



20 YEARS AWAY

ECONOMIC COMMUNITY OF WEST AFRICAN STATES



20 YEARS AWAY

**FORTIETH SESSION OF THE COUNCIL OF MINISTERS
LOME, 21 - 23 NOVEMBER 1996**

**INTERIM REPORT
OF
THE EXECUTIVE SECRETARY
MR. EDOUARD BENJAMIN**

LAGOS, OCTOBER 1996

NOT TO BE TAKEN AWAY

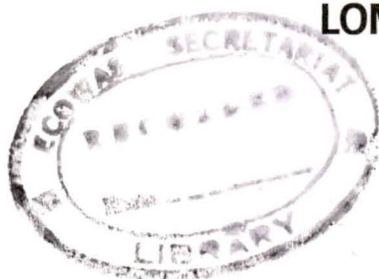
NOT TO BE TAKEN AWAY

ECW/CM.XI/2



ECONOMIC COMMUNITY OF WEST AFRICAN STATES

**FORTIETH SESSION OF THE COUNCIL OF MINISTERS
LOME, 21 - 23 NOVEMBER 1996**



**INTERIM REPORT
OF
THE EXECUTIVE SECRETARY
MR. EDOUARD BENJAMIN**

LAGOS, OCTOBER 1996

TABLE OF CONTENTS

CHAPTER	PARAGRAPHS
I INTRODUCTION	1 - 8
II RECENT DEVELOPMENTS IN THE WEST AFRICAN ECONOMY ..	9 - 20
III IMPLEMENTATION OF THE 1996 WORK PROGRAMME ..	21 - 132
IV THE 1997 COMMUNITY WORK PROGRAMME ..	133 - 163
V CONCLUSION	164 - 169

CHAPTER I

INTRODUCTION

1. It is my pleasure to submit to Council this interim report on the functioning of the Community. It covers the period January to October 1996. Considering the fact that the period under review is relatively short and that this report will be considered at the same time as the draft work programmes and draft budgets of the Community Institutions for the 1997 financial year, attention will be focused mainly on:

- (i) the implementation of the 1996 work programmes; and
- (ii) the 1997 programmes being submitted to Council for consideration.

2. I had the privilege of holding discussions with the current Chairman of the Authority, His Excellency General Sani Abacha, Head of State and Commander-in-Chief of the Armed Forces of the Federal Republic of Nigeria, His Excellency General Lansana Conté, Président of the Republic of Guinea and General Baré Mainassara, President of the Republic of Niger. The interest shown by Their Excellencies in the affairs of the Community and their invaluable advice are a big source of encouragement to me. I am immensely grateful to them.

3. I wish also to express my gratitude to the Chairman of Council, Chief Ayo Ogunlade, Minister of National Planning of the Federal Republic of Nigeria, for the great efforts he has been making to ensure achievement of the objectives of ECOWAS. He has been a source of inspiration to me. We should also not fail to express our heartfelt appreciation to Chief Tom Ikimi, Minister of Foreign Affairs of the Federal Republic of Nigeria and Chairman of the Ministerial Committee of Nine on Liberia and his distinguished colleagues for their relentless quest for a solution to the Liberian conflict.

4. Since the last summit of Heads of State and Government held in July 1996, considerable changes have taken place in West Africa. The summit of the Committee of Nine held in August 1996, paved the way for a final and lasting solution to the Liberian civil war. Thanks to the decisions taken by the Committee, the warring factions have begun disarming and encamping their troops, a situation that augurs well for peace and regional security.

5. Furthermore, the return to civilian rule following democratic elections in The Gambia, Niger and Sierra Leone and the progress made in the democratic transition process in Nigeria with the registration of political parties are positive developments that portend political stability in the West African sub-region.

6. It is also important to record the crucial role played by the members of the ECOWAS Consultative Forum, composed of Ministers of Finance, Ministers of Planning and Governors of Central Banks at the joint International Monetary Fund/World Bank meetings held in October 1996 to find a lasting solution to the economic problems facing the sub-region, such as the heavy debt burden and capital flight. The members of the Consultative Forum worked relentlessly with the Bretton Woods institutions in the search for a comprehensive approach to the multilateral debt problems facing Member States.

7. This year has been a particularly difficult one for the Institutions of the Community. In this report, I shall focus attention on a number of issues, such as the difficulties encountered in the recovery of contributions to the budgets of Community Institutions and the implementation of Community Acts and Decisions. I wish to express our sincere gratitude to the Member States which reacted favourably to the urgent appeals made by the Community Institutions, thereby making it possible to pursue a number of regional integration programmes. It is my hope that the other Member States will also make an effort to contribute their quota to strengthen the Community.

8. Chapter II presents a brief analysis of the situation of the West African economy and highlights a number of economic development prospects. Chapter III focuses on the implementation of the work programmes approved for 1996. The highlights of the Community programme for 1997 are presented in Chapter IV. The concluding part is covered by chapter V.

CHAPTER II

RECENT DEVELOPMENTS IN THE WEST AFRICAN ECONOMY

INTRODUCTION

9. As indicated in my annual report presented in July 1996, economic performance in West Africa was generally encouraging. Real GDP grew by 4.1% in 1995 as against 2.8% in 1994. However, after more than a decade of economic reforms, economic performance is still below expectations. On a positive note, however, a number of ECOWAS countries have been able to make progress in creating an enabling environment for macro-economic stability and sustainable growth. In effect, the Member States applying sustained economic reform measures have made significant progress and achieved more significant capital flows. In other ECOWAS Member States, however, the socio-economic environment is still characterised by high inflation and large budget deficits caused by economic management. In these cases, more credible reform programmes for achieving sustainable growth need to be implemented as a matter of urgency.

HIGHLIGHTS OF ECONOMIC POLICIES IN WEST AFRICA

10. Since the summit in Abuja in July 1996, a number of new economic development policies have been adopted by ECOWAS Member States. In most Member States, serious efforts have been made to consolidate the monetary reform process and to liberalise the financial sector. The majority of Member States have taken steps to narrow their budget deficits by adopting either customs revenue collection programmes managed by the private sector as in Guinea and Nigeria, or measures aimed at widening the tax base.

11. A number of countries have accorded priority to the mobilisation of domestic resources by adopting realistic interest rate policies and reforming the banking sector. Nigeria has removed the earlier interest rate ceiling of 21% and also abolished the two-tier exchange rate system¹. Most members of the franc zone have been able to make their exports more competitive on the international market following the devaluation of the franc CFA in January 1994.

