

**ECONOMIC COMMUNITY OF
WEST AFRICAN STATES**

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

ECW/CM/XLIX/2

**FOSTERING REGIONAL INTEGRATION THROUGH
NEPAD IMPLEMENTATION**

**ANNUAL REPORT 2002
OF THE EXECUTIVE SECRETARY
DR. MOHAMED IBN CHAMBAS**

INTRODUCTION

1. International relations, in the aftermath of the September 11, 2001 terrorist attacks on the United States of America, are undergoing a radical transformation. The face of the world has changed, and the very foundations of the state are threatened. There is a strong shift in the international agenda towards security issues and the fight against terrorism, almost to the detriment of aid for development. In addition, the world economy is in recession, even as the world's largest economic grouping put its common currency, the euro into circulation on 1 January 2002.

2. In West Africa, the combination of a high population growth rate and slow economic growth, remains a major cause for concern. The unrelenting population growth rate raised the number of inhabitants in the region from 40 million in 1930 to 85 million in 1960, with the current population figure standing at 215 million. A population growth rate which doubles every 25 to 30 years constitutes a shock which few regions in the world have had to absorb. The effect is all the more pronounced as the region has also been experiencing this deterioration in economic conditions, against a background of immensely increased needs. This high rate of population growth can only aggravate the problems of widespread poverty. The need to build schools, hospitals, roads, hydroelectric dams, provide pipe-borne water and create enough jobs to absorb the ever-increasing labour force is the challenge our States have had to face since independence, and which they will certainly continue to face into the foreseeable future.

3. The 2001 UN Global Report would seem to have captured the daunting challenges we face in our sub-region as well as what should be the focus of our integration efforts: poverty reduction. In the said report, about two-thirds of ECOWAS Member States are listed among the poorest in the world. An equally disturbing situation is painted by the 2002 Education for all (EFA) world Monitoring Report. The overall picture is that no West African country is likely to achieve all the three goals of universal primary education, reducing by half the rate of adult illiteracy, and gender equality in education by 2015. Indeed, only one West African country is listed as likely to achieve at least one of the goals, while eight are reported to be unlikely to achieve any of the three goals!

4. These developments will have repercussions on our countries which are already weakened by the lack of economic diversification, the external debt burden, deteriorating terms of trade, persistent conflicts, and the spread of infectious diseases such as HIV/AIDS, malaria and tuberculosis.

5. In order to house, feed and provide jobs for its projected 430 million inhabitants by 2025, West Africa will need to marshal all its forces now, more than ever before, and mobilise vast financial resources for the fight against

poverty in a region where more than half of the population currently lives on less than 1 US dollar per day.

6. Regional integration is increasingly recognised as the viable space within which small economies can better organise themselves to survive economically and politically in a highly competitive world. The launch of the African Union (AU) and the New Partnership for Africa's Development (NEPAD) have given new impetus to the integration process and focused attention on the need to take decisive action to tackle the continent's numerous problems.

7. Given the smallness of the national markets, none of the countries in the region is capable of facing these challenges on its own. This is why my vision of development for our region at this crucial point in its existence, is that of an integrated, united, prosperous and dynamic West Africa, making its own significant contribution to the world economy. It is important to ensure that we consolidate the achievements of ECOWAS, and that we open up new perspectives which will enable us to sustain the momentum we have created, so that each progress achieved becomes irreversible, bringing us ever closer to our final objective of a unified West African economic and political entity. The voice of ECOWAS must be stronger and more coherent in order to be heard. And to this end, we intend to step up our efforts to work more closely with UEMOA through the implementation of joint programmes of activities in matters relating to the establishment of a common market and the harmonisation of macroeconomic and sectoral policies. This is my vision of future actions which we shall pursue with commitment, method and perseverance in order to ensure that the West Africa of tomorrow is no longer marginalised.

8. When I took office in February 2002 as Executive Secretary of ECOWAS, I observed that our organisation had achieved significant success in the areas of free movement of persons, the construction of road infrastructures, and in regional peace and security. Nonetheless, major obstacles still challenge our way forward. The ECOWAS trade liberalisation scheme is not yet operational, and a common external tariff has not been introduced. National macroeconomic and sectoral policies have not been harmonised, and, as a general rule, Member States are not implementing the ECOWAS decisions which they adopted as sovereign nations.

9. In view of these problems, ECOWAS must prepare itself to respond effectively to all the development and integration challenges facing our region. It is with this ambition in mind that I present the first annual report since my appointment as the ECOWAS Executive Secretary by our Heads of State and Government.

10. This report, which is entitled "*Fostering Regional Integration through NEPAD Implementation*", focuses on the changes that will need to be made to accelerate the pace of economic integration in West Africa. How can ECOWAS accelerate the development of our region and contribute to the creation of an enabling environment, in order to facilitate the smooth rapid insertion of our countries into the world economy? What appropriate role and new development framework should ECOWAS adopt against the backdrop of the New Partnership for Africa's Development, NEPAD? These are some of the pressing and relevant questions which I shall endeavour to address in this report.

11. I wish to use this opportunity to express once more my profound gratitude to **His Excellency John Agyekum Kufuor**, President of the Republic of Ghana, for the honour done me in presenting me as his nominee for the post of ECOWAS Executive Secretary. I am equally grateful to the Authority for my appointment. It is my fervent hope that during my tenure a strong partnership will be forged between the Community institutions and Member States in order to move ECOWAS forward.

12. It is only through individual and collective contributions to the integration process that our region will achieve its full development. It is in this context that I applaud and wish to put on record the personal contribution being made by **His Excellency Maître Abdoulaye Wade**, President of the Republic of Senegal and current Chairman of the Authority, to strengthen the Community. President Wade has devoted considerable effort to the pursuit of the objectives of regional integration and regional peace and stability.

13. I should also like to express particular gratitude to **His Excellency Olusegun Obasanjo**, President of the Federal Republic of Nigeria. Apart from being a gracious host, President Obasanjo has been giving me invaluable guidance, based on his long association with ECOWAS and his unshakable belief in West African integration.

14. **His Excellency Laurent Gbagbo** of the Republic of Cote d'Ivoire, is equally deserving of our appreciation for his initiative in organising, together with the current Chairman, the extraordinary Summit of Heads of State of ECOWAS on the implementation of NEPAD.

15. Permit me also to use this opportunity to congratulate **Their Excellencies, Ahmed Tejan Kabbah**, President of the Republic of Sierra Leone, and **Amadou Toumani Touré**, President of the Republic of Mali, on their resounding success during the presidential election in their respective countries. On behalf of the staff of the ECOWAS institutions, and on my own behalf, I want to extend to them my sincere wishes for success, and to the peoples of Sierra Leone and Mali my wishes for happiness. The restoration of

peace and security to Sierra Leone which is yet another praiseworthy achievement, will contribute to enhancing the development and integration of our region.

16. I have had the honour of being received by all the fifteen ECOWAS Heads of State and Government. The interest manifested by Their Excellencies in the functioning of the Community is an invaluable source of encouragement for which I am deeply grateful.

17. I would also like to draw attention to the constructive contribution towards the attainment of the objectives of our Community that has been made by the **Honourable Cheick Tidiane Gadio**, Minister of Foreign Affairs, the African Union and Senegalese Abroad, and current Chairman of the ECOWAS Council of Ministers.

18. The Minister of Cooperation and Integration in Africa of the Federal Republic of Nigeria, **Chief Bimbola Ogunkelu**, has been an excellent host. Chief Ogunkelu's sustained enthusiasm and interest have been an inspiration to me and to the other ECOWAS officers. We wish to express our deep appreciation to him and also to his colleagues, the other Ministers in charge of ECOWAS affairs in the Member States.

19. My initial contacts with their lordships, members of the ECOWAS Court of Justice, and the honourable members of the ECOWAS Parliament and the Statutory Appointees of the Community were sufficient to convince me of their determination to work tirelessly towards the strengthening of our Community.

20. I also wish to express my gratitude to my predecessor, **Mr. Lansana Kouyate**, for his invaluable services to the Community and for the very useful discussions we had during the handing-over period. In subsequent interactions with him, he has shown an unwavering commitment to the realisation of the ECOWAS objectives.

21. Our development partners, who have been supporting ECOWAS efforts to build a better future for our citizens, are also deserving of our thanks and sincere gratitude.

22. Despite the numerous challenges it has been facing, ECOWAS is blessed with many invaluable assets which, if properly exploited, will help to advance the regional integration process. One such asset is the high political commitment to regionalism: all the ECOWAS Heads of State have signified their intention to spare no effort in creating a peaceful, progressive and stable environment in West Africa, so as to promote cooperation and regional integration.

23. On my part, I am determined to place at the service of the Community the experience I acquired in Ghana in both the legislative and executive arms of government, as well as my involvement in international fora on conflict management, economic development and regional integration. I hereby re-affirm my pledge to serve ECOWAS with dedication.

24. It should be pointed out that, with the establishment of the ECOWAS Court of Justice and the Parliament, our Community has now been endowed with credible institutions designed to accelerate implementation of the decisions jointly taken by Member States. The restructuring of the Executive Secretariat and the creation of the ECOWAS Bank for Investment and Development (EBID) and its subsidiaries will strengthen the operational capacity of our organisation and equip it to pursue its objectives more effectively.

25. A factor crucial to the success of the West African economic integration and development process which we cannot fail to mention is the New Partnership for Africa's Development (NEPAD), for it constitutes the ideal instrument to get Africa out of its poverty. By designating ECOWAS as the coordinating and monitoring agency for the implementation of NEPAD regional programmes, the Heads of State and Government, at their extraordinary session in Yamoussoukro on 17 May 2002, once again acknowledged the decisive role of our organisation in the integration process and in the development of Member States.

26. It was at the Yamoussoukro extraordinary summit that the ECOWAS Heads of State and Government adopted the region's strategy for the effective harmonisation of the ECOWAS and NEPAD programmes. The Authority agreed to adopt appropriate measures to ensure that the West African region would derive maximum benefit from the NEPAD initiative. Consequently, a Declaration and an Action Plan were adopted by the Heads of State and Government for the implementation of NEPAD in West Africa.

27. I wish to give a firm assurance here that the ECOWAS institutions will be equal to the task. Implementation of NEPAD means the promotion of peace, stability and security; it means the judicious management of our economies, and the development of infrastructures and agriculture; it means human resource development, and protection of the environment. All of these are activities that already feature prominently in the ECOWAS priority programmes.

28. It is to be stressed, however, that the objectives of the NEPAD programme can only be realised if the Member States endow ECOWAS with the resources which will enable it to function effectively. Furthermore, the qualifications, experiences and dedication of the executives and officials of the ECOWAS institutions will not suffice to achieve the objectives of the Community without true commitment on the part of all Member States.

29. The components of the NEPAD plans of action are key factors for the formulation of a coherent regional integration strategy for West Africa. This regional strategy needs to be fully backed by a strong and unflinching political will. Without it, ECOWAS cannot succeed, despite its numerous natural and human resource endowments. The most convincing proof of Member States' political will, will be the adoption and implementation of concrete measures to bring into full operation the ECOWAS trade liberalisation scheme and common external tariff (CET). Further proof of the strong commitment of the Member States to moving the Community forward, will be the implementation with effect from 1 January 2003, of the provisions of the Protocol on the Community levy, and thus create a solidarity fund for the use of all ECOWAS Member States. The effective operation of the Community levy will, among other things, facilitate regular payment of financial contributions to the budgets of the ECOWAS institutions and payment of compensation for loss of customs revenue incurred as a result of the ECOWAS trade liberalisation scheme.

30. I would like to make a general appeal to all Member States to implement and ensure the enforcement of all the texts governing the functioning of ECOWAS in order to enable it to play its role as the driving force behind development in West Africa, and the bedrock for the construction of the African Union to which we all ardently aspire.

31. These new components for a coherent regional integration strategy within the framework of NEPAD, can only materialise within an environment of peace, security and stability. The poor economic performance of our region, and the slow pace of regional integration are in part the result of civil unrest, conflict and war in several of the countries of the region.

32. Our region, in the last few years has been characterised by considerable instability which has even touched a country like Cote d'Ivoire, known in the past for its stability. The uprising of September 2002 in Côte d'Ivoire and the violence in Niger in July 2002, are a threat to the peace and security of the entire region, because of their repercussions on neighbouring countries. We must therefore commend the decisions of the extraordinary summit held in Accra on 29 September 2002 to examine the situation in Cote d'Ivoire; that ECOWAS summit adopted bold measures to contain this conflict which threatens to go beyond the borders of Cote d'Ivoire, and spread the pernicious effects of civil unrest to neighbouring countries.

33. The challenge to regional integration is daunting. It is my ardent wish that this session of the Authority of Heads of State and Government will enable our region to improve its economic environment, and bring peace, stability and security to West Africa, for these are a necessary condition for sustained economic growth and development. We do not need more decisions or new

legal texts. The time has come for a strong resolve to apply what has already been decided by each Member State in good faith.

34. This report contains three chapters. **Chapter I** reviews recent developments in the region, with particular reference to the performance of our national economies. **Chapter II** focuses on the implementation of the ECOWAS work programme, highlighting certain issues relating to general policy, for the attention of the Council of Ministers and the Authority of Heads of State. **Chapter III** describes the interrelation of NEPAD strategic axes and ECOWAS programmes, with particular emphasis on those axes aimed at revitalising the regional integration process. The report concludes with a few final remarks.

CHAPTER I

RECENT TRENDS IN THE REGIONAL ECONOMY AND ITS DEVELOPMENT PROSPECTS

35. This chapter outlines the socio-economic trends in the ECOWAS countries, viewed against the backdrop of world macroeconomic performances. The emphasis here is on recent major economic developments, measured in terms of economic growth, and external as well as internal balance. Emphasis is also placed on economic and financial policies and social indicators, with particular attention to the problem of poverty. In its conclusion, the chapter summarises the short and medium term economic and social development prospects of the ECOWAS countries.

I. AN ECONOMIC OVERVIEW

36. The West African region which ECOWAS covers comprises 15 member countries and, by population size, represents the biggest organisation for regional integration on the African continent. ECOWAS includes the distinct group of the eight countries of the West African Economic and Monetary Union (UEMOA); the eight constitute a monetary and customs union. Their common currency, the CFA franc, was pegged to the French franc, and, since 1999, has been pegged to the euro. The other seven non-UEMOA countries may be considered as a second group, each with its own national currency. This second group accounts for 65% of the GDP of the region, and 70% of the total population. Within the ECOWAS context, Nigeria accounts for 45 % of regional GDP, 66% of total exports, and more than half (51%) of the population for the region.

37. For the year 2001, ECOWAS accounted for 14% of total GDP for the African continent, and 29% of the total African population. Per capita income for West Africa, at \$US345, is below the continental average of \$US673, below the \$US1170 figure for North Africa, and the \$US1500 figure for Southern Africa, although it is higher than the figures for East Africa (\$US250) and Central Africa (\$US280). More than half of the population of ECOWAS, approximately 115 million persons, or 51%, lives in absolute poverty; that is, on less than one US dollar per day.

38. The bulk of the financial resources of the ECOWAS countries is derived from export revenue from commodities such as coffee, cocoa, cotton, petroleum, phosphate and bauxite. An additional source is external funding in the form of loans and official development assistance (ODA). As a result, the performance of the West African economies is heavily dependent on the

external environment and, in particular, economic growth in the developed countries.

II. THE EXTERNAL ENVIRONMENT

39. The year 2001 witnessed the ending of the longest period of economic expansion the world had ever known, with the slow-down in trade and economic activity experienced simultaneously by the three biggest economies, namely, the United States of America, the euro zone and Japan, which together, account for 50% of world production.

2.1. World Trade

40. The gradual decline in the demand for imports to the United States, followed by Europe and Japan, created a very significant slowdown in world trade in 2001. This in turn negatively affected the economies of developing countries, including those in the ECOWAS region. Expansion in the volume of world trade dropped from 13% in 2000 to 0.2% in 2001. The decline in world trade in goods, combined with the drop in high technology exports from East Asia and the low price of raw materials, affected global growth and growth in virtually all developing regions.

