation in the northern part of country bordering the Sahel conflict countries (World Bank, 2022d).

Figure 25 Togo, GDP per capita (constant 2015 US$)

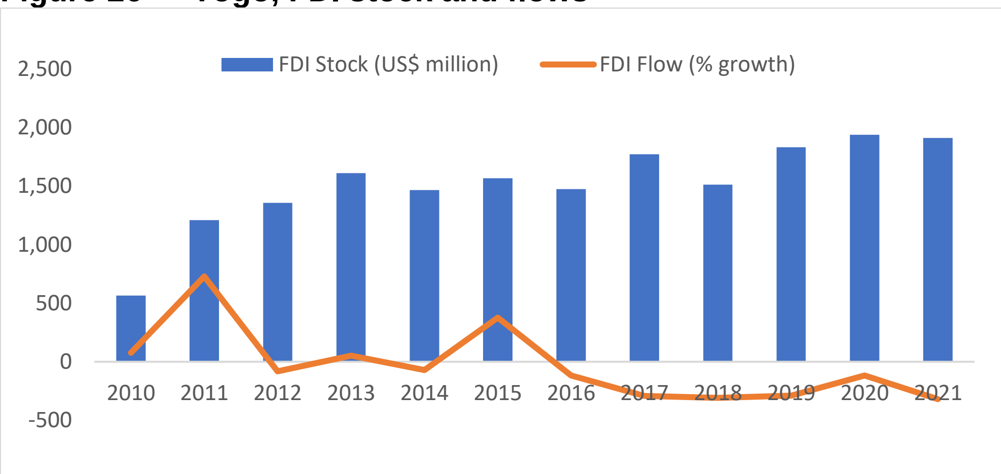


Source: WDI (nearest year).

Investment

Investment, as indicated by FDI and GFCF, has experienced negative growth recently (Figures 26 and 27). Lomé is a trade hub with pro-business policies but the high political risks and severe economic tension, combined with inadequate infrastructure and rising public debt, are affecting international investor confidence (Allianz, 2021).

Figure 26 Togo, FDI stock and flows



Source: WITS (nearest year).

The top foreign investors in Togo include Côte d'Ivoire, followed by France and Benin (Table 8). Although accounting for a relatively low share in comparison, crisis-affected countries such as Mali and Niger accounted for almost 10% in 2021. This indicates that the investment channel is an important mechanism of spillover effects – reduced flows from crisis-affected neighbours could affect the Togolese economy.

Gross capital formation as a share of GDP has declined in recent years (Figure 27). In addition to political risks and sensitivities affecting investor confidence, public debt is high, with inadequate transport infrastructure. To address the challenges of infrastructure, public investment will include the construction and upgrading of rural roads linking the capital to other cities

(Lomé, Kpalimé, Aného); in addition, the Adetikiopé industrial platform, focused on processing and exporting natural resources and opened in June 2021, is expected to increase private investment (Coface, 2022).

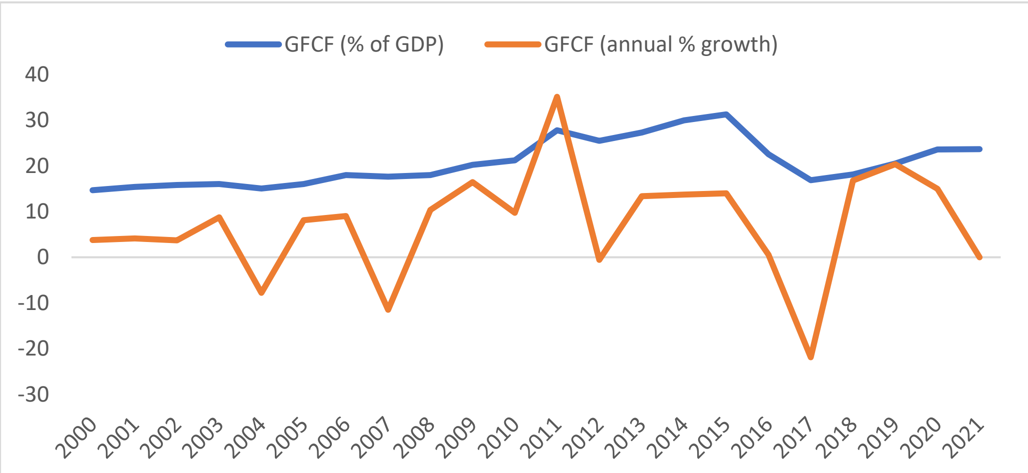
Table 8 Inward FDI into Togo, by country, 2021

	Inward FDI (US$ millions)	% of total inward FDI
Côte d'Ivoire	452	42.47
France	192	18.02
Benin	120	11.24
Guinea	73	6.85
Rwanda	73	6.82
Zambia	61	5.76
Mali*	55	5.12
Niger*	32	2.98
Mauritius	4	0.38
The Netherlands	1	0.11
Spain	1	0.11
Belgium	1	0.07
Italy	1	0.05

Note: * Denotes centre of the Sahel conflict.

Source: Bilateral FDI data based on IMF Coordinated Direct Investment Survey database (accessed in January 2023); nominal GDP based on UNCTAD database.

Figure 27 Togo, gross fixed capital formation (%)

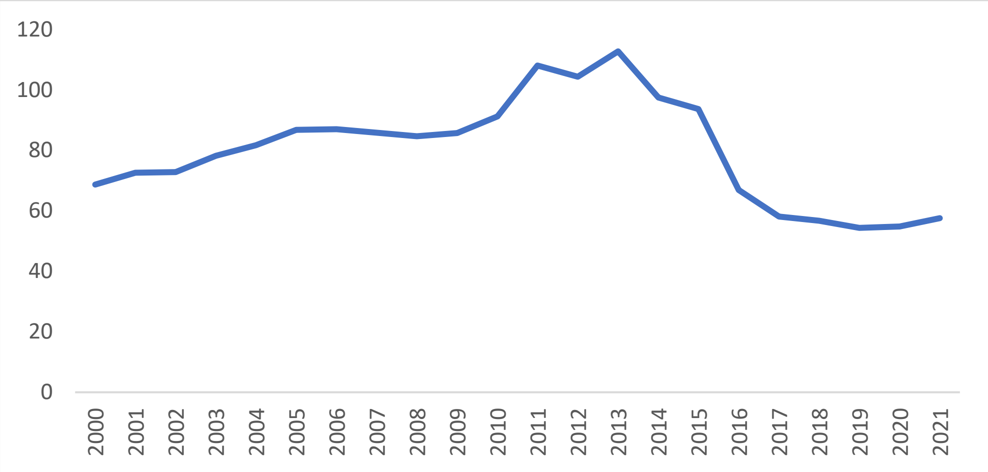


Source: Author's computations based on WITS data.

Trade

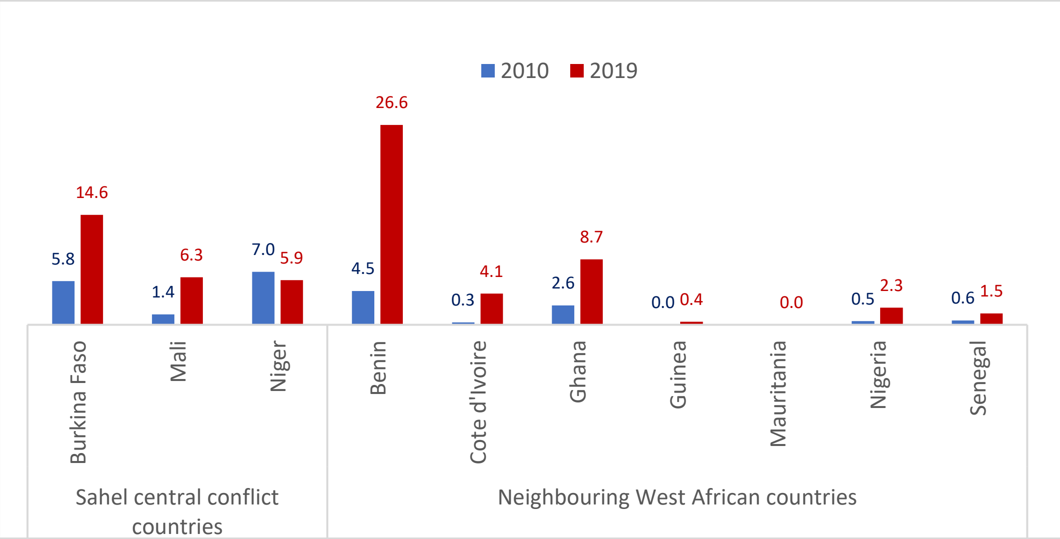
Trade as a share of GDP has declined over time since around 2015 (Figure 28). Togo's export basket mainly comprises commodities, including refined petroleum and cement. Bilateral trade data show that Togo has high exposure to the Sahel region. Exports to all Sahel crisis-affected countries except Niger increased between 2010 and 2019 (Figure 29) and overall accounted for around 25% of total exports. If we consider shares to neighbouring countries, this rises to around 60% of total exports.

Figure 28 Togo, trade (% of GDP)



Source: Authors' computations based on WITS data.

