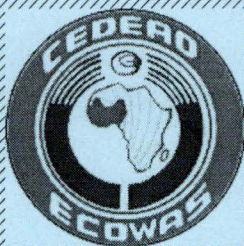


**ECONOMIC COMMUNITY OF
WEST AFRICAN STATES**



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

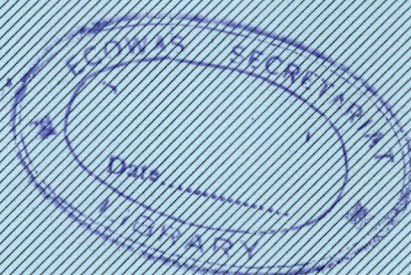


2003 INTERIM REPORT

OF

THE EXECUTIVE SECRETARY

DR. MOHAMED IBN CHAMBAS



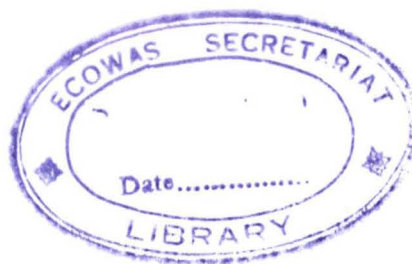
*Executive Secretariat
Abuja, June 2003*

**ECONOMIC COMMUNITY OF
WEST AFRICAN STATES**



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**2003
INTERIM REPORT OF
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**Executive Secretariat
Abuja, June 2003**

TABLE OF CONTENTS

	Page
INTRODUCTION	1 - 3
CHAPTER I RECENT DEVELOPMENTS IN THE ECONOMIC SITUATION AND PROSPECTS FOR THE FUTURE	4 - 7
CHAPTER II IMPLEMENTATION OF ECOWAS PROGRAMMES SINCE JANUARY 2003	8 - 47
A. Free Movement of Persons	8 - 9
B. The Monetary Cooperation Programme	9 - 10
C. Statistics	10 - 11
D. Cooperation in Trade and Customs	11 - 15
E. Agriculture, Rural Development and the Environment	15 - 16
F. Infrastructure	17 - 22
G. Social and Cultural Affairs	23 - 26
H. Strengthening the Capacity of the Executive Secretariat as NEPAD Focal Point	26 - 27
I. Cooperation with Development Partners	28 - 34
J. Administration	34 - 38
K. Financial Situation of the Executive Secretariat	38 - 39
L. Community Levy	39
M. Regional Peace and Security	39 - 48
CONCLUSION	49

INTRODUCTION

1. In my 2002 annual report I shared a few insights into regional integration in the West African region within the framework of NEPAD. This year, as we celebrate the 28th ECOWAS anniversary, these insights have been built up into a coherent strategy for regional integration in West Africa, designed to give more substantial backing for the development of our national economies.
2. The development problems bedevilling West Africa must be resolved to successfully meet the challenges of globalisation. In recognition of this, the Heads of State and Government, at their 26th session held in Dakar on 30 and 31 January 2003, and again at their extraordinary session in Abuja on 28 May 2003, reaffirmed their political will to strive to create an enabling environment for peace and stability in the region, as a precondition for the enhancement of the regional integration process, and the development of our national economies.
3. This strategy must be sustained by the firm and unwavering commitment of our Member States, without which ECOWAS, despite the considerable human and natural resources of the region, will not succeed. We therefore applaud the decision of the Dakar summit, to endow the ECOWAS institutions with adequate resources to enable them to execute their mandates. As proof of their commitment to this decision, the Heads of State and Government approved the ending of the interim phase, and therefore the full application of the provisions of the protocol on the Community levy, with effect from 1 July 2003. The proceeds of the levy from then onwards constitute a solidarity fund for the use of all the ECOWAS countries.
4. We are therefore calling on all Member States to apply the substantive regime of the Community levy, with effect from 1 July. By so doing they will facilitate the implementation of ECOWAS programmes, and in particular, the payment of compensation for customs revenue lost as a result of the ECOWAS trade liberalisation scheme.

5. In the course of implementing the ECOWAS regional integration strategy, I have had extensive interactions with the different stakeholders in the integration process, and with external partners, in order to bring about a higher degree of synergy between ECOWAS and NEPAD programmes. It is a good sign that the development partners have agreed to back the Executive Secretariat in the implementation of both NEPAD and ECOWAS programmes.

6. At the extraordinary summit of the Authority held in Abuja on 28 May 2003, the ECOWAS Heads of State and Government reaffirmed their commitment to achieving sustainable peace and stability in the region.

7. To that effect, the Heads of State adopted a "Declaration on a regional approach to peace and security". In that declaration, the summit reiterated the importance of a concerted regional approach to the resolution of conflict in the region. The Heads of State recalled and re-endorsed the various protocols and declarations that focus on good governance, the fight against the proliferation of arms and the promotion of good neighbourliness.

8. The summit designated Their Excellencies, President Olusegun Obasanjo of Nigeria and President Abdoulaye Wade of Senegal, to convey the declaration to the next summit of the G8 in France, in order to secure the assistance of the G8 countries for the implementation of the initiatives contained in the declaration.

9. The international community recognises and commends ECOWAS for its achievements in the various sectors of human development. They have taken cognisance of the organisation's determination to rescue West Africa from poverty and underdevelopment, a determination that must be credited entirely to the perspicacity, diligence and commitment of our Heads of State and Government.

10. We must, however, not lose sight of the very many obstacles that still stand in the way of greater achievement on our part. I speak specifically about the problems we encounter as a result of the slow pace of ratification

of ECOWAS protocols and conventions and the low level or non-implementation of the Community decisions and programmes that are meant to further the integration process.

11. I therefore appeal to all Member States to ensure that the process of ratification of Community protocols and conventions is given the priority it deserves. Building our Community and bringing to fruition the vision of the founding fathers of ECOWAS are tasks that we must foster and share.

12. I wish to express my profound appreciation to His Excellency, John A. Kufuor, President of the Republic of Ghana and current Chairman of ECOWAS, for the exemplary leadership qualities in his endeavours to strengthen regional peace and security. In a lecture entitled "A Fresh Dawn for Africa", delivered on 28 May to mark the inauguration of President Olusegun Obasanjo for a second term, President Kufuor revealed his vision for Africa. The pertinence of this vision, within the context of development in our continent as a whole, and our region in particular, is worthy of consideration by the ECOWAS decision-making organs. I am therefore confident that it will be given a positive, and indeed, enthusiastic reception.

13. Permit me also to heartily congratulate Their Excellencies, Olusegun Obasanjo of the Federal Republic of Nigeria, and Gnassingbe Eyadema of the Togolese Republic, on their re-election to the presidency of their respective countries. On behalf of the entire staff of all the ECOWAS institutions, and on my own behalf, I want to express our best wishes for a successful tenure and for the welfare of the Nigerian and Togolese peoples.

14. This report comprises two chapters. Chapter I presents an overview of recent developments in the economic situation of the West African region, and outlines the prospects for the future. Chapter II gives an account of the implementation of the Community programmes since the beginning of 2003.

CHAPTER I: RECENT DEVELOPMENTS IN THE ECONOMIC SITUATION AND PROSPECTS FOR THE FUTURE

15. The on-going crisis in Cote d'Ivoire has brought to the fore the socio-economic impact of conflicts in West Africa. The Ivorian crisis, because of its multiple implications, was the dominant event of the region in 2002 and the first quarter of 2003. To be sure, the previous conflicts, particularly in the Mano River Union, involving Guinea, Liberia and Sierra Leone, created an economic backlash, which aggravated poverty in the countries concerned. However, due to the relatively smaller sizes of the economies in question, the economic implications at the regional level were more limited, and the main focus was on the impact of the conflict in humanitarian, security and political terms.

16. The current economic situation in the region is dominated by the effect of the Ivorian crisis on the economies of many of the ECOWAS Member States. Since 19 September 2002, Cote d'Ivoire has been in the grip of a political and military crisis with serious consequences for all the West African countries.

17. Beyond the slowdown in activities as a result of the contraction of global demand particularly in the industrial countries, the Ivorian crisis has exposed the structural weaknesses of the West African economies. It has caused the disruption of the regional trade routes and accentuated the vulnerability of some of these economies.

The Economic Impact of the Ivorian Crisis on the Region¹

18. Côte d'Ivoire has the second largest economy in ECOWAS after Nigeria, representing 13% of the GDP for West Africa. Its population is 16.6 million, 27% of which are immigrants, mostly from neighbouring countries. Cote d'Ivoire exports agricultural, agro-industrial and other manufactured products to other countries of the region, and is a major destination for livestock products from Sahelian countries. Cote d'Ivoire is the number one

¹A more detailed evaluation will be presented in the 2003 Annual Report.

cocoa-producing country in the world, and one of the leading producers of coffee, rubber and palm oil. Intra-regional trade figures for Cote d'Ivoire are the highest in the whole of ECOWAS, representing some 30% of the country's total trade with third countries. Exports to other countries of the region in 2001 represented 33% of its total trade, while imports from these countries represented 27% of total trade figures for Cote d'Ivoire over the same period. Its infrastructural network and geographical position make Cote d'Ivoire a transit corridor for goods and travellers within the region. The country also plays host to large numbers of workers and traders of West African origin, who, in return, effect substantial financial transfers to their countries of origin.