¹ Journal "Emerging Markets" - 2 October 1996

12. The performance of sub-regional stock markets such as those of Abidjan and Lagos has improved with the cleaning up of the financial sector in Côte d'Ivoire and the conducive investment climate being created in Nigeria by the abrogation of the 1962 foreign exchange control law; this was a piece of legislation limiting private investment.

13. Most Member States have continued with project restructuring and privatisation in a bid to improve the performance of public enterprises. Indeed, a number of countries have accelerated the implementation of the public sector rationalisation programme, designed to increase the role of the private sector in the economy. Among such measures are the restructuring of enterprises, sale of companies to private investors and the establishment of joint ventures and leasing. Nigeria is contemplating privatising the transport, telecommunications, energy and agro-allied sectors valued at 50 billion US dollars². The pace of restructuring and privatisation of small and medium-scale enterprises is expected to increase in other member States in the years ahead with the introduction of new investment codes and "one-stop" centres to enable investors obtain approval to establish enterprises. A majority of new enterprises have been given longer tax holidays while taxes on profits and essential equipment have been lowered to 5 - 10%³.

14. ECOWAS Member States, however, continue to suffer the effects of serious structural weaknesses such as dependence on mono-culture and mining, reliance on export of raw materials, inadequacy of basic infrastructures and human resources. In an attempt to remove such constraints, a number of ECOWAS Member States have initiated programmes designed to boost long-term economic growth and development. The "Elephant of Africa" project initiated by Côte d'Ivoire and Nigeria's "Vision 2010" programme highlight strategic policies targeting basic objectives such as diversification of the economy, streamlining of infrastructures and debt relief. If such initiatives are to produce the expected results, the West African economy would have to overcome formidable challenges.

Challenges

15. The external debt problem continues to impact negatively on the development of West Africa. Debt relief and debt rescheduling initiatives so far taken have failed to reduce significantly the debt burden of heavily indebted countries, mainly because of their depressed earnings. Unless a lasting solution involving integrated

² Journal "Emerging Markets" - 2 October 1996

³ Joint UNDP/USAID Workshop on the private sector in Africa - Abidjan, 14 - 17 October 1996.

and growth-oriented strategies and mechanisms is found, the debt problems will continue to undermine the growth potential of ECOWAS Member States.

16. In recognition of the untenable situation of heavily indebted countries, the international community, at the annual meeting of the IMF and World Bank held in October 1996, adopted a new framework to assist countries facing multilateral debt problems. This will involve the establishment of a debt relief facility through the creation of a special international fund to provide additional assistance to heavily indebted countries on a case-by-case basis. The mechanism, which will be funded by the IMF, the World Bank and the creditor countries within the Paris Club, would entail the reduction of up to 80% of the debt stock of the eligible debtor-countries.

17. This is indeed a welcome initiative, even though the beneficiary ECOWAS Member States have not yet been disclosed.

18. The low level of foreign direct investments is another major challenge facing the economies of West Africa. The Africa region has not attracted much of the external capital resources which have become a major source of funding for developing countries. Africa's share of world private investment resources was only 3% in 1994 and 9% in 1995. No country in West Africa possesses the institutional framework, the financial infrastructure and degree of solvency necessary for achieving an effective integration of the sub-region into the international financial market. To be able to face these challenges, ECOWAS Member States should, as a matter of urgency, create the necessary environment for the emergence of an active and viable regional financial market.

19. The improvement of the performance of the West African economy through the adoption of more rigorous structural adjustment measures is of primordial importance. Equally, an imperative for the development of West African economies is the creation of an environment conducive to private investment. In order to attract and maintain the interest of foreign investors, there must be an improvement in the transport, telecommunications, energy, manpower and financial services available. These and other measures must be taken to make enterprises more competitive, other measures include the introduction of workable tariff structures, and an appropriate legal and judicial system that would encourage private sector initiative.

20. Lastly, adopting a regional development strategy to widen the various national markets could enhance growth and help remove some of the structural imbalances inherent in national economies. ECOWAS has set up an appropriate framework for the formulation and implementation of Community development programmes.

Every effort must be made to implement such programmes promptly in order to guarantee accelerated growth and development in the West African region.

CHAPTER III

IMPLEMENTATION OF THE 1996 WORK PROGRAMME

INTRODUCTION

21. The chapter reflects the actions that have been taken with regard to the work programme approved by the authorities, the results that have been achieved and what is left to be tackled as part of the priority issues for the following year. The presentation is structured under three main themes as follows: socio-economic programmes, administrative and institutional issues and regional peace and security.

SOCIO-ECONOMIC PROGRAMME

Improving the Level of Implementation

22. The work programme embodied strategies for tackling the implementation of regional policies to ensure that the efforts of Member States produced more favourable results. One of the major activities was the meeting in May 1996 of Heads of ECOWAS National Units which discussed the low level of involvement and participation of Member States in Community activities. The meeting identified the major factors influencing the results achieved so far on integration issues and proposed various remedies for solving the problems. The proposals included identifying selected priority Community programmes, ensuring effective implementation and monitoring, and improved financing of Community institutions.

ECOWAS Consultative Forum

23. The Consultative Forum was organised as part of this year's annual statutory meetings to provide a platform for dialogue and cooperation in economic management.

24. The deliberations at the Forum were aimed at improving the regional integration process and the economic reforms being undertaken in Member States. The main issues on the agenda included harmonisation of economic policies, regional development programme, private sector participation in regional integration and monetary cooperation. The highlights are presented below.

Harmonisation of Economic and Financial Policies of Member States

25. The Secretariat prepared a memorandum detailing the refinements needed for the selected indicators of convergence, i.e. exchange rate, inflation and budgetary ceiling. The Consultative Forum expressed its satisfaction with the recent performance of Member States in the three selected indicators of convergence. The Secretariat was urged to study and draw lessons from the surveillance mechanism of the IMF and the relevant experience of the European Union. The Forum emphasised that the harmonisation of national macro-economic policies and the success of any regional surveillance mechanism would depend very much on the commitment of each Member State to internal discipline. Necessary follow-up action would include contacts with national authorities to review performance and assess convergence.

Harmonisation of Commercial Laws within ECOWAS

26. The commercial laws of ECOWAS countries are to be harmonised with a view to rationalising and improving the legal environment under which businesses operate. This will provide West African economic operators and other investors with the legal security necessary for the development of business activities beyond national boundaries. It will also help to attract investors to the region and create jobs.