Figure 29 Togo, exports to Sahel countries (% of goods exports)



Source: Authors' computations based on WITS data.

The National Institute of Statistics and Economic and Demographic Studies does not present data on gold exports in its monthly bulletin (INSEED, 2022). However, according to the UN, Togo is a country that has become commodity-dependent over the past 10 years: exports of agricultural goods declined while those of ores, metals, precious stones and non-monetary gold increased as a percentage of merchandise exports, from 15.9% to 17.4%, between 2008/09 and 2018/19 (UNCTAD, 2021). In terms of Togo's export partners for gold, the United Arab Emirates features as an important market in official trade statistics. Unofficial partners include South Africa as well as Lebanon. An potential indirect spillover effect of the crisis in Burkina Faso is through an increase in exported gold from Togo, which may increase government revenue for Togo.[27]

[27] According to Medinilla et al. (2020), Togo has no significant gold production, yet it recently reported an export of 48.7 tonnes. The vast majority of small-scale mined gold leaves Burkina Faso to be sold in neighbouring countries, which include Togo. The taxes levied on gold exported from Togo range from FCFA 35,000 to FCFA 40,000 per kg compared with FCFA 450,000 in Burkina Faso (OECD, 2018).

Remittances

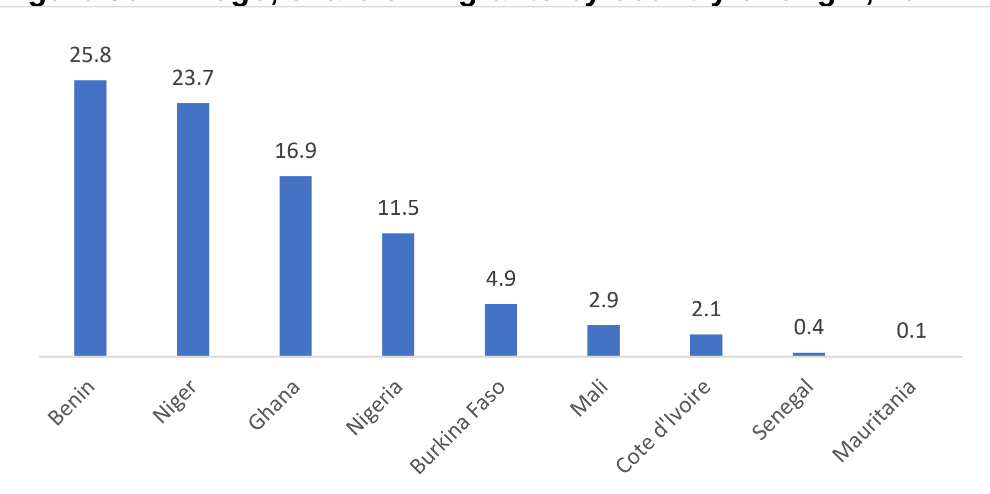
Remittances coming from Sahel crisis-affected countries account for a low share of overall remittances (around 2%, Table 9) but total remittances from neighbouring countries are at around 5%. However, if we look at migrants in Togo, those from Mali and Niger in total exceed 25% This indicates that a large number of migrants from the Sahel who may be relying on remittances (e.g. if migration has been motivated by fleeing from intense conflict zones) may be adversely affected in the event that an escalation and spread of the Sahel conflict disrupts critical remittances channels.

Table 9 Remittance from Sahel countries to Togo

		US$ millions	% of GDP
	Global remittances	674.000	8.011
Sahel conflict countries	Burkina Faso	14.886	0.177
	Mali	4.185	0.050
	Niger	11.530	0.137
Neighbouring countries	Benin	115.504	1.373
	Côte d'Ivoire	45.769	0.544
	Ghana	115.478	1.373
	Mauritania	0.171	0.002
	Nigeria	171.352	2.037
	Senegal	1.765	0.021
Total Sahel conflict countries		30.602	0.364
Total neighbours		450.039	5.349
Total regional		480.640	5.713

Source: Authors' compilation/computations based on remittances data from Knomad (2022b); nominal GDP based on WDI database

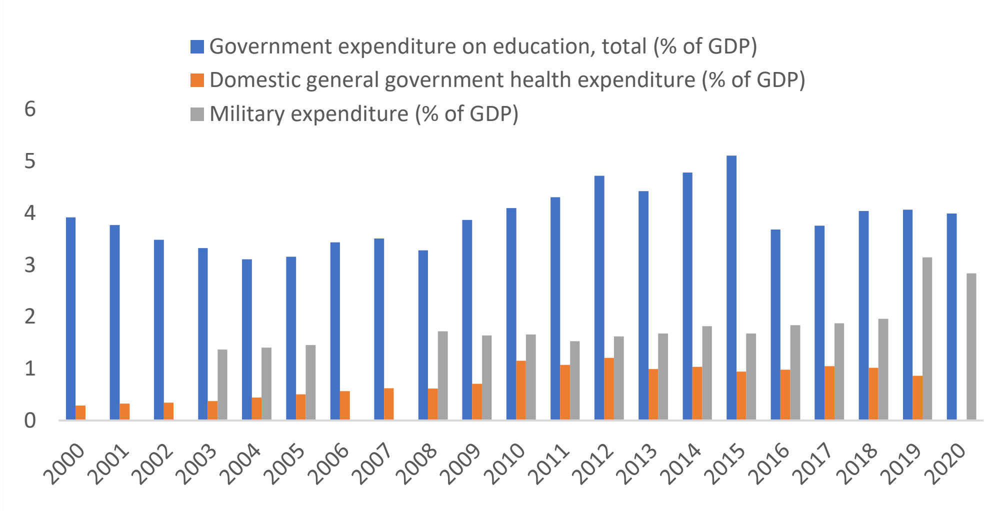
Figure 30 Togo, share of migrants by country of origin, 2021



Source: Authors' computations based on Knomad (2022a) data.

Regarding public expenditure as percent share of GDP, that on the military has jumped from around 2% in 2009–2018 to just under 3% in recent years. This is reflective of a military presence increase in Savannah in the north of Togo since 2018. In comparison, government expenditure on healthcare has remained largely stagnant at around 1%, while expenditure on education declined from a peak of 5% in 2015 to 4% in 2020, indicating that recent increases in military spending may be financed partially at the expense of expenditures for social services.

Figure 31 Togo, government spending areas (% of GDP)



Source: Authors' computations based on WITS data.

4.5.3 Policies to mitigate the impacts of the conflict in the Sahel and the spread spillover of terrorism in Togo

Togo is classified as an impoverished fragile state (OECD, 2022). It has been ruled by a single family for more than five decades and suffers from endemic corruption. A state of emergency was imposed in the northern provinces in 2022 because of extremist violence. The Savanes Region Emergency Program, supported by multilateral and bilateral donors, has been initiated to expand rural networks and access to water and electricity for the most vulnerable population, and generally promote greater resilience to terrorism in the community (see Togo First, 2023).

Togo has received an influx of refugees from Burkina Faso recently, in addition to its stock of more than 10,000 refugees and asylum-seekers as of February 2022 (IHD, 2022). However, Togo does not have an encampment policy, and refugees and asylum-seekers are encouraged to integrate themselves within their host communities, living in both urban and rural areas (ibid.). In April 2022, Togo approved a bill to approve the country's immigration policy to manage immigration flows, as well as address threats of terrorism and violent extremism, banditry and illegal cross-border trafficking, among others (Togo First, 2022).

The extreme poverty of Togo's rural and northern regions, and the socioeconomic gap between them and the more urban coast, increases the risk that extremism will root itself in northern Togo.

There is significant unease among the population with regard to the political situation, as Togo is among the least democratic countries in West Africa. President Faure Gnassingbé has relied on the security services and the dominance of legislative and judicial organs to maintain power since 2005 when he succeeded his father, who had ruled since 1967; Gnassingbé won re-election in 2020 to a fourth term by rewriting electoral laws, restricting media and curbing opposition political activity; Togo experiences intermittent unrest, especially during elections, as a result of this constrained political environment (CPA, 2021).

The systematic closing of markets, impositions of curfews, limiting of herders' movements and ban on essential commercial activities (motorbikes, sale of peppers, fishing, etc.) through the state of emergency could arouse anger at the authorities; aggrieved individuals could fall into the hands of insurgents who position themselves as facilitators of 'local livelihoods' (CPA, 2021).

The protected forest areas and national parks in northern Togo could be seen as potential safe havens, sources of revenue and sites for recruiting and training. They are sparsely populated and rich in flora and fauna that adjacent communities are eager to exploit. Thus, nearby communities could benefit from insurgent activities that limit government control (CPA, 2021).

While the spillover of the conflict into northern Togo from Burkina Faso has so far been contained, there is potential for alliances or the creation of bridges between armed groups and independence fighters in Western Togoland, located in Ghana (KAS, 2022). Thus the spillover effects of the crisis into Ghana are as of much relevance as those into northern Togo, but so far there does not seem to be much consideration of these potential developments in Togo.