19. Because of its strategic importance, the political instability which began in 1999 and the armed conflict which has held the country in thrall since 19 September 2002, have had severe economic and financial repercussions in the rest of the West African region. As a consequence of the conflict, some countries are struggling to come to grips with difficulties in obtaining supplies, declining trade, overpricing, falling revenue, capital drain, and disruption of business. Macroeconomic performance which was never particularly good, has worsened during the crisis.

20. Although the short-term economic impact of the crisis can be evaluated based on data for 2002, its medium and long-term impact can only be determined when the crisis is over, and will depend on how it is resolved. Since Cote d'Ivoire is a major pole for the regional economy, particularly as an important trading partner for its neighbours, its economic misfortunes do, to varying degrees, have a spillover effect on the rest of the region.

21. The repercussions of the crisis are transmitted along trade ties, private transfers (especially by migrant workers which in some cases constitute a substantial proportion of the balance of payments of their countries of origin), private capital flow (including foreign investments) and public financing, which has to provide for increased military spending or social spending resulting from the influx of refugees. The countries affected can be divided into two groups, namely, those most negatively affected: Burkina Faso, Mali and Niger; and those less severely affected: Benin, Ghana, Guinea, Senegal and Togo.

22. From a regional viewpoint, the countries primarily affected by the Ivorian crisis are the Sahelian countries (Burkina Faso, Mali and, to some extent, Niger) which conduct the bulk of their regional trade with their neighbour to the south. More than 80% of livestock on the hoof exported by Burkina Faso and Mali, are destined for the Ivorian market. So too are two thirds of onion exports from Niger. Consequently, the external trade of these countries has been seriously disrupted by the crisis in Cote d'Ivoire. Prior to the crisis, 80% of the external trade of Burkina Faso and 70% of that of Mali transited through Cote d'Ivoire. By-passing Cote d'Ivoire through Ghana, Togo, Benin and Senegal incurs additional costs. For instance, cotton from Burkina Faso, sent through Cotonou instead of Abidjan port costs FCFA 25 more per kilogramme, which translated as a loss of approximately FCFA 4.2 billion for the fourth quarter of 2002. Mali sets losses caused by the Ivorian crisis at an estimated FCFA 11.4 billion for the fourth quarter of 2002. Many enterprises have folded up as a result of the extra cost of by-passing the Ivorian corridor. The capacity of Abidjan port alone exceeds the combined capacity of Tema and Takoradi ports in Ghana, and of Lome and Cotonou ports.

23. Conversely, the impact of the Ivorian crisis on Senegal could be positive if it could take advantage of the diversion of trade from Cote d'Ivoire, and the relocation of commercial and industrial enterprises to Dakar.

24. Togo and Benin could also take advantage of the diversion of Ivorian trade, and the increased use of their port infrastructure.

25. The effect on Guinea is negative because of the influx of refugees into the country. Also, its present port capacity makes it impossible for Guinea to handle any part of the external trade from its neighbour Mali.

26. In the case of Ghana, the impact tends to be mixed. While on the one hand, it is a destination for refugees, on the other, it has witnessed an upswing in economic activity due to the increase in cocoa prices, the diversion of Ivorian trade, and the utilisation of the Tema and Takoradi port infrastructures to full capacity, as well as the increased demand for road transport services.

27. In global macroeconomic terms, real GDP growth rate for ECOWAS

is expected to decline from 4% in 2001 to about 3.2% in 2002, due mainly to the drop in production in the UEMOA countries which fell by 2 percentage points to 1.5% in 2002.

28. However, there are grounds for cautious optimism with regard to the political and economic prospects for Cote d'Ivoire, following the implementation of certain provisions of the Linas Marcoussis Agreement, and the different decisions of the ECOWAS Heads of State and Government on the resolution of the Ivorian crisis. In addition, the infrastructure and other production facilities in Cote d'Ivoire and the other countries concerned have not been too seriously damaged in the conflict. It should therefore be possible for normal economic activities to resume if the conflict could be brought to a timely end.

29. In general terms, accelerated structural reform backed by the appropriate sectoral and macroeconomic reform policies throughout the region, could be decisive for the realisation of the high growth objective and economic convergence. Also, socio-political stability and harmonious relations with the international community, and especially with the Bretton Woods institutions, could contribute substantially to the improvement of the economic and financial situation of the ECOWAS Member States.

CHAPTER II: IMPLEMENTATION OF ECOWAS PROGRAMMES SINCE JANUARY 2003

A. Free Movement of Persons

30. The free movement of persons, right of residence and establishment are key issues within the context of the difficulties being faced in the integration process. In contrast to the remarkable progress that had been made earlier in the free movement of persons, right of residence and establishment in the region, the situation started to deteriorate in many Member States during the course of the year. Numerous road-blocks have resurfaced, drivers are victims of extortion, illegal duties are levied on goods, and unofficial charges imposed before granting right of residence and establishment. These are serious obstacles to the efficient implementation of our protocols and decisions.

31. The issue of free movement of persons and goods was considered at the 26th session of the Heads of State and Government held in Dakar on 30 and 31 January 2003. At that meeting, the Authority noted with regret, the repeated violations of the provisions of the protocol by some Member States. In particular, it condemned the numerous road-blocks along West African roads. Consequently, the Heads of State and Government invited Member States to take necessary measures to remove these road-blocks and implement the protocols without further delay.

32. The Authority directed the Secretariat to ensure monitoring of the implementation of these protocols and make a report to the Council of Ministers at its next session. To this end, reminders on the implementation of these protocols have been dispatched to Member States by the Secretariat.

33. In accordance with the decisions of the Twenty-fifth session of the ECOWAS Authority, the Executive Secretariat prepared a questionnaire on the implementation of protocols and decisions on free movement of persons, right of residence and establishment. The questionnaire has been sent to Member States, and will be followed by an ECOWAS verification mission.

34. With regard to the ECOWAS passport, only two countries, namely the Republic of Benin and the Republic of Senegal have introduced this new passport into use. The other Member States have been urged to do so within the shortest time possible.

35. I wish to repeat my earlier appeals to all Member States to take the necessary measures towards the implementation of the protocols on free movement of persons and goods and the early introduction of the ECOWAS passport.

B. The Monetary Cooperation Programme

36. In addressing the issue of a single ECOWAS monetary zone, the Authority at its last meeting held in Dakar on 30 and 31 January 2003, reaffirmed the relevance of the initiative taken by the non-UEMOA Member States to create a second monetary zone (WAMZ) as part of the fast-track approach to 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.

37. However, the Authority took note of the progress report on the macroeconomic convergence programme, which reveals that the achievement of a monetary union by 2004 is not feasible, in view of the persisting macroeconomic and political instability in some of the countries. The Authority also emphasised that the decision of the 6th summit of the second monetary zone to defer the launch date for that monetary zone till 2005, confirms that it is impossible to meet the 2004 deadline for the realisation of the single currency.

38. Consequently, the Authority decided that instead of adhering to the initial date of 2004 for the achievement of the single monetary zone, a new date would be fixed at the 2005 summit meeting, 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.

39. 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 needed for the expansion of their production base.

40. At the meeting of the Convergence Council of the Second Monetary Zone held in Banjul on 8 May 2003, Ministers and Governors of Central Banks, reviewing macroeconomic developments in the WAMZ countries in 2002, observed that economic performance was marked by continued fiscal dominance, a high inflation rate and low foreign reserves. As a result of the deterioration in macro-economic performance, progress towards convergence in 2002 was hindered, and the future perspective was bleak. No Member State met all four primary convergence criteria in 2002.

41. In the light of these developments, the countries are urged to take necessary measures to meet the criteria, so as to reap the attendant benefits of a healthy macro-economic framework.

42. Concerning the supporting institutional arrangement, it is important for Member States to establish and make functional the national coordinating committees (NCCs) on multilateral surveillance, without delay.

C. Statistics

43. From the beginning of the year, the Executive Secretariat has actively pursued its statistical programme in the following areas: up-date of data on the Member States, harmonisation of consumer price indices, and cooperation with donor agencies in matters relating to statistics.

44. With regard to the harmonisation of statistical tools, arrangements have been made for close collaboration with AFRISTAT in the implementation of the two plans of action approved by the ECOWAS authorities in Dakar in January 2003. The activities outlined in the plans of action are scheduled to take off during the year. Financing will be obtained from the European Union ECOSTAT project and from France, to complement the Executive Secretariat's own resources.

45. Under the programme for cooperation on statistics with other institutions, a second edition of the Paris 21 workshop was organised by the

Executive Secretariat in Abuja in March 2003 to promote more extensive use of statistics. The workshop was organised in partnership with the Paris 21 Consortium, and the Government of the Federal Republic of Nigeria as a follow-up to the first edition, which took place in Dakar in January 2003. The Executive Secretariat is currently working with the Paris 21 secretariat to define the modalities for monitoring implementation of the recommendations of the workshop.

D. Cooperation in Trade and Customs

Cooperation in Trade

46. The main event in the first quarter of 2003 was the organisation of the third ECOWAS trade fair in Lome, from 7 to 16 March 2003. Unlike the first two trade fairs, this third edition was organised and financed solely by the Executive Secretariat and the Member States.

47. Twelve Member States participated in the fair. The exhibition stands covered a spread of 4, 615 m², while the number of exhibitors and visitors recorded was in excess of 600 and 50,000, respectively.

48. As part of the ECOWAS capacity building programme for the conduct of trade negotiations, the Secretariat interviewed applicants for the post of TNCB Project Manager and is awaiting notice of consent from its principal project partner, the Africa Capacity Building Foundation (ACBF), before proceeding with the recruitment of the successful candidate.