27. The Committee of Eminent Persons set up by the Council of Ministers to harmonise commercial laws within ECOWAS met in Lagos from 27 to 29 August 1996. During that meeting, the Committee identified the areas of commercial law to be harmonised and agreed to draw inspiration from the achievements of the Organisation for the Harmonisation of Commercial Laws in Africa (OHADA). The Committee decided that the focus of attention should be the areas of General Commercial Law, Company Law, Settlement of Liabilities, Warrantees, Debt Recovery Procedures, Labour Law, Accounting Law, Business Law, Industrial Property Rights, and Trans-Border Investment Law. The meeting also defined its method of work and recommended structures to be put in place to enable the Committee execute its mandate successfully.

Formulation of Regional Development Programme

28. The Secretariat organised a meeting of high level African experts in Lome in May 1996 to discuss the outline and the framework of the Regional Development Programme. The outline document which emerged after the meeting in Lome was finalised and presented to the Consultative Forum. The document stated the focus and orientation of the preliminary study to be conducted and which will form the

basis for the formulation of the development programme. The Forum welcomed the steps taken on the regional development programme and advised that the Community should focus on a realistic programme that would stand a good chance of being executed. The Secretariat was requested to secure close involvement of both Member States and the international community, particularly the Bretton Woods institutions, the European Union and the ADB in the formulation of the Regional Development Programme.

29. Follow-up work would involve the engagement of consultants to undertake a study before the elaboration of the programme. This is to be done in close consultation and collaboration with Member States and our development partners.

Enhancement of Private Sector Participation in the Integration Process

30. The current reform measures advocate an increasing role for the private sector. The nature of such private sector involvement was part of the discussions at the Consultative Forum. The perspectives of private operators were highlighted in papers presented by the Federation of West African Chambers of Commerce, the Federation of West African Manufacturers' Associations, West African Bankers Association and the West African Enterprise Network. The presentations emphasised the need to eliminate the many obstacles hindering regional investment, commercial and other transactions. There was particular mention of problems relating to corruption and harassment at border controls and roadblocks, border closures, uncoordinated tariffs, inadequate regional transportation system, poor telecommunication and postal facilities, lack of product information, currency inconvertibility and an ineffective payments system.

31. Some of the solutions proffered to ensure the increased role of the private sector are the following:

- implementation of ECOWAS protocols on free movement of persons, goods and services, regional trade liberalisation and monetary cooperation;
- simplification of fund transfers;
- promotion of establishment of private foreign exchange bureaux;
- improvement of banking services and correspondent banking relationships, including communication in the banking sector;

- encouragement of private participation in the service sectors of transport and communications;
- enhancement of internal security and political environment and maintenance of cordial relationship between neighbouring Member States.

32. The private sector was urged to be better organised and to be extra vigilant and help government eliminate corruption and official practices that inhibit economic activities. It was further agreed that the private sector was to be encouraged to participate actively in the adoption of policy decisions affecting the sector. The Secretariat was requested to plan further action that could lead to the improvement of the participation of the private sector in the integration process.

33. The Community is working on proposals for organising a regional conference on the private sector to discuss measures and the environment necessary for achieving regional integration. It may be recalled that the ECA held a meeting in Accra in June 1996 at which the role of the private sector in Africa was examined. The proposed regional forum will provide a greater opportunity to address issues relating to both the formal and informal sectors with reference to the regional production and commercial networks.

Protocol establishing Value Added Tax

34. As part of on-going efforts to harmonise internal indirect tax and promote trade on a non discriminatory basis within the Community, the July 1996 session of the ECOWAS Authority of Heads of State and Government adopted a protocol establishing a general tax on consumption, to be known as value-added tax. This shall replace all other taxes on turnover. The tax shall be structured and applied by Member States in accordance with the relevant provisions of the Protocol.

ECOWAS Trade Liberalisation Scheme

35. The ECOWAS Trade Liberalisation Scheme is being applied in a desultory manner. Although a number of originating products are now visible on Community markets, myriad problems continue to hinder application of the scheme in all Member States. The Executive Secretariat is striving to find solutions to these difficulties. Moreover, as part of measures to attract direct foreign investment to the sub-region, the Community authorities, at the July 1996 statutory meetings in Abuja, decided to abolish indigenous participation in the equity capital of enterprises as a condition for eligibility under the trade liberalisation scheme. The Executive

Secretariat intends to involve the private sector in the sub-region in the effective implementation of the trade liberalisation scheme in Member States.

**Establishment of the ECOWAS Customs and Statistical Nomenclature
based on the Harmonised System (HS)**

36. Work on the type-setting of customs tariffs of Member States is progressing normally. The printers have been chosen by an international call for tenders and printing is expected to be completed towards the end of the year.

Harmonisation of Customs Regulations and Formalities in Member States

37. As a follow-up to letters sent to Member States requesting them to forward their laws and regulations governing clearing of goods to the Secretariat, the Customs Division is planning to embark on a mission to some Member States during which the team will organise working sessions with Customs administrations and take delivery of the texts concerned.

Preparation of the Agreement between National Guarantors

38. The Executive Secretariat has received the report by the provisional bureau charged with the responsibility of monitoring and coordinating the activities of national guarantors, which had been set up to ensure the application of ISRT conventions. The report will be submitted to the meeting of national guarantors to be held in December 1996. At the end of that meeting, the Agreement binding the national guarantors will be signed by the representatives of national institutions designated to guarantee ISRT operations.

Preparation of a Single Customs document (SCD)

39. Work has been completed on the preparation of the ECOWAS Single Customs Document, carried out in conjunction with UEMOA and the CCC. The outcome of the deliberations will be submitted to the meeting of Customs and statistics experts.

Monetary Cooperation Programme

40. Within the context of reviewing progress in the implementation of the monetary cooperation programme, two meetings were held in Accra in May 1996:

- (i) Sixteenth Meeting of Directors of Research of Central Banks on 15 May;
and

- (ii) Eighteenth Meeting of the Committee of Governors of Central Banks on 16 and 17 May.

Also, as part of the preparatory meeting of the Consultative Forum, the Nineteenth Meeting of the Committee of Governors was held on 21 July at Abuja to finalise the input of Governors for discussions on the various policy issues.

