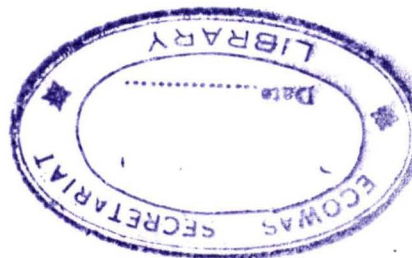


ECONOMIC COMMUNITY OF
WEST AFRICAN STATES



COMMUNAUTE ECONOMIQUE
DES ETATS DE L'AFRIQUE
DE L'OUEST



INTEGRATION AND DEVELOPMENT IN WEST AFRICA: FACING THE IMMEDIATE CHALLENGES

2003 ANNUAL REPORT OF THE EXECUTIVE SECRETARY

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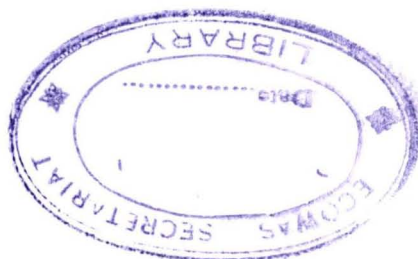


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LIST OF ACRONYMS AND ABBREVIATIONS

ACBF	African Capacity Building Foundation
ACP	African, Caribbean and Pacific (ACP) Group
ADB	African Development Bank
AFRISTAT	Statistical Observatory in Sub-Saharan Africa
AIDS	Acquired Immunity-Deficiency Syndrome
AU	African Union
CAP	Common Agricultural Policy
CET	Common External Tariff
COMESA	Common Market of Eastern and Southern Africa
CIDA	Canadian International Development Agency
CILSS	Inter-State Committee for Control of Drought in the Sahel
DFID	Department for International Development (UK)
EBID	ECOWAS Bank for Investment and Development
ECA	Economic Commission for Africa
ECOBANK	West African Commercial Bank
ECOMARINE	West African Coastal Shipping Company
ECOMICI	ECOWAS Mission in Cote d'Ivoire
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EPA	Economic Partnership Agreement
EU	European Union
FAO	United Nations Food and Agriculture Organisation
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HIPC	Highly Indebted Poor Countries
HPI	Human Poverty Index
IFC	International Finance Corporation
IGO	Inter-Governmental Organisation
ISRT	inter-State Road Transit
MDGs	Millenium Development Goals
MRU	Mano River Union
NCC	National Coordinating Committee
NEPA	National Electric Power Authority
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organisation
OAU	Organisation of African Unity
RIP	Regional Indicative Programme
TLS	Trade Liberalisation Scheme
UA	Unit of Account
UEMOA	West African Economic and Monetary Union
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
UNO	United Nations Organisation

USA	United States of America
USAID	United States Agency for International Development
VAT	Value Added Tax
WAGP	West African Gas Pipeline
WAHO	West African Health Organisation
WAMA	West African Monetary Agency
WAMI	West African Monetary Institute
WAMZ	West African Monetary Zone
WAPP	West African Power Pool
WAWA	West African Women Association
WHO	World Health Organisation
WTO	World Trade Organisation

INTRODUCTION

1. West Africa presents a paradoxical picture of a region striving to integrate its countries economically, socially and even politically, and yet showing increasing signs of national instability and disintegration in a number of countries. As this report will indicate, there is an encouraging account of steady progress in our march towards regional integration particularly if this is judged by the scope and depth of integration envisaged in the ECOWAS regional policies and programmes that have been adopted. It is in this same region that the past twelve months have witnessed violent political and civil conflict in three countries.

2. On the positive side, the region is firmly set on the path towards a monetary and customs union; an independent survey of the African scene puts West Africa ahead of the other regions in terms of level of integration. The West African leadership is gradually fusing the fifteen countries in the region into a single state: every West African is a Community citizen who requires no visa to enter any of the countries; there are regional institutions and symbols such as the ECOWAS Parliament, the Community Court of Justice, an ECOWAS anthem and flag. A regional infrastructural development programme served as a model for the formulation of the NEPAD short-term action plan formulated for the continent.

3. The admirable regional approach adopted in West Africa was illustrated by the readiness of the ECOWAS Authority to decide that NEPAD would be implemented within the ECOWAS framework – the first region to make such a strategic decision. Similarly, West Africa is the first region on the continent to commit itself to negotiating a regional economic partnership agreement with the European Union. At the national level, there are very encouraging examples of increasing success with the political and economic liberalisation process. These reform efforts have been sustained and a number of countries have benefited from international programmes based on successful reforms. Some have felt confident enough to submit themselves to sovereign credit rating and the rigours of the African Peer Review Mechanism. Such progress has not failed to catch the attention of the international community and the business community in particular.

4. On the reverse side, a pattern of regional instability is emerging that makes it hard to discard the belief that West Africa has become the investment ground for war merchants and entrepreneurs. Widespread poverty and youth unemployment, failing educational systems, a fragile democratisation process, a poorly paid and demoralised civil service that is breeding rampant corruption, and an ineffectual security apparatus – these are among the factors which have given rise to or facilitated negative tendencies like the trans-border crimes of arms, drug and human trafficking, civil and political conflict. Above all, they hold back the development of the region and hasten the decline of human security.

5. In many respects, this is an unpardonable tragedy that has been allowed to drag on and deepen in a region like West Africa. First and foremost, the majority of West Africans and that means the ordinary citizen, are peace-loving, steeped in rich and varied African traditions. Even if they are poor financially, they are leading a life of dignity and integrity.

All that such a people require is an enlightened leadership to guide them towards activities of higher efficiency and productivity.

6. It is a tragedy that political instability and severe disruption of economic life should be visited on a region that is at the bottom of the development ladder, and which is one of the few regions in the world where poverty has been deepening. It is a tragedy that West Africa which has enough natural and human resources to overcome under-development cannot have sound national policies, applied on a sustained basis for even a decade. It is unfortunate that there has not been sufficient political will and commitment to pursue and satisfy the requirements of regional integration, a viable development tool that West Africa adopted more than a quarter of a century ago.

7. There is not much evidence of the contribution of regional integration to the development of West Africa. It is equally difficult to point to the beneficial effects of previous strenuous efforts such as the structural adjustment and economic recovery programmes. What is even more worrying is the risk of the region not managing its affairs to be in a position to exploit the current opportunities on offer. At the dawn of this new century, renewed efforts at accelerating African development saw the transformation of the OAU into the African Union, as well as the adoption of the New Partnership for Africa's Development (NEPAD) as a blueprint for the long-term development of the continent. The development prospects are further enhanced by the adoption at the United Nation's level of the Millennium Development Goals (MDGs), and the increasing number of Member States engaged in the Poverty Reduction Strategy Paper (PRSP) and Highly Indebted Poor Countries (HIPC) initiatives.

8. These and other opportunities offer the prospects of overcoming the formidable development challenges facing our countries. However, there is need for a conscious effort to utilise and exploit the numerous initiatives; it is the lack of such a systematic approach, especially with regard to measures that were initiated at the international level, that there is the current insistence on programme ownership and local participation.

9. There is a veritable risk of further impoverishment and marginalisation of West Africa, in the midst of all the existing opportunities. What would be even more unfortunate and damaging is the contagion effect that continued failure could have on the better performing countries that are making strenuous efforts at national development.

10. The enormity of the task of moving our national economies from their current structural configuration and level of development to a middle-income integrated economy cannot be over-emphasised. Time is not on our side and a serious start needs to be made.

11. First, a clearly-defined regional development strategy must guide all development pursuits at both national and regional levels. This will bring the goal of long-term development to the fore and ensure a focused and coherent approach to economic management. More than that, it will highlight regionalism as the development strategy adopted by each Member State. It would also draw attention to the basic principles and

requirements for achieving economic development, and particularly for successful integration of the disparate fifteen economies of the region.

12. The simple technical exercise of designing a regional development strategy will not be enough. It must be the fruit of deep and objective reflection, and a recognition that the development actors and economic policy-makers of the region need a change of attitude and approach to the conduct of public affairs. It is to initiate this collective reflection that I have proposed as the theme for this year's report: "***Integration and Development in West Africa: Facing the Immediate Challenges***". This is an invitation to our entire Community to ponder on the theme as the year draws to a close.

13. It is my sincere desire that the year 2003 could draw the curtain on the painful chapter of regional conflict and political instability. Much distress and sacrifice has been endured by poor and hapless citizens who want nothing more than being left in peace to pursue an ordinary life. Much resources, in terms of time, energy, material and financial outlays, have been expended in attempts to bring life back to normalcy in the war-torn zones of our region.

14. Throughout the year, the Community has enjoyed the support and assistance of many benefactors who showed in diverse ways that they have the interest of West Africa at heart. I wish to express our sincere appreciation and gratitude to everyone and every institution or organisation that contributed to our regional cause. It is natural however to single out a few such benefactors for special mention.

15. I should like to point out the invaluable leadership role played throughout the year by His Excellency John Agyekum Kufuor, President of the Republic of Ghana and Chairman of the ECOWAS Authority of Heads of State and Government. Apart from the more visible mediation role in the ECOWAS efforts at restoring peace and democracy to Côte d'Ivoire, Guinea Bissau and Liberia, President Kufuor invested himself heavily in advising us at the ECOWAS institutions and monitoring the implementation of the regular integration programmes. Our host President, His Excellency Chief Olusegun Obasanjo continues to make ECOWAS affairs a priority issue on his presidential agenda, particularly as he pilots the NEPAD initiative. Special mention should also be made of the immense contribution made by His Excellency Abdulsalami Abubakar, the Special Mediator for the Liberian peace process.

16. The year witnessed a number of mini ECOWAS summits and the Community is very grateful for this high-level involvement and support in the integration process. I also enjoyed the ready support of the Chairman of the ECOWAS Council of Ministers, Honourable Dr Kofi Konadu Apraku, Ghana Minister of Regional Cooperation and NEPAD. His enthusiasm and dynamism provided much inspiration for us at the ECOWAS Secretariat. I am equally grateful to Honourable Nana Akufo-Addo, Ghana Minister of Foreign Affairs for the very active role he has been playing in the ECOWAS peace initiatives. Many ministerial meetings were held during the year and the affairs of the Community were enriched by the useful outcome of such ministerial deliberations. We are most grateful for their participation

and we shall count in the coming years on even greater involvement of our policy-makers in the integration process.

17. Following this Introductory Chapter, an account of the economic situation of West Africa is given in Chapter I. Apart from casting the account within the context of the evolution of the global economy, the chapter points out possible future developments within the regional economy; it also proposes some policy changes to improve the prospects since the current trends cannot lead to the growth and development goals we need to achieve.

18. Chapter II is devoted to the functioning of the Community institutions. A brief summary of the implementation of each of the ECOWAS Secretariat programmes is given. Similarly, coverage is given to the activities undertaken by the other Community institutions. In Chapter III, the theme of this annual report is developed in some detail. The chapter is concluded with an invitation to further reflect on the issues raised leading, hopefully, to an appropriate re-orientation of our development strategies in the region and a clear evidence of commitment to the implementation of Community Acts and Decisions. In the last part of the report, I make some concluding remarks. The simple message there is that much progress has been made, but much more effort is required of everyone in the region if the integration process is to make the desired contribution to the development of West Africa.

CHAPTER I

THE REGIONAL ECONOMY: RECENT TRENDS AND DEVELOPMENT PROSPECTS

19. **Summary:** This chapter presents the economic and social trends observed in the ECOWAS countries, against the backdrop of the economic situation world-wide. The chapter highlights the results of the most recent economic performance, measured in terms of economic growth, internal and external balance and an analysis of the impact of the Ivorian crisis on the regional economy. The chapter also focuses on the economic and financial policies of Member States, with a special emphasis on the issue of poverty. In the concluding part, the chapter presents a summary of the short and medium-term economic and social prospects of the countries of the region.

I) AN OVERVIEW OF THE WEST AFRICAN ECONOMY

20. Fifteen countries in the West African region make up the membership of the ECOWAS organisation, which constitutes the largest regional integration organisation in Africa in terms of population. The region has a distinct group of eight countries which form a monetary and customs union known as UEMOA (West African Economic and Monetary Union). The currency of these eight countries is the CFA franc, formerly pegged to the French franc, and, since 1999, to the euro. The other group of countries in the ECOWAS region is made up of the seven non-UEMOA countries, each with its national currency. This second group accounts for 65% of the regional GDP, and 70% of the population. Within ECOWAS as a whole, Nigeria generates 45% of the regional GDP, and 66% of total exports, while its population represents more than half (51%) of the total regional population.

21. In 2002, the GDP of the ECOWAS region accounted for 13.8% of the GDP for the entire African continent, or, the equivalent of the combined GDP of Central and East Africa. In 2002, the population of West Africa was estimated at 230 million, or 29.2% of the total African population.

22. The outbreak of civil war in the second largest economy of the ECOWAS region, Côte d'Ivoire, in September 2002 was a major set-back for the regional economy and a serious threat to regional stability. It cannot be overemphasised that despite the remarkable success of the peace process in Sierra Leone, as exemplified by the holding of fair and transparent presidential and legislative elections, civil war continued to pose a threat to regional security throughout 2002, and in 2003, particularly in Liberia, which is a direct neighbour of Cote d'Ivoire, Guinea and Sierra Leone.

II) THE EXTERNAL ENVIRONMENT: THE GLOBAL ECONOMIC CLIMATE

23. The outcome of the performance of the international economy was mixed in 2002, characterised by structural imbalances, and particularly, the substantial American trade deficit.

2.1. Major World Economic Indicators

	Percentage Annual Variation		
	2000	2001	2002
Variations in Production			
▪ Global	4.7	2.2	2.8
▪ Developed Countries	3.8	0.8	1.7
▪ Developing Countries	5.7	3.9	4.2
- Asia	6.7	5.6	6.1
- Latin America & the Caribbean	4.0	0.6	-0.6
- Africa	3.3	3.5	2.8
- West Africa	3.1	4.0	2.0

Sources: ECOWAS Executive Secretariat
ADB Report on Development in Africa 2003
IMF "World Economic Outlook"

24. The expected global economic recovery in 2002 was uneven. After an initial rebound in the industrialised countries at the beginning of the year, economic activity again slowed down towards the end of the year. The global economic growth rate was only 2.8%, and prospects for the future are not encouraging. It is unlikely that the end of the war in Iraq will re-energise the global economy. Analysts anticipate a moderate recovery rate of no more than 3% in 2003.

25. The United States economy worked its way out of the recession witnessed in 2001. Investment and consumption sustained economic activity. The US economic growth rate is expected to increase to 3% in 2003.

26. In Japan, the recession of the last two years intensified, with a negative growth rate of -1% in 2002, as compared to -0.5% in 2001; this performance reflected the low domestic and external demand. Forecasts for 2003 show a slight rise in private consumption, which could restore the economy to a positive growth rate of 1%.

27. In the euro zone, an increase in exports at the beginning of 2002 contributed to a slight revival in economic activity, but this failed to stimulate domestic demand. Economic growth was particularly slow in the second half of 2002, especially in Germany, which accounts for 25% of the EU's GDP. Overall growth rate for 2002 should be in the region of 0.8%, as against the forecast of 1.5%. The growth rate for 2003 is expected to rise to 1.1%.

28. Economic performance for 2002 in the Asian zone, excluding Japan, was impressive, recording a growth rate of more than 6%. The GDP of the region is expected to grow between 5 and 6% in 2003.

29. In Latin America, economic activity, undermined by the Argentinean crisis, fluctuated and followed the pattern of economic performance in the major industrial countries. The Venezuelan crisis at the end of the year only aggravated the situation, and the expansion of activity in the region decreased to 1.1% in 2002. The GDP growth rate for 2003 is forecast at approximately 1.5%.

30. In Africa, despite the increase in global economic activity and the rise in the price of raw materials, economic activity slowed somewhat in 2002. Bad climatic conditions caused a drop in agricultural production, and the growth rate for the continent fell from 3.6% in 2001 to 3.4% in 2002. Growth is expected to remain stagnant at 3.5% in 2003. In the ECOWAS region, the growth of real GDP fell from 4% in 2001 to 2% in 2002, due mainly to the Ivorian crisis and the economic situation in Nigeria.

2.2 Price and Inflation

31. Inflation in the industrialised world and the emerging Asian countries remained stable in 2002 just as in 2001; this was due to weak demand and a rise in productivity, especially in US companies. In the industrialised countries inflation is expected to drop to 1.5%, as compared to 2.2% in 2001.

32. In the United States, the abrupt slowdown of activity pushed down consumer prices. Inflation dropped to its lowest level in 48 years, recording a rate of 1.6% in 2002 as against 2.8% in 2001. The prices of eight of the sixteen categories of goods and services in the consumer index dropped. In 2003, the inflation rate, influenced by stable oil prices, is expected to be 1.7%.

33. In Japan, the deflationary trend continued into 2002, with the rate dropping from -0.7% in 2001 to -0.9% in 2002.

34. Inflation in the euro zone stood at 2.3% in 2002, compared to 2.6% in 2001. Price variations differed within the zone. In Germany, France and Italy price variations ranged from 1.3%, 1.9% and 2.6% respectively in 2002, to 2.4%, 1.8% and 2.75% in 2001.

35. In Asia, inflation fell from 2.7% in 2001 to 1.9% in 2002, in response to increased competition between ASEAN member countries and China, as well as the effect of low Chinese production costs on other countries.

36. In Africa, inflation stood at 9.3% in 2002, down from 13% in 2001. In West Africa, inflation averaged 8% in 2002, as against 10% in 2001.

2.3 Trends in Interest and Exchange Rates

37. On the foreign exchange market, the euro appreciated by 20% in 2002 against the dollar, and thus ended its depreciation against the dollar for three consecutive years; the US dollars accounts for 68% of world exchange reserves. Uncertainty over the recovery of the American economy contributed to the decline of the value of the dollar. The Japanese Yen, on the other hand, appreciated by 10.8%.

38. The deterioration in the economic situation obliged American and European central banks to relax credit policy. The US Federal Reserve Bank reduced the discount rate to a 40-year low at 1.3%. In Japan monetary policy continues to maintain a zero nominal interest rate.

39. In the UEMOA countries of the ECOWAS region, the BCEAO maintained its discount rate unchanged at 6.5%. However, monetary policy in the other countries varied, but in most cases, nominal interest rates were relatively high.

2.4 Prices of Raw Materials

Cocoa

40. Cocoa price rose sharply in 2002 following the political tensions in the biggest world producer, Cote d'Ivoire. By December 2002, the price of cocoa had risen above US\$ 2000 per tonne.

Coffee

41. The market for this product was very unstable in 2002. By the end of the year, prices had plunged to US\$729 per tonne in December 2002, from US\$873 in June.

Cotton

42. Cotton price fell by 7% in 2002 compared to 2001. In 2002, cotton cost 42 cents per pound, the lowest real price registered in decades. West African producers, who, at US\$230 to the hectare, are very competitive compared to the American producer at US\$1,100 per hectare, are nonetheless handicapped because the market is flooded by subsidised American, European and Asian cotton. For example, during the 2001/2002 season, the United States gave 3 billion dollars in subsidies to its cotton producers. This translated, in 2002, to a revenue loss of US\$300 million for the West African cotton-producing countries. According to a study by the World Bank and the IMF, the total elimination of American cotton subsidies would, in the short term, lead to a rise of 25% to 30% in world cotton prices, and generate export earnings in the region of US\$250 million for West and Central Africa. The Cancun Ministerial conference of September 2003 ended abruptly, without arriving at any decision on the elimination of cotton subsidies.

Cashew Nuts

43. The world price for cashew nuts fell by 40% from US\$750 per tonne in 2001, to US\$450 in 2002.

Shea Butter

44. The price of shea butter rose by approximately 25% in 2002; this was mainly due to the prospect of the entry into force of the European directive authorising the use of 5% of vegetable oils other than cocoa butter in the manufacture of chocolate.

Petroleum

45. The barrel cost of petroleum at the end of 2002 was US\$31, as against US\$ 24.3 in 2001. This surge was due to the problem of supply in Venezuela, a major petroleum exporter, and also to international political tension, particularly with regard to the threat of war in Iraq.

Rubber

46. Rubber price rose sharply by 28% in response to the agreement on regulating supply that was reached between the major Asian producers: Indonesia, Thailand and Malaysia.

Gold

47. Gold re-discovered its monetary function as a store of wealth in the aftermath of the attacks of September 11, 2001. By the end of December 2002, gold price had risen by 25% to US\$349.4 per ounce.

Aluminium

48. The price of aluminium remained stable during the period under review.

III) THE MAIN INTERNATIONAL DEVELOPMENT INITIATIVES IN 2002

49. Some major development initiatives were taken in 2002 which will affect future development trends in Africa, and especially in West Africa.

3.1 The Monterrey Conference¹

50. The objective of the Monterrey conference which was held from 15 to 22 March 2002, was to adopt modalities for increasing and mobilising resources for the realisation of the millennium development goal of halving poverty by 2015.

¹"Report on economic and social conditions in West Africa in 2002 and prospects for 2003" United Nations Office for West Africa.

51. The *Monterrey consensus*, the outcome of the conference, advocates a partnership between donor countries and beneficiaries. It requires the beneficiary countries to abide by the principle of good political and economic governance in order to create an enabling environment which will attract foreign direct investment (FDI). The industrialised countries, for their part, undertook, among other things, to grant improved access to their markets, to increase and more effectively coordinate aid, and to improve debt relief mechanisms.

52. Despite these commitments, the Monterrey conference did not live up to the expectations it awakened in terms of official development assistance, market access and reduction of external debt.

3.2 The Johannesburg Summit on Sustainable Development

53. The objective of the Johannesburg summit which was held from 26 August to 4 September 2002, was to renew North-South partnership and reaffirm the commitment of the industrialised countries to sustainable development.

54. While endorsing the provisions of the Doha agreement and the outcome of the Monterey conference, the plan of action of this summit identified agriculture and water resources as the key elements for sustainable development, and called for the removal of agricultural subsidies in developed countries. The summit took decisions to meet such specific objectives as making 2015 the target date for the reduction of HIV infection by 25%, the restoration of depleted fish resources, and the introduction of food strategies for Africa. It was also decided to raise by 2012 the level of energy available to African households to 35%. However, the Johannesburg plan of action did not set a time-frame or target dates for implementation, specifically with regard to the removal by the Western countries of agricultural subsidies which penalise African farmers.

3.3 The Kananaskis and Evian Summits

55. During the G8 summits in Kananaskis (Canada) in July 2002 and in Evian (France) in July 2003, the Heads of State and Government of the eight largest industrialised countries met with some African leaders including some ECOWAS Heads of State. The summit Kananaskis adopted a G8 plan of action for Africa defining their commitments in support of NEPAD. These G8 commitments were reaffirmed at the Evian summit.

IV) THE AFRICAN CONTEXT

4.1 The New Partnership for Africa's Development

56. NEPAD is an African initiative based on the principle that it is up to Africans to plan and carry out the reforms needed to overcome internal obstacles to sustainable development. The NEPAD initiative was adopted in July 2001 by the OAU summit of Heads of State and Government, and has the following components: political and economic

governance, development of the infrastructure and production sectors, social affairs, and concrete measures for building more productive bilateral, multilateral and private sector partnerships for Africa. All these components form the bedrock for an integrated approach to the fight against poverty.

57. The NEPAD Heads of State Implementation Committee adopted at the continental level on 11 June 2002, a declaration on democracy, good economic and corporate governance and the African Peer Review Mechanism. Ghana was one of the first countries to volunteer to submit to scrutiny by the NEPAD political and economic surveillance mechanism. At the regional level, ECOWAS has taken measures to set up a NEPAD focal point within the ECOWAS Executive Secretariat.

4.2. ACP-EU Cooperation: Economic Partnership Agreements (EPAs)

58. The Cotonou agreement was signed in June 2000 between the European Union and the 77 countries of the ACP Group, continuing the close relations between the two sides. It was agreed that new trade agreements would be concluded which would be compatible with World Trade Organisation rules, and which would gradually eliminate all obstacles to trade between the two sides, and strengthen cooperation in all domains. It was therefore agreed that "economic partnership agreements" or EPAs would be negotiated by 2008 between the EU and the ACP states, based on the creation of a free trade area between the parties. Formal negotiation of the new trade agreements were launched in September 2002, and the agreements are scheduled to enter into force on 1 January 2008, unless the parties agree on an earlier date.

59. The negotiations will take into account the development level and the socio-economic impact of the new trade measures on the ACP countries, and their ability to adapt and adjust their economies to the liberalisation process. As high a degree of flexibility as feasible will be called for in negotiating the duration of the transition period, the final product coverage, taking due account of sensitive sectors and differences in the timetable for tariff removal, while conforming to the WTO rule in force at that date.

60. West Africa decided to negotiate a regional economic partnership agreement (REPA) involving the 15 ECOWAS Member States and Mauritania. The ECOWAS Authority of Heads of State and Government gave a mandate to the ECOWAS Executive Secretariat in collaboration with the UEMOA Commission to enter into negotiations with the European side (see the progress report in Chapter II).

4.3 The WTO Ministerial Conference in Cancun

61. The 5th Ministerial Conference of the World Trade Organisation was held in Cancun in Mexico, from 10 to 14 September 2003. The conference was expected to mark an important step towards the conclusion of negotiations conducted within the framework of the Doha development round.

62. Regrettably, the outcome of the conference was neither constructive nor satisfactory. This has narrowed the chances of concluding negotiations by the deadline of 1 January 2005. No progress was achieved in the areas which are of paramount importance to our economies, particularly agriculture and market access for non-agricultural products, and even more so, the cotton initiative.

63. The failure to reach agreement on these issues is attributable to a lack of will on the part of the industrialised countries to place the problem of the development of our countries at the centre of multilateral trade negotiations, and thus offer developing countries a real chance of economic growth.

V) THE REGIONAL ENVIRONMENT: THE WEST AFRICAN ECONOMY AND DEVELOPMENT PROSPECTS

5.1 The economic impact of the Ivorian crisis on the region

64. The overall economic situation in the region was adversely affected by the political and military crisis which erupted in Cote d'Ivoire on 19 September 2002; the Ivorian crisis has had severe repercussions on the economies of many ECOWAS Member States.