4.6 Summary of country case findings

4.6.1 Observable impacts of the conflict

Examination of the available information suggests **heightened security risks linked to extremist groups from the Sahel in bordering West African countries**, with reported attacks leading to deaths in Côte d'Ivoire (14 soldiers) and Togo (eight soldiers), encroachment activities, increased illicit trade (e.g. potentially to finance extremist activities) along the border with the Sahel conflict countries and recruitment in Côte d'Ivoire, Ghana, Senegal and Togo.

Migration patterns may provide a signal of the impact of the conflict on the wider region, as displaced persons move cross-border to flee from areas of intense conflict. It might be noted, however, that there was already a long-standing history of migration in the region, driven by various motivations (e.g. the search for economic opportunities) and facilitated by the free movement of people among ECOWAS members. For instance, the share of migrants from Burkina Faso, Mali and Niger is estimated to reach 76.7% in Côte d'Ivoire, 16.9% in Ghana, 13.5% in Senegal and 31.5% in Togo. As a share of the recipient country's population, these migrants represent 0.2% in Ghana up to 7.2% in Côte d'Ivoire.

More recently, however, **there have reportedly been increases in refugee inflows to neighbouring countries particularly as a result of latest intensification of the conflict affecting Burkina Faso**. Reports suggest that around 50,000 displaced Burkinabés fled to Benin, Côte d'Ivoire, Ghana, Mali, Niger and Togo between 2021 and 2022.

Despite the long history of regional migration, compounded by cross-border refugees fleeing from the Sahel conflict in the past decade, **there seem to be no comprehensive legal frameworks and strategies for migration**

policy oriented to refugee management in the four focus countries, except for Ghana to some extent.

4.6.2 Potential channels of economic spillover effects of the conflict

There is a lack of empirical estimates quantifying the spillover effects specifically from the Sahel conflict on the four focus countries. However, the bilateral economic links and exposure of the four countries at the centre of the Sahel conflict and other affected West African countries may provide a picture of the channels through which the impact of an escalated conflict may be transmitted to the wider region.

Table 10 shows that **the economic exposure of the four focus countries to the centres of conflict in the Sahel ranges from an equivalent of 1% (Ghana) to 5.0% (Togo) of GDP via exports, FDI and remittances alone**. If the conflict spreads throughout the neighbouring West African countries, this exposure could reach between 3.6% (Ghana) and 27% (in Togo) of GDP. This indicates the importance of regional efforts to mitigate and prevent the spread of the conflict, given the significant and integrated economic links in West Africa that the conflict could disrupt.

Table 10 Bilateral exposure of Côte d'Ivoire, Ghana, Senegal and Togo to conflict-affected countries in the Sahel

	Exports (% of GDP, 2021 or latest)		FDI (% of GDP, 2021 or latest)		Remittances (% of GDP, 2021 or latest)		External sector channels (% of GDP)	
	A		B		C		(A+B+C)	
	Centre of conflict	Other West African neighbours	Centre of conflict	Other West African neighbours	Centre of conflict	Other West African neighbours	Centre of conflict	Other West African neighbours
Côte d'Ivoire	2.2	1.3	0.3	0.4	0.3	0.04	2.8	1.7
Ghana	0.5	0.7	0.1	0.3	0.2	1.8	0.8	2.9
Senegal	3.7	2.0	1.7	5.9	0.3	0.5	3.7	8.4
Togo	3.2	3.5	1.2	13.3	0.4	5.3	4.8	22.1

Notes: Centre of conflict refers to Burkina Faso, Mali and Niger; other West African neighbours refers to Benin, Côte d'Ivoire, Guinea, Mauritania, Nigeria, Senegal and Togo; data for Ghana's exports are as of 2019.

Based on the literature examined in Section 2, bilateral trade and investment flows tend to slow by up to 40% in the event of conflict, even when one trading partner is not directly involved in the conflict. Using this assumption, Table 11 shows that each focus country may be losing between $86 million (Togo) and $520 million (Côte d'Ivoire) in one year, based on 2019 prices, through trade with Burkina Faso, Mali and Niger alone.

Indicatively, economic spillover effects from the Sahel conflict via the goods export channel seem to be relatively more important for Senegal, with estimated export losses equivalent to 1.8% of its GDP – more than what the country is estimated to allocate to health (1.03% of GDP as of 2019). If conflict intensity spreads through the West African countries (i.e. the four focus countries and and/or other six West African neighbouring countries), the potential export losses could be up to 3.3% of GDP.

Table 11 Estimated losses of focus countries from the Sahel conflict through lower bilateral goods exports by 40%

	$ million			% of GDP		
	Centre of conflict	Other West African countries	Total	Centre of conflict	Other West African countries	Total
Côte d'Ivoire	520.12	345.27	865.39	0.9	0.6	1.5
Ghana	146.13	202.44	348.57	0.2	0.3	0.5
Senegal	415.73	177.82	593.55	1.8	0.8	2.5
Togo	86.60	140.36	226.96	1.3	2.0	3.3

Notes: Estimated losses are equivalent to 40% of goods exports value as of 2019 based on WITS data, based on the assumption of a 40% decline in bilateral trade when at least one trading partner is in a conflict situation.

The empirical literature highlights that conflict tends to lower bilateral FDI flows by 40% and reduce overall FDI inflows by a third from levels before the onset of armed conflict. This is aligned with the magnitude of the decline in FDI flows observed at the onset of intense conflict in Mali (2012), Niger (2015) and Burkina Faso (2015), at 28.6%, 35.7% and 35.1%, respectively.[28] Based on these, Table 12 provides an estimate of the losses from the spillover effects of the conflict through a 30% decline in FDI inflows. **In the event of a spread of conflict to the four focus countries, losses could reach nearly 3% of GDP via the FDI channel, with the most impact to be felt by Senegal**.

Table 12 Estimated losses of focus countries from the Sahel conflict through lower FDI inflows fall by 30%

	US$ million	% of GDP
Côte d'Ivoire	414.7	0.7
Ghana	784.1	1.1
Senegal	669.6	2.9
Togo	39.0	0.6

Note: FDI inflow losses based on 2021 net FDI inflows from WDI.

Remittances were examined in the country-level investigations in the previous sections and are summarised in Table 13. **While remittances from the Sahel conflict countries in each of the focus countries seem to be low, at less than 1% of GDP, they may be important to the significant amount of migrants from Burkina Faso, Mali and Niger in the host focus countries**, which together represent between 0.2% of the population (or 80,276 migrants) in Ghana and 7.2% of the population (nearly 2 million migrants) in Côte d'Ivoire. Remittances have proved to be countercyclical (e.g. they tend to increase in times of economic downturn), and ensuring that they reach their recipients, especially refugees, may help augment incomes and spending for basic survival needs.

[28] Authors' computations based on WDI data on net FDI inflows in current US$.

Table 13 Remittance and migrants from the Sahel region, 2021

		Receiving country			
		Côte d'Ivoire	Ghana	Senegal	Togo
Remittances (% of GDP)	From centre of conflict	0.28	0.18	0.26	0.36
	From other West African neighbours	0.04	1.82	0.47*	5.35
	Total	**0.32**	**2.00**	**0.72**	**5.71**
Migrants (% of population of host countries)	From centre of conflict	7.16	0.24	0.22**	1.02
	From other West African neighbours	1.14	0.85	0.34	1.84
	Total	**8.29**	**1.09**	**0.56**	**2.86**

Notes: Centre of conflict refers to Burkina Faso, Mali and Niger; other West African neighbours refers to Benin, Côte d'Ivoire, Guinea, Mauritania, Nigeria, Senegal and Togo; data for Ghana's exports are as of 2019. * May be underestimated owing to lack of remittance data from Benin and Nigeria; ** may be underrepresented owing to lack of data on migrants from Burkina Faso.

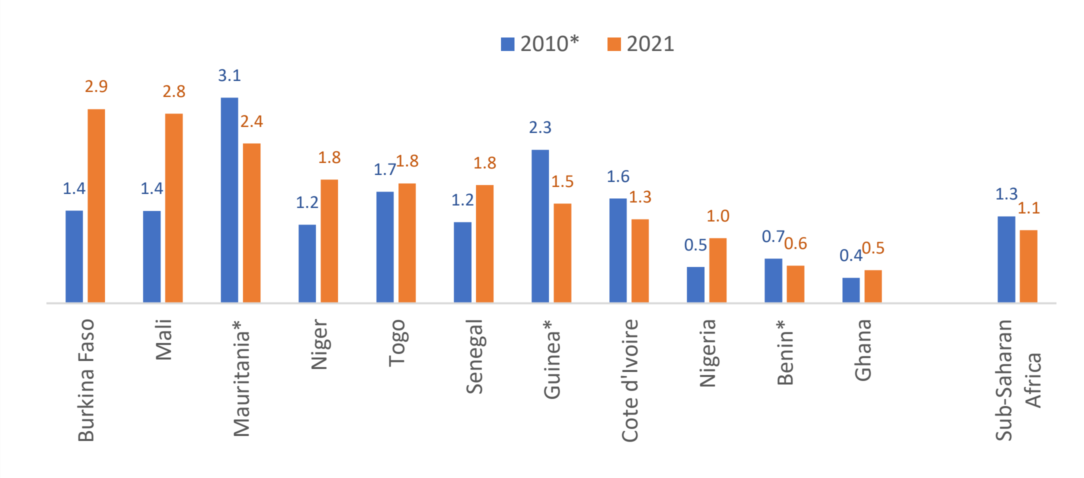
The above summarises the economic spillover effects of the Sahel countries to the four focus countries. If the intensity and violence of the Sahel conflict spread to the focus countries, the full economic impact may be an up to 8% reduction in GDP growth in one year, with persistent lower economic and per capita growth even after five years from the onset of the conflict, based on the cross-country literature review presented in Section 2.

