UNITED NATIONS
ECONOMIC COMMISSION FOR AFRICA
SUB-REGIONAL OFFICE FOR WEST AFRICA
ECA/SRO-WA

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COMMISSION ÉCONOMIQUE POUR L'AFRIQUE
BUREAU SOUS-RÉGIONAL POUR
L'AFRIQUE DE L'OUEST
CEA/BSR-AO

EMERGING ISSUES IN WEST AFRICA :

DEVELOPMENTS IN REGIONAL INTEGRATION IN 2012

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Acronyms

AUC	African Union Commission
BCEAO	Central Bank of West African States
BIMAO	West African Bank of Mutualist Institutions
BOAD	West African Development Bank
BRVM	Regional Stock Exchange
CET	Common External Tariff
CIMA	Inter-African Conference on Insurance Markets
CIPRES	Inter-African Social Security Conference
CRCA	Regional Commission for Insurance Supervision
CREPMF	Regional Council for Public Savings and Capital Markets
DFS	Decentralized Financial System
EBID	ECOWAS Bank for Investment and Development
ECA/SRO-CA	United Nations Economic Commission for Africa, Sub-Regional Office for Central Africa
ECA/SRO-WA	United Nations Economic Commission for Africa, Sub-Regional Office for West Africa
ECOWAS	Economic Community of West African States
FCFA	Franc of the African Financial Community
GDP	Gross Domestic Product
GSE	Ghana Stock Exchange
IMF	International Monetary Fund
IGO	Inter-Governmental Organization
MDG	Millennium Development Goals
MIP	Minimum Integration Programme
NEPAD	New Partnership for African Development
OAU	Organization for African Unity
REC	Regional Economic Community
REP	Regional Economic Programme
RSB	Regional Solidarity Bank
SSE	Sierra Leone Stock Exchange
TACV	Cape Verde Airlines
UC	Unit of Account
UEMOA	West African Economic and Monetary Union
UNCTAD	United Nations Conference on Trade and Development
WAMA	West African Monetary Agency
WAMU	West African Monetary Union
WAMZ	West African Monetary Zone
WTO	World Trade Organization

Introduction

In the context of globalization, with the consolidation of regional groupings, the African Union founded its vision on regional integration as the optimal strategic framework for the "transformation and modernization of African economies". This vision is translated into policies and strategies, in order to overcome obstacles and constraints of all sorts related to the challenges of the development of the continent: recurring political and institutional crises, limited national markets, fragmented economies, endemic poverty, and a low level of industrialization (ECA/SRO-CA).

To successfully conduct the process of accelerating the implementation of the Abuja Treaty, the African Union Commission (AUC) adopted action plans articulated around four strategic poles, which are:

- peace and security;
- integration, development and cooperation;
- shared values; and
- the strengthening of institutions and capacities (ECA/SRO-CA).

For the AUC it is a question of stimulating and coordinating the Regional Economic Communities (RECs) in a dynamic of convergence of their integration plans. The period for the implementation of the treaty has been reduced to less than 35 years. An overview of the process of integration carried out in 2009 with the RECs made it possible to select four priority areas of cooperation, which are: peace and security; the free circulation of people, goods, services and capital; infrastructures; and energy and agriculture. Another group of priorities concerns commerce, industry, investment and statistics (ECA/SRO-CA).

On the basis of this prioritization, the Commission developed a consensual framework for coordination, known as the Minimum Integration Programme (MIP), defined as the common denominator for all the actors of African integration and for the Member States and the RECs in particular. The major objectives of the MIP are notably to:

- assist the RECs to implement priority activities with a view to completing the different stages of integration provided for in Article 6 of the Abuja Treaty;
- identify the priority sectors that require coordination and harmonization within each REC and among them;
- emulate the successful integration experiences of certain REC and

generalize them to other communities; and
- identify the measures likely to accelerate integration in some priority sectors.

For the first phase of the implementation of the MIP 2009-2012, the actions programmed should converge towards the achievement of the customs union stage in each REC, while setting the foundations for a customs union for the entire continent.

In West Africa two subregional Regional Economic Communities (SRECs) coexist: the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (UEMOA), which have been able to establish close relations of cooperation. This has led them to adopt common action programmes in several areas, notably the liberalization of trade and the convergence of macro-economic policies. Aside from these two great RECs there is a smaller REC composed of three states, the Mano River Union, and over twenty subregional integration institutions, some with no organic link to ECOWAS or UEMOA. It is in this context that this report attempts to present a review of the evolution of the process of integration in West Africa.

I. THE MACROECONOMIC SITUATION

I.1 Recent Economic Evolution

According to the 2012 economic and social report of the ECA/SRO-WA, the West African subregion, which covers all ECOWAS member countries, has greatly progressed these last few years with growth rates above 6 per cent since 2010, in spite of a hostile international environment. Moreover, it was due to the global economic crisis, which brought about the slowing of the growth of global demand, that the level of growth of West African economies was lowered to 5.4 per cent in 2012. This dynamic originates from the buoyancy of petroleum products, the robustness of the tertiary sector, and the acceleration of economic growth in certain post-conflict countries.

ECOWAS experienced a growth rate of 6.5 per cent in 2011, as a consequence of high performances in all Member States bar Côte d'Ivoire, which recorded a negative rate of 4.7 per cent in 2011. This growth is due to the results obtained in the primary and tertiary sectors. Performance in the primary sector is due principally to favorable meteorological conditions, to growing demand for export products on international markets, and to the production of petroleum. The dynamism of the tertiary sector originates from the startups in tourism, telecommunications, financial services, and trade. The progressive establishment of democracy and social stability has also increased the confidence of the private sector to invest in these countries and has, consequently, contributed to growth. If the electoral deadlock in Côte d'Ivoire, now resolved, undermined the economic performance of the region in 2011, the recent military overthrows in Mali and Guinea-Bissau, and the defiance of the Boko Haram sect in Nigeria could affect economic activities in 2012. The detailed analysis of macro-economic conditions in the different countries of West Africa thus shows mitigated outlooks for 2012. To this should be added the humanitarian catastrophe that risks developing out of the security situation in the Sahel region and in Nigeria. The recovery of the primary sector with the good rainfall expected in 2012-2013 will make it possible to offset these developments.

For the years to come, the economic outlooks for the ECOWAS countries will depend on their capacity to adopt structural reforms to respond to the many economic vulnerabilities confronting them, including climate change and the constant failures of political governance. The persistence of recession in the developed countries could have a negative impact on the prices of certain raw materials, as well as on the flow of capital and official development assistance towards the ECOWAS countries.

In the ECOWAS countries, the annual rate of inflation has increased slightly from 10 per cent in 2010 to 10.3 per cent in 2011, as a result of rises in the cost of food, housing, energy, and transport. The costs of transport have climbed following the readjustments of the price of fuel at the pumps, whereas the price of crude petroleum began to rise again on the international markets.

With regards to financial markets, ECOWAS countries recorded a global budget deficit (excluding grants) of 3¾ per cent of GNP in 2011, against a deficit of 5¼ per cent of GNP in 2010. Even though this indicates a certain improvement, it is nonetheless true that several countries of the subregion are having difficulties in following the objective of a budget deficit of less than 3 per cent. This budget deficit, higher than the standard of 3 per cent, has been brought about by counter-cyclic policies that seek to preserve social expenses in order to avoid a degradation of the standard of living of their citizens, and to maintain or increase investments in infrastructure in the face of stagnant public revenues.

It should be noted that economic growth in the region is influenced by two main factors: climatic conditions and their impact on agriculture, and the fluctuations in the prices of basic products exported by the subregion. Reducing dependence on these factors would require greater investment in the agriculture sector, including in mechanization, irrigation, and the creation of agricultural value chains. This would also allow the emergence of other sectors, where the private capital could be invested in order to increase the contribution of the processing and transformation sector to economic growth by an increased creation of added value, due principally to the promotion of a favorable environment. This process would favor the diversification of exports and the creation of sustainable employment. The outlook for the creation of added value based on mining resources and agricultural products should also be part of the subregional strategy for the creation of sustainable employment and the reduction of employment.

The ECOWAS countries should pursue the diversification of their trade partners, notably with emerging and developing countries, in order to reduce their vulnerability to external shocks. The strengthening of South-South cooperation and triangular cooperation will also contribute to enlarging the range of sources of loans, and will also facilitate the transfer of appropriate technologies. Above all, the subregion should accelerate its integration process in the direction of the establishment of a common market. This would require the dismantling of non-tariff barriers along all corridors, and the rapid set up of the customs union. In addition, the harmonization of policies should facilitate an optimal allocation of subregional resources due to the mobility of different factors of production.

I.2 Macroeconomic convergence

For several years, the ECOWAS countries have been pursuing macroeconomic policies accompanied by convergence criteria with a view to establishing a common currency in the subregion. The convergence process was first initiated by UEMOA after the 1994 devaluation of the FCFA, with the aim of better controlling its exchange rate. Multilateral surveillance forms part of UEMOA mechanisms and its supervision is thus ensured by the Commission. Afterwards, the non-UEMOA Member States, excluding Cape Verde, joined in this process with a view to creating the West African Monetary Zone (WAMZ), of which the surveillance mechanism is ensured by the West African Monetary Institute (WAMI). Finally, the West African Monetary Agency (WAMA) coordinates the multilateral surveillance within ECOWAS. For its part, Cape Verde has pegged its currency to the Euro in the same way as the CFA Franc.

The convergence criteria chosen concern above all price stability, budget balances, and debt ratios. The objective is the stability of exchange rates with a view to limiting risks in commercial and financial transactions between countries. Consequently, an effort to control budget deficits and monetary financing will make it possible to better control inflation, and a greater selectivity in the debt accumulation process - internally as well as externally - will strengthen the return to investment without losing control over public finances. A minimum level of budget allocation in favor of investments is also to be hoped for. The success of the convergence process will help to minimize the costs supported by countries in the process of changing to a unique currency.

The criteria chosen for the two zones are presented in the table below:

Table 1: Convergence criteria for the economies of West Africa

UEMOA	WAMZ	ECOWAS
	FIRST-LEVEL CRITERIA	
• Ratio of basic net budget balance to nominal GDP (key criteria) ≥ 0%; • Average annual rate of inflation: ≤ 3% per year; • Ratio of domestic and foreign debt to nominal GDP ≤ 70%; • Payment arrears: • Internal arrears: non accumulation of arrears during current operating period. • External arrears: non-accumulation of arrears during current operating period.	• Budget deficit, excluding grants, as a % of nominal GDP ≤ 4% • Inflation rate (end of period) < 10% • Budget deficit financing by the Central Bank ≤ 10% fiscal revenues of previous year • Gross foreign exchange reserves (in months of imports) ≥ 3 months	• Annual average rate of inflation ≤ 5%) • Budget deficit as a % of nominal GDP (excluding grants) ≤ 4% • Budget deficit financing by the Central Bank ≤ 10% fiscal revenues of previous year • Gross foreign exchange reserves ≥ 6 months

SECOND-LEVEL CRITERIA

• Ratio of public sector wage bill to fiscal revenues: ≤ 35%; • Ratio of public investments financed by domestic resources to total fiscal revenues ≥ 20%; • Ratio of current account deficit to nominal GDP ≤ 5%; • Rate of tax pressure (*) ≥ 17%.	• Fiscal revenues as a % of GDP ≥ 20% • Public sector wage bill as a % of GDP ≤ 35% • Public investments financed by domestic resources as a % of fiscal revenues ≥ 20% • Real interest rate > 0 Nominal exchange rate + / - 15% • Non accumulation of arrears	• Ratio of public sector wage bill to fiscal revenues ≤ 35% • Ratio of public investments financed by domestic resources to fiscal revenues ≥ 20% • Rate of tax pressure ≥ 20% • Real interest rate +: • Stability of real exchange rate • National arrears (no new accumulation and balance of outstanding loans)

The following table provides indications on the level of compliance with these criteria by the different countries. The number of countries respecting the criteria on budget deficits has declined from eight, the highest number reached in 2007, to four in 2010, then to two in 2011. The number of countries respecting the criteria on inflation went from seven to ten between 2010 and 2011. Concerning external asserts the number of countries went from 11 in 2009 to ten in 2010 and 2011. In 2011, 13 countries respected the criteria on budget deficits financed by the central bank.

