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**"ENSURING SUCCESSFUL WEST AFRICAN INTEGRATION
FOR A SOLID AFRICAN UNION"**

**2001
ANNUAL REPORT
OF
THE EXECUTIVE SECRETARY
MR. LANSANA KOUYATE**

NOT TO BE TAKEN AWAY

Executive Secretariat
Abuja, September 2001

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INTRODUCTION

1. In my annual report of December 2000, entitled "***Regionalism to ensure West African Development in the New Millennium***", I identified the challenges on the path to economic development and integration in West Africa, and outlined proposals for the way forward. I also observed that regional integration would be unattainable without a genuine commitment on the part of the Member States to the realisation of ECOWAS's many programmes, and without the collective and individual contribution of each and every one of West Africa's sons and daughters to the development of the region. In spite of these numerous challenges, ECOWAS today is fortunate enough to dispose of a host of powerful assets which, if judiciously exploited, will advance the West African regional integration process. The ECOWAS Heads of State and Government, meeting at an extraordinary summit in Abuja on 11 April 2001, affirmed their resolve to consecrate every effort to turning West Africa into a haven of peace, progress and stability, in the pursuit of the goals of regional cooperation and integration. In this regard I wish to seize the opportunity to pay a special tribute to His Excellency, Alpha Oumar Konare, President of the Republic of Mali, and current Chairman of ECOWAS, for his personal commitment to the cause of regional peace and security.

2. I also wish to draw attention to the fact that with the setting up of the Court of Justice and the Parliament, ECOWAS is now endowed with credible organs designed to speed up the application of decisions taken in common by West African leaders.

3. In enumerating assets of ECOWAS, I cannot fail to mention the numerous initiatives for facilitating regional integration and cooperation

7. Within the context of the partnership between the African region and the international financial community, a landmark occasion was the meeting held in February 2001 between the President of the World Bank, the Managing Director of the IMF, and several African Heads of State. At that time, the Bretton Woods institutions gave a firm undertaking to provide more sustained technical and financial assistance to African regional integration efforts. In line with this undertaking, a delegation from the Africa Department of the IMF paid a working visit to the Secretariat on 12 April 2001, to define the scope of cooperation between the two organisations, based primarily on the multilateral surveillance mechanism and the introduction of a common external tariff. The European Union, ADB, the World Bank, USAID and several other bilateral donors have equally indicated their readiness to step-up their cooperation with ECOWAS.

8. As my mandate as ECOWAS Executive Secretary draws to an end, it is a source of joy for me to note these many encouraging indications of the interest of the outside world in our regional organisation.

9. I wish to use this opportunity to express, once more, my profound gratitude first to His Excellency, Lansana Conte, President of the Republic of Guinea, for having done me the honour of proposing, and also to his distinguished peers for nominating me to serve as ECOWAS Executive Secretary.

10. During my mandate as Executive Secretary I have been untiring in my endeavours towards the realisation of the noble ideals of our common organisation. Indeed, I have always seen my role as that of an impassioned advocate of the principles and objectives of ECOWAS.

11. I am proud to be leaving behind me an organisation which is moving full steam ahead, regardless of the many obstacles which continue to encumber its progress towards the full realisation of its political and economic objectives.

12. When I accepted the post of Executive Secretary in August 1997, I was fully aware of the problems confronting our organisation. Financial contributions to the budgets of the institutions were paid only spasmodically and integration programmes were not being implemented. There was a crisis of confidence, on the one hand between the Secretariat and the Member States, and on the other, between ECOWAS and its foreign partners. Gradually, however, it was possible to resolve this crisis.

13. Based on the experiences of the past, a broad consensus has emerged on the guiding principles for the future of the West African integration process. The constraints and inhibiting conditions encountered in the effective implementation of ECOWAS programmes can be traced to the absence of certain basic requirements. These include domestic political and economic stability; coordination of macroeconomic policies at the regional level; improvement of the operational procedures of the ECOWAS institutions and the political will of the Member States to implement ECOWAS priority programmes.

14. From its very inception, ECOWAS has initiated an impressive number of cooperation and integration programmes embracing the major economic sectors, and particularly on trade promotion and liberalisation, development of road and communications infrastructures, as well as development of agriculture, industry and energy. However, there is still not much to show for all the organisation's proclaimed ambitions, since few of the decisions taken by its political leaders have been implemented. For instance, a

profusion of tariff and non-tariff barriers continues to block the development of regional trade. Recorded intra-regional trade represents a mere 11% of total trade between ECOWAS and third countries. In order to reverse this trend, I focused on the harmonisation of economic and financial policies, the introduction of a common external tariff, and the launching of the ECOWAS passport. In addition, I pressed for the adoption of new macroeconomic convergence criteria and the acceleration of the regional integration process, including the creation of a second monetary zone, and strengthening the institutional arrangements of the Community such as the setting up of the ECOWAS Parliament and Court of Justice.

15. Another area which has been the focus of the Executive Secretariat's attention, is that of regional peace and stability. In this connection I initiated measures to reinforce the ECOWAS conflict prevention, resolution and management mechanism, culminating in the creation of the Council of Elders and the setting up of regional observatories to give early warning of potential flashpoints.

16. Concerning its sectoral policies, ECOWAS has launched new regional programmes on the environment, energy, transport, telecommunications, education and health.

17. During my mandate, I devoted much time to the improvement of the operational procedures of the ECOWAS institutions. My first move, on taking up my appointment, was to organise the relocation of the Executive Secretariat from Lagos to the seat of the Community in Abuja. I followed this up by initiating measures for the restructuring of the Secretariat which were approved by the decision-making organs of the Community. The technical commissions, as defined in the Treaty, were also reactivated to enable them

effectively discharge their assigned functions in relation to the sectoral programmes of their areas of competence.

18. With regard to relations between our Community and the outside world, I believe that the achievements of ECOWAS are now better known and appreciated by the international community. Many countries and donors are now indicating their readiness to lend their support to our organisation. The IMF, the World Bank and the European Union have all formulated specific programmes for ECOWAS. The government of the United States of America has, by Presidential Determination now included ECOWAS among its bilateral partners, thus making ECOWAS eligible for all forms of assistance, including military material.

19. Yet another of my priority concerns has been to strengthen the ties between ECOWAS and UEMOA. Today, the factors linking the two organisations are more powerful than those dividing them. As a result, they have set up a joint action programme for the creation of a common market and the harmonisation of their economic and financial policies. This programme is in the process of execution.

20. The precarious financial situation of the ECOWAS institutions has been a major contributory factor to the poor results achieved during my mandate. This has been a source of deep frustration. Some Member States are owing more than 20 years arrears of contributions. Others, have still not ratified the protocol establishing the Community levy, which would have enabled them to begin to liquidate their arrears of contribution.

21. In my first annual report (for the year 1997/1998), entitled ***"Preparing West Africa to Meet the Challenges of Development"***, I outlined a development strategy for the Community. In this connection, I

strongly emphasised the need to set up coherent regional action plans in the sectors of production, road, telecommunications and energy infrastructures, the environment and human resource development. If the guidelines for the revitalisation of these sectors were to produce the desired effect, I maintained that they needed to be considered within a coherent and rational macroeconomic framework, based on the creation of a common market and the harmonisation of macroeconomic policies, particularly in the areas of currency exchange and taxation.

22. However, regardless of the relevance and soundness of any programmes and action plans adopted within my proposed framework, the thorny issue of implementation must first be resolved if regional integration is to succeed. The problem is still with us. It is all the more important then that the ratification and implementation of all ECOWAS acts and decisions, as well as the regular payment of financial contributions should be addressed as a matter of extreme urgency.

23. Meaningful action must be taken to overcome the problems of programme implementation, which should not be allowed to overcome. The Council of Ministers and Authority of Heads of State and Government must devote a substantial part of their time at the statutory sessions and devise the means for removing what our partners consider to be the greatest inhibiting factor to increasing their support to our Community. Together we must review the measures taken by each Member State towards the ratification of ECOWAS conventions and protocols, and the legislative and administrative provisions made for the implementation of ECOWAS priority programmes. If we are to make progress in our bid to achieve integration, Member States must include ECOWAS actions among their national development priorities. Implementation of ECOWAS decisions, or programme implementation, can be achieved only if we are fully convinced

that these regional programmes will be the catalyst for the development of individual Member States.

24. In return, the Member States must be made aware of and feel the contribution of ECOWAS. If the impact of ECOWAS on the life of the Member States and their citizens is not significant, the organisation will continue to be nothing more than a project which is sustained by ephemeral declarations. In my opinion, this explains the lethargy of the past and is one of the impediment slowing down the irresistible forward thrust of ECOWAS.

25. The vision of development which I nourish for region is that of an integrated, united, competitive and dynamic West Africa, equipped to make a significant contribution to the global economy. It is my fervent hope that my successor will continue the work that, together with my loyal team, I have initiated and maintained with an unyielding tenacity over the last four years, in order to revitalise and promote our regional organisation. I wish to express my heartfelt thanks to the Heads of State and Government, the Ministers and the experts of our Member States, without whom we would never have achieved the success which we have recorded in the space of four years. I want to thank all the staff of the ECOWAS Secretariat and institutions from the bottom of my heart, for the success, for this success is as a result of their contributory role. I have no doubt in my mind that they will know how to rise to the challenge of change and renewal.

26. This report comprises three chapters and annexes. Chapter I presents an overview of the economic and financial situation of the Member States analysing their perspectives for the future. Chapter II gives the implementation status of the ECOWAS work programmes. Chapter III defines the role of ECOWAS against the background of African development and regional integration initiatives. The annexes recapitulate the implementation status of macroeconomic convergence criteria.

CHAPTER I

THE ECONOMIC AND FINANCIAL SITUATION IN 2000 AND PERSPECTIVES FOR THE FUTURE

1. An Economic Overview

27. ECOWAS comprises 15 member countries¹. Eight of these countries form a distinct group belonging to the UEMOA which has attained a monetary and customs union. The UEMOA countries have as their common currency the CFA franc, which is tied to the French franc, and through it, since January 1999, to the Euro. The second group of countries is made up of the non-UEMOA countries, each with its individual, non-convertible currency.

Table 1 : Regional Economic Trends

Selected Economic Indicators	Average 1992	Average 1996	Estimate for 2000
	(1992 - 1995)	(1996 - 1999)	2000
Population (millions of inhabitants)	198.8	222	236.3
Population growth rate (%)	2.9	2.8	2.8
GDP (billions of \$US)	64.2	76.6	82
Per capita income (\$US)	324	321	322
GDP growth rate (%)	2.2	3.7	3.2
Budget deficit/GDP	n.a	-3.9	0.4
Inflation rate (%)	9.9	3.6	5.5
Export growth rate (%)	3.4	4.5	4.4

Source: Economic Data on Africa, World Bank "Memorandum from the Chairman of IDA to the Board of Directors on the Regional Assistance Strategy for West Africa - 11 July 2001" (except the population growth rates).

¹The withdrawal of Mauritania from ECOWAS became effective, 31 December 2000.

28. The population of West Africa is 236 million, and total GDP for the was \$US82 billion in 2000. Per capita income for 2000 averaged an estimated \$US322. Cape Verde, with a per capita income of \$US1,300 was the richest ECOWAS country, while Sierra Leone, with a per capita income of \$US 132 was the poorest.

29. A comparison with other regions of Africa reveals that the per capita income of West Africa is lower than that of North Africa (\$US1,146) and Southern Africa (\$US1,464). However, it is higher than that of East Africa (\$US234) and Central Africa (\$US270). The bulk of export earnings for the region is derived from petroleum, aluminium, gold, cocoa, coffee, wood and cotton. Investment capital is generally financed from external savings. This fact is a strong indicator of the impact of the external environment on the growth performance of the West African economy.

2. External Environment: the International Economic Climate

2.1 World Production

30. According to IMF estimates, world production in 2000 rose by 4.5% as against 3.4% in 1999, and the low growth rate of 2.6% recorded in 1998 which was the year of the world financial crisis. The pick-up in world economic growth progressed in tandem with the performances recorded by the USA, Europe and the emerging Asian economies. However, prospects for the world economy in 2001 are bleak, due mainly to the slowdown in US production attributable to the drop in investments in the information technology sector. The terrorist attacks of 11 September 2001 will undoubtedly contribute to the drop in investments in the USA and the rest of the world.

31. In the major industrialised countries, growth was 3.9% in 2000 as against 3% in 1999. US production grew by 5.2%, driven by strong domestic demand in the form of high household consumption and accelerated company investment. However, economic activity is expected to slow down in 2001.

32. The Japanese economy experienced a slight improvement from -1.4% to -1% due mainly to a rise in household consumption and the restructuring of the banking and industrial sectors, with the automobile industry playing a leading role in this process. Estimated growth of the Japanese economy for 2001 is 1.8%.

33. In the Euro zone, the growth rate increased to 3.5% in 2000, up from 2.4% in 1999. This improvement was fuelled by sustained domestic demand and a dynamic export sector. Nonetheless, the strengthening of the external sector was not enough to bring about the expected appreciation of the Euro against the dollar.

34. Economic activity in Asia increased by 4% in 2000 driven by the exceptional 9% growth rate recorded in Korea. Growth in the other emerging Asian economies with the notable exception of Indonesia was sustained by the imposition of the appropriate budgetary reform measures, especially in Thailand and Malaysia.

35. In Africa, economic growth for 2000 was an estimated 3.2% up from the 1999 figure of 2.8%. This represents a moderate improvement ascribable in part to the improved economic performances of the major economies of the continent, particularly those of the petroleum exporting countries and in part, to the resilience of some of the smaller economies.

2.2 Inflation, Monetary Situation and Exchange Market

36. World inflation in 2000 was sustained by the increase in petroleum prices. This rise revived inflationary pressures in the industrialised world and in certain African countries. In the United States, the inflation rate was 3.7% in 2000, while the harmonised consumer price index in the Euro zone recorded an increase of 2.4% by the end of June instead of the targeted 2% annual moving average set by the European Central Bank. Influenced by this increase, most issuing institutions raised their discount rates in line with their currency support strategy.

37. In Africa, the combined effects of the increase in fuel prices and the appreciation of the dollar brought about inflationary pressures. Inflation was expected to reach 12.7% in 2000 as against 12% in 1999. The overall inflation rate for the ECOWAS region was estimated at 5.5% for 2000.

38. Currency exchange markets were very volatile. The Euro exchanged at \$US0.89 in December 2000, its lowest level since its launching in January 1999; it had declined by nearly one quarter of its value against the US dollar. The Euro experienced record losses against the Yen, dropping to ¥90.20 at the end of December 2000.

2.3 Evolution of raw material prices

39. The annual growth rate of world trade doubled in 2000 and stood at 10.4% as a result of the vigorous expansion of exports and imports in developed countries. The sharp recovery of trade in Asia after the catastrophic fall in 1998, also contributed to the expansion in the value and volume of world trade in 2000.

40. However, this healthy performance of world trade failed to revive international prices for raw materials, which, with the exception of petroleum, remained unfavourable.

41. The average petroleum price in 2000 was \$US30 per barrel, a sharp appreciation when compared to the 1999 price of \$US18 per barrel and the 1998 price of \$US13. The rise in petroleum prices reflects the upsurge in world demand.

42. Nigeria, which is a big exporter within OPEC, recorded a 50% increase in its terms of trade as a result of the rise in the price of petroleum. Conversely, terms of trade in the other ECOWAS countries, which are petroleum-importing, declined considerably, engendering currency depreciation and a surge of inflation.

43. In 2000, prices of most other raw materials fell in comparison with 1999. This is particularly true of the prices of beverages such as cocoa and coffee, which fell by 30% compared to their 1999 level. This situation negatively affected the export earnings of the major producers of the region, Côte d'Ivoire and Ghana.

44. The price of metals such as gold, aluminium and uranium which are vital to the economies of Ghana, Guinea and Niger respectively remained sluggish and indeed tended to decline during the first half of 2001.

2.4 International Trade Initiatives

45. Two major initiatives were launched in 2000 which may influence the prospects for West African trade. These are the Cotonou Agreement which replaced the Lomé Convention between the ACP countries and the European Union and the United States' African Growth and Opportunities Act (AGOA).

46. The Cotonou partnership agreement retains the trade provisions of the Lomé convention for a transition period which expires in 2008. At the end of this period, economic partnership agreements are expected to be signed to replace the preferential trade arrangements of the Lomé convention. However, the financial protocol establishing the STABEX Fund for agricultural products and the SYSMIN Fund for mineral products will not be renewed.

47. The second initiative, AGOA or the African Growth and Opportunity Act, is designed to promote trade relations and investment between the United States and eligible African countries. The initiative will render the American market more accessible to the exports of eligible West African countries.

3. The Domestic Environment: the West African Economy in 2000

3.1 Convergence in the real sector

48. The classification of the ECOWAS countries according to their real GDP growth performance is shown in Table No.2. In 2000, two countries repeated their 1999 GDP growth rates of more than 6%; six other countries, as against 8 in 1999, recorded growth rates of between 3 and 6%, superior to the regional population growth rate of 2.8%. Four other countries in 2000, as against 5 in 1999, recorded rates of between 0 and 3%, while 3 countries recorded negative rates in 2000 as against only one country in 1999.

49. Real GDP for all the West African countries increased by 3.2% in 2000 as against 2.5% in 1999. This was as a result of the exceptionally high performance rate of the region's leading economy, Nigeria, benefitting from the increase in the price of petroleum. West African production would have been even higher if the economies of certain UEMOA countries had not

suffered an unexpected recession. The GDP for the UEMOA countries as a group rose by only 0.8% in 2000 as compared to 3% in 1999.

50. The rise in the price of petroleum in 2000 created a surge in the growth rate of the Nigerian economy which rose from 1.8% in 1999 to 3.8% in 2000. The improvement in its relations with the international community and the reduction in its macro-economic imbalance are among the factors which contributed to the accelerated economic growth of the country. However, the situation is fragile because of the lack of diversification in the Nigerian economy, the recurrent shortages of petroleum products on the domestic market and the poor performance of public utilities – water, telephone and electricity – which adversely affect the competitiveness of the Nigerian economy.

Table No.2 : Classification of Countries according to real GDP Growth (1998 - 2000)

Growth Rate	1998	1999	2000
Negative	Guinea Bissau, Sierra Leone ^②	Sierra Leone ^{*①}	Côte d'Ivoire ^①
0 to 3%	Liberia, Niger, Nigeria ^{*③}	Côte d'Ivoire ^⑤ Liberia, Niger, Nigeria, Togo	Guinea, Sierra Leone ^②
3 to 6%	Benin, Cap Verde, Côte d'Ivoire, Ghana, Guinea, Mauritania, Senegal, Togo ^{*⑧}	Benin, Burkina Faso, Cap Verde, Gambia, Ghana, Guinea, Mauritania, Senegal ^⑧	Benin, Burkina Faso, Cap Vert, Gambia, Ghana, Mali, Liberia, Niger, Nigeria, Senegal, Togo ⁽¹¹⁾
Over 6%	Burkina Faso, Gambia, Mali ^{*③}	Guinea Bissau, Mali ^{*②}	Guinea Bissau ^①

(*) Number of countries in the group

Source : Member States

51. The second largest economy in the region, Côte d'Ivoire, experienced a sharp slump in 2000 with a real GDP growth rate of -2.3%. The economic downturn which began in 1999 (1.6%) deepened as a result of the sluggishness of cocoa and coffee prices, and the political instability which persisted throughout 2000. Aid and loans were suspended, while investors avoided the country pending the stabilisation of the political situation.

52. The growth of the Ghanaian economy was hampered by the weakness of the prices of its two major exports, cocoa and gold. The growth rate for 2000 was only 3.7% as against 4.4% in 1999. Galloping inflation and the chronic instability of the cedi also contributed to limit economic growth.

53. Real GDP growth rate for most UEMOA countries remained below the ECOWAS average. However, Benin, Guinea-Bissau and Senegal recorded real growth rates of more than 5%. These countries continue to benefit from their macro-economic policy stability and the increased activity in the export sector.

54. The 2000 real GDP growth in Senegal was 5.5% as against 5% in 1999, driven mainly by the primary sector where production rose by 12.6% in 2000, as against 6.3% in 1999.

55. The 6.1% growth rate recorded by Benin was due to tertiary sector growth which rose by 8%.

56. The growth rate in Guinea Bissau rose by 9% in 2000, up from 7.4% in 1999. National production had fallen by 28% in 1998, and the excellent performance of 2000 is due to the resumption of activity in the sectors of trade, transport and public works which improved by 5% in 2000.

57. Niger, with a real GDP growth rate of 2.9% in 2000, up from -1.8% in 1999, made a recovery through the good performance of the primary and tertiary sectors, in which production increased by 3%.

58. Production in Burkina Faso rose only slightly by 2.2% in real terms in 2000, as against 5.8% in 1999, influenced by bad climatic conditions which reduced agricultural production by 6% during this period. Tertiary sector which dropped by approximately 11% over the same period also contributed to the poor performance of Burkina Faso.

59. In Mali, real GDP growth rate slumped to -1.8% in 2000 from the positive rate of 5.6% recorded in 1999. The situation in 2000 was characterised by a slowdown in the primary sector due to bad climatic conditions which affected agricultural production and reduced its output by 14.2%. The slump in the export price of cotton and gold also contributed to the drop in the value of national output.

60. Real GDP growth in Togo dropped to -0.5% in 2000, down from 2.7% in 1999 as a result of a 4% downturn in the primary sector.

61. In Cape Verde, the richest country in the sub-region, real GDP growth for 2000 was 7.7%, down from 8.6% in 1999. This was due to a reduction in activity in the primary sector, especially in the fishery sub-sector where the production level fell by -15%, as compared to the 2% increase in 1999.

62. Real GDP growth in The Gambia was 5.0% in 2000, compared to 5.8% in 1999. The contraction was due to the slump in the re-export trade.

63. Favourable export conditions enabled real growth rate in Liberia to maintain the same 6% level in 2000 as in 1999.

64. Real GDP growth rate in Guinea in 2000 was low, at 1.8% down from 3.3% in 1999. Despite the opening of the Garafiri dam which was expected to boost industrial production, performance was poor because of rebel incursions into Guinean territory which seriously disrupted national production.

65. Real GDP in Sierra Leone rose by 2.8% in 2000 as compared with the 8% drop recorded in 1999. All sectors of the economy contributed to the growth in GDP, benefitting significantly from the cessation of hostilities.

3.2 **External account transaction**

66. The overall balance on external payments for the ECOWAS region is estimated to have recorded a surplus of \$US3 billion in 2000, up from \$US1.5 billion in 1999. This surplus was generated by Nigeria's current account surplus which is estimated at 2.35% of GDP for 2000 and to the sound management of the external account of the UEMOA countries as a group, reflected in the increase in the capital accounts balance and the relief obtained through the rescheduling of the external debt.

67. The balance of current transactions for the region registered a 1% surplus compared to the 8.32% deficit of 1999. This was due to the rise in Nigerian petroleum revenue. However, the balance of current transactions for the UEMOA countries deteriorated in 2000 following the reduction of the previous trade surplus and the increase in the service account deficit.

68. The depreciation of the Euro against the dollar was not strong enough to boost exports in UEMOA countries and improve the balance on the trade and current transactions. Furthermore, the market for the raw materials exported by these countries remained stagnant, and the import bill for petroleum almost doubled in 2000.

69. All the other ECOWAS countries, with the exception of Nigeria, recorded a significant current transactions deficit reflecting the sharp deterioration in terms of trade engendered by the slump in the price of primary products and the sharp increase in oil prices.

3.3 External Debt²

70. West Africa's total external debt is gradually declining in absolute value through the debt cancellation programmes. Total indebtedness peaked at \$US 77.3 billion in 1995, falling to \$US69.6 billion in 2000, a drop of 10%. However, in relative terms, the debt burden is still crippling since it represents 91% of regional GDP. The reduction of the total external debt of the ECOWAS countries can be credited to the most heavily indebted countries of the region, namely, Côte d'Ivoire, with a debt of \$US15 billion, and Nigeria, with a debt of \$US31.4 billion. These two countries account for 65% of the total external debt of the ECOWAS Member States.

71. Côte d'Ivoire, which accounts for approximately 20% of the ECOWAS external debt obtained 20% relief between 1995 and 1999, mainly through the reduction of amounts owed to commercial banks following the restructuring agreement concluded in 1998 with the London Club. However, in 2000, its indebtedness rose again as a result of the cooling off of relations with donors in the wake of its political problems.

72. Nigeria accounts for about 45% of the region's total external debt. The positive balance of its current account in the last two years has enabled the country to reduce its external debt, which amounted to \$US32 billion in

²The information in this section is from several sources: ADB Economic Statistics, ; World Bank Economic Indicators; poverty reduction strategy papers of the IMF; and from Member States

1995, to 31.4 billion in 2000. Nonetheless, Nigeria's debt, which represents 81.4% of GDP and 169% of exports is not sustainable. In 2000, Nigeria renegotiated the servicing of its debt with the Paris Club and signed a stand-by agreement with the IMF.

73. In most of the other West African countries, external debt represented between 60 and 120% of GDP in 2000. As a result, 13 of the 15 countries have been classified as heavily indebted poor countries (HIPC) and therefore qualify for debt relief within the framework of the HIPC initiative. The two ECOWAS countries outside this classification are Cape Verde and Nigeria.

74. The HIPC initiative which was launched in 1996 and improved upon in 1999, provides for the reduction of debt including multilateral debt for those countries whose economic performance is enhanced through social reform and good governance, geared towards poverty alleviation.

75. Six West African countries namely Benin, Burkina Faso, The Gambia, Guinea Bissau, Mali and Sénégal became eligible for debt relief under these conditions by December 2000. The other eligible countries will be granted relief when the preconditions are fulfilled.

3.4 Evolution of Economic and Financial Policies in 2000

3.4.1 Budgetary Policy

76. Public sector finance in several UEMOA countries experienced a deterioration in the budget account and there was recourse to special financing arrangements. The increase in the budget deficit is partly due to a drop in the customs revenue of some of the countries as a result of the adjustment to the UEMOA common external tariff which was introduced in January 2000. Nonetheless, the situation in the UEMOA countries marked an

overall improvement, with the overall budget deficit excluding grants at 4.6% of GDP in 2000, compared with 5.3% in 1999.

77. The 2000 figures for budget deficit excluding grants as a ratio of GDP in the UEMOA countries were as follows: Bénin (0.9%); Burkina Faso (13%); Côte d'Ivoire (2.1%); Guinea Bissau (17.9%); Mali (10.2%); Niger (6.4%); Sénégal (2.8%) and Togo (5.4%).

78. The improved performance of Benin and Senegal is due to good macroeconomic management while the figure for Cote d'Ivoire is the result of the forced adjustment of the economy by a 22% reduction of total expenditure in 2000.

79. The application of the UEMOA convergence criteria forced the member countries to take stringent measures to enhance budget performance³. The evaluation of the pluri-annual convergence programmes of the UEMOA countries reveals a need to continue the efforts at improving the public finances and accelerate economic growth in order to enable all its members to have attained the key criterion of convergence at the end of the programme and its consolidation which is scheduled in 2003.

80. As from 2001, central bank advances to UEMOA countries are prohibited, in the interest of improved macroeconomic management.

81. The other ECOWAS countries have also endeavoured, with varying success, to reduce their budget deficits in order to lessen macroeconomic imbalances and limit central bank financing of public debt.

³UEMOA has its own convergence criteria which are similar to the ECOWAS criteria with the exception of the key criterion of base budget balance.

82. In Cape Verde, Ghana and Guinea, budgetary policies for 2000 focused on increasing revenue and reducing domestic debt. Specific measures were adopted in this regard, to improve VAT collection, reduce exemptions and improve public finance administration.

83. In addition to these measures, The Gambia introduced an environmental tax, and increased the tax on gambling. The ceiling on customs duties was reduced from 20 to 18%, while electricity tariffs were reduced by 10%.

84. The performance on the ratio of budget deficit (excluding grants) to GDP for 2000 was as follows: Cape Verde (14.8%); The Gambia (3.5%); Ghana (10.3%); and Guinea (5.4%).