4.6.3 Policy responses by focus countries

The governments of the four focus countries have stepped up their defence security strategies and deployment in bordering zones to address the potential encroachment of extremist activities and recruitment, while managing the influx of cross-border refugees from Sahel conflict-affected areas. As of the time of writing of this paper, out of the four focus countries, Ghana is the only one that has not yet registered a jihadist attack within its border. **There are lessons to learn from Ghana's bottom-up security approach (e.g. decentralised from district, regional and national) and existing policy frameworks on combatting extremism and refugee management.**

There is no information on the precise amount of public spending by the four focus countries dedicated to addressing the Sahel crisis. Indicative information is the reported an 18–32% budget allocation for security expenses by the G5 Sahel (Burkina Faso, Chad, Mali, Mauritania and Niger). In addition, **military spending as a share of GDP in the past decade has generally increased in the Sahel countries, including the four focus countries, compared with the decline registered in sub-Saharan Africa** (Figure 32).

Figure 32 Military spending in the Sahel countries (% of GDP)



Note: * Indicates 2010 or closest year with available data.
Source: WDI.

The need for additional fiscal spending to mitigate the Sahel conflict impacts may contribute to the already fragile macro-stability situation in the four countries, which are already in debt default or at high or moderate risk of debt distress. All are already constrained by persistent structural issues (e.g. poverty, inequality), more frequent extreme weather conditions and the socioeconomic impacts of Covid-19, and are now facing macro-financial risks emanating from the global effects of the Russia–Ukraine war (e.g. higher prices of food) and the subsequent tightening of global financial conditions (e.g. higher borrowing rates). To date, Ghana has already defaulted on its public debt, Togo is at high risk of debt distress and Côte d'Ivoire and Senegal are at moderate risk of debt distress.

There is also a worrying pattern of a negative relationship between public spending on defence and that on social services, with long-term growth and social development implications. As observed in Ghana and Togo, episodes of increased military spending are associated with stagnant or lower spending on health and education. The lack of basic health and social services and economic opportunities, especially in border zones, increases the risk that extremist activities will take root in these areas.

To respond to threats to lives from extremist attacks, and the direct and indirect economic and development costs of heightened insecurity at the country and regional level, **African countries and international agencies have led several initiatives to mitigate the spread of violence and extremism in neighbouring countries, combined with support for complementary development interventions to address the root causes of extremism**. Africa-led initiatives include the G5 Sahel (Chad, Niger, Burkina Faso, Mali, and Mauritania), the Accra Initiative and efforts of the AU, ECOWAS and the African Development Bank (AfDB). At the international level, multi-partnership military and development interventions are led by the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA), the World Bank and the Sahel Alliance, among others (see Box 1).

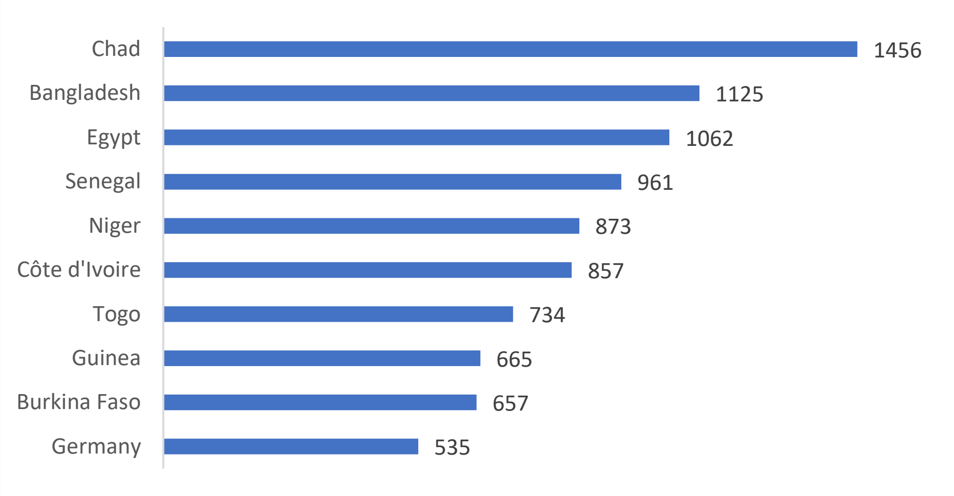
For several initiatives, a strengthened military response against terrorist and extremist threats is a common theme. For instance, in 2017, the G5 Sahel formed the **G5 Sahel Joint Force**, comprising 5,000 military personnel from the G5 countries to combat violent extremist groups (NATO, 2020). Meanwhile, the heads of state of the **Accra Initiative**, during their latest meeting, in November 2022, committed to mobilise indigenous resources to operationalise the Multinational Joint Task Force of the Accra Initiative within a month in view of heightened insecurity threats in the region (UNOWAS, 2022). Some reports highlight some challenges within the Initiative related to limited resources and capabilities, as well as some contention among some countries related to the presence of a Russian military company, Wagner, and the earlier detention of Ivorian soldiers in Mali (Kwarkye et al., 2019; Pouya, 2022).[29]

ECOWAS also aims to address security challenges with its zero-tolerance policy towards power obtained or maintained by unconstitutional means; through its activation of the ECOWAS Standby Force to fight terrorism and address challenges to constitutional order in the region; and by supporting transitions in member states affected by *coups d'état* (ECOWAS, 2022a). One concrete action has entailed the economic and financial sanctions imposed on Mali (January–July 2022) and Guinea (since September 2022) following delays in their implementation of a return to a democratic regime (Aljazeera, 2022; ECOWAS, 2022b). In December 2022, ECOWAS called its Committee of Chiefs of Defence to urgently study and propose options to operationalise an ECOWAS Standby Force to combat terrorism, in view of growing concerns of a worsening regional security situation and its potential consequences for coastal areas (ECOWAS, 2022c).

At the international level, the UN's MINUSMA supports political processes, the rebuilding of the security sector and the protection of human rights in Mali, and had deployed 17,577 personnel (e.g. civilians, police, staff officers, troopers, volunteers) and 15,209 uniformed personnel (e.g. military personnel, police in formed units) as of June 2022. Most military personnel are from African countries; military support also comes from Bangladesh and Germany (Figure 33).

[29] The Ivorian soldiers were freed in January 2023, after six months of detention in Mali (Aljazeera, 2023).

Figure 33 Top 10 military contributors to MINUSMA as of June 2022



Source: https://peacekeeping.un.org/en/mission/minusma

Box 1 Initiatives to address the Sahel conflict and impacts

The **AU Strategy for the Sahel Region** was launched in 2014 and centres on tackling issues around governance, security and development in the region. It leverages the AU's comparative advantage and experience in handling such issues in the African context and collaborates with regional economic communities and AfDB for implementation.

ECOWAS initiatives in the Sahel are anchored in its zero-tolerance policy towards power obtained or maintained by unconstitutional means; activation of the ECOWAS Standby Force to fight terrorism and address challenges to constitutional order in the region; and supporting transitions in member states affected by *coups d'état*. ECOWAS also imposes economic and financial sanctions on countries with undemocratic processes (or unduly delay the transition), demonstrated by recent sanctions on Guinea and Mali.

The **G5 Sahel** was established in 2014 and forms a framework for cooperation among Burkina Faso, Chad, Mali, Mauritania and Niger to achieve wide-ranging mandates. As well as the fight against terrorism and organised crime, it aims to restore state authorities and return refugees and IDPs. In 2017, the G5 Sahel Joint Force was formed, comprising 5,000 military personnel from the G5 countries to combat violent extremist groups.

The **Accra Initiative**, led by Ghana, was established in 2017 and aims to prevent the spread of violent extremism from the Sahel and combat transnational organised crimes in border areas. It is oriented towards regional military response, with complementary national-level non-security interventions to address the root of extremism. The Initiative is being led by heads of state/presidents and is being funded by the Initiative's member countries.

MINUSMA was established by the United Nations Security Council in 2013 and has since aimed to support political processes in Mali; ensure security and the protection of civilians; support national political dialogue and reconciliation; assist in the re-establishment of the state authority; rebuild the security sector; and promote and protect human rights in Mali. It has an annual budget of about $1.2 billion and had deployed 17,577 personnel and 15,209 uniformed personnel as of June 2022. Military contributors are mainly from the Sahel region, with support from Bangladesh and Germany as well, among others.

The **Sahel Alliance**, launched by France, Germany and the EU in 2017 and later joined by several multilateral and regional development banks and bilateral partners, has been supporting 1,200 projects with €26.5 billion in funding as of June 2021. Its main objective is to restore the foundations of stable societies for sustainable development and peace in the Sahel. Priority is given to education and youth employment, agriculture, rural development, food security, energy and climate, governance, decentralisation and basic services.