41. The Governors expressed satisfaction with the progress being made in liberalising exchange regimes and the adoption of a market-oriented approach in monetary management. All Member States which had not already done so were urged to ensure regional current account convertibility by assuming the obligations of Article VIII of the IMF's articles of agreement. Furthermore, in reviewing progress in the implementation of removal of non-tariff barriers of a monetary nature, such as the use of domestic currencies by ECOWAS citizens to effect payments (airport tax, air tickets, hotel bills, transit tax etc.), the Governors noted the steady progress being made by all countries to comply with this directive.

42. Following a recommendation of the Governors, a Community decision has been taken as a further step towards the target of no borrowing by government from the central bank: for the next two years, the target should be a ceiling of 0-10% of fiscal revenue or 2-3% of GDP.

43. To help with the formulation of policy measures to facilitate trade and the implementation of the monetary cooperation programme, two studies were commissioned by the Governors:

- the role of WAMA in intra-regional trade; and
- the establishment of an ECOWAS exchange rate mechanism.

44. In addition, the on-going work on the introduction of the Credit Guarantee Fund of UA 3 million for the clearing and payments mechanism of WAMA and also on the West African Travellers Cheques, is expected to be completed for consideration by Governors in November 1996.

45. This year witnessed the transformation of the West African Clearing House (WACH) into the West African Monetary Agency (WAMA) by the signing of the Articles of Agreement by the central banks in March 1996. This will be followed by the inauguration of the WAMA Secretariat building in Freetown in November 1996. This will elevate WAMA to a full-fledged specialised institution of ECOWAS that will manage the monetary integration process in West Africa.

Joint IMF/World Bank Annual Meeting

46. The Secretariat participated in this year's IMF/World Bank annual meetings held in Washington, D.C. in October 1996. Bilateral cooperation meetings were also held with officials of the World Bank, IMF and UNDP.

47. Fruitful discussions held with Mr. Jean Louis Sarbib, the World Bank Vice-President in charge of Africa, marked a new turning point for cooperation between ECOWAS and the Bank. At the end of the discussions, the Bank agreed to send a team to ECOWAS before the end of the year on a working visit to define a framework for cooperation between ECOWAS and the Bank. Furthermore, the IMF undertook to continue to send on a regular basis to ECOWAS, information and data on Member States considered relevant to our purpose. The IMF would, from now on, reflect in its reports on ECOWAS Member States, decisions agreed upon at Council and Authority level relating to the removal of non-tariff barriers of a monetary nature relating to exchange, trade and payments liberalisation. This should facilitate effective coordination and monitoring by both ECOWAS and the IMF.

48. The UNDP provided documents on the regional cooperation framework for its Fifth Inter-country Assistance Programme. The Secretariat is studying the proposal for further discussion with the UNDP before the end of the year with a view to selecting some of the priority programmes of the Community for submission to the UNDP.

Utilisation of External Resources

49. The Community work programme includes activities for improving the mobilisation and utilisation of development assistance resources. The activities to secure increased use of European Development Fund (EDF) resources involved organisation of a meeting of West African National Authorising Officers (NAOs) in Lome and participation in a meeting of the NAOs organised in Brussels by the European Commission for the preparatory programming of the Eighth EDF in West Africa. The European Commission presented a joint EU/ACP proposal on the areas of intervention under the 8th EDF which were similar to the sectors agreed upon by the NAOs at their meetings in Accra in July 1995 and in Lome in May 1996. The areas proposed are: regional trade, transport and telecommunications infrastructures, human resource development, management of natural resources and protection of the environment. It must be indicated that both meetings were also attended by UEMOA and CILSS.

50. The NAOs noted the low level of allocation of EDF resources to ECOWAS and recommended that the Executive Secretariat should redynamise its cooperation arrangements with the EU. This calls for closer working relations between the two institutions with regard to the identification and preparation of appropriate regional projects for funding arrangements, and monitoring the execution of such projects.

51. The regional indicative programme for West Africa was signed during a meeting of NAOs and the European Union held in Accra on 17 and 18 October 1996. The cooperation arrangements include coordination meetings and follow-up activities and the Community institutions will monitor and pursue the actions envisaged in order to improve upon the level of utilisation of the EDF resources allocated to the West African states.

Monitoring the Lagos-Accra International Route

52. In accordance with Council's directive of December 1995, a consultative meeting was held in June 1996 by officials from Benin, Ghana, Nigeria and Togo to discuss the serious obstacles to free movement of persons and goods along the Lagos-Accra highway. The participants conducted on-the-spot visits along the highway to observe the problems that had been complained about, particularly harassment and extortion at the borders, the practice of subjecting goods in transit to numerous searches and examination and the numerous road blocks. It is gratifying to note that in October 1996, the Military Administrator of Lagos State ordered the removal of 17 road blocks mounted along the road from Lagos to the border with Benin at Seme. It is the strong hope of the Secretariat that the order will be obeyed and such road blocks will not reappear. The Nigerian authorities would have to work out an effective arrangement for monitoring compliance with this directive to ensure freer movement of people and goods. The Community will have to focus on the introduction of orders to remove the road blocks and to follow this up with monitoring activities to ensure the success of the initiative.

53. Very often, the issue of national security has been raised to justify the practice of manning several road blocks on the highways. This will be an issue for the discussions of the ECOWAS Ministers in charge of national security who are expected to meet early next year. The meeting would focus on ways of minimising the disturbing effects of such security operations.

First ECOWAS Trade Fair - Follow-up

54. After the first ECOWAS Trade Fair held in Dakar from 28 May to 4 June 1995, the Secretariat organised the 7th Meeting of the Consultation and Coordination

Committee in May 1996 to discuss the first evaluation report and assess the impact of the Fair on regional trade flows. The Executive Secretariat is conducting a study to collect information on the follow-up to the business contacts registered during the Fair. The basic information for the study will be sought by means of a questionnaire and a tour of some Member States, to visit selected enterprises that participated in the exhibition, trade promotion organisations and government officials.

55. Following lessons learned from the organisation of the first fair, the Executive Secretariat has already started preparations for the second edition which is scheduled to take place in Accra from 26 February to 7 March 1999, on the theme **"Economic Cooperation through Trade"**. To render the preparations more efficient and result-oriented, a framework of an agreement defining the responsibilities and obligations of the organiser and the executing agency is to be signed between the ECOWAS Secretariat and the Ghana Trade Fair Authority.