85. The budgetary policy in Liberia in 2000 introduced major tax reforms including a tax on goods and services, the harmonisation of Customs tariffs with those of certain other ECOWAS Member States, and the review of indirect internal taxation. These reforms were aimed at boosting resource mobilisation, and reducing the government debt. As a result, Liberia recorded a budget deficit excluding grants, of only 1.2% of GDP.

86. The budgetary policy of Nigeria focused on government efforts to rehabilitate basic infrastructures, namely, roads, telecommunications, electricity and water supply networks etc. Government also launched an all-out war on corruption. The budget deficit excluding grants for 2000 was 3.2% of GDP.

87. In Sierra Leone, the budgetary policy focused on the restructuring of the tax system to remove subsisting distortions. One of the measures adopted to rationalise expenditure was the computerisation of the civil

service payroll. Nonetheless, the budget deficit excluding grants remained extremely high at 17.3% of GDP.

88. In general terms, all West African countries which have concluded agreements with multilateral institutions have prioritised social programmes in the areas of health care, education and shelter. This is particularly true of countries eligible for debt relief under the HIPC initiative. In order to benefit from the initiative, countries are under an obligation to draw up a poverty reduction strategy paper (PRSP).

3.4.2. Monetary, Credit and Exchange Policies

89. In the last few years, West African countries have made efforts to tighten monetary discipline, partly in order to attain the targets set as part of reform programmes sponsored by international financial institutions.

90. In 2000, the BCEAO, which administers the monetary policy of the UEMOA countries, raised its rediscount and "purchase and re-sale" rates by 0.75%, while the foreign reserves limits for many UEMOA countries were increased. The prudent monetary management measures adopted by the BCEAO steadied inflation rate at a modest 1.8%, in contrast to other ECOWAS countries in which the monetary stability objective was not realised.

91. The UMOA (the West African Monetary Union) monetary policy led to an improved net external assets, growth in domestic credit and increased money supply.

92. The net external credit position of the monetary institutions rose by FCFA 362.8 billion to FCFA 1,484.2 billion by the end of December 2000. This performance which was realised despite the slowdown in economic activity

was attributable to the repatriation of export earnings and mobilisation of external resources.

93. Official reserves were 118% of money supply in 2000 compared to 104.5% in 1999.

94. Total domestic credit for the UEMOA countries rose by a slender 1.6% margin in 2000. This slight improvement is the result of the 10% increase in private sector credit, mitigated, however, by the drop in net claims to government.

95. Money supply for the UEMOA countries increased by 6.6% in 2000.

96. In The Gambia, money supply growth was limited to 15.5% in line with nominal GDP growth, generating a low inflation rate of 2.5% in 2000. Further reforms were initiated aimed at improving the operations of the money market and enhance the efficiency of the banking system. The Gambia currently has a unified exchange rate that is determined by an independently floating system. Both current and capital accounts are completely liberalised.

97. The Bank of Ghana operating within the framework of the country's economic programme for 2000, attempted to pursue a tight monetary policy, which, however, failed to produce the expected results. External and internal shocks led to a large budget deficit which was mainly financed by borrowings from the central bank.

98. Money supply (M_2) in Ghana grew by 40% in 2000 compared to 16% in 1999, generating an inflation rate of 41% and leading to a 49.2% depreciation of the cedi against the dollar. By the end of the year, real interest rates were negative, although nominal rates had been raised by 9%

in the middle of 2000 thus increasing from 31.5% to 40.6%. Deposit banks responded by increasing their rates accordingly. During the same period, the Bank of Ghana increased the cash reserve ratio from 8 to 9%, while strengthening open market operations. The exchange rate continued to be determined by market forces.

99. In Guinea, money supply grew by 23.4% in 2000, compared to the target of 10%. The increase in net domestic assets was due to the 54.8% increase in claims on government, while private sector credit grew by only 9.5%. Net foreign assets of the Central Bank fell by 36.2%.

100. Interest rate on 3-month deposits increased from 10.5% to 14.7% at the end of the year, while ordinary interest rates remained unchanged at 21.25%.

101. Guinea operates a weekly foreign exchange auction system. The exchange rate of the Guinean franc fell by 14.56% against the dollar, and the inflation rate was 7.2% by the end of the year.

102. In Liberia, broad money supply (M_2), fell by 4.4% in 2000, following the 4.5% shrinking of net foreign assets, and the 0.2% increase in credit to the private sector, mitigated by the marginal rise of 0.1% in net credit to government. The rate of inflation was 3.1%, and the Liberian dollar depreciated by 8% in 2000 compared to 1999.

103. Interest rates of commercial banks increased to 21%, against 18.6% for the same period in 1999.

104. In Nigeria, monetary and credit policy in 2000 was aimed at maintaining internal and external balance, including the sustenance of a single digit inflation rate and achieving a viable balance of payments.

105. Open market operation remained the main instrument of monetary management. Cash reserve requirements for commercial banks was adjusted downwards to 11.5% and 10.0% in April and August 2000 respectively, in order to reduce the cost of credit.

106. The Central Bank of Nigeria maintained a liberal interest rate policy during the year, adjusting the minimum rediscount rate (MRR) from 18 to 17% in April, and from 16 to 14% in November.

107. Specific measures adopted during the year to improve the performance of the external sector included the permission to oil and non-oil companies to sell their foreign exchange meant for their domestic expenses to any bank of their choice, including the CBN at the prevailing inter-bank foreign exchange market (IFEM) rate. In order to further liberalise the IFEM operations, CBN lifted the requirement for prior approval of documentation for all applications for foreign exchange.

108. Broad money supply (M_2) increased by 45.3% compared with the target of 14.6% for fiscal 2000, and the 31.6% increase in 1999. The rise is largely the result of the increase in the net foreign assets of the banking system, especially the CBN holdings, following favourable developments in the international petroleum market. Bank credit to domestic economy fell sharply by 17.8% in 2000, in contrast to the increase of 30.0% in 1999. This is attributable to the substantial decline in bank credit to the Federal Government. The inflation rate for 2000 was 6.9%.

109. The wide spread between average deposit and maximum lending rates persisted during the year. Saving deposit rates averaged 4.9%, while lending rates averaged 26.4%, representing a spread of 21.4 percentage points.

110. In Sierra Leone, the use of indirect monetary instruments, especially the conduct of open market operations (OMO) with government securities was the principal means for influencing liquidity and maintaining the level of broad money supply as targeted.

111. Monetary growth in 2000 was a relatively moderate 12%. This was due to a slight increase in the domestic and foreign assets of the banking system. Prices fell by -2.8% in 2000.

112. As regards interest rates, returns on government securities declined significantly. For instance, the yield on 90-day treasury bills fell from 32.4% to 20.5% at the end of 2000. All other commercial bank rates also fell.

113. Policy measures were introduced on the foreign exchange market in Sierra Leone, including a weekly foreign exchange auction in place of the inter-bank market under which the Leone had depreciated at an alarming rate.

3.5. The Status of Macro-economic Convergence at the Regional Level

114. In the main, economic reform measures in West Africa since 1999 have been marked by the regional effort to coordinate national macro-economic policies.

115. At the regional level, ECOWAS adopted a strategy of harmonisation of the economic and financial policies of its Member States. The purpose was to accelerate the regional integration process, particularly the creation of a single monetary zone by 2004. The convergence criteria adopted to this end by the Authority of Heads of State and Government at its 22nd session in Lome, are the following:

✓ **Primary Criteria : mandatory operational indicators**

- i) Ratio of budget deficit excluding grants to GDP (commitments base) less than or equal to 4% by 2002
- ii) Inflation rate: 5% by 2001 and 3% by 2003
- iii) Central Bank financing of budget deficit: 10% of previous year's tax revenue. Member States to comply by 2003
- iv) Gross reserves: equal to or more than six (6) months of imports of goods and services by 2003.

✓ **Secondary criteria : analytic indicators**

- i) Arrears: prohibition of new domestic arrears and liquidation of backlog
- ii) Tax revenue/GDP ratio: equal to or more than 20%
- iii) Wage bill/tax revenue ratio: less than or equal to 35%
- iv) Domestically-financed Public capital expenditure/tax revenue ratio: equal to or more than 20%
- v) Stability of real exchange rate: to be maintained by each country. The exact rate shall however be determined in the framework of the ECOWAS exchange rate mechanism
- vi) Interest rates: the countries must maintain positive real interest rates.

116. In order to enable the Member States to achieve the desired harmonisation, each of them was requested to take the convergence criteria into account when preparing and implementing their economic programmes, and include them in negotiations with international financial institutions. In addition, ECOWAS has put in place an institutional arrangement for multilateral surveillance of national economic policies and performance, and has begun work to determine methods of harmonising the macroeconomic aggregates so as obtain comparable data.

3.5.1. Global Evaluation of Country Performance⁴

117. Table1, in the annex showing performance under the mandatory primary criteria, indicates that Benin is the only ECOWAS country to have complied with all 4 criteria .in 2000, as was indeed the case in 1999. This excellent performance reflects adherence to sound public finance policies.

118. Nigeria considerably improved on its performance in 2000 mainly as a result of the rise in the price of petroleum. From achieving compliance with only 1 primary criterion in 1999, performance rose to 3 in 2000, with only the inflation criterion remaining to be met.

119. Senegal also marked an improvement in its performance, benefiting from the effects of macro-economic reforms. Three of the primary criteria were achieved in 2000, compared with 2 in 1999. The criterion not met was that of gross reserves.

120. Like Senegal and Nigeria, The Gambia also improved on its performance. The number of criteria met rose from 2 in 1999 to 3 in 2000,

⁴ see the Convergence Council Memorandum for the detailed study of the implementation of the 2000 multilateral surveillance in ECOWAS

due mainly to prudent macro-economic management. The criterion remaining to be met was the ratio of budget deficit excluding grants/GDP (commitments base) although performance in this area was very close to the ECOWAS norm.

121. In the case of Liberia, while 3 primary criteria were met in both 1999 and 2000, there is the underlying problem of lack of coherence of the macro-economic structure. An analysis of the data on Liberia reveals grave economic distortions including a huge accumulation of arrears of payment, especially of external debt. This mitigates the good performance record.

122. Sierra Leone recorded a relatively good performance. In 2000, 2 primary criteria were met, as against none in 1999. The criteria yet to be met are those relating to the budget deficit and gross reserves.

123. The performance of Cote d'Ivoire and Mali remained steady at 2 primary criteria in both 1999 and 2000. Cote d'Ivoire has yet to meet the criteria of Central Bank advances and gross reserves, while Mali has to meet those of budget deficit and gross reserves.

124. Burkina Faso, Guinea-Bissau, Niger and Togo succeeded in only one of the four (4) primary criteria in both 1999 and 2000. The situation did not improve during the period under review. The only criterion met by all 4 countries is that of inflation.

125. The overall performance of Cape Verde has deteriorated, with only one primary criterion (inflation) being met in 2000, as compared to two in 1999.

126. Ghana and Guinea recorded the most negative results. Guinea did not meet any criterion in 1999 or 2000, while Ghana met only the criterion relating to advances from the central bank.

3.5.2. Evaluation based on Primary and Secondary Criteria

127. The evaluation of country performance based on primary and secondary criteria is as follows:

1. Primary Criteria : mandatory operational indicators

- i) **ratio of budget deficit excluding grants to GDP (commitments base)** : the overall situation of the ECOWAS countries improved in 2000 compared to 1999. 5 countries met the requirement in 2000, as against 4 in 1999. The countries concerned were Benin (0.9%), Cote d'Ivoire (2.1%), Liberia (1.2%), Nigeria (3%) and Senegal (2.8%). Nigeria joined this group in 2000.

128. Niger reduced its budget/GDP ratio from 9.8% in 1999 to 6.4% in 2000. Togo approached the ECOWAS norm in 1999 with a ratio of 4.8% but its performance worsened to 5.4% in 2000. The situation in the other countries also worsened.

- ii) **Central Bank advances to government \leq 10% of previous year's tax revenue** : the overall situation deteriorated in 2000 compared to 1999. In 2000, 6 countries met this criterion, compared to 7 in 1999. Cape Verde and Ghana dropped out of the group in 2000, while Sierra Leone joined.

129. The countries successfully meeting the criterion were Benin, The Gambia, Liberia, Mali, Nigeria and Sierra Leone. Burkina Faso, Cote d'Ivoire, Guinea-Bissau and Senegal significantly reduced recourse to Central Bank advances, while the performance of Ghana, Guinea, Togo, and to a lesser extent, Niger deteriorated in relation to this criterion.

- iii) **inflation rate \leq 5%** : 12 countries met this criterion in 1999 and 2000. However, Guinea-Bissau, with inflation at 8% compared to -2.1% in 1999, dropped out of this group in 2000, while Sierra Leone joined the group with a rate of -2.5% compared to 36.7% in 1999.

130. The Inflation rate rose sharply in Ghana from 13.8% in 1999 to 40.5% in 2000. Nigeria's inflation dropped from 8% in 1999 to 6.9% in 2000, although remaining above the ECOWAS limit.

- iv) **gross reserves \geq 6 months of imports of goods and services**: the overall situation improved in 2000 compared to 1999. 4 countries, Nigeria (9.9 months), Guinea-Bissau (8.3 months), Benin (7.5 months) and The Gambia (6.8 months) met the criterion, as against none in 1999.

131. The poorest performance, involving reserves of even less than 3 months, were recorded by Ghana (0.9 months), Cape Verde (1.1 months), Guinea (2 months), Cote d'Ivoire (2.6 months), and Senegal and Sierra Leone (2.7 months). The reserves of the other countries ranged from 3 to 5 months.

2. Secondary Criteria : analytic indicators

- i. **Prohibition of new domestic arrears and liquidation of backlog:** as a result of high public deficit several ECOWAS countries have failed to liquidate their backlog of payments. This situation is likely to starve the private sector of the resources needed for investment.
- ii. **Ratio of tax revenue to GDP \geq 20%:** only The Gambia, with a ratio of 24% was able to meet this criterion in both 1999 and 2000.

132. However, Cape Verde, with a ratio of 17.4%; Senegal, with a ratio of 17.1%; and to a lesser degree, Ghana, with a ratio of 16.1%, approached the ECOWAS 20% norm. The countries with the lowest ratios were Niger (8%); Nigeria (9%); Sierra Leone (10%); Guinea (10.6%); and Togo (11.7%).

- iii. **Ratio of wage bill to tax revenue \leq 35% :** the overall situation in 2000 improved slightly, with 6 countries meeting the requirement, as compared with 5 in 1999. Ghana joined the group, with a ratio of 32% as against 37.6% in 1999. The other countries were The Gambia (30.6%); Liberia (30.9%); Mali (31.3%); Benin (31.7%); and Senegal (33.3%).

133. The wage bill in some countries which could not meet this criterion in 2000, such as Cape Verde, Niger, Nigeria and Togo, accounted for more than 50% of tax revenue. In Sierra Leone and Guinea Bissau the wage bill exceeded 60%, leaving only a negligible portion of tax revenue for financing other activities like investments, as evidenced by the analysis of the next criterion.

iv. Ratio of domestically-financed public capital expenditure to tax revenue \geq 20%

134. Compliance with this criterion deteriorated in 2000 compared to 1999. 7 countries successfully met the criterion in 1999 as against 6 in 2000. Senegal dropped out of the group, although its performance, at 19.8%, was very close to the ECOWAS norm.

135. The following countries met the criterion in 2000, Nigeria (75.4%); Cape Verde (37.6%); Ghana (26.8%); Burkina Faso (26.3%); Mali (25.7%); and Guinea Bissau (21.7%). However, the performance of Guinea-Bissau and Nigeria dropped steeply in comparison with 1999, when domestic resources mobilised represented 64.8% and 149.5% respectively.

136. All the other countries failed to attain the norm in 2000. Cote d'Ivoire dropped from 17.6% in 1999 to 8.5% in 2000. Niger marked the same trend, the 17.2% recorded in 1999 dropped to 8.9% in 2000. Guinea dropped from 10.1% in 1999 to 7.4% in 2000. The situation improved, albeit slightly in Togo, where performance rose from 1.8% in 1999 to 3.1% in 2000, and also in Sierra Leone, where it rose from 1.9% in 1999 to 4.7% in 2000.

v. Stability of real exchange rate :

137. Real exchange rate tended to stabilise in most ECOWAS countries mainly as a result of their success in controlling domestic inflation. Only in Ghana was real exchange rate unstable.

vi. Real interest rates > 0

138. Overall performance fell slightly. In 2000, 11 countries met this criterion as compared to 12 in 1999, Benin having dropped out of the group. The situation in Ghana also deteriorated, with the rate dropping from -0.8% in 1999 to -22.4% in 2000. Nigeria's rate, though improving slightly, remained negative at -1.9% as against -2.3% in 1999, while Benin dropped from a positive rate of 3.2% in 1999 to -0.7% in 2000.

4. Social Conditions in West Africa⁵**4.1. An Overview of Human Development in the Sub-region**

139. Social services are a primary responsibility of the state, and are indeed, a privileged conduit for the redistribution of wealth. If the state is to guarantee the collective interest and social justice, it must ensure that public expenditure is adequate and evenly enough distributed to make social services accessible to the majority of its citizens. The human development approach has, since the 90s, never failed to highlight the importance of all social services, which have, as a result, been ranked as national priorities.

140. In the West African sub-region, the average human development index (HDI) factor for 1999 is 0.430. Of the fourteen countries reviewed, only two countries, Ghana and Cape Verde, have a higher average and are ranked 105th and 129th respectively of the 174 medium HDI countries. All the others are classified as low human development index countries, with Burkina Faso, Niger and Sierra Leone ranking last.

⁵The data used in this section are extracted from the CDSR-WA report on economic and social Conditions in West Africa.

4.2. Education

141. In the education sector, the evolving rate of enrolment for the different levels of education indicate that the educational systems have expanded significantly. Universal basic education was achieved in Cape Verde, Ghana and Togo as far back as the 80's. However, the average expansion rate slowed down considerably in the '90's, and in 1999, the combined enrolment rate for both primary and secondary education in West Africa was 38.1%. Only Cape-Verde, Ghana and Togo recorded enrolment rates in excess of 50%. Average adult literacy rate in West Africa is 37%, and above 50% in Cape Verde, Ghana, Togo and Nigeria.

142. Government spending on education represented 3.5% of GDP in 1999 compared to 4.2% in 1980. At present, only four countries, namely, Cote d'Ivoire, The Gambia, Ghana and Togo, have attained a ratio of expenditure on education to GDP higher than that of 1980. In Nigeria, the ratio dropped from 6.5% in 1980 to 1% in 1999 and 2000. In Burkina Faso, the ratio had dropped by nearly 68% in 1999, compared to 1980. In current terms, the ratio of government spending on education to national revenue for 1999 and 2000 respectively were 12% and 11% for Guinea, 5.1% and 5.2% for Nigeria, and 8.6% and 10.3% for Burkina Faso.

143. 70% of the resources allocated to the sector is channelled into primary and secondary education. The bulk of these resources (70%) is earmarked for staff emoluments, while infrastructure and the running of the institutions are relegated to the background..

144. In terms of equal treatment, studies show a clear gender disparity at all levels of education, whether primary, secondary or tertiary. However, there was an observable increase in the number of women gaining access to

primary and secondary education in the 1990s. This trend has been sustained, although the rate varies from country to country. Inequality is also observable, based on location. In some countries, for instance, the rate of enrolment in primary schools is 80% in urban areas as compared to 20% in the rural areas.

4.3. Health

145. As in education, the public sector plays a dominant role in healthcare delivery. In all the Member States, this role involves the training of healthcare personnel, investment in dispensaries and hospitals, licencing of practitioners, inspection of drugs, subsidisation and insurance, and direct supply to healthcare establishments. Most Member States subscribe to the "health-for-all-by-2000" policy in the area of primary healthcare. Failures resulting from insufficient financing and poor planning show the limitations of the strategies designed to provide the entire population with affordable, effective and quality healthcare services. Attempts to provide free healthcare have, in many cases, failed.

146. More recent health strategies are designed to provide access to minimum healthcare for the greatest possible number of people. This is achieved through the reorganisation of primary healthcare delivery, based on the supply of cheaper, generic drugs, a community-controlled resource management system, and a cost recovery system based on structured fees.

147. During the period from 1990 to 1999, government spending on health in the ECOWAS Member States averaged 1.4% of national GDP. Performance in this regard for Senegal, Mali, Ghana, Sierra Leone and Benin was above the 1.4% average. In current terms, the ratio of government spending on health to national revenue for 1999 and 2000 respectively, was 8.6% and 7.3% for Guinea, and 3.2% and 2.6% for Nigeria.

148. An analysis of public health indicators cannot be made in isolation from other social services such as sanitation and access to safe water. During the period from 1990 to 1999, only 44.7%, 47.9% and 63.2% of the total population had access to safe water, healthcare and sanitation respectively. Life expectancy was above 50 years in only 6 countries, namely, Cape Verde, Ghana, Nigeria, Senegal, Benin and Mali, and 46 years elsewhere.

4.4. Poverty

149. The human poverty index (HPI-1) in developing countries measures deprivation in terms of four basic dimensions of human life, namely, life expectancy and good health, education, income and participation in social life. In the 2000 development report, the HPI-1 was calculated for 85 countries. The findings of the report indicate that in developing countries, the human poverty level ranges from 3.9% of population in Uruguay, to 64.7 % in Niger. In 13 of the 14 West African countries covered in the report, the human poverty indicator exceeds 35%, meaning that at least 35% of the population suffers from poverty. Apart from Niger, the HPI-1 for Burkina Faso, Mali and Guinea-Bissau is higher than 50%. Only Cape Verde, which ranks 35th in the world, has an HPI-1 of below 25%. The deficit in terms of life expectancy and good health is measured by the percentage of persons with a life expectancy of below 40 years. In 1999, the percentage of the population with a life expectancy of below 40 was 10% for Cape Verde and 40% for Sierra Leone. The figures for the other countries range between 20.6% and 40.6%

150. In addition, within the period from 1990 to 1999, more than 25% of children under 5 were found to be underweight, except in Cape Verde, Nigeria and Senegal.

151. All Member States of the region subscribe to the objective of reducing poverty by half by 2015. If such an objective is to be realised, it means that the States must achieve sustained annual per capita and GDP growth rates of 5.71% and 8.6% respectively for the region, measured by empirical calculations using the Harrod and Domar model⁶.

152. For this rate of development to be achieved for the sub-region as a whole, Member States must be prepared to attain an average investment level of 41% of GDP, as compared to the present average of 20%.

4.5 The Condition of Women

153. Women play a very active role in the economic development of the region. In the agricultural sector, where they constitute 56% of the workforce, they are essential to the production, storage and marketing of produce. In the non-agricultural informal sector, they predominate in the areas of trade, traditional handicrafts, industrial micro enterprises processing animal products, agro-foods, textiles, as well as printing and dyeing.

154. Nonetheless, although considerable progress has been made in the empowerment of women, the gender-related development index (GDI) reveals a very wide gap between living conditions for men and those for women of the region. This GDI uses the same parameters as the HDI, namely, life expectancy, education and income, correcting for HDI inequalities. Some countries have a higher GDI than HDI ranking, indicating more gender-equitable human development.

155. In the West African region, the two rankings are identical for four countries : The Gambia, Mali, Guinea-Bissau and Burkina Faso. The GDI

⁶ This model was developed by the ECA

ranking is higher than the HDI ranking by 2 points in four countries : Ghana, Nigeria, Senegal and Niger. In the other countries, it is lower by one point. Only two countries, Cape Verde and Ghana, qualify as medium-ranking HDI and GDI countries although they place 105th and 129th out of 174 countries. All the other West African countries are classified as low GDI countries, with widely varying indices. For instance, average per capita income for men is \$1330 in terms of purchasing power, as against \$879 for women. Combined child and adult literacy rate is 46.4% for men and 33.25% for women. Average adult literacy rate is 54.7% for men and 33% for women.

5 Perspectives and Orientations for Short and Medium-term Budgetary Policy

156. The economic perspectives for West Africa depends upon a certain number of factors, and particularly, on the success of the on-going poverty alleviation programmes in most of the Member States.

157. The structural reforms and macro-economic stabilisation policies being implemented in West Africa should have a positive impact on the economic growth and human development of the region. Poverty alleviation will encourage political and social stability which are essential conditions for sustained growth.

158. Economic and social conditions should also improve with the gradual reduction of the external debt through the application of the HIPC initiative, as more resources could then be released for investment and poverty alleviation.

159. It should also be noted that prices of raw materials on the international market will substantially influence regional economic growth rate.

160. Forecasts on the world economy indicate only a slow rise in the price of cocoa and coffee over the period from 2001 to 2003. This sluggishness in the recovery of world prices is not encouraging for the economies of Cote d'Ivoire and Ghana, which will experience difficulties with their current external transaction accounts.

161. The prospects for the petroleum market are somewhat brighter, even though the barrel price should come down slightly in the period from 2001 to 2003. However, it is not expected that oil price would fall below \$US 20. Nigeria should therefore record a positive balance of payments and increase real growth from 4 to 7% if political stability is maintained. On the other hand, most petroleum-importing countries in the region will only be able to manage an average real growth level of 3% and their current external balance of payments will be negative, in part due to the high price of petroleum.

162. Political instability and border conflicts will continue to have an effect on the regional economic prospects. The restoration of peace in the Mano River region comprising Guinea, Liberia and Sierra Leone will augur well for the future. Cote d'Ivoire must also make the necessary effort to step up the pace of national reconciliation which is a precondition for restoring internal stability and reviving the interest of the donor community.

163. The successful conduct of elections in Ghana and Senegal, ending in a democratic transfer of power and the reinforcement of democracy in Nigeria has demonstrated to the international community that West Africa is capable of abiding by democratic norms. This should foster the creation of an enabling environment for business and attract investors and short- and medium-term foreign capital to sub-region.

164. The business environment in West Africa could also be improved by strengthening regional integration. In this regard, the introduction of a common external tariff and the harmonisation of financial and economic policies within ECOWAS are of strategic importance to the region.

165. The ECOWAS common external tariff is scheduled to be in place by January 2002. This will present the advantage of harmonising the customs tariffs of the Member States, as a prelude to the harmonisation of indirect internal taxes.

166. With reference to the harmonisation of macro-economic policy, the performance evaluation of the Member States indicates that much remains to be done in respect of compliance with the convergence criteria. These criteria are designed to eliminate macro-economic distortions, paving the way for the creation of a second monetary zone by 2003, and culminating in the creation of a single monetary zone in 2004.

167. Of the 15 ECOWAS Member States, only Benin has met the 4 mandatory primary criteria. The Gambia, Nigeria and Senegal have attained 3, while the performance of most of the other Member States in this regard has been disappointing. There is a need for these Member States to make greater efforts to reduce their macro-economic imbalances and improve their economies' perspectives for the future. Priority actions to be undertaken to this end include the promotion of activities capable of generating additional revenue, the building up of government savings, principally by expanding the tax base, the tightening of tax administration and the adoption of anti-corruption measures. Further action involves the control of current expenditure particularly the wage bill.

168. The strengthening of the multilateral surveillance of economic and financial policies in the Member States should contribute towards improving

their perspectives for the future. The States must, as a matter of urgency, set up the national coordinating committees which are to monitor the status of compliance with the convergence criteria, and draw up credible convergence programmes consisting of specific measures for achieving the stated objectives by the given deadline.

169. Compliance with all these conditions will certainly improve the perspectives for the region's future.

CHAPTER II

IMPLEMENTATION STATUS OF THE ECOWAS WORK PROGRAMME

170. This chapter gives an account of ECOWAS activities since the statutory meetings of December 2000, together with a report of progress achieved. The chapter is divided into four sections which respectively address socio-economic programmes, administrative and financial matters, peace and security, and institutional matters.