Regarding the second-level criteria, the situation in 2011 did not improve in comparison to the situation before 2010. The number of countries respecting the ratios of salaries and wages, fiscal revenues and the tax rate remained unchanged between 2010 and 2011, with four and two respectively. The number of countries having reached the conditions of the interest rate fell from seven in 2010 to five in 2011. On the other hand, for the criteria of capital investment to fiscal revenues and real exchange rate stability, the number of countries has risen. The analysis of data shows that no country was able to respect all the criteria.

Table 2: Evolution in the number of countries responding to the ECOWAS convergence criteria

	2005	2006	2007	2008	2009	2010	2011
Budget deficit/GDP	5	6	8	7	3	4	2
Inflation	9	9	7	1	10	7	10
Gross foreign exchange reserves	1	9	9	1	11	10	10
Budget deficit financing by the Central Bank	15	13	15	13	12	12	13
Domestic arrears	5	6	6	7	8	10	11
Fiscal revenues/GDP	2	2	2	2	2	2	2
Wages and salaries/Fiscal revenues	7	8	9	7	6	4	4
Public capital investment /Fiscal revenues	6	7	7	7	7	6	10
Real interest rate	7	6	6	0	11	7	5
Real exchange rate stability	11	12	13	6	12	10	12

Blue = unchanged, Red = declined, Green = improved

Source: West African Monetary Agency, 2012: http://www.amao-wama.org/en/statistics.aspx

This comparison, in the respect for the convergence criteria, has it limits. If at UEMOA level the convergence framework is accompanied by measures of harmonization of the judicial, accounting, and statistical framework of public finances as well as taxes, this is not the case in the countries of the WAMZ. With the support of AFRISTAT, ECOWAS seeks to extend the harmonization of national accounts based on the UEMOA experience.

In spite of these results, considered insufficient when compared with the efforts made, the authorities are fully conscious of the internal and external factors that limit the acceleration of the convergence process, and intend to tackle them. Consequently, diverse measures have been adopted: i) better allocation of public resources in favor of growth sectors such as agriculture, tourism and infrastructures in terms of employment creation and poverty reduction; ii) the appropriation of regional fiscal policies with a view to ensuring a rigorous management of public expenditures ; iii) the intensification of efforts to strengthen the mobilization of public revenues in enlarging the tax base by its extension to the informal sector, but also by the modernization of fiscal services to improve their efficiency. Furthermore, the West African countries are mobilizing to: i) attract a sufficient volume of direct foreign investment; ii) raise fiscal pressure to at least 20 per cent; and iii) extend the financial market by the development of long term financial instruments and encourage the cooperation of the stock markets of the subregion among them and within the community.

This dynamic of establishing a common currency passes first by the stability of exchange rates to favor the convertibility of West African currencies. In the short term, ECOWAS has called for the elimination of all non-tariff monetary barriers, which means that the nationals of the Community pay their transactions in local currency. Twelve countries have applied this, including: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Guinea, Guinea-Bissau, Mali, Niger, Nigeria, Senegal, and Togo. Ghana still requires the payment of the transit road tax in foreign currency.

The countries of West Africa are determined to conduct this exercise of macroeconomic convergence. They proceed with an annual evaluation of progress achieved with a view to better adhere to the road towards economic integration. The ECA/SRO-WA is committed to supporting them, and has consequently reorganized itself from the organizational and programme point of view to this end.

I.3 Social situation

Apart from Cape Verde which is one of the countries with medium human development, all the other countries fall into the group of countries with low human development. This situation arises from the low revenues that characterize all the countries, a life expectancy at birth that is less than 65 years (except for Cape Verde with nearly 75 years), and the low level of education. With a population estimated at nearly 318 million inhabitants in 2012, ECOWAS could potentially become a growth market, in spite of the low revenues per capita.

Table 3: Evolution of the Human Development Index in ECOWAS countries

	2010	2011				
	HDI	HDI	Life Expectancy at birth	Mean years of schooling	Expected years of schooling	Gross national income per capita
Benin	0.435	0.427	56.1	3.3	9.2	1364
Burkina Faso	0.305	0.331	55.4	1.3	6.3	1141
Cape Verde	0.534	0.568	74.2	3.5	11.6	3402
Côte d'Ivoire	0.397	0.400	55.4	3.3	6.3	1387
Gambia	0.390	0.420	58.5	2.8	9.0	1282
Ghana	0.467	0.541	64.2	7.1	10.5	1584
Guinea	0.340	0.344	54.1	1.6	8.6	863
Guinea-Bissau	0.289	0.353	48.1	2.3	9.1	994
Liberia	0.300	0.329	56.8	3.9	11.0	265
Mali	0.309	0.359	51.4	2.0	8.3	1123
Niger	0.261	0.295	54.7	1.4	4.9	641
Nigeria	0.423	0.459	51.9	5.0	8.9	2069
Senegal	0.411	0.459	59.3	4.5	7.5	1078
Sierra Leone	0.317	0,336	47.8	2.9	7.2	737
Togo	0.428	0,435	57.1	5.3	9.6	798

Source: UNDP, 2010 & 2011

Regarding the achievement of the MDGs, the West African subregion recorded mitigated progress in the social development indicators, including in countries where economic growth was rapid. The achievement of MDG 1 on the reduction of extreme poverty remains beyond reach for several countries. This situation is caused by the capitalistic nature of their production structures dominated by activities such as high technology extractive industries, telecommunications, and an agricultural sector that remains traditional. Similarly, the proportion of workers living on less than $US1.25 per day increased between 2009 and 2010.

Nevertheless, certain countries have achieved much progress in health and education with a great increase in registrations of children in school, even if the quality continues to be a real problem. It should also be noted that the mortality of children under five years of age has declined. In addition, the control of HIV/AIDS progresses with a decline in new HIV infections, and a new impetus in the deployment of needed medications. On the emancipation of women and gender equality, the objective set by the African Union is to reach 50 per cent parliamentary representation by women.

Of course, a long road remains ahead to reach the objectives set in this area. The elimination of disparities between the sexes in primary, secondary, and higher education, which is part of a positive dynamic with the reduction of the gap between girls and boys in primary education, is rather encouraging. Guinea and Benin have almost reached parity in primary education, Togo and Senegal progress satisfactorily, followed by Burkina Faso and Mali. For secondary and higher education, the situation remains of concern and it is unlikely that one of the 15 countries reaches the objective by 2015, and the situation is the same in higher education where performance is even lower and information is even less available.

The employment of women in the non-agricultural sector is an important barometer for their economic autonomy, given their strong presence in this sub-sector: 34 per cent in Mali, 32 per cent in Gambia, and 30 per cent in Niger are the best results in the subregion.

The proportion of seats occupied by women in national parliaments, which gives an idea of the participation of women in the political arena, shows that among the 14 West African countries for which data was available, Senegal recorded the best results with nearly 50 per cent, followed far behind by Togo, Benin, Mali, Guinea-Bissau, Ghana, Gambia, Niger, Nigeria, and Guinea with representations much lower than the minimum quota. The objective of the AUC remains out of reach.

II. THE STATUS OF ECONOMIC INTEGRATION IN WEST AFRICA

The ECOWAS objectives consist of promoting economic, social, and cultural cooperation, and integration. This is a process that should ultimately lead to an economic and monetary union through the complete integration of the national economies of its Member States, to the improvement of living standards, and the strengthening of economic stability. The UEMOA, which includes eight of the 15 ECOWAS countries, aims to rapidly achieve economic union, as monetary union has already been achieved.

ECOWAS is still at the stage of a free-trade zone on the basis of its plan for the liberalization of trade. In the framework of the establishment of the Free Trade Zone (FTZ), Member States simply eliminate customs barriers within the space in the process of integration. The special character of this phase resides in the fact that Member States are free to decide on the customs tariffs to apply to the rest of the world. Countries have also adopted a common policy on release for consumption, thus facilitating transactions on re-exports. In general the results of the ECOWAS Free Trade Zone are mitigated. According to the diagnosis of the ECOWAS regional strategy, most Member States have eliminated tariff barriers on raw products (Benin, Burkina Faso, Côte d'Ivoire, Gambia, Ghana, Guinea, Mali, Niger, Nigeria, Sierra Leone, and Togo). However, only Benin has eliminated tariff barriers on processed products. The facilitating mechanisms are not used much by Member States. For example, regarding the reimbursement under the compensation budget to cover compensations for a part of the revenues, only Benin has introduced a request. The customs and statistical instruments such as certificates of origin, customs and statistical nomenclatures, and customs declarations have been harmonized with those of the UEMOA. A convention on Inter-State Road Transit (ISRT) and a system of guarantees for transit operations have also been adopted.

The proposed single customs document, which is to replace the numerous customs declaration forms, has been adopted. It serves to standardize the coding and other data, notably statistics, and to harmonize the regulatory framework in this area. Twelve countries have printed and introduced certificates of origin: Benin, Burkina Faso, Gambia, Ghana, Guinea, Guinea-Bissau, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo. Eleven countries have implemented the customs nomenclature based on the harmonized system as well as the customs declaration: Benin, Burkina Faso, Cape Verde, Gambia, Ghana, Guinea-Bissau, Mali, Niger, Senegal, Sierra Leone, and Togo. Five countries have implemented the ISRT Convention: Benin, Côte d'Ivoire, Mali, Niger, and Togo. Twelve countries have designated national guarantees for transit operations: Benin, Burkina Faso, Côte d'Ivoire, Gambia, Guinea, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo, which were to replace the numerous customs declarations forms used by each state, have been approved by the Council of Ministers (ECOWAS/UEMOA).

According to the same report, the difficulties of the programme for the liberalization of trade are, among others: (i) the harmonized customs documents have not been printed by some States; (ii) tariff barriers have not been eliminated; (iii) the costs of compensation are very high; (iv) overlaps and inconsistencies between the ECOWAS framework of liberalization and that of the UEMOA; (v) lack of information for business people on the ECOWAS plan for trade liberalization; and (vi) insufficient resources to compensate for the loss of customs revenues.

Another difficulty for the development of trade within ECOWAS is the use of local currencies in business transactions. Payment arrears in favor of the West African Chamber of Compensations, which has since become the WAMA, remain with Guinea-Bissau and Liberia, which owe 7.6 million UA and 5.7 million UA, respectively.

It is important to note that the deadline of 2012 had been set by the Minimum Integration Programme (MIP) of the African Union (AU) for the effective implementation by all of the RECs of the free trade zones and/or Customs Unions, in anticipation of the creation of the Continental Free Trade Zone (CFTZ) by 2017 with a view to greater intra-African trade.

Nevertheless, ECOWAS is preparing to develop into a Customs Union with the adoption underway of a common external tariff. Great advances have certainly been made since the official adoption of the structure of its common external tariff in January 2006. An ECOWAS-UEMOA Committee was set up to complete the project, on the basis of observations received from the WTO. However, the anticipated introduction of a fifth tariff band at 35 per cent, which will apply to products considered sensitive on the basis of five rather vague criteria (vulnerability of products, economic diversification, regional integration, sectoral promotion, and the efforts of producers), raises questions. These criteria have no relationship to the degree of processing, which has often governed tariffs as a means to motivate. Certain partners, such as the IMF, are questioning the impact of this fifth band on the general price levels, notably due to the rise in the weighted average rate of the tariff in the subregion and its effect on the allocation of resources in the zone (IMF Country Report No. 12/59 on the UEMOA, March 2012).

On the other hand, UEMOA is already a customs union, with a common monetary policy and is progressing quickly towards the organization of a common market, characterized by greater freedom of movement in the circulation of factors. Article

4 of the treaty declares its objective to be the creation of a common market based on the free movement of persons, goods, services, and capital, as well as on a common external tariff and a common trade policy. In the framework of the Customs Union, this involves not only abolishing customs rights and quantitative restrictions on the movement of products originating from within the Union, but also the harmonization of countries' policies on external taxation, that is, the implementation of a Common External Tariff (CET).