The **Sahel Adaptive Social Protection Programme** is a multi-donor trust fund managed by the World Bank that supports the strengthening of adaptive social protection systems in Burkina Faso, Chad, Mali, Mauritania, Niger and Senegal, with the aim of enhancing the resilience of the poor and vulnerable populations to the impact of climate change. One of the key themes for its regional activities is supporting social protection operations in the context of increased fragility and displacement in the Sahel region. Donors are Denmark, France, Germany and the UK, and $165.5 million has been allocated to investment projects through the World Bank International Development Association.

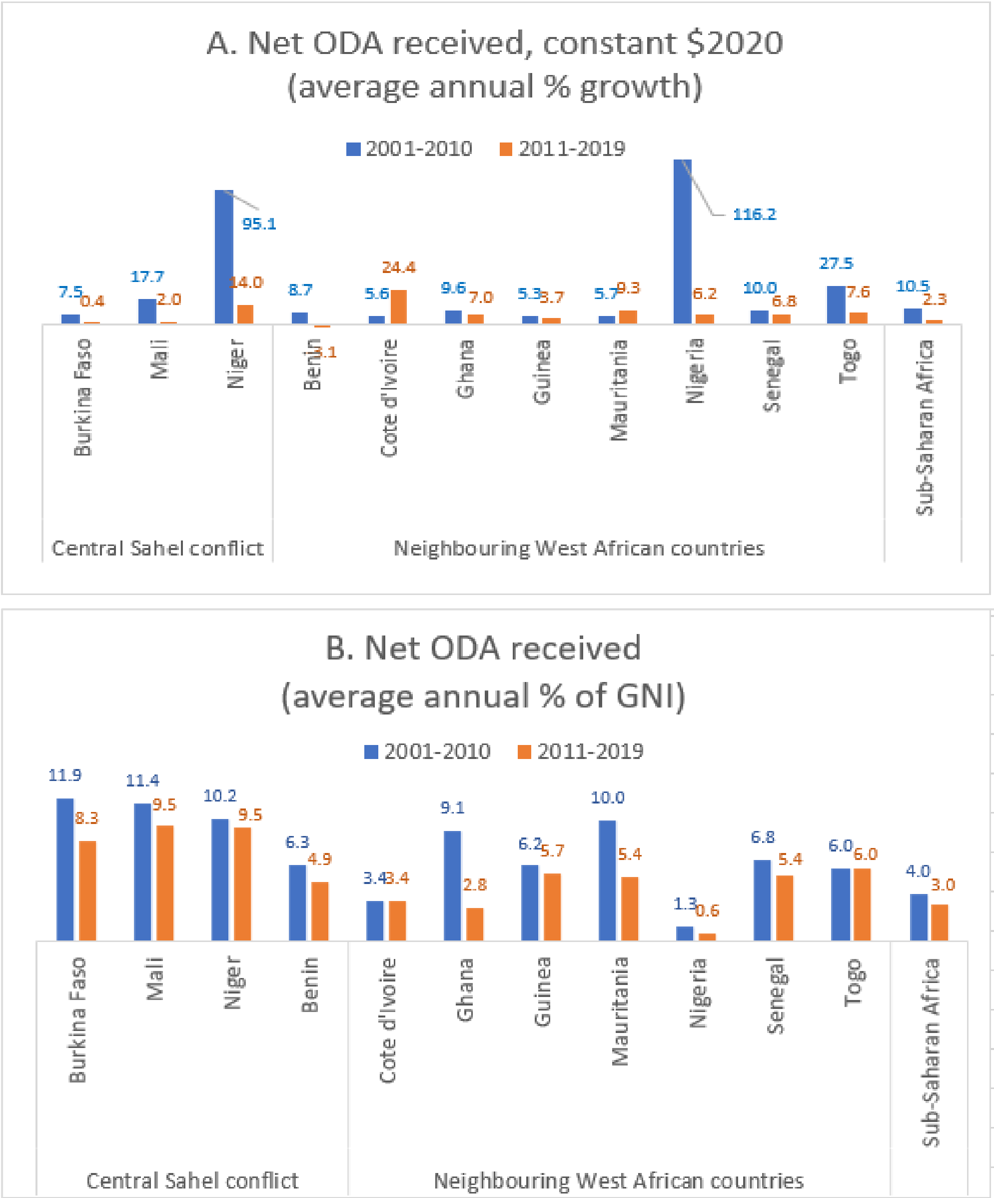
The **Global Crisis Response Platform 2022** of the International Organization for Migration (IOM) works across the humanitarian–development–peace nexus on humanitarian assistance and protection, investments in recovery and crisis prevention, strengthening preparedness and reducing disaster risk and enhancing crisis response systems. The Platform aims to mobilise $116 million to benefit more than 3 million people (primarily IDPs and refugees) suffering from crisis, conflict and climate change in the Sahel. As of February 2022, only 5% of the funding required had been mobilised.

Sources: NATO (2022); KAS (2022); Kwarkye et al. (2019); official websites of the G5, IOM, World Bank and Sahel Alliance.

Several types of multilateral and bilateral support are also present to support the Africa-led initiatives, extend humanitarian assistance and finance development projects in the Sahel, such as the Sahel Alliance and the Sahel Adaptive Social Protection Programme (see Box 1). However, **external funding to the Sahel is donor-driven, which makes the scale and speed of financing sensitive to the strategies or priorities of funders, or the domestic and external challenges they face** (e.g. tackling the effects of Russia–Ukraine war).

Figure 34 demonstrates that the growth of net official development assistance (ODA) received in the Sahel region has declined for most countries in the past decade, especially in the centres of conflict. Despite this, **ODA represents nearly 10% of gross national income (GNI) in Burkina Faso, Mali and Niger. This indicates the importance of ODA as a financing source in the context of intense conflict**, when at a domestic level economic activities and the financial sector are weak, and access to international capital markets is almost absent because of the high risk associated with countries in political instability and humanitarian crisis.

Figure 34 Net official development assistance to the Sahel



Source: Authors based on WDI data.

5 Conclusions and policy implications

Violence and extremist activities in the Sahel have had devastating effects on the countries in the conflict areas in terms of loss of life, forced displacement, severely disrupted social services, weakened institutions and wider macroeconomic impacts. The conflict situation has been worsening, and violence has been observed to move downwards, affecting the coastal countries in West Africa.

This paper investigates the observable impacts and potential channels of economic spillover effects of the Sahel conflict to four focus countries – Côte d'Ivoire, Ghana, Senegal and Togo. The paper finds that there are already observable impacts through increased encroachment activities and recruitment by extremist groups in the focus countries, with jihadist attacks leading to deaths in Côte d'Ivoire and Togo. Recent intensification of the conflict, especially in Burkina Faso, has led to an influx of refugees in focus countries.

In response, the four countries have stepped up their defence strategies and deployment in view of heightened insecurity threats from the Sahel. Côte d'Ivoire, Senegal and Togo contribute military personnel to the UN peacekeeping mission in Mali. Regional military efforts have also been activated through the G5 Sahel, ECOWAS and the Accra Initiative. Military spending is likely to have increased among the four focus countries, potentially up to a fifth of government budgets, at the potential expense of spending on basic social services.

The magnitude of economic effects of the Sahel conflict on the focus countries may depend on two pathways of conflict intensity from the Sahel: the current scenario where the conflict remains concentrated in the centre of the Sahel and economic spillover effects are transmitted through disruptions in bilateral economic links (e.g. trade, investment, remittances) with conflict-affected countries; or if the Sahel conflict spreads to the four countries, which will bear the full economic costs of conflict. This paper estimates that the losses from economic spillover effects of the Sahel conflict on the focus countries may be at least 1.3% of GDP (Ghana) and up to nearly 5% of GDP (Senegal) through the export and FDI channels alone. If the intense and violent conflict from the Sahel is transmitted to the four countries, the latter may experience a reduction in GDP growth of up to 8%. Negative growth and per capita impacts on the four focus countries would be higher and persistent in the event of protracted and widespread conflict throughout West African region.

In this context, national, regional and international actors need to:

- continue to be vigilant in mitigating and preventing the spread of extremism and violence throughout West Africa
- keep the channels of economic exposure (e.g. trade, investment and financial transaction) among the Sahel countries open, safe and facilitated (especially in less stable areas)
- consciously implement interventions and programmes that both are conducive for economic recovery and enhance peace outcomes. Deepening trade and investment, and encouraging micro, small and medium-sized enterprise-led private sector development, may help in reducing the risks of disputes and improving social cohesion, as evidence suggests (Martin et al., 2008; McKechnie et al., 2022);
- be supported by political ownership, predictable and multi-year (patient) financing, and conflict-sensitive and country-specific programmes. Financing support from the international community is especially critical, given that fiscal space in the focus countries has already been squeezed by recent compounding crises (e.g. the Covid-19 recovery, the impact of the Russia–Ukraine conflict on food insecurity and prices, elevated public debt distress risks, extreme weather conditions). At the same time, joint efforts to strengthen fiscal positions is one key to building resilience during conflict – evidence suggests that the adverse growth impact of conflict is only half the size for countries with stronger institutions compared with those with weaker ones (IMF, 2019).