65. At the regional level, the Ivorian crisis, because of its multiple effects, was the most significant event in West Africa in 2002 and in the first half of 2003. To be sure, previous conflicts in the Mano River Union (comprising Guinea, Liberia and Sierra Leone), had negative economic effects, aggravating poverty in the countries concerned; but because of their relatively small economies, the economic implications at the regional level were limited. Quite apart from the reduction in economic activity resulting from the decline in global demand in the industrialised countries, the Ivorian crisis highlighted the structural weaknesses of the West African economies. It disrupted trade routes and exposed the vulnerability of the economies of certain countries.

66. The Ivorian economy is the second largest in ECOWAS after Nigeria, representing approximately 13% of the GDP of West Africa. 27% of the total Ivorian population of 16.6 million is immigrant, originating mainly from neighbouring countries. Cote d'Ivoire exports in significant amounts agricultural, agro-industrial products and manufactured goods to other countries of the region, and is a major destination for livestock products from the Sahelian countries. It is the world's leading cocoa producer and also a major producer of coffee, rubber and palm kernel. Intra-regional trade accounts for 30% of its total trade and represents the highest volume of intra-regional trade in the region. In 2001, Côte d'Ivoire's exports to other ECOWAS countries accounted for some 33% of its total exports, while its imports from the region accounted for 27% of its total imports. Capitalising on its network of infrastructure and its geographical position, Cote d'Ivoire provided a transit corridor for goods and travellers within the region. It was also host to a large number of foreign workers and traders from all over West Africa. These foreigners in turn, transferred considerable sums of money to their countries of origin.

67. Because of the strategic importance of Cote d'Ivoire, the political instability which began at the end of 1999, and the armed conflict which has raged in the country since 19 September 2002, have had serious economic and financial repercussions within the West African region. As a result of the conflict, several neighbouring countries have been hit by the disruption of supply lines, decline in trade, spiralling costs, falling income, capital flight, and relocation of business enterprises. The macroeconomic performance of these countries which was never sound worsened during the crisis.

68. If the short-term economic impact of the Ivorian crisis can fairly easily be gauged by referring to the pre-crisis projected performance for 2002, its medium and long-term impact will depend largely on how long the crisis lasts and how it is resolved. As one of the ECOWAS engines of growth and an important trading partner for its neighbours, economic problems in Cote d'Ivoire have had a domino effect on the other countries of the region.

69. The effects of the crisis are transmitted through trade links; the crisis also affects private transfer, particularly transfers of funds by immigrant workers to their home countries, where, in some cases, the transfers are a major component of the balance of payments of those economies. They also affect private capital flow, including foreign investment capital, and public finance, through increased military and social spending caused by the influx of refugees. Affected countries may be classified into two main groups, namely: the more severely affected (Burkina Faso, Mali and Niger), and the relatively less affected (Benin, Ghana, Guinea, Senegal and Togo).

70. On the regional scale, the Sahelian countries, namely Burkina Faso, Mali, and to a lesser extent, Niger, have been most severely affected by the Ivorian crisis. These countries conduct the bulk of their regional trade with this neighbour to the South. More than 80% of cattle on the hoof exported by Burkina Faso and Mali are destined for the Ivorian market. The same is true of two-thirds of the onions exported by Niger. The external trade of these countries has been seriously disrupted by the crisis. Before the outbreak of the crisis, 80% of the external trade of Burkina Faso, and 70% of that of Mali transited through Cote d'Ivoire. The diversion of this trade through other routes, namely through Ghana, Togo, Benin, Guinea and Senegal, implies higher costs. For instance, it costs an additional 25FCFA per kilogramme to export cotton from Burkina through the Cotonou port rather than Abidjan. Total loss in earnings for the fourth quarter of 2002 was estimated at 4.2 billion FCFA. Mali is estimated to have lost 11.4 billion FCFA in the fourth quarter of 2002 as a result of the Ivorian crisis. Many companies closed down because they were unable to bear the additional cost of avoiding the Ivorian corridor. The capacity of Abidjan port alone is larger than the combined capacity of Tema, Takoradi, Lome and Cotonou ports.

71. In Senegal, the effect of the Ivorian crisis was beneficial in that Ivorian transit trade was diverted to Senegal, and certain trading and industrial activities indeed relocated to Dakar. Benin and Togo have equally been in a position to benefit from the diversion of Ivorian trade and the increased use of their port facilities.

72. The effect of the Ivorian crisis on Guinea has been negative, mainly taking the form of an influx of refugees into the country. In addition, because of its limited port facilities, Guinea has been unable to capture at least a part of the transit trade of its neighbour, Mali.

73. In the case of Ghana, the effects of the crisis have been mixed. Although the country has had to absorb thousands of refugees from Cote d'Ivoire, it has nonetheless benefited from higher cocoa prices, and the diversion of Ivorian transit trade. In addition, the port facilities in Tema and Takoradi have been operating at full capacity, and there has been an upsurge in demand for road transport services.

74. In general macroeconomic terms, real GDP growth rate in the ECOWAS region is expected to have dropped from 4% in 2001 to 2% in 2002. This was due mainly to production in the UEMOA countries which fell by 2 percentage points in 2002 to 1.5%, and also to the reduction of OPEC quotas which caused Nigeria's petroleum earnings to decline, and brought its growth rate down from 4% to 2% in 2002.

5.2 Convergence of the Real Sector and Economic Growth

Table N° 1: West Africa: Gross Domestic Product and Exports

	Real GDP Growth Rate (%)		GDP/per capita (US\$)		Real Export Growth Rate (%)			Exports/per capita (US\$)
	Ave. 1998-2001	2002 ^a	Ave. 1998-2001	2002 ^a	Ave. 1998-2001	2002 ^a	Ave. 1998-2001	2002 ^a
BENIN	5.0	5.3	375	405	6.2	22.5	60	51
BURKINA FASO	4.2	5	213	208	7.7	15.3	25	21
CAPE VERDE	6.4	4	1329	1373	7.4	-1.5	295	289
COTE D'IVOIRE	1.2	-1.2	738	693	2.0	2.5	292	256
THE GAMBIA	5.4	6.0	324	244	5.3	7.6	157	145
GHANA	4.3	5	339	324	4.8	3.9	129	114
GUINEA	3.5	4	406	373	7.1	4.4	94	98
G/BISSAU	-3.2	0.5	178	172	13.9	6.4	44	42
LIBERIA	-	-	-	-	-	-	-	-
MALI	4.2	5	234	247	10.3	17.3	63	65
NIGER	4.0	3	185	187	6.3	-0.2	32	27
NIGERIA	2.5	2	339	355	-1.3	-18.3	143	120
SENEGAL	5.5	5.2	495	529	6.9	6.3	148	134
SIERRA LEONE	0.1	7	156	168	3.3	10.9	24	23
TOGO	0.3	3.0	299	290	-3.0	19.5	98	84
WEST AFRICA	3.1	2	351	355	5.5	6.9	129	112

Notes:

- a) Estimates
- b) Exports of goods and services not included in the calculation of current market prices.

- c) Growth of exports of goods and services which are not factored in real terms.

Source: African Development Bank

75. Economic growth in the region declined from 4% in 2001 to 2% in 2002, due mainly to the reduction of OPEC quotas which affected petroleum production in Nigeria, and to the consequences of the Ivorian crisis.

76. **Nigeria**, the leading economy in the ECOWAS region, recorded a modest GDP growth rate of 2% in 2002, down from 4% in 2001. This drop was attributable to the reduction of OPEC quotas, and the problem of utilities, including poor water and electricity supply which hamper investment in the non-petroleum producing sector. Inflation in Nigeria rose to 14.2% in 2002, reflecting the continued expansion of budgetary expenditure.

77. The economy of **Cote d'Ivoire**, the second largest economy in the region had been on the road to recovery in 2002, after three years of regression and stagnation. The brief spell of political stability, the restoration of donor interest and the rise in domestic consumption stimulated activity in the industrial and tertiary sectors during the first three quarters of 2002, although the construction sector was slow to recover. Revised estimates indicate a negative GDP growth rate of -1.2% drop in GDP in 2002, whereas forecasts before the crisis had predicted a 3% rise. The sectors most severely affected by the crisis are those of trade, transport and other services. Inflation rose again in response to the crisis, after going down in the first quarter of 2002, as a result of the steady rise in the price of petroleum products.

78. In **Ghana**, economic growth has been on the rise since 2001, pushed by the high price of gold and cocoa on the world market, and also through greater macroeconomic stability. Moreover, the diversion of trade from Cote d'Ivoire benefited the Ghanaian ports and other service sectors during the second half of 2002. Real GDP grew by 5%, up from 4.3% in 2001. The investment/GDP ratio rose slightly to 22.9% in 2002, driven by the rise in public expenditure on equipment within the framework of the 2002-2005 national poverty reduction strategy. The average inflation rate, which was 32.9% in 2001 as a result of the sharp depreciation of the Ghanaian currency, declined to 14.5% in 2002; this was in response to higher budgetary and monetary discipline.

79. In **Senegal** economic growth rose slightly to 5.2% in 2002, compared to 5% in 2001. Despite marketing problems in the groundnut sector, other activities progressed satisfactorily, particularly in the mining and manufacturing sectors, with the expansion of the Senegalese chemical industry, and in the energy sector, when hydroelectric power from Manantali dam went on-stream. The construction sector continued to attract investments and accounted for 18.8% of GDP in 2002. Inflation, which rose slightly following the introduction of a single VAT rate and the liberalisation of petroleum prices, fell back to an average of 3.0% in 2002.

80. **Benin** recorded an impressive growth rate of 5.3% in 2002. However, despite an exceptional cotton yield of 337,000 tonnes in the 2000/1 session and a further increase to 412,000 tonnes in 2001/2, economic growth was affected by the plummeting of world cotton prices, with the attendant effect on export earning. The share of domestic investment in the GDP remained steady at 19.3%, reflecting the dynamism of the construction sector. Inflation fell to 1.6% in response to good harvests and stable food prices.

81. In **Burkina Faso**, economic growth rose to 5% in 2002, which was higher than the 4.2% average growth rate for the period 1998 - 2001. In 2002, the investment/GDP ratio improved slightly to 32.1%, pushed by public expenditure on equipment which was much higher than the West African average. Growth remained sensitive to external influences. In 2002, exports of food crops remained steady for the second consecutive year of favourable climatic conditions. However, in the last quarter, the landlocked country was hard hit by the effects of the Ivorian crisis: the closure of the border paralysed the transport sector and slowed down industrial activity. Inflationary trends increased towards the end of the year as a result of the shortage of products normally imported from Cote d'Ivoire. However, good harvests brought the inflation rate down to an average of 1.1%, despite the rise in the price of petroleum products resulting from the introduction of a new tariff regime.

82. **Cape Verde** recorded a growth rate of 4% in 2002, compared to 3% in 2001 as a result of increased macroeconomic stability and the resumption of international aid. The proportion of investment to GDP fell slightly to 21.2%. Inflation remained stable at 3%, the same rate recorded in 2001.

83. In **The Gambia**, economic growth rose to 6% in 2002, according to estimates, compared to an annual average of 5.4% for the period from 1998 to 2001. Donor support continued to feed public investment, increasing the proportion of investment to GDP to 17.3% in 2002. However, the depreciation of the national currency, the dalasi, and food shortages reactivated inflation, which rose to 5.5%, compared to the 2.5% annual average over the 1998 - 2001 period.

84. In **Guinea**, increased external aid and a satisfactory yield in agricultural and mining production helped to accelerate growth, which rose to 4% in 2002, compared to 3.4% in 2001. Public expenditure on poverty reduction was the major investment area. Inflation fell to 6%, compared to an average of 6.5% for the period from 1998 to 2001.

85. By contrast, the economic situation in **Guinea Bissau** deteriorated sharply in 2002, as a result of the freeze on external aid and the drop in the world price of cashew nuts. Through the combined effects of inappropriate economic policies, chronic political instability, and an 11% fall in cereal production, the real GDP growth rate declined significantly in 2002. The proportion of investment to GDP remained low at 7.8%; however, inflation fell to 4.05% from the 4.9% average for the period from 1998 to 2001.

86. Real GDP growth rate for **Liberia** fell, according IMF estimates, from 5% in 2001 to 3.5% in 2002. Growth and investment were seriously affected by the civil war throughout 2002. Inflation recorded a 33% annual rate as at December 2002.

87. The Ivorian crisis and low cotton prices inhibited growth in **Mali** in 2002. The real GDP growth rate remained at the 2001 level of 5%, following a good harvest of food crops. Inflation in 2002 rose to 4.5% compared to the average annual rate of 1.8% over the period from 1998 to 2001. The rise in inflation reflected the increase in the prices of water, electricity and imports.

88. Economic activity in **Niger** is heavily dependent on weather conditions. After two years of recession, the economy recovered in 2001 and the real GDP growth rate stood at 7.6% following bumper cereal harvests. In 2002, however, agricultural production did not increase, despite favourable weather conditions. The combined impact of a mutiny in the army in August 2002, continuing strike action in the public sector, and transportation problems created by the Ivorian crisis reduced growth to 3% in 2002. Investment in Niger increased to 13.3% of GDP; however, this remained below the figure for the rest of West Africa and the African continent. Inflation fell from 4% in 2001 to 3% in 2002, as a result of good harvests and cheap food prices.

89. In **Sierra Leone** the 10-year civil war officially ended in January 2002, paving the way in April for peaceful legislative and presidential elections. The new-found security and the increased international aid that went with it helped to raise economic growth by 7% in 2002, as compared to the annual average of 0.1% over the period from 1998 to 2001. Public investment and funds from NGOs are being pumped into a national recovery programme. Rising domestic demand has brought down inflation from an annual average of 17.9% for the 1998-2001 period to 1% in 2002.

90. Since the 1990s the economic performance of **Togo** has been below the country's potential due to the withdrawal of foreign aid. Togo nonetheless recorded a 3% growth rate in 2002, compared to the 0.3% annual average for the 1998-2001 period. This improvement is attributable to the increase in its phosphate and cement production, and increased use of its port facilities, following the outbreak of civil war in Cote d'Ivoire. Consumer prices rose by an average of 2.8% in 2002, compared to the annual average of 0.8% between 1998 and 2001.

5.3 Sectoral Trends

91. The West African economies are dominated by the primary sector (agriculture, livestock, fisheries and forestry) which provides work for the bulk of the active population. The sector grew by 3.4% in 2002 compared to 4% in 2001. The best growth performances were recorded by The Gambia (with 25%), and Guinea (with 16%). The primary sector accounts for 36.4% of the region's GDP, and contributed 1.5% to the economic growth rate in 2002. Nigeria alone accounted for 74% of the value added in the primary sector. The growth rate for the sector in 2003 is estimated at 4%.

92. The secondary sector registered a growth rate of 3.1% in 2002, up from 1% in 2001. This sector accounts for 21% of the regional GDP and contributed 1% to the economic growth rate in 2002. The good performances of Cape Verde, with 10%, Mali, with 6%, Senegal, with 6% and Ghana, with 4%, were not enough to offset the disappointing performance of Nigeria, with -2%.

93. The tertiary sector is estimated to have grown by 5.4% in 2002, up from 3.6% in 2001. It accounted for 43% of West Africa's GDP and contributed 2% to economic growth in 2002. The countries which performed well in this sector in 2002 were Ghana, with 9%, Nigeria, with 7%, and Sierra Leone, with 14%. The sector is expected to experience a slowdown in 2003, at an estimated growth rate of 1.5%.

5.3.1 Regional Demand

94. Demand in the regional economy was dominated by final consumption, which represented 83.4% of GDP, contributing 3.5% to growth in 2002, compared to 3% in 2001. Investment represented 11.5% of demand and is estimated to have contributed 1% to regional growth. At 5% of GDP, net external trade played no significant role in regional growth; the sub-sector growth rate was only 0.2% in 2002. In 2003, final consumption is expected to rise by 3.6% and investment by 8.4%; external trade is however expected to drop by -9.0%. The three sectors are projected to be contributing 2.9%, 0.4% and 0.2% respectively to growth.

95. Final consumption is estimated to have increased by 7% in 2002, up from 6% in 2001, carried along by Nigeria, which recorded a consumption rate of 15.2%. Consumption in all the other countries was below the regional average. Final consumption is expected to have contributed 3.1% to regional economic growth. In 2003, final consumption should slow, steadying at 3.5% in response to reduced consumption in Nigeria. In nominal terms, domestic saving in the region represented 15.5% of GDP, and investment 12% in 2002.

5.3.2 Net External Trade

96. In 2002, net external trade in the ECOWAS region was reduced by half, compared to 2001. The reduction in the volume of trade was experienced in all the ECOWAS countries; even though Nigeria, The Gambia and Liberia recorded trade surpluses, the 2002 figures were lower than those for 2001. Nigeria alone accounts for more than 60% of the external trade of the region. External trade represented 4% of GDP, and contributed 0.2% to economic growth in 2002. This figure is expected to rise in 2003 to 3%, influenced by a surplus trade balance, mainly in Nigeria.

5.3.3 External Debt

97. The debt stock of ECOWAS Member States as a whole was estimated at 68 billion US dollars in 2002, as against 67.5 billion in 2001. This represented a level of indebtedness of

71% of GDP in 2002, compared to 72% in 2001. External debt servicing remained the same in 2002 as in 2001, representing 17% of export earnings.

98. Nigeria's external debt represented 44.0% of the total regional debt stock in 2002, despite the substantial easing of the country's debt from the 2000 level of 86.4% to 57.9% of GDP in 2001. Nigeria's principal creditors are the members of the Paris Club (which account for 77.9% of Nigeria's outstanding debt), multilateral donors (9.9%), and the London Club (7.2%). Cote d'Ivoire had the next highest level of indebtedness, representing 15% of the total ECOWAS debt stock.

99. The other countries with a higher than average level of indebtedness in 2002 were The Gambia (131%), Ghana (104%), Guinea (101%), and Sierra Leone (312%). External debt servicing as a ratio of export earnings remained at the 2001 level of 15%. However, there were variations within this figure. Cape Verde, Ghana, Guinea and Sierra Leone exceeded the average by a wide margin, with 28%, 22% and 20% respectively; Benin, Burkina Faso and Guinea Bissau also exceeded the regional average and recorded 19.4%, 22% and 90% respectively.

100. Given the current situation, only new and radical measures within the framework of the highly indebted poor countries (HIPC) initiative will reduce the debt burden and promote strong and lasting economic growth in West Africa. Concerning the HIPC initiative, Ghana, Guinea and all the UEMOA countries (except Cote d'Ivoire and Togo) have reached the decision point. Burkina Faso is the only West African country which has attained the completion point (in April 2002). Mali was expected to have reached this point in December 2002 and Benin, Niger and Senegal in 2003.

5.3.4 Budgetary Policy

101. According to African Development Bank figures, the budgetary situation in West Africa deteriorated in 2002, with the budget deficit rising to 5.2% of GDP, compared to an annual average of 3.7% for the period from 1998 to 2001. This is essentially attributable to the expansionist budget policy of Nigeria in 2002, and the impact of the Ivorian crisis on the public finances of the CFA zone.

102. In 2002, the budget deficit for **Benin** was 2.2% of GDP, following a government decision to subsidise cotton production to counterbalance the drop in world prices, and to raise the salaries of civil servants following a strike action in the first quarter. Measures to strengthen customs administration and also cut down on non-essential expenditure partially compensated for this increase in government expenditure.

103. In **Burkina Faso** measures taken to widen the tax base, fight tax evasion and improve tax administration failed to reduce central government deficit, which rose steeply to 5.9% of GDP.

104. In 2002, **Cape Verde** benefited from an IMF poverty reduction and growth facility. This measure restored the budget balance to a positive figure of 0.2% of GDP. There are

plans to introduce a value-added tax and clear arrears of domestic debt by 2003. External debt repayment will be accelerated at the same time.

105. The budget balance in **Cote d'Ivoire** for the first three quarters of 2002, that is, before the outbreak of the civil war, was satisfactory, indicating the success of its economic recovery. Tax collection had improved, and external aid had been resumed. Customs revenue in particular had attained the annual target by September 2002. The budget is estimated to have recorded a deficit of 1% of GDP in 2002. Arrears of domestic debt continued to mount, while investment ceased. Cote d'Ivoire was faced with serious cash flow problems in 2002, as a result of its political instability.

106. Public finance in **The Gambia** improved with the resumption of multilateral loans and the introduction of measures to combat tax evasion and extra-budgetary expenditure. The budget excesses of 2001 which was an election year, were redressed by a slight tightening of budget expenditure in 2002, and the budget balance recorded a positive figure of 0.3% of GDP.

107. In **Ghana**, the budget balance has been improving since 2001 in response to reform measures and control over public expenditure. Although the deficit was 7.0% of GDP in 2002, essentially as a consequence of the salary increase within the civil service, the overall result is deemed satisfactory when measured against the poor budgetary performance of the second half of the 1990s.

108. The budget deficit of **Guinea** in 2002 represented 2.5% of GDP, compared to the annual average of 2.6% for the period from 1998 to 2001. This was as a result of continued donor assistance which compensated for frequent fluctuations in revenue and overspending in certain areas.

109. Since the end of the civil war in 1999, **Guinea Bissau** has experienced difficulty in reducing unbudgeted expenditure, expanding its tax base and up-grading its fiscal and customs services. Budget overspending and tax fraud have created a substantial accumulation of arrears of payment against the domestic debt. The budget deficit rose to 5% of GDP in 2002.

110. A succession of exogenous shocks have negatively affected the public finances of **Mali** since 2000. However, reform measures contained the budget deficit at the level of 6.6% of GDP in 2002. This performance is nonetheless not up to the 4.4% annual average for the period from 1998 to 2001.

111. **Niger** finances a large proportion of its budget deficit from external aid. The budget deficit represented an average of 3.8% of GDP for the period from 1998 to 2001, and 4.9% in 2002. Anti-tax fraud measures were recently adopted in order to increase tax revenue which accounted for only 10% of GDP in 2002.

112. **Nigeria** maintained its highly expansionist budgetary policy in 2002, based on an optimistic forecast of the trend of world petroleum prices. The rise in petroleum earnings and customs revenue through the destination inspection policy were not sufficient to compensate for overspending, and the budget balance, which in 2000 had recorded a surplus of 2.4% of GDP and decreasing slightly to 2.2% in 2001, plunged to a deficit of 7.6% in 2002.

113. In 2002, the impact of the public finance reforms initiated in **Senegal** in 2001 was strongly felt in terms of higher revenue. The budget deficit was reduced to 0.4% of GDP compared to an annual average of 0.95 between 1998 and 2001. Under expenditure, budget transfers were reduced, particularly in favour of parastatals responsible for electricity and groundnuts. This reduction released funds for public investment.

114. In **Sierra Leone**, the conclusion of the disarmament exercise and the organisation of general elections weighed on the 2002 budget. Despite increased donor support, the deficit reached 18.1% of GDP, compared to an average of 9.9% over the period from 1998 to 2001.

115. In **Togo**, budgetary discipline relaxed in 2002, following the completion of the IMF interim programme in September 2001. Considering the freeze on foreign aid, the budget deficit remained relatively low at an annual level of 4.2% of GDP from 1998 to 2001, and dropping to 1.65% in 2002.

5.3.5 Monetary Policy and Exchange Rate

116. In 2002, money supply in West Africa grew by 9.6% compared to 5.4% in 2001. With the exception of Cape Verde and the CFA zone, all the countries of the region operated a flexible exchange system, with price stability as the main target of their monetary policy.

117. Within the CFA zone, monetary policy is determined at the regional level by the BCEAO (Central Bank of West African States). The BCEAO discount rate has remained unchanged since March 2001, when it was raised from 5.75% to 6.5% as an anti-inflationary measure. In 2002, after three successive years of depreciation, the CFA franc which is linked to the euro, recovered some of its value against the US dollar. Thereafter, the CFA franc, like the euro, has continued to appreciate against the dollar.

118. In **Cape Verde**, the linking of the national currency to the Portuguese escudo, and therefore to the euro, has raised its local value against foreign currencies.

119. In **The Gambia**, monetary policy remained relatively prudent. In 2002, the Central Bank continued to mop up cash through the sale of treasury bills, although the rise in domestic credit resulting from excessive borrowing in 2001 slowed slightly in 2002.

120. In **Guinea**, the monetary policy pursued in 2002 reduced the exchange premium and stabilised the Guinean franc. However, since then, the expansionist budgetary policy of

the government has caused the currency to depreciate considerably against the major foreign currencies.

121. In 2002, monetary policy in **Ghana** was aimed at consolidating macroeconomic stabilisation after the slippage in 2000 when inflation shot up to 40.5% at the end of December and the cedi depreciated by 49.5% due to exogenous shocks and excessive public borrowing. In response to budgetary discipline and a tight monetary policy, the inflationary pressure has been reduced since March 2001. This has led to a continued drop of the interest rate and a stabilisation of the exchange rate of the cedi.

122. In **Liberia**, despite the raising of the level of statutory reserves in 2001, excessive public borrowing continued to feed the expansion of money supply. This undermined price stability and caused a substantial depreciation of the Liberian dollar.

123. By tightening monetary policy since 2001, the Central Bank of **Nigeria** has been attempting to make up for the expansionist government policy. However, even though inflation has dropped to 10%, it continues to discourage investments.

124. In **Sierra Leone**, increased budgetary discipline has considerably reduced Central Bank borrowing by Treasury. Broad money is growing at a reduced rate, thereby creating a stabilising effect on inflation and the exchange rate.

125. The date for the introduction of the "eco", the common currency of the five countries (The Gambia, Ghana, Guinea, Nigeria and Sierra Leone) belonging to the ECOWAS second monetary zone (WAMZ), has been pushed back to July 2005, in the light of a report from the Convergence Council which indicates that none of the countries had fulfilled the required convergence criteria. Meanwhile, it has been agreed that the reserves of the WAMZ members would be pooled and administered by the future Central Bank of West Africa.