I) THE NEW CONTEXTS OF REGIONAL INTEGRATION IN WEST AFRICA

171. The year 2000 marked a turning point in the strengthening of cooperation and regional integration in West Africa. Firstly, five countries outside the CFA zone, namely, The Gambia, Ghana, Guinea, Nigeria and Sierra Leone took the decision to create a second monetary zone by 2003. This zone would merge with the CFA zone to form a single ECOWAS monetary zone in 2004. Secondly, the UEMOA countries adopted a common external tariff, made up of four rates: 0%, 5%, 10% and 20%. The CET entered into force on 1 January 2000, and during the course of that year the UEMOA countries also stepped up multilateral surveillance of their macro-economic policies.

172. With regard to the creation of an ECOWAS customs union, the ECOWAS Heads of State and Government, at their 24th Summit held in Bamako in December 2000, decided to adopt the four-scale UEMOA common external

tariff as the ECOWAS common external tariff. The ECOWAS CET is scheduled to enter into force on 1 January 2002, after the completion of studies on its impact on the economic structure and public finances of non-UEMOA countries.

173. Further significant new developments in the West African integration process include the measures being taken to harmonise ECOWAS and UEMOA programmes, particularly those pertaining to the creation of a common market and multilateral surveillance. These measures lead, ultimately, to the creation of a single West African regional market.

174. ECOWAS sectoral policies, particularly those relating to infrastructure, have also been strengthened, with the support of donors whose assistance for sectoral programme implementation has been enhanced.

175. The Community institutional framework was reinforced with the opening of the ECOWAS Parliament and Court of Justice.

176. Prospects for peace and security have also brightened as a result of ECOWAS interventions in the area of conflict prevention and resolution.

177. The renewed vigour with which regional integration and the Community objectives are being pursued should enable the region to achieve accelerated economic growth.

178. The implementation status of the ECOWAS work programme is as follows:

II. SOCIO-ECONOMIC PROGRAMMES

A) Multilateral Surveillance of Economic and Financial Policies

179. The twenty-second session of the Authority of Heads of State and Government held in Lome on 9 and 10 December 1999, adopted a series of macro-economic convergence criteria which are to be monitored and evaluated within the framework of the multilateral surveillance of policies and performance in ECOWAS Member States.

180. The ECOWAS Executive Secretariat has prepared the first annual status report on multilateral surveillance, which covers the year 2000. The report evaluates the implementation status of the ECOWAS convergence criteria and defines short and medium-term budget orientations. It will be presented to the meeting of officials of the technical monitoring committee, which will make appropriate recommendations thereon to the Convergence Council of Ministers of Finance and Governors of Central Banks. (See Chapter 1, paragraphs 116 to 140 for a summary of the evaluation of the implementation status of convergence criteria).

181. In order to give credibility to the multilateral surveillance mechanism, national macro-economic policies must be coherent and compatible with the obligations entered into by the Member States within the ECOWAS framework, particularly regarding the convergence of economic and financial policies. This implies that the formulation of economic policy and more specifically, budget preparation at the national level, must be guided by the ECOWAS convergence criteria. Member States must therefore take measures

to ensure that their economic and financial policies are regularly subjected to multilateral surveillance.

182. To this end, the ECOWAS Executive Secretariat has prepared detailed guidelines for the implementation of the multilateral surveillance mechanism which will be submitted to the next meeting of the Convergence Council for consideration. It is important that Member States should set up and ensure the effective operation of the national coordination committees. They must also make readily available all information required for the smooth functioning of the multilateral surveillance mechanism.

183. At the national level, convergence programmes, public finance regulations and economic programmes sponsored by international financial institutions, must form a coherent whole, geared towards durable reform of the national economy and the promotion of healthy and sustained economic growth.

184. Furthermore, the surveillance must be organised around programmes which are formulated to enable Member States to satisfy the ECOWAS macroeconomic convergence objectives. Each Member State is therefore required to submit its proposed annual programmes for the fulfilment of the ECOWAS convergence criteria by 2004, to the Convergence Council, through the technical monitoring committee.

185. Each country programme must contain the following information:

- the performance under primary criteria in the previous year; the targets for the current year, the basis of economic forecasts for the foreseeable future and major economic variables, such as the secondary convergence criteria, which are likely to affect programme implementation;

- details of budgetary measures and other economic policies required for the realisation of the objectives set out in the programme;
- a description of the likely evolutionary pattern of convergence criteria and specific measures envisaged for each year until 2004.

186. It should be noted in this regard that the proposed performance profile of the convergence criteria must show a sustained improvement up to the point where the ECOWAS targets are achieved. Annual intermediate objectives of the programmes will be determined on this basis.

187. With regard to the comparability of public finance data, the terms of reference for a proposed ECOWAS study were transmitted to the UEMOA Commission for review, in order to ensure their coherence and coordination. Work on the study is expected to commence before the end of 2001.

188. Projected activities for 2002 will focus on the implementation of the programme for the harmonisation of economic and financial policies, and the setting up and operation of a data bank for the surveillance mechanism. Country convergence programmes will be examined with a view to their utilisation by the multilateral surveillance mechanism, and work will be completed on the study of the legal, accounting and statistical framework for public finances which will ensure comparability of data.

B) Monetary Cooperation Programme

189. The summit of Heads of State and Government of the second ECOWAS monetary zone, which was held in Bamako in December 2000 adopted the

statutes of the West African Monetary Institute (WAMI) and the West African Central Bank. WAMI, whose headquarters is in Accra, has embarked on activities preparatory to the establishment of the Central Bank. The Convergence Council of the second monetary zone met in Abuja on 26 July 2001 and adopted the report on macro-economic developments in the Member States concerned. The Council also adopted the draft programme for the harmonisation of statutes of national Central Banks with those of the West African Monetary Zone (WAMZ) and of the proposed West African Central Bank (WACB), as well as the accompanying public enlightenment programme. A meeting of the second monetary zone Convergence Council is scheduled for Banjul in November 2001, to fine-tune the legal aspects of relations between the Central Bank and national banking institutions.

190. With regard to the ECOWAS single monetary zone, the Central Banks' experts group met in Freetown in February 2001 and recommended to the Governors of Central Banks that the margin of fluctuation for national currencies within the framework of the ECOWAS exchange mechanism, should be fixed at $\pm 10\%$ of par, the previous margin of $\pm 5\%$ having been deemed inadequate.

191. At another meeting held in Dakar in April 2001, the Central Bank Directors of Research recommended the adoption and signing of a regional convertibility agreement to facilitate the use and acceptability of national currencies in regional transactions. The outcome of the two meetings will be presented to a meeting of the Committee of Governors of Central Banks which will be convened at a later date.

192. The ECOWAS Secretariat and WAMA have prepared a joint status report on monetary cooperation in ECOWAS. The report evaluates the status of implementation of the convergence criteria, along the same lines as the annual status report on multilateral surveillance and concludes by stressing

the need to strengthen macro-economic policies at the national level. The report will be presented to the next meeting of Central Bank Directors of Research who will make appropriate recommendations to the Committee of Governors of Central Banks.

193. In order to accelerate the introduction of a common currency by the year 2004, it is essential to create a synergy between the activities of the second monetary zone and those of the ECOWAS single monetary zone.

194. Activities envisaged for 2002 will centre on monitoring progress towards the creation of the second monetary zone and the synergy between this and the single monetary zone.

C) Cooperation in the Area of Statistics

1. Updating Statistics on the Member States

195. Fourteen countries filled in and returned the questionnaires sent out by the Executive Secretariat in 2000. The data derived from the questionnaires covered the period from 1995 to 1999, and were used in the preparation of the three statistical publications of the Secretariat (external trade, social and economic indicators, and national accounts), and also in the compilation of the statistical directory contained in the 2001 edition of the ECOWAS Statistical Bulletin. The statistical bulletin, first published last year, is not only a newsletter directed at the national offices of statistics but also a statistical yearbook and tool for the promotion of statistical research. The 2000 issue prepared by the consultant has been printed after amendments by the editorial committee.

196. The 2001 data collection exercise has been completed, and covers the period from 1996 to 2000. The exercise involved the use of a new batch of

questionnaires, the product of a revision to reflect the recommendations formulated by the consultants, particularly during the data collection missions undertaken in 2000.

2. Harmonisation of Statistical Tools

197. Activities in this area are now aimed essentially at ensuring the smooth functioning of the multilateral surveillance mechanism. Given the nature of the convergence criteria which underpin the mechanism, particular attention is being paid to national accounts and the consumer price index. Moreover, given the fact that the full harmonisation of these criteria will necessarily take some time, and in view of the immediacy of multilateral convergence-related issues, it has been deemed necessary to adopt a phased approach. In the area of national accounts, priority is being given initially to activities aimed at ensuring comparability of the GDP of Member States. This entails carrying out in the non-UEMOA countries the same studies that were undertaken in the UEMOA Member States, taking due care to ensure the coherence of the whole. A similar approach will be adopted for the harmonisation of the consumer price indices.

198. A high point of this year's activities was the signing of a financing agreement with the European Union for the implementation of the ECOWAS statistical development programme, ECOSTAT. The funding is earmarked for the formulation of an operating framework for the surveillance mechanism. The main objective of this programme is the harmonisation of national accounts and consumer price indices.

199. The ECOSTAT project which makes substantial provision for institutional support to Member States and the Executive Secretariat for a duration of two years is expected to take off before the end of 2001. The estimate cost for this phase of the project is 1,950,000 Euros. The second

phase will involve the acquisition of the information systems and equipment needed to ensure the smooth operation of the mechanisms and methods used in the preparation of national accounts and consumer price indices.

200. However, pending the take-off of the ECOSTAT programme, and in view of the urgency of the harmonisation exercise, the Executive Secretariat this year conducted a study analysing the current situation of national accounts and consumer price indices in non-UEMOA countries. The study was carried out with the financial assistance of the UNDP (Guerrero Fund) and the technical assistance of AFRISTAT which has carried out similar studies for UEMOA.

201. The purpose of the study was to evaluate progress in the countries concerned and to ascertain the level of resources allocated to the compilation of national accounts and price indices, and to the extent to which these were compatible with the UEMOA harmonisation exercise. In this regard, the study identified the differences in the standards applied and methods adopted for the compilation of national accounts and consumer price indices, not only between the countries concerned but also between these countries and UEMOA countries. However, this problem can be resolved through a strategy similar to the one adopted by the UEMOA countries if adequate assistance in human and material resources is made available.

202. The study addresses specific questions within the following areas which are deemed to be of primary importance to the harmonisation process:

i) National accounts: the system adopted, the nature of the accounts prepared or published, the evaluation system (at current and constant prices), compilation methods for accounts on agriculture, livestock, fishery, and forestry, the modern and informal sectors, households and government service. The various sources used and the working hypotheses were all given.

ii) Price indices: index base, organisation of survey points products chosen for the surveys, classification used, and the format adopted for publication. In all the countries, experts undertook field trips to note the manner in which the surveys were actually conducted and the precision of the scales used in weighing food items.

203. The study will be submitted for approval to the next meeting of the technical monitoring committee of experts from the Ministries of Finance and Central Banks extended to include ECOWAS Directors of Statistics.

204. Proposed short and medium-term actions, in accordance with the conclusions of the study and the strategy referred to above, and in conformity with the goal of the ECOSTAT programme, will be as follows:

- *National Accounts:*

- to ensure the comparability of GDPs;
- to adopt a harmonised framework for systems, methods and nomenclatures;
- application of the system: establishment of information system; acquisition of computer equipment and ERETES software.

- *Consumer Price Indices*

- to up-grade the capacity of some countries: equipment, training and technical support;
- to adopt harmonised methods and nomenclatures;
- application of the system: establishment of information system; acquisition of computer equipment and CHAPO software.

205. Proposed actions will take the form of studies, seminars and technical support missions. Those actions aimed at achieving greater comparability of GDPs, enhancing capacity, and adopting a harmonised framework, are regarded as urgent, and may be conducted as part of the ECOSTAT project as presently formulated.

206. However, the Executive Secretariat will monitor the execution of this year's study independently of the ECOSTAT project.

3. Statistical Cooperation

207. In addition to the above relationship with the European Union, cooperation activities were maintained on a regular basis with other regional and international institutions in the area of statistics. Working relations with AFRISTAT in particular have been most satisfactory. AFRISTAT was responsible for the conduct of the study referred to earlier on the current status of national accounts and consumer price indices, while the Executive Secretariat took active part in the seminar organised by AFRISTAT to plan the future beyond 2005.

208. The Executive Secretariat has initiated the negotiation of a formal framework for statistical cooperation with certain institutes of statistics, namely, INSEE, the National Institute for Statistics and Economic Research, in France, and "Statistics Sweden" in Sweden. Negotiations have also been held with the ADB to secure additional financing for priority activities sponsored by the European Union. Lastly, the Executive Secretariat is closely monitoring activities in connection with the formulation of a new ECA plan of action for the development of statistics in Africa.

D) CUSTOMS AND TRADE POLICIES

209. A programme of action has been drawn up for the creation of a West African common market. The main objective of the programme is the establishment of a customs union, as a logical progression from the creation of the free trade zone which came into existence on 1st January 2000. A further objective of the programme is the harmonisation of the ECOWAS and UEMOA trade liberalisation schemes.

1. The Trade Liberalisation Programme

210. The establishment of a common market presupposes the abolition of customs duties and taxes of equivalent effect on trade between its member states, as well as the introduction of a common external tariff within the framework of a customs union.

1.1 Liberalisation of intra-Community trade

211. The creation of the ECOWAS free trade zone which became effective on 1st January 2000, should, in theory, enable the free movement within the ECOWAS region, of unprocessed goods, traditional handicrafts, and the 1,195 approved industrial products of ECOWAS origin manufactured by 421 enterprises established in 12 ECOWAS Member States.

212. The reality, however, is different. From the number of complaints lodged by some Member States about the refusal of other Member States to apply the prescribed preferential regime to their exports, and from the limited number of applications for compensation received by the Executive Secretariat, it is clear that the liberalisation of trade in industrial products has not yet been realised within the Community.

213. Reacting to the complaints received, the Executive Secretariat embarked on an enlightenment campaign directed at economic operators and officials of Member States involved in the implementation of the trade liberalisation scheme. A Secretariat mission to all Member States is being organised to evaluate the implementation status of the trade liberalisation scheme. A questionnaire has already been sent out to Member States to :

- evaluate the implementation status of the scheme;
- identify the obstacles impeding effective implementation of the scheme;
- identify those responsible for implementing the scheme;
- recommend corrective measures.

214. The following actions have been undertaken with a view to harmonising and simplifying customs clearing procedures in the region:

i) ***Application of the Convention on Inter-State Road Transit of Goods***

215. Two meetings of the General Assembly of National Guarantors of inter-State road transit of goods (ECOWAS-ISRT) were held in Ouagadougou in January 2001 and in Abidjan in August 2001. The meetings reviewed the implementation status of the ISRT Convention, and proposed necessary measures to reinvigorate intra-ECOWAS trade.

ii) ***Introduction of the Single Customs Declaration (SCD) Form***

216. Specimen copies of the single customs declaration form have been printed and are to be sent to Member States for necessary action towards the introduction of the forms into use.

2. Harmonisation of ECOWAS and UEMOA Trade Liberalisation Schemes

217. In implementation of the directive issued by the ministerial meeting held in Bamako in January 2001, the UEMOA Commission and the ECOWAS Executive Secretariat have taken measures to harmonise their trade liberalisation schemes, with a view to establishing a single regional market. A consultative ECOWAS/UEMOA meeting was held in Bamako on 29 and 30 January 2001 to examine the execution and monitoring of the strategy to accelerate integration in West Africa. On the subject of the common market, the meeting noted that the agreements reached at the Lome meeting of September 2000 had been approved by the decision-making authorities of both institutions. The meeting took note of the points on which the two organisations were in agreement, identified the tasks yet to be carried out and the areas in which harmonisation had not yet been achieved. In compliance with the recommendations of this meeting, ECOWAS embarked on the execution of the tasks agreed upon. These included the elaboration of draft harmonised texts relating to rules of origin, compensation procedure for loss of revenue, approval procedure for industrial products, model application documents for approval of products, the definition of elements constituting ex-factory price of a product, the definition of value-added, and the certificate of origin.

218. The draft texts will be presented by each of the two institutions to their respective decision-making authorities for approval, after finalisation by the joint meeting of experts scheduled to take place before the end of the year.

3. The Customs Union

219. The creation of an ECOWAS customs union presupposes the introduction of a common external tariff (CET). The UEMOA CET which

became effective from 1st January 2000 comprises a scale of four rates: 0%, 5%, 10%, and 20%. The ECOWAS Authority of Heads of State and Government at its session in Bamako in December 2000, decided to adopt the same rates and requested the Executive Secretariat to conduct studies on the possible impact of the CET on the economy and government revenue of each country. The European Union has offered to provide technical assistance for the conduct of the study whose terms of reference have already been finalised. Consultants have been recruited, but more assistance will be needed to complement the EU input, particularly during the negotiations leading to the adoption of the CET and its effective implementation. A request for technical assistance has therefore been submitted to the IMF which has promised to give it favourable consideration.

220. In addition, the IMF has promised to include in its programmes support to the budget and balance of payments support for ECOWAS Member States in order to provide financial relief over the period of transition for any loss of customs revenue resulting from the introduction of the ECOWAS CET.

221. USAID has also promised to provide additional assistance to the Secretariat for the conduct of a study on support measures to bolster the CET.

222. The activities envisaged under the 2002 work programme will be geared towards the establishment and functioning of the customs union. These include:

- monitoring of the implementation of texts adopted in relation to the harmonisation of the ECOWAS and UEMOA trade liberalisation schemes;
- monitoring of the implementation of the ECOWAS trade liberalisation scheme by all the Member States;

- launching of campaigns to educate and enlighten economic operators and officials of Member States on the free trade zone and the customs union;
- monitoring of the harmonisation of customs regulations and simplification of formalities by the introduction of the single customs declaration form; monitoring of the implementation of the convention on inter-State road transit of goods; and
- adoption of the ECOWAS common external tariff.

E) TRADE PROMOTION

223. The Executive Secretariat is continuing with preparations for the third ECOWAS trade fair which will be held in Lome in 2003. The Executive Secretariat participated in the preparation of the different budgets for the fair and the text of the agreement with the executing agency. Other trade-related activities involving the Secretariat included the organisation, in collaboration with the Nigerian Economic Summit Group, of the conference on trade in Africa which took place in Abuja in July 2001.

224. In anticipation of the negotiations on the Cotonou Agreements between the European Union and the ACP countries, the Executive Secretariat is holding consultations with UEMOA on available options for the type of agreement to be concluded by West Africa with the European Union. Enlightenment activities will shortly commence to ensure that stakeholders in the region are made aware of the issues involved in the different agreements. West Africa will need to adopt a common position during these negotiations in order to avoid a situation where separate agreements are signed, which will divide the region and jeopardise its domestic and foreign interests.

225. On 22 September 2001, ECOWAS convened a meeting of Ministers of Trade during the 4th ordinary session of the OAU/AEC Ministerial Committee on Trade in Abuja on 22 and 23 September 2001. At this meeting, the Ministers recalled the need to strengthen the bargaining position of West Africa by adopting a common position at the negotiating table. ECOWAS was requested in this regard, to set up a Standing committee of experts for the negotiations. In the interests of coherence, it was decided that the experts' group would facilitate the negotiations at both ACP/EU and WTO fora.

226. The Executive Secretariat has also gone ahead with preparations for the 3rd WTO Ministerial Conference for least developed and developing countries.

227. In order to ensure the effective participation of ECOWAS countries at the WTO negotiations, the Executive Secretariat has signed an agreement for a subvention from the African Capacity Building Foundation (ACBF). Under the terms of this agreement, experts from ECOWAS Institutions and Member States will receive training in the conduct of international trade negotiations.

228. The focus of trade promotion activities for 2002 will be as follows:

- preparations for the 3rd ECOWAS trade fair including the organisation of two meetings of the ad hoc committee, and two meetings of the regional organising committee;
- activities relating to the official launching and promotion of the fair in Member States, which are designed to ensure the massive participation of economic operators in the event;
- installation and operation of SIGOA-TOPS, as a prelude to the establishment of a real trade information network in West Africa;

- WTO and ITC-UNCTAD/WTO meetings, and ACP/EU relations;
- harmonisation of the trade regimes of Member States and elaboration of rules of competition.

F) THE ECOWAS PASSPORT

229. The twenty-third session of the Authority of Heads of State and Government held in Abuja on 28 and 30 May 2000, adopted and launched the specimen copy of the ECOWAS passport, as a demonstration to the rest of the world of the ECOWAS identity, and as a consecration of ECOWAS citizenship. Both the ECOWAS passport and ECOWAS travel certificate are to be issued in the Member States. During a 5-year transition period, the ECOWAS passport will be used alongside national passports which will be completely withdrawn at the expiration of the transition period. The first specimen copies produced by the Executive Secretariat were modified on the directives of the decision-making authorities. Four hundred and fifty copies of the new specimen copies have been printed for distribution to the Member States. The passport is already in circulation in the Republic of Benin, which must be warmly commended for its pioneer role. All other Member States are hereby enjoined to follow the example of Benin.

G) COOPERATION IN THE TOURISM SECTOR

230. The policy adopted by the ECOWAS Member States to achieve the integration of the tourism sector is based on the dual objective of promoting intra-regional tourism and boosting the volume of international tourism arrivals in the region.

231. In pursuance of these objectives, three major projects have been approved for the period from 2001 to 2002 as follows:

- Project n°1: promotion and marketing of tourism products;
- Project n°2: harmonisation of regulations governing tourism and the hotel industry;
- Project n°3: facilitation.

232. The implementation status of the tourism development programme is as follows:

233. Project n°1: a request for funding has been submitted to the European Union for the conduct of a global study on the formulation of a tourism development strategy for West Africa. Negotiations have also been initiated with OCDT Globe Africa which has indicated its willingness to assist in the mobilisation of funds. Follow-up actions are in progress.

234. Support measures for the tourism promotion and marketing programme include the design and printing of brochures and publicity items that will be compiled to form a single book of tourist attractions and useful information on all the Member States. Terms of reference have been prepared for the project, but funding is yet to be mobilised for its realisation.

235. Project n°2: A workshop was organised for national tourism authorities and hoteliers on practical and administrative measures for the introduction and operation of a harmonised hotel classification system. A competition was organised for the design of the plaque which will indicate the hotel classification., and work is in progress on the definition of standards for the classification of other forms of accommodation.

236. The regional monitoring committee established by Regulation C/REG.14/12/99 relating to the adoption of classification standards for hotels, motels and guest inns, has conducted its first inspection tour of hotels in five countries of the region:

237. Project n°3: A meeting of national departments of tourism, immigration, emigration , and consular services was organised to examine ways and means for the harmonisation of facilitation measures and the introduction of a single entry visa.

238. The activities in the 2002 work programme will be a continuation of what was undertaken in 2001.

239. Appropriate measures are being envisaged to boost tourism demand significantly in all the Member States. A special effort will be made to mobilise funds for the conduct of the study on the tourism development strategy for West Africa, since part of the funding will go towards the organisation of an ECOWAS tourism and leisure exhibition.

240. A feasibility study will also be conducted on joint tourism promotion, which will include the design, printing and production of brochures and publicity items.

241. Member States will be prevailed upon to implement the ECOWAS regulation relating to the adoption of classification standards, and stipulating the conditions for approval of hotels, motels and guest inns. This will contribute to the harmonisation of regulations governing the tourism sector, and up-grade the quality and competitiveness of the tourism product on offer, thereby boosting demand. The plaque bearing the ECOWAS logo and indicating the classification of the establishment will be adopted and introduced in 2002. Training sessions are also envisaged in 2002 for hotel inspectors and hotel classification officials.

242. Prospects for facilitation in 2002 are promising, with the introduction of the single entry visa which will boost multiple destination tourism, and increase tourism demand in the region.

H) COOPERATION IN THE AREA OF INFRASTRUCTURE

243. ECOWAS policy in the area of infrastructure and industry pursues the following objectives:

- to ensure the smooth integration of the physical infrastructures of the Member States as a means of encouraging and facilitating the movement of persons, goods and services within the Community;
- to strengthen the industrial base of the region and modernise priority sectors in order to promote self-sustaining and self-reliant development.

1. Transport

i) Facilitation of Road Transport

244. A study was conducted by the Executive Secretariat to evaluate the impact of the ECOWAS Brown Card insurance scheme which was launched in 1983. The conclusions and recommendations of the study were submitted for adoption to the first meeting of the Transport, Communications and Tourism Commission held in Cotonou from 25 to 27 July 2001. The Commission recommended to the Council of Bureaux that the Brown Card scheme and the CIMA code should be harmonised, urging both systems to settle claims within a reasonable period of time in order to maintain the credibility of the scheme.

ii) Interconnection of Rail Networks

245. After the adoption of the ECOWAS master plan for the interconnection of rail networks in 2000, the Executive Secretariat is still seeking funds for the conduct of feasibility and engineering studies on the interconnection of

the Lagos-Accra section of the network. The ADB has indicated that it is willing to finance the studies; and terms of reference have been completed through the joint efforts of an ADB team of experts and the Executive Secretariat.

iii) Liberalisation of Air Transport

246. The Executive Secretariat and the Central African Economic and Monetary Community (CEMAC) have been charged with the responsibility of coordinating the implementation of the Yamoussoukro Decision on the liberalisation of air transport in West and Central Africa. The sum of \$US 300,000 has been obtained from the World Bank for the implementation of the project within a period of two years. The Executive Secretariat, in collaboration with the United Nations Commission for Africa and CEMAC, organised an initial ministerial meeting in Bamako on 14 March 2001 to adopt a plan of action and define modalities for implementation. The plan of action provides for the conduct of studies on the technical, regulatory and economic framework for air transport, with a view to recommending measures leading to the creation of a conducive environment for the harmonious development of the sector. The Executive Secretariat recently finalised the terms of reference and recruited a Project Director to coordinate the implementation of the plan of action.

iv) Private Regional Air and Maritime Transport Projects **– The Sub-regional Private Airline Project : "ECOAIR"**

247. The Executive Secretariat is providing support for the creation of a privately owned regional airline. The economic and financial feasibility studies for the project have been finalised and the technical partners identified. The project promoters are in the process of mobilising funds on the regional capital market. A memorandum of understanding has been signed in this

connection with ECOBANK Transnational Incorporated (ETI) and First Bank of Nigeria (FBN).

– **The Sub-regional Private Shipping Line Project :
“ECOMARINE”**

248. The promoters of the ECOMARINE project have also identified a technical partner. The Executive Secretariat was present at the signing of the Headquarters Agreement between the Togolese Republic and ECOMARINE. The company will be officially launched in December 2001.

249. Proposed activities for 2002 include:

- mobilisation of additional funds to complete the West African road network;
- implementation of facilitation measures;
- implementation of the Yamoussoukro Decision on the liberalisation of air transport;
- drafting of regulations for coastal shipping.

2. Telecommunications

i) The Study on the Restructuring of the SFT

250. The Executive Secretariat and the ECOWAS Fund met in Lome to determine the modalities for the conduct of the study on the restructuring of the Special Fund for Telecommunications (SFT). The two institutions agreed on the procedures to be adopted for limited tendering to select a consultant for the conduct of the study, contract negotiations with the consultant, and the evaluation of interim and final study reports.

251. A list of fifteen firms was approved to tender in accordance with the terms of reference of the study.

252. The ECOWAS Fund has sent a draft contract and draft tender documents to the Executive Secretariat for comment, ahead of the launching of limited invitations to tender. The two documents were amended by the Secretariat and returned to the Fund. Unresolved issues arising from differences in the perceived roles of the two institutions with regard to the conduct of the study, have delayed the launching of the invitations to tender.

ii) The INTELCOM II Programme

253. The Executive Secretariat paid a working visit to the regional representative of the International Telecommunications Union (ITU) in April 2001. The purpose of the visit was to refocus the feasibility studies on the INTELCOM II programme, in the light of the rapid institutional changes taking place in the telecommunications sector.

254. The feasibility studies on the 32 inter-State links identified in the preliminary study are always conducted on a bilateral basis involving the public and private operators of the two countries concerned. It was decided to set up a data bank at the Executive Secretariat, to carry out real time monitoring of the development of the regional telecommunications network.