Future research could focus on identifying country-specific interventions for peace and resilience-building in Côte d'Ivoire, Ghana, Senegal and Togo.

References

Adrian, T. (2022a) ‘Financial stability risks grow as war complicates push to contain inflation’. IMF Blog, 19 April (www.imf.org/en/Blogs/Articles/2022/04/19/blog-gfsr-financial-stability-risks-grow-as-war-complicates-push-to-contain-inflation).

Adrian, T. (2022b) ‘Interest rate increases, volatile markets signal rising financial stability risks’. IMF Blog, 22 October (www.imf.org/en/Blogs/Articles/2022/10/11/interest-rate-increases-volatile-markets-signal-rising-financial-stability-risks).

AfDB – African Development Bank (2022) *African economic outlook 2022*. Tunis: AfDB.

Africa News (2022a) ‘Burkina: six civilians killed in attack near Ghana and Togo’. 5 December (www.africanews.com/2022/12/05/burkina-six-civilians-killed-in-attack-near-ghana-and-togo//).

Africa News (2022b) ‘Ivory Coast: authorities to pull peacekeepers out of Mali by August 2023’. 15 November (www.africanews.com/2022/11/15/ivory-coast-authorities-to-pull-peacekeepers-out-of-mali-by-august-2023//#:~:text=C%C3%B4te%20d'Ivoire%20has%20announced,and%20Bamako%20for%20several%20months).

Africa News (2022c) ‘Togo: Parliament extends state of emergency in the north for six months’. 7 September (www.africanews.com/2022/09/07/togo-parliament-extends-state-of-emergency-in-north-for-six-months/).

Agbey, G.M. (2022) ‘Over 1,800 flee terrorist attacks in Burkina to Ghana’. Graphic Online, 26 July (www.graphic.com.gh/news/general-news/over-1-800-flee-terrorist-attacks-in-burkina-to-ghana.html).

Aljazeera (2022) ‘West African leaders lift economic sanctions on Mali’. 3 July. (www.aljazeera.com/news/2022/7/3/west-african-leaders-lift-economic-sanctions-on-mali).

Aljazeera (2023) ‘Captive soldiers return’. 9 January (www.aljazeera.com/news/2023/1/8/ivory-coast-troops-return-home-after-months-of-captivity-in-mali#:~:text=Forty%2Dsix%20Ivorian%20soldiers%20accused,pardon%20from%20Mali's%20military%20ruler).

Allianz (2021) ‘Togo’. Webpage (www.allianz.com/en/economic_research/publications/country-risk/togo.html).

Armata, A. (2021) ‘Gambian and Senegalese refugee policies as a potential means towards regional stability’. CISLA Senior Integrative Projects 28 (https://digitalcommons.conncoll.edu/sip/28).

Asea, P. (2016) *Estimating conditional functional multipliers*. Washington DC: World Bank (https://openknowledge.worldbank.org/handle/10986/30264).

Azzimonti, M (2016) ‘The politics of FDI expropriation’. Working Paper 22705, September. Cambridge, MA: National Bureau of Economic Research.

Bak, D. and Lee, H. (2021) ‘Intrastate armed conflict termination and foreign direct investment’ *Foreign Policy Analysis* 17(2).

Baker, D. (2007) ‘The economic impact of the Iraq war and higher military spending’. Research Report. London: Centre for Economic Policy Research.

Baudais, V. (2020) ‘Mali: fragmented territorial sovereignty and contested political space’. SIPRI Backgrounder, 16 June (www.sipri.org/commentary/topical-backgrounder/2020/mali-fragmented-territorial-sovereignty-and-contested-political-space).

Boas, M. and Strazzari, F. (2020) ‘Governance, fragility and insurgency in the Sahel: a hybrid political order in the making’ *The International Spectator* 55(4), BOG – Bank of Ghana (2022) 'Bank of Ghana Monetary Policy Committee press release'. 6 October (www.bog.gov.gh/wp-content/uploads/2022/10/MPC-Press-Release-October-2022.pdf).

Booty, N. (2022) 'Mali and Burkina Faso: did the coups halt jihadist attacks?' BBC News, 30 July (https://www.bbc.co.uk/news/world-africa-62052598).

Bousquet, F. (2022) 'Fragile and conflict-affected economies are falling further behind'. IMF Chart of the Week, 21 January (www.imf.org/en/Blogs/Articles/2022/01/21/fragile-and-conflict-affected-economies-are-falling-further-behind).

Bonny, A. (2022) 'Suspected terrorist explosion in northern Togo kills 7 children'. AA, 11 July) https://www.aa.com.tr/en/africa/suspected-terrorist-explosion-in-northern-togo-kills-7-children/2634404).

Bussman, M. (2010) 'Foreign direct investment and militarized international conflict' *Journal of Peace Research* 47(2): 143–153.

Caldara, D., Conlisk, S., Iacoviello, M. and Penn, M. (2022) 'The effect of the war in Ukraine on global activity and inflation'. FEDS Notes. Washington DC: Board of Governors of the Federal Reserve System.

Cate, R. (2016) 'The investment casualties of war: global impacts of armed conflict on foreign direct investment inflows'. Masters Thesis, University of San Francisco.

Cisse, A. (2022) 'Senegal sets up military bases near Mali border'. APA News, 27 December (https://apanews.net/en/news/senegal-sets-up-military-bases-near-mali-border/).

Claes, J., Schmauder, A. and Molenaar, F. (2021) 'Examining the migration development nexus in Kayes region, Mali'. ADMIGOV Deliverable 6.4. The Hague: Clingendael Institute.

Coface (2022) 'Togo'. February (www.coface.com/Economic-Studies-and-Country-Risks/Togo).

Collier, P. (2006) 'War and military expenditure in developing countries and their consequences for development' *The Economics of Peace and Security Journal* 1(1).

Colombant, N. (2011) 'Piracy rises in oil-rich West Africa'. VOA News, 28 December (www.voanews.com/a/piracy-rises-in-oil-rich-west-africa-136405953/159382.html).

CPA – Center for Preventive Action (2021) 'Preventing Conflict in Coastal West Africa'. Preventive Action Insight 1, 25 August (https://www.cfr.org/report/preventing-conflict-coastal-west-africa).

Crisis24 (2023) 'Togo: attack in Kpendjal Prefecture, Savanes Region, Feb. 10'. 14 February (https://crisis24.garda.com/alerts/2023/02/togo-attack-in-kpendjal-prefecture-savanes-region-feb-10).

Dama, A. (2021) 'Exploring Tolly's theory: violent conflicts and tax revenue in sub-Saharan Africa'. HAL Open Science, October.

De Groot, O. (2010) 'The spillover effects of conflict on economic growth in neighbouring countries in Africa' *Defence and Peace Economics*, April.

ECOWAS (2022a) 'ECOWAS briefs the UNSC on political and security developments in the region and the Sahel and its collaboration with UNOWAS'. Press Release, 11 January (https://ecowas.int/ecowas-briefs-the-unsc-on-political-and-security-developments-in-the-region-and-the-sahel-and-its-collaboration-with-unowas/).

ECOWAS (2022b) 'Extraordinary summit of the ECOWAS authority of heads of state and government on the situation in Guinea and Mali'. Final communiqué (https://ecowas.int/wp-content/uploads/2022/10/final-communique.pdf).

ECOWAS (2022c) 'Sixty-second ordinary session of the authority of heads of state and government'. Final communiqué, 4 December (https://ecowas.int/wp-content/uploads/2022/12/Eng_Final-Communique_62nd-ECOWAS-Summit_Rev.pdf).

Ekzayez, A., Alhaj Ahmad, Y., Alhaleb, H. and Checchi, F. (2021) 'The impact of armed conflict on utilisation of health services in north-west Syria: an observational study' *Conflict Health* 15(91).

Fan, R., Lederman, D., Nguyen, H and Rojas, C. (2022) 'Calamities, debt, and growth in developing countries'. Policy Research Working Paper 10015. Washington DC: World Bank.

France24 (2023) 'Attempted bombing in north Ghana fuels jihadist fears'. 9 February. (www.france24.com/en/live-news/20230209-attempted-bombing-in-north-ghana-fuels-jihadist-fears).

Gesesew, H., Berhane, K., Siraj, E.S. et al. (2021) 'The impact of war on the health system of the Tigray region in Ethiopia: an assessment' *BMJ Global Health* 6: e007328.

Ghana Refugee Board (2023) 'Our refugee'. Webpage (accessed January 2023) (https://www.grb.gov.gh/).

GhanaWeb (2022) 'Where Ghana stands in the middle of the 4 coup countries' News, 26 January (www.ghanaweb.com/GhanaHomePage/NewsArchive/Where-Ghana-stands-in-the-middle-of-the-4-coup-countries-1454275).

Guidolin, M. and La Ferrara, E. (2007) 'Diamonds are forever, wars are not: is conflict bad for private firms?' *American Economic Review* 97(5): 1978–1993.

