

SERGE EKUÉ

President of the West African Development Bank

Jean-Claude Trichet, European Chairman of the Trilateral Commission, former President of the ECB

We turn now to Serge Ekué, President of the West African Development Bank.

Serge Ekué

Thank you, Mr. President. I will briefly describe the paradigm or context we are currently in and conclude with the strategy we are aiming at, which we believe is the way through. Since 2020, since the occurrence of the sanitary crisis, the uncertainties related to the world economy have rarely been higher. In this context I have to say that predicting what the economic growth rate will be in the next term with a high degree of certainty is a highly perilous exercise. However, the following targets seem to be somewhat realistic: 6% for the worldwide economy in 2021 and 4.9% in 2022, and as far as the West Africa region is concerned our targets are 5.7% in 2021 and 7.2% possibly in 2022, coming from a very low base, albeit still positive, of 0.9% in 2020.

These uncertainties are based on the outcome of the Covid-19 pandemic, with the potential appearance of new variants, notably in emerging countries, but also the potential slowing down of the Chinese economy with a potential bubble in the real estate sector. That could definitely have an impact on raw material prices and also on oil prices, hitting both the public and private sectors. As public or private decision-makers we therefore need to be prudent and resilient, because what is really striking here is that this crisis, we face is a sanitary crisis with the economic outcome positively correlated to the level of vaccination. After Asia in 2020, the US in the first half of the year in 2021, Europe is now enjoying an economic surge as its vaccination rate is higher than the one prevailing in the US and anywhere else in the world.

Emerging countries in Africa, with vaccination rates of between 2% and 4%, face an additional hurdle with a risk of being marginalized from international trade flows. This could have major consequences on their capacity to have access to new funding sources. It is a threat, his liquidity being so crucial, not only for the necessary expansionary policies, but also to fund the gap of the budget slippage from 3% to 7%, which is significant for our WAEMU region. This sanitary crisis occurred two years ago and is now gaining a financial nature: we have observed the appearance of the black swan, as described by Nassim Talib. As you know, the stock market was badly hit in March 2020. However, the recovery was swift and when we look at where the CAC40 currently is or where the Dow Jones is now it is impressive. The capacity to recover is swift.



In this context, we have noted a tremendous increase of the public debt in a historically low yield environment, and a worldwide economy put on a drip. Liquidity was made available. I said yesterday that cash was king, and we believe at the West African Development Bank that one way through now is climate and sustainability. The “Build Back Better” motto should not only be a concept but a true reality, notably in Africa, where we could even rename it only “Build” because “Build Back Better” can only start with “Build”. That’s why we definitely support the Special Drawing Rights (SDR) initiative of the IMF: it will help the governments to reduce their indebtedness and the private sector to create jobs and sustain growth. That will be all from me. Thank you, Mr. President.

Jean-Claude Trichet

You were very clear on the “Build”! Thank you very much.