VI) Social Conditions²

6.1 Poverty

126. According to the Human Poverty Indicator, which measures destitution based on the criteria of four important aspects of human existence, poverty remains a serious concern in West Africa. The criteria are: longevity and good health; learning; economic means and participation in social life. According to the 2001 World Human Development Report, poverty ranges from the 3.9% level of the Uruguayan population to the 64.7% of the population of Niger. The situation in West Africa did not improve in 2002. The 2002 Human Development Report indicates that no West African country is included among the nations with a high human development level. Only two countries, Cape Verde and Ghana, are classified as countries at a medium development level, ranked respectively at 100th and 129th of a total of 173 countries studied world-wide. Most of the countries of the region are

² The figures used in this section are obtained from the Report on economic and social conditions in West Africa in 2002 and prospects for 2003" by the ECA West Africa Office in Niamey.

grouped at the bottom of the world classification as countries with a low human development level. It should be noted that five of the ten countries at the very bottom of the classification are in West Africa, namely, Mali, Guinea Bissau, Burkina Faso, Niger and Sierra Leone. Poverty reduction strategies have proved inadequate to improve the situation prevailing in West Africa.

6.2 Education

127. The literacy rate in West Africa is very low. The figure has been rising but only slowly in all the countries. The literacy rate rose from 44% in 1998 to 46% in 2000, representing an increase of 2 points in 2 years for the whole region. This is far below the 61.5% average for Africa south of the Sahara, and the 88.3% average for Latin America. Cape Verde and Ghana, which are the two countries in the region given a medium human development rating, recorded the highest literacy rates in 2000, with figures of 75.1% and 71.6% respectively. Only two other countries, namely Nigeria and Togo, were above the millennium development goal of 50%. The lowest literacy rates in the region in 2000 were recorded by Niger and Burkina Faso with figures of 16.1% and 24% respectively.

128. The stagnation in the number of children attending school is a further indication of the poor performance of the region in the education sector. However, Cape Verde did well, with a level of 77.5% in 1999, and Togo, with 62% for the same year. Niger, with 16%, Burkina Faso, with 23%, Sierra Leone, with 26%, and Guinea, with 28%, are at the bottom of the ladder.

129. The target of primary education for all children is far from being attained. Cape Verde, with a world ranking of 100th, and 99.9% of children in school, is the only West African country to have reached this target. The countries with the worst performance in this area in 1998 were Niger, with 25%, Burkina Faso, with 34.67%, Mali, with 41.3% in, Sierra Leone, with 44% and Guinea, with 45.3%.

130. The region also needs to take decisive measures to eliminate gender bias in access to primary and secondary education by 2015, in line with that millennium development goal. The number of girls registered in school at both levels of education in the West African region remains low: 46% of girls compared to 62.9% of boys in primary school, and 19.1% of girls compared to 33.5% of boys in secondary school. With the exceptions of Cape Verde and Ghana, the gender bias in favour of boys is relatively high, and even more pronounced at the secondary level. Free education for girls should help to raise the numbers admitted to school. However, this must be backed by a vigorous enlightenment campaign aimed at removing the pressure of the social restrictions which hamper such initiatives in most countries.

6.3 Health

131. Despite the health policy measures initiated in the region, life expectancy remains low in West Africa, averaging 51.4 years, which is only slightly above the 48.7 years average

for Africa south of the Sahara. At 70.5 years, Cape Verde has the highest life expectancy in the region, followed by Ghana, at 57.2 years. The countries with a life expectancy below the regional average are Sierra Leone, at 40.1 years, Guinea Bissau, at 45.4 years, Niger, at 46.2 years, The Gambia, at 47.1 years, Cote d'Ivoire, at 47.9 years, Burkina Faso, at 48.1 years, and Guinea, at 48.5 years.

132. The infant mortality rate has been declining, but still remains one of the highest in the world: 92.9 per thousand in 2000 compared to 97.1 per thousand in 1995. The mortality rate for Africa south of the Sahara is 107 per thousand.

133. As in the field of education, the public sector plays a dominant role in the provision of health services. This takes the form of training of medical personnel, investment in the construction of dispensaries and hospitals, and free delivery of essential drugs. However, budget restrictions and poor planning and management have exposed the limits of the reforms aimed at setting up effective and good quality health care delivery.

134. In addition to age-old health problems, the HIV/AIDS pandemic constitutes one of the main challenges facing Africa south of the Sahara in general, and the West African region in particular.

135. The incidence of the HIV/AIDS infection in the adult population varies from nearly 10% in Cote d'Ivoire to less than 1% in Senegal. It is worthy of note that the rate of infection in some major towns such as Abidjan and Bobo Dioulasso is higher than the national average. However, in absolute terms, the number of adults aged between 15 and 49, and the number of children aged between 0 and 14 living with HIV/AIDS is higher in Nigeria, despite its relatively low infection level (6%) compared with Cote d'Ivoire.

136. Senegal has the lowest infection rate in the region, and is a good example of a successful HIV/AIDS control strategy with a focus on prevention. Senegal launched its HIV/AIDS prevention campaign in 1986, and has maintained its momentum to date. It is one of the first African countries to have involved its political leadership in the HIV/AIDS prevention campaign. Unlike many other African countries, Senegal was quick to develop research and training programmes on AIDS. Its leaders address the AIDS issue publicly, and NGOs, universities, religious leaders and other groups in the society are equally involved in the prevention campaign. Considerable prominence is given to the treatment of sexually transmitted diseases in Senegal, and one instance of the proactive approach to this problem is the fact that 7 million condoms were distributed in Senegal in 1997, compared to 800,000 in 1988.

6.4 Gender

137. Mechanisms and techniques of analysis have evolved since the concept of gender first made its appearance on the world stage. The modern approach involves the systematic examination of the roles played respectively by men and women in production, reproduction and other social activities, with a view to determining whether the manner in which division

of labour operates between the two sexes is such as to encourage optimal and equal development.

138. In West Africa, the concepts of justice and equality have not applied when addressing the issue of gender, as evidenced by the poor showing of women in leadership roles. In 2000, women were estimated to represent 16.1% of officials in the higher echelons of government, down from 22.4% in 1998. Their representation in legislative houses is even more limited.

139. Many governments have created mechanisms for the promotion of women. This is an important first step towards taking the gender issue into account at all levels of the national life. The objective in view is to promote and introduce policies to facilitate the empowerment of women. These mechanisms adopt various forms, but in most cases reflect the philosophical point of view of the country concerned. Studies however indicate that these mechanisms are generally ineffective, lacking a clear mandate, adequate and well trained staff, as well as the information and support needed. Serious efforts must be undertaken to promote a real gender policy in West Africa.

140. The ECOWAS Secretariat, in seeking to overcome these difficulties, has initiated the formulation of a regional gender policy, and created a forum for concerted action by transforming the erstwhile West African Women's Association (WAWA) into the ECOWAS Regional Gender Development Centre.

VII) GROWTH PROSPECTS FOR THE REGION

141. The outlook for the West African economies in 2003 remains favourable despite uncertainties over the political situation in Cote d'Ivoire. The other three major economies which are Nigeria, Ghana and Senegal, hold out the most encouraging prospects for the region in 2003. Macroeconomic conditions are favourable in the three countries: inflation is low in Senegal, and continues a downward trend in Ghana and Nigeria. Nigeria's foreign exchange reserves are high, and substantial progress has been made in structural reform, with the on-going privatisation and price liberalisation measures, and particularly, with the deregulation of petroleum prices in Nigeria. The international credit rating of Ghana has enabled the cocoa marketing agency, COCOBOD, to raise 650 million US dollars on the capital market, presaging better times for the region.

142. In Cote d'Ivoire, management of the crisis and the payment of civil servants remain the two principal government priorities. Even when the Ivorian crisis is resolved, confidence will be slow to return.

143. According to ADB figures, growth should increase by 3.1% in West Africa in 2003. In the Sahelian neighbours of Cote d'Ivoire, particularly Burkina Faso and Mali, the economies continue to feel the direct impact of the prevailing political situation of their neighbour. The service and industrial sectors are those most seriously affected by the Ivorian crisis. The economies of Guinea, Sierra Leone and Liberia are expected to improve in

response to vigorous macroeconomic and structural reforms, and the consolidation of peace in the Mano River region. Cape Verde should also benefit substantially from its on-going economic reforms.

144. In sum, taking the ECOWAS countries as a whole, the accelerated pace of structural reform and the introduction of appropriate sectoral policies, supported by macroeconomic reform measures, should contribute positively to the attainment of the set growth and economic convergence objectives. Promotion of socio-economic stability and good relations with the international community, particularly as represented by the Bretton Woods institutions, should contribute, to a considerable extent, to the economic and financial recovery of the ECOWAS countries.

CHAPTER II

IMPLEMENTATION STATUS OF THE ECOWAS WORK PROGRAMME

145. This chapter gives an account of ECOWAS activities since December 2002, together with a report on the progress achieved. It is divided into four sections, namely, socio-economic programmes, peace and security, administrative and financial matters, and institutional matters.

I) SOCIO-ECONOMIC PROGRAMMES

A. Strengthening of institutions in support of regional integration

i) Enhanced institutional provisions

146. As part of efforts to preserve the ECOWAS spirit within Community institutions, the forty-ninth session of the Council of Ministers decided to establish an ad hoc Ministerial Committee on the harmonisation of Community texts. The Committee made relevant recommendations to the fiftieth session of Council and proposed amendments to some provisions of the Treaty, the Protocol relating to the Community Court of Justice, and the Protocol relating to the West African Health Organisation.

147. The revised Treaty, the Protocol relating to the Community Court of Justice, and the Protocol relating to the West African Health Organisation all contain a number of inadequacies: provisions which constitute impediments to the integration process; disparities as a result of which some provisions contradict others; provisions which impede the smooth operations of the Institutions; and provisions for which the English and French versions need to be aligned.

148. The Executive Secretariat prepared the following three Supplementary Protocols which it submitted to the meeting of the Political Affairs, Legal and Judicial, Regional Security and Immigration Commission held in Abuja from 5 to 7 September 2003 for consideration:

- draft Supplementary Protocol amending the revised ECOWAS Treaty;
- draft Supplementary Protocol amending the Protocol relating to the Community Court of Justice;
- draft Supplementary Protocol amending the Protocol relating to the establishment of the West African Health Organisation.

149. The draft Supplementary Protocol amending certain provisions of the revised Treaty establishes a new legal regime for Community acts, fixes more appropriate deadlines for the

entry into force of certain Community acts, and facilitates the conclusion of cooperation agreements between ECOWAS and other international organisations.

150. The draft Supplementary Protocol amending the Protocol relating to the Community Court of Justice expands the powers of the Court, grants individuals and corporate bodies access to the Court, ensures effective implementation of its decisions and guarantees the smooth operations of the institution.

151. The draft Protocol amending the Protocol relating to West African Health Organisation seeks to ensure that the statutes, organisational chart and the procedure for adopting the budget of the organisation are all in line with the provisions of the revised Treaty.

152. The current session of Council is urged to recommend to the Authority of Heads of State and Government to adopt the three draft Supplementary Protocols referred to above. An appeal is also being made to the national assemblies, when they are called upon to authorise the ratification of these texts to support the amendments proposed, particularly the amendment proposing a new legal regime for Community texts. By authorising the ratification of the supplementary protocols, the national assemblies will be contributing in a significant way to accelerate the regional integration process.

153. A meeting between the Executive Secretariat and the ECOWAS Parliament was held at the Executive Secretariat on 26 and 27 August 2003 to discuss issues relating to the study on the expansion of the powers of the Parliament. The meeting adopted the terms of reference of the studies on the expansion of the powers of the Parliament and the election of the members of the Parliament through direct universal suffrage. The meeting also selected the consultants to carry out the studies, adopted the budget for the studies, and agreed on the financing plan.

ii) Meeting of Heads of National Units

154. A meeting of Heads of ECOWAS National Units was held from 24 to 26 November. After considering the status of implementation of ECOWAS priority programmes in Member States, the meeting made a number of recommendations to the next session of the Council of Ministers on ways and means of strengthening the integration process.

MONETARY COOPERATION PROGRAMME

155. At the end of discussions on the single ECOWAS monetary zone, the session of the ECOWAS Authority held in Dakar in January 2003 reaffirmed the relevance of the initiative taken by the non-UEMOA Member States to create a second monetary zone. This approach provides a means for accelerating the creation of a single ECOWAS monetary zone. The Heads of State and Government commended the determination of the countries of the second monetary zone to create their own common currency.

156. However, the Authority took note of the progress report on the macroeconomic convergence programme which revealed that the achievement of a single monetary union in 2004 was not possible in view of the macroeconomic and political instability of some of the countries. The Authority also emphasised the fact that the decision of the 6th summit of Heads of State and Government of the second monetary zone (WAMZ) held in Conakry on 6 November 2002 to defer the launch date for their monetary zone till July 2005, made it impossible to meet the 2004 deadline for the introduction of the single currency.

157. Consequently, the Authority decided that a firm date would be fixed at the meeting of the Authority in December 2005, after a detailed appraisal of the performance of the countries of the second monetary zone, and the level of convergence of the economies of the region as a whole.

158. The Heads of State and Government emphasised the need to enhance the convergence of the macroeconomic policies and performances of the Member States in order to build up the credibility of the proposed ECOWAS single currency zone. In this regard, they called on all Member States to redouble their efforts to meet the macroeconomic convergence criteria, guided by the principles of good governance, through public finance reforms and the introduction of the appropriate structural reforms, particularly measures needed for the expansion of the production base.

159. During the meeting of the Convergence Council of the second monetary zone held in Banjul on 8 May 2003, the Ministers and Governors of Central Banks reviewed the macro-economic situation in the WAMZ countries in 2002 and concluded that the economic performance of these countries was characterised by large budget deficits, high inflation, and low external reserves. As a result of the worsening macro-economic performance, the goal of macro-economic convergence suffered a setback in 2002, with none of the Member States meeting all the four primary criteria.

160. In the light of these developments, Member States were requested to take all necessary measures to ensure compliance with the convergence criteria, a precondition for a healthy macro-economic framework. In order to facilitate the achievement of this objective, the meeting also urged that, as an urgent institutional measure, Member States should expedite action on the establishment of the national coordination committees (NCCs) to be responsible for multilateral surveillance matters at the national level.

COOPERATION IN THE AREA OF STATISTICS

161. The statistical programme covers three main activities: updating statistics on Member States, harmonisation of statistical tools, and statistical policy and cooperation. The programme is aimed essentially at supporting the integration process and is thus in line with the priority integration objectives. The priority statistical needs in the short-term have to do essentially with the realisation of the following objectives:

- ensure smooth functioning of the mechanism for the multilateral surveillance of economic policies of Member States, with a view to establishing a monetary union;
- establish a customs union.

162. The statistical needs of the above-mentioned integration objectives can be summarised as follows:

- harmonised data base to facilitate monitoring of convergence criteria and economic and social evaluation of the surveillance mechanism;
- external trade statistics;
- information required for the formulation of a strategy for statistical development in West Africa.

Updating Statistics on the Member States

163. It should be recalled that the Executive Secretariat updates socio-economic statistics on Member States through national consultants who are recruited to fill the questionnaires sent to Member States. The budget restrictions imposed in 2002 led to a reduction of the number of consultants engaged, and consequently, a high level of non-response. Steps are being taken to resolve the problems encountered during the 2002 data collection exercise and to prepare the 2002 editions of the statistical publications (external trade, national accounts, and economic and social indicators) as well as the 2003 edition of the ECOWAS Statistical Bulletin.

164. With regard to dissemination of data, the Executive Secretariat, with the technical assistance of AFRISTAT, will strengthen the capacity of Member States during the year (investment in material and human resources, technical assistance). Activities aimed at establishing a data base on multilateral surveillance will also begin soon, within the framework of actions to be taken to implement the West African statistical development project (ECOSTAT), financed by the European Union. The Project Director assumed duty in January 2003.

Statistical Harmonisation Strategy

165. Action is continuing on the harmonisation of national accounts and consumer price indices, in collaboration with UEMOA, WAMA and WAMI. Council adopted short and long-term plans of action in January 2003 for each of the two areas. Measures are being taken in collaboration with AFRISTAT to implement the two action plans in the best conditions possible. Consultants have been identified in the non-UEMOA Member States to participate in the implementation of the plans of action. A meeting will be held in Accra in December 2003 to officially launch the ECOSTAT project in the two areas. The meeting will also

establish the modalities for the execution of the plans of action that have been formulated. The meeting will bring together Directors of Statistics and experts on national accounts, forecasting, and price indices. It will be preceded by a meeting of the Steering Committee of the ECOSTAT project. Regarding national accounts, negotiations are currently going on with France to obtain financing for one of the statistical components, to complement resources mobilised for the ECOSTAT project.

166. It would be recalled that other components of the ECOSTAT project include development of external trade statistics, establishment of a data bank on multilateral surveillance, and formulation of a statistical development programme for West Africa. The Executive Secretariat has received assistance for external trade statistics (as it did for national accounts) under the EUROTRACE project, financed by the European Union, along with COMESA and UEMOA. The objective of the project which ECOWAS has been mandated to manage on behalf of the three organisations is the installation of the EUROTRACE software in the institutions and Member States concerned so as to enhance their capacity to process external trade statistics. In this connection, a workshop was organised in Lome from 10 to 13 June 2003 to introduce the participants to the software. The main recommendation issued by the workshop was that the capacity of the three organisations should be strengthened in the use of EUROTRACE so as to enable them exploit the software and make them centres of excellence in this regard. In the same vein, a train-the-trainers workshop was organised at EUROSTAT in Luxembourg in November 2003 for the staff of the three institutions.

Cooperation in Statistics

167. The Executive Secretariat maintains close working relations with several institutions, including AFRISTAT, ECA and PARIS 21³. Technical cooperation with AFRISTAT has remained strong, particularly in the area of harmonisation of statistics and dissemination of data. The Executive Secretariat, in collaboration with the PARIS 21 Consortium and the government of the Federal Republic of Nigeria, organised the second PARIS 21-workshop in Abuja in March 2003 on advocacy for statistics. The first workshop had taken place in Dakar in January 2003.

168. The Executive Secretariat is also actively involved in the implementation of the ECA statistical programme and the International Comparison Programme for Africa (ICP-Africa). It is a member of the Board of Directors of ICP-Africa and also the Advisory Board on Statistics in Africa (ABSA), headed by the ECA.

THE COMMON MARKET

169. With respect to this important programme, the actions undertaken by the Community have been devoted essentially to the consolidation of a free trade area and

³ Partnership in Statistics for Development in the 21st Century.

preparations for the establishment of a customs union, both of which are basic steps toward the establishment of an ECOWAS common market.

170. The ECOWAS free trade area, in principle, became effective on January 1st, 2000; from that date goods originating in the Community can move freely, exempt from all import duties. Currently, about 2,230 industrial products have been approved under the trade liberalisation scheme. These products as well as all unprocessed goods and traditional handicrafts can in principle move freely within the Community, under the preferential regime of 100% tariff reduction. However, obstacles exist which still impede effective implementation of the scheme. Notable among the problems are:

- absence in most Member States of clear directives from national authorities on the application of the scheme by the Customs departments;
- ban on imports of foreign goods, including originating products approved by ECOWAS;
- administrative obstacles to importation of approved products (need for special authorisation or imposition of special standards with regard to packaging, quality, etc.).

171. It was in response to the continued existence of tariff and non-tariff barriers to originating products that the decision was taken to organise the seventh extraordinary session of the Council of Ministers in Cotonou on 1 and 2 September 2003. The meeting which was devoted essentially to the consolidation of the free trade zone area adopted the following important measures:

- effective implementation of the trade liberalisation scheme by all Member States as from 2004;
- conduct of a study before the end of 2004 on the establishment of a structural fund to ensure balanced development of the Member States of the Community;
- conduct of a study on internal indirect taxation which would enable Member States to make up for losses of revenue they would incur at the expiration of the compensation mechanism;
- in accordance with the provisions of the protocol, all Member States should effectively and fully apply the Community levy so as to ensure smooth transition to the substantive regime. Member States should demonstrate their solidarity and commitment to regional integration by adopting measures that would ensure effective application of the Community levy. Similar measures should be adopted to enhance the functioning of the institutions and programmes of the Community.

172. The smooth functioning of the free trade area arrangement is likely in 2004, since the Secretariat has worked to achieve the simplification of the texts governing the establishment of the ECOWAS customs union and their harmonisation with UEMOA texts. There have also been amendments to the protocol relating to compensation for losses of revenue.

173. Concerning the common external tariff (CET) whose establishment constitutes an important precondition towards the ECOWAS customs union, a plan of action has to be adopted which takes account not only of the progress achieved in the other components of the trade liberalisation scheme but also of the situation of the economies of Member States which need to make adjustments in order to achieve the level of external tariff reduction required.

174. The plan of action was considered and adopted at a regional workshop which was held at Accra on 12 and 13 November 2003. During that workshop, there was also a review of the preparations for the establishment of the CET. The following activities will be undertaken within the framework of the plan of action:

- effective application of a zero tariff in all Member States on originating products by the end of 2004 at the latest;
- finalisation of the studies on the impact of extending the UEMOA CET to other Member States; studies to be completed with the assistance of CET National Teams created for the purpose. A plan for the adoption of the ECOWAS CET is to be derived from the studies, and is to be implemented between January 2005 and the end of December 2007;
- implementation of a series of complementary or accompanying measures, including the following:
 - payment of compensation for loss of revenue, using proceeds of the Community Levy;
 - introduction of the 2002 version of the harmonised system for the designation and codification of goods;
 - introduction of the single customs declaration form;
 - accelerated implementation of the Convention on Inter-State Road Transit of Goods;
 - elaboration of a Community customs code;
 - adoption of the WTO Agreement on customs valuation;

- implementation of a plan for the elimination of non tariff barriers to intra-ECOWAS trade.
- study on the harmonisation of internal indirect taxation.

TRADE COOPERATION

175. The most important events in the trade sector in 2003 were:

- organisation of the 3rd ECOWAS trade fair in Lome, Togo, from 7 to 16 March 2003;
- phase 1 (known as the all-ACP phase) of the economic partnership agreement negotiations, and regional economic partnership agreement negotiations between West Africa and the European Union;
- negotiations within the framework of the WTO.

176. Unlike the two previous editions of the fair held in Dakar in 1995 and Accra in 1999, the third fair was organised and entirely financed by the Executive Secretariat and the Member States.

177. Twelve ECOWAS Member States participated in this 3rd fair, which attracted some 6000 exhibitors, and 50,000 visitors. Stands at the fairground covered a total of 4,615 square metres.

178. The 3rd fair, like the two previous editions, was general in character, covering all sectors of production. One of the stands was occupied by the computerised trade opportunities information system (SIGOA-TOPS), which demonstrated to participants and visitors its usefulness in sealing productive business contacts.

179. Buyer-seller meetings were organised in the region's major production sectors which include textiles, clothing, leather, wood and wood products. The meetings highlighted the central role these products play in intra-ECOWAS trade, informed participants of the challenges and openings within these sectors, and most importantly, enabled them to identify ways and means by which to boost intra-ECOWAS trade in these products.

180. At the request of the different stakeholders, it was agreed that the ECOWAS trade fair should be held every two years. The 4th ECOWAS trade will be taking place in Nigeria.

181. For the negotiation of the economic partnership agreement between the ACP countries and the European Union, as provided for by article 37 of the Cotonou Agreement, it was agreed that the negotiations should be divided into two phases as follows:

- Phase 1, or the all-ACP phase, which took off in September 2002, relates to the principles, objectives, scope and content of the negotiations, and issues of common interest;
- Phase 2, which was scheduled to take off in September 2003, relates to the negotiation of issues of specific relevance to the regions.

182. Phase 1 of the negotiations was not completed by September 2003, and it was therefore agreed that this phase should continue, in parallel with phase 2, until such time as an agreement is reached on issues of interest to all ACP countries.

183. It was also agreed that phase 2 of the negotiations should take off in October 2003. The official launching ceremony was held in Cotonou on 6 October 2003.

184. As a prelude to the launching ceremony, a series of seminars and meetings were organised by the Executive Secretariat in collaboration with the UEMOA Commission, at the regional, continental and ACP levels. They were attended by representatives of the Member States, the private sector, the civil society and the groups of diplomatic missions of ECOWAS Member States to Brussels and Geneva.

185. It should be recalled that the joint meeting of West African Ministers of Trade and of Finance held in Cotonou on 11 September 2002, adopted priority areas of action for West Africa, the region's plan of action for the EPA negotiations, the regional negotiating structure and the terms of its negotiating mandate.

186. A regional seminar was organised in Abuja from 20 to 22 February to examine the findings of a study which had been commissioned on the compatibility of the trade policies of the Member States with the regional integration process, and an impact study on the EPA, as well as scenarios for preliminary adjustments to be made in the light of these findings.

187. The Ministerial meeting held in Accra on 24 April was the forum for a rubbing of minds between representatives of the region and a delegation from the European Union led by the Commissioner in charge of Trade. Issues addressed included the approach to phase 1 and to phase 2 of the negotiations, and preparations for the Cancun conference.

188. Other meetings subsequently organised focussed on the following issues:

- definition of modalities for the internal functioning of the regional negotiating structure, and its external relations with the European side;
- joint preparation of a road map for the negotiations and a detailed plan of action;
- conduct of the studies needed for the definition of negotiating positions.

189. With regard to the negotiating structure, a six-member Ministerial facilitating team has been added to the organs created by the Cotonou Ministerial meeting of September 2002, and the regional negotiating committee now includes the Council of Ministers.

190. A series of reports have been prepared on the following subjects, as part of the studies conducted in preparation for the negotiations:

- Market access
- Trade in agricultural products
- Industrial products
- Trade in services
- Trade-related issues.

191. Seminars will be organised in January 2004 to examine these reports.

192. A new road map was adopted for the region after the initial draft presented at the launching of negotiations was deemed to have failed to take the development dimension sufficiently into account. The new, approved draft contains the principal activities scheduled for the period from December 2003 to the end of 2007. These activities can be grouped under three main heads: consolidation of the integration process, enhancement of competitiveness through capacity building and up-grading, and procedure for the conduct of negotiations.