West African Trade and Uruguay Round

56. With the current process of economic globalisation and the growing trend towards liberalisation, trade and production have become burning issues in international debates. The Secretariat participated in a West African sensitisation seminar on the Uruguay Round results, organised by the ACP Secretariat, in collaboration with the World Trade Organisation. The regional seminar was aimed at informing Member States on how they should adapt their laws and regulations so as to take advantage of the results, as well as to enable them maximise the benefits from liberalised and diversified access to markets.

Transport Programme

57. The Secretariat obtained Council approval in July 1996 for the design standards to which the construction of the remaining portions of the Community roads will have to conform. The Secretariat is also working in close collaboration with the World Bank to prepare for the seminar on Road Maintenance Initiative for the West African Region. The recommendations of the seminar will form the basis of the new policy on the creation of road maintenance funds in Member States.

58. In the area of air and maritime transport, the Secretariat continued the search for possible ways of creating an enabling environment for private sector participation in regional air service operations. Also the feasibility study for the improvement of aeronautical navigation and communications systems in the West African region has been completed. The appropriate project documents are to be prepared to seek

funds for the implementation of the programmes adopted for the efficiency and safety of air navigation and communications.

59. The orientation of the transport sector in the following year will be geared towards the completion of on-going projects and new focus on implementing the projects that had just been approved, especially the Road Maintenance Fund, the aeronautical systems and private sector establishment of the coastal shipping line.

ECOWAS Brown Card Insurance Scheme

60. It has been proposed to conduct an evaluation of the operation of this regional scheme. The Brown Card scheme has been in existence since 1983. Its General Secretariat has been in financial difficulties due to non-payment of contributions from some national bureaux. The terms of reference of the proposed study include an assessment of the achievements of the scheme and the expectations of the users as well as the effectiveness of the institutional arrangements. The study is to propose possible modifications to the protocol establishing the ECOWAS Brown Card to ensure the operation of an effective motor vehicle third party liability insurance scheme within the region.

61. The Secretariat participated in the Fourteenth Council of the Brown Card Bureaux meeting held in Abuja from 21 to 25 October 1996. The Council met to deliberate on issues like inter-bureaux settlements, financial and other problems relating to the functioning of the General Secretariat of the Brown Card and the scheme as a whole.

62. The meeting noted the application of the CIMA code (another motor insurance scheme in the UEMOA countries) in addition to the existence of the Brown Card in the region. It was agreed that the Council of Bureaux should approach UNCTAD for the financing of a study on harmonisation of the CIMA code and the Brown Card.

Telecommunications Programme

63. In telecommunications, Council approved the principle of the launching of INTELCOM II next year by the Authority. The new priority programme will provide modern telecommunications services between Member States and develop an information infrastructure that will provide connectivity to the global super highway. It may be noted that an evaluation study by the International Telecommunications Union (ITU) has been commissioned for the first priority programme. The results of the ITU study and proposals from other studies will be used in formulating this second priority programme - INTELCOM II.

Energy Cooperation Programme

64. The Executive Secretariat is currently carrying out three important programmes in the energy sector. These are the West African Gas Pipeline Project (Nigeria-Benin-Togo-Ghana), the regional master plan on energy production and distribution and the interconnection of electric power grids, and appraisal of the equipment and renewable energy needs of Member States.

(i) West African Gas Pipeline Project

65. The signing in September 1995 of the Head Agreement between the four countries concerned has injected some dynamism into the project.

66. The US\$800,000 grant from Japan to cover some of the preliminary studies requested by the three gas purchasing countries and to prepare for the take-off of the project has been allocated to the three countries as follows:

-	Ghana	US\$400,000
-	Benin	US\$200,000
-	Togo	US\$200,000.

The funds are being used to finance the study on the demand for gas in the three countries.

67. The Steering Committee made up of Ministers responsible for energy and petroleum resources in the four countries concerned has effectively taken charge of the project and, in collaboration with the Executive Secretariat, has already organised several coordination meetings on the project activities. The next meeting is to be held on 14 November to finalise arrangements for the establishment of the West African Gas Company which will supervise the project, mobilise funds, attract private sector participation, and oversee its operations.

68. In order to ensure the success of the project, the Steering Committee has decided that each of the countries concerned will make a financial contribution toward the registration of the company, its share capital, and its operations. The share capital has been fixed at US\$200,000 to be distributed equally among the four countries, bringing the total for each country of US\$50,000.

(ii) Regional Master Plan on Energy Production and Distribution
and the Interconnection of Electric Power Grids

69. With financial assistance from the UNDP, the ECA has conducted a preliminary study on the development of hydro-electric resources in the sub-region and on the interconnection of electric power grids. The report will be presented to the next session of the technical commission responsible for the examination and adoption of Community energy programmes.

(iii) Evaluation of Equipment and Renewable Energy
Needs of Member States

70. Work has been completed on the evaluation of equipment needs of Member States. This entailed the drawing up of a five-year programme for each country as well as a regional programme to cover the same period. The aim was to allow Member States to benefit from the lower costs inherent in the economies of scale to be attained and from the centralisation of equipment purchases. The reports will be presented to the 1997 session of the competent Commission for consideration and adoption.

Strategy for Agricultural Development

71. There were two attempts to hold the meeting of the Agriculture Commission on 16 - 19 April 1996 and 2 - 5 July 1996. Both attempts failed owing to lack of a quorum. However, Council's decision was urgently needed on the following:

- Integrated Information Programme for the Agricultural Development of West Africa,
- Regional Floating Weed Control Programme,
- Regional Project on the Contribution of Meteorological Services to Sustainable Development in ECOWAS Member States.

(i) Integrated Information Programme for the Agricultural
Development of West Africa

72. For the implementation of ECOWAS Council Decision N° C/DEC.8/7/94 adopting the Agricultural Information Strategy, the Executive Secretariat, in collaboration with national, regional and international institutions and Member States, formulated a programme aimed at promoting the use of information as a vehicle for the agricultural development of the region.

73. The programme comprises four projects, which have been developed into detailed project proposals. Two additional projects were identified for further study:

Project 1: Training of agricultural researchers in scientific communications;

Project 2: Strengthening agricultural extension systems;

Project 3: Production and exchange of agricultural radio and television programmes;

Project 4: Establishment of an integrated agricultural information system/network;

Project 5: Regional programme to foster functional literacy;

Project 6: West African Agricultural Science Journal.