41. The tragic events of September 11, 2001 further stemmed trade flow. For example, the tightening up of security measures provoked a rise in freight charges. In addition, the resultant drop in air travel caused a contraction in trade, particularly in perishable items. Finally, trade in services, particularly in the tourism sector was severely affected.

2.2. World Production

42. World output witnessed a slowdown in growth during 2001, and achieved a growth rate of only 2.5% in 2001, as against 4.8% in 2000. This drop was the combined effect of factors such as the bursting of the information technology bubble, the rise in petroleum prices, the collapse of the stock markets and the backlash of the terrorist attacks of September 11. However, in 2002, the world economy should record a tentative increase of 0.3 percentage points. The hesitant growth forecast for 2002 is linked to the erratic behaviour of the stock markets, the situation in the Middle East and a projected slow growth rate in Europe.

43. Economic growth in the United States during 2001 was 1.2% which was a decline by 2.9 percentage points, despite the fact that productivity was satisfactory. The slowdown deepened in the aftermath of September 11. Economic growth in 2002 could attain 2.3% as stocks are beginning to build up again as was the case in previous recovery periods. Moreover, a corporate tax

cut has been approved by the United States Congress, which will encourage the trend.

44. In the euro zone, the growth rate for 2001 was 1.7% as against 3.4% in 2000, mainly as a result of the fall in domestic demand. The very dynamic growth in exports of 12% in 2000 fell to less than 0% for the first half of 2001. During the second half of 2001, the slowdown of economic growth in the United States coupled with the recession in Japan aggravated the drop in demand for goods from the euro zone. Private consumption remained high during the first half of 2001 but slowed during the second half. In 2002 tardiness in the implementation of structural reforms could limit growth rate to 1.5%.

45. In Japan, GDP dropped by 0.4% as compared to the 2.2% growth rate in 2000. The rise in economic growth that began in 1999 faded away in 2001 as a result of the sharp drop in domestic consumption and the continuing decline in exports. Domestic consumption was affected by the slump in the employment market. Exports fell at an annual rate of 6.5% in response to an unfavourable international environment. The recession is expected to deepen in 2002, with a projected growth rate of -1% as a result of poor corporate performance during the first half of the year.

46. In the other Asian countries, GDP recorded a significant slowdown. In 2001, growth rate was 1%, as against 9% for the previous year. This steep decline was caused by the contraction in both external demand from the United States and Europe and in domestic demand. The erratic behaviour of the capital goods market, particularly, of new technology items, contributed to the 2.5% drop in capital investment.

47. In Latin America, economic activity slowed drastically in 2001; the growth rate dropped from 4.4% in 2000 to 0.5% in 2001. This slowdown was mainly due to low exports, caused by the slowdown in the American economy and the Argentinian crisis.

48. In Africa, on the other hand, economic activity improved slightly in 2001. The growth rate increased from 3.2% in 2000 to 3.4% in 2001. Real GDP growth rate for the ECOWAS countries in 2001 was 4% as against 3.2% in 2000. This performance is attributable to the strong performance of the largest economy of the region, Nigeria, resulting from the price of petroleum which remained high, although less so than in 2000. There was also substantial economic growth in some of the UEMOA countries. It is estimated that if the international climate had not been unfavourable, ECOWAS countries would have recorded a growth rate of at least 5% in real terms in 2001.

2.3. World Prices and Inflation

49. The drop in the price of petroleum, the continuing decline in commodity prices and the slowing of world economic growth all combined in 2001 to reverse the inflationary trend observed in 2000. Inflation in 2001 was moderate in both the developed and the developing world. This moderate trend is expected to continue into 2002.

50. In the United States, inflation rate fell from 3.4% in 2000 to 2.8% in 2001. This was the result of the drop in petroleum prices. The strength of the dollar also contributed to the drop in the import price of manufactured goods. The price decline is expected to continue in 2002, and reach 1.4% in response to the drop in petroleum prices and the resumption of the rising trend in productivity.

51. In the euro zone, inflation rose slightly in 2001, reaching a level of 2.6% as compared to 2.3% in 2000. Salary increases were the main source of the inflation; however, it is expected to fall in 2002 in response to the stabilisation of the exchange rate of the euro and lower energy prices.

52. In Japan, deflation persisted in 2001, with the recorded inflation rate of -0.7%. Weak domestic demand kept prices low. The situation is not expected to improve in 2002 and the inflation rate could in fact reach -1.1%.

53. In Africa, the inflation rate recorded was 12.6% in 2001, compared to 13.6% in 2000, while the average for ECOWAS was 8% in 2001, compared to 4.2% in 2000.

2.4. Evolution of Interest Rates and Foreign Exchange Markets

54. In 2001, the easing of monetary policy in the United States and Europe resulted in repeated reductions in interest rates. This policy reflected the determination of the monetary authorities to reverse the slowdown in world economic activity which had been aggravated by the events of September 11. This trend is expected to continue into 2002 in the industrialised world.

55. In the United States, the Federal Reserve lowered its discount rate drastically by 4.6 percentage points, from 6.4% in 2000, to 1.8% in 2001. The European Central Bank, for its part, lowered its discount rate by 1.5 percentage points, from 4.8% in 2000, to 3.3% in 2001. The Bank of Japan, maintained its "zero rate" policy during the period.

56. In the ECOWAS countries, the discount rates of central banks remained unchanged in 2001. The discount and purchase and resale rates varied from the lowest of 6% for the BCEAO, to 22% for the Bank of Ghana.

57. On the foreign exchange market, the euro appreciated slightly against the dollar at the end of 2001. By the end of the first half of 2002, the euro and the dollar were at par. The depreciation of the yen against the dollar during the second half of 2001 reflected the continuing economic recession in Japan.

58. Although the exchange rate in the ECOWAS countries as a whole continued to fall, the rate of depreciation was lower than that recorded in 2000. The biggest depreciations were -23.2% for the Sierra Leonean leone; -12.10% for the Gambian dalasi, and -8.9% for the Nigerian naira.

2.5. Main Trade and Investment Initiatives of 2001

59. Two major policy initiatives were launched in 2001 on the international scene which have the potential of improving export prospects for the continent. A previous initiative, launched in 2000 showed significant signs of progress.

60. The first initiative, called "Everything but arms", guarantees free, non-quota access to the European Union market by 49 of the least developed countries or LDCs, including the thirteen LDC Member States of ECOWAS. The initiative, which entered into force on 5 March 2001, seeks to significantly improve trade opportunities for LDCs. The second initiative relates to the World Trade Organisation decision to waive its rules on the Cotonou preferential trade agreement between the European Union and the African, Caribbean and Pacific (ACP) group of countries.

61. The third initiative, which is the African Growth and Opportunity Act (AGOA), is designed to grant reforming African countries free access to the American market. AGOA was launched in 2001, with the government of the United States approving a list of 35 African countries deemed eligible for preferential tariffs; thirteen of these are ECOWAS countries. The first AGOA forum was held in Washington, DC, at the end of October 2001, to examine joint measures to be undertaken by the United States and African countries in order to stimulate economic growth and trade, strengthen democracy and good governance, and combat HIV/AIDS in Africa. It was at this forum that the government of the United States announced the creation of a 200-million dollar facility within the Overseas Private Investment Corporation (OPIC) to provide American companies access to loans, guarantees and insurance cover against any political risk to their projects in Africa. The United States government also announced the opening of a regional bureau of the Trade and Development Agency (TDA) in Johannesburg, as well as the launch of the TDA-led trade and corporate development programme in Africa. These initiatives are designed to provide assistance to governments and enterprises, improve the business environment, and ensure a more productive exploitation of AGOA opportunities.

2.6. Evolution of Commodity Prices

62. ECOWAS countries are predominantly dependent on revenue from exports of agricultural and mineral raw materials to fund development programmes. With the exception of the price of cocoa, the prices of all the commodities fell in 2001. The slowdown of the world economy and the substantial increase in the of supply of products such as coffee and cotton is responsible for the drop in prices observed in 2001. The situation with regard to the main commodity exports of the ECOWAS countries in 2001 was as follows:

63. **Cocoa:** The price of cocoa rose from 90.6 cents per kilo in 2000 to 106.9 cents per kilo in 2001, representing an increase of 18%. Low production should contribute to a further rise in prices in 2002.

64. **Coffee:** The failure of the various attempts to regulate coffee exports by coffee-producing countries continues to affect coffee prices, which registered a further drop of 33.5% in 2001. The price fell from 91.3 cents/kilo in 2000 to 60.7 cents/kilo in 2001. This trend could worsen in 2002 as a result of excess supply.

65. **Cotton:** The large stocks of cotton and the prospect of record harvests in China, the United States and Vietnam provoked a drop in the price of cotton. The average annual price of cotton registered an 18.5% drop from 59 cents/pound in 2000, to 48.07cents/pound in 2001. This trend is also attributable to the subsidies granted to cotton producers in the industrialised countries. The major cotton-producing countries in the ECOWAS region, namely, Benin, Burkina Faso and Mali, have been seriously affected by this trend of events. The cotton surplus has persisted into the first half of 2002, auguring ill for the future.

66. **Petroleum:** In 2001, OPEC cut back its petroleum production quotas three times in order to maintain the barrel price of petroleum within the range of 22 to 28 US dollars. The slowdown of world economic activity, coupled with the events of September 11, 2001, seriously destabilised the petroleum market. The barrel price for 2001 averaged \$25, as compared to \$28.2 in 2000. The threat of an invasion of Iraq¹ raises the prospects for ECOWAS' principal petroleum producing country, Nigeria in spite of the inability of OPEC to abide by the quota reduction agreements, and Russia's refusal to cooperate

¹ Proven oil reserves of Iraq are estimated at 11% of total world reserves, according to the 20 September 2002 issue of the French journal "Le Point".

with OPEC². Conversely, the rise in the price of petroleum will have an adverse effect on all the other ECOWAS countries, which are oil importers.

67. **Gold:** Following the fluctuations recorded in the first half of 2001, the price of gold climbed at the end of the second half, in response to the lowering of interest rates by the United States Federal Reserve Board and the suspension of sales of gold by the central banks of the industrialised countries. In 2001, the average price of gold recorded a 4% increase over the price in 2000. In 2001, gold once more became a gilt-edged security, a trend which will be consolidated in 2002.

68. **Aluminium:** The price of aluminium continued to fall in 2001, despite cut-backs in production, in response to a reduction in demand. Prices are expected to fall even further in 2002, mainly due to the crisis in the aeronautical industry, related to the attacks of September 11, 2001.

² Russia increased its production by 400% in August 2002, principally in response to demand from the West.

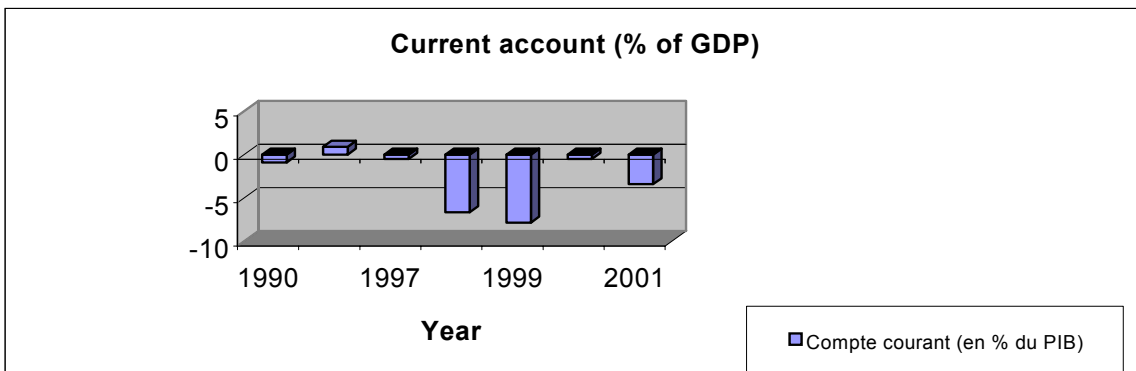
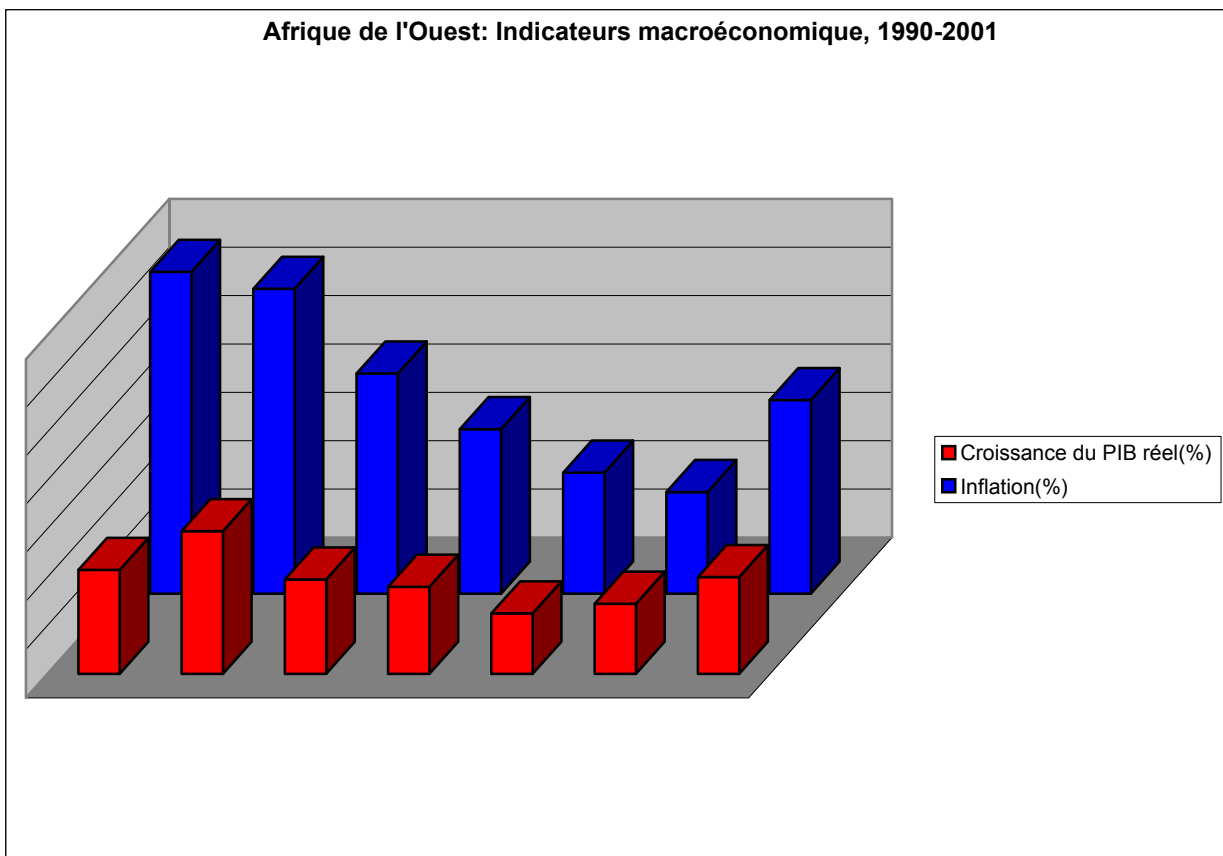
III. DOMESTIC ENVIRONMENT: THE WEST AFRICAN ECONOMY

Country Performance: Real GDP (1999 - 2001)			
Growth Rate	1999	2000	2001
Negative	* [€] Sierra Leone	* [∠] Cote d'Ivoire Mali Togo	[€] Cote d'Ivoire
0 to 3%	[®] Cote d'Ivoire Liberia Niger Nigeria Togo	[∇] Burkina Faso Guinea Niger Sierra Leone	[®] Guinea Guinea-Bissau Liberia Mali Togo
3 to 6%	[™] Benin Burkina Faso Cape Verde The Gambia Ghana Guinea Senegal	[©] Cape Verde The Gambia Ghana Liberia Nigeria Senegal	[√] Benin Burkina Faso Cape Verde The Gambia Ghana Niger Nigeria Sierra Leone Senegal
Over 6%	[€] Guinea-Bissau Mali	[€] Guinea-Bissau Benin	[€] Cape Verde

(*) Number of countries in the group

Source: Member States & IMF estimates

West Africa: Macro-economic Indicators, 1990-2001							
Indicators	1990	1996	1997	1998	1999	2000	2001
Real GDP growth rate (%)	4.3	5.9	3.99	3.6	2.5	3.2	4
GDP per hbt (current US\$)	396	374	365	345	340	341	337
Inflation (%)	13.3	12.6	9.1	6.8	7	4.2	8
Budgetary rate (% of GDP)	-2.8	-1	-2.8	-6	-6	-0.8	-204
Gross domestic product (% of GDP)	17.2	16.3	16	18	16	18	18
Gross domestic investment (% of GDP)	22	18.8	15	14	14	14	15
Volume of export growth (%)	10.5	15.2	3.3	0.1	-5	4.3	1.2
Trade balance (% of GDP)	9.2	9.2	6.7	0.5	0	9.2	4
Current account (% of GDP)	-0.9	0.9	-0.5	-6.6	-7	0.5	3.4
Evolution of exchange rate (%)	11.4	8.3	-0.9	-15.7	13	28	-4
Total foreign debt (% of GDP)	98	96.8	93.6	91.8	90	89.1	87.1
Debt servicing (% of exports)	22.4	19.5	17.1	19	16	13.5	



69. Economic performance improved in the ECOWAS countries as a whole in 2001. Real GDP for all West African countries rose by 4% in 2001, compared to 3.2% in 2000, as a result of the exceptional performance recorded by the principal economy of the region, Nigeria. The 4% real GDP growth in 2001 exceeded the growth rates of the preceding four years (1997 to 2000) and also the continental average of 3.4% for 2001.