193. Finally, it should be noted that after the launching of the negotiations, a seminar on regional integration and trade was held in Brussels, with a special focus on familiarity with the European Union institutions and policies.

194. ECOWAS activities within the framework of the WTO negotiations included the organisation of a meeting of WTO member countries which culminated in the Bamako Declaration adopted on 25 July 2003, and stating the position of the region on the different issues on the Doha agenda. ECOWAS also supported the cotton initiative submitted to the WTO by four African countries, three of which are from the ECOWAS region.

195. A further action of importance within the trade sector was the launching of the capacity enhancement project for trade negotiations, with the support of the ACFB. The project is co-financed by the Swedish cooperation agency, and the Project Head took up appointment on 1 October 2003.

INFORMATION AND COMMUNICATION TECHNOLOGY

196. In the Information Technology sector, efforts were directed towards the following areas during the period under consideration:

- i) Enhancing the capacity of Member States in customs computerisation and preparation of external trade statistics;
- ii) Development of training programmes for trade operators in Member States;
- iii) Installation and launching of the ECOWAS Trade Opportunities Management System (SIGOA-TOPS) in Member States
- iv) Preparation of an ECOWAS Information and Communication Technology (ICT) Policy in the context of the NEPAD ICT sector of intervention;
- v) Implementation of the computerisation programme of the Executive Secretariat.

A. Trade Information

197. ECOWAS, through the Community Computer Centre is the regional Centre for the Customs Computerisation System (ASYCUDA) and the trade statistics system (EUROTRACE) as well as being the regional point for SIGOA-TOPS.

B. Customs Computerisation

198. The customs computerisation system – ASYCUDA – is in operation in twelve Member States. Arrangements were concluded with UNCTAD for support for Member States for migrating from version 2.7 of the system to the new version ++. Pilot version ++ systems have been installed in four Member States. The customs regime and control tables have been integrated in an ASYCUDA ++ Community Configuration to standardize customs data format for all Member States. ECOWAS will continue to support full system roll-out and pilot systems as required by Member States.

C. Trade Statistics

199. The customs data obtained from ASYCUDA is collated by national statistical services using the EUROTRACE software to produce national external statistics. EUROTRACE is operational in fourteen Member States. ECOWAS provided technical and material assistance to Member States for producing the trade statistics for the period 1998 to July 2002. A new version of EUROTRACE has been developed by EUROSTAT. Members of staff of ECOWAS, UEMOA and COMESA have been trained in Luxembourg and the system has been installed at the ECOWAS Secretariat (CCC-Lome). ECOWAS is to install the system in four pilot Member States towards roll-out to all Member States in 2004. A collaboration arrangement has been put in place for trade statistics data exchange between ECOWAS and the United Nations Statistics Division (UNSD).

D. Trade Opportunities Management System (SIGOA – TOPS)

200. The latest version of the system, developed by ECOWAS, has been validated by an experts group drawn from Member States and posted on the Internet at www.ecowas.int/sigoa-tops. The system has been installed and launched in the four Member States which are fully implementing the ECOWAS trade liberalisation scheme.

E. Training for Trade Operators

201. A working arrangement has been initiated with UNCTAD to consolidate at a regional level on-going national capacity-building projects for trade operators in Member States. The areas involved include trade policy (negotiations, etc.) port automation and preparation and delivery of training materials (including distance learning).

F. ECOWAS ICT Policy

202. There has been a redefinition of the role of information and communications technology (ICT) as a cross-cutting enabler for all integration sectors. ECOWAS has initiated the effort towards the preparation of an ECOWAS ICT policy document aimed at harmonising existing national policies and assisting Member States in formulating and implementing national policies. To this end, a draft working document prepared by a regional expert group was validated by an ICT Stakeholders Forum and the decision-making bodies of ECOWAS. Specifically, institutional structures have been created and a Declaration on ICT for Development adopted.

G. Computerisation of the ECOWAS Secretariat

203. The enterprise Local Area Network (LAN) has been installed in all offices of the Secretariat preparatory to the implementation of the ECOWAS Intranet to connect the Secretariat to other ECOWAS Institutions and Member States. Provision has been made to equip all statutory, professional and relevant support staff members with computers and accessories. Also a high-speed VSAT internet connection has been installed at the Secretariat premises in Abuja, at the Lagos Liaison Office and in Lome.

204. The core staff of the Community Computer Centre is being transferred to Abuja to provide direct support to the computerisation of the operational and integration activities of the Secretariat.

H. Sectoral Database Management System

205. As a result of the restructuring of the Executive Secretariat, a Sectoral Database Coordination Division was established within the Community Computer Centre (CCC) in 2003. The new unit is to create a consolidated database for the various socio-economic sectors under the Integration Programmes, with the view to coordinate the management of

existing and future sectoral databases. It is expected that in 2004 a software on the sectoral database management system will be developed by the CCC.

COOPERATION IN THE INFRASTRUCTURE AND INDUSTRY SECTORS

Road Transport Programme

206. The programme aims to reduce transport costs, increase the competitiveness of the economies of the region and reduce poverty at the grass-root level.

207. The Executive Secretariat is preparing a regional road transport and transit facilitation programme in collaboration with UEMOA. The programme is in conformity with the short-term action plan of NEPAD and also the sub-Saharan African Transport Programme (SSATP). The programme has the following components:

- harmonisation of Inter-State Transit Convention on Goods (adoption of a single inter-State document ISRT);
- establishment of observatories to identify and discourage bad practices;
- construction of joint border posts to accelerate customs formalities at borders;
- extension of the World Bank initiative on the limitation of HIV/AIDS in transport corridors.

208. ECOWAS and UEMOA invited selected development partners (World Bank, ADB, French Cooperation, USAID and the European Union) to a meeting in Ouagadougou from 4 to 6 August 2003 to validate the components in the programme and solicit assistance from the donors.

209. The European Commission provided funding from the 8th EDF to recruit a consultant. The consultant assumed duty on 1st August 2003 and prepared a workshop on the programme. Two other consultants have been recruited by the ADB for the preparation of border post legal reforms.

210. The ECOWAS Secretariat is assigned the Côte d'Ivoire-Ghana-Togo-Benin-Nigeria corridor for the implementation of the programme. It has been agreed in principle to implement the programme progressively. The ECOWAS Secretariat undertook visits from 15 to 30 September 2003 to the countries along the Lagos-Abidjan corridor to brief them on the activities to be undertaken. An evaluation of the Seme Joint Border Post (Nigeria/Benin) was undertaken in October 2003. A regional workshop on the facilitation programme was held from 10 to 12 November 2003 in Accra. The modalities for the implementation of the programme were adopted at the workshop.

Problems that need to be addressed to ensure effective implementation of the programme

211. The success of the road facilitation programme will depend to a large extent on the political commitment of the governments. In this regard, efforts would be made to increase awareness among decision-makers on the implementation and challenges of the programme in order to ensure that they accept and actively support it. A strategy for achieving this would involve the linkage with the NEPAD initiative. In particular, issues such as the application of texts and commitments entered into by Member States under the ISRT Convention (such as the removal of road blocks, extortion and harassment of travellers) could be considered within the framework of the peer review mechanism.

Interconnecting Railways

212. The main objective of this programme is to develop an interconnecting Railway Master Plan of ECOWAS Member States. Activities undertaken in 2003 were in line with preparations towards the commencement of the feasibility studies. So far, the following activities have been undertaken:

- i) establishment of a Study Support Team (Steering Committee) for the studies;
- ii) recruitment of a consultant for the Study Implementation Unit
- iii) recruitment of a consultant group to undertake the studies.

213. The objective of the study is to prioritise the seventeen railway interconnection links identified in the ECOWAS Railway Master Plan. The study is also to indicate which of the links could attract private sector operators or public-private partnership, based on their economic and financial viability, technical feasibility, environmental and social impacts (including poverty reduction and gender issues).

214. The activities envisaged under the programme in 2004 include:

- i) organisation of a series of awareness campaigns on the studies in Member States;
- ii) supervision of the conduct of the studies with the assistance of the Study Support Team;
- iii) organisation of meetings of Directors of Railways.

Maritime Transport

215. The overall objective in this sub-sector is to formulate programmes for the improvement of coastal shipping services. This includes the harmonisation of maritime policies and the promotion of private sector participation, particularly joint ventures, in the areas of transport and communications. In this regard, it is heartening to report that the regional private coastal shipping company "ECOMARINE" has effectively started operations by the commissioning of its first vessel in Dakar on 6 September 2003.

216. The Community regulation on maritime cabotage is ready for adoption at experts level before submission to the decision-making authorities. The International Maritime Organisation code on maritime and port facilities and security is due to enter into force on July 1 2004. A regional Action Plan elaborated in collaboration with other stakeholders has been adopted. Implementation of the plan is underway to meet the July 1 deadline.

Air Transport

217. Implementation of the Action Plan adopted in Lomé on 28 February 2003 has started. The plan seeks to address capacity building needs and the institutional restructuring of the aviation sector and to carry out reforms in the areas of aviation safety and security and economic regulations.

218. A harmonisation committee for the economic and institutional framework has been set up with the ultimate goal of achieving a common set of regulations (both economic and legal) for the region. The Committee will also formulate common competition rules. The groupings of States in order to carry out safety oversight programmes has also been established with the objective of setting up a regional safety oversight agency. This will lead to increased safety standard and a rationalisation of the use of human and financial resources.

219. Efforts are being made to encourage the private sector to create a regional airline in order to fill the vacuum left by the demise of national airlines.

Energy Programme

220. The Secretariat made significant progress in coordinating the implementation of the West African Power Pool (WAPP) and the West African Gas Pipeline (WAGP) projects during the period under review. At the fourth meeting of the WAPP implementation committee held in Conakry on 18 October 2002, the Ministers of Energy of the Member States concerned and donors decided to hold regular coordinating meetings to oversee the implementation of WAPP project. Three of such coordination meetings were held in March, July and November 2003 respectively in Paris, Washington and Dakar.

221. In January 2003, at the Twenty-sixth summit in Dakar, the Authority adopted the ECOWAS Energy Protocol and the creation of the ECOWAS Energy Observatory. The Council

of Ministers' meeting preceding this summit in Dakar adopted the capacity building and training programme for the principal actors in Member States who are involved in the development of the regional energy market.

222. The ECOWAS Secretariat formulated an implementation strategy plan for the WAPP project based on a three-year development programme, to advance from the planning to the operational phase. The donors assisting in the energy sector have approved the financial requirements for its implementation.

223. The Protocol on the WAPP institutional framework has been signed and submitted for the ratification of Member States. Also, in line with the Energy Ministers' decision to set up a regional regulatory body by 2005, a study has been launched for its effective implementation. Funds for the WAPP infrastructure were mobilised and feasibility and environmental studies conducted.

224. The initial phase of the investment programme, which will mainly focus on Zone A of the WAPP, is estimated at US\$335 million. The financing of these projects on a long-term basis is being negotiated with the World Bank, the Agence Française de Développement, the African Development Bank, the European Investment Bank, the Banque Ouest africaine de Développement, the ECOWAS Bank for Investment and Development and the Kuwaiti Fund for Economic Development.

225. At the request of the ECOWAS Ministers of Energy, the priority investment programme drawn up by the ECOWAS Secretariat for Zone B was reviewed, prioritised and adopted by the two WAPP governing bodies. The OMVG project (Sambagalou hydroelectric project and interconnection line between The Gambia, Guinea, Guinea-Bissau and Senegal) associated with the Kaleta hydroelectric project will be the main focus in the short-term. At the WAPP Steering Committee meeting held in November 2003 in Dakar, the donors' coordination meeting accepted to incorporate the OMVG project in the Zone B priority projects.

226. The progress being made on the implementation of the WAPP infrastructure projects will lead to the start of works for the 330 KV Nigeria-Benin interconnection project in 2003. The loan agreement was signed at the ECOWAS Secretariat between ADB and NEPA in December 2002. The contracting process is in progress. This line will link Nigeria and Niger to the five other countries of Zone A.

227. The ECOWAS Secretariat, in collaboration with donors, is supporting Member States in the preparation of feasibility and environmental impact studies as well as the preparation of project documents for investment decision. By the end of the year 2003, the preparatory studies for the remaining sections of the 330 KV corridor from Ghana to Benin and the interconnection between Zone A and Zone B through the Mali-Côte d'Ivoire transmission line will be launched. The presentation of the project to the Board of the World Bank is planned for June 2004.

228. The completion of the Mali-Côte d'Ivoire interconnection line will add Senegal and Mali to the Zone A countries and lead to an effective interconnection of nine ECOWAS countries by 2006. On the other hand, the completion of the Zone B priority projects expected by 2010 will increase the number to 12 out of the 14 WAPP countries concerned.

229. The decision in January 2003 to create the ECOWAS Energy Observatory was followed by a launching meeting in February 2003 in Cotonou by the ECOWAS Secretariat and the WAPP working groups. The decision received the immediate and practical endorsement of the National Electric Utilities of Benin and Togo (Communauté Electrique du Bénin/CEB) and Nigerian National Electric Power Authority (NEPA). These companies provided offices in Cotonou to host the Observatory, while vehicles for staff transportation were made available and a coordinator was appointed by NEPA. The Energy Observatory will be the first component of the future WAPP Information and Coordination Centre which will facilitate the exchange of information between Member States utilities for the minimisation of power outages and the adoption of operational measures for an optimal and reliable power supply.

230. With regard to the training and capacity building programmes adopted by the Council of Ministers in Dakar in January 2003, funds were provided by USAID and the US Energy Association was selected to coordinate a three-year training programme for WAPP. The programme will be executed in early 2004 and will focus on regulation, technical and institutional issues. This will help to make the actors involved to better internalise the reforms related to the development of the exchanges within the framework of a regional energy market. In addition, a study tour to Washington, Philadelphia and Indiana, was organised for the General Managers of the Zone B electric utilities during 2003.

231. In 2003, the ECOWAS Secretariat also made progress in the regional planning process with the assistance of Purdue University. The planning model was updated and its interface was developed and incorporated to facilitate the usage of the model by Member States. Training of the trainers for the transfer of the model to the Member States was organised by Purdue University in September 2003. In the same vein, the preparation of Regional Guidelines for the Environmental Studies and assessment of Electric Sector Performance Indicators (ESPI) are in progress.

232. With respect to the West African Gas Pipeline Project (WAGP), a lot of progress has been made towards the immediate take-off of the Project. These include the following:

- i) An action plan of the strategy of development of the gas markets in the concerned Member States (Benin, Ghana and Togo) was developed;
- ii) the treaty on the WAGP was signed and submitted to the Member States for ratification;

- iii) an environmental impact study was conducted, finalised and submitted for the approval of the Member States and donors;
- iv) an International Project Agreement was signed by the "West African Gas Pipeline Company Ltd" and the four Member States involved;
- v) in anticipation of the establishment of the WAGP Authority, an interim body was appointed to ensure proper coordination and take-off of the project on behalf of the participating states. It will be based at Onikan, Lagos on the premises of the former headquarters of the ECOWAS Secretariat;
- vi) the Project Development Plan was prepared and approved by the Member States through the interim body representing the four countries on behalf of the WAPG Authority;
- vii) a final investment decision is expected by March 2004, while the first gas delivery is expected by June 2005.

233. Despite the progress made in the implementation of the WAGP project, a lot of issues still need to be addressed. Participation of Ghana, Togo and Benin in the financing of the equity portion of the WAGP project may cause some delays in preparations for the final investment decision towards the take-off of the project, unless these equity contributions are secured or redeemed. The states concerned therefore are enjoined to take all necessary measures to secure their equity participation on time. Similarly, the World Bank's long procedures in the approval process may also cause some delays. The Bank has been urged to expedite action so as not to jeopardise the schedule for the project.

TELECOMMUNICATIONS

I. Harmonisation of Regulatory Frameworks

234. The study for the establishment of a regional harmonised telecommunications regulatory framework has been completed. The report was submitted to Member States and development partners during a regional workshop held in Accra from 2 to 5 March 2003. During this workshop, a steering committee made up of four Member States and development partners was set up with a mandate to facilitate the implementation of the telecommunications harmonisation programme by the year 2008. A new vision statement: "ECOWAS region must be the preferred destination for investment in Africa" and strategic objectives were adopted at the workshop.

235. The main objective of the harmonisation programme is to establish a common liberalised telecommunications market within the Community by the year 2008, with fully open and interconnected networks, a teledensity of at least 10% and 20% of internet users.

236. The Harmonisation Steering Committee, after holding two video conference meetings, decided to move from the harmonisation study report to a Telecommunications Policy Statement to be submitted to the ECOWAS Minister in charge of Telecommunications. The Terms of Reference (TOR) of the telecommunications policy statement have been

drafted, in collaboration with the World Bank which is also mobilising resources to undertake the policy statement study. The study will be launched by the end of November 2003.

237. The ECOWAS Secretariat is currently exploring solutions to the issue of the use of a single GSM SIM card within the region. The issue was also addressed during the September 2003 session of the sub-Committee on Transport and Communications of the ECOWAS Parliament and during the Executive Secretariat mission to the ITU on 9 June 2003. Two private companies in the region have expressed interest in developing the ECOWAS regional GSM roaming systems. For this purpose, they required the political support of the proposed projects by the ECOWAS Secretariat.

238. The 2004 Telecommunications Work Programme in terms of policy harmonisation will be focused on the following areas:

- i) elaboration and adoption of a regional telecommunications policy paper (Roadmap or Declaration);
- ii) preparation of a cost/benefit study to justify the common liberalised telecommunications market;
- iii) elaboration of a memorandum of understanding (MOU) on an ECOWAS Regional GSM Initiative;
- iv) elaboration of the ECOWAS Telecommunications Protocol.

II) West Africa Telecommunications Regulators Association

239. The first Annual General Meeting of the West Africa Telecommunications Regulators Association (WATRA) was held in Abuja from 25 to 28 March 2003. The role of WATRA is to be a catalyst to the on-going telecommunications harmonisation programme. During the annual meeting, a new management of WATRA, chaired by Nigeria, was inaugurated. Furthermore, a cooperation agreement between WATRA and the Commonwealth Telecommunications Organisation (CTO) was signed. Through this agreement, CTO offered to sponsor a capacity building programme for the telecommunications regulators in the West Africa region, comprising the organisation of 14 workshops from May 2003 to April 2004. The first workshop on the telecommunications competition policy was held in Accra from 26 to 29 May 2003. The second workshop on internet regulation was held in Abuja from 6 to 8 November 2003. An office has been allocated to the WATRA Secretariat in the ECOWAS Secretariat building. The Nigerian Communications Commission (NCC) has equipped this office.

III - INTELCOM II

240. The Telecommunications Information Management System (SIGTEL) has been established in partnership with the International Telecommunications Union (ITU). The objective of the SIGTEL is to be a resource information centre for potential investors and development partners in telecommunications in West Africa. The hardware and software at the cost of US\$90,000 have been procured and some ECOWAS staff have been trained to

operate and maintain the system. The launching of the SIGTEL depends on the following actions:

- i) the designation by Member States of the national correspondents who will be the SIGTEL focal points at the country level;
- ii) the organisation of a regional training seminar for the national correspondents;
- iii) the establishment of VSAT network between the Executive Secretariat and the 15 Member States.

241. The ITU provided US\$18,000 for the organisation of the regional training seminar which was held in Lome from 16 to 18 September 2003. The SIGTEL workshop also took place in Lome from 16 to 18 September 2003, and was attended by thirteen Member States. During the workshop, an action plan for the quick launching of SIGTEL was adopted.

IV) Postal Services

242. The first ECOWAS meeting of Directors-General of Postal Services was held in Abuja on 29 and 30 September 2003. The objective of this meeting was to prepare the launching of a regional mail transmission network for West African countries. Eleven Member States participated in the meeting and adopted a short-term action plan for the launching of the mail transmission network. A consultant has been recruited by the Universal Postal Union (UPU) to undertake the feasibility studies of the project. A special meeting of Directors-General of Post in March 2004 will validate the results of the study.

INDUSTRY

243. The industrial promotion programme of the Secretariat aims at contributing to the acceleration of regional industrialisation through the harmonisation of national industrial policies and the promotion of private sector partnerships and joint ventures with foreign investors in the creation of industrial enterprises in West Africa.

244. During the period under review, the Secretariat, in pursuance of these objectives, completed two studies for the formulation of a regional industrialisation and a common mining policy. The objective of the studies is to define common strategies to increase the flow of investments for the development of these two important sectors in all our Member States.

245. In the area of investment promotion and capacity building for investment promotion agencies, a workshop on capacity building for investment promotion agencies (IPAs) of Member States was organised by the Secretariat, in collaboration with the Nigerian Investment Promotion Commission in Lagos from 3 to 5 November 2003. Several recommendations were made at the workshop, including the establishment of a regional association of ECOWAS Investment Promotion Agencies. The Association when established, will contribute to the capacity building of investment agencies in the Member States, and

encourage their more active involvement in the partnership programme with the European Union and other African, Caribbean and Pacific (ACP) countries.

246. The Secretariat has concluded cooperation agreement with the United Nations Industrial Development Organisation (UNIDO). As the United Nations Specialised Agency mandated to promote sustainable industrial development, the ECOWAS/UNIDO cooperation agreement aims at securing UNIDO assistance in the identification of concrete areas of regional industrial cooperation, particularly where UNIDO can offer added value and specific expertise. In line with this objective, the priority cooperation areas have been identified as food/cassava processing, textiles, petrochemicals/plastics, business development, ITC, solar technology.

247. In the immediate term, a multi-disciplinary programme mission will be sent by UNIDO to assist ECOWAS prepare proposals on strategic requirements for an integrated industrial development of the region.

COOPERATION IN THE AGRICULTURAL SECTOR

ECOWAS Common Agricultural Policy

248. The terms of reference for the study on the Common Agricultural Policy (CAP) have been finalised. This was based on the observations by Member States and preparations for the elaboration of the CAP which officially began with the forum organised in Accra from 5 to 7 May 2003. A document entitled "Support programme for the elaboration and validation of a framework for a common agricultural programme for West Africa" was presented to the participants at the forum which brought together all the stakeholders concerned by the CAP, namely Member States, IGOs, international organisations, representatives of civil society organisations, development partners, etc. Part of the financing has been obtained with the assistance of CILSS. A team of consultants has been recruited and the study on the CAP will begin during the last quarter of 2003. A draft document will be submitted to the statutory meetings to be held at the end of the year.

Regional Environment Programme: Establishment of the Regional Water Resources Coordinating Unit

249. The Regional Water Resources Coordinating Unit, a decentralised department of the Executive Secretariat based in Ouagadougou, will soon become operational with the recruitment of a Regional Coordinator during the last quarter of 2003 and the other members of staff in 2004.

Transhumance

250. ECOWAS has established a multi-disciplinary task force and a ministerial steering committee, as part of efforts to resolve the numerous problems caused by trans-border transhumance and ensure sustainable development of the livestock resources in the region.

A strategic plan of action and projects has been prepared and will be implemented within the framework of the ECOWAS regulation on transhumance. Meetings have been organised at border crossing points, bringing together all those involved in trans-border transhumance, to increase awareness on the problems and to exchange experiences.

COMMUNICATION PROGRAMMES

I. Information Programmes

Objectives

251. The principal objective of the Communication Programmes is to enhance the diffusion of information on the objectives and achievements of ECOWAS, facilitate enlightenment of the West African public on their regional organisation, and by so doing, encourage the public to participate more actively in the integration process.

252. As part of its strategy, the Executive Secretariat also seeks to actively involve elected representatives of the people, professionals in the information sector, economic operators, associations of other professionals, non-governmental organisations and international institutions in the dynamic pursuit of the ECOWAS integration objective.

253. The Secretariat's main concern is to make the people of the region more aware of ECOWAS achievements and activities. The Secretariat aims to enlighten the general public, journalists, press industries, associations of professionals, non-governmental organisations, and the civil society as a whole on the objectives of and the justification for the integration process.

Activities for 2003

254. The Communication work programme included promotional activities designed to present ECOWAS in the Member States and in the international community. The Secretariat organised training workshops for journalists from the region, in order to equip them with the tools needed on their assignments and especially to encourage them to more effectively cover events marking ECOWAS achievements and projects. The Secretariat also produced and published a number of magazines, which include the ECOWAS Official Journals, the West Africa Bulletin, ECOWAS in Brief, and ECOWAS and its Member States.

Seminar on the Harmonisation of Media Laws in the ECOWAS Region

255. The seminar was organised in Bamako on 28 and 29 July 2003 in collaboration with the West African Journalists Association (WAJA). It was intended to lay the foundation for the harmonisation of the different laws governing media activities in the region. The laws in force in our States are derived from those of the former colonial powers. WAJA subscribes to the ECOWAS view that they need to be harmonised in order to ensure harmonious journalistic practice within ECOWAS.

Joint ECOWAS/WAJA/AIF Training Seminar for West African Journalists

256. The seminar was held in Cotonou from 7 to 9 October 2003 under the auspices of ECOWAS, WAJA and the *Agence Intergouvernementale de la Francophonie* (AIF). The theme of the workshop was "Collective Agreements for Journalists in the ECOWAS Sub-region." Its main objectives included devising a model for the negotiation and adoption of collective agreements and setting up a functional mechanism to enforce the terms of such agreements.

Purchase of Audiovisual Equipment

257. The Executive Secretariat has acquired a digital camera to keep record of important events involving the Community. These records and other information will be disseminated by the media and also used to set up the Community archives.

Recruitment of Journalists to run ECOWAS Information and Documentation Centres in the Member States

258. The Secretariat has begun recruitment of journalists to run the Information and Documentation Centres in the Member States. The long-term plan is to set up centres in all the Member States. However, initially, they will only be opened in the following six Member States: Benin, Burkina Faso, The Gambia, Ghana, Mali and Senegal. The selected journalists will be responsible for promoting ECOWAS, providing media coverage of the Community and of all public relations.

The Journalists-in-West Africa Programme

259. The Journalists-in-West Africa programme involves sending a journalist to cover activities in connection with economic integration in a Member State other than his/her own State. Four journalists from The Gambia, Mali, Niger and Sierra Leone were therefore selected and sent to Ghana, Guinea, Mali and Nigeria respectively.