255. It is useful to recall that the INTELCOM II study is being carried out in partnership with the ITU, under the terms of a technical cooperation agreement which provides for the sharing of costs after an initial contribution of US\$ 106,400 and US\$ 141,400 by ECOWAS and ITU respectively.

256. Total available funds as at 31 July 2001 amounted to US\$ 197,374, against a total of US\$ 57,714 in expenses and commitments. It was decided

that the data bank at the Secretariat should be financed from the balance, which would also cover the cost of up-dating the regional telecommunications map which will be submitted to the decision-making authorities of the Community for approval.

iii) Harmonisation of Sectoral Policies

257. The Executive Secretariat has set up a technical group to facilitate the official establishment of the Association of West African Telecommunications Regulators (AWATR). The technical group was constituted during the meeting of the Consultative Committee on Telecommunications Regulation held in Abuja from 2 to 5 April 2001, which approved its action plan

258. The technical group is composed of five Member States, namely, Benin, Ghana, Mali, Nigeria and Senegal, and two international institutions, namely, the African Telecommunications Union and the African Connection Centre of Strategic Planning. Donors and certain specialised telecommunications institutions have been approached for funding for the technical group's action plan.

259. The Executive Secretariat recently received a grant of \$US 279,000 from the Public-private Infrastructure Advisory Facility (PPIAF) for the conduct of a study on the harmonisation of the legal and regulatory telecommunications instruments of the 15 ECOWAS Member States.

260. The main objective of the study is to survey the regulatory bodies operating in the Member States and make recommendations for the harmonisation, and installation of a telecommunications system within a liberalised ECOWAS common market, between 2005 and 2007.

261. In compliance with PPIAF procedure, the World Bank has been appointed the executing agency for the study. A consultant will be engaged by the World Bank for the conduct of the study, and twenty firms have already sent in their applications.

262. Work on the study is scheduled to take off in January 2002. A meeting of by telecommunications operators, regulators and donors will be convened prior to this date, to launch the project.

iv) Meteorological Telecommunications Satellites (METEOSAT)

263. The European Union has made 11 million euros available for the implementation of its African telecommunications programme which provides for the deployment of land telecommunications stations in 50 African countries. A special team including telecommunications experts from the five African economic groupings, ECOWAS, CEMAC, SADC, IGAD, and COI, has been set up to facilitate the implementation of the programme.

264. The Executive Secretariat has attended meetings of the special team. A project implementation committee with a rotating chairmanship was set up at the last meeting which was held in Nairobi on 3 July 2001. A consulting firm was also selected to function as the Nairobi-based project management unit.

265. The deployment of receiving stations for satellite pictures is scheduled for the end of December 2002, under the supervision of the project implementation committee which will be chaired by ECOWAS until January 2002. The satellite will be launched in February 2003 by EUMESTAT, the European Meteorological Satellite Utilisation.

3. Energy

i) The West African Power Pool

266. The West African power pool project, which is part of the ECOWAS energy programme, was launched by the Executive Secretariat in collaboration with Member States and donor agencies. The Secretariat is also the monitoring and coordinating body for a second on-going project, the construction of a West African gas pipeline.

267. The decision of the Heads of State and Government establishing the power pool stipulates that coordination of the project should be the responsibility of a Steering Committee composed of ECOWAS Ministers of Energy, while project definition and implementation should be carried out by an Implementation Committee composed of Directors-General of national electricity companies. The role of the ECOWAS Secretariat is defined as that of permanent secretariat to these organs. The decision outlines the mandate of the two organs as follows :

- to prepare and establish an appropriate framework for the development of the power pool;
- to formulate recommendations on the financing and implementation of projects approved within the framework of the power pool;
- to prepare a detailed financing plan and time schedule for the development of energy generation and distribution facilities and identify the main phases and modalities for the co-ordination of the various projects comprising the power pool;
- to organise a donors meeting.

268. In compliance with this mandate, the Executive Secretariat signed a technical assistance agreement with USAID, which is also involved in the implementation of the West African gas pipeline project. Under the terms of this agreement, a team of experts in various fields was made available to ECOWAS and its Member States, to conduct studies on an institutional framework for the West African power pool. The team is also responsible for the training and capacity building of local experts involved in the power pool project. Local expertise will be called upon whenever the occasion demands. The studies provided for under this assistance agreement will determine modalities for the establishment of an institutional framework for the power pool, propose rules and procedures for energy exchanges, and define appropriate commercial and financial guidelines for the power pool. The study on the institutional framework has been completed and submitted to the Steering Committee for approval. The USAID assistance programme also makes provision for the creation of an electricity database using a maximising model for supply and demand prepared by Purdue University of the United States of America. The model, and the accompanying computer hard and software, have been handed over to ECOWAS and the power pool project.

269. In order to attract foreign capital to the power pool, a protocol is currently being drafted, which is modelled on the Energy Charter Treaty adopted by over 50 countries from the five continents. The protocol aims at providing electricity companies, investors and consumers, access to a free, competitive and profitable energy market.

270. The protocol covers all activities within the energy cycle, from exploration and extraction to production, transit, distribution, sales and efficient use. All forms of energy, including petroleum, gas, coal and renewable energy, are covered. It is designed to help create an enabling environment for the establishment of viable business relations between

electricity companies, investors and consumers; both production and transit companies will be able to realise sizeable long-term profits under this protocol.

ii) The West African Gas pipeline Project

271. With facilitation and coordination by the ECOWAS Secretariat, the Member States involved in the gas pipeline project have successfully concluded negotiations on the principal terms of the Concession Agreement Term Sheet (CATS). The negotiations culminated in the signing of a letter of intent with the commercial group, which is responsible for the promotion of the project.

272. Negotiations of the commercial agreements were deadlocked over four issues, namely, gas purchase and sale terms, the Ghanaian government guarantee of the Volta River Authority (VRA), the withdrawal of the Ghanaian partner, GNPC from the commercial group and the undertaking by Ghana to apply an electricity pricing policy which would make it possible to recoup project costs.

273. At present, only the last issue has been resolved. Although significant progress has been achieved in the negotiations on the first three, further consultations will be necessary between the parties.

274. During this same period, Togo and Benin also began gas purchase and sale negotiations, encouraged by the results of negotiations initiated by Ghana. This raised hopes that the regional project would soon take off.

275. The States and the commercial group on the one hand, and ECOWAS and USAID, on the other, renewed their memoranda of understanding up to the second quarter of 2002.

276. The parties plan to embark upon part B of the preparatory phase of the project which involves the drafting and signing of the concession and final commercial agreements; conduct of the environmental impact assessment study and preparation of the final project development plan. If the whole process is to be speeded up, the States must anticipate all the difficulties associated with financing and guaranteeing that are inherent in gas purchase and sale agreements. The States must also make every effort to speed up ratification procedure for the concession agreement and facilitate timely completion of the environmental impact assessment study.

277. Activities envisaged for 2002 are the following :

- formulation of an implementation strategy for the power pool;
- conduct of the technical and economic studies necessary for the development of the power pool in accordance with the action plan adopted by the power pool steering committee;
- initiation of a partnership agreement between the electricity companies of the States and the Inter-Utility Regulatory Commission in Indiana, USA;
- development of the West African gas pipeline;
- commencement of the construction work on the West African gas pipeline project;
- dissemination of data on solar and wind intensity in Member States.

I) CO-OPERATION IN THE INDUSTRY SECTOR

278. In accordance with the provisions of the revised Treaty stipulating cooperation between Member States in the industry sector, the objectives of the Executive Secretariat's industrial promotion programme are:

- to strengthen the ECOWAS industrial base, modernise priority sub-sectors and encourage self-sustained, self-reliant development ;
- to promote joint industrial projects, and the setting up of multinational enterprises in priority industrial sub-sectors likely to contribute to the development of Member States.

279. Activities for 2001 included the formulation of a common industrial policy for the region, and implementation of the ECOWAS investment and private sector promotion programme

i) Programme for the Harmonisation of the Industrial Policies of ECOWAS Member States.

280. In February 2001, the Executive Secretariat convened a meeting of ECOWAS Ministers responsible for industrial development in Member States, at which guidelines for the formulation of a common industrial policy for West Africa were adopted. A working group was set up, comprising representatives of Member States, the private sector and regional and international organisations, to oversee the preparation of the common industrial policy.

ii) Investment and Private Sector Promotion Programme

281. The ECOWAS investment and private sector promotion programme seeks to attract foreign capital to West Africa and encourage the creation of competitive multinational enterprises in the region. During the year, the Executive Secretariat initiated a series of actions designed to broaden the prospects for partnerships between West African economic operators and economic operators from other regions of the world by organising investors' forums and meetings with potential partners.

282. In pursuance of this policy, the Secretariat is planning an economic and investment forum involving ECOWAS and the Southern African Development Community, SADC. Preparations for the forum were launched at a meeting with South African economic operators in Pretoria, and with the SADC Secretariat in Gaborone. An organising committee chaired by a representative of the region's private sector was set up to supervise preparations for the forum which is scheduled for 2002.

283. The Executive Secretariat also undertook fact-finding missions, with a view to establishing economic partnerships with other regions of the world. These include :

- Latin America : a high-powered delegation from the South American Common Market (MERCOSUR) which comprises Argentina, Brazil, Paraguay and Uruguay, paid a working visit to the ECOWAS Headquarters, under the aegis of the United Nations Industrial Development Organisation, UNIDO. At the end of the visit the two organisations agreed to pursue and strengthen their co-operation, by sharing their experiences in the areas of industrial cooperation, standardisation and quality control, trade liberalisation, and the promotion of investment and economic partnerships;

- The United States of America : A delegation from the Executive Secretariat paid a working visit to the United States in June 2001, to establish and strengthen cooperation with the government and private sector support agencies. At the conclusion of the visit, it was agreed that measures should be taken to achieve the following:
 - the signing of a framework agreement between the Executive Secretariat and the American government;
 - arrangements for reciprocal accreditation of a representative of either party to the other;
 - strengthening of economic cooperation between West Africa and the United States through private sector support agencies such as the Corporate Council on Africa, the Small Business Administration (SBA), USAID and the Overseas Private Investment Corporation (OPIC).

284. As part of its initiative to increase private sector involvement in the regional integration process, the Executive Secretariat is in the process of setting up a West African private sector advisory body. Membership will be drawn from economic operators in the Member States. This action is designed to provide the private economic operators of the sub-region with a forum through which they can make their views on the regional integration process known to the decision-making authorities.

285. The various activities commenced in 2001 will be continued in 2002. Measures envisaged in 2002 for the harmonisation of national industrial policies will include the conduct of the study for the formulation of a common industrial policy, and preparation of the groundwork for the formulation of a regional development policy for the mining sector.

286. Actions planned by the Secretariat to promote investments and private sector initiative, will include the organisation of three investors' forums involving the European Union, SADC member countries and the United States respectively. A support programme for SME development will be implemented with external assistance, and a study conducted to define the conditions for enhancing the competitiveness of the West African industrial sector.

J) COOPERATION IN THE SECTORS OF AGRICULTURE, RURAL DEVELOPMENT AND THE ENVIRONMENT

1. Agriculture

287. Activities scheduled for 2002 will include preparation of the study on a common agricultural policy, organisation of a regional workshop to approve the study, and, lastly, submission of the draft common agricultural policy to the ECOWAS decision-making authorities.

288. In 2002, ECOWAS will be more involved in the implementation of the FAO special food security programme which underpins the regional food security programme. FAO and ECOWAS have agreed to strengthen their cooperation relations to ensure the implementation of the regional programme.

2. Regional Agricultural Cooperation Programmes

289. The ECOWAS regional programmes are intended to consolidate cooperation with sub-regional, regional and international institutions. Activities in 2001 included the publication of the third issue of the Pesticide Bulletin, with financial assistance from FAO. ECOWAS attended consultative meetings of West African IGOs on agriculture. In addition, the African

Development Bank agreed to provide funds for the organisation of a regional workshop on the ECOWAS common agricultural policy (CAP).

290. In 2002, attention will focus on three main areas, namely, mobilisation of funds for programme implementation, preparation of a project paper on pesticide management, and updating of the integrated agricultural information programme.

i) Adoption of the Common Agricultural Policy (CAP) Framework

291. The common agricultural policy framework was adopted in Bamako in January, 2001 by the ECOWAS Ministerial committee. Requests have been submitted to the CTA (EU-ACP) and ADB. for technical assistance in the conduct of a study on the common agricultural policy which is scheduled to take off before the end of 2001.

292. An FAO/ECOWAS meeting was held in Rome to strengthen cooperation between the two institutions. A technical cooperation agreement was signed, under which the FAO undertook to finance the creation of a regional food security information network. The FAO also agreed in principle, to finance the CAP study.

293. Actions for 2002 will focus on:

- conduct of the CAP study and its approval by the ECOWAS authorities;
- organisation of a sub-regional workshop to endorse the study.

294. ECOWAS will become more involved in the implementation of the FAO special food security programme.

3. Livestock Development

295. Cross-border transhumance has, over the years, been a source of concern to many countries of the region. Niger, Benin, Mali and Ghana are particularly affected. Fact-finding missions were despatched from the Executive Secretariat to these countries in order to obtain a clearer picture of the issues at stake, and thus be in a better position to propose consensual solutions. A meeting on transhumance will be organised at the end of this year to work out a regional action plan for improved monitoring of transhumance, and the establishment of a coordinating mechanism.

296. In the area of animal disease control, the Secretariat monitored implementation of the rinderpest control coordination programme, and organised the annual meeting of Directors of vaccine production laboratories.

297. Livestock-related activities, which include the update of selected cattle breeding centres, launching of awareness campaigns on cross-border transhumance and introduction of the international transhumance certificate, will be continued in 2002. A study will be conducted on pastoral resources and their management infrastructure. Regional cooperation initiatives for animal health will also be pursued, and ECOWAS will encourage the establishment of the regional federation of veterinary associations.

4. Environment and Natural Resource Management

298. The main focus of the Executive Secretariat's actions is on the four areas of environmental protection, the sub-regional action programme for desertification control, the regional water resources management programme and the regional meteorological programme.

4.1 Environmental Protection

a) Regional Floating Weeds Control Programme

299. An ADB/ECOWAS consultative meeting was held in Abidjan in July, 2001, at which the ADB agreed to provide UA 9.8 million for the implementation of the regional floating weed control projects. A project evaluation study will be carried out ahead of the implementation phase which will cover Benin, Cote d'Ivoire, Ghana, Mali, Niger, and Nigeria. The ADB also agreed to mobilise additional funds should the need arise. The Executive Secretariat also plans to approach the European Union and the Global Environment Facility, in order to raise additional funds.

b) Sub-regional Action programmes for Desertification control (SRAP)

300. A wide range of activities were carried out in 2001 under the sub-regional desertification control programme. Papers were prepared, in collaboration with CILSS and thematic group leaders on water resources and plant disease control at the regional level. A UNDP grant of \$US108,000 was obtained for the organisation of a regional meeting preparatory to the world summit on sustainable development. The meeting was held in Abidjan, from 1 to 3 October 2001. A regional meeting is scheduled for Dakar in November, to mobilise funds for the implementation of the convention on desertification control. Lastly, ECOWAS, in its capacity as the regional coordinator for the Rio conventions, attended the Asia/Africa Forum, the ACP/West Africa consultative meeting, and the meeting on biotechnology and the protocol on biodiversity.

301. Activities in 2002 will focus on coordination of resource mobilisation. The Secretariat will also organise an "ECOWAS Environment Day" and convene a meeting of the regional SRAP coordinating committee.

c) Regional Water Resource Management Programme

302. Activities for 2001 included:

- monitoring of integrated water resource management, in collaboration with the permanent secretariat of the West African Ministerial Conference. Attendance at technical meetings of the committee and the meeting of Ministers of Water Resources, held in Ouagadougou in March and July 2001;
- monitoring of the global study on integrated development of the Fouta Jallon range, in collaboration with the OAU, Guinea and Mali;
- strengthening of cooperation with World Water Partnership and the West African technical committee.

303. In 2002, priority will be accorded to :

- establishment of a regional coordinating unit for integrated water resource management in implementation of the regional action plan;
- meetings with OAU/Guinea/Mali to adopt modalities for the transfer of the Fouta Jallon Development Programme to ECOWAS, and setting up of the new coordinating and management unit;
- mobilisation of funds through sub-regional water resource management programmes;
- regular meetings of the countries involved in cross-border water resource management (Niger/Nigeria, Benin/Togo, Volta Basin)

d) Regional Meteorological Programme

304. Activities in 2001 included mobilisation of funds from the ADB and GEF for the regional meteorological programme. The meteorological applications programme will be updated with possible funding from the ADB.

305. Activities in 2002 will focus on the following:

- updating of the programme on meteorological applications in the agricultural and environmental management sectors;
- monitoring of implementation of the METEOSTAT project in Member States;
- coordination of efforts to mobilise funds from donors.

K) COOPERATION IN SOCIAL AND CULTURAL AFFAIRS

1. Regional Report on Human Development in West and Central Africa (Project RAF 99/106).

306. A project for the preparation of a human development report was approved by the UNDP in October 1999 and by ECOWAS in February 2000. Project implementation commenced in September 2000. The project, which is initially scheduled to last for two years aims at :

- assisting sub-Saharan countries to re-appraise world reports on human development (WRHD) from an African perspective;
- assisting West and Central African countries to prepare two regional human development reports or RRHD;

307. The strategy for the attainment of these objectives involves:

- i) the creation of partnerships with sub-regional organisations, UNDP offices and a regional research institute ;
- ii) cooperation with universities, research institutes, on-going human development programmes and projects, IGOs and organisations within the civil society ;
- iii) setting up of a steering committee, a scientific committee, and opening of a web-site on the Internet.

308. The project was launched on 18 May 2001 at the ECOWAS Secretariat Headquarters in Abuja. A joint meeting of the steering and scientific committees was held on the same day to define the orientations for the project, approve strategies, and propose the theme for the first regional report on human development. Officers were also elected for the two committees, whose members were able to exchange views on the major aspects of the project.

309. Despite the differences in the economic realities and policies of West and Central Africa, and in the performance levels of ECOWAS and CEEAC, there was a consensus on the decision to produce a single regional report. Working together on the preparation of the report will serve to bring the two communities closer together.

310. At the end of the project , each region will be expected to produce its own RRHD. The major challenges presently facing Africa are poverty, illiteracy, external indebtedness, HIV/AIDS, technological and cultural challenges.

Furthermore, it was unable to pay staff salaries for the month of December 2000, despite the fact that the ECOWAS grant which usually covers all such expenditure, had been paid in full.

314. After the failure of the General Assembly in February, the Executive Secretariat demanded a detailed accounting of budget execution for 2000 before approving payment of the grant for 2001. The two Permanent Secretaries refused to endorse the statement submitted by the Secretary General.

315. As a result of the refusal to endorse the statement of account, and of the accusation of desertion of her post levelled at the Secretary General, the Secretariat led a mission to Dakar to investigate the situation, with a view to finding a solution to the crisis.

316. The mission was able to verify that the Secretary General had, indeed abandoned her post, and that The Gambia had in fact nominated a replacement who had already arrived in Dakar.

317. There is virtually no interaction between the Executives of WAWA and the staff of the association. The Executive exerts no control over the secretariat, and there is no transparency in the administration of funds. Furthermore, the association has no administrative or accounting guidelines.

318. WAWA must be extensively reorganised. The Executive Secretariat is working on redefining the role and function of the association in the ECOWAS integration process. Recommendations will also be made to improve its operation.

– Workshop on Networking of Women Entrepreneurs

319. The Executive Secretariat attended a workshop on building the networking capacity of ECOWAS women entrepreneurs. The workshop was held in Lome, from 25 to 27 June 2001, and organised by the ECA African Centre for Women. At the conclusion of the workshop, it was recommended that regional institutions should support the activities of the network which was set up to facilitate the development of West African enterprises. ECOWAS and UEMOA were specially requested to interact with the regional network in an advisory capacity, so as to make useful information available to women entrepreneurs on trade, finance, and other areas of interest.

4. Meeting on the Basic Education Observatory

320. The Secretariat attended a workshop on the creation of a basic education observatory in the ECOWAS region. The workshop was held in Bamako from 3 to 10 May 2001. Other participants were representatives of NGOs, governments and international organisations. It is agreed that the observatory should be created, and endowed with all the necessary administrative instruments.

5. Free Circulation of Books and Cultural Items in West Africa

321. The Francophone intergovernmental agency organised a seminar in Lome on the free circulation of books and cultural items in the ECOWAS/UEMOA region. Topics discussed were the following:

- i) the publishing programme of the agency. This included text books, children's books; actions to promote reading; training in the technical aspects of book production, and support for concerted action;

- ii) the need for Member countries to formulate national policies on books and harmonise school curricula;
- iii) regional and international agreements on the circulation of educational, scientific or cultural materials concerning West Africa, such as the Florence agreement of 1950 and the Nairobi protocol of 1976.

6. The Intergovernmental Action Group against Money Laundering in Africa (GIABA)

322. The coordinator for GIABA, Mr. Mamadou Lamine Fofana, a Judge, was sworn in in Dakar, on 25 July 2001. The coordinator, who was appointed by decree n°483/2001, dated 18 June 2001, and signed by the President of the Republic of Senegal, pending the appointment of a substantive Administrative Secretary.

323. A national GIABA correspondent should be appointed in each Member State, to ensure the effective take-off of GIABA. The Executive Secretary has informed all Member States accordingly, urging them to appoint a national correspondent in accordance with the profile sent to them.

324. GIABA was created in Lome, in December 1999, by decision A/DEC.9/12/99 of the ECOWAS Authority of Heads of State and Government. In implementation of this decision, the Ministers of Justice, Security and Finance, met in Dakar on 3 November 2000, to adopt the statutes of the group. The meeting recommended the following measures:

- i) enactment by the Member States of appropriate legislation and establishment of effective structures and instruments, focusing on the establishment of financial intelligence bureaux;

- ii) pending the establishment of GIABA organs, Senegal will be responsible for the coordination and functioning of the administrative secretariat;
- iii) conduct of a study on the extent of money laundering in West Africa.

325. The report of the ministerial meeting was approved by the ECOWAS Council of Ministers in Bamako in December 2000, and the 24th session of the Authority of Heads of State and Government adopted the GIABA statutes by decision A/DEC.6/12/00.

7. Workshop on the ECOWAS Treaty and Protocols

326. ECOWAS and the Organisation of Trade Unions in West Africa Trade Unions (OTUWA) organised a workshop on the ECOWAS Treaty and protocols, to determine to what extent West African trade unions could play a proactive role in the promotion of the integration process. The workshop, which was held in Abuja from 22 to 26 January 2001, was attended by participants from 11 countries. It was recommended that ECOWAS should assist trade unions by providing opportunities for education, training, and other forms of enlightenment. The workshop also requested that OTUWA should be granted observer status in ECOWAS, advocating that a tripartite meeting of ECOWAS, the Member States and trade unions should be institutionalised, in order to foster understanding, cooperation and development.

8) First ECOWAS Traditional Wrestling Tournament

327. The first ECOWAS traditional wrestling tournament was organised in Niamey from 20 to 24 April 2001, through the joint efforts of the secretariat of the Conference of ECOWAS Ministers of Youth and Sports and the Ministry of Sports of Niger. Niger took first place in the competition, with Nigeria placing second and Burkina Faso third. The event augurs well for the future of this sport in the region.

328. Cultural and social activities for 2002 will centre around the formulation of an action plan against child trafficking, implementation of the protocol on education, coordination of anti-drug measures and enhancing the functions of the West African Health Organisation.

L. COOPERATION IN THE COMMUNICATIONS SECTOR

329. ECOWAS Ministers of Information and Communication, meeting in Bamako in October 2001 adopted a new information and communication policy. The objective of this new policy was to involve all sectors of the West African public in the integration process, with a view to heightening their sense of belonging to the Community.

330. The new information and communication policy comprises actions to be executed by the Member States at the national level, and by the Executive Secretariat at the regional level. The actions are organised as follows: enlightenment and training seminars; publications, audiovisual productions, publicity, setting up of information centres, publication of Official Journals, acquisition of works, creation of a photographic and video library and establishment of an ECOWAS radio and television broadcasting station.

331. Activities during the period under review are as follows:

i) Creation of a production studio

332. ECOWAS envisages the creation of a radio and television production studio. A feasibility study was conducted on the project by UNESCO. The estimated project cost is \$426,000, and negotiations with donors are in progress to mobilise funds for its implementation.

ii) The programme "Journalists in West Africa"

333. The programme provides for assistance to journalists in the West African region for coverage of ECOWAS activities and promotion of its achievements. Under this programme, 4 journalists are selected every year to go to the Member State of their choice and report on progress achieved in terms of economic integration. The annual grant for 2001 has been allocated.

iii) The ECOWAS Anthem

334. The panel of judges for the selection of the lyrics to the ECOWAS anthem met in Abuja in May 2001. A selection was made, which will be submitted to the Council of Ministers for approval.

iv Recording of the Music of the ECOWAS Anthem

335 The budget vote for the recording and reproduction on audio cassette of the ECOWAS anthem has been paid to the composer. Once this recording has been made, the cassettes will be sent to Member States for wide publicity and distribution.

v) Enlightenment campaigns in the Member States

336. The Executive Secretariat was involved in the launching of enlightenment campaigns in two Member States during this year's anniversary celebrations of the Community.

vi) Publicity

337. A billboard on ECOWAS was designed and set up in Abuja. A magazine with a continental readership has been selected to publicise the forthcoming ECOWAS summit.

vii) Publications

338. The 9th issue of the "West African Bulletin" has appeared, as well as an issue of "ECOWAS in Brief" featuring the conflict prevention, management and resolution mechanism.

339. The following numbers of the Official Journal were published during the period under review, and distributed to the Member States:

Vol. 22	Special ECOMOG Edition
Vol. 36	1998
Vol. 37	1999
Vol. 38	2000
Vol. 39	2001

- Printing of an Index to ECOWAS Laws 1978 - 2000.

340. This is a major breakthrough in the codification of all ECOWAS decisions from 1978 up to the end of 2000. The index arranges the large

body of ECOWAS acts and decisions currently in force in different formats for easy access.

– **Acquisition of Audiovisual Equipment**

341. During the period under review, emphasis was placed on the importance of capturing events in different forms, including video, still photographs, audio tapes, for record purposes and for posterity. New audiovisual equipment was purchased to complement existing equipment which is inadequate for the coverage of the ever-increasing number of events of the Community.

– **Acquisition of Books**

342. In keeping with the need to up-grade the stock of books in the Secretariat library and ensure quality service from the organisation, additional books, newspapers and journals were purchased for the use of the Secretariat staff, ECOWAS citizens and representatives of ECOWAS Member States.

343. The following are the activities envisaged for 2002:

i) **Creation of the Audiovisual Production Studio**

344. In anticipation of mobilising external funds for this project, construction work is scheduled to begin in 2002.

ii) **Enlightenment in Member States**

345. A radio and television forum will be organised in a Member State to discuss a topic in connection with economic integration in West Africa.

iii) The ECOWAS Flag

346. In compliance with a directive of the Authority, a competition will be organised for the design of the ECOWAS flag.

iv) Publicity

347. The Executive Secretariat plans to produce articles publicising and promoting ECOWAS. There will also be publications in a magazine with an international readership to promote ECOWAS.

v) Publications

- Issue N° 10 of the West African Bulletin
- 2 issues of ECOWAS in Brief
- 1 information brochure on ECOWAS and its activities.

M) MOBILISATION OF EXTERNAL ASSISTANCE

348. The status of external technical and financial assistance to ECOWAS is as follows:

i) Cooperation with the European Union

349. Cooperation with the European Union is divided into three areas, namely: ACP/EU cooperation; the Regional Indicative Programme (RIP); and the ECOWAS/EU dialogue.

ii) ACP/EU Cooperation

350. ACP/EU cooperation functions mainly through its implementation of the provisions of the Cotonou Agreement. Regional integration organisations are central to the implementation of the Cotonou Agreement, particularly in the areas of economic and trade cooperation, and regional programming.