70. Despite this strong recovery of the regional economy, West Africa continues to be the victim of both structural and short-term problems. The most serious of these problems are high interest rates and the deterioration in terms of trade, failure to achieve economic diversification, frequent power shortages in several of the countries, which adversely affect industry.

3.1 Convergence of the Real Sector: Country Performance

71. Table 1 presents the ECOWAS countries according to real GDP growth performance. Cape Verde was the only country that recorded a growth rate of more than 6% in 2001, as against two countries in 2000. Nine countries recorded growth rates of between 3 and 6% in 2001, which represents a 2.8% higher growth rate than the population growth. In 2000, there were six countries in this group. In 2001, five countries recorded rates of between 0 and 3%, as against four in 2000, and 1 country recorded a negative growth rate in 2001, as compared to 3 in 2000. This situation is indicative of the gap that separates the ECOWAS countries from the 7% annual economic growth target required to achieve the United Nations millennium objective of reducing by half the incidence of poverty by the year 2015.

72. Real GDP in ECOWAS's leading economy, Nigeria increased by 4.6% in 2001, compared to 3.8% in 2000. The energy sector continued its strong performance, even though the price rise was not as remarkable as in 2000. The factors influencing the 2001 outcome were revenue from the sale of petroleum and natural gas, and the inflow of investment capital to the off-shore petroleum sector and telecommunications, particularly in mobile telephone systems. However, progress remains fragile, especially in view of existing serious macroeconomic imbalances (high public spending, expansion of the money supply, rising inflation, and currency over-valuation).

73. Cote d'Ivoire, the second largest economy of the region continued to experience a depression in 2001, albeit to a lesser degree than in 2000. The growth rate of -0.9% as against -2.4% for 2000, is attributable to poor performance throughout the economy - in the primary, secondary and tertiary sectors. In general terms, a combination of factors including political instability, suspension of aid and loans, as well as the stagnation of the price of coffee and the high cost of petroleum imports, were responsible for the economic

recession. Economic growth was expected to improve significantly in 2002, in response to the renewed flow of capital in the wake of a programme signed with the Bretton Woods institutions, and the normalisation of the socio-political situation in the country. However, the uprising of September now calls this prospect seriously into question.

74. Economic growth in Senegal was strong in 2001, rising to 5.7% as against 5.5% in 2000. This further improvement was due to increased activity in the tertiary sector, which grew by 5% in 2001, as against 3.1% in 2000, and to a lesser extent, to the good performance in the primary and secondary sectors. The economic prospects of Senegal should improve in 2002, in response to proposed reform measures, especially in the energy and vegetable oil sectors, and in public finance.³

75. The Ghanaian economy improved slightly, recording a 4.2% growth rate, as compared to 3.7% in 2000. The 2001 rate is close to the 4.3% average recorded in the period from 1997 to 2000. However, economic performance in Ghana was once again impeded by the high cost of petroleum products and inflation. The recovery which began in 2001 is expected to be consolidated in 2002 as a result of public finance reform and rising export prices.

76. The growth of real GDP in Cape Verde was the highest recorded in the region in 2001. The rise from 7.7% in 2000 to 8% in 2001 was due principally to the 15% growth in domestic demand buoyed by the increasing inflow of private savings and official development aid. Unfortunately, there is no solid productive base and sustainable export potential to support this high growth rate on a long-term basis. This dims the long-term growth prospects of Cape Verde. The tourism sector dragged the economy down in the backlash of the events of September 11. However, Cape Verde is expected to recover in 2002 as a result of the investments made in the tourism sector and revenue from exports.

77. Real GDP growth rate in Burkina Faso rose from 2% in 2000 to 5.8% 2001. This performance was due principally to abundant harvests in the primary sector as a result of high rainfall levels. Value-added in the primary sector rose by 10.1% in 2001, after the 3.8% drop in 2000. Activities in the secondary and tertiary sectors yielded less satisfactory results than in 2000. The economic prospects of Burkina Faso for 2002 are good as a result of public finance reform measures.

³ This trend could be affected by poor harvests in 2002/2003, brought about by insufficient rainfall. At the time this report was being prepared, the rains in the Sahelian countries were already late.

78. In Benin, economic activity experienced a slight slowdown in 2001, as a result of a less satisfactory performance in the primary sector. Real GDP was 5.2%, compared to 5.8% in 2000. Primary sector activity slowed down, with a growth rate of 3.12% in 2001, as against 6.4% in 2000. The secondary and tertiary sectors contributed 1.4 and 2.3 percentage points respectively, to growth. Prospects for growth in 2002 should be boosted by measures envisaged to control current expenditure and the level of commitment of HIPC resources.

79. The economy of Niger registered a significant growth rate in 2001, with real GDP at 5.1%, as a result of a good harvest and the economic and financial reforms carried out with the assistance of the Bretton Woods institutions. Growth was fuelled mainly by the primary sector which recovered strongly from -9.8% in 2000 to 8.5% in 2001. Secondary sector activities gained 3 percentage points due to the performance of the construction sub-sector; growth in the tertiary sector steadied at 4.1% in 2001. Prospects for growth in 2002 are good as a result of the commitment of the authorities to increased macroeconomic reform, mainly through the liquidation of domestic arrears. Niger is expected to attain the completion point of the HIPC initiative, which will entitle it to a more substantial debt relief.

80. In Sierra Leone, real GDP growth attained a remarkable 5%, as against 3.8% in 2000, due mainly to improved security in the country brought about by the deployment of the United Nations Assistance Mission in Sierra Leone (UNAMSIL). The recovery was in all sectors of the economy, particularly the manufacturing, agricultural and mining sectors. The recovery and control of the diamond mines in former RUF rebel strongholds boosted public finance. The prospects for economic growth in 2002 should improve even more as a result of the successful organisation of presidential and legislative elections which have enhanced the political stability of the country.

81. The Gambian economy experienced a slight slowdown in 2001, with real GDP growth down from 5% in 2000 to 4.8% in 2001, despite the good performance of the agricultural sector caused by abundant rainfall. In the fourth quarter, the tertiary sector, and particularly the tourism sub-sector, was caught in the backlash of the September 11 events in the United States. In 2002 The Gambia might benefit from an improved macroeconomic climate, and especially from the reduction of the budget deficit within the framework of the creation of the ECOWAS second monetary zone.

82. Economic growth in Guinea was relatively weak in 2001, although figures were up from 2000. Real GDP growth rate rose from 1.9% in 2000 to 2.8%. This poor performance was caused in large part by the border conflict in the south of the country and the slump in the price of bauxite and aluminium oxide, which are the country's main export products. The primary and

secondary sectors contributed only marginally to economic growth. The prospects for 2002 are largely dependent on the degree of stability along its borders with Sierra Leone and Liberia.

83. Production in Liberia fell from 6% in 2000 to 2% in 2001 as a result of the civil war raging in the country, and the sanctions imposed by the international community. Prospects for economic recovery will depend on the lifting of sanctions and the restoration of peace.

84. The real GDP growth rate recorded in Mali was 1.5% in 2001 against 3.7% in 2000; this was as a result of the marked decrease in cotton and cereal production. The growth of the primary sector as a whole experienced a drastic deceleration in 2001, recording -13.4% as against 6.2% in 2000. The secondary sector on the other hand, experienced an expansion, with a growth rate of 31% in 2001 as against 7.5% in 2000, caused by a record gold production and equally strong performance of the construction sub-sector occasioned by the hosting of the African Cup of Nations football competition. The tertiary sector also experienced a rise in activities and recorded a growth rate of 4.8% in 2001 compared to -0.8% in 2000. Prospects for the economy in 2002 will largely depend on the outcome of the reforms being undertaken to resolve the crisis in the cotton industry.

85. The economic situation in Togo improved slightly, with GDP growth rate at 1.1% in 2001, as compared to -0.9% in 2000, due mainly to the performance of the primary and tertiary sectors. The primary sector recorded a growth rate of 0.8% in 2001, after the 4.7% drop registered in 2000. The Togolese economy continues to suffer the effects of the sanctions imposed by the international community which need to be lifted. Prospects for growth in 2002 will therefore be largely dependent on the resumption of harmonious relations with the international financial community.

86. Guinea Bissau experienced a major economic setback, as reflected in the drop in real GDP growth rate from 7.5% in 2000 to 0.2% in 2001, due principally to the drop in cereal production and the 1.3% reduction in secondary sector activity. There was also a 1.8% reduction in tertiary sector activity, caused principally by the crisis in the banking sector. Prospects for growth in 2002 depend heavily on the strengthening of the capacity of the state to conduct appropriate economic and financial policies.

3.2. Savings and Investment

87. The ratio of gross domestic savings to GDP in the ECOWAS countries averaged 14% in the period from 1997 to 2001, while the investment level for the same period revolved around 18%, leaving a savings gap of 4%. The low

level of savings is due in part to the high level of consumption against a background of poor economic growth.

88. During the period from 1997 to 2001, consumption as a ratio of GDP in the ECOWAS countries was high and represented an average of 82% of GDP, with 75% of this figure representing private consumption. For example, the high rates of consumption in Togo (95%) and Guinea (90%) reflect the extreme low level, indeed, the non-existence of domestic savings.

89. An examination of the investment structure reveals a predominance of private capital, and a stagnation in public sector capital, except in those countries enjoying the benefits of the HIPC initiative. This situation is partly as a result of a revival of interest on the part of private economic operators in the privatisation of public enterprises, and private sector promotion measures in the ECOWAS Member States.

90. 2001 was a year which witnessed a strong wave of privatisation in West Africa. In Nigeria, the telecommunications sector was privatised, and two private companies, MTN and ECONET, were licensed to operate the mobile telephone system, upon payment of the sum of \$US285 million each. The move to privatise the national telecommunications company NITEL failed when the consortium of Nigerian promoters were unable to raise the \$US1.3 billion capital needed to buy up the shares ceded by the federal government.

91. In 2001, Ghana obtained a concessionary loan of \$US110 million from the World Bank, in support of its privatisation programme. The government was seeking to disengage from state-owned companies such as Ghana Telecoms, Coca Cola, Westel, Aluwork, Ghana Commercial Bank and Ghana Consolidated Diamond.

92. Preparations were in progress in Senegal, for the privatisation of SONACOS and its subsidiary, SONAGRAINS (oil seeds) in 2002. The Senegalese government is also looking for a buyer for SENELEC (electricity).

93. In Burkina Faso, a bill was passed by the National Assembly in 2001 providing for the privatisation of 13 companies.

94. The liquidation of the multinational airline, Air Afrique, which was jointly owned by 11 African countries, 8 of which are ECOWAS Member States, has left a void in the ECOWAS air space which is being filled by the more dynamic national airlines such as Air Senegal International.

95. Despite the efforts being made, none of the ECOWAS Member States is in a position to accumulate the savings of 30% of GDP needed to achieve the 7% real GDP growth rate required to halve poverty levels by 2015.

96. In order to attain the level of savings and investment needed to ensure strong and sustained growth, the ECOWAS countries will need to make a concerted effort to improve political and economic governance as proposed by NEPAD. In this regard, it will be necessary to ensure peace and security in the region, and consolidate the nascent democracies in some of the Member States. In the area of economic governance, stronger measures must be taken to reduce budget deficits and inflation, stabilise the exchange rate, and create an enabling legal and judicial environment for companies, while at the same time, enhancing the level of human resource development, particularly in the areas of health and education.

97. In terms of prospects, the countries of the region stand to attract more foreign direct investment (FDI) in the next few years, as the benefits of democracy become apparent, and economic reform progresses. The advance of the regional economic integration process and accelerated GDP growth will further enhance the prospects of the region for the future.

3.3. External Transactions Account

98. The overall balance of external payments for the ECOWAS countries declined further in 2001 from a deficit of -0.5% of GDP in 2000 to -3.5%, due mainly to the deficit in the current account of Nigeria, the contraction in official development assistance and the flight of foreign investment capital. The terms of trade, which fell drastically to -4% in 2001, compared to the 28% rise recorded the previous year, also contributed to the contraction of the balance of trade.

99. The UEMOA countries recorded a surplus of 800 million US dollars in external payments in 2001 compared to \$300 million in 2000. This development was as a result of a 1.9 billion US dollar surplus in their capital and financial transactions account. However, its effect was considerably diminished by a 1.1 billion US dollar deficit in their current account transactions.

100. In 2001, the current account balance of Nigeria fell by -0.8% of GDP, compared to the 5.8% surplus recorded in 2000. This drop is attributable to the poor performance of non-petroleum exports and the drop in the price of petroleum. The substantial foreign direct investment especially in the petroleum and telecommunications sectors, while boosting the capital and financial transactions account, only slightly offset the current account deficit.

101. In Ghana, the deficit in the current account transactions was reduced slightly, from -8% of GDP in 2000 to -7% in 2001. The trade deficit rose from US\$800 million to US\$900 million in 2001, as a result of the rise in imports

relative to exports. However, a proportion of the imports was covered by private transfers.

102. The rest of the ECOWAS countries once more experienced a worsening of the current account deficit as a result of the deterioration of the balance of trade, and the net balance of services and receipts. Net receipts from official transfers, specifically within the framework of the HIPC initiative, were insufficient to halt the deterioration in external payments, heavily affected by the decline in commodity prices and the high cost of petroleum products.

3.4. External Debt

103. The external debt stock for all the ECOWAS countries rose to 71.3 billion US dollars in 2001 from 67.5 billion US dollars the previous year, despite the debt relief granted to some of the countries within the framework of the HIPC initiative. The most heavily indebted countries in absolute terms are Nigeria, with a debt burden of 31.3 billion US dollars; Cote d'Ivoire, with 13 billion US dollars; and Ghana, with 6.2 billion US dollars. These three countries account for 70% of the total indebtedness of ECOWAS, which corresponds to 90% of GDP for the entire region. The ratio of indebtedness to GDP is particularly high in Guinea Bissau (391%); Cote d'Ivoire (117%); Mali (105%); and Guinea (102%). The lowest ratios are recorded in Benin (58%); and Burkina Faso (69%).