49. The IDEAS Centre in Geneva, which is a support group for developing countries in WTO negotiations, has offered to work with the Secretariat to define practical modalities for the defence of the interests of the region's major cotton producers.

Cooperation in Customs Matters

50. The challenges still ahead of ECOWAS in its efforts to create its common market are considerable.

Market integration

51. ECOWAS is not yet a functional free trade zone, in that a number of obstacles continue to impede the free movement of goods within the Community. Nonetheless, major reforms introduced into the trade liberalisation scheme over the years and the decisions taken in the very recent past are encouraging indications that the situation will soon improve.

52. It is in this perspective that an action plan for the creation of the customs union has been adopted by ECOWAS. The plan also provides guidelines for intervention by development partners.

Removal of Internal Tariff Barriers

53. In application of the reforms advocated in the action plan referred to above, future efforts will focus on the priority objective of setting up the ECOWAS free trade zone before the end of 2004.

54. The activities undertaken to make this free trade zone effective are :

- i. Preparation of the terms of reference for a comprehensive programme of training and enlightenment seminars and workshops on the ECOWAS Trade Liberalisation Scheme, the new harmonised customs documents, and operation of the scheme for inter-State transit of goods. The seminars will be organised in Member States as from the second half of this year. Invitations to tender for the organisation of these workshops have already been launched in the Member States.
- ii. Preparations to print harmonised customs documents (certificate of origin, application forms for approval, single customs declaration).
- iii. Signature in May 2003, by the Heads of State and Government, of the protocols on the new ECOWAS rules of origin, and simplified procedure for compensation for loss of customs revenue.
- iv. Decision of the Heads of State and Government on the application of the substantive regime of the Community levy with effect from 1 July 2003. The adoption of this decision attests to the will of the ECOWAS

authorities to find a lasting and sustainable solution to the problem of financing the integration process, and particularly of payment of compensation for loss of revenue incurred as a result of the application of the preferential tariff regime of the trade liberalisation scheme.

55. Although sustained efforts have been made by the Executive Secretariat to make the trade liberalisation scheme more easily applicable by simplifying the rules of origin, improving the compensation system and simplifying the approval procedure, the onus is on Member States to accord priority status to this programme in order to ensure the realisation of the free trade zone, the customs union and the ECOWAS single market.

56. In addition to the elimination of customs duties and taxes of equivalent effect, non-tariff barriers need to be removed if the customs union is to be realised. The persistent grievances reported to the Executive Secretariat indicate that in some Member States administrative barriers to the free movement of products of ECOWAS origin are consistently set up for no justifiable reason. These Member States are, in effect, refusing to apply the ECOWAS preferential trade regime. The Executive Secretariat has drawn the attention of the Member States concerned to this situation, and requested them to lift all import or export bans and other restrictions on goods of ECOWAS origin.

57. I wish, at this juncture, to make an urgent appeal to all the Member States which are yet to implement correctly the ECOWAS Trade Liberalisation Scheme, to demonstrate a firm political will by taking concrete steps to make the liberalisation scheme operational and to boost the volume of intra-Community trade, which remains low. This political will should also be manifested through the implementation of the provisions of the substantive regime of the Community levy as from 1 July 2003, by all Member States in order to transform it into a common fund, in application of the fundamental Community principle of regional solidarity.

The Common External Tariff (CET)

58. As a follow-up to the technical workshop organised by the Executive Secretariat in Abuja in November 2002, to enable participants to exchange views on the findings of the impact studies prepared by its consultants, the

Secretariat, with USAID assistance, organised meetings with some Member States on the establishment of CET national units to conduct studies at national level, and set the modalities for the introduction of the CET.

59. A mission from the Secretariat including USAID-sponsored consultants, was undertaken to Cape Verde, The Gambia, Ghana, Guinea, Nigeria and Sierra Leone. Its preliminary findings indicate that the national authorities are committed to contributing concretely to the finalisation of the impact study and ensuring the full application of the CET by the end of 2007, in accordance with a phased programme.

Support Measures for the Customs Union

60. Apart from the elimination of internal tariffs and the adoption of a common external tariff, other measures need to be taken to ensure the proper establishment of the customs union. One such measure is the facilitation of inter-State road transit of goods (ISRT), an important building block of the common market and the regional integration process.

61. The 5th General Assembly of national guarantors of ISRT operations in ECOWAS was held in Dakar on 29 and 30 January 2003, in association with the Executive Secretariat. The meeting was part of continuing efforts to monitor the implementation of the ISRT regime.

62. The Executive Secretariat also sponsored the Constitutive Congress of the Federation of ECOWAS Licensed Customs Brokers Associations (ECOWAS-FELCBA), held in Cotonou in March 2003. The primary objective of the federation is to put an end to the harassment of economic operators conducting their trade transactions by customs officials and to set up a partnership with the ECOWAS Executive Secretariat in order to boost the free movement of persons and goods within ECOWAS.

63. The Executive Secretariat has initiated actions relating to the harmonisation of customs regimes. Specifically, a study was commissioned on free zones in six ECOWAS Member States, and the reports have been submitted to the Secretariat by the consultants. Further actions will involve the drafting of proposals on the harmonisation of customs regimes in preparation for the formulation of a Community customs code.

64. The work programme of the Executive Secretariat adopted by the Council of Ministers at its meeting held in Dakar from 25 to 28 January 2003, sets out the activities to be implemented in the months ahead to promote cooperation in the customs domain. These activities are aimed at consolidating on-going reforms through effective monitoring of their application by Member States and the implementation of strategies to speed up the regional integration process.

65. With regard to the harmonisation and simplification of customs laws and procedures, it will be necessary to create and implement trade and customs policy mechanisms through of the following actions:

- i. conduct of a study on the establishment of a Community customs code;
- ii. adoption of the WTO agreement on customs valuation.
- iii. appraisal of the application of value-added tax (VAT) in the Member States and conduct of a study on the harmonisation of VAT rates;
- iv. formulation and adoption of a programme for the harmonisation of other forms of internal taxation (tax on petroleum products and excise duties).

E. COOPERATION IN AGRICULTURE, RURAL DEVELOPMENT AND THE ENVIRONMENT

Formulation of a Common Agricultural Policy

66. The final stages in the definition of terms of reference for the conduct of the study on a common agricultural policy (CAP) were reached when the observations of the Member States on the draft were examined at a forum held in Accra, from 5 to 7 May 2003, which also witnessed the formal launching of the process for the formulation of the CAP. A paper entitled "Support programme for the elaboration and validation of the framework of the West African common agricultural policy" was submitted to the participants at the forum which involved all stakeholders in the common agricultural policy, namely, the Member States, IGOs, NGOs, international

organisations, representatives of the civil society, development partners etc. The only outstanding problem at this stage is the transfer of the funds expected from donors for the conduct of the study.

Regional Food Security

67. The regional food security programme adopted by the Authority in December 2001, was presented to the NEPAD meeting held in Abuja in December 2002. The programme was approved for inclusion in the plan of action for the implementation of the Global Agricultural Development Programme for Africa (GADPA).

68. A food security project was approved by NEPAD for West Africa at the Johannesburg meeting of April, and will be presented to the African Union summit in Maputo in July 2003. After its adoption by the Maputo summit, the search for funding for the project will be initiated.

Cross-border Transhumance Programme

69. In an attempt to find solutions to the numerous problems arising from cross-border transhumance, ECOWAS plans to set up multi-disciplinary teams to prepare and organise meetings at appropriate border points for the various stakeholders in this sector. An intensive enlightenment campaign will help to minimise these problems.

Regional Programme on the Environment: Activation of the Regional Water Resource Coordinating Unit

70. The regional water resource management unit, is a decentralised department of the Executive Secretariat located in Ouagadougou. It is soon to become operational, since its staff and the Regional Coordinator have been appointed. The unit will help to effectively address the crucial issue of water resource management. This issue was highlighted during the World Environment Day which was commemorated on 5 June 2003 and whose theme was "Water: two billion people are dying for it."

F- INFRASTRUCTURE

Transport

71. The implementation of the action plan developed by the Executive Secretariat to address issues pertaining to the free flow of traffic, will take off as soon as funding is secured. The three major projects in the action plan are, first, the construction of joint border posts in order to expedite immigration formalities and procedures for the clearing of goods; secondly, the creation of observatories along inter-State corridors, and thirdly, conduct of awareness campaigns on transport facilitation measures.

72. A grant agreement of \$US 3.31 millions has been signed with the ADB for the conduct of a study on the interconnection of railways in the region. The Secretariat, in collaboration with the ADB is setting up the study support team comprising five experts from national railways corporations, one expert from the Union of African Railways and the Study Implementation Unit which will be based at the ECOWAS Secretariat, to monitor the study.

73. When completed the study will prioritise the 17 links identified in the Master Plan. The realisation of the whole project will greatly increase the transport capacity in the region and meet the growing demand for efficient and affordable transport services for intra-regional trade.

74. In the maritime sector, after having facilitated the smooth take-off of Ecomarine International, the Executive Secretariat is working on the establishment of dry ports in the landlocked countries to improve the evacuation of their incoming and outgoing goods and also ease congestion at the seaports.

75. Following the adoption of the new international code of the International Maritime Organisation (IMO), for the security of ships and port facilities, the Secretariat is designing a regional programme on maritime security.

Air Transport:

76. In the air transport sector, the three studies commissioned under the

project for the implementation of the Yamoussoukro Decision on the liberalisation of access to air transport markets in West and Central Africa, were completed towards the end of 2002.