Evaluation reports show that UEMOA countries have effectively set up a common trade policy, thus simplifying their tariff regime and the dispersion of duties reduced as a result of the CET. This situation has led to a constant increase in trade within the Union. The Commission also has a mandate to negotiate and conclude Economic Partnership Agreements with third countries. It has also concluded a trade and investment agreement with the United States, the Kingdom of Morocco, and Tunisia. However, the negotiations for the economic and regional partnership agreement with the European Union are carried out within the ECOWAS framework.

In spite of this, there are difficulties. The assessment of the regional strategy noted that in the application of the preferential regime constraints persist even if States apply the integral tariff dismantling with: (i) the reticence of States to liberalize the movement of certain key native products; (ii) the existence of national technical standards, the requirement for national certificates of conformity, the imposition of minimal quantities for import; and (iii) the collection of the statistical tax on native products. Regarding the implementation of the CET, the difficulties concern the respect for the tariff grid and that of the nomenclature and categorization of products. The non-regulation obstacles to free trade of goods remain, with the multiplication of road-blocks and the payment of illegal taxes. Exemptions are still important in spite of the application of the CET. However, the dynamics of integration in the UEMOA zone is developing vigorously, and constitutes a good example in Africa.

II.1 Subregional trade

As with the entire continent, of which the exports and imports amount to only 1.6 per cent and 1.4 per cent of world trade, the subregion is still having difficulty increasing this internal trade. The impact of the free trade zone within ECOWAS has not yet yielded all its promises. Trade among the Community's Member States, according to the UNCTAD statistics of 2010, represents 9.2 per cent of total exports and 10.6 per cent of imports. The situation is slightly better within UEMOA where the exports reach 15.0 per cent and imports 11.5 per cent. For a customs union that is leaning towards a common market, this volume of trade is still too low to be able to help Member States to contain external shocks.

Table 3: Matrix of exports of goods by REC in 2010 (relative value in %)

Exports to	UMA	ECOWAS	UEMOA	ECCAS	CAEMC	EAC	COMESA	SADC	Africa	World
UMA	3.1%	0.5%	0.3%	0.3%	0.2%	0.0%	1.7%	0.2%	1.1%	**0.9%**
ECOWAS	0.5%	9.2%	5.3%	2.3%	2.0%	0.0%	0.3%	4.0%	12.2%	**0.7%**
UEMOA	1.6%	29.1%	15.0%	3.3%	2.5%	0.1%	0.8%	4.8%	33.1%	**0,1%**
ECCAS	0.3%	0.5%	0.1%	1.0%	0.8%	0.2%	1.9%	4.4%	3.3%	**0.6%**
CAEMC	0.8%	1.1%	0.3%	2.4%	2.1%	0.0%	0.3%	0.6%	3.5%	**0.2%**
EAC	0.2%	0.8%	0.1%	11.3%	0.3%	20.9%	30.5%	16.0%	36.0%	**0.1%**
COMESA	2.6%	0.4%	0.2%	1.7%	0.1%	2.3%	8.1%	6.0%	8.2%	**0.8%**
SADC	0.3%	1.3%	0.3%	2.2%	0.2%	1.7%	7.9%	11.9%	11.7%	**1.1%**
Africa	0.4%	4.2%	2.3%	2.4%	1.2%	1.2%	3.5%	6.6%	9.8%	**1.6%**
World	0.8%	0.7%	0.2%	0.2%	0.1%	0.2%	0.9%	0.9%	1.4%	

Source: Database on line, UNCTAD, 2011

Note: (1) Africa = sub-Saharan Africa excluding South Africa

Table 4: Matrix of imports of goods by REC in 2010 (relative value in %)

Imports from	UMA	ECOWAS	UEMOA	ECCAS	CEMAC	EAC	COMESA	SADC	Africa	World
UMA	3.5%	0.4%	0.2%	0.1%	0.1%	0.0%	2.6%	0.4%	0.6%	**0.8%**
ECOWAS	1.2%	10.6%	5.3%	0.8%	0.6%	0.0%	0.4%	2.4%	12.0%	**0.5%**
UEMOA	2.5%	23.7%	11.5%	0.6%	0.6%	0.0%	0.5%	2.0%	25.1%	**0.1%**
ECCAS	1.0%	6.3%	0.6%	1.9%	1.6%	2.4%	3.8%	8.5%	12.5%	**0.3%**
CEMAC	2.1%	15.9%	1.4%	4.1%	3.9%	0.2%	0.7%	2.2%	21.1%	**0.1%**
EAC	0.1%	0.1%	0.1%	0.5%	0.0%	8.8%	9.9%	9.8%	10.4%	**0.2%**
COMESA	1.7%	0.1%	0.0%	1.1%	0.1%	2.3%	6.9%	10.0%	5.6%	**0.9%**
SADC	0.1%	1.9%	0.1%	2.1%	0.1%	13.6%	3.1%	13.6%	7.2%	**1.1%**
Africa	0.8%	5.7%	2.1%	1.4%	0.6%	1.7%	4.3%	11.1%	10.8%	**1.4%**
World	1.0%	0.7%	0.1%	0.6%	0.2%	0.1%	0.8%	1.2%	1.6%	

Source: Database online, UNCTAD, 2011

Note: (1) Africa = sub-Saharan Africa excluding South Africa

20The exports of ECOWAS countries remain heavily dependent on foreign destinations, with 27.6 per cent for the United States, followed by the Euro zone with 23.1 per cent, and India, which does better than the whole community together, with 9.5 per cent. The profile is more or less the same for imports which originate first from the Euro zone with 25.3 percent, China with 25.8 per cent, then a bit lower the United States with 8.4 per cent. The situation is the same in the UEMOA, with the Euro zone being predominant for exports as well as imports with 24.2 per cent and 30 per cent, respectively. Nigeria plays an important role in trade with the UEMOA countries with 7.3 per cent for exports and 10.4 per cent for imports, primarily due to petroleum products.

Table 5: Principal trade partners of Africa and its RECs in 2010

Africa/REC	EXPORTS		IMPORTS	
	Principal partner countries (1)	**Total**	**Principal partner countries (1)**	**Total**
Africa	Euro Zone (30.2%) United States (16.8%) China (13.2%) India (4.3%) United Kingdom (3.5%)	**68.0%**	Euro Zone (28.1%) China (12.1%) United States (6.3%) South Africa (4.0%) India (3.4%)	**53.9%**
ECOWAS	United States (27.6%) Euro Zone (23.1%) India (9.5%) Brazil (5.3%) South Africa (3.0%)	**68,6%**	Euro Zone (25.3%) China (14.8%) United States (8.4%) Nigeria (4.7%) India (4.3%)	**57.5%**
UEMOA*	Euro Zone (24.2%) Nigeria (7.3%) United States (6.5%) Ghana (4.7%)	**42.6%**	Euro Zone (30.0%) China (11.4%) Nigeria (10.4%) United Kingdom (3.6%)	**55.4%**

Source: Database online, UNCTAD, 2011

* *UEMOA data adjusted by the author*

The analysis of the data in the appendix shows that the exports within the Zone are very fragmented and thus relatively diversified with low values and quantities. Only Liberia, Nigeria, and Niger receive more than 40 per cent of their export revenues from their three main export products. Petroleum products and those of herding and fishing constitute the essential part of transactions. Afterwards come agricultural products in raw state or processed and construction materials, for the intra-ECOWAS imports, hydrocarbons occupy first place, even in certain petroleum-producing countries like Côte d'Ivoire (43.7 per cent) and Nigeria (24 per cent). Food products, textiles, and construction materials follow. Imports of equipment from countries of the subregion are insignificant, which shows the heavy dependence of these countries in the area of capital investments.

II.2 Mobility of factors

The mobility of factors constitutes both a prerequisite and a barometer of the performance of a regional integrated market. The Treaty of Abuja, at the end of step 6 of the African integration plan, provides for setting up an economic union and a monetary zone that are unique on the continent. Also, the MIP of the AU has included among its objectives for Phase II from 2013-2016, the harmonization of its macroeconomic, monetary, and fiscal policies.

II.2.1 Free movement of persons

In West Africa, the ECOWAS protocol on the free movement of persons and on the rights of residence and establishment guarantees to nationals of Member States, among other things, the right of entry, residence, and the conduct of economic activities in the territory of the Member States. For UEMOA, articles 91 and 92 of the treaty grant: (i) freedom of movement and residence in the territory of all the Member States; (ii) the elimination of all discrimination based on nationality, concerning the search for and exercise of employment except for public service employment; (iii) access to non-wage activities and their exercise as well as the constitution and management of businesses in the conditions defined by the legislation of the country of establishment for their own nationals, subject to justified limitations for reasons of public order, public security, and public health.

The implementation of the ECOWAS protocol is well advanced, in particular concerning the free movement of persons across borders without requiring a visa to go from one country to another, as well as the respect for residence and employment rights in the private sector. A subregional passport has been introduced and implemented. At airports, a gateway for ECOWAS nationals is clearly marked.

In the case of the UEMOA, in addition to the gains made by ECOWAS, doctors and architects benefit from freedom of movement and establishment as well as expert accountants, chartered accountants, and lawyers. This right has recently been extended to veterinary doctors who are nationals of Member States of the UEMOA within the Union. The fundamental objective is to ensure better health coverage for the territory of the Union and to promote the development of herding in Member States.

In spite of all these gains, an effort at harmonizing national legislation concerning migration in all the ECOWAS countries remains to be made, notably concerning the nationals of the subregion.

II.2.2 The financial system within ECOWAS

The ECOWAS adopted a Monetary Cooperation Programme with the aim of integrating the financial markets of member countries, thus ensuring the free movement of capital. Article 53 of the ECOWAS Treaty revised in 1993 stipulated the implementation of appropriate mechanisms to encourage investment in businesses in the territory of other Member States through trans-border trade of bonds, shares, and other securities. With this perspective, the Treaty recommends in addition the creation of a Commission in charge of issues relating to capital markets, which will have, among other responsibilities, the following:

- interconnect the banks and insurance companies of the subregion;
- encourage the creation of national stock markets as well as their integration;
- ensure that nationals of Member States are given the opportunity to acquire bonds,
  shares and other securities or even the opportunity to invest in businesses within the territory of Member States; and
- set up a mechanism for large-scale dissemination to broaden the stock exchange listings in each Member State, as well as the regulations for free capital markets to ensure not only its own operation but also the protection of investors.

Regarding finance, ECOWAS has set up a Bank for Investment and Development of the ECOWAS (EBID). The purpose of this bank is to finance and promote economic growth and development within ECOWAS. It offers businesses a range of financial products and services. The WAMA plays a major role in facilitating financial compensation for trade and also in the monetary stability of the countries of the subregion. The convergence process in the subregion is proceeding and making it possible to stabilize the exchange rates among countries.

II.2.2.1 The financial system in UEMOA

The BCEAO and the BOAD are specialized institutions independent of the UEMOA. The BCEAO is the issuing bank for eight countries of the Community. Through a prudent monetary policy, it contributes to controlling inflation and manages the money market, notably through the open market, for financing countries' needs and thus avoiding the printing presses. In this way it participates in managing the savings market. The BOAD plays the role of a development bank in participating very actively in the financing of Member States and in the integration process.

The banking system of the UEMOA was characterized by many recognized credit institutions
with 116 credit institutions (97 banks and 19 financial businesses in 2010), essentially concentrated in Côte d'Ivoire and Senegal, and an increased diversification towards institutions specialized in microfinance with eight subsidiaries of the Regional Solidarity Bank and the West African Bank of Mutualist Institutions (BIMAO).