104. Debt servicing consumed an average of 40% of budget earnings excluding grants in the ECOWAS countries, with the exception of Liberia and Nigeria and attaining 35% of total expenditure; debt servicing was 20% of export earnings.

105. The HIPC initiative is a move in the right direction, but nonetheless insufficient to reduce indebtedness to any significant degree. According to a World Bank study quoted by the ECA's Niamey based Sub-regional Development Centre for West Africa (SRDC-WA), amounts committed in nominal debt service relief as part of the initiative framework and the enhanced initiative for those ECOWAS eligible to benefit, totalled 5.5 billion US dollars in February 2001.

106. According to IMF calculations, HIPC relief should enable Ghana to reduce its debt service from 17% in 2000 to 11% in 2001. Senegal, according to estimates, should be able to release approximately FCFA23.4 billion for its poverty alleviation programmes. Niger is also expected to be granted some 40 million US dollars relief to be channelled into the execution of social projects. All the other ECOWAS countries eligible for the HIPC initiative which have either attained the HIPC initiative decision and/or completion points have been

granted varying degrees of relief. Amounts released have mainly been used to finance priority projects in the health and education sectors.

107. Nigeria, which is not eligible for the HIPC initiative obtained relief under the terms of an agreement with its Paris Club creditors. Relief obtained amounted to US\$1.6 billion in 2000, and US\$970 million, for the first half of 2001. Nigeria is also pursuing its private debt conversion programme. Cape Verde, which is the second ECOWAS country ineligible for the HIPC initiative, was also granted relief under the terms of an agreement with the Paris Club.

108. The expectations with regard to the economic impact of the HIPC initiative on countries which have attained the decision point appear limited, since, in terms of budgetary policy, they have only a very narrow margin for manoeuvre. Medium-term forecasts of a rapid and lasting solution to the problem of over-indebtedness are based on the weak assumption of strong growth in production and exports. Moreover, the additional resources sunk into relief under the HIPC initiative by the donor community are drawn from ODA which diminish in consequence. The process has been complicated by the fact that debt relief has been expressly tied to poverty reduction under conditions prescribed by poverty reduction strategy papers (PRSP) which are difficult to formulate, and demand the input of vast additional resources from development partners.

109. Debt continues to place an unbearable burden on the budgets of the Member States. The inadequacy of capital inflow, particularly in the form of long-term loans and grants, is worsened by the overwhelming problem of indebtedness.

3.5. Evolution of Budgetary and Monetary Policies in 2001⁴

3.5.1. Budgetary Policy

110. In 2002, state financial transactions in the **UEMOA countries** were conducted against a backdrop of economic recovery. Consequently, public finances registered an improvement in the basic budget balances. However, some member countries of the union were cash-strapped, and as a result, had recourse to special funding, raising the accumulation of arrears of domestic and external payments.

111. The improvement in the budget balance was helped by a more successful mobilisation of budget revenue, which rose to 17.4% of GDP, compared to

⁴ The data used in this section are drawn from the UEMOA Multilateral Surveillance Report July 2002, and the different reports for 2002 of the West African Monetary Institute responsible for spearheading the creation of the ECOWAS 2nd monetary zone.

16.8% in 2000. This was largely attributable to tax receipts, which accounted for 15.4% of GDP, up from 14.9 % in 2000. The tax/GDP ratio per country was as follows in 2001: Benin 14.2%; Burkina Faso 11.4%; Cote d'Ivoire 17.3%; Guinea Bissau 10.2%; Mali 14.6%; Niger 11.9%; Senegal 17.1%; and Togo 13.5%.

112. Non-tax receipts also rose by 8.7%, as did grants, increasing by 8.2% to reach 2.5% of GDP in 2001. The constant ratio of grants to GDP is attributable to the fact that some Member States did not receive significant financial support from the international financial community in 2001, as a result of their failure to conclude programmes with the Bretton Woods institutions.

113. Total expenditure and net loans of the Union rose by 5.7%, to reach approximately 21% of GDP. Current expenditure rose to 15.1% of GDP, compared to 14.6% in 2000. Amounts under the head "Transfers and Subsidies" rose steeply by 24%, reflecting the recovery of losses suffered by companies operating in the energy and cotton branches, and expenditure in the social sectors, within the framework of the poverty reduction programmes.

114. On the whole, the overall budget deficit, excluding grants decreased from 4.4% of GDP in 2000, to 3.8% in 2001. The budget deficit was 1.3% of GDP in 2001 as compared with 1.9% in 2000. Global deficit cash basis decreased from FCFA166.2 billion in 2000 to FCFA45.5 billion in 2001.

115. However, this improvement in the budget balance should not mask the problem of the viability of public finances, as demonstrated by the accumulation of arrears of both domestic and external payments by certain countries. In 2002, the situation in the public finance sector, as seen from the viewpoint of the evolution in the basic budget balances, is expected to deteriorate under the pressure of the steep rise in expenditure, compared to revenue⁵.

116. The overall budget deficit commitment basis of Nigeria as a ratio of GDP increased from 2.2% in 2000 to 4% in 2001. Excluding grants, the deficit is even larger, attaining 4.4% of GDP in 2001, compared to 3.2% in 2000. This was the result of increased public expenditure, against a background of stagnating public revenue, notwithstanding the increase in the tax ratio, which rose from 13% of GDP in 2002 to 16% in 2001.

117. The viability of public finances in Nigeria is affected by the recurring clashes between the Executive and the Legislative arms of government over the adoption and implementation of the appropriation bill. Furthermore, under

⁵ UEMOA Multilateral Surveillance Report - July 2002

the principle of resource control, which is guaranteed by the Constitution, the state and local governments have direct access to resources, which are frequently inefficiently utilised, with negative results for the viability of the consolidated finances of the country as a whole.

118. The overall global budget deficit of Ghana improved in 2001, to reach 4.8% of GDP, compared to 9.2% in 2000. This was the first time in five years that Ghana registered a deficit of less than 5% of GDP. Budget deficit commitment basis excluding grants fell by 2.8 percentage points to 7.3% of GDP in 2001, against 10.1% in 2000. This was due mainly to a slight increase of 0.3 percentage points in revenue excluding grants, and a significant cut back in expenditure by 4.5 percentage points between 2000 and 2001. It should also be noted that the budget deficit was financed through the accumulation of large amounts of domestic arrears, particularly during the period between January and August 2001. The budget prospects of Ghana will depend on the measures taken to enhance government revenue and combat inflation.

119. In Guinea, budget deficit excluding grants commitment basis increased from 5.5% of GDP in 2000 to 7.5% in 2001. This deterioration is attributable to a steep rise in current expenditure from 9.5% of GDP in 2000 to 12% in 2001, pushed by the commitment of the government to the financing of social projects as part of the HIPC initiative. Budget revenue excluding grants shrank by 29 billion Guinean francs due mainly to a low tax ratio estimated at 11% of GDP.

120. The public finance performance of The Gambia deteriorated sharply in 2001. The overall budget deficit as a ratio of GDP rose to 8% in 2001, against 4.7% in 2000. Budget deficit excluding grants commitment basis also rose by 7.5 percentage points between 2000 and 2001. This deterioration was due to the increased public expenditure in connection with the purchase of electricity generators for the national water and electricity company, the settlement of a trade dispute with Alimenta, a privately-owned groundnut marketing company, and the 9 percentage point rise in the wage bill against a backdrop of a 4.1 percentage point decrease in the tax/GDP ratio between 2000 and 2001.

121. The budget prospects of The Gambia will depend mainly on government ability to control the rise in the wage bill and the measure adopted to restore the tax ratio to its 2000 level of 23.3% of GDP.

122. In Sierra Leone, budget deficit excluding grants commitment basis, while remaining high, nonetheless decreased slightly from 17.3% of GDP in 2000 to 16.7% in 2001. This slight improvement was due to the 3.7 percentage point increase in revenue, achieved by the reduction of tax exemptions and the increase of income tax. The rate of increase in public expenditure lessened as a result of the reduction in the ratio of wage bill to tax revenue which was 55% in

2001, compared to 62% in 2000. Nonetheless, the ratio is still very high, especially in comparison with the ECOWAS target of 35%. The restoration of peace to the country has enhanced the prospects for public finance in Sierra Leone.

123. In Cape Verde the overall budget balance as a percentage of GDP fell from 8.3% to 5.2% in 2001. The balance excluding grants is expected to deteriorate as a result of rising expenditure against a backdrop of stagnating revenue earnings.

3.5.2. Monetary Policy

124. There has been a concerted effort in the ECOWAS countries over the last few years to maintain monetary discipline, partly in order to attain the objectives prescribed by the international financial institutions within the framework of their reform programmes.

125. The global monetary situation in the UEMOA countries as at 31 December 2001, in comparison with 2000, was marked by a substantial improvement in the net external situation of their monetary institutions, and an expansion of domestic credit and money supply⁶.

126. The net external position of the monetary institutions rose by FCFA630.1 billion to FCFA2,122.2 billion by the end of December 2001. This performance is attributable to the repatriation of export earnings, mobilisation of external resources, and the release of French Francs over the counter at the BCEAO, in anticipation of the entry into force of the fiduciary euro. Mobilisation of external resources for the whole of 2001 yielded FCFA329.8 billion as against the forecast of FCFA411.8 billion. This represented an 80.1% execution level. A year earlier, the yield was FCFA273.1 billion, representing a mobilisation rate of 55.5%.

127. Consolidation of the external position involved both the issuing authority and the banks. The net external credit of BCEAO increased by FCFA612.6 billion to FCFA1,960.8 billion. Official foreign reserves, in particular, rose by FCFA523.5 billion to FCFA3,045.9 billion by December ending. The backing for the currency diminished slightly from 118.3% in 2000 to 116.7% in 2001.

⁶ UEMOA Multilateral Surveillance Report

128. Total domestic credit at December ending 2001 was FCFA3,760.1 billion, up by FCFA63.3 billion, or 1.6%, from the previous year. This increase was as a result of credits to the private sector, which rose by 6.6%.

129. The money supply within UEMOA increased by FCFA485.6 billion, or 11.4% in 2001, and reached FCFA4,737.3 billion. There was an increase in global cash supply by FCFA239.3 billion, representing 16.3% increase in fiduciary circulation, and FCFA242.9 billion, or 8.9% increase in deposits.

130. Average annual inflation rate for UEMOA stood at 4.1% 2001, compared to 1.8% in 2000. This rise in prices is attributable to the simultaneous rise in the consumer categories of transport, food items, beverages and tobacco.

131. In Nigeria, growth of broad money (M_2) was principally due to an 87.8% increase in net domestic credit and a 6.3% increase in net external credit. The expansion in the money supply reflects the expansionist budget policy of the government which spent the additional revenue from the sale of mobile telephone licences and the surplus from the increase in the barrel price of petroleum. This was the situation in 2001, despite the prudent monetary policy adopted by the Central Bank. The Central Bank of Nigeria increased discount rates from 16.5% at the end of May to 20.5% at the end of September 2001, while the interest rate on treasury bills issued by the Central Bank rose from 17% to 21.5%. In addition to these measures, the ratio of reserve requirement increased by 12.5%. In 2001, the inflation rate was 16.4%, up from 14.5% in 2000, while the exchange rate depreciated on average by 8.2%, compared to 6% in 2000.

132. In Ghana, the 41% expansion of broad money (M_2) for 2000 was maintained in 2001, through the performance of the net external credit position of the Bank of Ghana. The inflation rate fell rapidly in response to public finance reform measures, while the exchange rate remained fairly stable, depreciating by only 3.7% compared to 33% in 1999, and 41% in 2000. Inflation, which reached a high of 41.5% in March 2001, fell to 21.3% by the end of December 2001.

133. In The Gambia, broad money expanded by 19.4%, a significant decline from the 34.7% recorded in 2000. This was achieved through prudent monetary policy which increased interest rate on treasury bills by 3 percentage points to 15% in 2001. Excess liquidity was reduced principally through the sale of treasury bills and Central Bank interventions in the foreign exchange market. However, as a result of fiscal pressure, net government indebtedness to the banking system increased to 589 million dalasi by the end of December 2001. This was financed partly from a draw-down on the net treasury account with the Central Bank. Inflation in The Gambia rose significantly to 8.1% at the

end of 2001, from 0.2% in 2000, while the dalasi depreciated against the dollar by 11% in 2001, compared to 29% in 2000.

134. Guinea maintained a prudent monetary policy in 2001. Broad money at December ending, stood at 671.8 billion Guinean francs against 585.4 billion in 2000, representing an annual growth of 15% which was lower than the 23.5% growth at the end of 2000. The increase in money supply in 2001 was mainly due to a 58% rise in net foreign credit, and an 8.8% increase of net domestic credit. The Central Bank discount rate was raised to 16.25% at December ending 2001. Inflation in Guinea fell significantly in 2001 to 1.1%, compared with the rate of 7.2% in 2000. The Guinean franc depreciated by a marginal 2% against the US dollar, compared to 14.6% in 2000.

135. In Sierra Leone, budget constraints and Central Bank lending to government contributed strongly to the expansion of broad money, which attained 33.7% by December ending 2001. This expansion was due mainly to the growth of net domestic credit, which rose by 96.7 billion leones. However, the expansion of broad money was moderated by a decrease of 23.4 million leones in net foreign credit. The inflation rate for 2001 was 3.4%, as against -2.8% in 2000, and the leone depreciated against the dollar by 23.2%, compared to 15.4% in 2000.

3.6. Social Conditions⁷

3.6.1. Poverty

136. The human development index (HDI) reflects the poor social conditions prevailing in the region through the combination of strong demographic growth and low income. 51% of the population of West Africa is living below the poverty line. According to the most recent report, the index for West Africa averages 0.456. Most West African countries are classified as low human development countries, and five of them, namely, Mali, Guinea Bissau, Burkina Faso, Niger and Sierra Leone are ranked among the last ten of the 162 countries listed in the world. The index varies from 0.258 for Sierra Leone, which ranks last in the world, to 0.708 for Cape Verde, which ranks 91st in the world, and leads the region.

137. At the conclusion of a workshop held in Bamako in March 2001, and attended by the ECOWAS Secretariat, the UEMOA Commission, major international institutions, representatives of the member countries and the

⁷ The information contained in this section is obtained from the SDRC-WA 2002 Report on the economic and social conditions in West Africa.

private sector, it was recommended the preparation of a regional poverty alleviation framework comprising the following modules:

- i) description of the poverty models in the region;
- ii) building of a model of the impact of growth linked to accelerated regional integration;
- iii) profile of the principal transborder mechanisms most likely to make growth a factor for poverty reduction;
- iv) study of modalities for a regional integration policy capable of increasing the positive impact of regional integration on poverty reduction.

Together, the ECOWAS Executive Secretariat, the World Bank, ADB and CIDA drew up the guidelines for the formulation of a regional programme in support of national poverty reduction efforts.

3.6.2. Education

138. West Africa remains one of the regions of the world with the lowest percentage of enrolled school children. According to the 2001 UNDP report on human development, the enrolment rate was 39% in 1999, which is lower than the average of 42% for Africa south of the Sahara. However, two countries are notable exceptions: Cape Verde with a registration level of 77% and Togo with 62%. Four countries have an adult literacy level of above 50%, namely: Cape Verde, Togo, Ghana and Nigeria; the literacy rate is around 45% for Benin, The Gambia and Niger.

139. The low literacy level in most of the other ECOWAS countries is the result of the insufficiency and poor quality of infrastructures, school equipment and school teachers, particularly in the rural areas. The inefficiency of the school systems and the resultant large number of drop-outs and children repeating classes, is also attributable to the insufficiency of the education budget, which barely attains 3% of GDP. This figure is expected to rise to 4.2% in the wake of HIPC debt relief measures.

140. University education is in an equally parlous state, and the tertiary system is incapable of satisfying the job profiles of the labour market. Unemployment among new graduates is extremely high in all the ECOWAS countries.