77. The studies made recommendations on the framework and mechanism for economic regulation and harmonisation of aviation legislation within the sector. Proposals were also made on the enhancement of the capacity for effective exercise of aviation safety oversight in the two regions.

78. On 28th February 2003 the ministerial committee for the implementation of the Yamoussoukro Decision in West and Central Africa met in Lome and adopted the study recommendations. The committee also adopted action plans to address capacity building needs and the institutional restructuring of the aviation sector, and to effect required reforms in the areas of aviation safety and security, and economic regulation.

79. A medium-term regional air transport programme was drafted in April to implement the action plans. The multinational programme, which is to be multi-donor funded, is being finalised with our development partners. Key elements of the programme include the institutional strengthening of ECOWAS and CEMAC, the introduction of regulatory measures in the air transport sector, market access, passenger protection, tariff policies, and a mechanism for the settlement of disputes. Three regional projects are also to be implemented to enhance aviation safety and security.

80. As part of the monitoring process for the implementation of the Yamoussoukro Decision by the Member States, the Secretariat will carry out country appraisals. The first of these is scheduled for September 2003 and will cover six states in the two regions (West and Central Africa).

Energy

81. The Secretariat made significant progress in coordinating the implementation of the West African Power Pool (WAPP) and the West African Gas Pipeline projects during the period under review.

82. At the 4th 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 the WAPP project. The following donors were present at the meeting: the World Bank Group, USAID, the French Ministry of Foreign Affairs, Agence Française de Développement, the African Development Bank, Banque Ouest Africaine de Développement, the ECOWAS Bank for Investment and Development and the Kuwaiti Fund for Economic Development. Two coordinating meetings have been held to date, both in Paris, in December 2002, and April 2003, respectively. The third meeting is scheduled to take place at the World Bank offices in Washington DC, on 30 June and 1 July 2003.

83. The preliminary work carried out by the Executive Secretariat with the collaboration of the WAPP implementing organs, enabled the Heads of State and Government, at the 26th summit in Dakar, in January 2003, to adopt the ECOWAS Protocols on Energy and the Creation of an Observatory on Energy. Before the summit, the Council of Ministers, also meeting at the same period in Dakar, adopted the capacity building programme and a training programme for the principal actors in Member States who are involved in the development of a regional electricity market.

84. In compliance with these decisions, the Secretariat formulated an implementation strategy for the WAPP system. The strategy is based on a three-year development programme, and the financial requirements for its implementation have been approved by the donors operating in the energy sector. The strategy is designed to advance the WAPP project from the planning to the operational phase.

85. The initial phase of the investment programme which focuses mainly on zone A of the WAPP project, is estimated to cost US\$ 335 million. This amount will be contributed by different donors, including the World Bank, Agence Française de Développement, the African Development Bank, the European Investment Bank, Banque Ouest Africaine de Développement and the Kuwaiti Fund for Economic Development. At the request of the Ministers of Energy, the Secretariat recently organised a meeting to draw up a priority investment programme for zone B of the WAPP project, in order to bridge the gap between zones A and B. The zone B priority projects will be submitted in August 2003 to the WAPP Implementation

Committee of ECOWAS Ministers of Energy of zone B countries for financing.

86. The Secretariat, in collaboration with donors, has assisted the national electricity companies and the Ministries of Energy in the realisation of a number of interconnections, the preparation of impact studies on the environment and technical, economic and financial feasibility studies, as well as the preparation of project documents for submission.

87. The energy observatory is an information and communication system designed to warn Member States of impending shortages and precautionary measures to be taken. It will also facilitate the development of common norms and standards, data acquisition and processing, and monitor the technical and commercial performance of electricity service providers.

88. The decision to create the ECOWAS energy observatory received the immediate and practical endorsement of the national electricity companies of Benin and Togo (Communauté électrique du Bénin), the Société Électrique du Benin, and the National Electric Power Authority, Nigeria. These companies provided offices in Cotonou to house the observatory, vehicles for staff transportation, and approved a Coordinator appointed by NEPA. Staff recruitments for the observatory are scheduled to begin in June 2003. A proposal for financing and assistance for the operation of the observatory is being considered by the Secretariat, and the donors concerned (the French Ministry of Foreign Affairs and the Agence Française pour le Développement).

89. With regard to the training and capacity building programmes adopted by the Council of Ministers at its session in Dakar in January 2003, the process has already been launched for the signing of a contract by USAID and USEA (United States Energy Association) for technical assistance for their implementation. In the light of these developments, the WAPP project can be considered to have moved into its operational phase. The technical and institutional frameworks for the investment programme for infrastructure have now been set up to permit the successful establishment of the West African regional electricity market.

90. With regard to the Gas Pipeline Project, a treaty was signed by the four States involved, namely, Benin, Ghana, Nigeria and Togo. All

stakeholders, which are the Commercial Group and Member States directly involved in the project, signed a West African International Gas Pipeline Project Agreement in Cotonou in May 2003. As a support measure, the World Bank has initiated credit guarantee cover for country risk associated with specific national bodies. In addition, work on the environmental impact assessment study and the offshore and onshore environmental studies is progressing according to schedule. With the successful completion of all these actions, the last obstacles to the take-off of construction on the gas pipeline project have been removed. The first consignment of gas is expected in Ghana in June 2005.

3. Telecommunications

91. In the telecommunications sector, the study for the institution of a regulatory telecommunications framework was completed and submitted to the Member States and development partners at a regional workshop held in Accra from 2 to 5 March 2003. A steering committee of four Member States and development partners was set up at the workshop to facilitate the implementation of the telecommunications harmonisation programme by 2008. A new vision called "the ECOWAS region as the preferred destination for investments in Africa", and strategic telecommunications objectives were also defined at the workshop.

92. The main objective of the harmonisation programme is to create a telecommunications market with interconnected networks and a tele-density of 10% and 20%. A telecommunications data management system has also been set up with the collaboration of the International Telecommunications Union. The system is designed to function as an information centre for the use of development partners and potential investors in the West African telecommunications sector. The hardware and software for the system were acquired at a cost of \$90,000, and some ECOWAS staff members have been trained to operate and maintain the system. The system will be launched in August 2003 at a workshop for national correspondents acting as focal points in the Member States.

93. The first annual meeting of the of West African Telecommunications Regulators' Association (WATRA) was held in Abuja from 25 to 28 March 2003. The association is the catalyst in the on-going telecommunications harmonisation programme. The meeting voted in new officers, with Nigeria

as chairperson. A cooperation agreement was signed between WATRA and the Commonwealth Telecommunications Organisation (CTO) in which the CTO proposes a capacity building programme for West African telecommunications regulators. The programme provides for the organisation of 14 workshops between May 2003 and April 2004. The first of these workshops, on telecommunications competition policy, was held in Accra from 26 to 29 May 2003.

4. Industry

94. 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.

95. During the period under review, the Secretariat, in pursuance of these objectives, commissioned two studies for the formulation of a regional industrialisation and a common mining policy. Consultants have been recruited for the conduct of the studies which should be completed by the end of the year. 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.

96. In the area of investment promotion and capacity building for investment promotion agencies, the European Commission and other ACP regional organisations including the Secretariat, successfully concluded the negotiation of a 7-year programme to promote investment and technology transfer to ACP countries. A workshop on capacity building for the investment promotion agencies (IPAs) of the Member States will be organised by the Secretariat, in collaboration with the Nigerian Investment Promotion Commission. The workshop, which will be held in Lagos from 25 to 27 June 2003, will seek to establish dialogue among the IPASs and explore the possibility of creating a regional association of ECOWAS investment promotion agencies. The association will contribute to the capacity building of investment agencies in the Member States, and encourage their more active involvement in the partnership programme of the European Union and the ACP countries.

G. Social and Cultural Affairs

The Pan-African Cinema Festival (FESPACO)

97. The Ouagadougou Festival of Pan-African Cinema (FESPACO) is organised every other year. The 18th festival was held from 22 February to 1 March 2003 on the theme "The role of the comedian in the production and promotion of the African film."

98. At each FESPACO festival ECOWAS awards a special prize to the best producer of a film focussed on integration, or highlighting the creativity of Community citizens, their innovative and adaptive capacity, or their capacity to improve their living conditions in order to promote sustainable development.

99. After screening 14 films presented by ECOWAS film producers, the jury for the 13th FESPACO selected "Kabala," a film produced by Assane Kouyate of Mali, for "the originality of its theme, the author's creativity, its stand against obscurantist traditions and its promotion of cholera control." The prize was presented to the winner by Mr. Simon Taro, Secretary-General of the Conference of ECOWAS Ministers of Youth and Sports.

The Inter-governmental Group against Money Laundering in Africa (GIABA)

100. The fight against money laundering aims at preventing criminal organisations from enjoying the proceeds of their criminal activities.

101. The following were the activities of the interim GIABA secretariat during the review period:

- All Member States have now appointed prominent officials as GIABA national correspondents responsible for setting up their national money laundering control units;
- A training seminar for national correspondents was organised by GIABA in Dakar, in November 2002. GIABA partners (GAFI, UNODC, the United States Treasury Department and Great Britain's

Serious and Complex Frauds Office) and the GIABA coordinator served as resource persons;

- Questionnaires were sent out to the Member States by the GIABA coordinator within the framework of the study to determine the scope of money laundering in West Africa;
- The Executive Secretariat has requested observer status for GIABA in GAFI, to allow it to draw on the rich experience of partner organisations and participate more effectively in the international fight against laundering money world-wide;
- GIABA has submitted a request to the World Bank, through the ECOWAS Executive Secretariat, for financial resources to support money laundering control activities in West Africa.