The Enlightenment Campaign in Guinea

260. An enlightenment campaign on ECOWAS programmes was launched in Conakry from 23 to 30 October 2003. The subjects highlighted were the second ECOWAS monetary zone and the establishment of an ECOWAS free trade area.

The West Africa Bulletin, ECOWAS in Brief, ECOWAS and Its Member States

261. The 11th issue of the West Africa Bulletin and one issue of ECOWAS in Brief containing the ECOWAS Declaration of Political Principles, have been published.

Coverage of the Third ECOWAS Trade Fair in Lome

262. West African journalists were invited by the Executive Secretariat to cover the third ECOWAS trade fair which lasted fifteen days. The journalists kept their readers and listeners informed of activities at the fair on a regular basis for the entire duration of the fair.

Enlightenment and Dissemination of Information on the Achievements of ECOWAS

263. During the course of the year, the Executive Secretariat undertook an extensive enlightenment campaign on ECOWAS activities directed at ECOWAS citizens, economic operators, the general public and regional and international organisations. Journalists from each Member State were invited to cover several meetings, and in particular the annual summit of ECOWAS Heads of State and Government. This ensured that West Africans were regularly informed of the subjects discussed and decisions taken by their leaders.

264. The following are the activities scheduled to be carried out under the Information Programmes in 2004:

- Training programme for West African journalists;
- Support to West African journalists;
- Coverage of the annual ECOWAS summit;
- Journalists-in-West -Africa programme;
- Enlightenment campaign conducted in a Member State;
- Production of an audiovisual document on ECOWAS;
- Publications;
- Promotional and public relations activities;
- Mobilisation of funds to set up an audiovisual production studio.

II. Documentation Programme

Function

265. The Executive Secretariat is to provide services that support the cultural, educational, informational, intellectual and recreational needs of the Community; to ensure that these resources are available to all who need them at accessible times and places; to be responsive and flexible toward changing Community requirements; to collect and preserve that portion of the records of human experience and achievement of the most significance for future generations; to provide library services to specialised needs of special segments of the Community.

Printing of the Official Journal

266. In fulfilment of Council decision C/DEC.2/11/91 on the documentation of the activities and decisions of Council, the Executive Secretariat printed new issues of the Official Journal, volumes 41 and 42 containing Community acts and decisions that came into being in the course of the year 2003.

EXTERNAL COOPERATION

267. In 2003, the Executive Secretariat was visited by several of its development partners. This led to the signing of grant agreements with Canada, France, the European Union, USAID, the World Bank, DFID, ADB, Japan and Denmark. The overall objective of these agreements was to provide support to the integration process by contributing to the creation of a West African economic entity, which is capable of coping with the challenges of globalisation and trade liberalisation, poverty alleviation, enhancement of the institutional capacity of the Executive Secretariat, coordination of NEPAD implementation activities, and consolidation of peace and security in the region.

268. The contribution of the development partners is detailed below:

Canada

269. Canada envisages its assistance as a phased arrangement. An initial contribution agreement for a grant of c\$500,000, was signed in this regard in March 2003. The grant is for the enhancement of the capacity of the ECOWAS Secretariat to coordinate and monitor implementation of NEPAD programmes. The financial assistance will enable the Secretariat to engage the following local technical assistance: Corporate Strategy Planner, Macroeconomist and trade policy specialist. This assistance will also cover computerisation of the Secretariat, training and financing for studies.

270. A CIDA team visited the Executive Secretariat from 24 March to 4 April 2003 to assess its financial management capacity. On the strength of the team's recommendations, CIDA will provide direct financial assistance to ECOWAS for the implementation of the institutional capacity-building programme. The amount envisaged is 2 million Canadian dollars.

France

271. France has confirmed its readiness to mobilise the sum of 1.5 to 2 million euro as funding for a four-part project within the framework of the regional integration process. The first part of the project will involve defining a long-term vision of West Africa as a unified economic zone, specifying its role within the world community and the role of ECOWAS in West Africa. The second part will relate to setting up a facility for macroeconomic analysis to reinforce the ECOWAS multilateral surveillance of economic and financial policies. The third component will support the human capacity building programme

of the ECOWAS Secretariat. The fourth part will involve technical and financial assistance for the monitoring and evaluation of studies.

DfID

272. The United Kingdom Department for International Development (DfID) through an initial contribution of £300,000 is participating in the short-term institutional capacity building programme to enhance the ability of the Executive Secretariat to play its role as coordinator for the implementation of NEPAD programmes in West Africa. In this connection, DfID is providing technical assistance to the Executive Secretariat in resource mobilisation, recruitment of experts and the setting up of a mechanism to coordinate external assistance.

USAID

273. Three grant agreements totalling 7,275,000 US dollars have been signed with USAID. The first agreement is on assistance in establishing the West African Power Pool. The second is on assistance to the Executive Secretariat in the streamlining of the regional customs system and the introduction of a common external tariff. The third agreement is on assistance to civil society organisations for the promotion of peace and stability in West Africa.

Denmark

274. In June 2003, a team from the Kingdom of Denmark paid a working visit to the Executive Secretariat during which it disclosed the Danish intention to provide a grant of 5 million US dollars in support of the Executive Secretariat's integration and regional security initiatives. A second mission is envisaged for the preparation of a draft grant agreement.

ADB

275. On 17 July 2003, the ECOWAS Executive Secretariat and the ADB signed a cooperation agreement to promote regional economic integration and development of the West African countries. Among other possible forms of assistance, the ADB has proposed the creation of a 50-million UA Peace Fund to which it would contribute UA 10 million.

European Union

276. The Executive Secretariat has initiated action to ensure the implementation of the Cotonou ACP-EU Agreement and to strengthen cooperation with the European Union. These include:

1. Preparations for Negotiation of the Economic Partnership Agreement (EPA) between West Africa and the European Union.

277. A series of meetings was organised by the Executive Secretariat with civil society and private sector representatives from Member States to prepare the region for the EPA negotiations. The meetings led to the adoption by the region of a negotiating structure, a roadmap and terms for a negotiation mandate.

278. Sectoral and macro-economic impact studies were commissioned to give the region a clearer understanding of the challenges of the EPA and enable it to prepare its negotiating position more effectively. Workshops and seminars are also being planned to review the findings of the studies and further strengthen the negotiating position of the region, by taking full account of the possible impact of the EPA on West African citizens and economic operators.

279. The ECOWAS Council of Ministers, enlarged to include the Ministerial Monitoring Committee on the Negotiations, held an extraordinary meeting in Cotonou on 1 and 2 September 2003, to examine a status report on the readiness of the region for negotiations with the European Union. It was decided that the negotiating structure should be reinforced by the creation of a ministerial task force, to facilitate preparations. The ceremony for the launching of the EPA negotiations took place on 6 October 2003, in Cotonou.

2. Programming of the 9th EDF

280. On-going activities within the Regional Indicative Programme (RIP) of the 9th EDF are as follows:

Economic Integration and Trade Sectors

281. Tenders were invited for the conduct of a feasibility study on a detailed programme of action for support to the economic integration and trade sectors under the Regional Indicative Programme of the 9th EDF. The contract was not awarded due to the poor response received. The deadline for submissions was extended. In order not to delay further the implementation of this programme, it has been agreed that priority project can be approved while waiting for the finalisation of the study. Plans are also being made to set up an RIP monitoring mechanism to draw up a support programme for ECOWAS and UEMOA for the implementation of the 9th EDF.

Transport Sector

282. The Secretariat has prepared for presentation to the EDF committee for funding, an air safety project aimed at building the capacity to manage and monitor the implementation of a regional air safety policy. In a general way, the regional work that was organised in Accra from 10 to 12 November 2003 made it possible to formulate a plan of action for transport facilitation which could benefit from the 9th EDF regional indicative programme.

Other EU-supported Sector Projects

283. A project in support of cultural stakeholders is in preparation as a means of facilitating coordination and assistance to cultural sub-sectors. A project to monitor and manage cross border epidemic disease is also in preparation, in conjunction with WAHO.

284. The ECOWAS conflict prevention programme will receive funding for its counter-terrorism content, and a contribution will be made for the creation of a peacekeeping fund under the auspices of the African Union. In addition to the resources available under the RIP, the European Commission has created other instruments to assist ECOWAS in its peace initiatives in Cote d'Ivoire and Liberia.

285. Within the framework of the preparation of the EPA negotiations, the European Union assistance has taken the form of financing the hiring of a trade specialist to work in the Executive Secretariat and sponsoring meetings of the regional negotiating structure. Another financing programme will cover technical assistance for the formulation and implementation of trade policies. The programme will be located at the Executive Secretariat and will involve working with experts in the Member States.

3. ECOWAS-European Union Political Dialogue

286. In order to consolidate the unity and cohesion of the West African side in its dialogue with the European Union, the ECOWAS Authority, at the summit in Dakar in January 2003, adopted the principle for composing the team to represent ECOWAS at the dialogue sessions; the structure is similar in composition to that of the European Union. The ECOWAS representation comprises the country occupying the position of current Chairman, the immediate past Chairman, and the Executive Secretary who is a permanent member. A meeting between ECOWAS and the European Union was held in Accra on 15 October 2003 within the context of the political dialogue

ADMINISTRATION AND FINANCE

ADMINISTRATIVE MATTERS

Review of conditions of service

287. As an update to the Interim Report presented to Council in June on this subject, it is my pleasure to indicate that work is on-going in earnest on the review of the conditions of service of staff of Community institutions. Following consultations between the Secretariat and our partners at the UNDP's Regional Bureau for Africa in New York, ECOWAS staff will be endowed with favourable conditions of service.

288. The intention is to ensure the recruitment and retention of high-quality of staff in the service of the Community. This is achievable through our plan to create conditions which would represent a hybrid of a career and job systems. The outcome of the study, still being

undertaken with the assistance of the UNDP/RBA will be presented to Council for consideration as soon as it is finalised.

Staff Recruitment

289. The vacancy announcements for the sixty (60) vacant posts have been published by each Member State in two national dailies as requested by the Executive Secretariat. The deadline for submission of candidature was 30 September 2003.

290. The appropriate Advisory Committee is working on the short listing and screening of candidates for the vacant posts of Directors, Principal Programme Officers and some other key professional posts. This first phase of the recruitment exercise is to be completed shortly with the issuance of appointment letters to successful candidates.

Staff Promotion

291. Following approval of the 50th Ordinary Session of Council in June 2003, the Executive Secretariat has embarked upon a massive promotion exercise commencing with staff members in the M-grade. The exercise is ongoing.

General and Auxiliary Staff Housing Scheme

292. It will be recalled that at its 47th Session held in Bamako in December 2000, Council issued a directive that the Executive Secretariat should recruit a consultant to conduct a feasibility study for a permanent solution to the problem of residential accommodation for the locally recruited staff. The Executive Secretariat on 16 November 2002 engaged Shelter Afrique to undertake the study.

293. The Executive Secretariat having reported that the study undertaken by Shelter Afrique did not fully conform to the terms of reference of the Fiftieth Ordinary Session of Council held at Abuja on 26 and 27 June 2003, directed and consulted with the firm for the finalisation of the report, taking into cognizance the observations made on the draft. Meanwhile, also in line with another directive of the same session of Council, contacts have been made with the Nigerian National Housing Fund and other reputable mortgage institutions in Nigeria with a view to registering interested G and M Staff in the various housing schemes offered by the institutions. Appropriate recommendations on the outcome of these contacts will be presented to the decision-making organs of the Community in early 2004.

Katampe Professional Staff Housing Project

294. Following the mandate granted by the Forty-ninth Session of Council in January 2003 to continue negotiations for an additional loan from the Nigerian Government, the Executive Secretariat earlier in the year signed an agreement with the Federal Republic of Nigeria for a

soft loan of US\$4,570,596.56 for the completion of the Professional Staff Housing Estate in Katampe District of Abuja.

295. As directed by the Fiftieth Ordinary Session of Council, a meeting of the Ad Hoc Ministerial Committee on the construction of the Headquarters of Community Institutions was held at Abuja on 16 and 17 July 2003, to consider certain aspects of the additional works to be undertaken to enhance the aesthetic value of the estate.

296. Going by the pace of work on the site, I am confident that the estate will be ready for occupation by the end of the first quarter of 2004. This will translate into a massive saving of funds being currently expended for the hire of staff residential accommodation which will now be channelled to crucial Community programmes.

Opening of an ECOWAS Office in Brussels

297. The Authority of Heads of State and Government, as part of the measures to consolidate the partnership between West Africa and the European Union, appointed ECOWAS as the regional coordinator for relations between the West African States and the European Union. The Authority further decided, at its 26th summit held in Dakar on 31 January 2003, to set up an ECOWAS Office in Brussels to ensure more direct contact for the purposes of the partnership between ECOWAS and the ACP-EU stakeholders in Brussels. These are the European Commission, the Committee of ECOWAS Ambassadors, the ACP secretariat, the Enterprise Development Centre and the Technical Centre for Agriculture.

298. The duties of the ECOWAS Office in Brussels include consolidation of the partnership between West Africa and the European Union, and facilitation of the mandate of the Executive Secretariat within the framework of the EPA negotiations with the European Union.

299. A Head of the ECOWAS Office has been appointed, and after consultations, a headquarters agreement is being negotiated between the Executive Secretariat and the Belgian government. The Council of Ministers will be regularly briefed on all progress in these negotiations, and the headquarters agreement will be submitted to Council for approval before signature.

Computerisation of the Executive Secretariat

300. The implementation of the programme of computerisation of the Executive Secretariat for which a sum of US\$600,000 was provided in the 2002 and the 2003 budget, is progressing satisfactorily. Already, the firm selected on the basis of administrative competence, technical compliance and financial viability is handling the supply and installation of various items of equipment for the programme.

301. As regards the supply and installation of a VSAT for the Executive Secretariat, bids submitted by reputable firms have been analysed by the Community Computer Centre to

enable management select the best. The delivery and installation is on-going at the present time.

302. It is projected that the entire computerisation programme will be completed by June 2004. This will surely place the Executive Secretariat on the information super highway and boost the implementation of integration programmes. It will also accelerate utilisation of e-government by the institution.

Appointment of Statutory Officers

303. As an update to the interim report presented to the 50th Ordinary Session of Council, and that session's approval of the appointment of Mrs. Nellie Sarah Taylor to the post of Financial Controller of Community Institutions, it is a pleasure to report her assumption of duty on 13 August 2003. By that appointment, the Executive Secretariat now has its full complement of statutory officers.

304. A full status report on other statutory officers as required by Authority Decision A/DEC.3/7/9 of 6 July 1991 is the subject of a substantive memorandum to this Fifty-first Ordinary Session of Council.

Second Meeting of ECOWAS Ministers of Public Service And Workshop on Ethics of Public Service

305. The third Biennial Pan-African Conference of Ministers of Civil Service held in Windhoek, Namibia on 5 February 2001 assigned regional organisations with the task of publicising the provisions of the Public Service Charter adopted at the conference. The objective is to promote the ideals of corporate governance, professionalism and ethics in the public services of African countries.

306. It was against this background that the Executive Secretariat hosted the inaugural conference of ECOWAS Ministers of Public Service at Abuja on 16 October 2002. This meeting formulated several proposals aimed at facilitating the propagation and implementation of the provisions of the African Public Service Charter in ECOWAS Member States. Among the recommendations were that Member States should put in place a programme for the adoption of the Charter, while a regional as well as a sub-regional mechanism should be established to monitor the implementation.

307. Most of the recommendations of the inaugural meeting of ECOWAS Ministers of Public Service are contained in the nine-point Stellenbosch Declaration of the fourth Pan-African Meeting of Ministers of the Public Service held in Stellenbosch, Cape Town, South Africa from 4 to 7 May 2003.

308. The meeting adopted the Governance and Public Administration Programme for Africa aimed at promoting regional cooperation to meet regional challenges, institutional capacity building and the establishment of a framework for collaboration between national

development institutions and international partners. One other recommendation of the meeting was that ongoing activities of regional and sub-regional institutions should focus on research on the public sector, with special emphasis on data collection and analysis, skills management and learning, which should be included in the general governance and Public service performance.

309. The second conference of ECOWAS Ministers of Public Service originally scheduled for the third quarter of 2003, has on the advice of our development partners been rescheduled for the last week of January 2004. For cost-effectiveness, it is planned that the meeting will interface with a proposed workshop on ethics of the Public Service, also to be attended by delegates from Member States to the second conference. Consultations have been initiated with the Commonwealth Secretariat, London, and the United Nations Division for Public Economics and Public Administration (UNDEPA) New York, which had indicated its preparedness to assist in the conduct of the workshop. The African Centre for Training in Administration for Development (CAFRAD) in Morocco is also a major partner in this endeavour. The details of the human and financial assistance of the sponsors are still being worked out.

The Financial Situation of the ECOWAS Institutions

310. The financial statements of the Executive Secretariat for the period under review show that as at 30 September 2003, only 4 Member States, namely, Ghana, Mali, Nigeria and Senegal were fully paid up in respect of contributions to the current budget of the Secretariat. However, since the beginning of the year, the sum of UA 10,984,974, or \$US 14,913,824 has been realised through the application of the Community levy (see table). Despite these commendable efforts, some States still owe substantial arrears. This is the case of Liberia, with 23 years of arrears, Mauritania⁴ with 17 years, The Gambia with 14, Cape Verde, Guinea Bissau and Sierra Leone with 13, Niger with 7 and Guinea with 6 years of arrears.

311. As at December 31 December 2002, accumulated arrears of contributions owed by Member States totalled UA 30,951,344.52, as compared to 30,970,514.52 as at 31 December 2001, down by 0.06%, or UA 19,170.

312. Annual contributions of the Member States to the operational budget for 2003 stands at UA 18,902,200. An additional UA 3,000,000 is expected from arrears of contributions. The total amount expected in respect of contributions from the Member States to the 2003 budget is calculated at UA 21,902,200.

313. Total amounts paid to the Executive Secretariat in contributions as at 30 September 2003 stand at UA 10,984,947, which breaks down as follows:

- Arrears of contributions: UA 523,926,

⁴ The withdrawal of Mauritania from ECOWAS became effective from 31 December 2000.

- Current contributions: UA 10,461,021.

314. As at 30 September 2003, nine months into the financial year, an examination of the situation with respect to the level of contributions paid by the Member States reveals:

- an annual recovery rate of 55.34%, compared to the 75% rate expected. This leaves a shortfall of UA 3,715,629, or 19.66%;
- a recovery rate for arrears of contributions of 17.46%, compared;
- to the UA 3,000,000 expected from arrears, and representing 1.69% of total arrears of contributions owed.

Payments received as at 30/09/03

Country	UA	\$US	EURO
Benin	555,645	754,377	722,166
Burkina Faso	371,659	504,587	496,705
Ghana	1,478,152	2,006,828	1,921,139
Guinea Bissau	45,038	61,146	58,535
Mali	788,222	1,070,137	1,024,444
Niger	350,997	476,534	487,331
Nigeria	5,606,392	7,611,574	7,286,572
Senegal	1,247,545	1,693,742	1,621,422
Sierra Leone	184,228	250,120	239,439
Togo	357,069	484,779	484,788
TOTAL	10,984,947	14,913,824	14,342,541

External Resources

315. In 2003, the extent of the support given by the donor community for the financing of ECOWAS programmes is indicative of their interest in the Community. The amount received in the account by the Executive Secretariat from donors as at 30 September 2003 is shown below:

Date	Development Partners	Amount (\$US)
13/01/03	African Union	100,000.00
05/02/03 - 09/07/03	USAID Associates for International Resources and Development	117,182.26
16/07/03	USAID Associates for International Resources and Development	26,800.00
17/07/03	Nigerian Government	500,000.00
10/09/03	UNIFEM	10,000.00
12/05/03	Japanese Government	100,000.00
01/03/03-18/07/03	World Bank	124,220.00
06/06/03	ACBF	200,000.00
01/08/03	World Bank	100,000.00
25/06/03	European Union	234,000.00

OTHER ECOWAS INSTITUTIONS

1. WEST AFRICAN HEALTH ORGANISATION

316. The situation in WAHO during the year under review was one of under-funding, in spite of the improvement towards the end of 2002. The initial lack of funds negatively affected the administration of the organisation and the implementation of its programmes, which were slow to take off and were unduly dependent on the goodwill of partners. The object lesson to be drawn from this situation is that no matter how well-planned a programme may be, it must be backed by sufficient and reliable funding.

317. The activities undertaken by WAHO with full or partial funding by development partners fall within the following eight priority areas of the organisation:

- the 7th annual ECOWAS nutrition forum (Banjul, The Gambia).
- the regional workshop on refractive errors and poor vision- relations with integrated education and re-education programmes (Accra, Ghana).
- Vision 2020 advocacy forum (Abidjan, Cote d'Ivoire).
- workshop on standardisation of the nomenclature for interventions to combat HIV/AIDS in West Africa (Abidjan, Cote d'Ivoire).

- meeting to review human resource development to combat blindness (Ota, Nigeria).
- observatory to fix the price of anti-HIV/AIDS drugs (Abidjan, Cote d'Ivoire).
- development of a regional strategy for the health component of the New Partnership for Africa's Development (NEPAD) (Dakar, Senegal).
- accelerating access by people living with HIV/AIDS to treatment and care (Dakar, Senegal).

318. In view of its cash-strapped situation, concerted efforts are being made by WAHO to build partnerships, primarily in order to mobilise resources for programme implementation and for the development of the institution. The response from the partners to this challenge has been gratifyingly positive.

319. The strategy adopted by WAHO has been to identify the areas in which cooperation with partners may be continued, with a good chance of success or with the potential for deepening and expanding the scope of regional cooperation.

320. The joint programme implementation strategy was pursued with the following partners:

- UNAIDS - HIV/AIDS
- WHO - HIV/AIDS, nutrition, women's health
- USAID/SARA - HIV/AIDS, capacity building, women's health, institutional development
- HKI- Nutrition, prevention of blindness, capacity building.

321. ZAHO will continue to work with its partners to help identify key problem areas needing immediate attention, and potential themes and strategies for partnerships will need to be developed in the future. These include:

- SSI - prevention of blindness, capacity building.
- Tulane University - institutional development, communication, information management, capacity building.
- The Commonwealth Secretariat - women's health, malaria
- World Bank - nutrition
- United Nations University - capacity building
- UNDP - HIV/AIDS

322. Contact has also been established with partners such as ADB, DFID, CIDA and ILO, while a memorandum of understanding has been signed with WHO, CILSS, AMP and UEMOA. WAHO's attendance at conferences/meetings at the invitation of its partners

boosted its image and enabled other participants to recognise it. WAHO is gradually winning recognition through the crucial role it is playing as a regional organisation. The organisation is currently being called upon to play roles that highlight its regional mandate and demonstrate its comparative advantage. This only goes to strengthen the organisation, increase its resource base and enhance its image. Furthermore, in view of its modest resource base, the viability of the institution will depend on these partnerships that are being established.

323. The implementation of the WAHO Strategic Plan (2003-2007) started in 2003 in line with the institution's mission, its main principles and strategic orientation. It is important that funds earmarked by ECOWAS for the implementation of the strategic plan be made available to WAHO. We think a priori that partners will find areas of interest to encourage them to identify with the plan in order to cooperate actively with WAHO in the implementation of its programmes. We hope that WAHO will accept the desire expressed by potential partners to assist in the implementation of programmed activities of interest to them. A conference of the interested development partners will soon be held.

324. The provision of internet/intranet services has improved communication at the headquarters and greatly enhanced staff productivity. The WAHO website (www.wahoas.org) is now operational. A database/electronic bibliography has also been established and located at www.qmultimedium-si.com.waho. Discussions are currently under way with a view to attaching an electronic library to the main page of the WAHO website.

325. Staff development is at the heart of management in WAHO. Staff members are encouraged to pursue language courses and specialist courses in administration and management, in order to promote efficiency and productivity.

326. The status of WAHO as a coordination rather than an implementation organ in the health sector and its exclusive political mandate put it in a privileged position to become a permanent clearing house for information on health for West Africa. If this objective is to be achieved, human and financial resources should be increased and information at the WAHO Headquarters and Member States effectively managed.

327. WAHO has undertaken to carry out country activities responding to the needs of West African citizens. The organisation will continue playing its role as facilitator by creating capacities and developing information networks to maximise the effectiveness of every health-related intervention in the region.

THE COMMUNITY COURT OF JUSTICE

Introduction

328. The Community Court of Justice has made substantial progress since the 2002 Annual Report especially in the provision of basic infrastructure. In the past one year, the

efforts of the Court have been geared towards setting up the Court and creating the enabling environment for its effective operation.

329. In terms of physical development, the Seat of the Court has undergone a remarkable transformation. The office complex provided for the Court by the Federal Republic of Nigeria has now been partitioned and furnished. The Community Court of Justice has also made progress in the acquisition of office equipment.

330. The competence of the Court as provided for under article 76.2 of the Revised Treaty and Articles 9 and 10 of the Protocol of the Court is unduly narrow, as they do not give the Community citizens direct access to the Court. In the year under review, we took steps to expand the jurisdiction of the Court. We submitted a Memorandum to the Ad Hoc Ministerial Committee, seeking necessary approval of Council to grant direct access to individuals. I am happy to report that the Ad Hoc Committee and the Council of Ministers have recommended the expansion of the powers of the Court, direct access to the Court by individuals and the adoption of measures to ensure effective implementation of decisions of the Court.

331. The Community Court of Justice's Rules of Procedure, successfully formulated by the by the Court and approved by the Council of Ministers, has now been published in Official Journal n° 44 of 2002. Within the period under review, several applications have been filed before the Court.

ACTIVITIES OF THE COURT IN 2003

2003 Budget

332. The Court prepared its 2003 draft budget and submitted to the Council of Ministers through the Administration and Finance Commission (AFC) for necessary consideration. The budget was approved by Council during its 47th session that was held in Dakar, Senegal in January 2003. The Court has also submitted its draft budget for 2004 to the AFC for consideration.