3.6.3. Health

141. The health objectives being pursued in all the countries of the region generally correspond to the goals of the United Nations action plan for LDCs for

the 2000 to 2010 decade. These include a reduction of the infant mortality rate to below 35 per thousand; halving of the number of persons who are underfed and lack access to potable water; a significant reduction of malnutrition among pregnant women; the rate of infection of the malaria parasite and tuberculosis, and the number of persons between the ages of 15 and 24 infected by HIV.

142. Average life expectancy in the ECOWAS countries is 49.9 years, which is slightly above the average of 48.9 years for Africa south of the Sahara. Life expectancy differs widely, however, from one country to the next. The longest life expectancy of 69.4 years is in Cape Verde, and the shortest, which is 38.7 years in Sierra Leone; the difference between the genders is an average of 3 years in favour of women. However, the life expectancy in 8 countries of the region, namely: Burkina Faso, Guinea, Guinea Bissau, Cote d'Ivoire, Mali, Niger, Nigeria and Sierra Leone is below the average for Africa south of the Sahara.

143. The infant mortality rate remains high despite the health schemes being carried out. The average infant mortality rate for the region fell by 15 per thousand from 109 per thousand in 1990, to 94 per thousand in 1999. The target in LDCs, is to reduce this rate to 35 per thousand by 2015. However, at the present rate, it will take nearly 40 years to achieve this objective. On the whole, access to medical services is very limited. Public health centres offer very mediocre services, especially in rural areas, as they are in general short of drugs and other essential items.

144. The resources of the health budget are generally not equitably distributed. More than half of the staff strength in the health sector is concentrated in towns, and in most cases, the bulk of public funds is spent on expensive medical treatment for only a minority of the population. A restructuring of the health budget that gives priority to primary health care and preventive medicine would go a long way towards improving the effectiveness of the health services.

145. In 1999 only 44.7% of the population of the region had access to potable water. The worst conditions were to be found in Sierra Leone with only 34% coverage, and Burkina Faso and Cote d'Ivoire each with 42% coverage.

IV. SHORT AND MEDIUM-TERM PROSPECTS

146. An analysis of the West African economy reveals the important influence of the Nigerian economy in the growth performance of the regional GDP. The consolidation of political and economic stability in Nigeria will undoubtedly influence the development prospects of the region as a whole. Uncertainties for the region in this area also relate to the management of the Ivorian crisis.

147. In more specific terms, in the short-term, the development prospects of the region will depend to a large extent, on the successful conduct of the 2003 presidential and legislative elections in Nigeria, the biggest economy. The measures which have been taken to strengthen democratic practice in Nigeria, and the political stability the country has enjoyed since 1999, augur well for a successful outcome. The rise in the price of petroleum would push the external balance of Nigeria over the next few years into the black, and could boost economic growth by 5 to 6%.

148. The political uncertainties in Côte d'Ivoire, the second largest economy in the region, needs to be resolved through the ECOWAS mechanism for conflict prevention, management and resolution, peacekeeping and security. Otherwise, there is the risk of Côte d'Ivoire experiencing a socio-economic crisis whose consequences would be disastrous for the entire region.

149. The other ECOWAS countries which are all oil-importing will continue to suffer the ill effects of the high cost of petroleum. However, the structural and macroeconomic reforms undertaken by these countries should positively influence economic growth and human development. It is noteworthy that all such policies and programmes have been re-oriented to give priority to the fight against poverty. The successful implementation of poverty alleviation measures should contribute in no small measure to economic growth, since poverty alleviation promotes political and social stability, which in turn is an essential factor for sustained growth.

150. The implementation of the NEPAD Plan of Action adopted at the Yamoussoukro extraordinary ECOWAS summit, also augurs well for the future of the ECOWAS Member States. The successful execution of that plan will bolster the regional integration process; regional integration is necessary for the expansion of national markets, in order to attract more investment capital, which is an indispensable factor for growth and development.

151. There is cause for satisfaction at the successful conduct of democratically held elections in several ECOWAS countries in the last few years. Among other things, this signals to the international community that West Africa is capable of abiding by democratic standards. This would help create an enabling environment for business, which will attract foreign investors and capital to West Africa.

152. The entrenchment of good political governance, in conjunction with the implementation of the multilateral surveillance programme and the introduction of the ECOWAS common external tariff will, in the short to medium-term, accelerate the growth and development of the region.

CHAPTER II

IMPLEMENTATION STATUS OF THE ECOWAS WORK PROGRAMME

154. This chapter presents a progress report on the activities undertaken by ECOWAS since the statutory meetings of December 2001 in Dakar. The chapter is divided into four main sections, namely: socio-economic programmes; peace and security; administrative and financial matters, and institutional matters.

<p style="text-align: center;">ACCELERATING THE PACE OF REGIONAL INTEGRATION IN WEST AFRICA</p>
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155. In accordance with the decisions and guidelines laid down by the ordinary session of the ECOWAS Authority of Heads of State and Government, held in Dakar on 20 and 21 December 2001, and by the extraordinary session of the Authority on NEPAD, held in Yamoussoukro on 17 May 2002, the focus of the actions carried out by the Executive Secretariat has been directed primarily toward the implementation of NEPAD, accompanying measures for the creation of the second monetary zone, the creation of a common market, and the harmonisation of sectoral policies.

156. A series of meetings were held in this connection, with a view to concretising the guidelines laid down by the Heads of State and Government. Two such meetings between ECOWAS and UEMOA were organised in Washington in April and September 2002, under the aegis of the World Bank. These different meetings were held in response to the directives and conclusions which have inspired, or serve as a point of reference for the various programmes sponsored by ECOWAS and other West African institutions for regional integration.

<p style="text-align: center;">SOCIO-ECONOMIC PROGRAMMES</p>

I. ENHANCEMENT OF INSTITUTIONAL ARRANGEMENTS IN SUPPORT OF REGIONAL INTEGRATION

1.1 Meeting of Heads of ECOWAS National Units

157. The meeting of the heads of ECOWAS national units was held in Abuja from 2 to 5 April 2002. After reviewing a progress report on the ECOWAS programmes, the meeting made recommendations on how to facilitate the performance of the institutions of the Community. These included the definition of the role and place of the national units in the implementation of regional cooperation and integration programmes, and the payment of financial contributions to the budgets of the ECOWAS institutions. The recommendations will be submitted to the next session of the Council of Ministers for consideration.

II. IMPLEMENTATION OF THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT (NEPAD)

158. The ECOWAS Heads of State and Government, meeting in an extraordinary summit in Yamoussoukro on 17 May 2002, at the invitation of His Excellency Laurent Gbagbo, adopted a regional strategy to ensure the most effective interrelation of ECOWAS and NEPAD programmes. Responsibility for coordination of the implementation of NEPAD in West Africa was assigned to ECOWAS (refer to Chapter III of this report for an analysis of this mandate).

159. In compliance with the decisions and guidelines of the Yamoussoukro summit, the Secretariat drew up an operational action plan for the oversight, coordination and supervision of NEPAD implementation in the ECOWAS region. The Secretariat's plan of action provides for the creation of a NEPAD structure within the institution, responsible for the overall supervision of the operation. Two preliminary discussions were held with donors in Dakar on 8 June and in Abuja from 19 to 26 July 2002 on a request for funding for the establishment of this structure. These financial institutions expressed their interest in contributing to the funding of this structure and another meeting was held in November 2002 in Abuja to decide on the level of assistance.

160. The Secretariat also lent technical assistance to the Senegalese government in the organisation of the two meetings held on NEPAD in Dakar in January and April 2002. The focus of its contribution was in the sectors of infrastructure, energy, the environment and new information technologies, which are the sectors under the leadership of the current Chairman of ECOWAS, His Excellency Maitre Abdoulaye Wade.

161. In addition, the Secretariat assisted the West African private sector support initiative to NEPAD (IPS/NEPAD), in organising its inaugural regional forum which took place in Ouagadougou from 11 to 13 September 2002. The forum, which was well attended by representatives of the civil society, development partners, and the regional private sector, outlined its vision for the development of the West African private sector within the context of

NEPAD, and identified the development opportunities and prospects for the private sector.

162. A private sector forum on regional integration was organised in Accra on 23 and 24 October 2002. The forum was financed jointly by USAID and the Canadian International Development Agency (CIDA) and its preparation received the active support of the African Business Roundtable (ABR), the West African Enterprises Network (WAEN), the World Bank and the UEMOA Commission. Participation in the forum was drawn from policy makers, economic operators in the region and the donor community. The forum formulated a plan of action aimed at involving the private sector more closely in the regional integration process.

III. THE MONETARY COOPERATION PROGRAMME AND MULTILATERAL SURVEILLANCE

163. With regard to the monetary cooperation programme, it should be recalled that in application of the principle of a multiple-speed approach to the attainment of regional integration, the non-UEMOA countries in ECOWAS took the decision to create a second monetary zone (WAMZ), with a common currency by 2003, scheduled to merge with the CFA zone, and form a single monetary zone in 2004. The five countries participating in the second monetary zone are: The Gambia, Ghana, Guinea, Nigeria and Sierra Leone. Cape Verde and Liberia are observer countries. However, it was decided at the meeting of the Convergence Council of the second monetary zone, held in Freetown in April 2002, to send a delegation to these two countries in order to get them to participate fully in the activities of the zone.

164. The West African Monetary Institute (WAMI) was created and commenced operations in March 2001. WAMI, in collaboration with the ECOWAS Executive Secretariat, is monitoring the convergence of the economies of the five countries in the zone. The statute for the central bank of the second monetary zone has been adopted. The member countries have also approved the name "eco" for their future currency. However, in the interest of economy and efficacy, the Authority of Heads of State and Government, meeting in Dakar, in December 2001, called on the Heads of the WAMZ and BCEAO-UEMOA to come together and decide on a name for the common ECOWAS currency.

165. The creation of the second and the single monetary zones must be rooted in a successful convergence of the economic and financial policies and performance of the member states, achieved through sound economic management. This is a necessary condition for a credible and convertible currency. The last evaluation report shows, however, that none of the five countries of the second monetary zone has met all the four primary criteria,

namely, the ratio of budget deficit to GDP excluding grants, inflation rate, Central Bank advances to government and external reserves.

166. At the two meetings of the WAMZ Convergence Council and the Committee of ECOWAS Governors of Central Banks, held in Freetown in April 2002, and in Accra in June 2002, the member countries gave an undertaking that they would take all necessary measures to ensure that the convergence criteria were met through better economic management. The convergence has been accepted as the precondition for the creation of the second monetary zone and the ECOWAS single monetary zone.

167. It should, however, be observed that in view of the failure of the member countries to meet the convergence criteria, the deadlines of 2003 and 2004 set respectively for the creation of the second and the single monetary zones, are no longer realistic. The West African Monetary Institute (WAMI) has consequently drafted a new operating plan for the implementation of its monetary cooperation programme, which will be submitted in December 2002 to its committee of Governors of Central Banks, Convergence Council and Heads of State for consideration and approval.

168. Concerning the single monetary zone, the ECOWAS Executive Secretariat and WAMA are working to establish the convergence which must prevail in all the countries of the region for the purposes of the creation of a single currency. The Executive Secretariat, for its part, has taken steps towards the establishment of a multilateral surveillance system which is harmonised with that of UEMOA.

169. In order to ensure the comparability of country performance under the ECOWAS convergence criteria, the Executive Secretariat has completed an analytical study of the current status of national accounts and consumer price indices. Work is in progress on a similar study on the harmonisation of the legal, accounting and statistical frameworks for public finance. The areas in need of harmonisation are appropriation bills, budget nomenclature, tables of central government financial operations, public accounts regulations and government accounting plans. The study report will be submitted in the first quarter of 2003 to a meeting of the technical committee of experts from Central Banks and Ministries of Finance, for consideration.

IV. THE REGIONAL POVERTY REDUCTION PROGRAMME

170. Although there is a global initiative to address the problem of poverty, it most often emanates from development partners such as the World Bank and the UNDP, or takes on a more national focus within a poverty reduction strategy framework. This poverty reduction initiative is non-existent at the regional level.

171. The Executive Secretariat was mandated in December 2001 by the Authority to draw up and execute a regional poverty reduction programme. In compliance with that mandate, a workshop was organised in Abuja, from 24 to 26 July 2002, by the World Bank, for the staff of the Secretariat. The purpose of the workshop was:

- (i) to give the staff a better understanding of the formulation, content and monitoring of the implementation of poverty reduction strategy papers (PRSPs);
- (ii) to explore the most effective ways of enabling Member States to incorporate the regional dimension of poverty reduction into their national programmes;
- (iii) to identify those activities better executed at the regional than the national level;
- (iv) to identify ways to strengthen cooperation ties between ECOWAS and UEMOA in order to attain the desired objectives.

172. Activities envisaged by the Secretariat in order to prepare a regional plan to complement national poverty reduction programmes include:

- (i) An analysis of national poverty reduction strategy papers (PRSPs);
- (ii) A comparative synthesis of national PRSPs;
- (iii) Preparation of guidelines on the insertion of the regional dimensions to poverty reduction in the national PRSPs;
- (iv) Organisation of a meeting of Heads of national PRSPs (review of progress; fixing of a time-frame for subsequent phases);
- (v) Harmonisation of concepts and methods for addressing the problem of poverty;
- (vi) Conduct of studies on a better understanding of the relation between regional integration and poverty, and particularly, between integration and economic growth;
- (vii) Formation of thematic groups on poverty-related issues.

173. Concrete proposals on appropriate measures, based on the framework outlined above, will be presented to the Member States for endorsement.

V. THE REGIONAL STATISTICS PROGRAMME

174. The statistics programme centres on three areas, namely, up-dating of statistics on the Member States; harmonisation of statistics and other activities related to the ECOWAS statistics development policy. The programme is designed to facilitate and support the integration process, and consequently, is well suited to respond to the demands of the priority integration objectives. The priority medium-term statistics needs are geared towards the realisation of the following objectives:

5.1. Up-dating of Statistics on the Member States

175. The process of collecting data on the Member States continued, although it was seriously handicapped by the record number of questionnaires that had not been filled and returned. This was a result of the decision of the Administration and Finance Commission (AFC) to discontinue the recruitment and payment to consultants responsible for filling in the questionnaires in UEMOA countries. The honorarium is paid to the consultants by the Secretariat to cover costs in connection with the exercise. The AFC decided that the task of data collection in UEMOA countries should be accomplished by the national committees on economic policy (CNPE) to create a synergy between the data collection procedures of ECOWAS and UEMOA. In the application of that decision, both the CNPEs and the Directors of Statistics have stated unequivocally that they are unable to bear the additional cost of the data collection exercise.

176. As a result, the 2001 editions of the ECOWAS publications on external trade, national accounts and social and economic indicators, as well as the 2002 issue of the ECOWAS Statistics Bulletin will be affected by the lack of response to questionnaires sent out by the Secretariat this year. This trend will persist if nothing is done to address the problem of data collection. We strongly recommend that the honorarium formerly paid to consultants in UEMOA countries should be reinstated in order to ensure that the up-date of statistics on the Member States can be undertaken under satisfactory conditions.

5.2. Harmonisation Strategies

177. Since much progress has already been made on the customs and statistical framework of external trade, the focus of the statistics harmonisation programme is on national accounts and consumer price indices (CPI). The work carried out by the Executive Secretariat on the harmonisation of statistics was presented in a report prepared in 2001. The report highlighted the disparities between the national accounts systems and CPIs in use throughout the region, and called for urgent attention to be paid to the harmonisation of

statistics for the use of a credible mechanism for the multilateral surveillance of the economic policies of the Member States. It is to be noted that consumer price indices have been harmonised in the UEMOA countries, while work is well advanced on the harmonisation of the methods for the calculation of the GDP.