74. The total cost of the five-year programme is US\$34,145,384 of which US\$30,687,987 is requested of donors. The remaining US\$3,457,396 will be provided from resources of the beneficiary (calculated on the basis of costs for operating existing programmes implicated in the programme costs borne by these institutions with or without the project).

75. The Executive Secretariat will coordinate overall programme activities through a project coordination unit (with the assistance of the Regional Committee for Evaluation, Planning and Follow-up (CREPS) established under this programme as an advisory body. The CREPS which is composed of Member States' experts as well as experts of national, regional and international organisations involved in the projects, has aided ECOWAS throughout the project formulation stage.

76. Technical and financial support for the preparation of this programme was provided by the Technical Centre for Agricultural and Rural Cooperation (CTA) of the European Union.

77. Selected Member States have been contacted for their endorsement of the programme which is to be submitted formally to the EDF in November 1996 and will be followed by a donors' conference in March 1997.

(ii) Regional Floating Weed Control Programme

78. Initiated within the framework of protecting the West African environment, this programme for the control of floating weeds has its genesis in the 1980s. Adopted by the ECOWAS Council in 1989, the programme benefitted from an ADB grant for a feasibility study which was concluded in December 1995. The study proposes the adoption of an integrated approach incorporating both biological and physical control methods, in conjunction with public enlightenment and training programmes.

79. The preparation of this programme was regularly supervised by a panel of experts designated by the Member States.

80. Five integrated control projects (ICP) and a regional coordination unit have been proposed:

Project 1: ICP for the lagoon systems of Benin and Nigeria. Priority given to biological control and public enlightenment.

Project 2: ICP for Ghana and Côte d'Ivoire. Priority given to biological control and public enlightenment.

Project 3: ICP for the Middle Niger Valley (Niger and Northern Nigeria). Priority given to biological control and public enlightenment.

Project 4: ICP for Upper Niger Valley (Mali). Priority given to public enlightenment, prevention and training.

Project 5: ICP for the Senegal Delta (Senegal and Mauritania). Priority given to biological control, training and public enlightenment.

81. A regional coordination unit will be set up at the Executive Secretariat to assist Member States with public enlightenment, training and prevention.

82. The total programme cost is estimated at US\$14,119,380.

83. The ADB has accepted to finance a donors' conference, tentatively scheduled for March 1997.

(iii) Regional Project on the Contribution of Meteorological Services to Sustainable Development in ECOWAS Member States

84. In July 1993, Council adopted a regional programme for the coordination of meteorological activities in the region and the promotion of meteorological applications in various sectors of the West African economy (C/Dec.1/7/93).

85. The Executive Secretariat, with the technical and financial assistance of the World Meteorological Organisation (WMO) conducted a project identification study; the report of the study was adopted by a meeting of West African Directors of Meteorological Services held in Abidjan in November 1995.

86. The regional project has five components:

- (a) The establishment and operation of a regional centre in charge of meteorological applications.
- (b) Assistance from the meteorological systems in Member States to the regional centre for meteorological applications.
- (c) Establishment of an operational regional centre for maintenance, calibration and development of observation instruments.
- (d) An operational regional telecommunications network.
- (e) Manpower development for national meteorological services and regional centres.

Total cost of the four-year project is US\$12,505,404.

87. In July 1996, the Executive Secretariat presented and secured the endorsement of Council of the three programmes. This will have a positive impact on agricultural development and the environment in the region. Council directed the Executive Secretariat to take necessary measures for their implementation. They are to be submitted at a donors conference to be held early next year.

88. The programmes are the result of the collaborative work between ECOWAS and several international organisations such as the Food and Agriculture Organisation (FAO), United Nations Environment Programme (UNEP), World Meteorological Organisation (WMO), Technical Centre for Agricultural and Rural Cooperation (CTA) and West African Rice Development Association (WARDA). These international

organisations are prepared to assist in the mobilisation of funds for their implementation.

ECOWAS Information Programme

89. The Executive Secretariat continued to devote considerable effort and resources to increase the visibility of the Community through information dissemination and promotional programmes. In this regard, draft decisions on the establishment of a Regional Media Trust Fund, the institutionalisation of an ECOWAS Order of Merit, the appointment of goodwill ambassadors and the introduction of an ECOWAS Press Card will be submitted for your consideration during this current session.

90. In a related development, a draft declaration of the ECOWAS principles on media practice in West Africa, which is a prelude to the elaboration of regulations and code of ethics for the journalism profession in West Africa, will also be presented for consideration.

91. The Jury for the ECOWAS Anthem has selected a musical composition for adoption as an ECOWAS Anthem. While accepting the result of the Jury, the Social and Cultural Affairs Commission has further recommended the launching of a competition for the accompanying lyrics. It is to be expected that a complete ECOWAS Anthem (music and lyrics) will be presented at the next session of Council.

92. The number of radio and television stations that have devoted air time to ECOWAS programmes stands at thirteen. Concomitantly, the network of journalists and producers reporting and promoting ECOWAS has been reinforced. There are encouraging reports on the production of the programme which had been subsidised by the Executive Secretariat.

93. On promotional activities, three Member States (The Gambia, Nigeria and Sierra Leone) have taken action to immortalise the Community by naming a major street in their national capitals, **ECOWAS Road**, **ECOWAS Street** and **ECOWAS Avenue**. Action is yet to be taken on the design and printing of commemorative postage stamps.

ADMINISTRATIVE AND INSTITUTIONAL ISSUES

94. Following the Council of Ministers' approval, these posts were filled during the year:

(a) Conference Interpreter

P5

(b)	Principal Officer, Library and Documentation	P5
(c)	Senior Officer, Telecommunications	P4
(d)	Senior Officer, Trade	P4.

95. During the year, five professional staff members left the service of the Community - two resigned, two retired (having attained the statutory age of 55) and one completed his contract period of two years. Two other professionals are expected to proceed on retirement by the end of December 1996.

Vacant Posts at the Executive Secretariat

96. The following posts have been vacant following the retirement or resignation of the officers concerned:

-	Director	Information Department
-	Director	Social and Cultural Affairs Department
-	Director	Audit Department
-	Principal Officer	Immigration
-	Principal Officer	Accounts
-	Principal Officer	Transport
-	Senior Officer	Projects.