GSS – Ghana Statistical Service (nd) 'Ghana factsheet' (accessed March 2023) (https://statsghana.gov.gh/ghfactsheet.php).

Gupta, S., Clements, B., Bhattacharaya, R. and Chakravarti, S. (2002) 'Fiscal consequences of armed conflict and terrorism in low and middle income countries'. Working Paper WP/02/142. Washington DC: IMF.

Haavik, J. (2022) 'The end of stability – how Burkina Faso fell apart' *African Security* 15(4).

Hanna, T., Bohl, D. and Moyer, J. (2021) *Assessing the impact of war in Yemen: pathways for recovery*. New York: UNDP (www.undp.org/yemen/publications/assessing-impact-war-yemen-pathways-recovery).

ICMPD – International Centre for Migration Policy Development (2022) 'Migration outlook 2022: West Africa' (www.icmpd.org/file/download/57218/file/ICMPD_Migration_Outlook_WestAfrica_2022.pdf).

IHD – Integral Human Development (2022) 'Migration profile Togo'. March (https://migrants-refugees.va/wp-content/uploads/2022/04/2022-CP-Togo.pdf).

IMF – International Monetary Fund (2019) 'Sub-Saharan Africa regional economic outlook: recovery amid elevated uncertainty'. Washington DC: IMF.

IMF (2022) 'Côte d'Ivoire: 2022 Article IV consultation-press release; and staff report'. Country Report 2022/205 (www.imf.org/en/Publications/CR/Issues/2022/07/01/Cte-dIvoire-2022-Article-IV-Consultation-Press-Release-and-Staff-Report-520258)

IMF (2023a) 'Côte d'Ivoire'. Webpage (**www.imf.org/en/Countries/CIV#whatsnew**).

IMF (2023b) 'IMF Executive Board completes the sixth review and final under the Policy Coordination Instrument, the third and final reviews under the Stand-By Credit Facility and the Stand-By Arrangement, and initiates post financing assessment with Senegal'. Press Release (23/02). (www.imf.org/en/News/Articles/2023/01/09/pr2302-imf-exec-board-6th-rev-pci-3rd-rev-sbc-fac-sba-post-fin-assess-senegal).

Infos Plus Gabon (2022) '18 to 32% of budget in Sahel countries devoted to security' 26 August. (www.infosplusgabon.com/a-la-une/21350-18-to-32-of-budget-in-sahel-countries-devoted-to-security).

INSEED – National Institute of Statistics and Economic and Demographic Studies (2022) 'Bulletin mensuel des statistiques'. Lomé: INSEED.

IOM – International Organization for Migration (2022) 'IOM country strategy for Ghana 2022-2025'. Accra: IOM (www.iom.int/sites/g/files/tmzbdl486/files/documents/IOM-GH-Strategy-Final-2.pdf).

Jawad, M., Vamos, E.P., Najim, M. et al. (2019) 'Impact of armed conflict on cardiovascular disease risk: a systematic review' *Heart* 105(18): 1388–1394.

Justino, P. and Martorano, B. (2017) 'Welfare spending and political conflict'. Working Paper 256, September. Berlin: Households in Conflict Network.

KAS – Konrad Adenauer Stiftung (2022) 'The Jihadist threat in northern Ghana and Togo' (www.kas.de/de/einzeltitel/-/content/die-dschihadistische-bedrohung-im-norden-von-ghana-und-togo-3).

Knomad (2022a) 'Migration data'. Bilateral Migration Matrix (accessed January 2023) (www.knomad.org/data/migration/emigration).

Knomad (2022b) 'Remittances data'. Bilateral Remittance Matrix (accessed January 2023) (www.knomad.org/data/remittances).

Kwarkye, S., Abatan, J.E. and Matongbada, M. (2019) 'Can the Accra Initiative prevent terrorism in West African coastal states?' (https://issafrica.org/iss-today/can-the-

accra-initiative-prevent-terrorism-in-west-african-coastal-states?utm_source=BenchmarkEmail&utm_campaign=ISS_Today&utm_medium=email).
Lai, B. and Thyne, C. (2007) 'The effect of civil war on education, 1980-97' *Journal of Peace Research* 44(3): 277–292.
Le, T., Bui, M and Uddin, G.S., (2022) 'Economic and social impacts of conflict: A cross-country Analysis' *Economic Modelling* 115.
Lederman, D. and Rojas Guzman, C.J. (2018) 'Three macroeconomic trends around the onset of armed conflict in developing economies'. Policy Research Working Paper 8647. Washington DC: World Bank.
Li, Q. (2008) 'Foreign direct investment and interstate military conflict' *Journal of International Affairs* 62(1): 53–66.
Li, C., Murshed, S.M. Tanna, S. (2017) 'The impact of civil war on foreign direct investment flows to developing countries' *Journal of International Trade & Economic Development* 26(4) 488–507.
Maclean, R. (2022) 'They said they went to Mali to keep the peace. Now they're jailed as mercenaries'. New York Times, 30 December (www.nytimes.com/2022/12/30/world/africa/ivory-coast-troops-jailed-mali.html).
Martin, P., Mayer, T. and Thoenig, M. (2008) 'Make trade not war?' *The Review of Economic Studies* 75(3): 865–900.
Mayans, J. (2020) 'The Sahel in the midst of climate change'. Solidarités International, 16 March (www.solidarites.org/en/live-from-the-field/the-sahel-in-the-midst-of-climate-change/).
MAX Security (2022) 'Senegalese security forces dismantle militant cell linked to Katiba Macina in Senegal's Kidira, bordering Mali – Sahel situation update' (www.max-security.com/security-blog/senegalese-security-forces-dismantle-militant-cell-linked-to-katiba-macina-in-senegals-kidira-bordering-mali-sahel-situation-update/).
McKechnie, A., Nwajiaku-Dahou, K., Raga, S. et al (2022) 'MSME-led private sector development in contexts of conflict, fragility and displacement'. ODI Project report. London: ODI.
Medinilla, A., Karkare, P. and Zongo, T. (2020) 'Re-framing the mining industry in Burkina Faso: towards a contextualised approach'. Brussels: ECDPM.
MMC – Mixed Migration Centre (2021) 'The impact of the Sahel conflict on cross-border movements from Burkina Faso and Mali towards Côte d'Ivoire and Ghana'. Research Report, May. (https://mixedmigration.org/wp-content/uploads/2021/10/192_the_impact_of_the_Sahel_conflict_on_cross_border_movements.pdf).
Mueller, H. (2013) 'The economic costs of conflict'. Working Paper, August. London: International Growth Centre.
Mueller, H. and Tobias, J. (2016) 'The cost of violence: estimating the economic impact of conflict'. Growth Brief. London: International Growth Centre.
Muiderman, K. (2016) 'Strengthening legal forms of trade in the Sahel'. Peace Insight Blog, 30 June. (www.peaceinsight.org/en/articles/strengthening-forms-of-trade-in-the-sahel/?location=niger&theme=development).
Munshi, N. (2021) 'Instability in the Sahel: how a jihadi gold rush is fuelling violence in Africa'. Financial Times, 26 June (https://www.ft.com/content/8ff4c2ca-7ac3-4f3b-96ba-6fb74bbb60d5).
Murdoch, J. and Sandler T. (2002a) 'Civil wars and economic growth: a regional comparison' *Defense and Peace Economics* 13(6): 451–64.
Murdoch, J. and Sandler, T. (2002b) 'Economic growth, civil wars and spatial spillovers' *Journal of Conflict Resolution* 46(1): 91–110.
Murdoch, J. and Sandler, T. (2004) 'Civil wars and economic growth: spatial dispersion' *American Journal of Political Science* 48(1).
NATO – North Atlantic Treaty Organization (2020) 'Development and security challenges in the Sahel region'. NATO Parliamentary Assembly Report, December.
Novta, N. and Pugacheva, E. (2021) 'The macroeconomic costs of conflict' *Journal of Macroeconomics* 68(C).
NRC – Norwegian Refugee Council (2022) 'Burkina Faso: second biggest spike in displacement since crisis began'. Oslo: NRC