178. Many other regional bodies are involved in the harmonisation of statistics in the ECOWAS region; they include UEMOA, WAMA, WAMI and AFRISTAT. The Executive Secretariat has been working in collaboration with them all, adopting a phased approach to the harmonisation process, which takes into account the immediacy of the problems of multilateral surveillance, and the fact that full harmonisation will necessarily take time. Priority is being given to the harmonisation of the aggregates used in the calculation of convergence criteria. The resources available to the Executive Secretariat for this exercise will be boosted by funds from the ECOSTAT project, which is sponsored by the European Union, and is expected to last for a period of two years. The procedure for the recruitment of a project leader is well advanced and the project could take off before the end of the year. ECOSTAT is principally designed to execute the priority actions of the surveillance mechanism, and this initial phase will be followed by another phase to consolidate the achievements of the first phase.

179. Three meetings took place in Lome in September 2002, within the framework of the analytical study of the current status of national accounts and CPIs carried out in 2001, with technical assistance from AFRISTAT. The first two meetings provided a forum for the formulation of a harmonisation programme and timetable in each of these two areas. The ECOWAS Directors of Statistics met thereafter to endorse the technical conclusions of the previous meetings, and also examined the implementation status of the Executive Secretariat's statistics programme. The recommendations of the Directors of Statistics will be submitted to the coming session of the Council of Ministers for adoption.

5.2.1 International Cooperation in Statistics

180. Facilitation and assistance for the organisation of the three technical meetings referred to above was from AFRISTAT. Mention should also be made of cooperation with the ADB in connection with issues arising from the review of the ILO manual on price indices, and the coordination of the International Comparison Programme (ICP) in Africa. These two issues were considered during the above-mentioned meetings in Lome.

181 Regular cooperation ties are being maintained with the other regional organisations (UEMOA, WAMA, WAMI), international institutions, such as ECA, UNSD, and development partners such as the European Union, UNDP, the World Bank, IMF, and Paris 21. The Executive Secretariat is now more closely

involved in the IMF's General Data Dissemination System (GDDS), as well as the regional seminars being organised under the aegis of the Paris 21 consortium, to plead the cause of statistics in the developing world. Two such seminars are scheduled to take place in West Africa, one in Dakar in December 2002, and the other in Abuja in February 2003. The Executive Secretariat is also initiating partnership arrangements with other institutions of statistics, such as the INSEE in Paris.

VI. FREE MOVEMENT OF PERSONS

6.1. The ECOWAS Passport

182. The model of the ECOWAS passport was adopted and launched by the Authority at its 23rd session held in Abuja, from 28 to 30 May 2000, as a testimony to the rest of the world, of the existence of an ECOWAS identity, and in consecration of ECOWAS citizenship. The passport is to be introduced in the Member States, circulating in tandem with the ECOWAS travel certificate which will still retain its validity. During a five-year transition period, the current national passports will continue to circulate alongside the ECOWAS passport, but should have been phased out completely at the end of the transition period. The ECOWAS passport has been introduced, to date, in the Republic of Benin and the Republic of Senegal. I wish to use this opportunity to commend these two countries on their pioneer role, and call on the other Member States to follow suit.

6.2. Putting "Border Countries" Concept into Operation

183. The former President of Mali, His Excellency Alpha Oumar Konare, was the initiator of the recent concept "pays frontières" (border countries). The concept has been put forward as a key factor for accelerating regional integration, reinforcing decentralisation and preventing border conflicts. Here, a "cross-border area" is the adjoining geographical area of two or more neighbouring states, whose populations are linked by state borders, and live together with the principal objective of achieving the common management of the border zone, and thus creating a local integration zone for the border population.

184. During the meeting of the Sahel and West Africa Club (SWAC) in Accra in May 2002, which was attended by the Executive Secretariat, the cross-border area concept was analysed in three papers which focused respectively on its scope, the functioning of borders, border zones and the relation between local and regional issues. The Nigerian National Boundary Commission was used as an example, and a number of possibilities explored with regard to the creation of an appropriate institutional framework. The Sikasso/Korhogo/Bobo Dioulasso transborder area joining Mali, Burkina Faso and Cote d'Ivoire was

cited as illustrating the imperative need to involve local communities in the identification and implementation of regional integration projects in order to give concrete expression to the inter-relationship between decentralisation and regional integration.

185. Motivated by the potential contribution of the "cross-border area" concept to regional integration, I invited the Director of Boundary Issues of the Malian Ministry for Administration of the Territory and Local Communities to address senior ECOWAS officials on 2 August 2002. He introduced the development of "cross-border area" as a concept which could be embraced by ECOWAS, and used to enhance the dynamics of sub-regional integration, by creating a synergy between Member States, local communities, associations within the civil society, the private sector and cooperation agencies, working in partnership. The Secretariat envisages the formulation of a plan of action for the realisation of the concept.

6.3. International Migration in West Africa

186. ECOWAS signed a cooperation agreement with the International Organisation for Migration (IOM) on 31 July 2002. One of the tangible manifestations of the agreement during the period under review was the workshop jointly organised by the two institutions in Dakar from 30 September to 4 October 2002, on the topic: "International Migration: Concepts, Data collection and Exploitation, and Legislation".

187. ECOWAS and the IOM are collaborating to set up a permanent international migration observatory in West Africa, in furtherance of the Dakar Declaration issued at the ministerial meeting of 13 October 2000, on the contribution of migrants to the development of their countries of origin, and the follow-up seminar of December 2001.

188. The workshop presented the representatives from the Ministries of Foreign Affairs, Internal Affairs, and Justice, an opportunity to examine the possibility of establishing a data collection system on West African migration, promoting a network of bibliographical, legislative, regulatory and statistical information, and exploitation of the data obtained from the Member States.

6.4. Control of Transborder Crime

189. ECOWAS has developed active cooperation ties with the International Criminal Police Organisation (INTERPOL) leading to the preparation, during the course of this year, of the preliminary draft of a cooperation agreement between the police forces of ECOWAS Member States on criminal matters, and the preliminary draft of a protocol establishing an ECOWAS criminal investigation bureau.

190. The two legal texts advocate:

- (i) The creation of appropriate mechanisms for the prevention and suppression of transborder crime, with a particular emphasis on criminal activities such as human trafficking, trafficking in arms and drugs, smuggling of vehicles, armed robbery, money laundering, terrorism etc.
- (ii) The creation and operation of appropriate structures for the collection, analysis and exchange of information on criminal organisations and their activities, which will be used to facilitate the arrest and prosecution of criminals.

191. The meetings in Ouagadougou in June 1998 of the committee of West African Inspectors General of Police and Ministers in charge of security, strongly recommended the adoption of a cooperation agreement between the Member States on crime prevention. This recommendation was reiterated in Cotonou in August 2001. In December 2001, the ECOWAS Authority instructed the Executive Secretariat to explore the possibility of setting up an ECOWAS police force to combat transborder crime. The 23rd ECOWAS summit instructed the Executive Secretariat to work towards the establishment of an intelligence bureau which would function as a mechanism for the fight against the different forms of economic and financial crime.

192. The draft cooperation agreement on criminal matters between the ECOWAS Member States and the draft protocol establishing an ECOWAS criminal investigation bureau were examined at the above-mentioned fifth meeting of the committee of West African Inspectors General of Police, and the fourth meeting of Ministers responsible for security. The Ministers recommended the adoption of both the cooperation agreement and the protocol at the next session of the Authority.

6.5. Fight against Human Trafficking

193. The Executive Secretariat has taken a number of measures aimed at ensuring the implementation by the Member States of the Declaration and Plan of Action for the fight against human trafficking adopted by the 25th session of the Authority. In the declaration, Member States undertook to take immediate action to ratify the relevant international instruments of ECOWAS and the United Nations. They further undertook to tighten their national legislation in this matter, create appropriate structures to fight this scourge, and protect its victims.

194. ECOWAS receives technical assistance in this area from the regional representation of the United Nations International Drug Control Programme (UNIDCP), and financial assistance from the Japanese government. The government of the United States has also promised financial assistance for the implementation of the Plan of Action. The support from these different sources will enable us to rapidly set up the coordinating units in those Member States in which they do not already exist, as well as in the Executive Secretariat. Given this support, we will also be able to conduct training programmes on methods for combatting this crime, organise public enlightenment campaigns for the benefit of potential victims, and build up a regional data base on human trafficking.

6.6. Ratification and Application of the Statute of the International Penal Court

195. At the third extraordinary meeting of the Mediation and Security Council at Ministerial level, held in Yamoussoukro, the Secretariat presented a paper on the international Penal Court and called on those countries which have not already done so, to ratify the Rome statute dated 17 July 1998, establishing the Court. The Executive Secretariat, with the aim of facilitating the ratification process, organised a seminar on the ratification and application of the statute of the Court, in collaboration with the International Committee of the Red Cross, and with the support of the Canadian government and several Canadian organisations. The seminar, which was held in Abidjan from 29 to 31 January 2002, was attended by the senior officials directly concerned by such issues in the Ministries of Justice and Foreign Affairs; the seminar offered a forum for interaction and sharing of experiences between representatives of the Member States.

196. It was also urged that immediately upon the entry into force of the statute, Member States should propose West African candidates, with the backing of ECOWAS for the different positions in the Court.

197. Despite my appeals, only Benin, Ghana, Mali, Niger, Nigeria, Senegal and Sierra Leone have so far ratified the Rome statute, and only one Member State has forwarded the candidacy of one of its nationals, whereas the region has many talented and eminently qualified lawyers, both male and female, within its legal systems.

VII. CREATION OF A COMMON MARKET

198. As a step toward the creation of a single economic zone, the Heads of State and Government have assigned to ECOWAS the task of creating a common market of its Member States. This is to be achieved through the free

movement of persons, liberalisation of trade in goods and services and the introduction of a common external tariff.

199. In pursuit of this objective, the decision-making authorities of the Community adopted a trade liberalisation scheme aimed at achieving:

(i) the elimination of Customs duties and taxes of equivalent effect on imports of ECOWAS origin;

(ii) the abolition of non-tariff barriers to intra-ECOWAS trade.

200. The liberalisation of intra-ECOWAS trade is geared towards the realisation of a broader objective, namely, the creation of a Customs union, by the introduction of a common external tariff (CET) on products of third countries imported into the Community.

7.1. Progress Report on the Creation of a Customs Union

201. Actions executed in pursuit of this objective may be summarised as follows:

7.1.2. Liberalisation of Intra-Community Trade

202 The ECOWAS trade liberalisation scheme called for the abolition of taxes on unprocessed goods and traditional handicrafts as far back as 1981, while taxes on approved industrial products were to have been eliminated completely as from 1 January 2000. All Member States were expected to abolish all non-tariff barriers to intra-ECOWAS trade within a four-year deadline commencing 28 May 1981.

203. To date, some 1,500 industrial products have been approved to benefit under the trade liberalisation scheme. An analysis of the number of enterprises which have received approval for their products reveals that three countries stand out above the rest, namely, Nigeria, which leads with more than 42%, Ghana, with 30%, and Cote d'Ivoire, with 16%. This is to be expected, since the industrial base of these three countries is more developed than that of the other Member States. The Gambia, Guinea Bissau and Liberia have never submitted products for approval. Burkina Faso, Cape Verde, Mali and Niger have each submitted products for approval only once since the approval scheme was first introduced in 1988.

204. With regard to payment of compensation for loss of Customs revenue, the ECOWAS Fund for Cooperation, Compensation and Development recently disbursed the sum of three hundred and seventy three million, seven hundred and forty three thousand, three hundred and sixty one CFA francs (FCFA373,743,361) to the Republic of Benin as compensation for the revenue calculated to have been lost by Benin in 1998, 1999 and 2000. In 2002, three

Member States, namely, Benin, Ghana and Togo, have submitted applications for compensation for loss of revenue to the Executive Secretariat, which is evaluating these applications.

205. A major challenge remains to be faced with regard to the effective implementation of the liberalisation scheme by all Member States. The reasons advanced in the past for the failure of Member States to implement the scheme (such as the coexistence of several liberalisation schemes within the region, difficulties arising from the approval and compensation procedures) are no longer valid. These obstacles of the past have been removed by the harmonisation of the ECOWAS and UEMOA liberalisation schemes, and the implementation of the Community levy by nearly all the Member States.

206. Regrettably, the Executive Secretariat continues to receive complaints from Member States and economic operators about cases of refusal or failure to implement the scheme. Indeed, it is a fact that some Member States still maintain non-tariff barriers such as bans and the requirement of special permits, against products of ECOWAS origin.

7.1.3. Harmonisation of the ECOWAS and UEMOA Trade Liberalisation Schemes

207. The harmonisation of the ECOWAS and UEMOA trade liberalisation schemes was decided at a ministerial meeting held in Bamako on 28 and 29 January 2000. In compliance with this decision, the joint technical reviews by the ECOWAS Secretariat and the UEMOA Commission have enabled the decision-making authorities of the two organisations to adopt new harmonised texts on trade liberalisation. In ECOWAS, the Council of Ministers and the Authority meeting respectively in Abuja, on 23 April 2002, and in Yamoussoukro, on 17 May 2002, adopted the following acts:

- (i) the Protocol on the definition of products originating from ECOWAS Member States, which takes account of the new World Trade Organisation agreement on rules of origin;
- (ii) the Protocol on the application of compensation procedures for loss of revenue which provides as follows:
 - < the deadline for submission of claims of compensation is fixed at 4 (four) years, dating from 1 January 2002, while the deadline for disbursement to the Member States is fixed at 90 (ninety) days;

- < the Executive Secretariat is authorised to take the decision on payment of compensation; and
- < the proportion of lost revenue to be compensated will be on a decreasing scale, with eligibility for payment of compensation falling to zero after 31 December 2005.
- (iii) the Regulation on compensation procedure for originating products assigns a greater degree of responsibility to the Member States, and reinforces the monitoring function of the Executive Secretariat;
- (iv) the Regulation on the calculation of value-added, whose objective is to align the ECOWAS and UEMOA definitions;
- (v) the Regulation on the adoption of a certificate of origin, specifying colour and content.

208. In continuation of the efforts at harmonising their common market programmes, the ECOWAS Secretariat and the UEMOA Commission met in June 2002 at Lome and undertook a technical review of the basic texts of their common customs and statistics nomenclature, as a step towards the implementation of the 2002 version of the harmonised system (HS) of designation and codification of goods.

7.1.4. Implementation of the Convention on Inter-State Road Transit of Goods (ISRT)

209. The 4th General Assembly of National Guarantors of ISRT operations was held at the Executive Secretariat in Abuja in May 2002. The meeting was convened in recognition of the importance of the free movement of persons and goods, and of the need to initiate actions for the harmonised implementation of the ISRT convention. It was an opportunity to take stock of progress accomplished and to propose fresh measures for the development of intra-ECOWAS trade. The recommendations of the meeting include:

- (i) establishment of a commission to approve vehicles for ISRT;
- (ii) organisation of regular meetings of national guarantors with the different actors in the implementation of the ISRT, namely, Customs administrations, clearing and forwarding agents and transporters, in order to resolve problems arising from the implementation of the convention;

- (iii) continuation of public information and enlightenment programmes on the ISRT.

7.1.5. Introduction of a Common External Tariff (CET)

210. The creation of an ECOWAS Customs Union presupposes the introduction of a common external tariff. This means the establishment of a single Custom tariff regime for the entire region. The firm, SEMA was engaged in October 2001 to conduct the European Union-sponsored study on the impact of the introduction of the UEMOA CET on the economies and public finances of ECOWAS countries. The draft report was submitted to the Executive Secretariat at the end of February 2002.

211. That preliminary report of the study was unacceptable to the Secretariat because it failed to comply with the terms of reference. The Secretariat forwarded its observations and recommendations to the European Commission as guidelines for the satisfactory completion of the final version of the study. A second draft of the study was prepared by the consultancy firm, and submitted in May 2002. After an internal examination, the Secretariat concluded that the study had still failed to comply with the terms of reference.