Table 6: Situation of the banking industry in the UEMOA Zone (2009)

	Number of banks	
Benin	12	12.6%
Burkina Faso	12	11.2%
Côte d'Ivoire	19	28.1%
Guinea-Bissau	4	0.7%
Mali	13	12.7%
Niger	10	4.4%
Senegal	16	24.0%
Togo	11	6.5%
UEMOA	97	100%

Source: UEMOA Banking Commission, 2011

The countries of the West African Economic and Monetary Union (UEMOA) share the same legislation with a regional banking commission responsible for overseeing banking activities. Financial institutions exercise their activities in a harmonized regulatory framework.

According to the WAMA report, the supervisory framework is organized around several community bodies, such as the BCEAO, the UEMOA Banking Commission, the Regional Council for Public Savings and Financial Markets (CREPMF), the Inter-African Conference on Insurance Markets (CIMA), and the Inter-African Social Security Conference (CIPRES). The BCEAO and the Ministers of Finance are present, to different degrees, within each of these bodies. The Ministers have the responsibility for supervising the microfinance sector with the support of the BCEAO and the Banking Commission. This system explains the resilience of the financial system to macroeconomic shocks by contributing to the consolidation of their financial solidity.

The microfinance sector has become one of the most dynamic components of the financial system of the UEMOA. Its rapid expansion brought along profound changes exposing them to high risks that could put the stability of the sector in peril, according to WAMA. These risks are related notably to insufficient capitalization reported in a large number of institutions (essentially of small size) as well as the strong concentration of the portfolio of the DFS in the primary and tertiary sectors.

Close oversight is conducted by Ministries in charge of finance. The implementation of the recommendations of internal and external controls, as well as the sanctions imposed in countries for cases of non-compliance with regulatory provisions, have contributed to strengthening the solidity of the sector. To better regulate the sector, the BCEAO developed a Regional Programme of Support for Decentralized Finance for the period 2005-2009 in order to facilitate their modernization and efficiency.

The UEMOA insurance sector has entered into a phase of rapid growth, after the implementation of consolidation measures since the middle of the 1990s. Nevertheless, its share of the economies of Member States of the Union remains relatively low, principally due to the low level of revenues, a poorly developed culture of insurance among people, and insufficient coverage of important segments such as the informal and agricultural sectors.

The supervision of insurance activities in the Union is ensured, since February 1995, by a supranational authority, the CIMA, assembling the UEMOA Member States and those of the Central African Economic and Monetary Community (CAEMC). In this framework, legislation known as the “CIMA Code” regulates the organization, operation and supervision of the insurance sector in this space. The Regional Commission for Insurance Supervision, an organ responsible for overseeing markets, has been granted the functions of on-site supervision of the documentation of insurance businesses.

II.2.2.2 The banking sector in the WAMZ

Table 7: Situation of the banking industry in the WAMZ in 2010

	Number of banks	Microfinance Institutions	Number of insurance companies
Guinea Conakry	15	13	07
Gambia	13	5	11
Ghana	28	132	-
Liberia	8	Nd	24
Nigeria	30	866	73
Sierra Leone	13	-	10
WAMZ			

Source: WAMA, 2011

In this zone, the banking systems are not uniform. Each country in the WAMZ has its own banking system, which explains the poor integration of the financial sector. Many local banks have correspondents with financial institutions around the world and carry out almost every sort of banking transaction. Nigeria is largely dominant, with 30 banks, 866 microfinance institutions, 73 insurance companies, 108 finance companies, and 1959 foreign exchange services.

II.2.2.3 The banking sector in Cape Verde

In Cape Verde, there are commercial banks and loan businesses in the urban areas and in the agricultural areas. At the end of 2009, WAMA counted five commercial banks on-shore, ten commercial banks off-shore, and eight credit institutions. The banking sector is relatively healthy.

II.2.3 Stock markets in ECOWAS

II.2.3.1 The UEMOA regional stock exchange (BRVM)

Created in 1998, the BRVM is a regional stock exchange covering the eight UEMOA countries. The BRVM headquarters are located in Abidjan (Côte d'Ivoire), and is represented in each country by a subsidiary. The BRVM is, to a large extent, a private enterprise, with a participation of 13.4 per cent in the capital of the eight Member States.

Since its creation, the BRVM operates regularly and has always attracted public and private investors.

According to the WAMA, the BRVM has not yet responded to the expectations of the monetary and financial authorities of the UEMOA. It has not managed to obtain a market capitalization in terms of a percentage of GDP of more than 12 per cent. The number of businesses listed on the stock exchange has not changed since 2007.

II.2.3.2 Stock exchanges in the WAMZ

The WAMZ has three stock exchanges, in Nigeria, Ghana, and Sierra Leone.

The Ghana Stock Exchange (GSE), created in 1990, has made it possible for the businesses of the country to mobilize long-term capital. In 2010, 37 companies were listed on the GSE , up from 11 in 1990. It has been judged "the most innovative African stock exchange for 2010". However, it has suffered from the effects of the 2008 financial crisis, unlike other stock exchanges.

The Lagos Stock Exchange is a dynamic business center made up of two components. The first provides a substantial guarantee for the conduct of trade by businesses that are generally large size. The second, more flexible, constitutes the preferred area of expertise for small and medium businesses. From 1960 to 2008, the number of companies registered went from 19 to more than 300. The stock exchange was open to foreign investors since the deregulation of capital markets in 1993, and in 1995 international investors were authorized to purchase significant participations in national companies. Its expansion suffered somewhat in the international financial crisis, which affected the liquidity of the stock market. This center could, however, play a leading role in the subregion, especially as it is wide open for international financing.

The Sierra Leone Stock Exchange (SSE) officially began its activities in July 2009. At the end of 2010 it had conducted only 49 trading sessions. It suffers from insufficient staff and attracts few investors.

II.2.3.3 The Cape Verde stock exchange

The Cape Verde Stock Exchange, created in 1990, only began to operate in June 2005, at a time of multiple reforms meant to make the island a center for international finance. The aim was to take advantage of its geographical position on the basis of political stability, proven democratic institutions, a solid legal environment and competitive taxes. The more favorable economic climate, based on the privatization of businesses in the sectors of energy, telecommunications, banking and soon the TACV (a national airlines company), and the economic stability which has resulted, should also favor setting up foreign businesses, with the aim of creating a future center for international finance. The Cape Verde Stock Exchange is very dynamic considering the good economic performance recorded by the country, but remains closed to the subregional market.

In conclusion, the process of integration of stock exchanges is still very timid, but approaches have been made to the BRVM and the stock exchanges of Ghana and Nigeria. They aim mainly to make it possible to develop cross-listings on the different stock exchanges of the region. Already, such operations have been carried out but they involve only a very small number of securities.

II.3 The Regional Economic Programme of UEMOA (2006-2010)

Developed jointly by the UEMOA Commission, the Central Bank of West African States (BCEAO), and the West African Development Bank (BOAD), the Regional Economic Programme (REP) is a rolling programme, of which the first phase covered the period from 2006 to 2010. It derived from a strategy for growth acceleration and poverty reduction, compatible with the Millennium Development Goals (MDGs) and the New Partnership for the Development of Africa (NEPAD), which describes a vision of the future of the UEMOA space by 2015, “making UEMOA into an open, unified space for the benefit of a population which stands together”. Implemented through a five-year rolling programme that is updated annually, the results expected from the implementation of the REP are:

- increased annual average growth rate of GDP from 3.8 per cent in 2006 to 7.10 per cent in 2010;

- greater competitivity of the economies of the Union within the framework of an open and competitive market and a rational, harmonized legal environment: enhancement of intra-community trade of which the level should increase from 12 per cent in 2006 to 13 per cent in 2010;
- creation of nearly 53,000 jobs over the period 2006-2010, or about 10,000 jobs per year; and
- participation in the achievement of international objectives of sustainable development by 2015.

A total of 63 integration projects, divided up among the five strategic areas, were approved for the period of 2006-2010 on the basis of criteria defined in the Declaration of the Heads of State and Governments of the Union, adopted on 10 January 2004 in Niamey, Niger, and entitled, "Stimulate a new dynamic in the UEMOA integration process".

The total amount of the REP comes to 3,470,241 billion francs CFA, or about 5.3 billion Euros. The table below shows the status of financial execution of the REP (2006-2010) as of 30 September 2010.

Table 8: Strategic areas of the REP I

Strategic area	Revised amount for projects (in Millions FCFA)	Financing secured (in Millions FCFA)	Amount executed / payment (in Millions FCFA)	Rate of financial execution (%)
Axe 1: Consolidate good governance and enhance economic integration	44 340	34 022	10 954	32.2
Axe 2: Develop economic infrastructures	3 037 815	1 713 748	798 862	46.6
Axe 3: Establish an integrated production system	346 255	108 876	56 349	51.8
Axe 4: Develop human resources	36 831	19 213	3 263	17
Axe 5: Establish a partnership for resource mobilization and implementation of the REP	5 000	3 981	942	23.7
Total cost of the REP	**3 470 241**	**1 879 840**	**870 370**	**46.3**

Source: UEMOA Commission, 2011

The clear understanding of partners and the good coordination between the UEMOA Commission, the BCEAO, and the BOAD has greatly contributed to their adherence to the objectives of the REP I. They are also committed to:

- take the REP into consideration as a framework of reference for their operations to promote the Union;
- contribute up to 2.438 billion Francs CFA to the implementation of the Programme; and
- participate in the implementation and monitoring/evaluation of the REP.

In application of the results thus obtained, the following actions, among others, have been carried out:

- creation of a Monitoring Committee of the Technical and Financial Partners as a framework for consultation to facilitate the mobilization of financing and ensure the harmonization of funders' procedures;
- creation of a Regional Supervision Committee of the REP, composed of representatives of Member States, of the private sector, of civil society and the TFP, that is in charge of providing guidance and information on the implementation of the REP;

- strengthening of the Management Unit of the REP to ensure the monitoring of its implementation at the regional level and communications on the REP; and
- creation of a National Monitoring Unit for the REP in each Member State to ensure, at the national level, the monitoring, implementation, and communication on the REP.

The REP is carried out either by the regional institutions (BCEAO, BOAD, UEMOA Commission), which act as contracting authorities (community programmes), or by Member States (national Programmes). The Member States, principal actors and beneficiaries of the programme, are directly responsible for 77 per cent of the cost of programme implementation. The remaining 23 per cent are implemented directly by community organs. For the programmes that it carries out, the UEMOA Commission chose to "outsource" notably through the delegation of contracting authority. Regarding the objectives of REP I, its implementation has made it possible for Member States to achieve higher growth rates, even if they have remained below 7 per cent, with however, a strong counter-performance in 2011 as a result of drought in the Sahel and the crisis in Côte d'Ivoire. Trade also marked progress, reaching more than 13 per cent for intra-UEMOA imports and exports.

III. SECTORAL POLICIES

The two economic communities have initiated several sectoral policies along with investment programmes. Recently, on the basis of Vision 2020, which militates in favor of an ECOWAS for the people, a poverty reduction strategy document on a regional scale was adopted in January 2010 in Accra, together with an implementation plan and the institutional measures for its execution as well as a monitoring and evaluation mechanism. This strategy is based on the consolidation of achievements and the development and harmonization of sectoral policies.

III.2 The energy sector: energy integration in West Africa

The supply of electricity in West Africa is inadequate. A recent study showed that the total power generation of West Africa was only 10,261 MW in 2005, made up of 6,133 MW of thermal installations and 4,128 MW of hydro-electric installations. The specific West African consumption is one of the lowest in the world, as on average the ECOWAS countries consume 88 KWh of electricity per inhabitant/year

(Enerdata, 2005)[1], compared with 350 KWh for East Asia. Regional integration in this sector will contribute to improving this situation. In line with this, the ECOWAS, the UEMOA and the CILSS have adopted a number of initiatives for the integrated development of the energy sector.

