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A Juggling Act: How West Africa is Reclaiming Power in Investment Deals

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This paper is part of the ECOWAS Policy Analysis Series (EPAS)—a flagship initiative that highlights the perspectives of African thought leaders and researchers on ECOWAS. EPAS aims to critically examine the evolution of ECOWAS over the past five decades, from the viewpoint of scholars and citizens alike, and to contribute to a forward-looking vision for regional integration in West Africa. The series is coordinated by the Africa Policy Research Institute as part of the Support to the ECOWAS Commission on Organisational Development project. This project is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).

INTRODUCTION

ECOWAS was established to promote regional integration and self-sufficiency in West Africa. However, the pursuit of deeper economic integration and sustainable development is being threatened by shifts in the regional and global order, leading to divisions within the bloc.

Foreign direct investment (FDI) is now widely recognised as an essential tool for spurring growth and development in developing economies. Since the 1960s, policymakers in West African countries have shifted from a cautious stance towards FDI to actively seeking and promoting it. However, this shift has not diminished the scepticism with which many in the region view foreign investment, which they regard as a means for external actors to exert influence over their societies.

In recent years, concerns about national sovereignty have become more pronounced across West Africa, particularly amid the sharp divisions within ECOWAS that culminated in the withdrawal of Burkina Faso, Mali and Niger from the bloc in January 2025. Many citizens in the three countries — and others across the region — increasingly view ECOWAS as an elite institution that is disconnected from the realities of ordinary West Africans. They argue that the organisation prioritises the interests of foreign powers and international investors at the expense of the citizens it claims to serve.

This paper calls for ECOWAS to reconsider its approach to engaging with external partners. To rebuild credibility among West African citizens, the organisation must align its pursuit of economic structural transformation with the goal of achieving economic sovereignty. This requires prioritising developmental investments in key industries such as energy, which hold significant potential to transform livelihoods across the region.

THE APPEAL OF WEST AFRICA

In 2023, Africa accounted for approximately 4 percent of global FDI inflows, with West Africa receiving about 1 percent of the global total. Although West Africa's share remains modest in global terms, the region ranked among the top three recipients of FDI among Africa's subregions. Despite a decline in global FDI flows over the past two years, West Africa remains well-positioned to attract significant foreign investment.

“In 2023, Africa accounted for approximately 4 percent of global FDI inflows”

The region's abundant mineral resources, such as bauxite, manganese and copper draw international investors due to their importance for the defence, technology and renewables sectors. Major firms such as Total and Ganfeng have established significant operations in countries like Nigeria, Senegal and Mali. Meanwhile, West African nations are strategically positioning themselves to benefit from the global transition from fossil fuels to renewable energy, particularly as demand rises in regions like Europe and the Middle East. Notably, energy investments in developing countries have grown by 53 percent between 2015 and 2024, creating new opportunities for West Africa.

Furthermore, the region's youthful and expanding population positions it as a key player in vital sectors such as renewable energy and information technology. West Africa's urban population is projected to grow significantly, increasing from 203 million today to 436 million by 2050. Many global tech giants like Google view the region as a growth market and are investing in the infrastructure and services needed to expand their user base in this emerging market. But despite West Africa's competitive advantages and projected growth rate of 4.3 percent in 2025, the region lags in regional and domestic capital accumulation compared to other emerging markets. This underperformance is largely attributed to weak governance, which is essential for attracting the FDI needed to drive sustainable growth.

As the regional body responsible for promoting free trade and market integration in West Africa, ECOWAS is yet to establish a strong track record in coordinating growth-oriented policies, which undermines investor confidence. To position West African economies as attractive destinations for foreign investment, ECOWAS must collaborate more effectively with its member states to foster an environment that builds investor confidence, generates well-paying jobs, and promotes sustainable development.

INSTITUTIONAL APPROACH AND LIMITS TO FDI

ECOWAS has developed a range of legal and economic frameworks aimed at attracting foreign investment and positioning West Africa as a regional energy hub. Notably, in 2013, the bloc adopted the ECOWAS Energy Efficiency Policy (EEEP) and the ECOWAS Renewable Energy Policy (EREP).