333. The year 2003 was an eventful year for the Court. It was a busy year for the Court. The Court also hosted several functions. The activities of the Court in 2003 are highlighted in the following paragraphs.

334. The Chairman of the ECOWAS Council of Ministers and Minister of Regional Cooperation and NEPAD, Ghana, Honourable Dr. Kofi Konadu Apraku visited the Court on 9 April 2003. The President of the Court of Justice, Justice H.N. Donli in her welcome address highlighted the achievements of the Court and sought the assistance of Council in finding solutions to the teething problems of the Court.

335. The Chief Judge of Delta State of Nigeria, Honourable Justice Roseline Bozimo paid a courtesy call on the President of the Court. The Chief Judge and her delegation were

welcomed to the Community Court of Justice by the President of the Court, and were later conducted round the office complex, the temporary Courtroom and the permanent Courtroom under construction.

336. The Nigerian Deputy Senate President, Alhaji Ibrahim Mantu visited the Court to acquaint himself with the achievements of the Court.

337. The Chief Justice of Nigeria, Honourable Mohammed Lawal Uwais, paid a courtesy visit to the Court on 27 May 2003. The Chief Justice of Nigeria participated in the activities to mark the 2003 ECOWAS Day celebration by the Court.

338. Some members of the Danish Mission visited the Court on 23 May 2003 in continuation of their tour of ECOWAS Institutions. The President of the Court welcomed the delegates to the Court and later conducted them round the Court's library and the temporary Court.

339. The first ECOWAS Youth Forum was held at Abuja between 11 and 15 August 2003. It was an assembly of the Youth from ECOWAS Member States. Some delegates of the Youth Forum from Burkina Faso, Mali, Niger, Nigeria, Senegal and Togo visited the Court on 15 August 2003.

2003 ECOWAS Day Celebration

340. The Community Court of Justice celebrated the 2003 ECOWAS Day on 27 May 2003. The main features of the event were the media briefing by the President of the Court. In the media briefing, the President noted that although the dreams of the Founding Fathers of ECOWAS have not been fully realised, ECOWAS Day is worth celebrating. It was for the Court, not just a fanfare but a day for stock taking, to pay tribute to the Founding Fathers of ECOWAS and to present to the public the achievements, constraints and vision of the Community Court of Justice. The President of the Court gave a detailed briefing on these issues at the end of which she fielded questions from Gentlemen of the Press.

Address to the ECOWAS Parliament

341. The President of the Court delivered a keynote address to the ECOWAS Parliament on 30 May 2003. It was at the opening of the 2003 Parliamentary session. The President seized the opportunity to give a status report on the Court. She highlighted the achievements of the Court and its constraints, particularly with respect to the limited scope of the jurisdiction of the Court. She also drew attention to the problems preventing ECOWAS citizens from reaping the full benefits of the Protocol on Free Movement of Persons and Goods, Right of Residence and Establishment. She also touched on human rights and the need to grant access to individuals to the Court to enforce their human rights, guaranteed under the Treaty.

Activities Envisaged for 2004

Library

342. It is crystal clear that the importance of a standard library for the Court cannot be over-emphasised. We are aware of the need to establish a standard library, but the project has been constrained by inadequate funds. Although provisions were made in the 2002 and 2003 budgets of the Court. Recently, the Court purchased some books from Britain and France. The intention of the Court is to have a befitting library that will not only facilitate and enhance the discharge of the duties of the Judges, but that will be a source of pride to the region. They will continue appeal to relevant authorities and international donors to assist the Court to achieve its aim.

Communication Centre

343. The Community Court of Justice has conceptualised the setting up of a computer and communication centre. It is also the intention of the Court to computerise its legal system, particularly its registry and all court processes. The Court is therefore seeking necessary assistance to achieve this objective. The Court has engaged in discussions with voluntary organisations such as OSIWA with a branch office in Abuja and Head office in Senegal, in relation to one of the needs of the Court.

Staff Housing Estate

344. The provision of residential accommodation for members of staff of the Community Court of Justice is of great concern to the Court. The Court is therefore proposing to build a Staff Housing Estate for its professional staff.

Conclusion

345. There is no doubt that the Community Court of Justice having successfully established the Court, the Member States and all ECOWAS Institutions must be reminded of the need to make the Court functional.

346. The Community Court of Justice has come a long way since 2001. It is determined to ensure that the purpose of setting up the Community Court of Justice is realised. There is no doubt that ECOWAS has indeed provided the appropriate framework for regional integration. At the Community Court of Justice, the Judges share the dreams and aspirations of the Founding Fathers of ECOWAS. They wish to give all ECOWAS citizens the assurance that the Community Court of Justice intends to play an effective role in the integration process of the region. More importantly, they intend to mould a Court that will be a source of pride to every citizen of West Africa, a Court where justice will not only be done, but seen to be done.

ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT (EBID)

Introduction

347. Activities aimed at transforming the ECOWAS Fund into the ECOWAS Bank for Investment and Development continued in 2003, with efforts geared essentially towards setting up the decision-making bodies for the different institutions within the Group, ensuring the take-off of the activities of the Bank, and mobilising the necessary resources. It would be recalled that Decision A/DEC.4/12/99 by the ECOWAS Authority provides for the transformation of the ECOWAS Fund into a regional holding company called the ECOWAS Bank for Investment and Development (EBID), with two subsidiaries, namely the ECOWAS Regional Development Fund (ERDF) and the ECOWAS Regional Investment Bank (ERIB).

348. The authorised share capital of EBID amounts to UA 603,000,000 or about US\$750,000,000, -66.67% of which is allocated to regional members while the remaining 33.33% is reserved for non regional members. 35% of the capital has so far been called up. The authorised share capital of ERDF is fixed at UA402,000,000 or about US\$500,000,000, 90% of which is held by EBID while the remaining 10% is held by non regional shareholders. The authorised capital of ERIB is also fixed at UA 402,000,000 or about US\$500,000,000, 51% of which is held by EBID while the remaining 49% is held by private investors.

349. The EBID Group began operations under the new scheme on the 1st of January 2003.

II) Progress Report on the establishment of the new institutions

350. Efforts to ensure effective take-off of EBID and its subsidiaries have centred on the following activities:

- Ratification and entry into force of protocols;
- Payment of called-up capital;
- Establishment of decision-making bodies;
- Resource mobilisation;
- Promotion.

a. Ratification of Protocols

351. Twelve countries have ratified Protocol A/P.1/12/01 amending Articles 1,3,6 and 21 of the revised Treaty, and Protocol A/P.2/12/01 relating to EBID. The countries concerned are Benin, Burkina Faso, Côte d'Ivoire, Gambia, Ghana, Guinea, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo. With these ratifications, the protocols relating to the transformation of the Fund into EBID have entered into force. Three countries are yet to ratify the protocols, namely Cape Verde, Guinea Bissau and Liberia.

b. Payment of called-up capital

352. Decision A/DEC.13/12/01 concerning the first tranche of the called-up capital of EBID which was made at the session of the ECOWAS Authority held in Dakar on 21 December 2001 clearly states: "The first tranche of the called-up capital of the ECOWAS Bank for Investment and Development in the amount of UA140,700,035 (one hundred and forty million seven hundred thousand and thirty-five units of account) representing thirty-five percent (35%) of Regional Members' share of the authorised capital is hereby declared due for payment".

353. Following the entry into force of the relevant protocols, the current Chairman of the Authority, President John Kufuor, wrote a letter to all Member States requesting them to pay their share of the called-up capital, in accordance with the sharing formula adopted. To date, six countries have paid up their share of the authorised capital, namely Benin, Burkina Faso, Ghana, Mali, Nigeria and Senegal. Two countries have made part payments: Côte d'Ivoire (20%) and Niger (0.07%). The total called-up capital paid so far amounts to UA25,348,024 or about US\$31,527,365 representing 46.7% of the authorised share capital.

354. Negotiations are going on between Côte d'Ivoire and Ghana with a view to acquiring Mauritania's floating shares. The Board of Directors of EBID have authorised the bank to subscribe to and pay for a part of its shares in the authorised capital of ERDF and ERIB.

c. Establishment of decision-making bodies

355. A meeting of the Board of Directors was finally held in Lomé on 22 August 2003, after being postponed twice. The opening ceremony was presided over by the Vice-President of the Republic of Ghana, current Chairman of the ECOWAS Authority.

356. The Board elected the Togolese Governor as its first Chairman. He will hold the post until the next ordinary assembly in June 2004.

357. Concerning the loan of UA11,200,000 granted the Executive Secretariat for the construction of the Community Headquarters in Abuja, it was decided that the EBID and the Executive Secretariat should organise direct consultations on the matter and that the issue should be resolved within the framework of discussions on the utilisation of proceeds from the Community levy.

358. The Board also designated members of the Board of Directors of EBID as follows:

Group	Country	% Shares	Total % Shares	Seat	Member	Alternate Member
	Nigeria	21.87	21.87	1	Dr. Etim Amba	P. Adegbayo
I	Cote d'Ivoire	8.67	10.94	1	O. Kouassy (Cote d'Ivoire)	Mme. A. Kouyate (Mali)
	Guinea-Bissau	1				
	Malil	1.27				
II	Ghana	8.60	10.67	1	M. Obeng-Ansong (Ghana)	A. Salao (Niger)
	Niger	1.40				
	Cape Verde	0.67				
III	Liberia	4.47	10.13	1	N. Kabore (Burkina Faso)	J.Y. Sinzogan (Benin)
	Guinea	1.93				
	Benin	2.7				
	Burkina Faso	1.73				
IV	Senegal	3.60	10.66	1	C. Diop (Senegal)	T.L. Boroze (Togo)
	The Gambia	1.73				
	Togo	2.40				
	Sierra Leone	2.93				

359. The setting up of the decision-making bodies constitutes a decisive step towards the effective take-off of EBID and its subsidiaries. The second meeting of the Board of Directors of EBID was held in Lome on 29 September 2003. The Board of Directors of the two subsidiaries to met on 10 and 11 November 2003.

d. Search for partners and resource mobilisation

360. Discussions which began in 2002 have continued with donors and development partners such as the World Bank, IFC, the European Union, the French Development Agency (AFD), PROPARCO, DEG, the Swiss Cooperation Agency, the Belgian Cooperation Agency, the African Development Bank (ADB), UNDP, UNIDO, the European Investment Bank (EIB) and CIDA. Discussions are also continuing with the American Government (State and Treasury Departments), the Nordic Development Fund, Exim-Bank, France, Switzerland, the Nordic countries and China.

361. A mission by EBID, in the company of Senegalese Minister in charge of NEPAD, visited London, Paris, Brussels and Rome from 29 March to 9 April for in-depth discussions with officials of the G-8 Group in charge of NEPAD in these countries. The Ambassadors of ECOWAS Member States accredited to Brussels participated in the discussions with the European Union during the stop-over in Brussels.

362. Following a directive by the Executive Secretariat, an ECOWAS Day was organised in Washington on 25 June 2003, during the US-Africa Business Conference. MIGA organised a round-table of donors in Johannesburg from 14 to 18 July 2003 on behalf of EBID with the support of the Executive Secretariat.

363. Discussions have reached an advanced stage with the HSBC Group, the world's second biggest bank group, and LOITA PARTNERS on strategic partnership arrangements. Many of the partners we have met have indicated their willingness to support the EBID Group in various ways, if the following conditions are satisfied: setting up of the decision-making bodies, payment of the called-up capital of the founding members (Member States) and good corporate governance.

e. Promoting the EBID Group

364. Activities to promote the EBID Group in business circles and within the regional and the international financial community have begun and are being pursued vigorously. Seminars, conferences and media events were organised in Togo, Benin, Ghana and Senegal. Similar events will be organised in other Member States as from January 2004.

Conclusion and recommendations

365. The different institutions are being put in place as planned, despite some teething problems. However, a lot remains to be done, including identification of partners, mobilisation of necessary resources, institution of good corporate governance and internationally-accepted management and control procedures.

366. In view of the above, an urgent appeal is being made to the Council of Ministers to request the three Member States which are yet to do so to ratify Protocol A/P.1/12/01 amending Articles 1,3,6 and 21 of the revised Treaty and Protocol A/P.2/12/01 relating to EBID and forward the instruments of ratification to the Executive Secretariat as soon as possible. Council may also wish to urge Member States to pay up their share of the first tranche of the called-up capital of EBID so as to enable the Bank subscribe to and pay up its shares in the share capital of its subsidiaries as soon as possible. This will also enable the Bank to attract non regional and private sector participation in the capital of the different institutions within the Group.

REGIONAL PEACE AND SECURITY

367. The Executive Secretariat, under the leadership of the ECOWAS Chairman, and in compliance with the decisions and recommendations of the Mediation and Security Council was called upon to devote an exceptionally large amount of energy during the year under review to the promotion of peace and security in the region. In addition to specific activities carried out in execution of the decisions of the 26th session of the Authority, permanent functions are assigned to the Executive Secretariat under the terms of the Protocol on the Mechanism for Conflict Prevention, Management and Resolution, Peace-keeping and Security.

and the supplementary Protocol on Democracy and Good Governance. In addition, very special attention needed to be focused on the political and security situation in open conflict zones, with a view to resolving the on-going crises, while at the same time strengthening preventive measures, and facilitating the consolidation of peace and democracy in the other countries of the region.

I Monitoring the situation

368. The security situation in the region continues to give the Community cause for great concern. The progress achieved with the peace process in Cote d'Ivoire, the signing of a general peace agreement between the parties to the Liberian crisis, and the resolution of the crisis in Guinea Bissau only serve to highlight in different ways the continuing instability of our region. These are also a reminder of the need for even greater commitment, sacrifice and solidarity on the part of all our Member States in order to find a response to the challenge of violent conflict which is seriously jeopardising our integration and development efforts.

369. The year under review was particularly marked by the crises in Cote d'Ivoire, Liberia and Guinea Bissau. The humanitarian situation in the conflict zones remains critical, aggravating the risk of destabilisation in the neighbouring countries.

a. Liberia

370. It is important to note that since the resumption of hostilities in Liberia in 2001, ECOWAS has kept a close watch on events in the country, with a view to finding a lasting solution to the conflict. Efforts to promote dialogue between the different parties to the conflict continued in hopes of putting an end to the crisis. The different ECOWAS initiatives culminated in the creation of the International Contact Group on Liberia (ICGL), through which the international community would be able to channel more effectively its support to the ECOWAS effort to restore lasting peace to Liberia.

371. Since its inauguration in New York on 17 September 2002, the International Contact Group on Liberia, which comprises the United Nations, the European Union, the African Union, ECOWAS, France, the United Kingdom, Morocco, Ghana, and Nigeria, has held several working sessions and undertaken actions aimed at creating an atmosphere conducive to the organisation of peace talks between the parties to the Liberian crisis.

372. The co-presidents of the International Contact Group on Liberia, namely Nana Akufo-Addo, Minister of Foreign Affairs of the Republic of Ghana, and Hans Dalghren, Minister of Foreign Affairs of Sweden and Special Representative of the European Union for the Mano River Union, visited the member countries of the Mano River Union on 14 and 15 April 2003, at the request of the Contact Group.

373. A joint UN/AU/ECOWAS mission also visited Liberia from 5 to 10 May 2003 at the invitation of President Charles Taylor, to assess the social, political and economic situation in

Liberia and evaluate the country's needs. During the visit, all the Liberian political leaders agreed on the need to postpone elections and organise unconditional peace talks. They also endorsed the decision of the ECOWAS Chairman to designate the former President of the Federal Republic of Nigeria, General Abdulsalami Abubakar, as mediator. Immediately after his appointment, General Abubakar visited Liberia, Sierra Leone and Guinea where he held meetings with the Heads of State, political leaders, and representatives of civil society organisations.

374. At the end of the meetings, it was decided that the inter-Liberian peace talks would take place in Ghana. The peace talks began on 5 June 2003, after an inaugural session on 4 June which was attended by Presidents Obasanjo, Gbagbo, Taylor, Mbeki and Kabbah, and chaired by the ECOWAS Chairman. June 4th was also the day on which President Taylor was officially charged with war crimes by the Special Tribunal on Sierra Leone. In a brief speech that same day, President Taylor announced his readiness to vacate power if he was considered to be the cause of the problem in Liberia.

375. A ceasefire agreement was signed on 17 June 2003 between the government of Liberia, Liberians United for Reconciliation and Democracy (LURD), and the Movement for Democracy in Liberia (MODEL). Negotiations continued from the signing of the ceasefire agreement, culminating in the signing of the Comprehensive Peace Agreement. A key factor facilitating the conclusion of the Comprehensive Peace Agreement was the decision of the extraordinary session of the ECOWAS Authority held in Accra on 31 July 2003, referring to the 1999 OAU Algiers Declaration on change of government through unconstitutional means and the supplementary Protocol on Democracy and Good Governance which prescribes, among other things, that no leader of any of the parties to the conflict may occupy a leadership position in the transitional government. They also adopted a number of measures aimed at promoting greater stability in Liberia and facilitating the departure of President Taylor.

376. At this particular juncture, I should like to express the Community's indebtedness to the Federal Republic of Nigeria, and more particularly to President Olusegun Obasanjo who not only agreed to grant President Taylor political asylum in Nigeria but also authorised the rapid deployment of two Nigerian battalions to form the backbone of the ECOWAS Vanguard Force in Liberia (ECOMIL). President Taylor left Liberia on 11 August 2003, and the Vice President, Moses Blah, took over as the Head of the interim government which remained in power until 14 October when a transitional government was sworn in for a period of two years.

377. In implementation of a decision of the extraordinary summit of the Authority in Accra on 31 July 2003, an ECOWAS intervention force was deployed between 4 August and 1 October, comprising 3,565 troops contributed by Nigeria, Ghana, Senegal, Gambia, Mali, Togo, Benin and Guinea Bissau. The deployment was made possible through the assistance of the United Nations, the United States of America, and the European Union. By Resolution 1509 authorising the deployment of an international force of 15,000 blue berets in Liberia,

the United Nations was empowered to take over from the ECOWAS Mission there on 1 October 2003.

378. I wish to pay tribute to all the troop-contributing countries, which, by their support, made it possible to effect the rapid deployment of the ECOWAS force, to stabilise the situation in Liberia, facilitate the return of the humanitarian agencies and ensure the safe departure of President Taylor. I also wish to pay a well-deserved homage to the ECOWAS Mediator, General Abubakar, under whose leadership the peace talks were brought to a successful conclusion.

379. The 14th of October 2003 thus marked the beginning of a new era for Liberia, under the leadership of President Gyude Bryant and Vice President Wesley Johnson, both elected at the end of the peace talks in Accra. However, the situation in Liberia remains fragile and the country will need the continued support of the international community and the region, particularly with regard to the implementation of the humanitarian assistance programme, as well as the Disarmament, Demobilisation and Reintegration, and Reinstallation, Rehabilitation and Reconstruction programmes. I have, therefore, in implementation of the decision of the current ECOWAS Chairman, directed that an account be opened for funds to support the peace process in Liberia. With the assistance of the European Union, I have also opened an office in Monrovia for the ECOWAS Special Representative, Ambassador Francis Blain of The Gambia; his appointment attests to the determination of the Community to restore peace to Liberia.

380. The Comprehensive Peace Agreement on Liberia provided an opportunity to reaffirm some of the fundamental ECOWAS principles:

- refusal to accept accession to power by unconstitutional means;
- the principle of refusing to reward rebellion;
- the need to ensure the participation of the entire Liberian population in shaping the future of the country;
- respect of the Constitution of the country;
- cessation of hostilities as a precondition for any negotiation;
- promotion of lasting peace.

381. ECOWAS must remain vigilant and keep a close watch on the situation in Liberia so as to avoid the errors of the past and ensure the success of the peace process.

382. I also want to use this opportunity to pay homage to the current ECOWAS Chairman, His Excellency John Kufuor, for his personal commitment to peace and security in the region, and to Mr Kofi Annan, Secretary General of the United Nations, and President

George W. Bush of the United States of America, for their unwavering support. My special thanks go to the government and people of Ghana for accepting to host the inter-Liberian peace talks and for the facilities made available to ECOWAS to ensure the success of the negotiations.

b. Côte d'Ivoire

383. It should be recalled that the 26th session of the ECOWAS Authority held in Dakar on 31 January 2003, decided that the Marcoussis Agreement constituted an appropriate framework for the resolution of the crisis in Cote d'Ivoire and called on all Ivorians to give it their full support. The Heads of State and Government also decided to send a high-powered delegation from the Contact Group on Cote d'Ivoire to discuss the situation in the country with President Gbagbo. The delegation was in Cote d'Ivoire on 1 February 2003, when the ECOWAS Chairman initiated action to bring about a speedy resolution of the impasse created by the composition of the government, and specifically, the assignment of the portfolios of Defence and Security.

384. After consultations, the most important of which was the Accra round-table conference held on 6 and 7 March 2003, an agreement was reached between the parties to the Marcoussis Agreement on the composition of the government. Although a few problems remained unresolved, the government of national reconciliation headed by Prime Minister Seydou Diarra took steps to ensure effective implementation of the Marcoussis Agreement, in close collaboration with the Monitoring Committee of which my Special Representative in Cote d'Ivoire, Ambassador Ralph Uwechue, is a member. The hope born from these initial steps towards the implementation of the programme soon faded when the different parties failed to reach agreement on the assignment of the portfolios of Defence and Security. Other issues such as demobilisation, disarmament, reintegration and the de facto partitioning of the country, continued to pose a threat to the peace process. It is against this backdrop that the "IB" affair exploded. This was an attempted coup d'état which further exacerbated the distrust between the two parties.

385. On 13 September 2003, President Gbagbo appointed the Ministers of Defence and Security. As soon as the announcement was made, the New Forces rejected the appointments which, in their view, were not the result of a consensus of opinion, as stipulated in the Accra Agreement. At the end of a meeting of the New Forces held in Bouake on 22 and 23 September 2003, the Secretary-General of the MPCJ announced that the party was withdrawing from the government of national unity, the Council of Ministers, and the disarmament, demobilisation and reintegration process. This completely stalled the peace process which must be revived. Negotiations are in progress to persuade the New Forces to return to the Government of National Reconciliation, and comply with the terms of the Marcoussis Agreement.

386. The summit of ECOWAS Heads of State and Government in Accra on 11 November 2003, was one such initiative. The recommendations of the summit included the deployment of 80 additional gendarmes to boost the numbers of the security personnel attached to the

Ministers, the increase of the strength of the ECOWAS mission in Cote d'Ivoire and its transformation into a United Nations peace-keeping force. In furtherance of these recommendations, a Ministerial mission from the Mediation Council was sent to New York and Washington on 24 and 25 November 2003, to inform the United Nations Security Council and the American government respectively, of the situation in Cote d'Ivoire, and request their support for the transformation of the ECOWAS Mission into a United Nations peace-keeping force.

387. On the security front, ECOWAS maintains a force of 1,382 men in Cote d'Ivoire who operate alongside the French troops deployed under "Operation LICORNE", within the framework of Resolution 1464 of the UN Security Council. ECOWAS troops, working together with a team of 81 gendarmes, are also responsible for the protection of the members of the government. The security situation in the country has stabilised due to the presence of these forces. However, it should be recognised that the situation still gives cause for great concern.

388. I wish to express my gratitude to the troop-contributing Member States, namely Benin, Niger, Senegal, Ghana and Togo, for the efforts they have made to maintain their contingents within ECOMICI.

389. I should also like to thank our partners, particularly France, the USA, Germany, The Netherlands and Belgium, for their assistance in enabling the deployment of the ECOWAS force in Cote d'Ivoire. The ECOMICI presence is a guarantee of the effective implementation of the Marcoussis Agreement. I am therefore making an urgent appeal to all Member States to participate in this effort to promote peace.

c. Sierra Leone

390. The political and security situation in Sierra Leone has remained calm and stable since the legislative and presidential elections held on 14 May 2002.. However, the government still lacks the resources it needs to ensure the smooth operation of public services. The government also lacks the capacity to reorganise the army and the police forces, and to implement the plan to reduce the strength of the UN mission in Sierra Leone. Sierra Leone needs the support of the development partners in order to ensure the success of these programmes.

d. Guinea Bissau

391. Since the 1998 constitutional crisis in Guinea Bissau, ECOWAS has been consistent in its efforts to assist the country to consolidate peace, stability and democracy. Actions taken by the Executive Secretariat in this regard include the conduct of fact-finding missions, the inclusion of the situation in Guinea Bissau on the agenda of all the meetings of the ECOWAS Mediation and Security Council, and constant appeals to the international community to render assistance to the country.

392. In collaboration with the United Nations and some Portuguese-speaking countries, ECOWAS has also endeavoured to find a negotiated solution to the crisis, focusing on the effective restoration of the powers of institutions, which is a precondition for the exercise of real democracy. Despite all these efforts, the situation continued to degenerate, culminating in the coup d'état of 14 September 2003. In a swift reaction, the ECOWAS Chairman strongly condemned the coup d'état and reaffirmed in no uncertain terms, the determination of the Community to ensure strict compliance with the provisions of its protocols, and its adherence to the 1999 Algiers Declaration of the OAU which stipulates that the continent will refuse to recognise any regime which accedes to power by the overthrow of a democratically elected government or by any other unconstitutional means.

393. Following a directive from the ECOWAS Chairman, a delegation comprising the Minister of Foreign Affairs of Ghana and Chairman of the Mediation and Security Council, the Ministers of Foreign Affairs of Senegal, Guinea, Gambia and Cape Verde, and myself, conducted a fact-finding mission to Guinea Bissau. Our delegation met with President Koumba Yala, members of the military junta led by General Verissimo Correia, representatives of political parties and civil society organisations, and the Archbishop of Bissau. This mission was followed almost immediately by a visit to Guinea-Bissau by the Chairman of the Authority and the Presidents of Nigeria and Senegal. The Presidential mission clearly stated the ECOWAS position on the situation and its desire to facilitate the maintenance of constitutional order in Guinea-Bissau.