212. Letters were consequently sent by the Secretariat to all Member States requesting their evaluation of the impact of the CET on their respective economies, in order to speed up work on the study, and contribute their own assessment of the effects of the CET, as well as proposals of possible reforms to be envisaged in this regard.

213. It was felt at that point in time that serious additional effort was required if the objectives of the study were to be attained. The report had to provide an analysis of the impact of the CET on public finance, production, and the principal sectors of the GDP. Proposals needed to be made for the formulation of a programme of action.

214. New guidelines have now been given to ensure that the study will at least comply with its terms of reference. The analysis and evaluation of the impact in Nigeria needed to be carried out in greater detail in view of the size of the country's economy and the relevant tax structure. The Nigerian Institute of Applied Economics worked on this aspect of the study, which is being funded by the European Union. The Secretariat held a seminar in Abuja in November 2002 to evaluate the impact of the CET.

7.1.6. Revitalisation of Customs Cooperation

215. The following are the relevant priority actions scheduled in the 2003 work programme, aimed at revitalising the market integration process in West

Africa and restoring its function as the motor for growth and development in the region:

- (i) **The Trade Liberalisation Scheme:** The success of the integration process will, to a great extent, be measured by success in the liberalisation of intra-regional trade. Consequently, top priority attention will be given to the trade liberalisation programme. Emphasis will be placed on the introduction of the new harmonised ECOWAS/UEMOA texts, and ensuring the application, in all the Member States, of the regional tariff elimination scheme. It is clear that effective implementation of cooperation programmes can only be achieved if the populations concerned are made fully aware of the benefits of integration. Provision has therefore been made for the conduct of an intensive public information programme on the scheme.
- (ii) **Harmonisation and Simplification of Customs Procedures:** The monitoring and control of measures for the introduction and circulation of the single Customs declaration form and for the implementation of the ISRT convention will be pursued. Most Member States are also members of the World Customs Organisation and the World Trade Organisation, and as such, are bound, since 2000, by the provisions of the WTO agreement on Customs valuation. The Secretariat, acting in collaboration with the two organisations, has undertaken to promote the implementation of this agreement, without delay.
- (iii) **Introduction of a Common External Tariff:** The introduction of the ECOWAS CET should lead to an improvement in the competitiveness of ECOWAS countries on an open and competitive world market. Scheduled actions for the realisation of this objective will focus on completion of the impact study on the CET, which will make proposals for a CET programme of action and implementation time-table.
- (iv) **The Community Levy:** Certain Member States had made implementation of the trade liberalisation scheme conditional upon compensation of the revenue they would lose as a result of trade liberalisation. With the implementation of the Community levy, ECOWAS should be in a position to operate the compensation schemes effectively. The Secretariat will take special care to ensure the effective application of the Community levy by every Member State as from January 2003.

VIII. COOPERATION IN TRADE

216. Activities scheduled under cooperation in trade are mainly in five areas:
- (i) Preparation of the 3rd ECOWAS trade fair, which is scheduled to take place in Lome from 7 to 16 March 2003;
 - (ii) Installation and operation of SIGOA-TOPS, the computerised business opportunities management system in Member States;
 - (iii) Harmonisation of the trade and competition policies of Member States;
 - (iv) Preparation of Member States to handle future multilateral trade negotiations within the WTO and under the ACP/EU Cotonou agreement;
 - (v) Acceleration of the pace of market integration in West Africa.

217. During the period under review, the Secretariat organised preparatory meetings for the 3rd ECOWAS trade fair. The publicity campaign for the fair was officially launched in Lome in May 2002. Public enlightenment meetings were held in all Member States to encourage the participation of both public and private sectors in the fair. The Secretariat participated in the installation of the trade information network, SIGOA-TOPS, and was present at the seminar-workshop designed for users, and to encourage its utilisation at trade-related events.

218. The Secretariat also initiated and drafted terms of reference for the formulation of an ECOWAS trade and competition policy.

219. ECOWAS actions in connection with the preparation of West Africa for future multilateral trade negotiations have focused on the take-off of the ECOWAS/ACBF capacity building project for multilateral trade negotiations and preparation of Member States for the take-off of the ACP/EU negotiations of a regional economic partnership agreement.

220. In this regard, the ECOWAS Secretariat and the UEMOA Commission organised a joint meeting of West African Ministers of Trade and Finance in Cotonou, from 9 to 11 September 2002. The Islamic Republic of Mauritania was represented at the meeting. The meeting defined priority areas of action for West Africa, and drew up a plan of action, and the terms of a negotiation mandate for West Africa. The meeting also proposed a negotiating structure. The mandate for ECOWAS/EC EPA negotiations covers the following areas:

- (i) The gradual establishment, in compliance with WTO rules, of a free trade area between ECOWAS and the European Community;

- (i) The necessity of giving the agreement a development orientation;
- (ii) Responsibility of the European Community for payment of net transition costs, especially concerning loss of fiscal revenue;
- (iii) Abolition of all quantitative restrictions and measures of equivalent effect upon entry into force of the agreement;
- (iv) Non-discrimination between ECOWAS and European products;
- (v) Free movement of capital between the two zones;
- (vi) Cooperation in trade-related sectors;
- (vii) The pursuit of a dynamic form of economic cooperation;
- (viii) Creation of a consultative mechanism to manage and monitor implementation of the terms of the agreement.

221. The negotiating structure comprises six organs, namely:

- (i) The ECOWAS Council of Ministers, as the policy-making organ;
- (i) The Ministerial Monitoring Committee responsible for the monitoring and evaluation of negotiations;
- (ii) The Group of ECOWAS Ambassadors to Brussels will interface between the authorities in Brussels and the region;
- (iii) The Group of ECOWAS Permanent Representatives in Geneva will interface between WTO and the Committee of Ambassadors to Brussels, and also between WTO and the region;
- (iv) The Regional Negotiating Committee responsible for the conduct of negotiations under the guidance of the ECOWAS Secretariat;
- (v) The Technical Committee responsible for giving technical assistance.

222. The Secretariat was present at the post-Doha meetings organised by AIF (Francophone Intergovernmental Agency) and USAID, and also participated in the WTO Geneva meeting. It should be noted that the Secretariat attaches great importance to the issue of trade development and access to markets within the framework of NEPAD.

223. Proposed activities for 2003 include:

- (i) Organisation of the 3rd ECOWAS trade fair in Lome from 7 to 16 March 2003, with the aim of achieving massive participation of the West African private sector;
- (ii) Complete installation of the SIGOA-TOPS business information system in all Member States and the ECOWAS Secretariat;
- (iii) Implementation of the ECOWAS/ACBF capacity building project for multilateral trade negotiations by the Member States;
- (iv) Participation in WTO and EU/West Africa REPA negotiations;
- (v) Participation in the formulation of an ECOWAS trade and competition policy in collaboration with the USAID support project to ECOWAS.

IX. COOPERATION IN THE TOURISM SECTOR

224. During the period under review, the focus of Secretariat activities in this sector was on three areas, namely:

- (vi) Promotion and marketing of tourism products;
- (vii) Harmonisation of regulations applicable to tourist activities and the hotel industry;
- (viii) Facilitation.

225. Progress achieved was as follows:

9.1. Promotion of Tourism Products

226. An application was made to the promotion agency "Events", and subsequently, to "Proinvest" for funding for the organisation of a tourism and leisure exhibition. Negotiations are still in progress. A working visit was also paid to the European Union as a follow up to the application for funding for the conduct of a study on a global development strategy for tourism in West Africa. Work is in progress on the terms of reference for a study on the joint development of tourism in Member States. The terms of reference are due to be completed by the end of the year.

9.2. Harmonisation of Regulations

227. A working visit was paid by the regional monitoring committee to five Member States to observe the setting up of national classification committees

and the take-off of the hotel classification exercise. A visit to five more States is scheduled before the end of the year.

9.3. Facilitation

228. A fact-finding mission was conducted to the Conseil de l'Entente within the framework of the introduction of a single tourist entry visa, to gather information for the finalisation of the project document. That organisation has introduced a single entry visa for its five states, known as the Entente tourist visa, or VTE. The Secretariat also undertook a mission to the European Commission to study the mechanism and functioning of the single European visa. A workshop is scheduled to take place at the Executive Secretariat before the end of the year, on the facilitation of travel and tourism, and the introduction of a single tourist visa.

229. Tourism is a revenue-generating activity, and the perspectives opened up by the resources currently available on the market are as a result of the growing number of tourists who are interested in the products on offer, or which could be created within the region, especially in the sectors of culture and eco-tourism.

COOPERATION IN THE INFRASTRUCTURE AND INDUSTRY SECTOR

10.1 Transport

230. The following were the target set within the transport sector during the period under consideration:

- i) To ensure the application of measures designed to facilitate road transport in line with the objective of free movement of persons and goods;
- ii) To achieve total liberalisation of air transport within the West African air space;
- iii) To conduct a feasibility study and the technical study on interconnecting the regional railroad systems.

10.2. Facilitation of Road Transport

231. The ECOWAS Secretariat has developed an action plan to facilitate cross border movements by ensuring the implementation of road transport facilitation measures in complementarity with UEMOA and in line with the ECOWAS protocols on free movement of persons and goods. The action plan which is being implemented as a pilot project for the residual trans-coastal and trans-Sahelian corridors has three components, namely, the construction of joint border posts to expedite immigration formalities and the clearing process for goods; the creation of observatories along inter-State Corridors to expose

malpractices; and a series of awareness campaigns to educate all the stakeholders in the road transport sector. In support of the implementation of the action plan, the Secretariat has mobilised 8 million euro from the 9th EDF regional indicative programme of the European Union and negotiations are in progress for securing an additional grant of \$1.3 million from the World Bank.

10.3 Interconnection of the West African Rail Networks

232. Following the completion and adoption of the study and elaboration of a regional railway masterplan, the Secretariat has sought and obtained a grant of US\$3.31 million from the African Development Bank to conduct engineering and feasibility studies for an inter-connection railway network in the region. As part of the contract agreement, the Secretariat is required to contribute 5% of the grant to cover the cost of complementary services including the provision of support staff and the institution of a steering committee for oversight. The study, which will commence early next year and be executed over a period of fourteen months will identify all the investment opportunities in this sector. The ultimate objective of the study is to facilitate the creation of a new rail transport capacity which, properly interfaced with the road transport network will catalyse and contribute towards meeting the high demands for transport services in responses to increasing levels of intra-regional trade.

10.4 Ecomarine International

233. In the maritime transport sub-sector, the Secretariat has facilitated the creation of a privately-owned sub-regional coastal shipping line, the Ecomarine International. A programme has been initiated to develop appropriate infrastructural facilities needed for the operations of the company, including docking and storage facilities, passenger reception facilities, and maintenance equipment.

234. Air services within the region are inadequate and connections to important and vibrant markets outside the region are also limited. The sector is therefore still unable to play an effective role in trade, economic development, and regional integration, whilst serious challenges being posed by aviation security and safety concerns remain a real threat.

235. In response to these problems, and in pursuance of the memorandum of understanding signed by the Ministers responsible for civil aviation in West and Central Africa, on 14 November 1999, the ECOWAS Secretariat and CEMAC have jointly embarked on a project for the implementation of the Yamoussoukro Decision in the two regions of West and Central Africa. The project entails a number of air transport activities with the principal support of the World Bank and European Commission. Various regional studies were completed in August 2002 with the objective of formulating the framework and

mechanism for harmonising aviation legislation within the sector, as well as enhancing the capacity for effective exercise of aviation safety oversight in West and Central Africa. The precise reforms required of individual states in the areas concerned are being identified, and states are to be assisted in their efforts to implement the Yamoussoukro Decision in a harmonised, methodical and coordinated manner. Member States are expected to recognise their obligations and translate their expressed commitment to the Decision into full implementation of its provisions.

10.6 Telecommunications

236. In the telecommunications sector, the study for the institution of a harmonised regulatory framework has been completed and will be submitted for adoption at a future statutory meeting after review in the Member States. The purpose of the study is to create a regulatory framework and the enabling environment that will attract investment and guarantee optimum service throughout the region. Also, a data management system for telecommunications services has been procured, installed and commissioned with technical and financial assistance provided by the International Telecommunications Union (ITU) at an estimated cost of US\$90,000. The system will be fully operational and open to the service of Member States' Telecommunications Administrations by December 2002.

10.7 Energy

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

10.7.1 The West African Power Pool

238. Following the conclusion and review of several studies, the Executive Secretariat instituted appropriate and necessary measures that would facilitate the creation of the enabling environment for accelerated implementation of the projects. In this vein, the Secretariat's activities have been focused on developing an appropriate legal framework, institutional strengthening and capacity building as a prerequisite to the establishment of a regional energy market.

239. These actions which are intended to attract private investment and prepare energy professionals in the management and operation of the expanded energy infrastructure and energy market throughout the region have culminated in the elaboration and adoption of an energy protocol which constitutes the legal basis for establishing an open energy market, promoting and securing private investment, facilitating energy exchange and promoting

the sustainable development of the energy sector. Also, a common strategy for capacity building and training has been adopted for all key players in the development of the Power Pool in Member States and at the ECOWAS Secretariat.

240. The investment programme for interconnection of transmission lines has been prioritised, elaborated and adopted and financing of these projects estimated at US\$210 million is being negotiated with a variety of funding institutions including the World Bank, the French Agency for Development, the African Development Bank the Kuwaiti Fund for Economic Development and the European Investment Bank.

10.7.2 The West African Gas Pipeline

241. For the Gas Pipeline Project, the Commercial Group and Member States directly involved in this project issued the requisite International Agreement including the Treaty and the legislative outline in November 2002 for signature by Heads of State and parliamentary approval thereafter. In addition, the final draft of an Agreement between shareholders of the West African Pipeline Company (WAPCo) was issued in November 2002 and the drafting of a agreements relating to gas transportation and sales are in their final stage. Negotiations are in progress with the World Bank for financing a credit security guarantee to cover country risks for specific entities belonging to Member States. Following acceptance of the terms of reference and proposals for the Environmental Impact Assessment of the project by the World Bank offshore and onshore environmental baseline surveys began in October 2002. Finally, advertisements for the recruitment of contractors for the construction of the gas pipeline were issued in November 2002.

242. Notwithstanding these accomplishments, a firm commitment from Member States' governments to adopt and practice economic policy reforms that will ensure good management of the energy sector is desirable for an early and successful completion of these regional energy programmes.

XI INDUSTRY

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

11.1 Regional Standardisation and Quality Control Programme

244. In pursuance of these objectives, the ECOWAS Secretariat has initiated several complementary activities in the area of standardisation and quality

control, and developed a regional programme to facilitate the participation of Member States in international trade through enhancement of quality, standards, metrology and testing of manufactured products. In support of these activities, the Secretariat has initiated measures for the mobilisation of necessary resources to implement the programme in collaboration with UNIDO.

11.2 Promotion of Partnership and Capacity Building

245. In the area of investment promotion and capacity building for investment promotion agencies, the Secretariat and the European Commission along with other ACP regional organisations successfully concluded negotiations leading to a seven-year programme to promote investment and technology transfer into ACP countries. The total budget for the programme is Euro 110 million. In this vein, ECOWAS has become the first regional organisation to benefit from the programme through its investment forum on agro-industry organised in November 2002 in Dakar, Senegal at the end of which about 100 project promoters were able to sign preliminary cooperation agreements with foreign investment partners. ECOWAS Secretariat will continue to monitor the successful implementation of these agreements in collaboration with the European Commission.

XII. COOPERATION IN AGRICULTURE, RURAL DEVELOPMENT AND THE ENVIRONMENT

12.1 A Common Agricultural Policy (CAP)

246. The Secretariat formulated the terms of reference, which were submitted to Member States for comment. The main focus is on the harmonisation of programmes and methodologies between ECOWAS and UEMOA in collaboration with development partner (FAO, World Bank, IFAD, France, European Union, USAID).

247. CILSS and other relevant IGOs in the region, with the assistance of IFAD, are making a contribution to the harmonisation process of the CAP.