97. At this point, I would like to revisit the decision concerning the freeze on the filling of vacancies as they fall due, through retirement or resignation. The limited staff strength of the Secretariat has always reflected our awareness of the severe budgetary constraints that Member States are confronted with. However, there is the need to recognise a minimum staff strength that is required to ensure the normal functioning of the institution. It is necessary to ensure the replacement of departing staff in order to maintain the status quo.

98. Failure to replace staff has put a severe strain on the output of staff and impaired the functioning of the Secretariat. For example, the only officer in charge of immigration who retired two years ago, was never replaced and the functions have had to be performed by other officers at post. There is a limit to staff redeployment since other specialists are not good replacements. The Information Department with two professional staff has been placed in a very critical situation: the Director resigned in April 1996 and the Principal Officer is due to retire at the end of this year. If the freeze on recruitment is maintained, information services that have become a focal point of the Community's strategy for promoting integration, may have to be without qualified professional staff. Other similar situations could be cited.

99. Remedial action needs to be taken. I am therefore calling for a review of the freeze on recruitment so that there can be replacement of departing professionals. The filling of such vacancies is perfectly in line with the determination of the Community to ensure that approved activities are properly undertaken. I hope this appeal will be considered favourably, in the interest of the integrity and smooth performance of the Community institutions.

100. In the same vein, I wish to refer to an earlier decision against the use of travel agents which I find rather unfortunate. It appears the decision was based on a wrong conception of what travel agents do and what costs are associated with such services. Travel agents are specialists in their field and they can present a varied menu of travel options with considerable savings to the client. Operating through travel agents is common practice in most Member States and in international organisations. The decision that ECOWAS should avoid travel agents has not served a useful purpose. I propose that the Community institutions should undertake a review of the complementary input of travel agents, in order to determine how best to utilise their services.

Finances of the Secretariat

101. Council approved a budget of UA5,968,069 (US\$8,833,066) for funding the operations of the Secretariat in 1996. UA5,907,090 (US\$8,742,036) was to be derived from the annual contributions of Member States. As at the end of September, Member States had contributed US\$3,566,800 million, representing 60.38% of estimated contributions for 1996. Payments of arrears on budgets of previous years' amounted to US\$759,240. The Secretariat therefore has only had total resources of US\$4,327,052 (representing 73.26% of 1996 contributions) for its operations during the first eight months of this year.

102. The need to make the required contributions to the Secretariat to ensure the implementation of approved programmes has been discussed at previous statutory meetings.

103. With regard to the decisions concerning measures to clear the arrears of contributions, only the following five Member States have concluded and signed the agreements covering the rescheduling of such payments: Guinea, Mali, Niger, Senegal and Togo. It should be pointed out that as at the end of September 1996, arrears of contributions to the Secretariat amounted to US\$41.18 million.

104. I should like to cite Benin, Côte d'Ivoire and Nigeria for exceptional performance on the contributions front. Benin is very current in her contributions with no

arrears and having already paid in full its share of the 1996 budget. Côte d'Ivoire has arrears for just one year while Nigeria has for two years.

Ratification of the Protocol on Community Levy

105. The Authority adopted and signed in July 1996 the protocol on conditions governing the application of the Community Levy for the purpose of generating resources for financing community activities. I wish to appeal to Member States to take all possible measures to ensure that the Protocol is ratified latest by the end of December 1996 so that it can be implemented by January 1997, as planned.

Movement to Abuja

106. Following the offer of Nigeria to make available to the Community a loan to build the staff houses in Abuja, negotiations continued between the Secretariat and the Nigerian authorities on details of the loan agreement. I expect the discussions to be finalised very soon so that the agreement could be signed and concrete action taken towards the construction of the housing units for ECOWAS officials in Abuja.

OPERATIONS OF THE ECOWAS FUND

107. Both the 1996 and 1997 Work Programmes of the ECOWAS Fund fall under four main sub-headings, namely:

- Operational activities;
- Official and Operational missions;
- Financial activities;
- Administrative activities.

Implementation of the 1996 Work Programme as at 30 September 1996

Operational Activities

108. Regarding rural development projects, the "Daoukro Agriculture Development" project in Côte d'Ivoire has been appraised and it is anticipated that the Borgou Livestock Development project in Benin would be appraised before the end of the year.

109. In the area of project monitoring and supervision, the complementary works on the Dialakoto-Kedougou road in Senegal are to start during this second half of the year, whilst the Kaduna Superphosphate project in Nigeria is expected to be

Chairperson of the Council of State. In addition, the Heads of State instituted a code of conduct for observance by all Council Members and other holders of public office, in order to ensure unwavering commitment to the full and sincere implementation of the Abuja Agreement.

123. The intransigence of the leaders of the warring factions and their lack of sincerity and commitment has prolonged the crisis unduly and caused unnecessary carnage, hardship and destruction of lives and property. The Heads of State therefore saw the need to adopt a sanctions regime to be invoked on any faction that was found guilty of acts capable of obstructing the peace process. These sanctions are contained in the Authority Decision HSG C9-1/8/96 and include, inter alia, travel and residence restrictions, expulsion of family members of the guilty persons and their associates from territories of Member States, visa restrictions to be imposed by the UN, exclusion from participation in the electoral process etc. The Community stands ready to invoke any of these sanctions on any guilty party.

124. The fighting between rival groups in late September/early October 1996 during which several people were killed in Western Bomi and Grand Cape Mount Counties, heightened the call for the imposition of these sanctions on erring parties.

125. Another noteworthy decision by the Heads of State and Government (Decision HSG-C9-2/8/96) relates to measures for the implementation of the arms embargo on Liberia. These measures include subjecting all Council members and other government officials to search by ECOMOG to prevent the smuggling of arms and ammunition into Liberia. Additionally, it empowers ECOMOG to ensure strict surveillance of the Liberian coastal areas to arrest, seize and confiscate any vessel contravening the arms embargo. The decision requires Member States to individually adopt measures that would ensure that arms are not passed into Liberia from their territories and to assist in identifying the suppliers of these arms and report them to the United Nations Sanctions Committee for appropriate action.

126. Following the expiration of the Abuja Agreement on 19 August 1996, it became necessary to examine critically its relevance and effectiveness in steering the Liberian crisis to a peaceful end. It was found to remain the most appropriate framework for finding a peaceful solution to the crisis, and was therefore retained in its entirety and extended for another nine-month period from 21 August 1996 to 15 June 1997.