Formulation of an ECOWAS Gender Policy

102. The tripartite collaboration between ECOWAS, the Commonwealth Secretariat and UNIFEM in the elaboration of an ECOWAS gender policy, has yielded results and created a synergy in the process. The draft policy has been finalised, and is currently undergoing a process of internal assessment, to enable the ECOWAS Secretariat to assume ownership of the policy.

103. After the internal review of the draft document, a technical meeting of experts from ECOWAS Member States will be convened to approve the document preparatory to its adoption by ECOWAS Ministers of Women Affairs in September 2003.

104. The process for the adoption of an ECOWAS gender policy will be completed when the policy document is endorsed and ratified by the Council of Ministers and the Authority of Heads of State and Government respectively. Thereafter, ECOWAS will have a gender policy for implementation in the region.

Creation of an ECOWAS Gender Development Centre

105. The summit of the ECOWAS Authority held in Dakar on 31 January

2003 approved the creation of the ECOWAS Gender Development Centre (EGDC). This new ECOWAS specialised institution replaces the West African Women's Association Secretariat in Dakar, whose performance fell short of the assigned mandate of gender development in the region.

106. The transformation was sequel to the outcome of the meeting of ECOWAS Ministers of Women Affairs held in Abuja, in December 2002, which recommended the transformation of WAWA into an ECOWAS specialised technical agency for initiating, developing, facilitating, coordinating and monitoring strategies and programmes for mainstreaming gender issues into the Community integration programmes. Its structures, conditions of service and appointments will be in conformity with what obtains within ECOWAS. The change of name to ECOWAS Gender Development Centre was also recommended at the meeting.

107. Following this development, ECOWAS has commenced in earnest activities to facilitate the take off of the Centre. An ECOWAS mission was undertaken to the WAWA secretariat in Dakar to make an on-the-spot assessment and evaluation of the Association's activities and facilities preparatory to its transformation. The delegation made far-reaching recommendations, which include the drafting of a 5-year plan of action, and the presentation of a budget for the take-off of the new ECOWAS gender structure by the first year, that is 2004.

108. Other decisions by the Authority to move the gender agenda forward were the establishment of a Gender Division in the ECOWAS Secretariat and a Gender Technical Commission.

First ECOWAS Youth Forum

109. The Community has stepped up plans for the hosting of the first ECOWAS Youth Forum scheduled for 10 to 15 August 2003 in Abuja. The main objective of the forum is to stimulate dialogue on issues that will contribute to the development of clear and fair policies affecting youths, harness their potential, and propel them in the right direction, thereby encouraging them to become involved in the economic, social and cultural advancement of the region.

110. To this effect, the Secretariat has engaged two firms of consultants,

"Visible Impact Consulting" and "Growing Businesses Foundation" to conduct a study on youth empowerment and job creation in the ECOWAS region, and prepare a draft plan of action which will be one of the main documents for the forum. They will also support ECOWAS in the organisation and management of the event. About three hundred youths drawn from ECOWAS Member States are expected to participate in the forum.

Workshop on the Development of a Science and Technology Framework for NEPAD

111. The Executive Secretariat attended the workshop on developing a science and technology framework for NEPAD held in Johannesburg from 17 to 19 February 2003. The meeting was a timely response to the consensus among keen observers of the NEPAD process that there is a need to strengthen the science and technology platform of this important initiative. It was proposed at the meeting that in its overall implementation, the NEPAD initiative should take account of the multi-sectoral and cross-cutting nature of science and technology policies, strategies, planning and programme activities.

112. The ECOWAS framework on science and technology is part of the Community mandate of fostering the development of the West African region. We are in the process of developing a functional science and technology programme for the region. The Science and Technology Division of the Human Development Department is about to take off, as the appropriate staff members are being recruited to start the programme. ECOWAS is working towards the convergence of its views with those of NEPAD and has gained new ideas, knowledge and experience from the workshop.

H. STRENGTHENING THE CAPACITY OF THE EXECUTIVE SECRETARIAT AS A NEPAD FOCAL POINT

113. A meeting of ECOWAS Heads of State was held in Yamoussoukro in May 2002 to define modalities for the implementation of NEPAD in the region. The declaration of 17 May 2002 issued after this summit comprised four main resolutions :

- Designation of ECOWAS as coordinator for the implementation of the NEPAD programme and decision to provide the Executive Secretariat with the necessary resources to effectively carry out this mission;
- Creation of a special NEPAD unit within the Executive Secretariat;
- An appeal to each Member State to set up a NEPAD national focal point;
- Setting up of an ad hoc ministerial committee.

114. The action plan adopted at the summit stressed the need to strengthen the capacities of the Executive Secretariat and those of Member States, to facilitate the implementation of NEPAD and ECOWAS programmes.

115. At a meeting convened in Abuja from 19 to 26 July 2002 between the ECOWAS Executive Secretariat and a group of donor agencies, the modalities for the implementation of these resolutions were exhaustively discussed. At the end of the meeting, a number of measures and organisational principles were adopted and their implications in terms of recruitment of staff specified in detail. Consequently, when the appropriate financial resources are mobilised our short-term objective is to make every effort will be made to recruit:

- About fifty officers, out of the eighty five to join ECOWAS as permanent staff of the Executive Secretariat.
- 10 consultants in priority areas to strengthen the Executive Secretariat for a period of two or three years, and enable it to effectively implement both NEPAD and ECOWAS programmes. The 10 consultants' posts will be financed by the development partners.

116. The Secretariat has initiated the procedure for the recruitment of the 10 consultants and 50 professionals.

I. COOPERATION WITH DEVELOPMENT PARTNERS

117. Since the designation of ECOWAS as coordinator for the implementation of NEPAD in West Africa, our cooperation with the development partners has been intensified. The development partners have provided increasing support to the implementation of the Secretariat's activities, especially in the areas of conflict prevention and management, strengthening of the regional integration process, the implementation of sectoral policies and building of the institutional capacity of the Executive Secretariat.

118. Some of the partners involved in a coordinated implementation of ECOWAS programmes are the European Union, World Bank, ADB, USAID, France, DFID, Denmark and Japan. Indeed, all these partners acknowledge that the regional economic integration process is a vital instrument for our countries in the fight against poverty and their goal of smooth integration into the global economy.

The European Union

119. The European Union is West Africa's leading trading partner in both import and export trade, and also the region's leading development partner. Not surprisingly, the European Union is the leading development partner of ECOWAS. Efforts are being made by the Executive Secretariat to conclude a model North/South economic partnership agreement between West Africa and the European Union, in implementation of the ACP-EU partnership agreement signed in Cotonou on 23 June 2000, which entered into force on 1 April 2003.

120. The importance that the Executive Secretariat attaches to the implementation of the Cotonou Agreement and to the consolidation of cooperation with the European Union may be gauged by the numerous activities undertaken by the ECOWAS Executive Secretariat since the beginning of 2003. The activities include the preparation for the negotiations on the economic partnership agreement between West Africa and the European Union, the programming of the 9th EDF, and the consolidation of ECOWAS-European Union policy dialogue.

Status of Negotiations

121. The ACP-EU economic partnership agreement (EPA) negotiations were launched in Brussels on 27 September 2002. It was agreed that they would be held in two phases. The first phase (All-ACP-EU) will be devoted to the examination of horizontal issues of interest to both parties, while the second, which is expected to commence in September 2003 at the level of ACP countries and regions, will be focussed on specific commitments. In the first phase, the negotiations are being held at two levels: ambassadorial and ministerial.

a) Status of Phase 1 Negotiations

122. The negotiations so far have afforded the parties the opportunity to exchange views on the conduct of the negotiations and their substance. Each party has a clearer idea of the other party's negotiating position. The areas of convergence and divergence at this stage of the negotiations are as follows:

Areas of convergence

The following areas of convergence have been identified:

- EPAs should be instruments for development which contribute to the promotion of the gradual and harmonious integration of ACP countries into the global economy and to the eradication of poverty.
- EPAs should support the regional integration process.
- EPAs should be compatible with WTO rules. However, views are divergent on whether the current WTO rules will allow the flexibility required of EPA provisions and whether such necessary flexibility should be enshrined in the WTO rules being negotiated within the framework of the Doha Agenda.

Areas of Divergence

The following areas of divergence have been identified :

Nature of the "All-ACP-EU" phase and its results: For the ACP Group, the first phase is a negotiations phase leading to binding legal commitments. The EC holds the view that the "All-ACP-EU" phase of the EPAs negotiation process is a clarification phase.

Need for additional financial resources: The ACP Group is of the view that existing EDF and other resources are insufficient for EPA-related needs. In the opinion of the EC, the veritable challenge is not the need to increase existing financial resources, but the need to make better use of such resources.

b) Preparations for Phase One Negotiations

123. Within the framework of the preparations for the phase one negotiations, a joint ministerial meeting of Ministers of Trade and Finance was convened in Cotonou on 11 September 2002 by ECOWAS. The meeting led to :

- the formulation of recommendations on a number of identified priority issues;
- the adoption of a regional action plan for the negotiations;
- the adoption of a regional negotiation structure for the region.

The Executive Secretariat has undertaken two studies, namely:

- study on the impact of EPAs and elaboration of the preliminary adjustment programmes;
- study on the compatibility of national trade policies of Member States with the regional economic integration process.