– Economic and Commercial Cooperation: Economic Partnership Agreements (EPAs)

351. The parties to the ACP/EU Partnership or Cotonou Agreement, agreed to adopt new trade agreements compatible with WTO rules, based on the gradual elimination of obstacles to trade between them, and the strengthening of cooperation in all trade-related areas. Formal negotiations of the new economic partnership agreements or EPAs are scheduled for the period from September 2002 to 31 December 2007.

352. In order to facilitate the preparation of a negotiation mandate, certain preliminary activities must be carried out by the ACP. Two categories of activities are envisaged, namely:

- the conduct of detailed studies evaluating the possible impact of the new trade agreements on trade regimes and the global economic and political environment.
- organisation of consultative meetings at country, regional and ACP levels to decide on the geographical configuration of future trade agreements.

– Regional Programming

353. In order to prepare West Africa for the negotiations, the ECOWAS Executive Secretariat and the UEMOA Commission organised a technical

meeting and a regional seminar to reflect on the proposed partnership agreements. The technical meeting was between officials of ECOWAS in Lome on 12 and 13 February 2001. The regional seminar was held in Cotonou, from 31 July to 3 August 2001, with the participation of the civil society, the private sector and the governments of all the Member States.

354. At the Lome meeting, it was recalled that the proposed economic partnership agreement between West Africa and the European Union is to form a free trade area (FTA) and requires applicant regions to be free trade zones. Since UEMOA is already a customs union, ECOWAS must accelerate implementation of previously approved measures aimed at harmonising the integration process in the two regional organisations, in order to create an integrated West African economic area within a reasonably short time.

355. The Cotonou seminar endorsed the recommendations of the Lome meeting, namely, that ECOWAS should set up a customs union within such a time-frame that would satisfy the deadlines stipulated by the Cotonou Agreement. It was recommended that West Africa should enter into negotiations for an EPA as a geographical entity covering the entire West African region, with an institutional arrangement for the negotiation to be determined. ECOWAS and UEMOA were requested to formulate a joint programme of activities for the preparation of a draft negotiation mandate and an implementation schedule.

356. The following actions have been undertaken by the Executive Secretariat in implementation of the recommendation on the establishment of a customs union and the definition of a geographical configuration ahead of negotiations on an economic partnership agreement:

a) Conduct of a Study on the Economic Impact of a Common External Tariff on the ECOWAS Member States

357. With financial assistance from the European Commission, a study is being prepared on the impact of a common external tariff on ECOWAS Member States. The study will provide the facts needed for the establishment of a Customs union and will also propose an implementation timetable for the enabling measures. The preliminary findings of the study will be presented at the December 2001 statutory meetings.

b) Conduct of Evaluation Studies on the Impact of the New Trade Agreements

358. The terms of reference for the three detailed studies on the impact of the new trade agreements on the trade regime and the global economic and political environment were examined at the Cotonou seminar. A short-list of 17 experts has been drawn up by Executive Secretariat and forwarded to the ACP Secretariat which will make the choice of the consultants for the studies. The deadline for the completion of the studies is end of November 2001.

c) Definition of Geographical Configuration for the Partnership Agreement

359. In compliance with the recommendations of the Cotonou regional seminar, the Executive Secretariat, in a letter dated 10 August 2001, and addressed to President Alpha Oumar Konare, current Chairman of the ECOWAS Authority of Heads of State and Government, presented a status report on preparations for the forthcoming negotiations. The letter was sent to President Konare in his dual capacity as current Chairman of ECOWAS and also of UEMOA, seeking for guidelines for the definition of institutional

representation and the geographical configuration. The matter is of extreme urgency in view of the fact that the partners of our region, namely, the other regions in the ACP group, and the EU, expect to be informed of the geographical configuration of West Africa by the end of November 2001, and that UEMOA has already informed the EU that it has received a negotiation made from its Council of Ministers.

iii) Regional Programming of the 9th EDF.

360. Regional actions financed under the terms of the Cotonou Agreement should be programmed at the beginning of the 5-year period covered by the financial protocol. The allocation of resources under the EDF also presupposes the definition of a geographical configuration.

361. Annex IV, article 7 of the Cotonou Agreement lays down two principles for the definition of geographical regions for programming purposes. The first principle is based on the criterion of regional economic integration and not on that of functional cooperation. The second relates to where there is overlapping, when regional programming is through the appropriate regional organisations.

iv) Level of Preparedness

362. The Executive Secretariat has drawn up the preliminary draft of a regional cooperation strategy (RCS) with the aim of moving the programming of the 9th EDF in West Africa forward. The preliminary draft was presented at a meeting of the three mandated regional organisations, namely ECOWAS, UEMOA and CILSS. The meeting, which was convened at the instance of the ECOWAS Secretariat, was held in Lome, from 26 to 28 April 2001.

363. The preliminary draft of the RCS was submitted to the European Commission. In response to the observations of the Commission, it was decided that the work should be carried out by a consultant.

364. The terms of reference for technical assistance in defining the RCS have been finalised. A request has been addressed by ECOWAS to the European Commission for funding of the technical assistance required, as well as the organisation of the necessary technical consultative meetings and the meeting for signing the regional indicative programme (RIP).

365. With reference to the geographical configuration for programming purposes, it was recommended at the Lome meeting that the present configuration defined by previous conventions should be maintained, and that the configuration should comprise the 15 ECOWAS countries and Mauritania.

366. The recommendation of the meeting was endorsed by ECOWAS and UEMOA at the second meeting of Heads of ACP regional integration organisations held in Brussels from 3 to 4 May 2001.

367. By 6 July 2001, the principal parties of the regional programming process in West Africa, namely, ECOWAS, UEMOA and Mauritania, had signified their endorsement of the geographical configuration to the European Commission, and the ACP Secretariat.

368. West Africa has thus adopted its geographical configuration and can now pursue discussions with the European Union in connection with programming procedure. It has also now been informed of the amount allocated to the region under the terms of the 9th EDF.

369. The European Commission has informed ECOWAS, by letter n° 4403, dated 24 August 2001, that the allocation to the region under the 9th EDF is 235 million euros.

370. As part of the preparatory phase of the programming exercise, work is scheduled to commence in September 2001 on the study for the formulation of a regional indicative programme. The study will be completed in eleven weeks, and the consultative meetings scheduled in connection with the exercise are as follows:

- October 2001 meeting of regional authorising officers, the European Commission and the civil society;
- November 2001 meeting of national and regional authorising officers with the European Commission;
- December 2001 finalisation of draft RCS and RIP;
- December 2001 Inter-departmental discussions between the
to May 2002 European Commission and the EDF
Committee;
- May 2002 signing of RIP.

v) Monitoring of the Implementation of the Regional Indicative Programme of the 8th EDF.

371. A mechanism has been set up in West Africa to coordinate and monitor the RIP. The coordinating body meets twice a year and comprises the ECOWAS Member States, the three organisations, namely, ECOWAS, UEMOA and CILSS, and representatives of the European Commission. Its purpose is to optimise the management and utilisation of EDF funds. 228 million euros were allocated to enhancing economic integration in West Africa under the 8th EDF.

372. A total of about 31 million euros was allocated to ECOWAS within this framework. In general terms, financial agreements have been signed for all the main projects submitted by ECOWAS to the European Commission. Accelerated implementation procedures have been adopted and the current stage is the recruitment of consultants to conduct the necessary preliminary studies. Programme implementation has been hampered by the cumbersome procedure and staff shortage at the European Commission. A direct budget allocation to ECOWAS would seem to be the most effective means of advancing programme implementation and maximising utilisation of funds. A study is therefore being conducted which envisages the possibility of a direct budget allocation to ECOWAS. The breakdown of funding to ECOWAS under the 8th EDF is as follows:

- ECOWAS mechanism for conflict prevention, management peace-keeping and security (1,999,000 euros);
- Institutional support:
 - Capacity building of ECOWAS using the services of a long-term regional integration consultant (1,950,000 euros). Invitations to tender for the recruitment of a consultant have already been sent out, and will be screened in October 2001;
 - Statistical support (1,950,000 euros). Tender documents are being finalised for the recruitment of the consultant for the study;
 - Conduct of a study for the realisation of an integrated transport system for West Africa (1,950,000 euros);
 - Conduct of studies on the economic impact of the common external tariff on ECOWAS Member States;
 - Conduct of a feasibility study on export credit insurance. The request is being processed at the European Union;

- Organisation of an ECOWAS arts festival. The request is being processed at the European Union;
- Organisation of an agro-industrial forum in West Africa (1,900,000 euros);
- Organisation of the second ECOWAS trade fair which was held in Accra in the first quarter of 1999 (950,000 euros);
- Conduct of a study on modalities for a direct budget appropriation to ECOWAS;
- Recruitment of a consultant to draft the regional cooperation strategy and the measures for the enhancement of the conflict prevention mechanism;

vi) ECOWAS/EU dialogue.

373. With a view to strengthening the cooperation between West Africa and the European Union, the 22nd summit of ECOWAS Heads of State and Government adopted Decision A/DEC.8/12/99 designating ECOWAS as the appropriate coordinating framework for relations between West Africa and the European Union.

374. Since 1998, ECOWAS and the European Union have maintained a well-structured and in-depth dialogue which covers both economic and political matters. To this end the two institutions meet alternately in Abuja and Brussels at the following levels:

- the level of the Heads of the two institutions
- the level of Ambassadors
- the level of Ministers.

375. The first meeting of Ministers was held in Abuja in October 2000, when France was President of the European Union. The next meeting at this level will take place in Brussels under the Belgian presidency of the Union, during

the follow-up ministerial meeting to the Africa - Europe summit, scheduled to take place in Brussels in October 2001.

376. A meeting of ECOWAS and the troika of EU Ambassadors was held at the Executive Secretariat on 27 August 2001. The meeting was followed by a meeting of ECOWAS and the 14 Ambassadors of EU countries to Abuja.

vii) Cooperation with the World Bank

377. The World Bank has formulated a regional integration assistance strategy for West Africa in support of the political will manifested by the States of the region to accelerate the integration process. The assistance strategy provides for World Bank intervention in the following priority areas:

- poverty alleviation
- harmonisation of macro-economic policy
- market integration (goods, financial services and infrastructures)
- the business environment and private sector promotion.

378. The strategy was presented at an ECOWAS/World Bank meeting held in Bamako, from 15 to 16 2001. A meeting of the World Bank, the ECOWAS Executive Secretariat and the UEMOA Commission was held in Abuja from 8 to 10 October 2001, to examine implementation modalities. The meeting was also attended by the European Union and regional private sector organisations. Recommendations were issued, together with implementation guidelines. The report of the meeting will be submitted to the ECOWAS decision-making authorities for endorsement.

viii) Cooperation with the IMF

379. An IMF delegation paid a working visit to the ECOWAS Secretariat in April 2001, within the framework of the cooperation between the two

organisations. At the conclusion of the visit, the Secretariat sent a request for technical and financial assistance to the IMF centring on the harmonisation of Customs tariffs, indirect internal taxation, and the enhancement of the ECOWAS multilateral surveillance mechanism. The request is being processed by the IMF.

ix) Cooperation with the African Capacity Building Foundation (ACBF)

380. The Foundation contributed the sum of \$US 2 million of the total cost of 4 million to the funding of a programme to build the negotiating capacity of ECOWAS and its Member States in the area of multilateral trade. Requests have been addressed to the WTO, UNCTAD, the ADB, the World Bank, France, *Agence internationale de la Francophonie*, Finland, Norway, Sweden as well as other donor agencies, for assistance in making up the full amount. The Commonwealth Secretariat and WTO have already indicated an interest in the project.

x) Cooperation with the OAU

381. The ECOWAS Secretariat has participated in several OAU meetings within the context of strengthening regional economic communities, and the establishment of the African Union.

xi) Cooperation with the United Nations Development Programme (UNDP)

382. The Guerrero Foundation has contributed the sum of \$US100,000 through the UNDP, for the conduct of studies for the harmonisation of the economic and financial policies of the ECOWAS Member States. An initial payment of \$US 50,000 has been released for the study on the harmonisation of statistical aggregates.

xii) Cooperation with the United Nations Environmental Programme (UNEP)

383. The United Nations Environmental Programme made available a grant of \$US 108,000 for ECOWAS preparations towards the World Summit on sustainable development scheduled to take place in South Africa in 2002. The grant was used to prepare a regional evaluation report on the implementation of Agenda 21, and to organise the regional conference on sustainable development which took place in Abidjan from 1 to 3 October 2001.

xiii) Cooperation with the United Nations Food and Agricultural Organisation (FAO)

384. During an official visit by the Executive Secretary to the FAO offices in Rome from 20 to 21 August 2001, the FAO agreed to finance a technical cooperation project for the creation of a regional food security information network. The project is estimated to cost \$US 329,320.

385. The FAO also agreed to provide technical and financial assistance for the formulation of an ECOWAS agricultural policy. Modalities for this assistance will be determined at a later date.

xiv) Cooperation with the United States Agency for International Development (USAID)

386. USAID has made the sum of \$US 5.5 million available towards the implementation of the ECOWAS energy programme, particularly the West African gas pipeline and power pool projects.

xv) Cooperation with the United Nations International Drug Control Programme (UNIDCP)

387. The Executive Director of the UNIDCP, Mr. Pino Arlacchi, paid a visit to the Secretariat on 24 May 2001, to work out ways in which to build up cooperation between the two organisations in the area of drug control and related programmes.

xvi) Cooperation with the World Intellectual Property Organisation (WIPO)

388. The Regional Director, Africa Zone, of the World Intellectual Property Organisation, Mr. Geoffrey Onyeammua, paid a working visit to the Secretariat. The purpose of the visit was to share the vision of WIPO for Africa, and obtain first-hand information for a better appreciation of the mandate of ECOWAS and examine possible areas of cooperation.

xvii) Cooperation with Japan

389. The government of Japan has made the sum of \$US 100,000 available to the Executive Secretariat for the ECOWAS mechanism for conflict prevention, management, peace-keeping and security.

xviii) Cooperation with France

390. The French government has undertaken to make the sum of FF 2,000,000 available to ECOWAS for the implementation of the macroeconomic convergence programme. France also envisages granting institutional support to ECOWAS.

xix) Cooperation with other Development Partners

391. A number of development partners have manifested their support to ECOWAS by paying courtesy visits to the Secretariat headquarters. Among such distinguished visitors were the Prime Minister of Norway, the then American Secretary of State, Mrs. Madeleine Albright, representatives of the WTO, UNDP and ECA.

392. The Executive Secretariat is invited to take part in meetings of donors organised by the Member States to obtain funding for their priority development programmes.

393. Actions for the year 2002 will focus on effective coordination of external aid, consolidation of completed or on-going projects carried over from previous years and the launching of new resource mobilisation initiatives. It will be necessary to enhance cooperation with partners and optimise project and programme scheduling and management.

N) ECOWAS FUND PARTICIPATION IN THE DEVELOPMENT FINANCING OF MEMBER STATES

394. As at December 2000, total net commitments of the ECOWAS Fund to Member States stood at UA 80.75 million units of account. Disbursements at the same date amounted to 57.97 million units of account, or 72% of commitments. This constitutes a good performance by comparison with similar institutions.

1. Interventions according to sector

395. The interventions of the Fund covered all the productive sectors. The breakdown is presented in the Table below.

Loans Disbursed by the Fund according to Sector
(in units of account)

Sectors	Commitments		Disbursements	
	Amount	%	Amount	%
Infrastructures	49,279,750	61	43,054,637	87
Roads	23,762,135	(29)	17,517,615	26
Telecoms	25,517,615	(32)	25,517,615	100
Industry	11,530,619	14	6,133,331	47
Rural Dev.	17,783,058	22	8,786,427	49
SME/SMI credit facilities	2,159,000	3	0	0
Total	80,752,427	100	57,974,395	72

396. The preponderance of both commitments and disbursements in favour of infrastructure reflects the priority consideration given by ECOWAS to the opening up of the region at a time when the restructured Fund is starting up operations.

397. Promotion of private sector activity, which is a relatively recent addition to ECOWAS activities, was allocated UA 6,93 million, or 9%. UA 2.16 million of this amount was in the form of credit facilities, while UA 4.77 million went into direct loans. A further UA 4.995 million, or \$US 6 million was invested in the share capital of Ecobank.

398. It should also be noted that the Fund gave technical assistance in the form of grants for the conduct of feasibility studies. The sum of UA 1.16 million was earmarked for this purpose, of which UA 1.10 million has been disbursed.

2. Allocation of Loans according to Countries

399. The allocation of loans according countries is shown in the Table below.

The following observations may be made on the information in the table:

- Sierra Leone is the only ECOWAS country which has never received a loan by the Fund. In 1984, approval was granted for funding in the amount of \$US 2.5 million for the construction of a road link between Monrovia and Freetown. However, no loan agreement was ever signed with the Fund for this amount.
- 75% of commitments and nearly 80% of disbursements by the Fund have gone to the least developed countries of the region, in conformity with the spirit of solidarity which forms the basis for all integration policies.

Allocation of Loans by the Fund according to Countries as at 31/12/2000 (in units of account)

Beneficiaries	No.	Commitments		Disbursements	
		Amount	%	Amount	%
BENIN	6	14 108 356	17.47	9 512 565	16.41
BURKINA FASO	3	12 202 267	15.11	8 470 924	14.61
CABO VERDE	1	3 408 000	4.22	0	0.00
COTE D'IVOIRE	3	8 191 192	10.14	2 642 607	4.56
GAMBIE	2	2 993 961	3.71	2 993 961	5.16
GHANA	1	660 127	0.82	660 127	1.14
GUINEE	6	7 369 906	9.13	5 160 558	8.90
GUINEE BISSAU	4	1 421 512	1.76	1 421 512	2.45
LIBERIA	1	967 936	1.20	967 936	1.67
MALI	2	4 153 278	5.14	3 997 481	6.90
NIGER	1	667 035	0.83	667 035	1.15
NIGERIA	4	11 603 781	14.37	8 474 613	14.62
SENEGAL	5	12 569 617	15.57	12 569 617	21.68
TOGO	1	435 459	0,54	435 459	0,75
TOTAL	40	80 752 427	100	57 974 395	100

1 U.A. = US\$1.234

400. UA 36,351,958, or 63% of disbursements were from the resources of the fund itself, while UA 21,622,437 or 37% were from external loans.

III) ADMINISTRATIVE ISSUES

401. The year 2001 witnessed a flurry of activity on the part of the Executive Secretariat. The statutory meetings held in Bamako in December 2000, were soon followed by preparations towards the twenty-sixth meeting of the Administration and Finance Commission and the fourth extraordinary session of the Council of Ministers which were held in Lome in April this year. The briefs from this and the technical departments depict an impressive level of execution of new as well as outstanding tasks.

i) Assumption of Duty by the Deputy Executive Secretaries

402. Following approval of their appointment by the forty-seventh session of the Council of Ministers as part of a major restructuring of the Executive Secretariat, four new Deputy Executive Secretaries assumed duty in Abuja, during the first quarter of the year, namely:

- Mr. Seybou Gati - Deputy Executive Secretary
(Administration & Finance)
- Dr. (Mrs.) Oluremi Aribisala - Deputy Executive Secretary
(Integration Programmes)
- Mr. Mame Cor Sene - Deputy Executive Secretary
(Policy Harmonisation)
- General Cheick O. Diarra - Deputy Executive Secretary
(Political Affairs, Defence & Security)

403. These statutory officers have since settled down in their various duty posts, and have been striving, in close collaboration with the Executive Secretary, to actualise as well as consolidate the gains of regional integration.

404. In order to create a conducive environment for optimal performance by the Deputy Executive Secretaries, efforts have reached an advanced stage to renovate and furnish the three residences generously provided by the government of the Federal Republic of Nigeria. A fourth residence will shortly be made available.

ii) Restructuring of the Executive Secretariat

405. The implementation of the restructuring programme of the Executive Secretariat endorsed by the Council of Ministers and the Authority of Heads of State and Government at their sessions in Lome in December 1999, is well advanced. As part of the exercise, a total of thirty seven staff members of all categories have opted for voluntary retirement. The total financial involvement, in settlement of benefits, as approved by Council, stands at UA 586,585.45. In the same vein, steps are being taken to recruit new staff in concomitance with the departures. This measure is directed particularly at Departments with dire staff needs.

406. Arrangements have been completed for the recruitment of the international management consultancy firm Ernst and Young to handle the evaluation of all staff members vis-à-vis the posts retained or created in the new structure. At the end of the evaluation exercise, staff members will be deployed to existing posts in such a manner as will enable them give of their very best in the service of the Community.

407. For a long time, the Executive Secretariat operated without a well-defined training policy, regardless of the fact that regular training has since become a sine qua non for any modern organization. For this reason, Management has now articulated a draft training and staff development policy which will be submitted for the consideration of the decision-making organs.

iii) Staff Housing Estate, Katampe (Abuja)

408. A meeting of the ad-hoc Ministerial Committee on Construction of Headquarters of Community Institutions held in Abuja, on 17 and 18 November 2000, and which undertook a guided tour of the professional staff housing estate, Katampe, took note of the fact that although the construction work on the site was already 98% completed, the entire project had been grounded for a number of reasons.

409. Besides defects detected in the original design, certain major additional and essential works were also identified. The rectification of the defects and the additional works were costed at US\$1,027,266.84. The other lingering fundamental dimension of the project is the provision of infrastructural facilities such as an access road, electricity, water and drainage.

410. While the Executive Secretariat is exploring various possibilities and avenues for mobilising funds for the execution of the additional works, the Nigerian Ministry of the Federal Capital Territory last April commenced work on the access road and other infrastructures at the project site. The completion period of the facilities is put at three years.

411. With respect to the task of finding a permanent solution to the problem of residential accommodation for the G & M categories of staff, Management is at the point of recruiting a consultant to carry out a feasibility study.

iv) Participation in the NYSC Scheme of the Federal Republic of Nigeria

412. As approved by the 47th Session of Council, the Executive Secretariat has accepted twenty NYSC members in the various disciplines required by some of its Departments. The present National Youth Service Corps members will serve the Community from June 2001 to May 2002.

**IV. FINANCING OF
COMMUNITY INSTITUTIONS**

i) The Executive Secretariat

413. The Executive Secretariat is facing a critical financial situation. As at 30 June 2001, total arrears of contributions stood at 50.6 million US dollars. Only Benin, Mali, Senegal and Togo have fully paid up their contributions to the Secretariat, inclusive of the contribution for the current financial year. Nigeria, Cote d'Ivoire and Burkina Faso owe arrears for only the current financial year, while Ghana owes arrears of two years' contributions.

414. The countries with the poorest payment records are as follows: Liberia (21 years), Mauritania (17 years), The Gambia (12 years), Cape Verde, Guinea Bissau, and Sierra Leone (11 years), Niger (7 years), and Guinea (6 years).

415. The huge arrears have reduced the capacity of ECOWAS to execute its programmes. The Executive Secretariat is in a situation where it is almost unable to honour its commitments, finding it difficult even to pay staff salaries on time. Given the poor cash flow situation, the Secretariat has also not been in a position to remit to the West African Health Organisation

(WAHO) and the West African Women's Association (WAWA) the sums they need to enable them to operate effectively.

ii) The ECOWAS Parliament

416. The 2001 budget of the ECOWAS Parliament amounted to \$US 9,401,300. As at 30 June 2001, only Benin had paid the totality of its contribution to the Parliament, which amounted to \$ US 472,896. Mali has made a part payment of FCFA 65,000,000 or \$US 92,000.

iii) The Community Levy

417. The last extraordinary summit of Heads of State and Government appealed to Member States to urgently take all necessary measures to improve the financial situation of the Executive Secretariat and its institutions by effectively implementing the Community levy which provides the most viable solution to the chronic problem of arrears of contributions. According to estimates made by the Executive Secretariat, the Community levy, if properly applied, will generate in excess of \$US 54 million a year, which is almost the equivalent of 4 years of annual contributions to the budget of the Executive Secretariat.

418. The Executive Secretariat undertook several missions to Member States to evaluate the level of application of the protocol relating to the Community levy and find a solution to the numerous problems impeding its effective implementation.

419. Mission reports reveal that the Community levy is being applied by almost all the Member States but not in conformity with the provisions of the protocol. Disparities are particularly evident in the collection of the proceeds from the levy, the payment of amounts collected into the ECOWAS accounts

opened for that purpose with the Central Banks, and the transfer of amounts collected. Appropriate recommendations have been formulated concerning the correct application of the protocol, and defining the modalities for the application of the Community levy.

V) REGIONAL PEACE AND SECURITY

420. Regional security improved considerably during the period under review. In Sierra Leone the cease-fire agreement signed on 10 November 2000 has, on the whole, been respected, and the deployment of United Nations Mission to Sierra Leone (UNAMSIL) troops, continues over the whole of the territory.

421. Meetings of Ministers of Foreign Affairs of the member States of the Mano River Union, Guinea, Liberia and Sierra Leone, were held between 15 August and 10 September 2001, and approved bold measures to restore a lasting peace to the Union.

422. Although much progress has been made in the implementation of the protocol relating to the Mechanism for Conflict Prevention, Management and Resolution, Peace-keeping and Security, more needs to be done to make this precious instrument fully operational and enable it realise its objectives.

i) Sierra Leone

423. The twenty-fourth summit of the Authority of Heads of State and Government held in Bamako on 15 and 16 December 2000 reaffirmed its support for the peace process embarked upon by the government of Sierra Leone and the Revolutionary United Front, RUF. It also called on the parties

to abide strictly by the provisions of the cease-fire agreement signed in Abuja on 10 November 2000, under the auspices of ECOWAS. Unfortunately, the peace process made little progress between that date and the date of the meeting to evaluate the implementation status of the agreement, scheduled to be held thirty days after its entry into force. Fighting continued in the Eastern Province between the Civil Defence Forces, CDF, and the RUF, although there was also a certain degree of calm in the rest of the country during the same period. The limited number of UNAMSIL troops restricted the scope and rapidity of their deployment.

424. Through the coordination of efforts and cooperation between ECOWAS, the United Nations and the government of Sierra Leone, solutions were found to a number of problems, and most of the obstacles hindering the effective implementation of the cease-fire agreement were eliminated. For instance, the military arm of the RUF led by General Issa Sesay, promised on 14 March 2001 to reopen roads and to guarantee the security of humanitarian agency personnel in order to ensure the unhindered passage of humanitarian assistance. The RUF military returned some of the armoured tanks in an unserviceable state, and vehicles which had been stripped of all arms, as well as light weapons seized by its men. However, many objectives remain to be attained:

- i) reestablishment of state authority over the national territory and the country's resources;
- ii) disarmament, demobilisation and reintegration;
- iii) completing the restructuring of the army;
- iv) national reconciliation;

- v) preparation of free and fair elections on the dates fixed by the Constitution.

425. The RUF military High Command also held a meeting on 29 March 2001 to approve the formation of its political wing, the Political and Peace Council, headed by Omrie Olley. The Council was charged with the responsibility of pursuing political dialogue with ECOWAS, the United Nations and the government of Sierra Leone, and to accelerate implementation of the provisions of the Abuja Agreement of 10 November 2000.

426. The government of Sierra Leone announced that it was prepared to cooperate with the Political and Peace Council. The extraordinary session of the Authority of Heads of State and Government held on 11 April 2001 took due note of this undertaking. Although it expressed its concern over issues such as the continued detention of its officers arrested in May 2000 and the establishment of a multi-party Transitional Government of National Unity that will supervise the forthcoming elections, the RUF, as a demonstration of its good faith, took concrete measures to honour its commitments. It joined the Joint Disarmament, Demobilisation and Reintegration Committee and has worked to advance the peace process. On 15 May 2001, it undertook to work together with the government of Sierra Leone to achieve the following:

- i) to put the disarmament, demobilisation and reintegration (DDR) programme back on track, ensure its implementation according to schedule, and monitor its implementation;
- ii) to conduct the simultaneous demobilisation of its combatants and those of the Civil Defence Forces;
- iii) to inform UNAMSIL of the number of its combatants, the quantity and specifications of the weapons in its possession, and to turn them over to UNAMSIL;

- iv) consider urgently the issue of setting up DDR camps in Lunsar, Makeni, Kamakwie, Masingbi, Koidu, Kalahun, Alikalia, Rejahun, and Bonthe;
- v) to camp its combatants for a period not exceeding four weeks, during which they will undergo an orientation programme and receive psychological counseling.