Article 28 of the revised ECOWAS treaty relating to the coordination and harmonization of the energy policies of Member States already constitutes the first step towards the integration of the electricity sub-sector in the subregion. The other main acts which were subsequently adopted were: Decision A/DEC.3/5/82 relating to the energy policy of the ECOWAS, decision A/DEC.5/12/99 relating to the setting up of a West African power pool (WAPP); decision A/DEC.3/12/03 relating to the Regional Rural Electrification programme; the protocol A/P4/1/03 on energy; and regulation C/REG.7/12/99 relating to the adoption of an overall Plan for energy production and the inter-connection of electrical Member States of the ECOWAS.

The agreement signed between the ECOWAS and the UEMOA on 22 August 2005 on the implementation of actions on energy created more synergy between the two institutions. Following this, the recommendations formulated by the delegates of the Member States to the multi-sectoral ECOWAS-UEMOA Forum, held in Bamako from 16 to 19 May 2005, and by the regional multi-sectorial committee during the course of the Accra meeting of the ECOWAS-UEMOA, organized from 24 to 26 October 2005, have strengthened their cooperation on energy issues.

These meetings paved the way for the adoption in 2006 of Decision A/DEC.24/01/06 on the regional policy of the ECOWAS/UEMOA on access to energy services for the inhabitants of rural and suburban areas, with the aim of speeding up the achievement of the MDGs in West Africa. This regional policy was materialized in the ECOWAS/UEMOA White Paper for a regional policy (on energy). This regional energy policy was completed by an Action Plan and an Investment Programme.

The creation of the Center for Renewable Energies and Energy Efficiency materializes the commitment of the ECOWAS to strengthen the capacities of its member countries with a view to exploiting the enormous alternative and renewable energy sources of the subregion in order to reduce its energy poverty. This center completes the two other instruments of energy integration of the ECOWAS, which are the West African system of electrical energy exchange (WAPP) and the West African gas pipeline. For the management of the sub-regional energy market and with a view to encouraging the participation of the private sector in the financing and implementation of projects in the energy sector, the ECOWAS Member States

1 Cited in ECOWAS, 2004. Study on the stability of regional transport in West Africa.

created in 2008 a Regional Electricity Regulation Authority (ERERA). The mission of this autonomous body is to introduce regulations for trans-border trade of electrical power and to provide support to mechanisms of national regulation of the electricity sector of Member States.

For its part, the UEMOA Commission developed a Common Energy Policy (CEP) for its Member States, materialized in the additional Act N°04/2001 of 19 December 19 2001. UEMOA also designed a concessional fund, the Energy Development Fund (FDE), to support the launching of the Regional initiative for sustainable energy by contributing to the financing of energy production projects for its Member States.

The Permanent Inter-State Committee for Drought Control in the Sahel (CILSS) also carries out programmes aiming at providing to the people of the Sahelian countries basic energy services. To limit the effects of desertification and contribute to the improvement of the health and living conditions of its peoples, the CILSS is promoting solar energy through its regional programme which contributes to the reduction of energy poverty in the subregion.

Several other initiatives for energy integration have been developed in the subregion. These are notably hydroelectric projects under the authority of inter-State organizations for the integrated management of shared water resources (the Organization for the Development of the Senegal River, Organization for the Development of the Gambia River, the Volta River Authority, the Niger Basin Authority, etc.).

The institutional mechanism of the Regional Initiative for Sustainable Energy (IRED) has just been completed by the creation of a Regional Committee of Producers, Transporters and Distributors of Electrical Energy of the UEMOA Member States. The objective is to set up a framework for consultation and coordination of electrical energy enterprises of Member States, in order to increase the capacities of loans destined to finance the Regional Initiative for Sustainable Energy (IRED).

III.3 Agriculture

Agriculture is generally considered to be one of the best performing motors of growth for national and global economies. It has been empirically proven that in Africa, as elsewhere in developing countries, agricultural growth: (a) contributes more than any other sector to overall revenue growth in the rural areas where the majority of vulnerable populations live; (b) stimulates growth in the other sectors of the economy by amplifying the demand for goods and services produced outside the sector; and (c) reduces globally the levels of poverty, hunger and malnutrition by improving access to better nutrition as a result of higher revenues in the rural areas and in other sectors of the economy.

The increase in investments in African agriculture in order to promote its development forms part of the priorities of the NEPAD and of the African Union. The Comprehensive Africa Agriculture Development Programme (CAADP) adopted by the Heads of State and Government of the African Union who met in Maputo, Mozambique, in July 2003 and the subsequent adoption of the Declaration of Maputo on agriculture and food security in Africa, posed the first step towards increasing investment in regional agriculture. On this occasion, African leaders committed to increasing budgets for agriculture to 10 per cent over five years (2003-2008), a significant increase compared to the 4 to 5 per cent recorded beforehand.

In West Africa, the CAADP was broken down into the ECOWAS Common Agriculture Policy (ECOWAP), and the UEMOA Agricultural Policy (PAU).

The adoption of the ECOWAP in West Africa in 2005, addressing the priorities of the CAADP, shows the commitment of the States of the Community to deal with the challenges of the agriculture sector. The ECOWAS intends to re-launch agricultural productivity and the exports of food commodities and to eliminate poverty and hunger in the subregion through the improvement of living conditions in the rural areas (ECOWAS, 2011). The food security objective of the common policy shows the importance that the subregion grants to the elimination of hunger and the achievement of food self-sufficiency. The specific objectives of the agricultural policy of the ECOWAS are to: (i) ensure the food security of the people of West Africa; (ii) reduce food dependency by achieving food self-sufficiency; (iii) open the markets to producers ; (iv) create revenue-generating employment that can improve the level of living conditions in the rural areas and the supply of services to rural inhabitants; (v) ensure that production systems are sustainable; (vi) reduce the vulnerability of West African economies by tackling factors of instability and insecurity; and (vii) adopt an appropriate financing mechanism.

The operationalization of the common policy is centered on six areas: (i) the control of water; (ii) the shared management of natural resources; (iii) the promotion of sustainable agricultural holdings; (iv) the development of markets and the value chain approach; (v) the prevention and management of food crises and other natural disasters; and (vi) institutional strengthening. The adoption of a regional initiative for food production and the reduction of hunger in 2008 made it possible for them to set three priorities: (i) increase food production; (ii) promote trade; and (iii) reduce vulnerability to food crises by strengthening the sustainable and sustained availability of food.

Several actions have been implemented in the execution of the agriculture policy of the ECOWAS in West Africa. Among these actions was the establishment of the Regional Programme of Agricultural Investment, which was integrated into the national agricultural programmes of member countries.

The implementation of the regional initiative for food production and reduction of hunger combines political reforms, investment, and the regulatory framework of the sector. In addition, women and peasant organizations are heavily involved in the process. The first generation of programmes is underway until 2014. An institutional framework has also been set up with the technical Regional Agency for Agriculture and Food (RAAF) and the Regional Fund for Agriculture and Food.

In this field, the UEMOA has four sectoral policies, which are: (i) the Common Policy for Environmental Improvement (PCAE); (ii) the Agriculture Policy of the Union (PAU); the Common Mining Policy (PMC); and (iv) the Common Energy Policy (PEC), in particular the
component relating to renewable energies. These policies, adopted between 2000 and 2008, arose from provisions of line *d* of Article 4 of the treaty which aims to "institute the coordination of national sectoral policies, through the implementation of common actions and ultimately of common policies in the areas of human resources, of land development, of transport and telecommunications, of the environment, of agriculture, energy, industry and mines".

In the areas of rural development, natural resources, and environment, the Commission was granted broad powers by the Member States. The main areas of intervention are the following: (i) agriculture and herding; (ii) fishing and fish culture; (iii) food security; (iv) control of water resources; (v) reforestation and desertification control and coastal erosion; (vi) protection of natural resources and biodiversity; (vii) improvement of the environment in rural and urban areas; (viii) monitoring of the implementation of the community mining policy; (ix) promotion of the research and exploitation of mineral resources, petroleum and gas; and (x) promotion of new and renewable energies. The Commission was to develop and implement these common sectoral policies throughout the Union. These policies, adopted between 2000 and 2008, each include sub-policies and/or programmes.

The PAU, adopted in 2001, aims to providing solutions to the three major challenges facing agriculture in the UEMOA zone at the time, which were to: (i) feed the population of the region in a context of high demographic growth and urbanization; (ii) increase agricultural production sustainably through the intensification and coordinated management of natural resources which from now on constitute regional public goods threatened by growing competition; and (iii) reduce poverty in the rural areas by improving the revenues and the status of farmers.

Its overall objective was at that time to contribute sustainably to the satisfaction of the food needs of the people, to the economic and social development of Member States and the reduction of poverty. Specifically, this consists of: (i) achieving food security by reducing the food dependency of the Union and improving the operation of agricultural markets; (ii) increasing the productivity and production of agriculture on a sustainable basis; and (iii) improving the living conditions of agricultural producers by developing the rural economy and improving their revenues and their social status. The PAU was organized around three main areas of intervention:

- the adaptation of production systems and the improvement of the production environment;
- the development of the common market in the agriculture sector and the management of shared resources; and
- the inclusion of Union agricultural products in subregional and global markets.

The programme has three implementation instruments, notably the multi-year programming of activities, the Regional Agriculture Development Fund (FRDA) and the Regional Agricultural Information System (SIAR). In practice, its implementation takes into account the actions of other actors and institutions in charge of agricultural development in the subregion. As a result, it is based on seven guiding principles: subsidiarity, proportionality, regionality, complementarity, solidarity, progress, and partnership.

The achievements of the PAU can be summarized as follows:

For the adaptation of production systems and the improvement of the production environment: (i) the Special Regional Programme for Food Security (PSRSA) was set up; (ii) the relative competitivity of the main commodity chains was strengthened; (iii) the cotton-textile industry was strengthened; (iv) frameworks for consultation on industries and the production environment were set up; (v) the regional land development project of the Office du Niger (Mali) was implemented in the framework of the UEMOA; (vi) the Regional Fund for Agricultural Development (FRDA) was established; (vii) the Regional Fund for Agricultural Development (FRDA) was created in March 2006 by the Additional Act N°03/2006 to finance the programmes of the PAU: the Regulation N°06/2006/CM/UEMOA, adopted in May 2006, sets the modes of intervention, organization and operation of the Fund and the Technical Consultative Committee of the Fund was set up, the procedures manual was finalized and the eligible programmes and projects were identified. The Fund was operational from 2011 with a provisional budget of 7.64 billion FCFA; (viii) the Regional Agricultural Information System (SIAR) was set up; (ix) the programme for the management of food security was implemented; (x) support was provided for agricultural research; and (xi) support was provided for the coordination and institutional and operational mechanisms that are designed to ensure good coordination on one hand between regional agricultural policies (PAU, ECOWAP) and on the other, between the PAU and national agricultural policies. The programme provides for setting up a monitoring/ evaluation mechanism for the PAU and the implementation of the common UEMOA-FAO strategy of communication on the PAU programmes.

For the development of the common market in the agricultural sector and the management of shared resources: (i) the harmonization of veterinary pharmaceutical legislation; (ii) the harmonization of regulations relating to seeds and pesticides; (iii) the setting up of a regional stock market for food commodities; (iv) the management of rural lands within the UEMOA; and (v) the implementation of the triennial programme for the development of the fishing sector.

The Conference of Heads of State and Government of the UEMOA, assembled in June 2012 in Lomé, proposed the development of structural reforms. In effect, in analyzing the food situation of the Union, notably the significant decrease in the harvests of the 2011-2012 agricultural season on the food security of the inhabitants, the Conference adopted the results of the work of the High Level Committee on food security. It also recalled the necessity for Member States to apply the recommendation of the African Union Summit at Maputo in July 2003, which aimed at devoting 10 per cent of their budgets for the development of agriculture. In addition, as a result of the importance of a vigorous recovery of the subregional economy and above all of the necessity of permanently ensuring the food security of the people, Member States were invited to conduct appropriate actions to mobilize resources and lift the constraints on the acceleration of the implementation of the projects identified within the framework of the Regional Economic Programme (REP 2012-2016) and the Special Food Security Programme (PSSA). A mandate was provided to the Organs and Institutions of the Union to conduct consultations on the definition of land reform at the community level.