124. In addition, other studies on market access, trade in services, agriculture, trade-related issues, manufactured products and investments are under way.

125. West Africa and the Caribbeans have been selected as two ACP pilot regions on which an impact study on sustainable development has been

commissioned. Lastly, a seminar for the civil society and the private sector has been planned to ensure their more active involvement in the negotiation process.

126. In addition to the conduct of studies and organisation of consultative meetings within the region, the preparation of West Africa for the EPA negotiations calls for consultations with the European Union at various levels. To this end, a West Africa-European Union contact group has been set up. It is composed of the ECOWAS Executive Secretariat, the UEMOA Commission and the European Commission (Directorate for Development and Directorate for Trade). Additionally, a meeting of the Ministerial Monitoring Committee on the negotiations, preceded by a meeting of the Technical Support Committee, has been scheduled for mid-July 2003.

127. Still within the framework of preparations for the second phase, a West Africa-European Union consultative ministerial meeting was organised by ECOWAS in Accra on 24 April 2003. The European Union delegation was led by Mr. Lamy Pascal, Commissioner for Trade. At the end of the meeting, a joint ECOWAS-European Union declaration was adopted. The two parties expressed their desire to start the negotiation of the regional economic partnership agreement in September 2003.

128. ECOWAS recalled that the region's two primary priority actions are the effective establishment of the free trade zone and the creation of the customs union. The European Commission reaffirmed its desire to assist the region to attain its objectives.

129. The two parties pledged to work together to achieve, during the 5th WTO ministerial conference to be held in Cancun in September 2003, considerable progress in areas that will make the post-Doha Agenda a veritable development round. In this connection, and in line with the mandate received from the Heads of State and Government, ECOWAS is going ahead with preparations for the take-off of the phase 2 negotiations in September 2003. The holding of the ministerial meeting scheduled for mid-July 2003 is part of these preparations.

130. At the end of the meeting, an appeal was made to the member countries which had not done so, to take all necessary steps to conduct, the national level, studies to assess the impact of EPAs on their economies.

Those member countries which have already done so should communicate the findings to the ECOWAS Executive Secretariat which will organise a regional workshop for an exchange of views on this issue.

Programming of the 9th EDF

131. The West African Regional Indicative Programme (ECOWAS and Mauritania), which was adopted at the meeting of national authorising officers held in Dakar on 8 June 2002, was signed in Abuja on 19 February 2003.

132. The objective of the West African Regional Indicative Programme (RIP) under the 9th EDF is to assist in gradually integrating the West African region into the global economy by the consolidation of the regional economic zone and the acceleration of the convergence of the ECOWAS and UEMOA economic integration processes. The amount of 235 million euro has been earmarked for this purpose.

133. The areas of intervention of this programme include regional economic integration, trade and transport, with the objective of contributing to the consolidation of the West African regional economic integration process.

134. The 9th EDF Regional Indicative Programme will help intensify regional trade, enhance the competitiveness and diversification of the region's economies and strengthen capacity for regional policy formulation. The expected contribution of the RIP is as follows:

- Creation and consolidation of the ECOWAS customs union; consolidation of the UEMOA customs union and removal of barriers to the movement of goods within the common market.
- Gradual removal of barriers to the free movement of persons, services and capital.
- Strengthening of capacity for trade policy formulation, multilateral (WTO) and bilateral (EPA) trade negotiations.
- Strengthening of economic stability through macroeconomic policy convergence.

- More active involvement of citizens in the integration process.
- A more competitive and diversified private sector.
- Preparation and launch of international trade negotiations within the framework of EPAs with the EC and within the WTO framework.

135. At a joint meeting in Abuja on 5 November 2002, the ECOWAS Executive Secretariat, the UEMOA Commission and the European Commission decided on the conduct of a feasibility study for the formulation of a global programme of assistance to ECOWAS and UEMOA. The programme falls under the sector of intervention of the 9th EDF Regional Indicative Programme, "Assistance to regional integration and trade", with an estimated budget of 118 million euro.

136. The study will highlight the core areas of intervention, the feasibility and expected impacts of the components of a programme of assistance to economic integration and trade development in the region. To this end, a restricted invitation to tender has been launched for the conduct of the study, and tenders will be evaluated on 23 June 2003.

Political Dialogue between ECOWAS and the European Union

137. The third political dialogue at the ministerial level between ECOWAS and the European Union was held in Ouagadougou on 29 November 2002 during the second ministerial monitoring meeting on the Africa-Europe summit. The dialogue involved a review of political developments and the evolution of the economic integration process in West Africa. The European Union reaffirmed its support to the ECOWAS Executive Secretariat in its coordination of NEPAD and conduct of the EPA negotiations with the European Union.

138. The European Union indicated its willingness to strengthen its cooperation ties with ECOWAS through a partnership based on the development of economic cooperation and trade relations and political dialogue.

139. In a drive to strengthen the unity of West Africa in its dialogue with the European Union, and as had already been done by the European Union, the Heads of State, at the January 2003 Dakar summit, adopted a structure to represent ECOWAS at the political dialogue. The representation structure is composed of the country holding the current chairmanship, the country which held the immediate past chairmanship and the Executive Secretariat in its capacity as permanent member. The next meeting will be held in Brussels.

J. ADMINISTRATION

Review of Conditions of Service

140. For the purpose of executing the directive of the 48th session of the Council of Ministers held in Dakar in December 2000, which required that a study be undertaken on the review of the salary scale and the administrative hierarchy of the staff of the Community, the Executive Secretariat secured the assistance of the United Nations Development Programme Regional Bureau for Africa. A consultant was sent on a field mission by UNDP to the Executive Secretariat and other ECOWAS institutions in Abuja between 13th and 23rd January 2003.

141. The Executive Secretariat had wanted the consultant to address and make appropriate recommendations on the salary structure, staff regulations as well as staff rules and the scheme of service. However, in the report of the study recently received at the Secretariat, the focus turned out to be on another restructuring exercise. Against this background, fresh consultations are being held with the UNDP with a view to reorientating the study towards the specific needs of the Community.

Harmonisation of Community Texts

142. It will be recalled that following the observation of some disharmonies in the provisions of the protocols establishing the various institutions of the Community, the forty-ninth Ordinary Session of Council, sitting at Dakar, Senegal, from 26 to 28 January 2003, appointed an eight member ad-hoc Ministerial Committee on the Harmonisation of Community Texts.

143. The committee will hold its meeting in Accra from 10 to 14 June 2003, and it is hoped that the recommendations contained in the Committee's report will help Council resolve this problem. Rather than serving as a source of friction, the increase in the number of Community Institutions should be a veritable vehicle for fast-tracking the achievement of the integration mission.

Appointment of Financial Controller

144. It is recalled that the 48th Session of Council held in Dakar, from 15 to 17 December 2001, had allocated the post of Financial Controller to the Republic of The Gambia. The fifth meeting of the ad-hoc Ministerial Committee on the Selection and Evaluation of Statutory Appointees convened in Dakar, on 28 and 29 March 2002, to interview the candidates nominated, but found none of them suitable.

145. This necessitated the convening of the sixth meeting of the committee in Abuja on 26 August 2002. Council endorsed the recommendation of the appointment of one of the three candidates. An appointment letter was actually issued, but on account of other state duties, this candidate was unable to accept the offer.

146. It was in yet another effort to fill up this post that the ad-hoc committee will meet again in Abuja on 25 June 2003. I sincerely hope that this post will be finally filled this time to enable us have the full complement of statutory officers.

Katampe Housing Project

147. Following the mandate granted the Executive Secretariat by the 49th Session of Council in January 2003, to continue negotiations for an additional loan from the Nigerian Government, the Executive Secretariat recently signed with the Nigerian Government an agreement for an interest-free loan of US\$4,570,596.58 for the completion of the professional staff housing estate at Katampe, Abuja.

148. Work is to resume on the project as soon as the first disbursement of the loan is received. It is anticipated that the entire project will be completed during the first quarter of 2004.

G and M Staff Housing Scheme

149. The 47th session of Council, sitting at Bamako, Mali from 9 to 12 December 2000, had directed the Executive Secretariat to recruit a Consultant to carry out a feasibility study for a permanent solution to the problem of residential accommodation for the General Service and Auxiliary categories of Staff.

150. Consequently, Shelter Afrique, a firm reputable in the business, and in which Member-States have interest, was engaged to undertake the study. The firm's report which the Executive Secretariat has studied most painstakingly, proposed several options. While the main directive given the firm was to explore ways of providing accommodation to the staff at no cost to the Community as decided by Council, it was noted that the consultant did not comply with this requirement since the options proposed impose financial obligations on the Community.

151. Having carefully re-examined the situation, the Executive Secretariat is proffering appropriate recommendations to Council through the Administration and Finance Commission.

Computerisation of the Executive Secretariat

152. The implementation of the computerisation of the Executive Secretariat, for which the sum of \$600,000 was provided in the 2003 budget, is gathering momentum.

153. Five firms were short-listed from the legion that submitted quotations for the supply of various items of equipment for the programme. On the advice of the Tenders Committee of the Executive Secretariat, and applying the criteria of administrative competence, technical compliance and financial viability, management has selected a company that will offer the Community the best value for money.