394. As a result of the ECOWAS mediation, President Koumba Yala announced his decision to resign from the government, in the interest of peace, stability and national unity. For their part, the armed forces issued a clear statement that it was not their intention to remain in power. The parties agreed on a transitional period of eighteen (18) months under the following institutional arrangements:

- A President, in the person of Mr. Enrique Correia Rosa;
- A Prime Minister in the person of Mr. Arthur Sanha;
- A National Transitional Council comprising all the members of the Military Committee (25 members), 23 representatives of the registered political parties, and 8 representatives of civil society organisations, to function for a period of 6 months, under the chairmanship of General Verissimo Correia.

395. The President and the Prime Minister were sworn in on 28 September 2003 before the National Transitional Council. The Prime Minister formed his government after due consultation. The swift intervention of ECOWAS facilitated contacts between the parties to the conflict in Guinea Bissau and paved the way for the resolution of the crisis through dialogue. Nonetheless, the situation in Guinea Bissau remains fragile and must be monitored very closely by ECOWAS. The country needs financial resources to enable it to pay the salaries of its civil servants, and open schools and hospitals.

396. Once again I appeal to the international community to honour its pledges by providing financial assistance to Guinea Bissau.

II. HUMANITARIAN SITUATION

397. Although some progress has been made in Cote d'Ivoire and Liberia, the humanitarian situation remains critical in the conflict zones where the number of displaced persons and refugees is still in the thousands. The situation in Liberia is particularly difficult. The deployment of the ECOWAS Force (ECOMIL) in Monrovia and its environs facilitated the return of humanitarian agencies and their access to some of the affected zones. Thus, at the end of September 2003, the World Food Programme was able to distribute water and food to more than 240,000 people.

398. The ECOWAS Mission to Liberia also participated recently in the evaluation of the humanitarian situation. All the sources contacted confirmed serious violations of human rights in Liberia. Many refugees are still to be found in neighbouring countries and their return home will contribute in no small measure to strengthen the peace process.

399. The Ivorian conflict generated a humanitarian crisis, particularly among migrant workers. Although some improvement has been observed, the situation is still critical and constitutes a heavy burden on the neighbouring countries. It is also adversely affecting the Ivorian economy. Similarly, the Liberian conflict has led to the exodus of thousands of persons to the western part of Cote d'Ivoire. The food and sanitary situation in the northern and western parts of Cote d'Ivoire is quite poor, due to the security situation there. In Sierra Leone, more and more refugees and displaced persons have been returning to their homes.

400. The Republic of Guinea plays host to a large number of refugees and is thus having to bear the brunt of the conflicts in the Mano River region. I wish to use this opportunity to launch an appeal to the international community to support Guinea and to provide the assistance the refugees need to enable them return to their countries of origin.

III. STATUS OF IMPLEMENTATION OF THE PROTOCOL RELATING TO THE MECHANISM FOR CONFLICT PREVENTION, MANAGEMENT AND RESOLUTION, PEACE-KEEPING AND SECURITY

401. Four years after the Protocol was adopted, all the institutions established under it have become operational. The institutions have been meeting regularly and carrying out the tasks assigned to them. The various organs have also been participating actively in the implementation of the decisions taken by the different institutions.

Mediation and Security Council

402. The Mediation and Security Council is one of the three institutions established under the Mechanism. It acts on behalf of the Authority which is the highest decision-making body

in matters relating to the implementation of the provisions of the Mechanism. It meets at three levels: Heads of State and Government, Ministers, and Ambassadors. The Authority designated the following countries in December 2001 as members of the Mediation and Security Council: Burkina Faso, Ghana, Guinea, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo. Membership of the Council will be renewed in January 2004. One ordinary meeting and three extraordinary ministerial meetings of the Mediation and Security Council were held during the review period to consider the security situation in the region, particularly in Cote d'Ivoire.

403. Following the outbreak of fresh fighting in Monrovia, the Council held its sixth extraordinary meeting on 22 July during which it decided to deploy an ECOWAS vanguard force of two Nigerian battalions and two multinational battalions.

The Defence and Security Commission

404. The Defence and Security Commission established under Article 18 of the Protocol relating to the Mechanism for Conflict Prevention, Management and Resolution, Peace-keeping and Security was very active during the period under review. It organised three ordinary and two extraordinary meetings on the modalities for the deployment of the different missions decided by the Mediation and Security Council. It is worth mentioning that the meetings strengthened the ties between the Chiefs of Defence Staff, some of whom have taken the initiative to invite their colleagues to attend the festivities marking the national days of their countries, thereby contributing to regional integration through the armed forces.

The ECOWAS Stand-by Units

405. The ECOWAS Ceasefire Monitoring Group (ECOMOG) composed of stand-by multi-purpose modules, was requested to provide troops for peace keeping missions in Cote d'Ivoire and Liberia. It would be recalled that earlier meetings of the Defence and Security Commission had considered the issue of the strength of the stand-by units and formulated recommendations concerning logistics and training.

406. On the whole, 1,382 and 3,583 troops were deployed to Cote d'Ivoire and Liberia respectively. These troops lacked the necessary heavy equipment and logistics and so had to be deployed with the assistance of our development partners. Similarly, the required number of troops was not readily available, although the Member States had initially pledged to contribute two battalions.

407. The experience in Cote d'Ivoire and Liberia has revealed our limitations in terms of our ability to deploy troops on the ground. There is thus the need for greater commitment on the part of Member States. We also need to review our ambitions in line with the means available to us. The Executive Secretariat also encountered serious difficulties when it came to mobilising resources needed to pay the entitlements due to the troops. Hence the need to urgently establish the Peace Fund provided for in Article 36 of the Protocol.

408. I appeal to all Member States to take necessary measures to ensure that the stand-by units they have pledged to contribute to the ECOWAS Force are always adequately prepared for immediate deployment.

The Council of Elders

409. The new Council of Elders elected for a one-year term of office by the 26th summit of the Authority was inaugurated in Accra on 23 April 2003. The Executive Secretariat designated some members of the Council of Elders to participate in election monitoring exercises. The assistance of partners is being sought to prepare the members of the Council of Elders for their roles by providing them the necessary tools.

Accreditation of Ambassadors to ECOWAS

410. Following repeated appeals that Member States should take necessary measures to accredit their Ambassadors to the Executive Secretariat, in accordance with Article 14 of the Protocol relating to the Mechanism for Conflict Prevention, Management and Resolution, Peace-keeping and Security, nine (9) Ambassadors of ECOWAS Member States have formally presented their letters of credence to me. These are the Ambassadors from Benin, Burkina Faso, Cote d'Ivoire, Ghana, Guinea, Mali, Niger, Nigeria, Senegal and Sierra Leone.

411. Canada, Cuba, France, Germany, Greece, the Republic of Ireland, Italy, Japan, The Netherlands, Russia, Spain, Sweden and the United Nations High Commission for Refugees (UNHCR) have also presented letters of credence.

IV. CONFLICT PREVENTION

412. As part of efforts to prevent conflicts in the region, the zonal observation and monitoring bureaux, established within the framework of the Protocol on the Mechanism, have continued to monitor the political, security, economic and social situation in the Member States. I regularly brief the ECOWAS Chairman and the Mediation and Security Council on any new developments in the Member States. As much as possible, I also maintain regular contacts with the different authorities, with a view to exchanging views on the political situation in the region and taking necessary steps to promote peace, security, democracy and good governance.

Elections

413. Elections represent the most critical test of democracy. But it can also constitute a potential cause of conflict and threat to peace and security. The summit of the Authority in Dakar on 31 January 2003 directed the Executive Secretariat to send fact-finding missions to Member States planning to organise elections in 2003 in order to determine the level of preparedness for the elections.

- **Nigeria**

414. The government of the Federal Republic of Nigeria invited ECOWAS to participate as an observer in the general elections held in the country from 12 April to 3 May 2003. In response, the Executive Secretariat sent a team comprising members of the Council of Elders, members of the ECOWAS Parliament, and representatives of Member States to Nigeria to monitor the elections. The team was in Nigeria from 10 to 21 April 2003. It monitored the elections in ten states within the Federation and prepared a mission report.

415. According to the report, the presidential and legislative elections in Nigeria were organised in accordance with laid-down procedures and took place in a peaceful and calm atmosphere. The report also noted that the elections were free and fair and that the results were a reflection of the will of the Nigerian people as freely expressed through the ballot box.

- **Togo**

416. An ECOWAS mission was in Togo from 7 to 12 May 2003 to assess the political situation in the country before the presidential election of 1st June 2003. The delegation met with the main political leaders, the Independent National Electoral Commission, and members of the Audiovisual Authority and prepared a report containing recommendations which it submitted to the ECOWAS Chairman. A team comprising representatives of the Executive Secretariat, the Council of Elders, and the ECOWAS Parliament later monitored the presidential election of 1st June 2003.

417. According to the mission report prepared by the delegation, the presidential election was transparent and took place in a calm atmosphere. I urge the Member States planning to organise elections in 2004 to follow the above examples so as to strengthen democracy in the region.

- **Civil society participation in conflict prevention and management**

418. The first meeting of civil society organisations was held in Abuja from 30 May to 1 June 2003. Jointly organised by ECOWAS, Alert International and the Centre for Democracy and Development, the meeting was attended by representatives of Member States and civil society organisations. The meeting considered the issue of security of human lives and examined the relation between security of human lives and regional integration. It also considered the consequences of internal conflicts on other countries.

419. At the end of their deliberations, the participants formulated recommendations aimed at strengthening the Mechanism, stressing the need for greater involvement of civil society organisations in the regional integration process and the need to highlight NEPAD programmes and challenges in relation to the security of human lives within ECOWAS. An ad hoc group was established to work in close collaboration with the Executive Secretariat,

other ECOWAS institutions and governments of Member States to implement the programmes. A focal point for civil society activities was also established within the Executive Secretariat.

Regional Security

420. Of all the activities to be undertaken within the framework of the Protocol, regional security and more particularly the proliferation of light weapons got the greatest attention. Following the evaluation of the Moratorium in 2002 and in implementation of decisions by the Heads of State and Government, concrete steps were taken to make the tool more effective, particularly in the following areas:

- establishment of national commissions;
- promotion of a culture of peace;
- training of armed and security forces;
- harmonisation of national legislation;
- stricter controls at borders;
- establishment of register of arms and data base;
- collection and destruction of arms;
- communications.

421. The Executive Secretariat also established a light weapons unit within its Department of Political Affairs, Defence and Security, in order to promote better ownership of the implementation of the moratorium by the entire Community. The Programme for Coordination and Assistance for Security and Development (PCASED) which is supposed to assist the Secretariat is undergoing a serious financial crisis as a result of which it is unable to effectively implement the plan of action on the moratorium. The partners are becoming increasingly hesitant to finance activities under the moratorium. Consequently, I intend to draw greater attention to the political role played by ECOWAS in order to generate more interest among the partners.

Child Protection

422. Children are important to peace and the future of the region. Their welfare is therefore a major preoccupation of the Heads of State and Government. It is for this reason that President Wade of Senegal initiated the Peer Review on children in 2002. The first meeting of ECOWAS Ministers in charge of children's affairs was held to prepare the process. During the meeting, the Ministers reviewed the situation of children and formulated appropriate strategies. They also undertook to do everything in their power to create an ECOWAS that children would be proud of. They identified five areas of activity for submission to the Heads of State and Government, with a view to encouraging them individually and collectively to take concrete actions to significantly improve the situation of children. The Child Protection Unit in the Executive Secretariat is taking measures, in collaboration with Member States, to adequately protect the children.

Free movement of persons and goods

423. Free movement of persons and the right of residence and establishment are central to the integration process. Significant progress has actually been made in the areas of free movement of persons and the right of residence and establishment. Unfortunately, the situation deteriorated in most of the Member States during the year under review, following the reappearance of multiple check points along the highways, extortion of funds from drivers, illegal taxes on goods and unauthorised charges for the right to reside and establish in Member States, all of which constitute serious breaches of the relevant protocols and decisions.

424. The 26th session of the Authority held in Dakar on 31 January 2003 reviewed the free movement of persons and goods and noted with regret that some Member States have repeatedly violated some provisions of the Protocol on free movement of persons and the right of residence and establishment. The Authority particularly deplored the presence of numerous check-points along the West African highways and urged Member States to take necessary measures to have these check-points removed and ensure the faithful application of the provisions of the protocol without further delay.

425. The Authority directed the Executive Secretariat to monitor proper implementation of these protocols and report accordingly to the next session of the Council of Ministers. To this end, the Executive Secretariat has written three times to the Member States reminding them to submit reports on the status of implementation of the protocols. In implementation of the decisions of the twenty-fifth session of the Authority, the Executive Secretariat prepared questionnaires on the status of implementation of the protocols and decisions on free movement of persons and the right of residence and establishment which it sent to Member States. It also sent an evaluation mission to the Member States. However, only Benin, Gambia, Niger and Togo have so far completed and returned the questionnaires.

426. Concerning the ECOWAS passport, only the Republic of Benin and the Republic of Senegal have put it into circulation. The other Member States are once again requested to print and distribute the passport as soon as possible. I appeal to the Member States to take all necessary measures to implement the Protocols on free movement of persons and the right of residence and establishment as well as the ECOWAS passport all of which are crucial to regional integration.

V. SUPPLEMENTARY PROTOCOL ON DEMOCRACY AND GOOD GOVERNANCE

427. The Supplementary Protocol on Democracy and Good Governance adopted by the 25th session of the Authority held in Dakar on 21 December 2001 aims to tackle the root causes of conflicts, with a view to promoting lasting peace, security, stability and development. We note, however, that despite all the initial hopes, only Ghana has ratified the Protocol, although the Heads of State and Government have taken a decision on some of the provisions of the Protocol, particularly the provision relating to elections. I therefore call on all Member States to take necessary measures to ensure speedy ratification and

implementation of this regional instrument which can contribute in no small measure to promote the growth of democracy.

VI. REGIONAL APPROACH TO PEACE AND SECURITY

428. A meeting of the Authority was held in Abuja on 28 May 2003 during the celebration of the 28th anniversary of the Economic Community of West African States. After reviewing the security situation in the region, the Heads of State and Government reaffirmed their determination to strengthen peace and stability in West Africa. In this regard, the Authority adopted a "Declaration on a sub-regional approach to peace and security" in which the Heads of State and Government reaffirmed the importance of a concerted regional approach to the resolution of the crises affecting the region and impeding integration efforts.

ADMINISTRATIVE MATTERS

429. Efforts are continuing to ensure effective take off of the Department of Political Affairs, Defence and Security. Directors have been appointed for the Political Affairs, Humanitarian Affairs, and Defence and Security Departments and the Observation and Monitoring Centre. They assumed duty in August 2003, after undergoing the normal recruitment procedure for permanent staff. Vacancies for the posts of Heads of Division have been advertised and the recruitment procedure will begin soon.

430. Regarding the four zonal bureaux (Banjul, Ouagadougou, Monrovia and Cotonou), the procedure for the recruitment of a limited number of staff members will be completed with the assumption of duty of the Zone 3 (Monrovia) support staff. However, the staff of the zonal bureaux will require special working tools and specialised training in order to be in a position to carry out their duties effectively. I wish once again to thank the authorities of the countries where the headquarters of the zonal bureaux are located, namely Benin, Burkina Faso, Gambia and Liberia for making available to ECOWAS the buildings provided for in the Headquarters Agreements they signed with the Community. I wish to appeal to them to continue to assist the Directors of the Zonal Bureaux in their noble task of preventing conflicts.

CONCLUSION

431. Lasting peace in the region is the most serious challenge to be met in order to ensure integration and development. In 2003 alone, the Community and development partners devoted considerable amounts of human and financial resources to conflict resolution in the region. The direct consequences of the conflicts on the economies of the crises-torn countries should serve as a constant reminder to us that we need to do everything in our power to find a lasting solution to the conflicts. Conflict prevention and resolution as well as peace building should be the watchword as we formulate strategies for 2004 so as to create a region where peace will reign supreme.

CHAPTER III

INTEGRATION AND DEVELOPMENT IN WEST AFRICA: FACING THE IMMEDIATE CHALLENGES

432. Even though numerous regional integration instruments have been adopted, the record of implementation is unsatisfactory and ECOWAS has not had much impact on the national economies. At the national level, Member States have not made regional integration their development tool; West African countries are yet to adopt a regional approach to national policy formulation. Equally significant is the lack of sustained focus on long-term development, the principal objective that regional integration is designed to address. For more than two decades, West African economies have been operated without the guidance of a clearly defined long-term development framework. During that period, there has been very little growth and even less development; current trends suggest further impoverishment and marginalisation.

433. It is argued in this chapter that, given the number of initiatives and forces that influence the economic management policies of West African governments, a long-term regional development strategy needs to be adopted and adhered to. This is one of the immediate challenges, if the regional economy is not to continue floating as a rudder-less ship. The other immediate challenges relate to improving significantly performance under the regional integration process by getting Member States to orient national policies towards regional integration: through the incorporation of the many regional instruments adopted within ECOWAS and at continental level into national texts and practices.

434. A number of factors compel me to draw attention in this Annual Report to the urgent need for our region to adopt and be guided by a long-term regional development policy and strategy. While through the creation of ECOWAS, regional integration is supposed to be the chosen development strategy of West African countries, the non-implementation of Community acts and decisions persists. Indeed, there is very little evidence at the national level of a commitment to a regional approach. National economic policies continue to be in pursuit of short to medium-term objectives and are hardly based on a clearly-defined long-term development framework. Both the ordinary West African citizen and the policy-makers with whom I have interacted these past twelve months over the incessant regional crises have often posed this disturbing question: Are we as a people unaware of our precarious existence and the threat to our survival, even without the negative effects of the civil conflicts and political instability?

435. The challenges of widespread and increasing poverty, globalisation and the marginalisation of our region should make West Africans very focused and determined to mobilise all our resources in a sustained effort to accelerate our development. As it is now, our region is torn in different directions by either well-intentioned but uncoordinated economic initiatives or divisive political forces. Equally distressing is the fact that both public and private sector operators remain ignorant of the enormous potentials of the region and

have not been exploiting these regional opportunities in any appreciable and organised manner.

The Development Challenge

436. Like the rest of the countries of the African continent, ECOWAS Member States have to face the arduous challenge of socio-economic development. This is the process of changing a tradition-bound and narrow-based economy of low productivity into a modern monetised, diversified and high-productivity economy that operates competitively in the global economy. By every account, if the level of past performance of the African economies continues, most of them are unlikely to achieve sustainable development in the foreseeable future. The threat of continued impoverishment and economic marginalisation is real, particularly in West Africa where half of the population lives in abject poverty. Already, the high incidence of poverty, unemployment and poor governance has led to civil conflict and the collapse of law and order in many parts of our region and elsewhere on the continent. Human security is low and diminishing, and for quite a number of African countries, the very survival of the state is at stake.

437. In recognition of these formidable development challenges, African countries by themselves and in partnership with the international development community have, over the years, undertaken a number of initiatives to lift the national economies out of poverty. Development planning and the adoption of various development strategies characterised the early years of independence. The declaration of a series of United Nations Development Decades represents the support that the international community has sought to extend to the developing world. The *new international economic order* adopted in the early 1970s and the development focus of the World Bank and United Nations institutions and specialised agencies (such as UNDP, UNCTAD, ECA, FAO, UNIDO, UNESCO, UNICEF) are further proof of the contribution that the international community has been making towards the development of the Third World.

438. The adoption of the Lagos Plan of Action (LPA) was the concerted effort of African leaders at the beginning of the 1980s at re-orienting the development process within the framework of collective self-reliance. The global economic crisis that emerged soon after the adoption of the LPA led to the decade-long series of economic recovery, stabilisation and structural adjustment programmes, famously supported by the African Priority Programme for Economic Recovery (APPER). All that effort did not achieve the desired results and the 1980s became known as *the lost decade*. Hardly any structural changes have occurred; all our economies remain mono-cultural and are still struggling to recover and re-gain the pre-crisis levels of development. Since the beginning of the 1990s, West Africa has been part of the general continental movement of political and economic liberalisation, with very mixed results. A combination of endogenous and exogenous factors is behind the inability of our countries to make progress along the development path.

439. The current slow recovery of the global economy is imposing difficult times on all members of the international community. For instance, the countries of the European monetary union have been making relentless efforts in recent months to meet their macro-

economic policy obligations under the euro's convergence pact. So have other developed economies been endeavouring to sustain the momentum of the global economic recovery. Underlying these developments is the fact that maintaining economic stability and sustaining prosperity is a continuous process. For developing countries, and particularly those in West Africa which are on the bottom rung of the development ladder, there is the obligation to strive continually to do more. ECOWAS Member States have no other choice than to step up the momentum of the integration and development process.

440. We recognise that commendable policy reforms have taken place in many of our countries and recent economic performance reflects a measure of success of these efforts. However, it can safely be asserted that much more needs to be done if it is recalled, for example, that individual national performance falls far short of the policy convergence targets we set ourselves; that administrative bottlenecks and institutional deficiencies continue to clog the government machinery; that corruption and official harassment still hamper private enterprise and the smooth functioning of market forces. If the inflow of official development assistance and more importantly, direct private investment is to increase, the credibility of West African governments, the credit-worthiness of our countries as a whole and the attractiveness of the West African business environment have to be improved quite significantly.

An appropriate development strategy

441. Admittedly, a never-ending national economic reform process is a difficult path to tread, politically and socially. If reforms must continue, different strategies and approaches must be employed. In this regard, one notes that not much serious attention has been paid by Member States to the easier collective approach that regional integration and particularly the various ECOWAS policy harmonisation initiatives have introduced on the West African development scene. The regional approach to economic development is based on harmonisation and simplification of national development policies, with emphasis on the adoption of best practices (thus eliminating costly experimentation), synchronisation of national reform programmes (to maximise beneficial effects and eliminate adverse consequences on neighbouring economies), as well as enhancement of the benefits of economies of scale through building regional infrastructures' information and other networks.

442. The need for a common regional approach applies as much to the adoption of an overall development strategy as it does to the formulation of sectoral policies and programmes. For example, the above-mentioned considerations will form the basis for designing the regional PRSP being formulated to complement the national PRSPs. Since the regional PRSP initiative is being developed in close collaboration with the World Bank and the IMF, another positive aspect of the regional approach will be at play – inflow of additional development assistance to cover part of the cost of national economic reform undertaken within the context of regional integration. Other examples are cited later in this chapter to illustrate the point that the potential benefits of regional integration have hardly been exploited in West Africa.

Formulating a regional development strategy

443. At the dawn of the 21st century, African countries were moved by their disappointing past development experiences, particularly the poor performance over the last two decades, to make a collective effort at defining a long-term development strategy. This led to the re-affirmation of the regional approach to economic development through the adoption of the Constitutive Act of the African Union. The Constitutive Act not only converted the OAU as a political organisation into the African Union, but re-affirmed the economic union commitment made at Abuja in 1991 by all African Heads of State and Government under the treaty of the African Economic Community.

444. The adoption of the new partnership for Africa's development (NEPAD) document in October 2001 reinforced the integration option and provided a framework for the long-term development of the continent. A firm commitment has been made by ECOWAS Member States to ensure the success of the achievement of NEPAD and AU objectives in West Africa. These initiatives must be taken into account in the formulation of national and regional development policies.

445. Along-side these two potentially viable development instruments, West African and other African countries are equally guided in the management of their economies by initiatives such as the millennium development goals (MDGs) and the poverty reduction strategy papers (PRSPs). In our region in particular, the development strategy also has to take into account the recent commitment to the establishment of West Africa and the European Union as a free trade area through the regional economic partnership agreement currently under negotiation. Even the application of the provisions of the African Growth and Opportunity Act (AGOA), which also incorporates the possible joining of any number of our countries in a free trade area arrangement with the USA, could have a significant influence on the future pace and direction of the development of West African economies.

446. **The Multiple Development Initiatives.** It is found then that, to varying degrees, ECOWAS Member States derive their national economic management policies from such sources as the PRSPs, MDGs, NEPAD, regional integration initiatives (ECOWAS, UEMOA, African Union), the Cotonou Agreement and a host of other multilateral and bilateral arrangements. These are initiatives which have been introduced at different times and, even within each country, do not involve to the same degree all the departments and agencies concerned. It is not certain if a conscious effort is made to harmonise and coordinate at the national level the adaptation and application of these initiatives. There is need for such harmonisation at both national and regional levels to obtain a single development focus and achieve coherence and compatibility. The Community must bring its Member States together to fuse these multiple development initiatives into a regional long-term development strategy. The following examples illustrate this need.

447. **The MDGs, PRSPs and long-term development:** For good reasons, ECOWAS Member States have been focusing public policy in recent years on tackling poverty. West Africa is among the regions with the highest number of least developed countries; absolute poverty affects more than half of our population. Ours is one of the rare regions in the world

where impoverishment will deepen if current trends are not reversed. Most of our countries are eligible for treatment under the highly indebted poor country (HIPC) initiative – such is the burden of external indebtedness on our meagre resources. The PRSP, introduced as a condition for accessing HIPC resources, has become the principal development framework in Member States.

448. The PRSPs are formulated to address the MDG objectives, particularly tackling income poverty and improving selected social indicators in the health and education sectors. However, the present strategies and approaches are not making the amount of impact to assure us that poverty will be significantly reduced, let alone eradicated, in the foreseeable future. Other possibilities need to be examined to ensure that poverty is tackled more effectively. There is every indication that much would be gained by developing such a regional approach to the fight against poverty. In specific terms, we are to improve the design, content and implementation of the national PRSPs through an interactive process.

449. We should examine together how well each Member State has designed its PRSP to satisfy MDG targets. In what way and to what extent are the two initiatives harmonised and being implemented on a coordinated basis (in terms of programming, institutional arrangements and resource allocation)? There is even much more to be gained by reviewing the MDGs and the national PRSPs within a regional context through the formulation of the proposed regional PRSP. Instead of the limited objective of poverty reduction, attention needs to be put on a more comprehensive development objective. For example, without adequate investment in production diversification and infrastructural development, present growth trends cannot be improved upon significantly. The regional integration framework enhances the chances of achieving such long-term development objectives.