In the countries of the subregion, this has provided the inspiration for the most recent national strategies for agricultural development. This means that the majority of countries have granted during these last few years special attention to agricultural development. The results have not however, measured up to hopes and countries still depend largely on the import of certain food commodities. Nevertheless it has been observed that in recent years, national agricultural production has steadily increased, as regards rice and other traditional cereals, vegetables, pulses and fruits. Nevertheless, in spite of the efforts made, West African agriculture remains very far from the level of development that can drastically reduce poverty and food insecurity and promote economic expansion. In addition, it exploits very little of the potential of the cultivable lands of the subregion.

In Niger the implementation of the 3N initiative (see box below) aims at preventing the recurrence of a new famine in the country, and at guaranteeing the full participation of people in national production and in the improvement of their revenues. Several ECOWAS Member States have similar programmes that aim at increasing national production.

The Declaration of General Policy of the Government on June 16, 2011, in recalling the Programme of the President of the 7th Republic for the renaissance of Niger, emphasized that the initiative "3N: Nigeriens Nourish Nigeriens" is one of the major areas of action to ensure food security. And this should be seen as a strong signal of the renaissance of the republic, marked by the re-launching of the planning process as a tool for the management of development. This initiative consists of a group of strategies designed to:

- ✓ Increase gross annual cereal production from 3 to 5 million metric tons;
- ✓ Extend and rehabilitate the infrastructures of hydro-agricultural development schemes: AHA (Kandadji dam, flood-recession crops, construction of small dykes to retain rain-water, threshold dykes and artificial lakes) to promote crops with high market values;
- ✓ Improve crop conservation and storage systems;
- ✓ Promote agricultural investments through better access to agricultural credit and other adapted services;
- ✓ Favor the sustainable management of natural resources and the protection of the environment;
- ✓ Reinvigorate agricultural research in order to exploit the results of research currently available through the strengthening of the capacities of national institutions, the transfer of technologies for extension and the perfecting of new production technologies;
- ✓ Organize the actors of value chains and their access to locally available rural financial services.

All these strategies should be translated into operational plans in the Vision of Niger for 2035 **(Declaration of General Policy of His Excellency Mr Brigi RAFINI, Prime Minister, Head of Government, June 2011).**

Table 9: Gross cereal production and comparison of data for the last five years.

Units in thousands of metric tons.

Country	Results 2010-2011	Results 2011-2012	Variations 2011/2010	Variations 2006/2010	Variations (%) Avg (2005-2009)
Benin	1 527	1 793	17%	37%	45%
Burkina Faso	4 561	3 823	-16%	-1%	4%
Côte d'Ivoire	1 553	1 446	-7%	6%	8%
Guinea-Bissau	237	281	19%	36%	39%
Mali	6 418	5 139	-20%	13%	305
Niger	5 4	3 628	-31%	-14%	-7%
Senegal	1 768	1 213	-31%	-16%	-12%
Togo	1 046	1 058	1%	10%	15%
UEMOA Zone	22 314	18 873	-18%	3%	11%
Ghana	2 907	2 994	3%	31%	44%
Nigeria	26 885	26 764	-0.40%	-0.20%	0.40%
Liberia	296	298	1%	3%	4%
Chad	3 248	1 620	-50%	-23%	-12%
Sierra Leone	1 221	1 184	-3%	30%	51%
Guinea	2 852	3 301	-16%	31%	39%
Cape Verde	7	6	-21%	-13%	-2%
Mauritania	259	124	-52%	-38%	-34%
Gambia	364	242	-33%	-9%	3%
Zone outside UE-MOA	38 038	36 533	-4%	3%	6%
Entire zone (UE-MOA+ outside UEMOA)	60 411	54 914	-9%	3%	8%
CILSS Zone	22 124	16 076	-27%	-5%	5%
ECOWAS Zone	56 905	53 170	-7%	4%	8%

Sources: CILSS/AGRHYMET (Jan. 2012)

In spite of these efforts at national as well as subregional levels, the achievement of food security remains a major challenge for West Africa, which reminds us of the aggravation of the food situation in 2011-2012. The subregion, as with other parts of the continent, is often shaken by recurring food crises, a situation that has lasted for several decades. Food insecurity tends to worsen from year to year in a context exacerbated by the effects of climate change, conflicts and various upheavals in different countries, energy deficits in the subregion, and the global economic and financial crisis. Food shortages have therefore become chronic and the heavy dependence of the agricultural sector reinforces the loss of livelihoods and increases the prevalence of poverty especially among the vulnerable groups, which are the women and children. The table above, from the report of the First Meeting of the High-Level Committee on Food Security held on 14 February 2012 shows this declining trend in production, which clearly indicates the increasing dependence of countries on food aid.

III.4 Transportation and the facilitation of trade

III.4.1 West African road corridors

The ECOWAS, with its 15 Member States, represents the largest African subregional grouping. Within the Community, there are four main modes of transport: road, rail, water, and air. The following table shows that the ECOWAS benefits from quite good coverage in terms of road networks. The density of 8 km per 100 km² puts it in second position among African subregions (see table 10 below). However, much remains to be done.

Table 10: Regional distribution of road networks in 2006

Region	Length (km)	Density (km/100km²)
Center	186 475	3.5
East	476 558	6.5
North	347 451	3.0
South	853 676	13.5
West	434 910	8.0
Total	2 299 160	7.6

Source : ARIA IV, ECA 2010

The road sub-sector is the dominant mode of transport in West Africa. It represents 80 to 90 per cent of the transport of passengers and goods in the subregion, and constitutes the only means of access for more than 70 per cent of the inhabitants of the rural areas. Consequently, it is the predominant mode used for intra-community trade, which justifies the priority granted to it in the present report.

For intra-community trade, the ECOWAS countries have functional road corridors but they are not always in good condition. West African community roads are identified in Convention A/P2/5/82 relating to the regulation of Inter-State Road Transport (ISRT/ECOWAS). This convention was completed by Decision C/DEC.8/12/88 of the ECOWAS on the different inter-connection road sections providing access for landlocked countries.

For the achievement of its objective of economic integration and the development of trade among its Member States, ECOWAS defined the priority roads for integration in the conventions listed above, which are:

- the trans-coastal road Lagos-Nouakchott via Dakar (4,560 km), which goes from Nigeria, crosses Benin, Togo, Ghana, Côte d'Ivoire, Liberia, Sierra Leone, Guinea, Guinea-Bissau, Gambia, Senegal, and continues through to Nouakchott in Mauritania;
- the trans-Sahelian road Dakar-N'Djamena (4,460 km), which goes from Senegal, crosses Mali, Burkina Faso, Niger, Nigeria, and continues through to N'Djamena in Chad; and
- the inter-connection roads relating to the construction of missing sections on the above roads or the rehabilitation of the roads linking landlocked countries (Mali, Burkina Faso, and Niger) to coastal seaports.

III.4.2 Facilitation of trade

In the framework of subregional economic integration and the development of trade among Member States, Decision A/DEC.20/80 of the ECOWAS relating to the programme of community transport includes, other than the construction of the trans-West African road network, a component on facilitation measures for road transport. These measures have been completed and reinforced by various agreements and protocols concluded by the Member States of the ECOWAS including :

- Decision A/DEC.2/5/81 relating to the harmonization of the road legislation of the Community;
- Protocol A/P1/5/82 on the creation of an ECOWAS brown card relating to third-party responsibility for vehicles and which covers all Member States;
- Protocol A/P2/5/82 of the Inter-State Road Transit (ISRT) Convention among the Member States of the ECOWAS;

- Protocol A/P4/5/82 of the Inter-State Road Transit (ISRT) Convention and Decision C/DEC/7/7/91 relating to regulations on road transit based on the axle-load of 11.5 metric tons designed for the protection of road transport infrastructures and vehicles.
- Supplementary Convention A/SP.1/5/90 of 30 May 1990, relating to the establishment within the Community of a Guarantee Mechanism for Inter-State Road Transit in the ECOWAS;
- Resolution N°187/11/01 of 14 June 2001 at Abuja/Nigeria adopted by the Ministers of Transport, in favor of the substantial reduction of administrative hindrances, the application of the sealed grid system and the suppression of onerous customs escorts;
- Decision A /DEC. 8/5/79 of 29 May 1979 (ECOWAS O.J. n° 1) relating to the total liberalization of trade in raw materials from November 1979, favors freedom of movement throughout the territory of the Community of local products without specific customs formalities.

Both Conventions A/P2/5/82 and C/DEC.8/12/88 aim at optimizing international trade activities and transportation with a view to stimulating the economic development of the subregion. The rigorous application of these Community conventions will contribute to the facilitation of inter-State trade. In addition, ECOWAS, with a view to the application of these conventions and protocols, has created ad hoc organs, notably the Higher Committee on Land Transport in the ECOWAS which includes all the partners of the sector: administrations in charge of the construction of land transport infrastructures, those in charge of their operation, those in charge of safety, customs, businessmen and unions of the sector.

In terms of infrastructures and the facilitation of trade, the subregion is very active in setting up quality transportation infrastructures, notably by the construction of corridors that are more streamlined, in order to reducing the cost of transactions. Ongoing investment programmes supported by development partners aim at providing the hinterland various alternatives for access to the ports. Port competition is increasing, thus leading to the improvement of the quality of services. West African ports are modernizing. On the basis of 2006 data, West Africa is positioning itself in second place, after southern Africa, and is ranked above average among the RECs in Africa.

III.4.3 Action programme for infrastructures and transportation in the UEMOA

Community strategy aims at the following general objectives: (i) the convergence of national policies and the systematization of regional coordination of actions in the road sector; (ii) the improvement of the competitivity of the economies of Member States of the Union through the free flow of trade and the reduction of the costs of road transport; (iii) the reduction of poverty in the rural areas; and (iv) the reduction of the social costs of insecurity and of the environment. The specific objectives are: (i) the standardization of the service levels of the paved roads of the community network; (ii) the harmonization of maintenance programmes and of measures for the organization of the system of transportation and traffic; (iii) the modernization of missing sections in the community grid; (iii) the implementation of a construction programme for trans-border routes; (iv) the improvement of the performance of information systems and a scoreboard for performance indicators; (v) the facilitation of inter-state road transportation and transit operations; and (vi) the promotion of a relevant and efficient road safety programme. The action programme for infrastructures and transportation covers five strategic areas: (i) the road infrastructures of the community grid; (ii) the secondary roads and rural trans-border routes; (iii) the information systems and performance indicators; (iv) the facilitation of inter-state transportation and road transit; and (v) road safety.

The overall cost of the programme over five years is estimated at 654 billion francs CFA, of which 281 billion francs CFA has been secured by the Member States, for the most part within the framework of sectoral transportation programmes. The complement of 373 billion francs CFA is being sought. The following sub-sectors are concerned.

The **community road network** is currently a total of 20,933 km long. The work programme on this network has been divided up among the following three priorities: (i) the roads linking the capitals of Member States of the UEMOA; (ii) alternative links between the capitals and the inter-connection routes; and (iii) the roads to neighboring States that are not members of the Union.

Actions to **facilitate inter-state road transportation and transit** include the following: (i) the construction of adjacent control posts at the borders; (ii) the establishment of a regional observatory of practices on the inter-state roads of the Union; (iii) information, communication and training of stakeholders in the system of inter-state road transportation and transit; and (iv) the design and implementation of community regulations.

Actions on **road safety** involve: (i) the training of drivers and access to driving; (ii) traffic safety education (iii) regulations; and (iv) data on accidents.

The total cost of the entire community action programme was estimated at 1,253.5 billion Francs CFA. The financing of the community programme will be ensured by the resources of Member States as well as external resources, which will be mobilized regionally on a collaborative basis. The UEMOA will contribute through the Regional Integration Assistance Fund (FAIR). The private sector will also be requested to contribute to financing certain actions.