Participation of the Executive Secretariat in Other Regional Fora

154. During the first two quarters of the year, the Executive Secretariat had participated actively in some regional and continental fora. Some of these were the second Meeting of the COMESA Stake-holders Forum on Public

Procurement held in Addis Ababa, Ethiopia, from 10 to 12 February 2003 and the fourth Biennial Pan-African Conference of Ministers of Public Service held in Cape Town, South Africa, from 12 to 14 May 2003.

155. The objective of the COMESA forum was to consider and improve upon the policy on public procurement that had been prepared by a team of consultants. The draft policy aimed at reforming the national procurement systems as well as enhancing the regional integration of the procurement markets. This draft which is akin to the ECOWAS Tenders Code, places a high premium on open tendering, transparency and accountability. The Executive Secretariat intends to closely monitor the implementation of the public procurement reforms within the COMESA region - it is anticipated that the same mechanism can be applied to accelerate the integration process in West Africa.

156. The main business of the fourth Pan-African Conference of Ministers of Public Service held recently in South Africa was the review of the implementation of the African Public Service Charter as entrusted to regional organisations by the third Biennial Pan-African Conference of Ministers of Public Service sitting in Windhoek, Namibia on 5 February 2001. The outcome of this conference is to be incorporated into the relevant action plan of the New Partnership for Africa's Development.

Second Meeting of ECOWAS Ministers of Public Service and Workshop on Ethics of Public Service.

157. The Department of Administration intends to host the second Meeting of ECOWAS Ministers of Public Service in September 2003. For cost-effectiveness, it is intended that this meeting will interface with a proposed workshop on the ethics of the public service, also to be attended by all the Member-States. Consultations have already been engaged, with assistance from the Commonwealth Secretariat which had indicated its preparedness to assist in the conduct of the workshop.

158. The institutionalisation of the forum of ECOWAS Ministers of Public Service and the hosting of the proposed workshop are both in compliance with the resolution of the third Biennial Pan-African Conference of Ministers of Civil Service held in Windhoek, Namibia on 5 February 2001, which

charged regional organisations with the task of publicising the provisions of the Public Service Charter adopted at that conference.

Staffing Problem

159. Without a doubt, the greatest problem confronting the Executive Secretariat, and indeed, virtually all the institutions of the Community, is that of under-staffing. It applies, the Sixth Extra-ordinary Session of Council, sitting in Abuja on 27 and 28 August 2002, not only lifted the long-standing embargo on employment, but also approved the creation of new establishments to cope with the expanding responsibilities of the Executive Secretariat, particularly as the regional focal-point for the implementation of NEPAD in West Africa.

160. The job profiles for all the posts that will be filled in the first phase of the recruitment exercise have already been compiled and forwarded to all the Member States for publication. It is expected that this first phase of the exercise will be completed during the fourth quarter of the year.

K THE FINANCIAL SITUATION OF THE EXECUTIVE SECRETARIAT

161. Arrears of contributions to the budget of the Executive Secretariat, excluding contributions to the current budget, amounted, as at 5 June 2003, to 44,104,926 US dollars, or 43,717,264 euro. When the outstanding contributions to this year's budget are added, the amount increases to 61,659,671 US dollars, or 60,879,579 euro.

162. As at 5 June 2003, only Ghana, Mali and Senegal were fully up to date with their contributions. The other countries with a very good record for prompt payment of their contributions are Benin, Nigeria and Togo, which owe only their contributions to this year's budget. Burkina Faso owes only one year's arrears, while the rest owe arrears for periods ranging from 3 to 17 years.

163. Amounts contributed to the budget of the Executive Secretariat by the Member States between 1st January and 5 June 2003 total 8,481,206 US dollars, or 7,796,314 euro, out of a total budgeted amount of 25,662,761 US

dollars, or 24,567,000 euro, representing a 33.5% recovery rate for the first semester of 2003.

164. The Member States which effected payments during the review period up to 5 June 2003 are: Burkina Faso, Ghana, Guinea Bissau, Mali, Nigeria, Senegal, Sierra Leone and Togo.

L. COMMUNITY LEVY

165. The Authority of Heads of State at the January 2003 Dakar summit took note of the importance of the implementation of the Protocol on the Community Levy as a means of providing a lasting solution to the problem of irregular payment of financial contributions to the budgets of the Community institutions. It urged all Member States to promptly implement it and remove all barriers to the proper implementation of the provisions of the Protocol on the Community Levy, in order to accelerate the transition to the substantive regime of the levy and create a solidarity fund to be used by all Member States.

166. The Heads of State and Government decided that the substantive regime of the Community Levy should enter into force on 1 July 2003. They therefore requested all Member States to take all the necessary measures to implement this decision.

M. REGIONAL PEACE AND SECURITY

Promoting Peace

167. During the period under review, the activities undertaken by the Executive Secretariat in the area of peace and security were in implementation of the decisions of the twenty-sixth session of the Authority of Heads of State and Government; the Protocol relating to the Mechanism for Conflict Prevention, Management and Resolution, Peace-keeping and Security, and the Supplementary Protocol on Democracy and Good Governance.

Monitoring the Security Situation

168. The security situation in the region remains a source of great concern for the Community. Indeed, although there is now greater hope for peace in Cote d'Ivoire and despite the good news that peace talks are likely to begin soon in Liberia, peace is still generally fragile in the region and remains a major challenge to be met.

169. In the Mano River Union, the continued fighting in Liberia remains a source of great concern. However, significant progress has been made in the peace process in Sierra Leone.

a. Sierra Leone

170. The political and security situation in Sierra Leone has been calm and stable since the legislative and presidential elections of 14 May 2002 which received the active support of the international community.

171. All necessary measures have been taken to enable the government of Sierra Leone to reestablish its authority over the whole territory and ensure that all the parties to the Lome Accord comply with its provisions. Progress has been recorded in the following areas:

- restructuring and training of the Sierra Leonean armed forces, with the support of UNAMSIL;
- increase in the staff strength of the police force;
- reintegration of most of the registered ex-combatants .

172. However, many problems still remain to be solved, particularly in the areas of infrastructure and public services, due to lack of resources.

173. ECOWAS is determined to pursue its efforts to consolidate peace in Sierra Leone, which, in its view, requires the continued presence of UNAMSIL forces in the country. The Executive Secretariat therefore recommends that ECOWAS should appeal to the international community to ensure that UNAMSIL remains in Sierra Leone.

b. Liberia

174. Since the resumption of hostilities in Liberia in 2001, ECOWAS has been closely monitoring the situation, with a view to finding a lasting solution to the conflict. The Community took several actions aimed at promoting dialogue among the different parties to the conflict. It also supported the various initiatives taken, which culminated in the setting up of an International Contact Group on Liberia (ICGL), charged with the responsibility of restoring lasting peace to the country. The initiatives include:

- i. preparatory meeting held in Abuja on 15 and 16 March 2002;
- ii. actions taken by the Inter-Religious Council of Liberia;
- iii. Liberian Leadership Forum held from 8 to 11 July 2002;
- iv. workshop organised by the United Nations Security Council on the Mano River Union;
- v. actions taken by the International Contact Group on Liberia.

175. Since its inaugural meeting in New York on 17 September 2002, the International Contact Group comprising the United Nations, the European Union, the African Union, ECOWAS, France, the United States of America, Morocco, Ghana, and Nigeria, has spared no effort to stop the fighting in Liberia and create an environment conducive to the organisation of free and democratic elections in the country.

176. The co-Chairmen of the International Contact Group on Liberia, the Honourable Minister of Foreign Affairs of Ghana, Nana Akufo Addo, and the Special Representative of the Presidency of the European Union to the Mano River Union and Minister of Foreign Affairs of Sweden, Mr. Hans Dahlgren, visited the member countries of the Mano River Union on 14 and 15 April 2003, at the request of the Group.

177. Similarly, at the request of President Taylor, an UN/AU/ECOWAS mission visited Liberia from 5 to 10 May 2003 to evaluate the country's needs and the social, economic and political situation in the country.

178. During both missions, all Liberian political leaders expressed support for the postponement of the elections and similar support for the organisation of the peace conference scheduled to take place in Accra on 4 June 2003.

179. They also welcomed the appointment of General Abdulsalami Abubakar, former Head of State of the Federal Republic of Nigeria, as Mediator. Since his appointment, General Abubakar has visited Liberia for preliminary discussions with the parties to the conflict.

180. The Security Council has also adopted Resolution 1478 (2003) renewing the sanctions imposed on Liberia in application of Resolution 1341 (2001), for its failure to comply with the provisions of the earlier resolution.

c. Côte d'Ivoire

181. The twenty-sixth summit of the Authority of Heads of State and Government held in Dakar on 31 January 2003 agreed that the Marcoussis Accord constituted an appropriate framework for the resolution of the Ivorian crisis and called on the people of Cote d'Ivoire to give it their full support.

182. The Heads of State and Government also decided that a delegation of the Contact Group should visit Cote d'Ivoire for talks with President Gbagbo on the situation prevailing in the country. The mission took place on 1 February 2003. Since then, the current ECOWAS Chairman has done everything in his power to find a solution to the impasse that followed the formation of the Government.

183. Following consultations, particularly during the Accra Round Table held on 6 and 7 March 2003, an agreement was concluded on the formation of a government. Following other interventions by the ECOWAS Chairman, the government of national reconciliation was able to begin work on the implementation of the Marcoussis Accord.

184. With regard to military matters, measures were taken to ensure the security of members of the New Forces appointed to serve in the government and to provide greater security in the western part of the country where cease-fire violations had been recorded.