427. The Political and Peace Council participated in the enlightenment campaigns directed at RUF combatants, informing them of all the undertakings given by their movement and promoting national reconciliation.

428. The Council also participated actively in or contributed to:

- disarmament in the Kambia, Port Loko, Koenadug and Moyamba districts;
- the liberation of hundreds of child soldiers;
- support for the various enlightenment campaigns organised by UNAMSIL;
- organisation of a concert for peace in Makeni on 26 May 2001 as part of efforts to promote mutual trust among the parties to the Sierra Leonian crisis;
- implementation of the reintegration programme and, to this end, preparation of sites to host the disarmament, demobilisation and reintegration camps and the inspection of such camps at Port Loko, Moyamba, Bo, Kenema, Daru, Lunsar, and Mathora.

429. Following the adoption of Security Council Resolution 1346 (2001) dated 30 March 2001, increasing UNAMSIL military strength to 17,500 men, a large contingent from Pakistan and another from Nepal arrived in Sierra Leone. The beefing up of UNAMSIL numbers and the training and

restructuring of the Sierra Leonean army, speeded up deployment of the mission's forces and contributed to the extension of the authority of the government to all parts of the territory.

430. Their Excellencies Alpha Oumar Konare, President of the Republic of Mali and current Chairman of ECOWAS, Ahmad Tejan Kabbah, President of the Republic of Sierra Leone, and Olusegun Obasanjo, President of the Federal Republic of Nigeria, expressed satisfaction at these developments during their meeting in Abuja on 7 August 2001. The three Presidents called on the Sierra Leonean government to take all necessary measures to ensure a speedy return to total and participatory democracy in the country.

431. In September 2001, at the request of Their Excellencies, Alpha Oumar Konare and Olusegun Obasanjo, the government of Sierra Leone freed three RUF detainees, among whom were Paulo Bangura and Mike Lamin, former Ministers of the Sierra Leone government of national unity. Paul Bangura has been appointed to the post of Secretary General of the RUF, while Mike Lamin has been appointed liaison officer.

432. It should be noted in this regard that following the expiration of the mandates of the government and parliament on 28 March 2001 and 1 April 2001 respectively, the Sierra Leonean parliament extended the mandates of the Executive and the Legislature, in accordance with the provisions of the Constitution. The government plans to organise legislative and presidential elections early in 2002. The remarkable progress achieved in the disarmament process and the general improvement in the security situation should, if nothing changes, ensure the success of the elections. To achieve this, however, it is essential to ensure that certain conditions are met.

433. There is the need, for instance, to ensure unhindered access to all parts of the territory in order to undertake voter registration, electoral

campaigns, organisation of an electoral system acceptable to all the political parties and the civil society, and enhance the capacity of the National Electoral Commission to carry out its responsibilities effectively. It is gratifying to note that the government of Sierra Leone has started taking measures to organise transparent and credible elections.

434. However, the funding of the disarmament, demobilisation and reintegration programme remains a very serious problem. The UNAMSIL DDR programme is scheduled to end in December 2001. If the donor countries forming the friends of Sierra Leone fail to respond speedily to finance the rest of the programme, the December deadline will not be met. In addition, the transformation process of the RUF into a political party, which has begun must be supported. The government of Sierra Leone is to be congratulated in this regard, on its successful efforts to transform the RUF into a political party.

ii) Liberia

435. On the basis of the recommendations of the United Nations experts' group established in implementation of Resolution 1306 (2000) on Sierra Leone, Great Britain and the United States, acting under Chapter VII of the United Nations Charter, proposed a draft resolution calling on the Security Council to impose sanctions against Liberia. The report noted that the bulk of the diamonds which are a major source of income for the RUF, transit through Liberia, and that this illicit trade could not exist without the knowledge and participation of Liberian government officials at the highest levels.

436. In view of the threat of sanctions, the current Chairman in January 2001 directed the Minister of Foreign Affairs of the Republic of Mali and Chairman of the Mediation and Security Council, the Minister of State for

Foreign Affairs of the Federal Republic of Nigeria, and myself, to go to Liberia to prevail upon the Liberian government to give a firm undertaking on the following:

- to scrupulously respect the arms embargo;
- to monitor Liberian aircraft, and register them according to international standards;
- to strictly monitor the bank accounts of Liberian government officials and their relatives;
- to break off all relations with the RUF and hand over Sam Bockarie to ECOWAS;
- to initiate a dialogue with the different political groups in the country in order to pave the way for a real national reconciliation.

437. The government of Liberia gave a solemn pledge to implement all the above measures at the extraordinary ministerial meeting of the Mediation and Security Council held in Bamako on 10 February 2001. The Council decided to send a delegation to the United Nations Security Council to inform it of the Liberian undertaking and to prevail on it to postpone the imposition of sanctions on the country for a period of two (2) months, during which a joint United Nations/ECOWAS commission would closely monitor the extent to which the undertaking was being honoured.

438. The delegation from the Mediation Council, comprising the Ministers of Foreign Affairs of Mali, Nigeria, Togo, Liberia, and Sierra Leone, as well as Guinea's representative to the United Nations and myself, was received by the Security Council on 12 February 2001. The delegation informed the Council that the ECOWAS initiative was designed to prevail on the Liberian government to comply with all the provisions of the draft resolution to avoid the imposition of sanctions, failing which, ECOWAS would itself recommend the adoption of the draft resolution by the Security Council. The Security

Council took due note of the request by ECOWAS, while placing on record that it had been seized of the matter.

439. By its Resolution 1343 (2001) dated 7 March 2001, the Security Council demanded that Liberia immediately withdraw its support to the RUF and other armed groups in the region, and that it expel all RUF members from Liberia. The Council also adopted the following sanctions which will take effect two months after the date of adoption of the Resolution. The Resolution called on all member States of the United Nations to:

- prevent the direct or indirect importation of all rough diamonds from Liberia, whether or not such diamonds originated in Liberia;
- prevent the entry into or transit through their territories of senior members of the government of Liberia and the Liberian armed forces and their spouses and any other individuals providing financial and military support to armed rebel groups in Liberia's neighbouring countries, with special reference to the RUF in Sierra Leone.
- prevent the sale or supply to Liberia, of arms and related equipment of all types, including weapons and ammunition, military vehicles and equipment, paramilitary equipment and spare parts for the aforementioned.

440. The Security Council also demanded that the government of Liberia should take other measures including:

- ceasing to import raw diamonds from Sierra Leone not accompanied by a certificate of origin issued by the government of Sierra Leone;

- freezing of all funds, financial resources and other assets belonging to the RUF in the territory of Liberia;
- banning the flight operations of all aircraft registered in Liberia or operating within its jurisdiction, pending the up-date of the Liberian register of aircraft, in accordance with the Chicago convention on international civil aviation.

441. The Council equally requested the President of Liberia to assist in ensuring that the RUF succeeded in realising some of the objectives of the peace process in Sierra Leone.

442. Taking note of Resolution 1343 (2001), the extraordinary session of the Authority of Heads of State and Government held on 11 April 2001 decided to establish a mechanism to monitor implementation of the measures set out in the Security Council resolution. To this end, the Authority decided to send a delegation comprising six Member States of the Mediation and Security Council, namely, Cote d'Ivoire, Ghana, Guinea, Mali, Nigeria, Togo and the Executive Secretariat, on an evaluation mission to Liberia on 18 April 2001. The delegation was to work in close collaboration with the team from the United Nations.

443. The delegation visited Liberia from 19 to 24 April 2001, and carried out investigations to determine the extent to which Liberia was complying with the demands formulated by the Security Council. The report of the delegation served as the basis for the report prepared by ECOWAS and sent to the United Nations Secretary General, in accordance with the provisions of Resolution 1343 (2001).

444. I have been informed that a number of Liberians whose names do not figure on the list drawn up by the committee of the Security Council were

recently unjustly penalised during their movements within the region. Their movements were restricted although they are not concerned by the sanctions. I am therefore appealing to the relevant authorities to give the necessary instructions to their officials, with a view to ensuring the strict application of Resolution 1343 (2001).

iii) The Situation along the Border between Guinea and Liberia

445. The insecurity along the borders between member States of the Mano River Union, particularly at the border between Guinea and Liberia, clearly illustrates the threat posed by armed groups. Efforts by ECOWAS to reduce the tension between the three (3) member countries of the Mano River Union culminated in the decisions taken in Bamako in December 2000 to deploy troops along the Guinea/Liberia border and to intensify efforts to promote dialogue and cooperation between the three governments. All actions taken by the current Chairman, the Mediation and Security Council and myself were geared towards the realisation of these twin objectives.

446. The purpose of the deployment of troops along the Guinea/Liberia border is :

- to conduct surveillance of the border between the two countries;
- to neutralise irregular armed groups;
- to restore security; protect refugees and displaced persons; and ensure free movement of persons and goods;
- to ensure unhindered passage for humanitarian agencies;
- to promote mutual trust within the population.

447. Following the announcement by Niger, Nigeria, Mali and Senegal confirming their decision to contribute troops, a meeting of their planning officers was held in Abuja on 12 and 13 January 2001 to draw up plans for

the deployment of the troops. This was in accordance with the operational strategy adopted by the Heads of State and Government, on the recommendation of the advance team which had been sent to Guinea and Liberia. I personally delivered to the authorities in Liberia and Guinea a draft Status of Forces Agreement prepared by the ECOWAS Secretariat. The draft agreement is still awaiting signature. I also proposed the name of the Nigerian Brigadier-General Steven Paul Guar to the Mediation and Security Council for the position of Force Commander. The extraordinary meeting of the Council held in Bamako on 10 February 2001 approved the appointment.

448. The Mediation and Security Council delegation which was sent to the United Nations on 12 February 2001 and the summit of Heads of State and Government held on 11 April 2001, both appealed to the Security Council to support the deployment of troops along the Guinea/ Liberia border, and to assist in mobilising financial assistance and logistics for this purpose.

449. At the same meeting, the Heads of State and Government called on the governments of Guinea, Liberia and Sierra Leone to take necessary action to put an end to the armed attacks launched from their respective territories against their neighbours, and to open their borders without further delay.

450. The Heads of State and Government adopted the recommendation of the sixth ministerial meeting of the Mediation and Security Council held in Abuja on 10 April 2001. The Heads of State also decided to set up a Mediation Committee comprising the Presidents of the Republic of Mali, the Federal Republic of Nigeria and the Togolese Republic, which would seek to promote dialogue between the three Heads of State of the member countries of the Mano River Union as a means of restoring mutual trust among them, and thereby ensuring the speedy return of peace to the three countries. The Heads of State and Government requested the member States of the Mano River Union to organise meetings at the ministerial level to work to this end.

451. In implementation of that recommendation, the Ministers of Foreign Affairs of Guinea, Sierra Leone and Liberia met in Monrovia from 13 to 15 August 2001 to seek ways and means of renewing dialogue at the highest level between the member States of the Mano River Union. Another ministerial meeting was held in Conakry on 10 September 2001, preceded by a meeting of the Joint Security Commission on 9 September 2001, during which the experts formulated recommendations with a view to restoring mutual trust among the border populations of the three countries. The women's network of the Mano River Union deserves a special mention here for its decisive intervention in bringing about the ministerial meeting. I must also mention that ECOWAS has always lent its support to this network, which it endows with a grant.

452. All these efforts which have received strong support from the Mediation Committee of the Presidents of Mali, Nigeria and Togo, should facilitate the organisation of a meeting between the Heads of State of the Mano River Union. Hopefully, this will put an end to the armed attacks that have inflicted such a heavy toll in terms of loss of life, wanton destruction of property, desolation and in forcing such large numbers of people into exile.

iv) Cote d'Ivoire

453. During the period under review, ECOWAS continued to monitor the situation in Cote d'Ivoire and to support the efforts of the authorities in that country in favour of peace and national reconciliation. The ministerial meeting of the Mediation and Security Council held on 10 April 2001 commended the government of Cote d'Ivoire for the progress achieved, and urged it to continue in its efforts to achieve national reconciliation and consolidate democracy.

454. The extraordinary summit of Heads of State and Government held on 11 April 2001 expressed satisfaction at the harmony which prevailed during the last municipal elections, and commended His Excellency Gnassingbe Eyadema, President of the Togolese Republic, for successfully organising the meeting between President Laurent Gbagbo and Mr. Allassane Ouattara, leader of the RDR.

455. ECOWAS is satisfied with the initiatives taken thus far in preparation for the holding of a national forum, and calls on all concerned to cooperate to ensure its success.

v. Guinea-Bissau

456. The situation in Guinea-Bissau continues to give cause for concern. The economy of the country has been crippled. The hoped-for reconstruction and rehabilitation in the wake of the return to democratic rule have failed to materialise. Meanwhile, the weakness of state institutions, and the extreme poverty of the people make it difficult to maintain the peace and stability following in the wake of the democratic elections which put an end to the crisis of June 1998. As a result, the Heads of State and Government, at their extraordinary summit on 11 April 2001, appealed to the authorities of Guinea-Bissau to take action to consolidate national unity and to restore stability to the country. The Authority also launched an urgent appeal to the international community to provide the assistance necessary for the economic recovery of Guinea-Bissau.

vi. The Humanitarian Situation

457. It is estimated that West Africa now has a refugee population of half a million and over 670 000 displaced persons. Within the Mano River Union alone, with a total population of approximately 15 million inhabitants, more than 1,100,000 persons are either displaced or refugees.

458. When conflict broke out in Liberia and Sierra Leone, Guinea generously extended its hospitality to hundreds of thousands of refugees from the two countries. The presence of these refugees has been a colossal burden to Guinea in terms of the adverse effect on its finance, economy, ecology and security. Not only has the country not received necessary assistance from the international community, armed forays along its borders have caused the deaths of innocent citizens and displaced hundreds of thousands more within the country.

459. Humanitarian operations in many areas have been hampered by insecurity. If the refugees are to be better protected from rebel attacks, and the food and other relief materials meant for them shielded from looting, it will be necessary to establish security corridors. The quantities of food and materials also need to be increased. It is only appropriate that substantial assistance should be given to those States which make an effort to cope with a situation forced on them by the massive presence of refugees on their territory, at least to relieve the heavy pressure being borne by their installations, infrastructures and the environment.

460. I am therefore all the more appreciative of the initiative of the United Nations Humanitarian Affairs Coordination Bureau, which, this year, launched an appeal for assistance to Côte d'Ivoire, Guinea, Liberia and Sierra Leone.

461. This appeal is for assistance, not only for the refugees and displaced persons, but for the host communities as well.

462. I wish to seize this opportunity to once again express my appreciation to all the international and local humanitarian agencies for their competence and dedication, even in the face of daunting difficulties.

463. I also wish to appeal to donors to provide ECOWAS with the necessary means to avert or rapidly put an end to outbreaks of conflict in the West Africa region.

vii) Implementation Status of the Protocol on the Mechanism for Conflict Prevention, Management, Resolution, Peacekeeping and Security

464. The mechanism for conflict prevention, management, resolution, peacekeeping and security was signed by the Heads of State and Government, in Lomé, on 10 December 1999, with a view to averting or managing and resolving conflicts more effectively, and maintaining peace and security in West Africa.

465. Although the protocol provisionally entered into force upon signature, in keeping with Article 57 of the protocol, it is nonetheless important that Member States which have not already done so, should ratify it without delay to indicate their firm commitment to its implementation.

466. The Mediation and Security Council at the level of Ambassadors, and the Council of Elders, which are respectively an institution and an organ of the mechanism, became operational within the period under review. The inaugural meeting of the Mediation and Security Council at the level of Ambassadors, was held in Abuja, on 19 June 2001, while that of the Council of Elders was held in Niamey on 2 and 3 July, 2001. Thereafter, the Mediation and Security Council at the level of Ambassadors has met as scheduled in the protocol of 10 December 1999. Those Member States which have not yet done so, are hereby requested to accredit their Ambassadors to the Executive Secretariat as stipulated by Article 14 of the aforementioned protocol.

467. We are gradually setting up an observation system which will be capable of detecting signs of deterioration either in the normal relations between Member States or in the political, economic or social conditions of a Member State, in order to scotch any smouldering flashpoints. An appropriate briefing and training seminar was organised for the staff recruited to man the observation system before they assumed work at their various duty stations.

468. Once again, I should like to urge the Member States hosting the zonal observation bureaux, and which have signed a headquarters agreement, to provide all the support the staff of the bureaux will require for the effective discharge of their duties.

469. The Heads of State and Government, by their approval of the mechanism on 7 December 1997, sought to prioritise conflict prevention. However, the truth remains, that two years after the entry into force of the protocol, the seeds of conflict continue to sprout and flourish. Realising that the observation system and the organs of the mechanism are helpless on their own to effectively prevent conflicts and ensure lasting peace in the region, the sixth ministerial meeting of the Mediation and Security Council recommended that the mechanism itself be strengthened, in order to consolidate democracy and stability.

470. The conflict prevention mechanism will become more effective only when ECOWAS has been able to address such essential issues as devolution of power, conduct of elections, minimum standards qualifying a Member State to be defined a democracy, the status of the opposition, good governance, equitable distribution of national wealth, the rule of law, the role of the army in a democratic dispensation.

471. The Executive Secretariat will therefore submit a draft supplementary protocol for adoption by the authorities during this session, which will endow the Community with a code of conduct for players on the political scene of our Member States.

472. I wish once again, to express our gratitude to the European Union for its assistance in the creation and implementation of the conflict prevention mechanism.

473. Member States must begin now to make the necessary arrangements for the take-over of the mechanism by ECOWAS when the funding of the European Union runs out, so that the conflict mechanism can continue to function.

474. The ability of organised crime to cross borders at will, shifting its activities from one country to another, expanding such activities without let or hindrance, calls for a strong political will, a firm commitment and active cooperation for the Community to combat this scourge successfully. It was in full awareness of this regional need that the committee of West African Inspectors-General of Police (CWAIP) and the Ministers in charge of Security met in Cotonou on 28 and 29 August, 2001, and on 30 August, 2001 respectively.

475. While ECOWAS is working to create a borderless zone, there are miscreants who are determined to disrupt the lives of our peace-loving citizens. The ECOWAS region is currently experiencing an upsurge of criminal activities which include child-trafficking, arms-trafficking, drug-trafficking, armed robbery, vehicle-trafficking and economic and financial fraud. The two meetings referred to above made the following recommendations in response to this situation:

- that the Committee of Inspectors-General of Police be included on the Defence and Security Commission, and that the protocol on the mechanism for conflict prevention, management, resolution, peace-keeping and security be amended accordingly;
- that a supplementary protocol be drawn up on cooperation between the police forces of the Member States.

476. I want to believe that the new legal instrument makes provision for operational mechanisms such as special, joint inter-State units, pooling of sophisticated investigative techniques which will not infringe on the fundamental rights of the individual; basic equipment for data collection and analysis; and the exchange of intelligence files on criminal organisations and their activities. The Ghanaian proposal for the establishment of a criminal investigation bureau should be embodied in the supplementary protocol on police cooperation.

477. The prevailing wave of crime in the region also justifies the following proposals, which will be submitted to the authorities for adoption at this session. These are, pending the drafting of a convention, a draft political declaration and a minimum agenda on slavery, with particular emphasis on child slavery, and a regional convention on corruption.

478. I would be remiss if I failed to draw attention to the persistent ethnic and religious clashes that have led to the loss of thousands of lives in the region, which are causing serious concern, and which, if rapid measures are not taken to discourage fanaticism and extremism, may well undermine the foundations of democracy in our countries.

viii) Implementation of the Moratorium on the Importation, Exportation and Manufacture of Small Arms

479. The Heads of State and Government, on 31 October 1998, declared a moratorium, for a renewable period of 3 years, on the importation, exportation and manufacture of small arms. The measure was designed to combat the proliferation of the weapons which are fuelling most of the conflicts in the region and encouraging crime in the major cities of the Member States. The PCASED, or Programme of Coordination and Assistance for Security and Development, is the framework which was created for the implementation of measures associated with the moratorium.

480. Activities connected with the moratorium are based on a 9-point action plan adopted by the Ministers of Foreign Affairs on 25 March 1999 and a code of conduct adopted by the Heads of State and Government on 10 December 1999.

481. In order to sustain the level of expectation raised by the declaration of the moratorium, I took the initiative to convene a meeting for 11 May 2000, attended by PCASED officials, representatives of the United Nations Office for Project Services (UNOPS), UNDP and other United Nations agencies.

482. It was appropriate, at that point, to conduct a mid-term review to identify the obstacles to the implementation of the moratorium, map out sound strategies and enhance coordination of the activities of the various partners involved in setting up the institutions, administrative mechanisms and operations provided for in the code of conduct and in the action plan.

483. It was agreed at the meeting that if attention was focused on five areas of activity for a period of twelve months, this would ensure a closer involvement of ECOWAS in PCASED activities, more effectively enlighten

Member States on the moratorium, and, lastly, achieve concrete results in keeping with the aspirations of the Member States. The areas of activity are the following:

- establishment of and assistance to national commissions;
- mobilisation of funds;
- information and communication;
- training of armed and security forces, and border patrols;
- establishment of an arms register.

484. Between February and March 2001, an evaluation was conducted on PCASED at the request of UNOPS. On 2 April, a joint meeting of ECOWAS, UNDP, UNOPS and PCASED was held in New York, at which it was agreed that the objectives of PCASED should be refocused and the number of its activities reduced for more effective results. Four actions were approved for execution by 30 October 2001, when the initial 3-year period of existence of the moratorium would expire:

- training of armed forces and security personnel;
- establishment of an arms register and databank;
- harmonisation of national legislation;
- setting up of national committees to combat arms proliferation.

485. The status of activities in these areas is as follows:

- **Setting up of National Committees to Combat Arms Proliferation**

486. Only eight Member States, namely, Burkina Faso, The Gambia, Guinea, Mali, Niger, Nigeria, Senegal and Togo, have so far set up their national committees. The other Member States either have similar structures, or are yet to set up their national committees.

487. The ECOWAS Secretariat, PCASED and the United Nations Department for Economic and Social Affairs (UNDESA) have jointly prepared and distributed to Member States, a guide to facilitate and accelerate the setting up and proper functioning of national committees.. Joint missions from ECOWAS, PCASED and UNDESA were sent to Ghana, Nigeria and Togo in March, 2001 and to Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Guinea-Bissau and Sierra Leone between 20 June and 5 July, 2001. The purpose of the missions was to enlighten and encourage the Member States which had not already done so, to set up their national committees, and also to evaluate the performance of those national committees already in existence.

– **Establishment of a Regional Arms Register and Database**

488. Work on this project began in September 1999, during a workshop held in Accra for officials of the ECOWAS Member States. It was agreed at the workshop that data collected and processed should cover arms imports, exports, possession, seizure, and destruction. A blueprint was prepared by PCASED with the assistance of the ECOWAS Community Computer Centre. It has been impossible to set up the database as a result of the inadequacy of information exchanged between Member States and the absence of arms registers in the Member States.

489. Nonetheless, PCASED is currently working on a proposal for effective arms registration.

– **Training of Armed Forces and Security Personnel**

490. In preparation for the training exercise, a regional training programme jointly prepared by the ECOWAS Secretariat and PCASED was adopted in Abuja in August 2000. The programme is designed to enhance performance and efficiency in the armed and security forces involved in the control of illegal arms circulation within the sub-region.

491. The first of a series of training programmes envisaged by ECOWAS and PCASED was organised in Freetown from 13 to 18 August 2001, to launch the train-the-trainers programme. The beneficiaries of this first workshop were trainers from Ghana, Guinea, Liberia and Sierra Leone. Two similar trainers' workshops in the other Member States are scheduled for Côte d'Ivoire and Senegal in October and November 2001.

– **Harmonisation of National Legislation**

492. PCASED has so far collected texts from ten Member States. It is hoped that Member States which have not yet done so will transmit the texts of their legislation on small arms to the programme. These texts will be used to establish common principles for the guidance of Member States when adopting harmonised laws, regulations, and administrative procedures on arms control, importation and exportation.

– **Arms Collection and Destruction.**

493. In May 2001, PCASED conducted a mission to Liberia to monitor and evaluate progress in the implementation of the project for the transformation of the arms destroyed in June 1999 into farming implements. Some 19,000 small arms and 2,000,000 rounds of ammunition were destroyed at that time with the collaboration of ECOWAS, PCASED and the Liberian government. Individuals affected by the Liberian civil war were to be trained to manufacture farming implements for the use of farmers returning to Ziehe in Gedeh County and Salayea in Lofa County. Although the project was halted as a result of the insecurity in Lofa County, the training programme had a symbolic peace-building value and was appreciated for its pragmatism. It has been recommended that the programme should be continued elsewhere in the sub-region, perhaps in Sierra Leone.

494. To mark the opening of the United Nations Conference on small arms on 9 July 2001, PCASED offered technical assistance to the Malian national committee for the collection and destruction of arms and ammunition in the Lere and Dire Districts in the north of the country.

– **Formulation of an Effective and Sustainable Resource Mobilisation Strategy.**

495. PCASED is making every effort to maintain relations with current donors, secure funding and generate new sources of revenue. As at 31 July 2001, the governments of Belgium, Canada, Sweden, Norway, The Netherlands, the United Kingdom and France had made substantial amounts available to the programme..

496. Switzerland, Finland and Japan have made pledges, which I hope will soon be redeemed.

497. I wish to seize this opportunity to express our gratitude to all the partners named above, and appeal to them to continue to grant us all the forms of assistance which will equip us to successfully combat the proliferation of arms in our sub-region.

498. I should also like to express my appreciation to the Wassenaar Arrangements. It is my hope that the dynamism and steadfastness of our cooperation, which has done so much for the successful implementation of the moratorium will continue, and indeed be consolidated.

– **Promotion of the Aims and Objectives of PCASED**

499. PCASED has worked hard to increase assistance from the international community and the people of the sub-region for the implementation of the

moratorium. In this connection, the programme is pursuing negotiations with the International Action Network on Small Arms (IANSA), the Norwegian Initiative on Small Arms Transfer (NISAT), International Alert, Amnesty International, Safer World, the United Nations Institute for Disarmament Research (UNIDIR) and the Institute for Strategic Studies (ISS).

500. The programme also continues to lend its support to non-governmental organisations and civil society organisations in the sub-region. It has, in this regard, provided assistance in creating civil society associations against small arms in Guinea, Ghana, Mali, Niger, Nigeria and Sierra Leone. These associations are very active in mobilising the general public in support of the moratorium and in pressurising governments to set up their national committees.

501. Acting in collaboration with two Ghanaian non-governmental organisations, PCASED convened a meeting for the general public on the renewal of the moratorium. The meeting was held in Accra from 7 to 9 June 2001, and was attended by organisations from ECOWAS and other sub-regions of the continent. A declaration was adopted by the meeting, calling for the renewal of the moratorium and for political, technical and financial support from the international community for its implementation.

– **Renewal of the Moratorium on the Importation,
Exportation and Manufacture of Small Arms.**

502. The declaration of a moratorium on the importation, exportation and manufacture of small arms signed by the Heads of State and Government on 31 October 1988, for a renewable period of three years, provided a framework for the creation of a secure enabling environment for social and economic development. The declaration was, therefore, a bold and ambitious measure aimed at averting further proliferation of the small arms which have, and continue to negatively affect our Member States.

503. The declaration of the moratorium was the first of its kind, generating much enthusiasm in the sub-region and arousing the interest and admiration of the international community.

504. Regrettably, the objectives of the moratorium are very far from being realised, as proven by the status report given earlier. The United Nations, which supports the moratorium, set up PCASED in March 1999 for a period of five years, and the Ministers of Foreign Affairs, on 13 December 2000, acknowledged the need to continue the crusade against the proliferation of arms in the sub-region and to renew the moratorium.

505. The current Chairman of ECOWAS, His Excellency Alpha Oumar KONARE, held consultations with his peers on 15 June 2001, to decide on the advisability of renewing the moratorium. The unanimity of the decision in favour of renewal, led him to sign Decision C/AHSG/1/7/01, dated 5 July 2001, extending the moratorium on the importation, exportation and manufacture of small arms in West Africa for a further period of three years with effect from 1 November 2001.