For the implementation of this community strategy, a framework for collaboration and monitoring assembling the Member States of the Union, the UEMOA Commission, the BOAD and the BCEAO has been created. Development partners, private enterprises, and inter-African organizations (ECOWAS) will be stakeholders. A steering committee will be in charge of the implementation and the monitoring-evaluation of the community strategy. It will include representatives of the different actors involved. The Member States are responsible for the execution of the different components of the programme. The achievement of operational actions will be carried out in a homogeneous and coherent framework.

The regional programme of construction of adjacent border control posts in UEMOA is being carried out. Consequently, several adjacent border control posts are in place or are being built and information and communication technologies are increasingly playing a role in improving the free flow of trade. The establishment of these posts is being carried out in the form of service concession arrangements with the private sector.

Thus the border control posts are almost entirely managed by the private sector. The test posts have started to provide some important lessons. Operational since November 2010, the post of Cinkansé, between Burkina Faso and Togo, contributed to the free flow of trade, decreasing the border crossing time to one hour as against 72 hours. The outcome for transporters, an increase in vehicle rotations and an increase in turnover is a reduction in customs fraud and other forms of illegal trade that improves budget revenues. The establishment of the post has also made it possible to set up a database on the flow of vehicles, goods and persons. Difficulties have also been noted. It was observed that more than 69 percent of trucks crossing the border are overloaded. The non-compliance with several transportation standards such as axle-loads is very frequent. The frequency in payment of charges is still very low, at between 10 and 15 per cent, while technology and other facilities put at their disposal are under-used by the offices in charge of border controls.

III.4.4 Actors' perception of the facilitation measures

ECOWAS includes three countries without a coastline, which are Burkina Faso, Mali, and Niger. In these countries, the role of the associations of shippers is essential for the facililtation of the trade of their products by ensuring good conditions for costs, duration and rapidity. The views of these countries regarding measures of facilitation are important for the evaluation of the flow through different corridors.

Thus, during the Forum organized by ECA in Douala, Cameroun, in 2012, the person in charge of the Burkina Council of Shippers (CBC) mentioned that the environment of the facilitation of trade and transportation in the ECOWAS space was characterized by:

- diverse categories of actors;
- a multitude of legal texts not always harmonized of which the consequence is a vision and approaches that are sometimes fragmented on the part of certain actors;
- lack of balance in the evaluation of results, certain indicators dealing more with the achievement of activities or decision-making than with the real impacts in the field in terms of positive changes; and
- poor coordination by the RECs.

However, on the basis of their experience, the private sector in general and the shippers in particular contribute to establishing facilitation actions, either in a bilateral framework or in a subregional framework. In the case of the CBC according to the person in charge the actions conducted are: (i) the free flow of goods and freedom of movement of property and persons in the subregion; (ii) the integration of information and communication technologies into facilitation services (Sygestran program, virtual freight exchanges); (iii) the checking of axle-loads on the Ghana-Burkina corridor; and (iv) the establishment of an advocacy framework for multi-corridors in which the private sector plays an important role (ATPSL/AOC, Borderless Alliance, Ghana Transit Shipper Committee).

The efforts towards reducing non-tariff barriers should be recognized, especially the reduction of the number of control posts on certain corridors, notably those of Cotonou-Niamey and Dakar-Bamako. Moreover, the use of ICTs in West Africa has greatly facilitated the safety of cargoes, strengthened the confidence of customs and contributed to enlarging markets by the sharing of information among the operators in all areas. The consolidation of this confidence is essential for the acceleration of trade.

It is also important to have the point of view of an independent observer, which is the West Africa Trade Hub (WATH). This is a regional project for trade facilitation supported by USAID since 2003 in order to increase West African competitivity, promote exports from West Africa, improve the business environment and promote regional integration.

The WATH is a transportation component that analyzes the data on transportation costs and formulates recommendations for decision-makers to reduce these costs. Recent recommendations concern the renewal of the fleet, the creation of a virtual freight exchange, the creation of a single road transport market for the subregion, the elimination of road-blocks and the associated corruption, the application of UEMOA and ECOWAS regulations on the checking of axle-loads, containerization, the elimination of customs escorts and convoys, and accelerated customs exemptions for certain approved economic operators. The application of these measures could lead to the reduction of transportation costs by more than 40 per cent, according to the analysis that was the basis for these recommendations.

In the framework of the improvement of the business environment, the Trade Hub analyzes the variations between community legal instruments and their application at the national level.

These analyses show that the regulations on the movement of persons are relatively well applied whereas those on transportation and the movement of goods are largely set aside. Today, the Trade Hub is setting up Information Centers at borders and serves as the incubator for the Alliance Borderless, an alliance led by the private sector to lead advocacy efforts for the facilitation of trade. It also works on the development of a regional observatory of transportation with a broad mandate and geographical coverage by comparison with the current Observatory of Abnormal Practices (OPA).

West Africa is fortunate to be able to benefit from a political will that is shared by a very strong popular commitment. Thus we may say that West Africa has achieved much progress in the facilitation of trade. The heavy involvement of the people in this process has put pressure on leaders of the subregion as they are obliged to move in the direction of facilitating the freedom of movement and establishment of persons, goods and services, and the need to reduce the control posts on the roads.

IV. PROSPECTS

IV.1 The Regional Poverty Reduction Strategy Paper

The subregion has adopted its own reference strategy with the *Regional Poverty Reduction Strategy Paper for West Africa* (RPRSP-WA), developed jointly by the ECOWAS Commission and the UEMOA Commission, with the technical support of the World Bank and the African Development Bank. The RPRSP-WA adopted by the Heads of State and Government of the ECOWAS was officially launched in Accra, Ghana, on 11 January 2010.

The RPRSP-WA was born of the observation that, on one hand, national programmes developed over more than a decade ago had only limited scope for growth and the reduction of poverty, and on the other hand, monitoring indicators essentially reflected national concerns. Consequently, the need for a harmonized approach, notably regarding trans-border problems, macroeconomic convergence, infrastructure inter-connections, the development of human capital and comparable indicators for monitoring/evaluation.

The RPRSP-WA is a regional strategic reference framework that makes it possible for regional institutions to better structure regional development programmes, and for Member States to have a global visibility of regional programmes in order to integrate them in their national strategies. It also enables financial and technical partners to refer to an overall framework for the definition of regional mechanisms of mobilization of development resources and financing, at both the regional and the national level.

The RPRSP-WA provides an exhaustive inventory of the problems of the subregion, presents a review of national and regional policies to accelerate growth and strengthen the social sector, and deals with issues of operationalization, notably the priority objectives to pursue in order to resolve them through strategies, which are broken down into priority action plans. A monitoring and evaluation mechanism for regional and national plans is an integral part of the paper.

ECOWAS countries have adopted different methods on the determination of the poverty line and the nature of poverty. Poverty in the countries of the region is essentially rural. It is more accentuated in rural areas than in urban areas. Poverty levels also vary according to the size of the household, the socio-professional category, the education of the head of the household, and gender. In view of its extent, poverty constitutes a major preoccupation for all the countries of the Union such that each Member State has already developed and implemented since the year 2000 at least a strategic framework in this area. Some States such as Senegal, Burkina Faso, and Mali have developed and evaluated two strategic frameworks for the reduction of poverty, and are heading towards the third generation.

The RPRSP-WA, which strengthens the national poverty reduction strategy papers, is organized around four priority areas: (i) the management of trans-border challenges that aim at preventing and managing conflicts, as well as promoting good governance (economic and political) to reinforce social cohesion and the efficiency of policies; (ii) economic issues and globalization and the increase of economic growth, the diversification of the economies of the Region and make them more competitive; (iii) the development and inter-connection of infrastructures in the areas of transportation (land, sea air), of energy and telecommunications, in support of the integration of economic space and the improvement of its competitivity; and (iv) the regional strategy of which the objective is the strengthening of human capital and the facilitation of its mobility through the common space, to support growth and redistribute it more equitably.

In its implementation, the Priority Action Plan (PAP) includes two specific components for each of the two Commissions. For the UEMOA Commission, the PAP is essentially the Regional Economic Programme (REP), and that of the ECOWAS Commission is the Community Development Programme (CDP).

The programme of priority actions presented in the paper concerns the four areas of the RPRSP-WA. It is accompanied by a financing plan and a financial programme over five years (2010- 2014). The amount of the overall budget is $US15,209.33 million, of which an amount of $US7,725.18 million is allocated for the REP of the UEMOA, or 50.8 per cent. A document on the operationalization of the RPRSP-WA was adopted by the experts of the Member States and of the two technical steering committees (ECOWAS and UEMOA) in May 2010 in Abuja. For its implementation an institutional framework and a monitoring/evaluation system were set up, a list of monitoring indicators was chosen in a consensual way, and a budget and an activity timeline for the execution of activities were decided on.

The monitoring/evaluation mechanism of the regional strategy of poverty reduction provides for measures aiming at favoring better communication among development actors (public authorities, civil society, technical and financial partners), as well as a better appropriation of the strategy and the process of implementation and monitoring/evaluation.

A technical Steering Committee for the RPRSP-WA was set up and the study on the establishment of an Observatory is already being carried out.

IV.2 The strategic programme of the UEMOA Commission for the period 2011-2020

The UEMOA strategic plan that derives from the RPRSP-WA took the essential dimensions as guiding principles for implementation, the major risks identified, the strategies of attenuation and the block of pre-startup activities. The strategy emphasizes notably: (i) the requirement of good public governance through the optimal allocation of resources and results-oriented management; and (ii) a better synergy with other intergovernmental organizations; the adoption and the implementation of sectoral policies and of the REP to respond to the challenges of development while strengthening a greater adherence of the peoples of the Union. Coherence is needed in the programme with regards to the various projects in several areas (transportation, energy, information and telecommunications technologies, agriculture, industry, environment, health, education, etc.) The guiding principles for the implementation of the programme are based on: (i) the search for a realistic, progressive strategy, taking into account the resources available and the capacities of the Commissions, which will themselves evolve during the coming years; (ii) the growth of the communications effort throughout the process; (iii) the acceptance of the Plan as a unique reference making it possible to bring together rolling plans and guide the development of a Medium-Term Budgetary Framework (MTBF); and (iv) the anchoring of the implementation on the results, the consideration of the risks and relevant mitigation measures.

It is also important to mention the setting up by UEMOA of a business development programme organized around three main areas: (i) the creation of a favorable environment for business development; (ii) the strengthening of entrepreneurial capacities; and (iii) the accompaniment of businesses in accessing financing. This programme which was to start up at the end of 2011, will be endorsed by a line of credit up to 6.4 billion Francs CFA and for an objective of 120 businesses in the Union. The components of the programme currently being finalized include the development of economic infrastructures and the programme for the improvement of the business climate. Concerning the second component, the Commission is undertaking consultations with the United Nations Conference on Trade and Development (UNCTAD).

IV.3 European Union support for ECOWAS

The European Union, in the framework of the Ninth EDF, is planning to allocate 258 million Euros in support of the RPRSP-WA. This programme is made up of 22 projects, which form part of the two major areas of regional integration and support for trade for 118 million Euros, and the facilitation of transportation for 82 million Euros. It constitutes a unique programme for all the member countries of both sub-regional organizations and originates from the poverty reduction strategy.

For the component of regional integration and support for trade, the different sectors of intervention of the Regional Indicative Programme (RIP) are:

- completion and consolidation of the ECOWAS Customs Union;
- consolidation of the UEMOA Customs Union;
- elimination of barriers to the free movement of goods in the common market;
- creation of the common market (progressive elimination of constraints on the free movement of persons, services and capital;
- strengthening of economic stability through the improvement of the convergence of macroeconomic policies;
- strengthening of the institutional framework of the UEMOA and the ECOWAS;
- strengthening of the coordination mechanism between UEMOA and the ECOWAS;
- strengthening of the implication of populations and economic actors in the integration process;
- increase in the diversity and competitivity of the private sector;
- preparation of multilateral negotiations in the framework of the EPAs and the WTO; and
- preparation of the implementation of agreements and conventions.

Regarding infrastructures and the facilitation of trade, the second generation of RIPs place
an emphasis on:

- elimination of obstacles to the use of infrastructures;
- improvement of the maintenance of priority regional infrastructures and the harmonization of technical standards and safety regulations; and
- completion and/or the rehabilitation of priority regional physical infrastructures.