185. Concerning economic issues, significant progress has been achieved in the restoration of economic ties between Cote d'Ivoire and its neighbours, particularly Burkina Faso and Mali.

186. The peace process in Cote d'Ivoire is well on track but remains fragile. Hence the need for ECOWAS and the international community to continue to support President Gbagbo and the government of national reconciliation led by Mr. Seydou Diarra. It is for this reason that ECOWAS is making every effort to ensure that the ECOWAS mission remains in Cote d'Ivoire, despite the financial constraints it is facing, and is participating actively in the work of the committee on the implementation of the Marcoussis Accord.

187. In this connection, an ECOWAS delegation made up of five Ministers of Foreign Affairs and the Executive Secretariat visited the headquarters of the United Nations as well as capitals of some of our main partners. The report of the mission was presented to the extraordinary summit of Heads of State and Government convened by the current Chairman in Abuja on 28 May 2003, on the occasion of celebrations to mark the twenty-eighth anniversary of the Community. The summit also adopted a Declaration on a Regional Approach to Peace and Security.

d. Guinea Bissau

188. Since the crisis in Guinea Bissau ended in 1998, ECOWAS has consistently supported the country in its attempts to consolidate peace, stability and democracy. The Executive Secretariat took a number of actions, including a fact-finding mission to Guinea Bissau, ensured discussions at the ECOWAS Mediation and Security Council on the situation in the country, and made appeals to the international community to assist the country. Guinea Bissau was the main item on the agenda of the tenth meeting of the Mediation and Security Council.

189. At the political level, the current situation in Guinea Bissau, resulting from political and constitutional crises, has been aggravated by the lack of financial resources to organise legislative elections. Guinea Bissau is also facing serious economic and social problems. For example, the government has not been able to pay the salaries of civil servants and teachers as promised, leading to frequent strikes by the workers. The country is also

unable to provide basic services such as electricity, communications and roads.

190. As regards security, the situation in Guinea Bissau has remained calm, although the political and social conditions still give cause for concern and light weapons still circulate freely in the country, an issue over which UNOGBIS has expressed deep concern. The Mediation and Security Council has requested the Authority of Heads of State and Government to set up a mediation committee for Guinea Bissau.

191. I would like to seize this opportunity to once again appeal to the international community to fulfil its commitments by providing Guinea Bissau the financial assistance it needs.

Implementation of the Protocol on the Mechanism for Conflict Prevention, Management and Resolution, Peace-keeping and Security

192. The implementation status of the mechanism is as follows:

The Mediation and Security Council

193. 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 for the implementation of the provisions of the mechanism. The Council meets at three levels: Heads of State and Government, Ministers, and Ambassadors.

194. Since its inception, the Mediation and Security Council has functioned normally and satisfactorily, discharging its responsibilities as stipulated in the protocol on the mechanism.

195. At the twenty-sixth session of the Authority of Heads of State and Government held in Dakar on 31 January 2003, the following Member States were elected as members of the Mediation and Security Council: Burkina Faso, Ghana, Guinea, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

196. The tenth ordinary ministerial meeting of the Mediation and Security Council was held in Abidjan on 7 April 2003 to consider the security situation in the region, particularly in Cote d'Ivoire.

Defence and Security Commission

197. The Defence and Security Commission established under Article 18 of the Protocol on the Mechanism for Conflict Prevention, Management and Resolution, Peace-keeping and Security, was very active during the period under review, particularly after the outbreak of the crisis in Cote d'Ivoire. To date, it has held six ordinary meetings and three extraordinary meetings.

198. The meetings were convened to determine the modalities for the implementation of the provisions relating to the establishment of ECOMOG standby units. The Commission also took decisions on the verification of the strength of the standby units, their training needs, their integration, the harmonisation of training structures, operational modalities, and exchange of information on operations and equipment/logistics. The extraordinary meetings focussed on the deployment of ECOMOG troops in Cote d'Ivoire.

ECOWAS Standby Units

199. It will be recalled that the ECOWAS Ceasefire Monitoring Group is made up of standby units stationed in the Member States, ready for immediate deployment. The main objective of the meetings of the Defence and Security Commission was to determine the number of standby units needed and formulate recommendations on their logistic needs and training.

200. Prior to the outbreak of the crisis in Cote d'Ivoire, the number of troops promised by Member States formed 14 to 15 battalions. It had been decided that a battalion would be made up of 3 companies, in addition to commanding officers and officers in charge of providing logistic support. Countries which could only contribute companies were expected to ensure that the units are self-sufficient in terms of logistics, and capable of operating independently.

201. The experience in Cote d'Ivoire has revealed that the standby units were not adequately prepared, the Member States having contributed troops

without providing them with the necessary equipment. There is therefore the need to formulate a new policy to enhance the efficiency of the units.

Council of Elders

202. New members of the ECOWAS Council of Elders have been appointed for a period of one year, following the decision by the twenty-sixth summit of Heads of State and Government held in Dakar on 31 January 2003.

203. The new Council held its inaugural meeting in Accra on 23 April 2003 and elected His Excellency Antonio Mascarena Monteiro, former President of the Republic of Cape Verde, as Chairman.

204. Members of the Council of Elders served as observers during the general elections in Nigeria and acted in the same capacity during the elections in Togo.

Observation and Monitoring System

205. The grant of 1,990,000 euro by the European Union towards the establishment of the Observation and Monitoring System expired in November 2002. However, some of the activities could not be undertaken due to administrative problems. The four heads of zonal bureaux assumed duty and participated in seminars on conflict prevention. Training courses will be organised and equipment purchased during the year to enhance the capacity of the staff of the Observation System.

Accreditation of Ambassadors to ECOWAS

206. Following repeated appeals to Member States to take appropriate 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 Ambassadors of ECOWAS Member States have formally presented their letters of credence to me. They are the Ambassadors of Benin, Burkina Faso, Cote d'Ivoire, Ghana, Guinea, Mali, Nigeria, Senegal and Sierra Leone.

207. The Ambassadors of France, Germany, Russia, Japan and Cuba have also presented their letters of credence to me.

Consolidating Peace and Promoting Democracy and Good Governance

208. The conduct of elections can be an essential indicator of the success of democracy. However, elections can also constitute a potential source of conflict and pose a threat to peace and security. In recognition of this, the summit of Heads of State and Government held in Dakar on 31 January 2003 directed the Executive Secretariat to organise fact-finding missions to Member States where elections were due to take place in 2003, to assess the state of preparedness for the elections.

Nigerian Elections

209. The government of the Federal Republic of Nigeria invited ECOWAS to send an observer team to monitor the general elections organised in the country between 12 April and 3 May 2003. In response, the Executive Secretariat sent a joint Executive Secretariat/ECOWAS Parliament team comprising members of the ECOWAS Council of Elders, members of the ECOWAS Parliament, and representatives of Member States to the Federal Republic of Nigeria. The team, which was in Nigeria from 10 to 21 April, monitored the elections in ten states of the Federation and produced a report at the end of its mission.

210. According to the report, the presidential and legislative elections in Nigeria were organised in accordance with laid down electoral procedures and in an orderly and peaceful manner.

Presidential Elections in Togo

211. In accordance with the decision by the twenty-sixth session of the Authority of Heads of State and Government, an ECOWAS fact-finding mission was sent to Togo from 7 to 12 May 2003 to evaluate the political situation in the country ahead of the presidential elections scheduled to be held on 1 June 2003. The members of the mission met with the main Togolese political leaders, the Independent National Electoral Commission, and members of the Higher Communication Commission.

212. The Executive Secretariat also sent a joint Executive Secretariat/ECOWAS Parliament team to Togo to monitor the June 1 presidential election.

213. The mission report states that the elections were orderly, transparent and conducted according to laid down electoral procedures.

Ratification of Protocols

214. I am pleased to announce that the Republic of Ghana has ratified the Protocol on Democracy and Good Governance which is supplementary to the Protocol on the Mechanism for Conflict Prevention, Management and Resolution, Peace-keeping and Security. I hereby urge all other Member States to take necessary measures to ensure the speedy ratification and implementation of this precious instrument for democracy.

CONCLUSION

215. An enormous amount of work still needs to be done with regard to the implementation of the ECOWAS programmes. The achievement of success demands the constant support of the Member States; each country must play a leading role in the achievement of the goals of integration. As it is at present, quite a number of the decisions of our policy-makers have not been implemented by the Member States. This is one of the main weaknesses of our organisation.

216. There must be broad-based public participation if Community decisions are to be implemented and a consensus is to be developed on the strategic goals of regional integration and on how they may be attained. We must endeavour to win the support of the economic operators, associations of professionals and mass movements of youths, women, workers and others. Above all, we must gain a better insight into the goals, concerns and problems of the different stakeholders in the development process, in order to find appropriate solutions which will contribute to the welfare of our peoples. This is one of the preconditions for the success of ECOWAS programmes.

217. The successful functioning of ECOWAS will also depend on the financial and human resources made available to the Community institutions. Member States are therefore urged to comply with the Authority decision and proceed on 1st July 2003 to the full application of the provisions of the Protocol on the substantive regime of the Community levy. This will provide the institutions with the financial resources they need for their smooth operation.

218. I should also like to emphasise that even though the success of ECOWAS depends, in the final analysis, on the political will and commitment of the West African governments, external assistance also plays an important role, particularly through the enhancement of the internal capacities of the ECOWAS institutions. That is why I have been urging that donor assistance be increased, to enable ECOWAS achieve its integration and development objectives, and enhance the welfare of our peoples.