(www.nrc.no/news/2022/march/burkina-faso-second-biggest-spike-in-displacement-since-crisis-began/).
OECD – Organisation for Economic Co-operation and Development (2018) *Gold at the crossroads: assessment of the supply chains of gold produced in Burkina Faso, Mali and Niger.* Paris: OECD.
OECD (2022) *States of fragility 2022.* Paris: OECD.
Omoeva, C., Moussa, W. and Hatch, R. (2018) 'The effects of armed conflict on educational attainment and inequality'. Research Paper 18-03. Washington DC: Education Policy Data Center.
Ouedraogo, R., Mlachila, M., Sourouema, W.S. and Compaoré, A. (2022) 'The impact of conflict and political instability on banking crises in developing countries' *The World Economy* 45: 1937– 1977.
Oxford Analytica (2022) 'Tensions will grow as Senegal approaches 2024 election'. Expert Briefing, 19 December (https://doi.org/10.1108/OXAN-DB274777).
Pouya, A.M. (2023) 'Sahel and the Accra Initiative: conditions for success'. Center of Strategies for the Security in Sahel Sahara (https://allafrica.com/stories/202301060375.html).
PWC (2011) '2011 budget highlights'. PWC Ghana (www.pwc.com/gh/en/pdf/ghana-2011-budget-highlights.pdf).
PWC (2012) '2012 budget highlights'. PWC Ghana (www.pwc.com/gh/en/pdf/ghana-budget-2012-highlights.pdf).
Qureshi, M.S. (2013) 'Trade and thy neighbor's war' *Journal of Development Economics* 105 : 178–195.
Ra, S. and Singh, B. (2005) 'Measuring the economic costs of conflict'. Working Paper 2, June. Manila: Asian Development Bank.
Raga, S. (2023 forthcoming) 'Ghana: macroeconomic and trade profile'. ODI Emerging analysis. London: ODI.
Raga, S. and te Velde, D.W. (2020) 'Economic vulnerabilities to health pandemics: which countries are most vulnerable to the coronavirus?' SET Programme. London: ODI (https://setodi2020.wpenginepowered.com/wp-content/uploads/2020/02/Economic-Vulnerability.pdf).
Raga, S., El Taraboulsi-McCarthy, S., Sarwar, M.B. and al-Jeddawy, Y. (2021) 'Impact of conflict on the financial sector in Yemen: implications for food security'. Working Paper, December. London: ODI.
Raga, S., Ayele, Y. and te Velde, D.W. (2022) 'Public debt of selected African countries'. ODI Emerging analysis. London: ODI.
Rahim, H. (2011) *Managing conflict in organizations*. London: Transaction Publishers.
Reuters (2023) 'Mali leader pardons Ivorian soldiers, suspends 46 prison sentences'. 7 January (www.reuters.com/world/africa/mali-suspends-prison-sentences-46-ivorian-soldiers-presidency-statement-2023-01-06/).
Sabes-Figuera, R., McCrone, P., Bogic, M. et al. (2012) 'Long-term impact of war on healthcare costs: an eight-country study' *PloS One* 7(1): e29603.
Sarwar, S., Siddiqi, M.W., Nasir, A. and Ahmed, Z. (2016) 'New direction to evaluate the economic impact of peace for bilateral trade among world economies' *The Pakistan Development Review* 55(4): 725–740.
Security Council Report (2022) 'West Africa and the Sahel'. Monthly Forecast, July (www.securitycouncilreport.org/monthly-forecast/2022-07/west-africa-and-the-sahel-8.php).
Slimane, M.A.A. and Gonnet, L. (2022) 'For a more dynamic and competitive private sector in Senegal: The Jobs, Economic Transformation and Recovery Program'. World Bank Blog, 5 July (https://blogs.worldbank.org/africacan/more-dynamic-and-competitive-private-sector-in-senegal).
Stephens, E. (2015) 'Trade and terrorism in the Sahel' Global Trade Review, 29 January (https://www.gtreview.com/magazine/may-jun-2013/trade-and-terrorism-in-the-sahel/).
The Presidency, Republic of Ghana (2021) President Akufo-Addo commissions national security ministry building; launches national security strategy'. Webpage, 7 June (https://presidency.gov.gh/index.php/briefing-room/news-style-2/1927-president-akufo-addo-commissions-national-security-ministry-building-launches-national-security-strategy).

Tilly, C. (1985) 'Warmaking and state making as organized crime' in P.B. Evans, D. Rueschemeyer, and T. Skocpol (eds) *Bringing the state back*. Cambridge: Cambridge University Press.

Togo First (2022) 'Togo is set to update its immigration policy, to be more attractive'. 13 April (https://www.togofirst.com/en/public-management/1304-9775-togo-is-set-to-update-its-immigration-policy-to-be-more-attractive).

Togo First (2023) 'Togo: government seeks CFA35 billion more to accelerate its Savanes Region Emergency Program (PURS)'. 13 February (https://www.togofirst.com/en/social/1302-11391-togo-government-seeks-cfa35-billion-more-to-accelerate-its-savanes-region-emergency-program-purs).

TV5 Monde (2021) 'Ivory Coast: Kafolo jihadist attack commando leader captured'. 24 December (https://information.tv5monde.com/afrique/cote-d-ivoire-le-chef-du-commando-de-l-attaque-djihadiste-de-kafolo-capture-364390).

UNCTAD – United Nations Conference on Trade and Development (2021) *State of commodity dependence.* Geneva: UNCTAD.

UNDESA – UN Department of Economic and Social Affairs (2022) 'GDP and its breakdown at constant 2015 prices in US Dollars)' (accessed October 2022) (https://unstats.un.org/unsd/snaama/Downloads).

UNDP – UN Development Programme (2010) 'The real wealth of nations: Pathways to human development' Human development report 2010. (https://hdr.undp.org/system/files/documents/human-development-report-2010-complete-english.human-development-report-2010-complete-english)

UNDP (2022) 'Uncertain times, unsettled lives. Shaping our future in a transforming world' Human development report 2021/2022 (https://hdr.undp.org/system/files/documents/global-report-document/hdr2021-22pdf_1.pdf)

UNHCR – United Nations Refugee Agency (2022a) 'Sahel situation'. UNHCR website (accessed 9 January) (https://reporting.unhcr.org/sahel-situation).

UNHCR (2022b) 'UNHCR urges greater support as violence continues unabated in Burkina Faso'. Briefing Note, 29 November.

UNHCR (2022c) 'Insecurity drives more Burkinabe into exile, further straining fragile Sahel region'. 4 February (www.unhcr.org/uk/news/briefing/2022/2/61fcf11c4/insecurity-drives-burkinabe-exile-further-straining-fragile-sahel-region.html).

UNHCR (2023) 'Cote d'Ivoire'. UNHCR website (accessed 9 January) (www.unhcr.org/uk/cote-divoire.html# :~ :text=A%20land%20of%20hospitality%2C%20C%C3%B4te,fleeing%20violence%20by%20armed%20groups).

UNICEF – United Nations Children's Fund (nd) 'Regional call to action to support the children of the Sahel'. (www.unicef.org/wca/media/8286/file/Sahel-Call-To-Action.pdf).

UNODC – United Nations Office on Drugs and Crime (2015) 'Sahel Programme 2013–2017: progress report' (https://reliefweb.int/attachments/c08b048a-1e2a-3ee7-ab09-02d7312d6c9e/Sahel_Programme_Progress_Report_April_2015.pdf).

UNODC (2022) 'Trafficking in medical products in the Sahel'. Transnational Organised Crime Threat Assessment (www.unodc.org/documents/data-and-analysis/tocta_sahel/TOCTA_Sahel_medical_2023.pdf).

UNOWAS – United Nations Office for West Africa and the Sahel (2022) 'International conference on the Accra Initiative'. 23 November (https://unowas.unmissions.org/international-conference-accra-initiative).

USAID – United States Agency for International Development (2022) 'Ghana economic growth and trade'. Accra: USAID.

US Embassy in Ghana (2021) 'West Africa Center for Counter Extremism – national security dialogue – remarks by Ambassador Sullivan'. 10 September (https://gh.usembassy.gov/countering-violent-extremism-remarks-by-ambassador-sullivan/).

USIP – United States Institute of Peace (2022) 'Coastal West Africa Senior Study Group: strategic recommendations for policies and programs to encourage good governance, peace, and stability'. Final Report. Washington DC: USIP (www.usip.org/sites/default/files/2022-12/ssg_coastal-west-africa-senior-study-group-final-report.pdf).

Van den Boogaard, V., Prichard, W., Benson, M. and Milicic, N. (2018) 'Tax revenue mobilization in conflict-affected developing countries' *Journal of International Development* 30: 345–364.

Wagner, Z., Haft-Neal, S., Wise, P. et al. (2019) 'Women and children living in areas of armed conflict in Africa: a geospatial analysis of mortality and orphanhood' *Lancet Glob Health* 7: e1622–31.

WDI – World Development Indicators (2023) 'WDI Database' (https://databank.worldbank.org/source/world-development-indicators).

WFP – World Food Programme (2022) 'Ghana'. WFP webpage (accessed 10 January 2022) (www.wfp.org/countries/ghana).

World Bank (2022a) 'Sub-Saharan Africa macro poverty outlook'. October. Washington DC: World Bank.

World Bank (2022b) 'Senegal macro poverty outlook'. Washington DC: World Bank (https://documents1.worldbank.org/curated/en/099506510142222907/pdf/IDU058a97627085a30484408fbc0e1d6a94d1d6f.pdf).

World Bank (2022c) 'Togo: towards sustainable and inclusive growth'. News, 23 June (www.worldbank.org/en/country/togo/publication/afw-togo-towards-sustainable-and-inclusive-growth).

World Bank (2022d) 'The World Bank in Togo'. Webpage, 29 September (www.worldbank.org/en/country/togo/overview).

World Bank (2022e) 'Classification of fragility and conflict situations for World Bank Group engagement' (https://thedocs.worldbank.org/en/doc/8bc2ffd2ca0d2f174fee8315ad4c385b-0090082021/original/Classification-of-Fragility-and-Conflict-Situations-web-FY22.pdf).