The Regional Indicative Programme of the European Union will provide the ECOWAS with 44.3 million Euros and the UEMOA with 31.1 Euros.

IV.4 Implementation of the UEMOA REP II

With a view to implementing the regional strategy, UEMOA adopted its REP II for the period 2011-2016, which forms part of the consolidation of the preceding one while tackling the new challenges with which its member countries are faced: access to energy, food security, the control of water, the development of the less favored zones, and the establishment of high-performance productive systems. The UEMOA REP II thus remains consistent with the NEPAD and the Community Development Programme of the ECOWAS.

The meeting of the donors, organized around this programme in Abidjan in July 2012, noted financial contributions of around 2,035 billion FCFA or 46 per cent of the total amount required. The needs not covered amount to 2,378 billion FCFA. Added to this the intended complementary financing and technical assistance for the sectors of governance, agriculture, health, road and energy infrastructures. UEMOA anticipates setting up a multi-donor fiduciary Fund forming part of the financing strategy of the REP II in addition to an ex-post evaluation unit for projects.

V. CONCLUSION AND RECOMMENDATIONS

The subregion has continued to progress in strengthening regional integration. Countries must conform to convergence criteria which will make it possible for them to increase their economic integration. However, in 2011 there was a general slowdown in order to meet some of these conditions, in particular with the resurgence of fiscal imbalances. This decline was also observed with the real interest rates. However, there was a slight improvement in the financing of budget deficits by the central bank and in the accumulation of national arrears.

Progress has been recorded regarding the harmonization of policies. In the energy sector for example, several policies have been adopted and institutions have been set up to promote subregional cooperation. The harmonization of policies in the mining sector was strengthened with the adoption of the ECOWAS Policy for the Development of the Mineral Resources in 2011. However, it is necessary to encourage the development and the inter-connection of payment systems, the liberalization of capital accounts and the complete adoption of the external common tariff of the ECOWAS, the harmonization of statistics, the facilitation of the transit trade, as well as the elimination of all obstacles to the free movement of persons, capital and goods within the community.

The WAMA study showed that variations in the principles of the regulations are operational constraints on transactions for third parties. For example, certain countries authorize non-resident operators to sell securities listed on the stock exchange in their respective countries while others are opposed this facility in view of the level of controls over foreign exchange that has been set up. In addition, certain regulations prohibit the establishment of the listing of companies except if they are multinationals registered according to the laws in force. Moreover, certain regulations prohibit the repatriation of investment capital, dividends, payments of interest and other related profits.

In pursuing the structural reforms necessary and the strengthening of the integration process, West Africa could meet the major challenges that mark its development and integration processes.

The following are some recommendations for West African countries to strengthen the integration process:

1. Accelerate the establishment of the ECOWAS Customs Union, while tackling the constraints and hesitations resulting from the organization of the ECOWAS Free-trade Zone but also the application of the Common External Tariff (CET) within the UEMOA and harmonize trade policies with third countries;
2. Strengthen the free movement of goods along corridors by pursuing facilitation measures through the acceleration of the construction of transportation infrastructures, the installation of trans-border posts, the simplification of customs procedures and strengthening the use of ICTs; and
3. Harmonize the legislation in the monetary and financial areas with a view to a better connection of the stock exchanges of the subregion in order to make the mobilization of savings more dynamic at the subregional level: the harmonization of legislation in the area of banking controls and financial intermediation constitutes a priority.

Appendices

Main products traded in the ECOWAS space

Appendix 1: Main exports destined for ECOWAS countries in 2011

Country	Main groups of export products (1)	Total
Benin	Petroleum oils or bituminous minerals > 70% (18.78%) Other meats and edible meat offal (8.67%) Rice (3.63%)	**31.08%**
Burkina Faso	Live animals other than aquatic (6.85%) Oilseeds and oleaginous fruits (excluding granulates) (4.71%) Oilseeds and oleaginous fruits (including granulates, n.e.s.) (4.20%) Iron or steel bars, angles, shapes and sections (including sheet piling) (3.19%)	**18.95%**
Cape Verde	Rice (19.08%) Motor vehicles for transportation and special use (7.48%) Tractors (excluding 74414 and 74415) (7.24%) Medications for human or veterinary medicine (5.51%) Stones, sand and gravels (3.65%) Non-alcoholic drinks, n.e.s. (3.38%)	**27.26%**
Côte d'Ivoire	Petroleum oils or bituminous minerals > 70% (18.29%) Vegetable oils and fats, other than essential oils (5.07%) Perfume and toiletry products; preparations (2.76%) Soaps, cleaning and detergent products (2.03%)	**28.15%**
Gambia	Fabrics in natural, synthetic or artificial materials (22.69%) Used clothing, dusters and cloths (3.15%) Milk and milk products (excluding butter, cheeses) (2.40%) Sugars, molasses and honey (1.97%)	**30.21%**
Ghana	Crude petroleum oil or bituminous materials (35.09%) Perfume and toiletry products; preparations (3.80%)	**38.89%**
Guinea	Fresh fish, alive or dead, refrigerated or frozen (25.71%) Gold, non-monetary use (5.16%) Articles, n.e.s., of plastic (1.96%) Food products and preparations (1.93%)	**34.76%**

Guinea - Bissau	Fresh fish, alive or dead, refrigerated or frozen (8.41%) Domestic articles in base metals, n.e.s. (3.62%) Coffee and coffee substitutes (2.93%) Vegetable fats and oils, other than essential (2.81%) Mechanical equipment, parts, n.e.s. (2.71%) Milk and milk products (excluding butter, cheeses) (2.60%) Petroleum oils or bituminous minerals > 70% (2.42%) Fabrics in natural, synthetic or artificial materials (2.16%) Broadcasting devices, including those combined with other appliances (1.93%)	**29.59%**
Liberia	Natural rubber, balata, guayule, etc., primary forms (25.55%) Televisions, including those combined with other appliances (9.64%) Broadcasting devices, including those combined with other appliances (7.36%) Arms and munitions (1.95%)	**44.5%**
Mali	Living animals other than aquatic (12.48%) Cotton (11.59%) Fertilizers (other than those of group 272) (7.32%) Petroleum oils or bituminous minerals > 70% (2.44%) Non-milled cereals (excluding wheat, rice, barley, maize) .83%)	**24.07%**
Niger	Live animals other than aquatic (31.29%) Vegetables, fresh, refrigerated, canned, dried (12.45%) Petroleum oils or bituminous minerals > 70% (1.20%)	**44.94%**
Nigeria	Crude petroleum oils or bituminous minerals (42.54%) Ships, boats and floating vessels (1.75%) Perfume and toiletry products; preparations (1.24%)	**45.54%**
Senegal	Petroleum oils or bituminous minerals > 70% (12.88%) Lime, manufactured construction materials (excluding clay, glass) (9.69%) Food products and preparations (2.61%) Fresh fish, alive or dead, refrigerated or frozen (2.59%) Iron or steel bars, angles, shapes and sections (including sheet piling) (2.47%)	**30.24%**
Sierra Leone	Light fixtures, n.e.s. (10.47%) Motor vehicles for passenger transport (7.22%) Other meals and flours from cereals (5.47%) Preparations; cereal, fruit or vegetable starches (3.34%) Insecticides and similar products, packed for retail sale (2.34%) Structures and parts of structures, n.e.s., in cast iron, iron, steel (2.15%)	**30.99%**

Togo	Lime, manufactured construction materials (excluding clay, glass) (16.14%) Fertilizers (other than those of group 272) (4.83%) Articles, n.e.s., of plastic (4.80%) Perfume and toiletry products; preparations (3.57%) Other various manufactured articles (2.36%)	**31.7%**

Source: Database online, UNCTAD, November 01, 2012

Note (1) All products with a relative value higher than or equal to 2% of the total exports of the countries of the subregion

Appendix 2: Main imports originating from ECOWAS countries in 2011

Country	Main groups of imports (1)	Total
Benin	Electrical energy (12.42%) Petroleum oils or bituminous minerals > 70% (10.26%) Crude petroleum oil or bituminous materials (3.05%) Ships, boats and floating vessels (2.83%) Cotton fabrics (excluding narrow or special widths) (1.87%)	**30.43%**
Burkina Faso	Petroleum oils or bituminous minerals > 70% (15.00 %) Lime, manufactured construction materials (excluding clay, glass) (6.02%) Fertilizers (other than those of group 272) (3.09%) Articles, n.e.s., of plastic (2.86%) Processed tobacco (including tobacco substitutes) (2.67%)	**29.64%**
Cape Verde	Liquid propane and butane (15.66%) Processed tobacco (including tobacco substitutes) (11.96%) Wood, simply worked (6.06%) Residual petroleum products, n.e.s., related (4.68%) Perfume and toiletry products; preparations (2.02%)	**91.2%**
Côte d'Ivoire	Crude petroleum oil or bituminous materials (43.69%) Fresh fish, alive or dead, refrigerated or frozen (1.59%)	**45.28%**
Gambia	Petroleum oils or bituminous minerals > 70% (16.27%) Lime, manufactured construction materials (excluding clay, glass) (9.96%) Food products and preparations (3.69%) Iron or steel bars, angles, shapes and sections (including sheet piling)(1.42%)	**31.34%**
Ghana	Aluminum (3.50%) Appliances, engineering and construction material (3.43%) Milk and milk products (excluding butter, cheeses) (2.93%) Perfume and toiletry products; preparations (2.12%) Crude petroleum oil or bituminous materials (2.11%) Measuring and control instruments and appliances, n.e.s. (1.99%)	**12.58%**

Guinea	Petroleum oils or bituminous minerals > 70% (13.76%) Iron or steel bars, angles, shapes and sections (including sheet piling) (3.70%) Processed tobacco (including tobacco substitutes) (3.55%) Shoes (2.58%) Raw or non-processed tobacco (2.18%) Food products and preparations (2.15%)	**27.92%**
Guinea-Bissau	Petroleum oils or bituminous minerals > 70% (11.08%) Rice (7.14%) Iron or steel bars, angles, shapes and sections (including Sheet piling) (3.56%) Soaps, cleaning and detergent products (2.66%) Flat-rolled products, iron, non-alloyed steel, zinc-coated (2.47%) Food products and preparations (1.68%)	**28.59%**
Liberia	Telecommunications equipment, n.e.s., and spare parts (18.18%) Petroleum oils or bituminous minerals > 70% (12.74%) Used clothing, dusters and cloths (8.80%)	**39.72%**
Mali	Petroleum oils or bituminous minerals > 70% (25.68%) Lime, manufactured construction materials (excluding clay, glass) (7.18%) Vegetable fats and oils, other than essential (1.85%)	**34.71%**
Niger	Processed tobacco (including tobacco substitutes) (8.03%) Lime, manufactured construction materials (excluding clay, glass) (7.59%) Electrical energy (5.42%) Petroleum oils or bituminous minerals > 70% (3.59%) Iron or steel bars, angles, shapes and sections (including sheet piling) (3.24% Fertilizers (other than those of group 272) (2.15%)	**30,02%**
Nigeria	Petroleum oils or bituminous minerals > 70% (24.01%) Live animals other than aquatic (5.51%) Cotton fabrics (excluding narrow or special widths) (2.34%) Residual petroleum products, n.e.s., related (2.23%) Other meats and edible meat offal (2.00%)	**36,09%**
Senegal	Crude petroleum oil or bituminous materials (35.22%) Motor vehicles for passenger transport (4.07%) Petroleum oils or bituminous minerals > 70% (2.34%)	**41.63%**

Sierra Leone	Petroleum oils or bituminous minerals > 70% (47.56%)	**47.56%**
Togo	Liquid propane and butane (40.80%) Petroleum oils or bituminous minerals > 70% (1.92%)	**42.72%**

Source: Database online, UNCTAD, November 2012

Note: (1) All products with a relative value higher than or equal to 2% of the total imports of the countries of the subregion

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