127. There is now provision for an in-built monitoring mechanism to ensure strict compliance with the peace plan. Democratic elections are scheduled to be held on or about 30 May 1997 to elect a President and constitutionally approved officers. The Ministers of Foreign Affairs of the Committee of Nine are expected to adopt

modalities for the organisation of these elections which are to be held on the basis of the electoral laws of Liberia.

128. With regard to implementation of the military aspects of the Abuja Agreement, the factions have begun, on a voluntary basis, to disarm and disengage their factions from checkpoints. Verification of these activities by ECOMOG, UNOMIL and the LNTG is going on as planned. Delivery of logistics supply by the international community in support of this exercise has also begun. ECOMOG would be able to fully deploy throughout Liberia as soon as its manpower requirements are met and adequate logistics backup is given.

129. The Chairman's Special Envoy, Chief Tom Ikimi, had also, in conformity with the Schedule of Implementation of the Abuja Agreement, carried out his assessment mission to Liberia, in the company of his colleague, the Minister of Foreign Affairs of the Republic of Guinea and the US Special Presidential Envoy for Liberia, Ambassador Howard F. Jeter.

130. Prior to the recent meeting of the Ministers of Foreign Affairs of the Committee of Nine, I despatched to Monrovia, a technical team from the Executive Secretariat to consult with the Liberian authorities and prepare modalities for the elections in Liberia. The electoral package was presented to the meeting of the Ministers for consideration and adoption.

131. Meetings of the Chiefs of Staff and Committee of Nine are planned for early November, as provided for by the Implementation Schedule.

132. Developments in recent months lead one to believe that the road to peace in Liberia is now clear. It is my ardent desire that we shall arrive there by June 1997.

Enhancing the Secretariat's Data Processing Capabilities

161. The identification, evaluation, analysis, monitoring and post-evaluation of Community programmes and projects demands access to abundant and relevant economic data. The Secretariat's efforts are undermined by the dearth of reliable and comprehensive statistical data. Among the measures envisaged to improve the Secretariat's data base in 1997 are collection of socio-economic data on Member States and compilation of data destined for publication as statistical handbooks. The Community Computer Centre in Lome will undertake complementary activities in this connection, notably by broadening the scope of statistical data compiled within the framework of ASYCUDA and EUROTRACE to include macro-economic and financial analysis.

Enhancing the Financial Resources of the Community Institutions

162. The main focus of attention in this area in 1997 will be the adoption of a policy on the mobilisation of financial resources. The resource mobilisation policy should give the Secretariat greater access to financial and technical resources from donors for funding and implementing Community projects and programmes. In the course of the coming year, specific efforts will target mobilisation of funds of the eighth EDF, the preparation and submission of the ECOWAS programme for funding under the VIth UNDP programming cycle, and publication of the updated general policy guidelines and criteria for the selection of regional projects.

ECOWAS Fund

163. The thrust of the ECOWAS Fund work programme in 1997 shall be on:

- project appraisal: livestock project at Borgou (Benin);
- project monitoring and supervision in the areas of rural development and natural resources, infrastructural development and industrial projects;
- participation of the ECOWAS Fund in programme of meetings and missions relating to the Enhancement of the Financial Resources of the ECOWAS Fund;
- administrative activities such as computerisation and office automation, and completion of office building.

CHAPTER V

CONCLUSION

164. The West African economy has been registering positive growth over the past few years; this good performance has been attributed to favourable commodity prices and, more importantly, better economic management policies being pursued by Member States. However, the economic growth has not yet attained the vigorous pace required for regaining in the near future the pre-crisis standard of living and achieving sustainable development. Clearly, Member States have to make a greater effort so as to consolidate and build upon the present achievement. New avenues must be explored.

165. One such avenue open to the countries of the region, and which has not been effectively exploited, is regional cooperation. Considering the growing reliance on regional cooperation witnessed in almost every other part of the world, it is unfortunate that Member States continue to pay scant attention to regional integration and the implementation of Community programmes. This has been a great source of concern to me. For more than two years running, I have pursued a policy of not embarking on any new integration venture; I have insisted on consolidating whatever achievements that have been made and improving the quality of on-going programmes.

166. For our part, I believe the Secretariat has achieved a large measure of success in programme presentation. It will be seen from the 1997 draft work programme being presented to Council for adoption that there is marked improvement in programme conception and formulation. We have rationalised the on-going programmes by sharpening their focus and aligning them with current national priorities. This should facilitate both the process of adoption and the implementation of Community programmes. I should like to stress here that programmes are to be implemented in the main at the national level. I trust this is an issue on which each Member State would take serious measures, particularly the national institutional arrangements, so that the necessary resources and attention would be devoted to ECOWAS matters at both the national and regional levels.

167. In view of the continued low level of contributions from Member States, the Secretariat budget proposed for next year has been kept to the barest minimum; the request of UA6,553,700 for 1997 is about the same size as the budget approved for 1995. It is obvious, however, that this budgetary policy of negative or no growth

which has been pursued for the past few years, is starving the Community of resources needed to invigorate the integration process. The coming into force of the revised Treaty, for example, calls for a number of initiatives to be launched - this cannot be postponed indefinitely or, indeed, held up much longer. The Community would have to adopt a number of bold measures in the ensuing years and Member States would have to display their readiness to support financially a more vigorous pace of regional integration.

168. There is yet another reason why Member States should show their commitment to ECOWAS. Increasingly, there is evidence that the major multilateral institutions are shedding their luke-warm attitude towards African regional integration initiatives. Regional integration and trade constitute one of the four UNDP priority areas of intervention in its sixth cycle. A focal point has just been created within the IMF structure in order to give regional integration the required attention; similarly, the re-organisation of the Africa Department of the World Bank increases its capacity to handle regional integration matters. The regional cooperation component of the Lome IV Convention has been the focus of ACP-EU relations these past months. Sadly, on whichever of these doors ECOWAS officials have knocked, the message of the international financial institutions has been unequivocal: ECOWAS Member States do not show sufficient commitment to ECOWAS programmes to encourage donors to give meaningful support to these regional integration programmes.

169. The poor record of financial contributions by Member States, creating a perpetually low level of financial resources of the Community institutions, has been hampering the West African integration process. I have no doubt in my mind that all West African policy-makers are convinced that regional integration holds the key to the development of our national economies. If we desire to achieve the integration of the sixteen national economies within the shortest possible time - and this should be our resolute wish - Member States would have to show convincing proof of political commitment to regional integration by honouring their ECOWAS obligations.