506. On 23 July 2001, I notified all Member States, the United Nations Secretary-General, PCASED, donors agencies, the Wassenaar Arrangements and all other relevant partners, of this decision.

507. I wish to renew my appeal to Member States to ensure that the decision extending the moratorium is widely disseminated, and to take necessary action to ensure its implementation by the proper authorities. I also wish to advocate implementation of the code of conduct and the nine priority areas of activity contained in the action plan of March 1999.

VI) INSTITUTIONAL MATTERS

1. The ECOWAS Parliament

508. The Members of the ECOWAS Parliament held their first session in January 2001, after the installation of the House at Bamako in December 2000. During this inaugural session, the Members adopted their rules of procedure and prepared a draft budget which was examined by the Administration and Finance Commission and adopted by the Council of Ministers. The second session of the House was held in Abuja, in September 2001. Consultations are in progress to determine the seat of parliament.

509. The salient points contained in the rules of procedure adopted at the first parliamentary session are the following:

i) *Parliamentary Sessions*

510. Two parliamentary sessions are to be held every year. The first session is held in May, ahead of the summit of Heads of State and Government, and the second in September, before the budget session of the ECOWAS Council of Ministers.

ii) *Composition of Bureau*

511. The bureau comprises the Speaker, 6 Deputy Speakers, 3 Quaestors, and 6 Parliamentary Secretaries. The order of precedence is determined as stipulated by the rules.

iii) *Permanent Organs*

512. The rules provide for 13 permanent committees. Each committee comprises the Chairman, Vice-chairman, 2 rapporteurs and between 8 and 15 members. The only exception is the Foreign Affairs, Cooperation, Defence and Security Committee which comprises a maximum of 20 members.

iv) *Election of the Speaker*

513. In accordance with the provisions of the rules of procedure, Professor Ali Nouhoum Diallo, of the Republic of Mali was unanimously elected Speaker, with a 5-year mandate.

v) *Election of Other Members of the Bureau*

514. The other members of the bureau, namely, the 1st, 2nd, 3rd, 4th, 5th and 6th Deputy Speakers; the 1st, 2nd, and 3rd Quaestors and the 1st, 2nd, 3rd, 4th, 5th and 6th parliamentary secretaries were all unanimously elected, with an eye to the equitable distribution of posts among the Member States. Their mandates are for a 1-year renewable period, in accordance with article 15 of the protocol.

2. The ECOWAS Court of Justice

515. The members of the Court of Justice have been appointed and have taken their Oath of Office. The President of the Court was appointed in the person of Justice (Mrs.) Hancine Napwaniyo Donli, from Nigeria. The Court is temporarily established in Nigeria. Consultations are in progress at the level of Heads of State to select the host country for the Court of Justice.

CHAPTER III

ECOWAS IN THE CONTEXT OF AFRICAN DEVELOPMENT AND INTEGRATION INITIATIVES

516. The dynamism that the regional integration process has witnessed in West Africa these past two years has brought ECOWAS to a critical juncture: significant integration milestones are being approached, ECOWAS performance has acquired for this region a leadership role within the context of African integration, and major donors are seeking to make ECOWAS the preferred regional body through which international development assistance is channelled in support of regional cooperation and integration initiatives in West Africa. I believe that particular attention should be paid to these positive trends in order to maximise their impact on the ECOWAS integration programmes, and also ensure that West Africa continues to contribute effectively to the development and integration of the African continent.

517. The preceding chapter has given an account of the deepening of the West African integration process, and the likely prospects of achieving a customs union and full monetary integration within the next three to four years. Given the mounting interest of both governments and the business community in regional cooperation there is a strong chance of success, but this pre-supposes that, over the medium-term, Member States would demonstrate even greater commitment. It is only by that means that the current momentum could be sustained and improved upon to attain the level of performance required to meet the various integration targets.

518. This chapter casts the ECOWAS programmes and regional integration strategy within the framework of the current continental initiatives towards the development and integration of the African economies. The chapter indicates at the same time, the necessary links that must exist between ECOWAS and the regional assistance strategies and programmes being adopted by the major development partners of West Africa.

519. It should be recalled that ECOWAS has been implementing regional programmes aimed at achieving the principal treaty objective of a unified regional market for the free flow of goods, persons, services and capital. In addition, ECOWAS has been participating actively in continental integration activities, in line with the second mandate of serving as one of the five regional building blocks for the African Economic Community. Since the beginning of the year 2000, African leaders have stepped up the march towards continental unity, culminating in the establishment of the **African Union**.

520. Further proof of the desire for concerted effort towards African unity and prosperity, through the promotion of sustained economic growth and development has been shown by the adoption of **the new African initiative**. This is the merger of the **Millennium Partnership for the African Recovery Programme** (MAP) and the OMEGA Plan. The implementation of this long-term continental development initiative as emphasised in the useful guidelines provided in the **Compact for African Recovery** of the Economic Commission for Africa (ECA) depends on the close collaboration and active participation of ECOWAS and the other regional economic communities (RECs).

521. Economic cooperation and integration in Africa has received a similar boost in the recent past through a favourable change in the attitude and approach of some important members of the international donor community.

The Bretton Woods institutions, for example, have become more receptive to the pursuit of regional integration as a development tool by third world countries. As elaborated upon later in this Chapter, there is the likelihood of both the World Bank (through its recently adopted regional integration assistance strategy) and the International Monetary Fund becoming even more supportive of ECOWAS programmes in the years ahead. The European Union, which had already been allocating increasing amounts under the European Development Fund (EDF) to support regional cooperation efforts of ACP countries, has given greater prominence in the new ACP/EU Cotonou Agreement to regional integration within the ACP Group. A similar trend can be discerned in the development assistance programmes of bilateral donors for Africa. A case in point is the United States of America which adopted in May 2001 the African Growth and Opportunity Act (AGOA) and, more recently, the USAID West African Regional Programme (WARP).

522. ECOWAS is the logical partner in West Africa for the implementation of the regional components of these new instruments and mechanisms for promoting the development and integration of African countries. Every effort will therefore have to be made to assume this responsibility. The rest of this chapter will outline the main features of these African and international initiatives and examine their relevance to the ECOWAS integration process. There will be an indication of how some ECOWAS programmes already incorporate these proposals and the role that ECOWAS is playing towards the realisation of some of these objectives. This will be followed by proposals on the contribution that ECOWAS should make towards the implementation of these initiatives, and the necessary coordination and harmonisation that must be made to ensure the effective execution of the new African cooperation and development programmes.

I) **MAIN FEATURES OF THE NEW AFRICAN DEVELOPMENT INITIATIVES**

523. The establishment of the **African Union** in July 2000 and the adoption of the **new African initiative** are the cumulation of a long-term desire of the African leadership to develop Africa into a strong, united and prosperous continent. This ambition found early expression in the establishment of the Organisation of African Unity (OAU) in 1963, the adoption of the Lagos Plan of Action in 1980, and the creation of the African Economic Community (AEC) in 1991.

524. The **Constitutive Act of the African Union** aims at the political and economic union of all African countries, to be achieved through the following principal organs and institutions: an Assembly of Heads of State, an Executive Council (of Ministers), a Pan-African Parliament and Court of Justice, a common market, a monetary union (common currency issued by the African Central Bank), an African Monetary Fund, an African Investment Bank and a highly integrated infrastructural system. The African Union retains, in the socio-economic domain, the basic arrangements existing under the African Economic Community; ECOWAS and the other regional economic communities (RECs) therefore remain the pillars on which the continental economic union would be built.

525. This is an obvious challenge to us in West Africa to renew our commitment to regional integration and ensure that ECOWAS programmes are implemented in consonance with the continental objectives. Fortunately, the West African region is ahead or at least on schedule with regard to the integration targets set in the AEC treaty. ECOWAS has the duty of ensuring the consolidation of these achievements, such as strengthening its institutional capacity, by making fully operational the ECOWAS Court of Justice and Community Parliament, as well as the restructured Executive

Secretariat and ECOWAS Fund (now the ECOWAS Bank for Investment and Development - EBID, and its two subsidiaries). ECOWAS would also have to participate more actively in the AEC institutional arrangements for monitoring and coordinating the performance of the RECs to ensure maximum benefit from regional "best practices" and the necessary harmonisation of integration programmes.

526. The **new African initiative** should be viewed as a complementary and appropriate strategy for achieving the African economic union. It aims at mobilising African and external resources for a sustainable development of the African economy. The initiative puts emphasis on concerted action and close partnership, first between the public and private sectors, and secondly between Africa and the international community. The aim of the partnership with the rest of the world is also to effect a re-structuring of the economic order, so as to establish fair and just global rules: improved market access and better terms of trade for African exports, greater inflow of development assistance, investment capital and technology to Africa, and significant debt relief.

527. The priority areas adopted for achieving the long-term development of the African economy include the following:

- i) peace, security and governance;
- ii) investing in people for their empowerment: poverty eradication, enhanced income-generation capacity, people-oriented institutional capacity building, improved health and nutrition;
- iii) diversification of the production base: resource-based development through increased up-stream and down-stream production, especially in the agricultural, mineral and tourism sectors, export diversification;

- iv) infrastructural development: regional integrated systems and regulatory framework, information/communication technology (ICT);
- v) well-developed financial systems: reduce the high risk perception through an enhanced credibility of the system, policy consistency, predictability and unimpeded capital flows.

528. The programme of action drawn up in the new African initiative to address these priority development issues covers the key sectors (such as macro-economic policy harmonisation, infrastructural and agricultural development or health and education) in which under the AEC or RECs, policy measures and regional integration programmes have been adopted for implementation at national, regional and continental levels. Considerable attention is to be given to financial sector development for domestic resource mobilisation, as the primary source of development financing. At the same time, concerted effort and a strong partnership with donors is advocated for ensuring an improvement in the quantity and quality of external resources – to achieve guaranteed long-term and stable assistance which is focused on priority areas as determined by Africans themselves.

II) REGIONAL ASSISTANCE STRATEGIES OF DONORS

529. Africa continues to decry the insufficiency of the inflow of official development assistance, even as it intensifies its efforts at improving the business environment in order to attract foreign direct investment. The donor community on its part has been reflecting on ways of enhancing the effectiveness of external aid. A result of such review is the increasing priority attention being given by donors to regional cooperation as a development strategy. The regional integration support programme (RISP) of the European Union, for example, is directly linked to the participation of ACP states in economic integration schemes of their respective regions. The

economic partnership agreement envisaged under the economic and trade cooperation section of the ACP/EU Cotonou Agreement favours the negotiation of such agreements on a regional basis, in support of on-going efforts at regional integration. USAID recently adopted a West African Regional Programme (WARP) following extensive regional consultations with both public and private sector agencies and organisations. This complements the African Growth and Opportunity Act (AGOA), which encourages regional economic integration through its principle of cumulative rules of origin, creation of free trade area(s) and the US-Africa Cooperation Forum for policy discussion and the promotion of joint trade and investment projects of a regional nature.

530. France, which has over the years been an active partner of ECOWAS in many of our regional projects, has begun discussions with the Executive Secretariat with a view towards the adoption of a comprehensive regional assistance programme for West Africa. Such a programme, it has been gathered from the preliminary contacts, would focus on the two key objectives of convergence of national economies and the acceleration of ECOWAS regional integration programmes.

531. The regional integration assistance strategy (RIAS) for West Africa adopted by the World Bank in August 2001 is the latest manifestation of donor interest in a regional approach to economic development in Africa. The World Bank also consulted widely in an attempt to base its strategy on West Africa's own vision and objectives of regional integration. The RIAS is designed principally to support the creation of an open, unified regional economic space in West Africa – a dynamic regional market for accelerating economic growth and poverty alleviation. The World Bank's aim is that through RIAS, it would provide increased and focused assistance to the regional integration process and also facilitate the coordination and

maximisation of the use of donor resources in West Africa, particularly in three key areas: macro-economic policy convergence, market integration and institutional capacity building.

532. On its part, the International Monetary Fund has been monitoring closely progress in West Africa towards the creation of a single currency. IMF/ECOWAS consultations have become more frequent and better focused, building towards substantial support for the ECOWAS monetary integration programme and an institutionalised relationship (Article IV consultation) as already exists between the IMF and the CFA currency zone countries and their regional institutions.

533. The UN Secretary General sent in March 2001 a UN Inter-Agency Mission to West Africa to study the multi-faceted problems confronting the region and make recommendations on a coordinated and coherent United Nations response. The UN mission has proposed the adoption of a regional UN development assistance framework (UNDAF) and coordinated support to ECOWAS initiatives in order to enhance ECOWAS capacity at accelerating economic integration in West Africa.

III) BUILDING UPON EXISTING LINKAGES AND PARTNERSHIPS

534. All the diverse initiatives and strategies aim at enhancing African development and evolving a new international economic order which is more beneficial to Africa. This encouraging trend must be sustained by taking conscious steps towards accelerating African development through meaningful partnerships and collaboration. Specifically, the challenge in the coming years would be:

- taking into full account existing "best practices" in the development process;

- coordinating and harmonising these new agenda for Africa's development and integration;
- adopting a realistic institutional framework for effective implementation and monitoring;
- simplifying and rationalising external assistance and interventions (objectives and areas of intervention, types of assistance, procedures, conditionalities, etc.);
- harmonising the integration programmes of the different African regions, etc.

IV) EXISTING BEST PRACTICES

535. It is heartening that all these new strategies were adopted after a careful review of the situation on the ground and an assessment of relevant existing programmes, institutional arrangements and capacities. The current development programmes of African countries and their regional organisations reflect both the progress made and their capacity to handle the challenges of economic development and integration. It is important that the present levels achieved in each region should form the basis for implementing the new strategies and initiatives in that particular region. Best practices elsewhere can only serve as a guide and a goal to be aimed at; an attempt at forcing "models" of cooperation on unprepared regions can only frustrate the integration process. Two West African achievements can be taken to illustrate this point.

536. Infrastructural development is key to economic development generally and critical to the regional integration process. The SADC region has focused on this sector and has recorded commendable success in developing regional networks for roads, railways and electricity. In West Africa, ECOWAS Member States have taken similar regional decisions and adopted appropriate programmes. The ECOWAS trans-West African highway network has been

adopted by the European Union, World Bank and other donors operating in this sector as the blue-print for the development of road transport in West Africa. Similarly, the World Bank and USAID have accepted the ECOWAS energy programme "West Africa Power Pool" and are principal partners in its implementation. Future efforts should build upon this ECOWAS achievement, which was inspired in part by the progress made elsewhere – the Southern African Power Pool. Countries in other regions can only be encouraged to adopt a similar approach.

537. In the area of democracy and political governance, West African leaders adopted in 1991 the principles of democracy and political pluralism, and the 1993 revised treaty provided for regional cooperation in the political and defence areas to ensure regional peace and security. In this area of regional cooperation, the ECOWAS mechanism for the prevention, management and resolution of conflict offers a comprehensive framework that the United Nations Security Council has endorsed and relies on for managing peace in West Africa. Similarly, the coming into operation of the ECOWAS Parliament provides another regional example that can guide the implementation of the relevant provisions of the the constitutive act African Union, and serve as an example to other African regions. ECOWAS achievements in the free movement of persons (visa-free entry, right of residence and establishment, ECOWAS passport and travel certificate) should also inspire similar arrangements in other regions of Africa.

538. In the health sector, as in other sectors, West Africa lags behind world standards and levels of performance. This is a sector that regional cooperation can pay enormous dividends, especially in the coordination of the fight against communicable diseases. The international community is stepping up the campaign against the scourge of HIV/AIDS, and our region needs to increase its participation in this campaign. The West African Health Organisation (WAHO) provides an appropriate institutional framework for

coordinating the control of this pandemic disease at the regional level. WAHO should be our rallying point, particularly as it has already initiated action towards the operation of a regional programme for the control of HIV/AIDS and other endemic diseases such as malaria and tuberculosis. Needless to say, the success of such a regional programme will depend on the commitment of each government and the efficacy of the national arrangements put in place for running the regional programme within the country. I therefore expect ECOWAS and all of its Member States to be at the forefront of the HIV/AIDS campaign.

V) COMMON AGENDA FOR ECONOMIC DEVELOPMENT IN AFRICA

539. The decision to create an African economic union imposes on African countries the obligation to adopt a common development strategy and manage their national economies on the basis of agreed policies. The AEC treaty identifies key integration sectors and provides a framework of general policy measures for integrating the national economies. Fortunately, it has been possible to merge the parallel attempts at formulating a long-term African development agenda into the new African initiative, which should now be used as a vehicle for implementing the AEC blue-print of policy measures. Future efforts in this direction might be focused on refining the programme of action in specific sectors, the proposed modalities for resource generation and utilisation, and the mechanisms for the implementation and monitoring of the development agenda.

540. Since this new initiative covers all the critical development and integration issues, an effort would have to be made, for instance, to define clearly the regional components and mobilise the RECs for its implementation. Similarly, there should be harmonisation of the policy measures with the intervention strategies of Africa's major development partners to ensure that the external component of the initiative is implemented effectively.

541. In this context, it is important to reach agreement on the varying priorities and orientations given by different actors to the development process so that efforts could be focused and well-coordinated: reform programmes variously aimed at political and economic liberalisation, macro-economic stability, economic growth and poverty alleviation or the pro-poor development agenda. It is noted, for example, that the World Bank has been championing the adoption of a comprehensive development framework (CDF), and its current assistance programme to countries is based on poverty reduction strategy papers (PRSP), while the IMF complements with the Poverty Reduction and Growth Facility (PRGF). The two institutions run the highly indebted poor country (HIPC) debt relief initiative that many low-income countries are counting on to solve their external debt problem.

VI) COORDINATION OF EXTERNAL ASSISTANCE

542. As just indicated above, there is the need for rationalising the interventions of donors and certainly in the regional integration sphere. As more members of the international community get interested in regional integration initiatives and as each donor agency strives to apply its rules and procedures, the RECs are made to satisfy divergent requirements from the different donors involved in the same programme. Happily for ECOWAS, its main external partners, the European Union and World Bank have both centred their assistance strategies on promoting the main ECOWAS objectives of regional market integration and macro-economic policy harmonisation. With regard to sectoral cooperation, the ECOWAS strategy has been to develop a partnership which involves the relevant international organisations in the formulation and implementation of West African programmes. Thus, the International Telecommunications Union (ITU) has been a close partner of ECOWAS in both the INTELCOM I and II programmes. UNIDO is similarly involved in the ECOWAS industrial cooperation programme. Both FAO and the International Fund for Agricultural Development (IFAD) are participating

in the re-formulation of the regional agricultural policy adopted by ECOWAS in the early 1980s.

543. There are, however, features of some donor assistance programme which conflict with ECOWAS objectives and could constitute serious impediments if not resolved as soon as possible. The economic partnership agreement to be negotiated with the European Union could enhance West African regional integration, but only on a number of conditions. The fifteen countries of the region should reach a customs union status so as to be able to conduct a common external commercial policy with the EU and, indeed with the rest of the world. Meanwhile, the EU is indicating its preference for a regional economic partnership agreement with UEMOA. Such a free trade agreement with a sub-set of the ECOWAS membership would disrupt the ECOWAS process of creating a customs union. Similarly, a EU non-reciprocal everything-but-arms (EBA) arrangement that is limited to the twelve least developed countries (LDCs) of ECOWAS would have a disruptive effect on the regional market integration process. The free trade area provisions of AGOA is likely to have the same detrimental effect on West African integration if all ECOWAS Member States do not meet the stringent eligibility criteria (five Member States are currently ineligible).

544. Particular attention would also have to be paid to the nature of some of the conditions that donors attach to their assistance. Both the HIPC initiative and the PRSP programme have specific conditions that define for potential beneficiary countries the policy thrust in certain areas of the public sector – such as some minimum investments in the social sector for alleviating poverty. Just as under the AGOA eligibility criteria, these countries must show proof of a long record of sustained reform in governance and economic liberalisation. While these serve laudable objectives and are policy measures envisaged under the African Union, the new African initiative and even the ECOWAS initiatives, the scope and pace of reform demanded by

donors tend to be more than some countries can cope with. The WTO-compatible principle being insisted upon by the EU in its trade relations with ACP states, for example, ignores a cardinal requirement of taking into account the varying levels of development of the parties involved in a trading relationship. This should continue to be the basis for the ACP/EU partnership and the EU should be made to align itself with West African and other ACP countries for re-negotiating and improving upon existing WTO provisions. It is only such a partnership that can lead to the successful negotiation and establishment of a just and equitable international economic order.

C O N C L U S I O N

545. The economic growth rate for West Africa in the last few years has been less than what is required in the fight against poverty. There is however a general consensus on the essential measures required to boost growth and on the measures specifically aimed at combatting poverty. Accelerated economic development in our region will demand optimum utilisation of existing resources, a higher level of investment, and an independent and efficient legal and judicial system which will guarantee the security of private enterprise. Macro-economic reform, in particular, must be continued with an emphasis on the restructuring of public finance and the opening up of our economies to trade and private capital. Sustained growth, it should be noted, can only be achieved through investment in human and social infrastructures, particularly with regard to health. None of these needed fundamental changes can come about except in an environment of peace and stability.

546. ECOWAS countries must achieve simultaneously political and economic transformation which demands the strengthening of the regional integration process and the smooth integration of the West African economies into the world economy.

547. The forty-fourth session of the Council of Ministers held in Abuja in August 1999 adopted a strategy to accelerate the regional integration process in West Africa. Priority actions under this strategy are the creation of a regional market through the liberalisation of intra-regional trade, introduction of a common external tariff, and harmonisation of economic and financial policies. Effective implementation of this strategy will endow West Africa with a single regional market of 210 million consumers, which would be better placed to attract the benefits of globalisation to the region, and

become a more effective partner in its interactions with the large regional economic blocs of the developed world.

548. The main lesson to be drawn from an analysis of the West African experience in development policy and economic integration, is that national policies, however ambitious, are unlikely to significantly influence regional economic growth and development without greater progress towards regional integration, and vice versa. Indeed, in view of the smallness of the national markets in West Africa and the fragility of the economies, externally-oriented economic reform may well be necessary, but not sufficient to accelerate growth, in a world which is increasingly divided into trade blocs governed by preferential agreements. The dynamics of the external environment in which these reforms are implemented demand that they be accompanied by more serious efforts towards economic integration.

549. It is therefore necessary to review national economic policies and adapt them to the new world economic and geopolitical environment. This may be achieved through regional integration, which is the best strategy for the integration of the West African economies into the world economy. In this regard, it is important to take the regional dimension into account in the development process.

550 The West African integration process has been gathering momentum in the last few years and if the pace is sustained, the objectives of a customs and monetary union should become a reality in the near future. The creation of the African Union and the adoption of the new African initiative are as encouraging as the growing interest that Africa's development partners are manifesting in regional cooperation as a means for the accelerated development of the continent. In order to avoid dissipation of energies and also to ensure that ECOWAS initiatives are in line with similar efforts towards the same integration objectives, a more conscious attempt should be made

in the months ahead at coordinating and rationalising the emerging strategies and initiatives.

551. ECOWAS has adopted credible regional policies and programmes that can contribute positively to this harmonisation process in order to evolve coherent strategies for implementing integration programmes in West Africa and elsewhere in Africa.

552. While all the African regions are not at the same point in the integration process, there is something to be gained by closer interaction and cooperation among the regional economic groupings under the auspices of the African Union/AEC. The increasing recognition being given by donors to the regional integration acts and decisions of ECOWAS is most welcome and should lead to the development of mutually beneficial relations between the ECOWAS institutions and the external partners of Member States. ECOWAS should seek to be actively involved in the international partnership that Africa has to develop in its bid to improve the trading and development finance relations between the continent and the rest of the world.

ANNEXES

TABLES AND GRAPHS

PERFORMANCE OF MEMBER STATES AGAINST THE MACROECONOMIC CONVERGENCE CRITERIA

Table 1: Performance of Member States against the primary criteria: 1999-2000

PRIMARY CRITERIA										
Country	Budget deficit excluding grants ≤ 4% of GDP (1)		Central bank financing of budget deficits 10% of tax revenue for previous year		Inflation ≤ 5%		Reserves ≥ 6 months of imports		Number of criteria met (out of 4)	
	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000
Benin	1.7%	0.9%	0%	0%	0.3%	4.2%	5.7%	7.5%	4%	4%
Burkina Faso	12.9	13	18.9	16.1	-1.1	-0.3	4.5	3.9	1	1
Cape Verde	13.8	14.8	0	70.3	-1.5	-1.1	1.9	1.1	2	1
Cote d'Ivoire	3.7	2.1	19.8	17.8	0.7	2.7	2.1	2.6	2	2
Gambia	6.1	4.6	0	0	1.7	0.2	5.8	6.8	2	3
Ghana	8	10.7	8	57.9	13.8	40.5	1.3	0.9	0	0
Guinea	5.4	5.4	13.7	19.2	6.2	7.2	2.7	2	0	0
Guinea Bissau	14.2	17.9	21.0	10.2	-2.1	8.3	4	8.3	1	1
Liberia	0.2	1.2	0	0	3	3.1	2	2	3	3
Mali	8.7	10.2	0	0	-1.2	-0.7	4.8	4.7	2	2
Niger	9.8	6.4	32.1	32.8	-2.3	2.9	1.1	2.3	1	1
Nigeria	8.4	3	0	0	8	6.9	5.4	9.9	1	3
Senegal	3.5	2.8	13.8	8.5	0.8	0.7	2.8	2.7	2	3
Sierra Leone	14.9	17.3	89.8	0	36.7	-2.8	3.6	2.7	0	2
Togo	4.8	5.4	15.5	19.6	-0.1	1.9	2.5	3.3	1	1

(1) Commitment base

Source: Member States

Table 2: PERFORMANCE OF MEMBER STATES AGAINST THE SECONDARY CRITERIA: 1999-2000

SECONDARY CRITERIA												
COUNTRY	Domestic arrears = 0		Tax revenue/ GDP ratio ≥ 20%		Wage bill / tax revenue ratio ≤ 35%		Public expenditure financed from domestic resources/ tax revenue ratio ≥ 20%		Stability of exchange rate		Real exchange rate > zero	
Benin	-	-	13.7	14.3	33.2	31.7	11	11.2	Yes	Yes	3.2	-0.7
B/ Faso	-	-	14.3	12.5	37.1	43.8	30.2	26.3	Yes	Yes	4.6	3.8
Cape Verde	+	+	16.9	17.4	61.8	57.3	24.3	37.6	Yes	Yes	4.11	9.6
Cote d'Ivoire	+	+	16.8	16.1	37	41.8	17.6	8.5	Yes	Yes	2.8	1.0
Gambia	-	-	24.1	24.2	31.7	30.6	4.2	4.2	Yes	Yes	8.6	8.8
Ghana	-	-	15	16.3	37.6	32.2	27.5	26.8	No	No	-0.8	-22.5
Guinea	-	-	10.2	10.6	40.2	36.6	10.1	7.4	Yes	Yes	1.3	0.3
G. Bissau	-	-	9.3	9	53.9	68.5	64.8	21.7	Yes	Yes	5.6	-4.8
Liberia	-	-	14.9	12.7	20.1	30.9	17.2	8.9	Yes	Yes	3.0	2.0
Mali	-	-	14.1	14	27.8	31.3	22.3	25.7	Yes	Yes	4.7	4.2
Niger	+	+	8	7.8	51	50.5	17.2	9.6	Yes	Yes	5.8	0.6
Nigeria	-	-	6.2	9	64.2	52.8	149.5	75.4	Yes	Yes	-2.3	-1.9
Senegal	-	-	16.8	17.1	33.9	33.3	22.7	19.8	Yes	Yes	2.7	2.8
S/Leone	+	+	6.3	10.2	96.1	66.2	1.9	4.7	No	Yes	-29.4	8.7
Togo	+	+	12.9	11.7	50.6	53.9	1.8	3.1	Yes	Yes	3.6	1.6