The implementation of these initiatives is apportioned among several specialised agencies within ECOWAS. The ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE) is responsible for implementing the EREP. ECREEE focuses on mobilising funds to support the adoption of green technologies in West Africa and collaborates closely with the West African Power Pool (WAPP), which was established to create a unified electricity market in the region.

Additionally, the ECOWAS Regional Electricity Regulatory Authority (ERERA) serves as the regulator for cross-border electricity trade in West Africa. Together, these three agencies work to develop an integrated regional energy market that can attract both domestic and foreign investment.

One of the key challenges facing West Africa's energy sector is its financing gap. One of the main obstacles to attracting FDI into the region is its fragmented infrastructure, including inconsistent road networks and limited storage capacity. These challenges raise production, transmission and export costs, making investors hesitant to commit funds to vital projects in the region. With only 42 percent of the West African population — and just 8 percent of rural residents — said to have access to electricity, the underdevelopment of the power sector in West Africa poses a serious challenge to the region's efforts to achieve the Sustainable Development Goals (SDGs).

The absence of a well-coordinated regional energy market has led to an uneven distribution of energy generation and transmission capacity across West Africa. As a result, national governments often resort to short-term, localised solutions when shortages occur, as opposed to a coordinated, regional approach with their neighbours. This disconnect between national and regional energy agendas is evident in the limited number of ECOWAS members that have adopted National Renewable Energy Policies, a set of national commitments and action plans to meet renewable energy targets.

Moreover, many of the specialised agencies responsible for implementing regional energy initiatives rely heavily on external partners for funding. More than 60 percent of ECREEE's operational budget for 2025 was financed by foreign donors, who not only provide funding but also shape project implementation. This overdependence on external financing creates a principal-agent dilemma, limiting the autonomy of ECOWAS members in designing and executing energy projects. The resulting asymmetry further exacerbates the disconnect between regional and national authorities on energy policy in West Africa.

RECOMMENDATION

This paper makes the following recommendations to improve the investment climate in West Africa, taking into account the growing demand for sovereignty and diversification of partnerships in the region:

- **Develop a Harmonised Regional Investment Framework Aligned with ECOWAS Development Priorities.**

ECOWAS should establish a harmonised regional investment framework that aligns foreign investment with the region's long-term development goals. This framework should include a template for transparent investment standards, establish a legitimate dispute resolution mechanism and enforce common rules across all members. It should also enhance the technical capacity of ECOWAS' specialised agencies to quickly implement vital initiatives and projects, including completing the harmonisation process for a regional tariff.

In the longer term, such a framework would create a stable, unified regulatory environment, thereby strengthening ECOWAS's collective bargaining power. As West Africa grows increasingly competitive in renewable energy, ECOWAS can use Cabo Verde as a reference for best practices and feasibility assessments. Cabo Verde's leadership in clean energy adoption and its role as host of ECREEE position it as a champion of clean energy in the region.

- **Prioritise Cross-Border Energy Infrastructure with Regional Spillover Benefits**

ECOWAS should prioritise multinational energy infrastructure projects that generate spillover benefits across the region. Strengthening both national and regional energy grids, in addition to designing reliable financing mechanisms, will help initiatives like the WAPP transition from planning to implementation stage. Given the uneven distribution of energy resources in the region, investment in battery storage systems and regional interconnectivity should be promoted to enable equitable power distribution across ECOWAS. In the long term, a fully interconnected regional power grid would provide the foundation for developing cross-border industrial corridors, a critical component for the effective implementation of the African Continental Free Trade Area (AfCFTA).

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Hermine Sam is a program coordinator for GMF South of the German Marshall Fund. Her research interests include EU-Africa relations, geopolitical shifts in African and West African regional integration. She has developed and hosted several podcasts, including the “Thinking Across Latitudes” mini-series, which explores global trends through a southern Atlantic and Mediterranean perspective. She holds a bachelor’s degree in political science and a master’s degree in political communication from the Université Libre de Bruxelles.

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