450. **NEPAD and Regional Integration objectives:** In West Africa, NEPAD and the regional integration process provide a comprehensive framework for the long-term development of the national economies. The ECOWAS programmes are being re-oriented to reflect NEPAD objectives and achieve the necessary synergy for accelerating the development process in West Africa. Apart from the mobilisation of resources for the implementation of the merged programmes, the necessary institutional capacity must be created for monitoring and coordinating the implementation process.

451. There is in each Member State a ministry responsible for regional integration and a national NEPAD focal point is also to be created. Ideally, the coordination of the two initiatives at the national level should be assigned to the ministry responsible for economic development, to ensure that the development policies of the country are fully based on these initiatives. It was the same desire for compatibility and a coordinated approach that the ECOWAS Authority decided that a regional NEPAD focal point should be created within ECOWAS to spearhead the regional approach to NEPAD implementation in West Africa. It has been found necessary to review the institutional arrangements within Member States to ensure effectiveness and efficiency. This is vital for the future success of not only NEPAD and regional integration in West Africa, but the very development process in the region.

452. **Development of intra-regional trade:** In the trade sector, ECOWAS has set itself the task of pursuing the classical approach of creating a customs union. Since January 2000, the region achieved the status of a free trade area: free movement of originating goods, free of all duties and non-tariff barriers. We are in the process of establishing a common external tariff (CET) for the entire region, on the basis of the 4-band CET of the UEMOA. In spite of the top priority accorded this form of integration since the inception of ECOWAS, very little has been achieved; tariff and non-tariff barriers continue to hamper intra-regional trade, which has not expanded as had been expected.

453. The success of any regional integration process is judged by the expansion of intra-regional trade and other business transactions. Much has been said in the past on the need to implement the ECOWAS trade regime, and an immediate challenge is how to ensure that the recent improvements to the scheme are exploited effectively by the regional operators.

454. **EPA and West African Integration.** Our region has accepted the invitation under the Cotonou Agreement to negotiate an economic partnership agreement (EPA) with the European Union. That agreement will lead to the establishment by 2020 of a free trade area between West Africa and the European Union. How much of an opportunity and a challenge would the EPA constitute for West African countries? This will depend first on the negotiation capacity of West Africa in presenting the region's concerns and getting our interests duly accommodated. It will depend also on the genuineness of the European Commission's commitment to assisting with West Africa's development into a viable trading partner. More importantly, it will depend on how effectively our region pursues the implementation of the EPA provisions so as to maximise the benefits that are to be derived under the agreement.

455. One can only recall that, in spite of the non-reciprocal nature of the preferential trade regime established under the successive Lome conventions, West African countries and the other ACP states lost a significant share of their European market to other developing countries which enjoyed no such EU privileges. The EPA negotiations provide an opportunity for us to examine critically our development options within the context of a competitive global market: the solid and integrated regional economic base that we must establish, and the nature of the inevitable links that must exist between West Africa and the rest of the world economy.

456. **Multilateral Trade Negotiations:** The integration process in West Africa is leading to the establishment of a unified regional market, open to the global market. We are obliged to work together as a region towards the improvement of the access of West African goods on the international market. One other immediate challenge is, therefore, building the required regional solidarity and negotiating capacity, in order to improve upon the common front that West Africa adopted in presentation for Doha and Cancun. In both cases of WTO and EPA negotiations, ECOWAS has established a regional mechanism for enhancing our capacity to negotiate trade agreements. Thus the EPA negotiation structure has already become operational and steps need to be taken to improve upon its performance as the negotiations deepen. Similarly, the trade negotiation capacity building programme initiated with the resources of the African Capacity Building Foundation (ACBF)

is about to take off. The programme, which focuses on government officials involved in the WTO negotiations, is to be pursued with vigour and we expect to mobilise additional support from donors and those institutions concerned with trade promotion in developing countries.

457. Market access is certainly important and much remains to be done for West African exports (actual and potential) to enjoy fair treatment on European and other Western markets. While we continue to fight for better market access, the Lomé convention experience should remind us that there are other fundamental problems that need to be tackled to make West Africa a viable and competitive trading partner on the international market. The EPA and any other trade agreement will at best provide an opportunity for expanding West African exports. The critical challenge relates to how well we marshal our regional resources and embark on the fundamental structural adjustments that our national economies must undergo in order to withstand international competition and exploit the opportunities that such international trade agreements would offer.

458. Apart from the EPA negotiations, our Member States are also participating in the multilateral trade negotiations under the World Trade Organisation. When that round of negotiations for increased liberalisation of world trade led to a definition of a new round, the issue revolved round giving serious consideration to the development dimension. This raised the expectation that the negotiation agenda would focus on re-shaping the international trading system to make trade a true instrument for enhancing the development of Third World countries. The experience at the subsequent ministerial meeting in Cancun in September 2003 proves, however, that developed countries need to make substantial concessions for the Doha round to achieve its development objective. While Cancun was not exactly a repeat of the Seattle debacle, the message was nonetheless harsh: developing countries, for their part, need to work hard on both trade and development issues for the desired change in the international economic order.

459. **Development through comprehensive integration agenda:** Regional integration in West Africa is not limited to the traditional approach of liberalising the internal market. The integration process has been expanded to all the socio-economic sectors and also covers close cooperation in defence and political affairs under the ECOWAS initiatives. From the Community Acts and Decisions already adopted, it is clear that regional integration directly addresses long-term development issues and is intended as a development tool. All the key government ministries and departments are involved in the regional programmes that ECOWAS has had adopted by West African countries.

460. The ECOWAS integration agenda should be the point of reference for all national development policies. We need to determine how true this holds in reality for each Member State in order to understand why ECOWAS faces the problem of non-implementation and why regional integration has not made the expected impact on the development process.

461. **Regional peace and security.** Since the 1990s, national economic reform measures have sought to create stable and liberalised economies, driven by free market forces. The expectation was that private entrepreneurs would be attracted by such a stable and conducive business climate. Sadly, the 1990s also saw political instability and the

eruption of civil conflicts which only created the image of an unstable region. The ordinary West African needs to be spared the agony of war (death, wanton destruction of property, displacement of entire populations, distrust among neighbours and between social groups, disruption of economic life and diversion of resources to military use, etc). West Africa is already handicapped on the international economic scene by poverty and the unviable regional economic structure. Even without the adverse effects of political instability, the economic development of our region is a formidable challenge that must be faced with the utmost sense of urgency.

462. There is a minimum degree of peace, harmony and solidarity that must exist within and between the countries in the region if we are to succeed with the integration process. The bitter experience of the civil conflicts confirms the fact that unless there is a certain level of cohesion within each country and in the region as a whole, no credible political or economic system can function normally. The West African leadership has a duty to promote the emergence of the appropriate political and business classes for creating a functioning regional community. Instead of the divisive politics and pursuit of group or sectional interests, which have spawned wars and conflict, West Africa needs a political class that promotes peaceful co-existence, regional development and a commitment to maximising the benefits of our diversity and a multi-cultural society.

463. The past year has witnessed a number of studies on the political, economic and social impact of the Ivorian crisis on Côte d'Ivoire itself and on the rest of the region. Until a coup d'état ushered in the current phase of political instability, Côte d'Ivoire functioned beautifully as a country in a nascent regional economic community: an economy that has vibrant links with its regional neighbours. It operated national policies that allowed the inflow of regional capital, labour and goods. This policy orientation also made Côte d'Ivoire, in the eyes of the international community, a gate-way to West Africa; foreign investors established businesses in Côte d'Ivoire with an eye on the regional market. Since 2000, the political crisis has been unravelling the Ivorian achievements of decades of regional integration.

464. Côte d'Ivoire represents the socio-political challenges that confront us in West Africa, and reminds us of the need to ensure the effective application of the regional instruments that ECOWAS has adopted in the political and other fields. Civil conflict is a manifestation of the failure of the political system: lack of transparency and accountability, and a break-down of the rule of law. Since 1991, our regional leaders have collectively committed themselves to democratic principles: political pluralism and observance of the fundamental human rights. To be sure, significant advances have been made in the democratisation process. These achievements need to be consolidated and significantly improved upon; this can be facilitated through the implementation of the various ECOWAS instruments in the areas of political and regional security.

465. Already, progress has been made on the operation of regional initiatives such as the moratorium on the importation, exportation and manufacture of small arms, drug trafficking and money laundering (the GIABA initiative), human trafficking and child protection. While the rest of Africa could learn from our experiences, there is the dual challenge of

consolidating these achievements and establishing the necessary link with the relevant continental initiatives, such as the African Peer Review Mechanism (APRM) under NEPAD and the African Union mechanism for conflict prevention. In the particular case of conflict prevention, the Commission of African Union is negotiating an agreement with the regional economic communities which have regional schemes in this area, in order to streamline and reinforce these systems of ensuring regional peace and security.

Facing the Immediate Challenges

466. The foregoing review of developments within the region and some of the factors which influence these regional events bring home the point that a conscious effort needs to be made to achieve a more organised regional development and integration process. The lack of progress on the development front is due in part to the absence of a well-defined regional framework within which the different development-related initiatives are operated.

467. It has been suggested therefore that an immediate challenge that our region has to tackle is the formulation of an appropriate regional development policy strategy. This policy strategy should be based on the principal development policy initiatives that influence or determine national economic management, particularly:

- The millennium development goals (MDGs)
- The poverty reduction strategy papers (PRSPs)
- The new partnership for Africa's development (NEPAD)
- The regional integration initiatives (ECOWAS, UEMOA, African Union).

468. A regional development policy strategy will put these and other development-related initiatives in proper perspective. It will enable the region and each Member State to accord the right priority to the objectives and resource requirements of the different initiatives. It should also enable the region to harmonise and develop the necessary synergy and compatibility between the elements of the various initiatives. Already, ECOWAS has begun a review of PRSPs and the regional integration process on the one hand, and NEPAD and ECOWAS programmes on the other.

469. The proposed common development policy strategy will enable the region to focus on the key development issues and define the necessary priority to be accorded the relevant elements of each such development issue. This will make it possible for ECOWAS to re-order and programme its priorities, and facilitate the mobilisation and use of resources. Among the development and integration issues to which the region will have to give immediate attention are:

- Regional peace and stability
- Economic stability
- Trade liberalisation
- Institutional capacity building
- Private sector promotion.

470. **Regional peace and stability.** The focus in this area would be on achieving a strong and responsive leadership. Our region is in need of a leadership that builds social cohesion, consensus and solidarity for the purpose of mobilising all the available resources to pursue development goals. This will depend on strengthening democratic institutions and practices, developing an early warning or trouble-shooting system identifying and de-emphasising divisive factors in the polity, and particular attention to the rehabilitation and re-construction needs of post-conflict countries and areas. The Community institutional capacity and instruments in this sector would have to be strengthened, and be complemented by resources from our development partners, as part of the NEPAD component on political good governance.

471. Much can be achieved under the ECOWAS Mechanism for Conflict Prevention, Management and Resolution, Peacekeeping and Regional Security. There is need to accelerate the consolidation and enhancement of the functioning of the mechanism. An immediate challenge relates to the establishment of a veritable regional network of information gathering so that a data-base is built for the effective functioning of the early warning system. Particular emphasis is going to be put on achieving a good understanding of issues that give rise to political discontent and tension, generating reliable information on the trends of causative factors, making effective use of information and other means for anticipating political and security problems. An effective regional forum which highlights best practices and a review of success stories is to be instituted, based on the information generated by the regional Observation and Monitoring Centre.

472. **Economic stability.** Regional economic stability is overdue as a basis for attracting long-term investments and launching a sustainable economic development. An immediate challenge for the Community is preparing a sound foundation for the achievement of regional economic stability. This involves the application of measures for achieving macro-economic and sectoral policy convergence. We note that the current national economic reforms and the regional monetary integration programme seek to achieve macro-economic policy convergence and stability.

473. Regional economic stability is overdue as a basis for attracting long-term investments and launching a sustainable economic development. The aim of ECOWAS over the next three years should therefore be to enhance country performance under the macro-economic convergence criteria. Specifically, through the Convergence Council and the ECOWAS Authority, countries would be urged to base their fiscal policies on these regional commitments and institute credible policy monitoring mechanisms (particularly the functioning of the national coordination committees) at the national level. The outstanding issues under the harmonisation of public finance frameworks would be given particular attention. Another immediate challenge is to develop a regional forum for a coordinated approach to addressing the problems of rapid growth, poverty reduction and economic diversification.

474. Measures would also have to be adopted to enhance the process of harmonising and evolving common regional policies for the development of the principal sectors, such as agriculture, industry, energy, telecommunications, environment and natural resources.

These are the pillars on which to base a growth-oriented policy for fighting a successful fight against poverty.

Establishment of the Customs Union

475. The Community and its Member States will have to work assiduously towards the effective functioning of the whole of West Africa as a free trade area by the end of 2004. This will involve taking steps to address the relevant outstanding issues connected with the ECOWAS trade and customs programme. Specifically, we need to:

- have the simplified ECOWAS customs documents printed and introduced into use;
- ensure that Member States employ the simplified procedure for approving and admitting new originating products into the ECOWAS trade liberalisation scheme (ETLS);
- constitute the financial resource base required for operating the compensation mechanism, and thus create confidence in the ETLS;
- ensure that Member States enforce the Community provisions on total elimination of all forms of non-tariff barriers (particularly the elimination of unwarranted border controls and check-points on international highways; trade quotas, restrictions and prohibitions);
- develop a functional regional trade information system for sensitising and informing economic operators on the regional trade opportunities under the ETLS;
- enhance the operation of the regional road transit system.

476. The on-going studies on the impact of an ECOWAS common external tariff (CET) will have to be completed on a priority basis to enable the Community to adopt an agreed text on the CET. The arrangement would have to include a schedule for the introduction of the CET by Member States. Another important component of the regional agreement on this issue would be the support measures that have to accompany the introduction of such a regional customs regime, in order to reduce any consequent adverse effects. The Community has already set the deadline of 2007 for the effective functioning of a customs union in West Africa. Therefore, once the CET is adopted, a regional monitoring mechanism would have to be established to ensure that the agreed schedule of implementation is adhered to and the customs union objectives are being achieved. The collaboration of the national CET teams would be indispensable to the functioning of the said regional monitoring mechanism.

Institutional capacity building

477. The lack of resources for the integration process, and the resultant weakness of the relevant national and regional institutions, can be attributed to the non-priority status accorded in the past to regional integration by Member States. A critical challenge that must be overcome immediately therefore concerns, first, the proper recognition of regional

integration as a national priority by each Member State, and then, a concerted effort at the regional level to enhance the capacity of the regional integration institutions concerned.

478. At the regional level, the enhancement of the Community institutions (Secretariat, EBID, Court of Justice, Parliament, WAHO, WAMA, ECOWAS Centre for Gender Development) would be pursued with vigour. This would involve an improvement of their manpower, technical and financial resources, as well as the pursuit of the rationalisation of their administrative, financial and technical operations and procedures. In this regard, the inter-institutional coordination arrangement that has been initiated would be consolidated and improved upon.

479. At the national level, a conscious effort would have to be made to re-orient the national administrative structure to reflect the importance of regional integration to the national development process. We would have to build upon the recent practice of close and frequent involvement of a number of sector Ministers in some Community programmes⁵. This direct participation by the relevant government departments fosters strong ownership of regional initiatives at the national level and enhances the chances of programme implementation. These sectoral arrangements are in accordance with the Treaty provisions setting up the various specialised Commissions.

480. The current study being prepared on the review of the ECOWAS National Units and NEPAD national focal points would lead to recommendations for improving arrangements at the national level for country participation in the integration and development process. The entire system of monitoring and coordination of ECOWAS activities within Member States would be reviewed in order to enhance the technical efficiency of the system. Particular attention would be paid in the coming months to the effective functioning of the agreed institutional arrangements under various ECOWAS programmes. For example, as indicated earlier, the success of the new system of products approval under the ETLS would depend on the efficiency of the functioning of the national mechanisms to be established for that purpose. Some of the other national bodies that are supposed to be in existence and functioning on a regular basis, for ensuring effective country participation in specific regional initiatives, include:

- national coordination committees (NCCs for the multilateral surveillance mechanism);
- CET teams (multi-disciplinary technical committee for impact studies and monitoring the introduction of the CET);
- ECOWAS Transport Programme Implementation Committee.

481. It is, without doubt, very necessary for the Community institutions to work closely with many national agencies and committees for the proper implementation of ECOWAS programmes. A new dimension to the collaboration between regional and national bodies

⁵ Ministers of Energy, (West African Power Pool, and West African Gas Pipeline); Ministers of Agriculture (Regional agricultural policy, regional food security); Ministers of Education (ECOWAS Education Policy; Ministers of Trade (EPA and WTO negotiations); and Ministers of Finance (multilateral surveillance mechanism).

relates to the encouragement of an active participation of the private sector and civil society in the regional integration process.

Private sector and civil society participation

482. All our regional integration endeavours should facilitate intra-regional business transactions and particularly cross-border investments. Private sector operators, in both the formal and informal sectors, have shown ample evidence of their recognition of business opportunities across national boundaries. At their own initiative, West African entrepreneurs have not only established regional enterprises (outstanding examples being ECOBANK and ECOMARINE), but have come together to form many business associations (Federation of West African Chambers of Commerce, Federation of West African Manufacturers Associations, West African Enterprise Network, etc).

483. ECOWAS collaboration with these and other West African professional non-governmental organisations (NGOs) has led to the establishment of a forum of West African NGOs with ECOWAS observer status. The Community will focus over the next three years on the consolidation and building of a strong partnership between the ECOWAS institutions, the private sector and civil society organisations, and the technical departments of Member States.

484. Apart from encouraging the development of regional networks of professional and interest groups, ECOWAS will facilitate the establishment of regional working relations between the various governmental agencies for investment and trade promotion. Another important area of cooperation to receive increased attention is the direct involvement of the private sector and civil society in the formulation and adoption of Community policies and programmes. ECOWAS institutions (particularly the Secretariat and EBID) will also strengthen their capacity for generating and disseminating business information, as well as identifying and promoting the establishment of enterprises of a regional nature.

Conclusion

485. I have drawn attention in this chapter of the Annual Report to the urgent need for the Community and Member States to become aware of the additional conscious effort that should be made to achieve economic development through regional integration. A lot of development initiatives are in place within the region which need to be coordinated and re-oriented to contribute more effectively to the harmonious integration and development of our national economies on a sustainable basis. The adoption of the proposed long-term regional development policy and strategy would have to be complemented by the re-ordering of national development strategies so as to accord top priority to the regional integration process.

486. Until all Member States genuinely adopt the regional approach to national development and proceed to re-order their economic policies and priorities accordingly, the problem of non-implementation of ECOWAS Acts and Decisions will persist. These Community instruments for promoting the integration of the national economies must also

be recognised as the tools for designing and implementing national macro-economic and sectoral policies and programmes.

487. I have endeavoured to give indications of the required measures that have to be taken at both regional and national levels to enhance the integration process. One of the immediate and imperative issues that we must address is achieving regional stability – political, economic and social stability. During the 2003 end-of-year statutory meetings and for the next few months to come, the Community is urged to consider these and other critical issues raised in this chapter. The suggested review exercise will enable us to propose specific measures to be taken by the respective regional actors, in order to re-launch and accelerate the integration process.

CONCLUSION

488. An account of the scope of regional integration initiatives in West Africa leaves one with a sense of appreciable achievement. Indeed, a report by the Economic Commission for Africa places West Africa at the top of the integration league in Africa. ECOWAS can be justifiably proud of its many regional programmes, and the review of its activities in the preceding chapters gives an indication of the extent of our regional endeavours. A good foundation has been laid for the fusion of all the fifteen countries into a single regional entity: the creation of a free trade area; the Community citizen who can freely move through the region with an ECOWAS travel certificate or passport without the need for an entry visa; the functioning of Community institutions (ECOWAS Parliament, Community Court of Justice and ECOWAS Bank for Investment and Development); the existence of an ECOWAS anthem and a flag; a regional vehicle insurance scheme and inter-state road transit arrangement; the use of an ECOWAS travellers cheque and firm steps towards the creation of a single regional currency.

489. The objective of the regional integration process is to facilitate the development of the economies of the member countries, create an integrated regional economy, and enhance the living standard of the ordinary West African. When set against that yardstick, the actual impact of the many ECOWAS initiatives has been negligible; they remain nothing more than initiatives and possibilities which are yet to be properly harnessed and exploited. The level of implementation of these ECOWAS measures and regional instruments is disappointingly low. An assessment of the application of Community Acts and Decisions invariably reveals a lack of urgency and the proper sense of commitment. And yet every indicator shows that the national economies and the West African people stand in dire need of a major change in the pace and direction of the development process.

490. We hardly need to remind ourselves that West Africa is among the poorest regions of the world, with a disproportionate share of least developed countries, an average annual growth rate that is barely above the population growth rate and therefore an ever-present threat of further impoverishment. There is every likelihood of West African countries not meeting the millennium development goals in 2015 if they should continue the present trends (policy direction and actual performance). Clearly, something new and something substantially different would need to be introduced into the management of the national economies.

491. That "something" is regionalism or a regional approach to economic development. Despite more than a quarter-century existence and functioning of ECOWAS, there is a surprising lack of a regional orientation of national policies in Member States. All the above-mentioned ECOWAS initiatives are at the heart of the development agenda and in priority sectors where public policies are routinely designed by Member States. However, public policies appear to ignore the existence of these regional initiatives, which are designed to provide a framework and guidelines for national action.

492. I should like to take the ECOWAS trade liberalisation scheme (ETLS) as an example. What one is likely to observe in this area is the hesitancy of governments to encourage the use of such a facility because of the inherent loss of customs revenue. But as the name implies, the scheme is to liberalise intra-regional trade in order to boost regional production and build a stronger and more competitive economic base. It is not certain how many Member States have conducted studies to determine what product lines, with the removal of regional trade impediments, would enjoy comparative advantage and should therefore form part of a national production diversification programme. The ETLS is to help Member States to work together to create a regional market which constitutes a minimum viable base and a spring-board for launching new West African products into the more competitive international market. Are there in operation national strategies for the required public/private sector partnership in the production of a range of goods for trading under the ETLS?

493. In the case of the ECOWAS common external tariff (CET) which we are striving to introduce, customs duty offers a measure of protection against third country products. Are the impact studies in Member States being approached only from the negative angle – how much adverse effect the CET would have on government revenue and how much displacement of local products on the domestic market by similar regional imports? The CET offers an opportunity to prospect the regional market as well as the chance to review the efficacy of the existing government subsidies and investment promotion regimes.

494. Similarly, a useful policy review could be initiated on the basis of new possibilities that the ECOWAS monetary cooperation programme has introduced into the handling of governments' fiscal and monetary policies. The convergence criteria are to lead to exchange rate stability, real positive interest rates and low rates of inflation. If such a scenario is the basis for policy design, the attractiveness of the convergence programme would become more apparent. It should, indeed, encourage governments not only to adopt appropriate fiscal measures to achieve these targets, but also proceed to design and apply investment promotion policies which capitalise on the resultant sound and stable macro-economic environment of the West African region.

495. The point being made here is simply that, instead of ignoring completely the ECOWAS instruments and measures or viewing them as imposing obligations on governments, focus must rather be put on the basic objectives that these regional initiatives are designed to achieve. It is pertinent to emphasise also that the achievement of such objectives through the application of an ECOWAS Act or Decision invariably entails a revision of an existing national policy or the formulation of a new policy. There is usually also the need for the adoption of an enabling domestic legislative instrument. It has been found that these essential preliminary national measures are usually not taken and the Community programmes remain unimplemented.

496. In other words, there must be an acceptance and a preparedness at the national level to modify existing policies, procedures and practices to accommodate the new dimensions to national economic management that are introduced by the regional instruments. This may, in some cases, call for a complete overhaul of the existing system

(such as the customs computerisation programme under ASYCUDA) or the substitution of national documents with regional ones (such as the ECOWAS passport replacing the national passports or the single administrative document replacing the traditional set of customs declaration forms). The implementation of every Community act or decision therefore starts with a careful analysis of what needs to be modified or introduced at the national level to translate the regional instrument into a national one.

497. Together, the Community institutions and Member States are to embark on a systematic review of the processes for implementing ECOWAS decisions and programmes. This will enable us identify problem areas and determine clear implementation requirements and procedures for the guidance of all Member States. The absence of such guidelines contributes to the different interpretation and application of important ECOWAS instruments as the Community levy. In this particular instance, incorrect application of the protocol on the Community levy has been depriving the Community of vital resources for the compensation mechanism, the Peace Fund, EBID capitalisation, and the liquidation of outstanding financial contributions (which has led to the delayed entry into force of the full regime of the protocol).

498. The stage has been set and the countries of West Africa have devised the means for achieving sustainable development that can pull Community citizens out of abject poverty and misery. The ECOWAS instruments that have been adopted (such as the regional trade liberalisation scheme, macro-economic policy convergence, regional food security, power-pooling and its associated energy cooperation initiatives, regional transport and other infrastructural development schemes) provide a solid basis for a successful regional approach to economic development. These are complemented by the laudable advances made in the regional peace and security arrangement, which is promoting a collective approach to political liberalisation and regional stability.

499. All that is required of us is the necessary determination, solidarity and discipline to embark on the application of these useful regional schemes. There is an urgent need to improve significantly on the level of country performance regarding the implementation of Community acts and decisions. Unless West African countries, which committed themselves to regional integration nearly thirty years ago, seriously begin to cultivate a true spirit of cooperation and a solid culture of regional policy implementation, our economies and countries would continue to show signs of disintegration.

500. The socio-political crises that have been erupting in West Africa with alarming frequency and which have been tearing communities apart can all be avoided. This can be achieved under a regional leadership that is conscious of the disastrous effects of civil conflict, a leadership committed to eradicating poverty and building a strong integrated West African society. It is the vision of a unified regional economy that inspires ECOWAS Member States, individually and collectively, to commit themselves to development schemes such as the African Union, NEPAD, MDGs, and now a regional PRSP.

501. It is time that we, at the helm of affairs in West Africa lead a crusade to turn this vision into reality. That is why I propose that our Community should take as an immediate

challenge the welding of these grand schemes into a regional development policy strategy. This will give a focused regional approach to the development challenge and enable us set the correct priorities for the integration and development process in West Africa.