+ = Arrears

- = No arrears

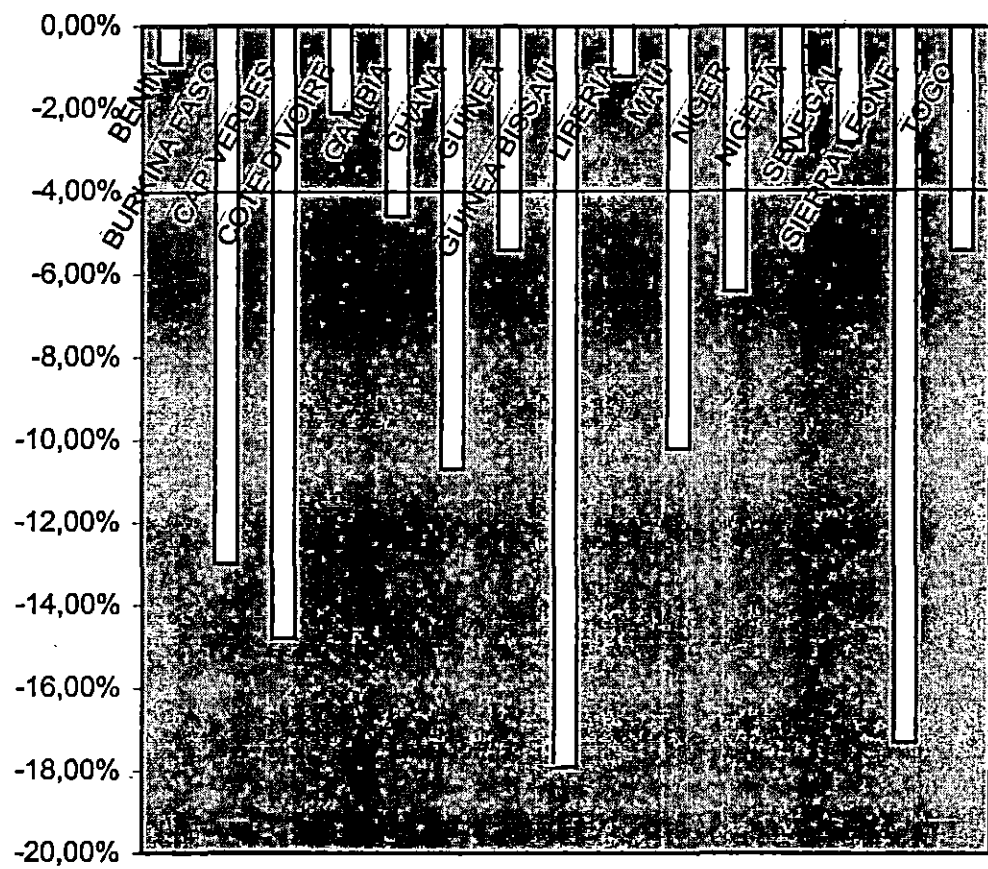
Source: Member States

**SUMMARY OF NUMBER OF COUNTRIES THAT MET THE
CONVERGENCE CRITERIA IN 1999 AND 2000**

CRITERIA		NO. OF COUNTRIES MEETING THE CRITERIA	
	I. PRIMARY CRITERIA	1999	2000
1.	Budget deficit (excluding grants)/GDP (commitment base \leq 4%)	4	5
2.	Central Bank financing of budget deficit \leq 10% of previous year's tax revenue	7	6
3.	Inflation \leq 5%	12	12
4.	Reserves (in months of imports) \geq 6 months	0	4
	II. SECONDARY CRITERIA		
1.	Arrears = 0	0	0
2.	Tax revenue/GDP ratio \geq 20%	1	1
3.	Wage bill/tax revenue ratio \leq 35%	5	6
4.	Public expenditure financed from domestic resource/tax revenue ratio \geq 20%	7	6
5.	Exchange rate stability	0	0
6.	Real interest rate \geq 0	12	11

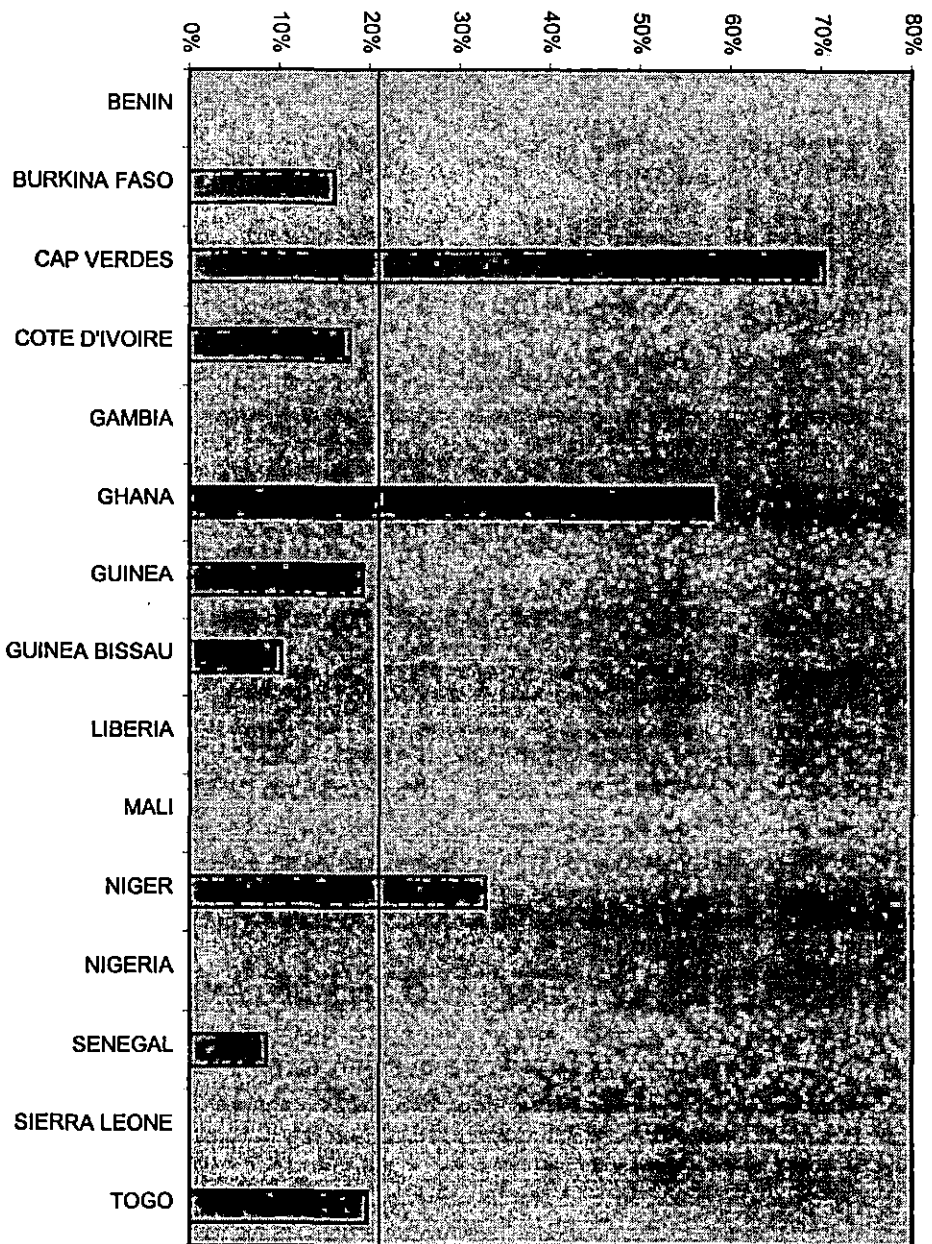
Source: Member States

Graph 1
Budget deficit excluding grants \leq 4% of GDP (1)



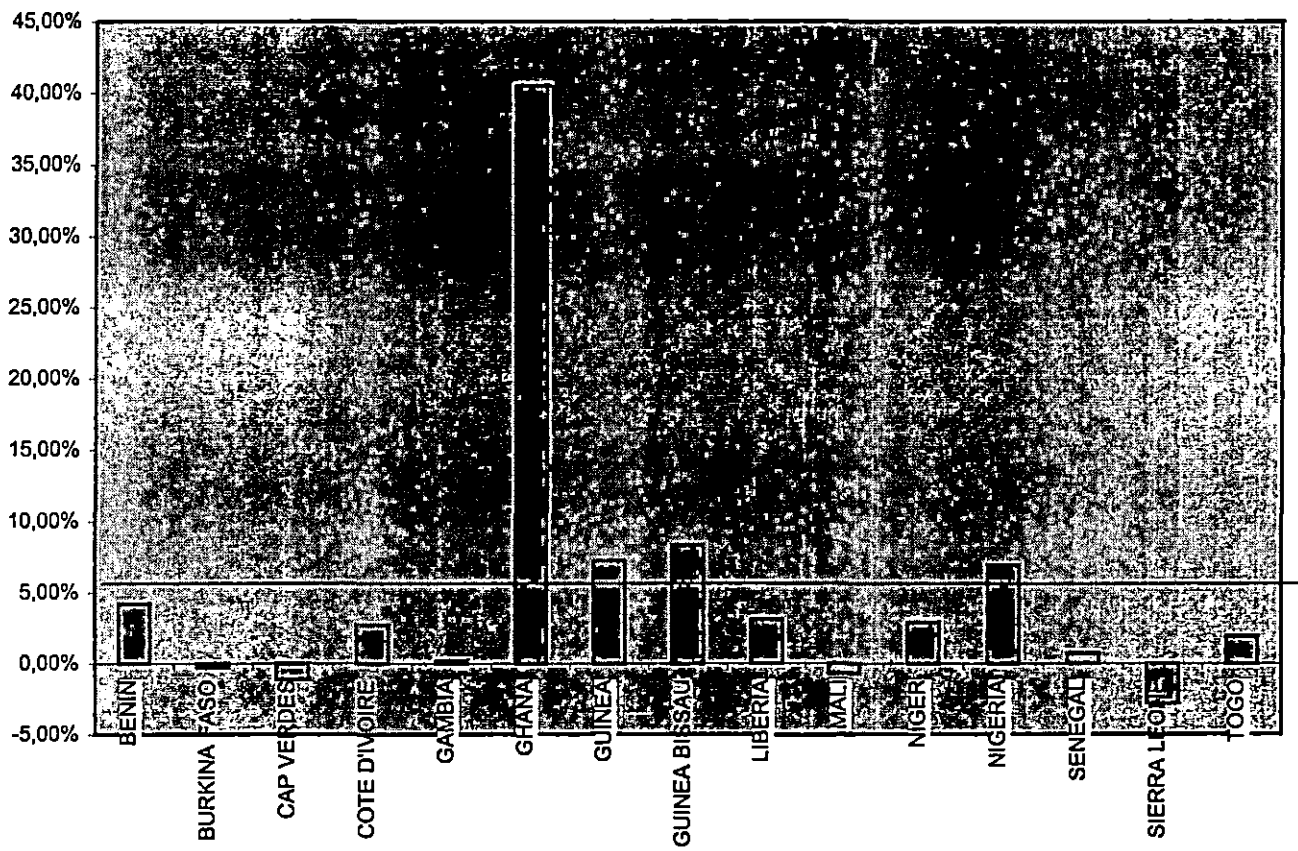
Graph 2

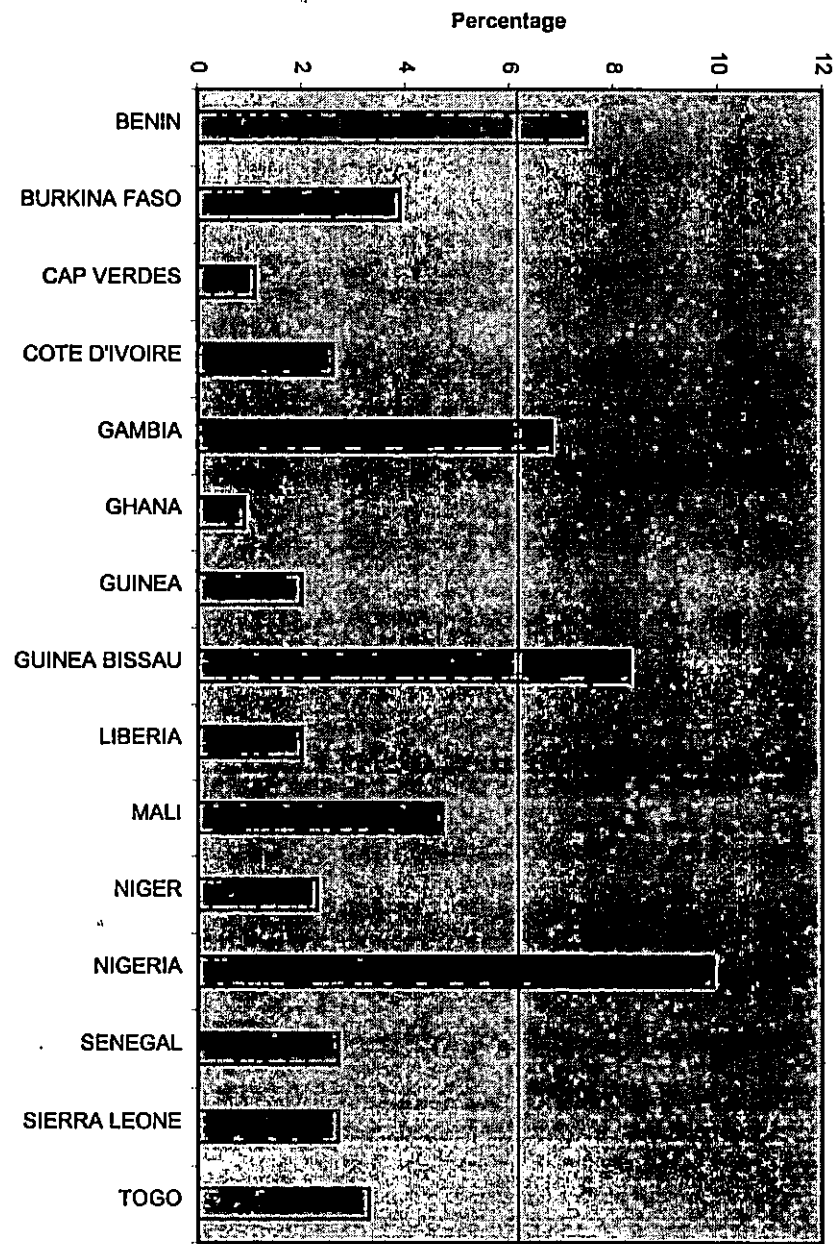
Central bank financing of budget deficit $\leq 10\%$ of tax revenue from previous year



Graph 3

Inflation \leq 5%

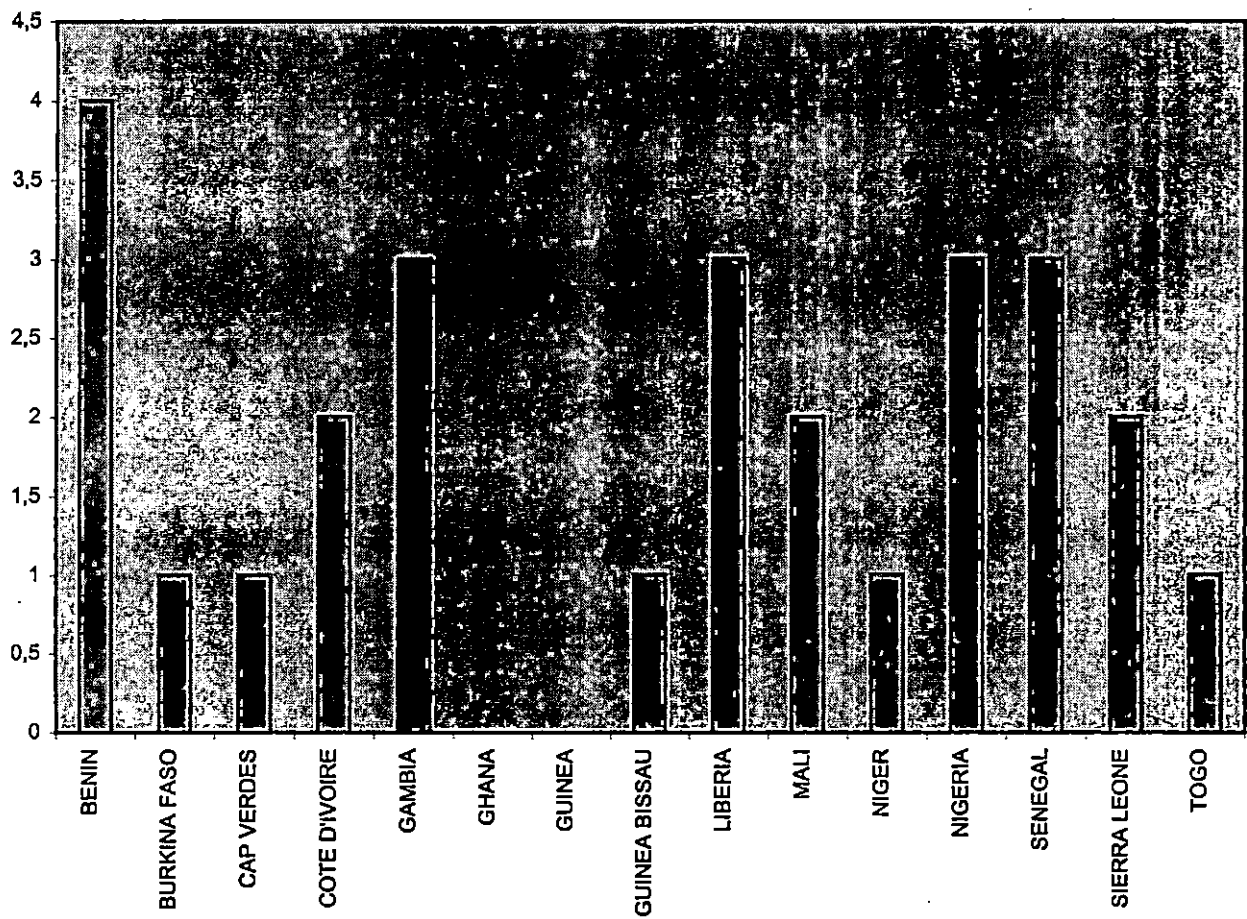




GRAPH 4
Reserves \geq 6 months of imports

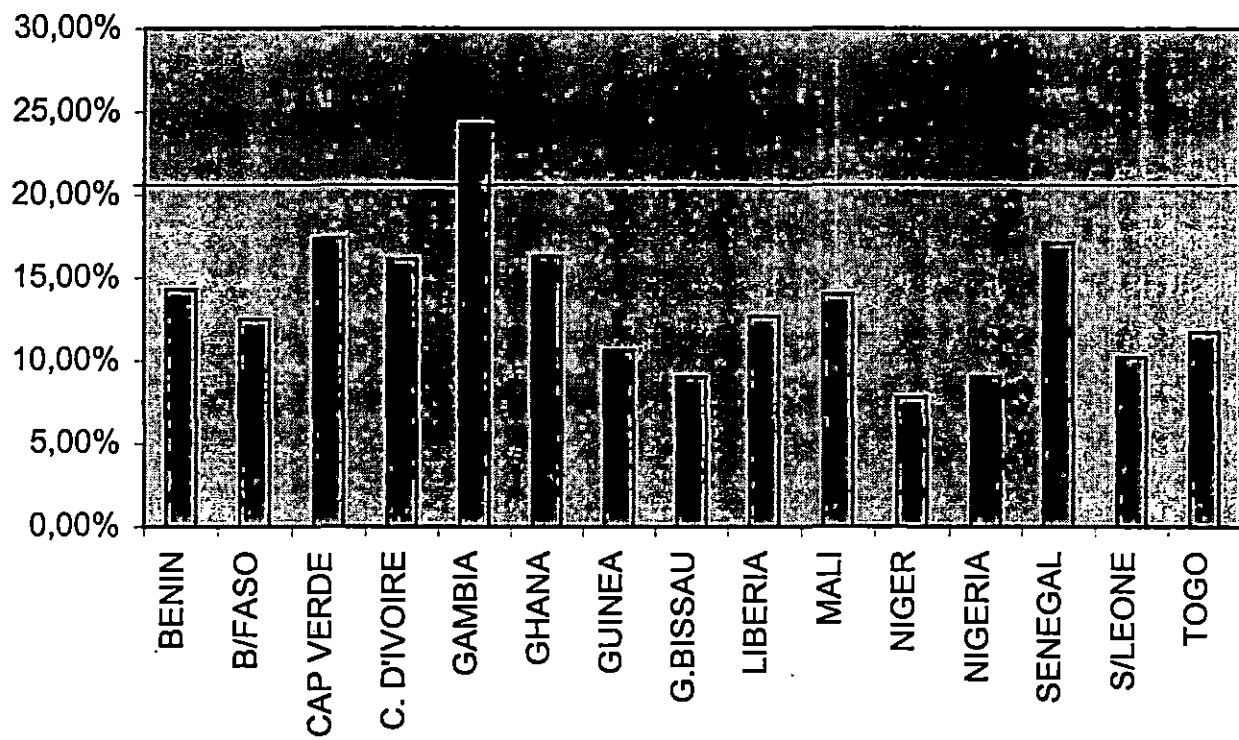
Graph 5

Number of criteria met (out of 4)



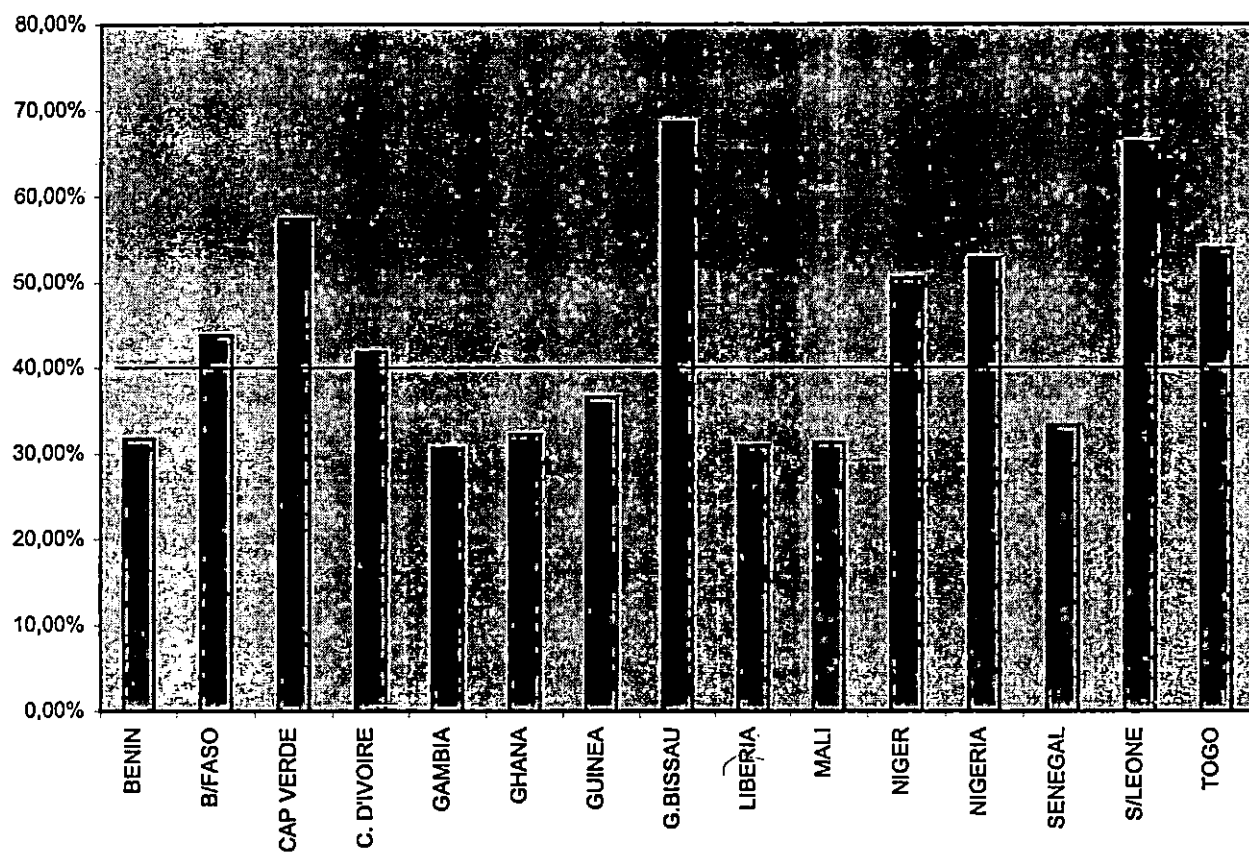
Graph 6

Tax revenue / GDP ratio $\geq 20\%$



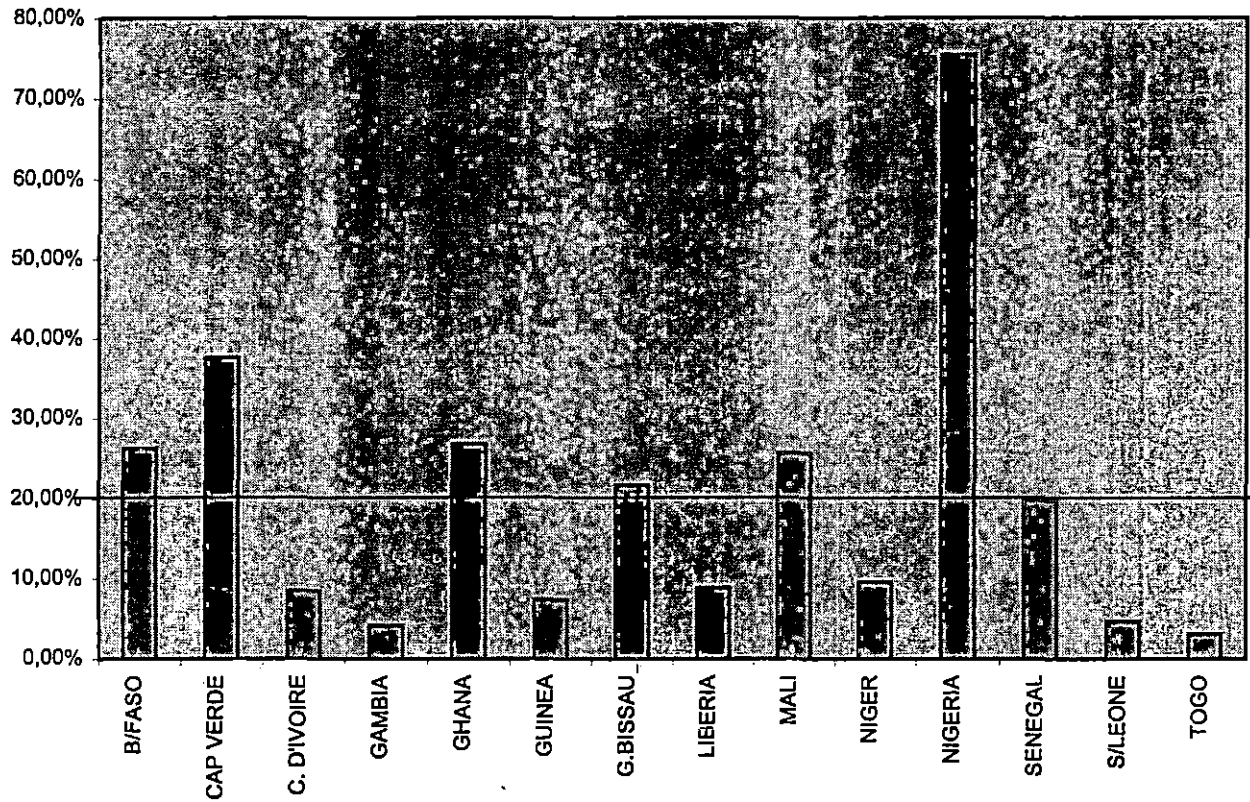
Graph 7

Wage bill / revenue ratio $\leq 35\%$



Graph 8

**Public expenditure finance from resources /
tax revenue ratio $\geq 20\%$**



Graph 9
Real exchange rate > zero