248. A financing agreement has been signed with FAO for the establishment of an information system on regional food security. The programme is scheduled to take off in January 2003.

12.2 Regional Food Security/Regional Information System

249. As an input at the FAO World Conference on Food and Agriculture in Rome in June 2002, ECOWAS presented its Regional Food Security Programme, adopted by the summit of the Authority of Heads of State in December 2001.

250. Within the context of the preparation of the Regional Indicative Programme of the 9th EDF under the terms of the Cotonou Agreement, ECOWAS, in collaboration with FAO emphasised the need to include food security as one of the areas of concentration.

251. During the year, workshops were organised for capacity building of national focal point officers and ECOWAS staff on project cycle management.

12.3 Livestock Development

252. ECOWAS is building partnerships with specialised regional and international institutions to promote the development of livestock in the region. The institutions involved are the following:

- i) International Livestock Research Institute;
- ii) International Trypanotolerance Centre;
- iii) International Research and Development Centre for sub-humid zones.

253. A workshop on capacity building on on-site conservation of livestock native to West Africa was organised.

12.4 The Trans-border Transhumance Programme

254. A number of actions have been completed by the Secretariat in compliance with the decision regulating transhumance between the ECOWAS Member States. These included the production and distribution of samples of 1,500 copies of the ECOWAS international transhumance certificate to Member States as an enlightenment measure.

12.5 The Regional Programme on the Environment

12.5.1 The Sub-Regional Desertification Control Programme

255. ECOWAS is preparing regional projects to be submitted to donors for funding, within the framework of the Sub-Regional Action Programme (SRAP). To this end, ECOWAS, in collaboration with CILSS, has been examining the following priority issues:

- i) management of shared water resources;
- ii) management of plant and animal resources;
- iii) management of energy resources;
- iv) crop pest control.

12.5.2 The Regional Floating Weed Control Programme

256. Negotiations are going on between ECOWAS and the ADB on the resumption of funding for the regional floating weed control programme. ADB has given a commitment for 10 million units of account to fund the Benin/Nigeria, Côte d'Ivoire/Ghana, Senegal/Gambia, Niger/Nigeria/Benin and Mali segments of the regional programme, as well as the creation of a regional coordinating unit.

XIII Cooperation in Social and Cultural Affairs

13.1 The Human Development Report (HDR) from an African Perspective

257. ECOWAS participated in the production of the document on key development issues. Using the paradigm "Sustainable human development", the report has introduced a novel approach to development, which places human beings at the very heart of the development process. This approach includes themes of special concern to the developing world and as divergent as globalisation, human rights, governance, gender and poverty.

258. The improvement of statistical production, the more detailed analysis of indicators, and the reintroduction of the indicator of human freedoms were redefined.

13.2 The Regional Human Development Report

259. A steering committee and a scientific committee have been set up for the project with the ECOWAS Executive Secretariat as chairperson of the steering committee to undertake the preparation of a regional report. A number of preliminary activities have been undertaken for the implementation of the project, and a framework has been outlined for the elaboration of a methodology for both its components:

- i) the study of the human development report from an African perspective;
- ii) preparation of the first regional human development report for West and Central Africa.

13.3 Cooperation in Education and Cultural Affairs

13.3.1 Cooperation in the Education Sector

260. ECOWAS Secretariat in collaboration with UNESCO, the Secretariat of the Decade of Education in Africa (ADEA) examined the ECOWAS Protocol on Education, and the Convention on the Recognition and Equivalence of Degrees, Diplomas and Certificates delivered by Institutions in ECOWAS Member States.

13.3.2 Cooperation in Cultural Affairs

261. A declaration and a plan of action have been adopted to strengthen cooperation among ECOWAS Member States in the conduct of cultural affairs within the NEPAD framework. To ensure effective implementation of the plan of action, it was recommended that an annual meeting of experts should be held to monitor and evaluate progress achieved in the implementation of cultural projects.

13.3.3 The Dakar Roundtable Conference on Culture

262. The ECOWAS Secretariat participated in the Dakar Roundtable Conference in which deliberations revolved round how culture could be made to contribute to poverty reduction, within the framework of action on decentralised cooperation in cultural matters. The role of culture in regional integration was reaffirmed and a strategy was formulated, aimed at attracting the support of financing agencies for cultural projects initiated in the region. NGOs, the European Commission, Units of the Support Programme for Cultural Industries (SPCI), and other stakeholders in the cultural sector of Member States participated in the roundtable.

13.4 The ECOWAS Policy on Gender

263. A gender policy is being formulated to ensure the full involvement of women in the integration process. This includes the adoption of a Gender Management Structure, the establishment of a specialised technical commission similar to the other commissions, to address the issue of gender equality. A technical support committee comprising ECOWAS, UNIFEM, ILO, ECA-SRDC and the Commonwealth was set up to evolve a gender policy to be presented for adoption.

13.5 Youth and Sports

264. The second ECOWAS Traditional wrestling tournament was organised in Niamey, under the auspices of the Conference of Ministers of Youth and Sports (CMYS) and the ECOWAS Secretariat, in collaboration with the Ministry of Sports of the Republic of Niger.

265. Traditional wrestling was adopted by the CMYS as an ECOWAS sport in order to facilitate regional integration and the development of sports within ECOWAS. The Community envisages the promotion of the inclusion of traditional wrestling in the programmes of major competitions such as the Olympics and the Africa Games.

XIV THE REGIONAL HEALTH PROGRAMME

14.1 Third Meeting of the Assembly of ECOWAS Ministers of Health and the West African Health Organisation

266. The ECOWAS Secretariat participated in the 3rd ordinary meeting of the Assembly of ECOWAS Ministers of Health held in Accra from 22 to 26 July 2002. The agenda of the meeting included consideration of the functioning of the West African Health Organisation, its 2003 budget, its financial transactions and its draft 5-year strategic plan of action.

267. To improve the financial situation of WAHO, the Ministers called on the organisation to continue to promote its activities at the highest political level and by so doing, increase awareness of its financial needs. Following a presentation on NEPAD, the Ministers recommended that a meeting of health experts be convened in Dakar in December 2002, to define a regional strategy within the framework of the health segment of the NEPAD initiative (see West African Health Organisation 2002 Activity Report, p.12).

XV. Cooperation in the Information Technology Sector

268. Efforts were directed towards the following areas during the period under consideration:

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

15.1 Trade Information

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

15.2 Customs Computerisation

270. The customs computerisation system - ASYCUDA - is in operation in twelve Member States. Arrangements were concluded with UNCTAD for support for Member States for migrating from version 2.7 of the system to the new version ++. Pilot version ++ systems have been installed in four Member States. ECOWAS will continue to support full system roll-out and pilot systems as required by Member States.

15.3 Trade Statistics

271. The customs data obtained from ASYCUDA is collated by the national statistical services using the EUROTRACE software to produce national external trade statistics. EUROTRACE is operational in fourteen Member States. ECOWAS provided technical and material assistance to Member States for producing the trade statistics for the period 1998 to July 2002.

272. A collaboration arrangement has been put in place for trade statistics data exchange between ECOWAS and the United Nations Statistics Division (UNSD).

15.4 Trade Opportunities Management System (SIGOA-TOPS)

273. The latest version of the system, developed by ECOWAS, has been validated by an experts group drawn from Member States and posted on the Internet at www.ecowas.int/sigoa-tops. A Work Plan has been adopted for implementation in 2003 for providing computer equipment and training for national correspondents in the four Member States which are fully implementing the ECOWAS trade liberalisation scheme.

15.5 Training for Trade Operators

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

15.6 ECOWAS ITC Policy

275. There has been a redefinition of the role of information and communications technology (ICT) as a cross-cutting enabler for all integration sectors. ECOWAS has initiated the effort towards the preparation of an ECOWAS ICT policy document aimed at harmonising existing national policies and assisting Member States in formulating and implementing national policies. This effort is being promoted by the ADB and the European Union in the context of NEPAD.

15.7 Computerisation of the ECOWAS Secretariat

276. The enterprise Local Area Network (LAN) has been installed in all offices of the Secretariat preparatory to implementation of the ECOWAS Intranet to connect the Secretariat to other ECOWAS Institutions and Member States.

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

XVI. COOPERATION IN THE COMMUNICATION SECTOR

278. The ECOWAS new information and communication policy provides for actions at the national level and at the level of the Executive Secretariat. The principal programmes pursued within this policy include: organisation of enlightenment and training seminars, publications, audiovisual productions, publicity, setting up of information centres, publication of the Official Journal, acquisition of works, creation of a photographic and video library, and establishment of an ECOWAS radio and television broadcasting station.

16.1. Creation of a Production Studio

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

16.2. The "Journalists in West Africa" Programme

280. The programme provides for assistance to journalists in the West African region for coverage of ECOWAS activities and promotion of its achievements. Under this programme, journalists are selected every year to go to the Member State of their choice and report on progress achieved in terms of economic integration. The annual grant for 2002 will be paid to the journalists invited to cover the ECOWAS summit.

16.3. Training Workshop

281. A training workshop on "methodology for multimedia communication strategies and definition of a national communications development policy" was held in Niamey from 1 to 5 April 2002. The workshop was organised in collaboration with FAO, and attended by journalists from 13 Member States.

16.4. Acquisition of Audiovisual Equipment

282. A digital camera was acquired to film important Community events.

16.5. The ECOWAS Anthem

283. The French version of the ECOWAS anthem has been produced.

16.6. The ECOWAS Flag

284. A competition was organised for the design of the ECOWAS flag. Candidates from all the Member States participated in the competition.

16.7. Publicity

285. Space was bought in a magazine with a continental readership to publicise ECOWAS activities. ECOWAS officials also granted a number of interviews to major media organisations on the organisation's activities.

16.8. Publications

286. The following publications were produced during the year:

- (ix) N° 10 edition of the West African Bulletin;
- (x) ECOWAS in Brief on the Parliament;
- (xi) ECOWAS in Brief on the Court of Justice;
- (xii) Brochure on ECOWAS and its activities.

287. A consultant has been recruited to prepare a book on ECOMOG. The book will be completed in the next few months.

288. In implementation of Council decision C/DEC.2/1/91 relating to the classification in the Official Journal of Council activities and decisions, new editions of volumes 37, 38, 39 and 40 of the Official Journal have been printed. New editions of volumes 1 to 21 have also been completed.

16.9. Printing of an Index to ECOWAS Laws 1977-2000

289. Work has been completed on the brochure indexing all decisions, protocols, resolutions, etc. of the Authority and of Council, from 1977 to 2000. An electronic version of the index will be ready by the end of the year, when the necessary equipment have been installed.

16.10. Creation of an Audiovisual Library

290. Films were produced and developed during the current year, and magnetic tapes and visual equipment purchased to enhance the quality of the service provided.

16.11. Acquisition of Books and Other Publications

291. Books, journals and newspapers were purchased for the use of the Secretariat staff and the public.

REGIONAL PEACE AND SECURITY

292. The activities undertaken by the Executive Secretariat in this area, during the period under consideration, were in implementation of the decisions of the Twenty-fifth session of the Authority and tasks emanating from the implementation of the protocol relating to the mechanism for the prevention, management and resolution of conflict, peacekeeping and security. The activities relate to the following:

I. MONITORING OF THE SECURITY SITUATION IN THE REGION

293. Regional security improved considerably during the first half of 2002, particularly in Sierra Leone and the Mano River region. However, the situation in Liberia and Cote d'Ivoire during the second half of the year remains a source of great concern.

1.1. Sierra Leone

294. Through the combined efforts of the United Nations, ECOWAS and international donors, the disarmament, demobilisation and reintegration (DDR) exercise was successfully completed on 18 January 2002. Forty-seven thousand one hundred (47,100) combatants were disarmed, which was a considerably higher figure than the 28,000 initially envisaged. The Executive Secretariat was represented at the ceremony during which seized arms were destroyed, thereby marking the end of the DDR exercise.

295. The Sierra Leonean government, in order to consolidate peace, organised presidential and legislative elections which were held on 14 May 2002, with the assistance of international partners and the United Nations. As a demonstration of my personal concern and the political commitment of ECOWAS, I sent a 30-man strong team of observers to monitor the elections. In its report, the team indicated that the elections were generally peaceful. The outgoing President, Ahmad Tejan Kabbah, won the elections with more than 70% of votes cast. On behalf of the Community, the current ECOWAS Chairman, speaking in Abuja on 28 May 2002, commended the government and people of Sierra Leone for the successful organisation of elections, which

marked the restoration of peace and the entrenchment of democracy in Sierra Leone.

296. In order to consolidate peace in Sierra Leone, the United Nations Security Council convened a special session, under the chairmanship of the United Kingdom, devoted to a search for ways of promoting lasting peace in Sierra Leone and throughout the Mano River region. On that occasion, I strongly commended the initiative and urged the international community to extend all necessary support to Sierra Leone to improve upon the fragile situation in that country.

1.2. The Mano River Union

297. A summit of the Heads of State of the three countries of the Mano River region, namely, Guinea, Liberia and Sierra Leone, was held in Rabat, on 27 February 2002, under the auspices of His Majesty Mohammed VI, King of Morocco. ECOWAS took due note of the summit held outside the region, and commended the Moroccan initiative. The Heads of State and Government of the Mano River Union also took a series of measures aimed at restoring lasting peace to the zone.

1.3. Peace initiatives in Liberia

298. Continued fighting in Liberia remains a source of great concern because of its cost in terms of loss of life and destruction of property, and also because the situation poses a threat to the other countries in the Mano River Union.

299. ECOWAS is strongly committed to the promotion of lasting peace in the Mano River zone in general and in Liberia in particular. Since fighting resumed in Liberia in 2001, ECOWAS and the United Nations have taken a number of measures aimed at restoring peace to the country. These include the banning of all support to the Liberians United for Reconciliation and Democracy (LURD), and actions designed to end the fighting, and promote dialogue between fellow Liberians. Since then, other initiatives have been taken to obtain a cease-fire and engage a political dialogue between the different parties in Liberia. These initiatives include:

- (i) The meeting preparatory to the National Reconciliation Conference, held in Abuja on 15 and 16 March 2002, which decided on the following:
 - (a) agreement of a cease-fire between the government of Liberia and the LURD;
 - (b) the guarantee of security for all Liberians;

- (c) the guarantee of respect for the rule of law and the rights of all citizens;
 - (d) creation of an enabling environment for the organisation of free and fair elections in 2003.
- (ii) The eighth meeting of the Mediation and Security Council held in Dakar on 29 March 2002, which decided on the following:
 - (e) condemnation of the attacks by LURD against the government; and
 - (f) banning of all travel by leaders of LURD, and denial of their right of residence in the ECOWAS Member States.
- (iii) The summit of Heads of State and Government held in Yamoussoukro on 17 May 2002, which decided on the following:
 - (g) the call for an immediate and unconditional ceasefire to be observed by all warring parties;
 - (h) encouragement of the peace process launched in Rabat;
 - (i) encouragement for the convening of a conference between the political forces in Liberia under the auspices of Presidents Abdoulaye Wade and Olusegun Obasanjo;
 - (j) a mandate for the Chairman of the Authority to establish necessary contacts with European countries and the United States.
- (iv) The Authority also decided to send an ECOWAS military evaluation team to Liberia. In implementation of this decision, an ECOWAS mission was sent to Liberia, led by Colonel J.A.P. Oladipo from Nigeria, accompanied by officers from Cote d'Ivoire, Ghana, Mali, Nigeria and Senegal. The delegation was in Liberia from 6 to 14 June 2002. At the conclusion of its mission, the delegation recommended that ECOWAS should, among other things, take necessary measures to reduce the suffering of the people of Liberia, obtain a cease-fire, provide humanitarian assistance, and initiate a national reconciliation policy. The report of the mission was submitted to the Chairman of the Authority, His Excellency Maître Abdoulaye Wade, President of the Republic of Senegal, and to His Excellency Olusegun Obasanjo, President of the Federal Republic of Nigeria, as mandated by the Yamoussoukro summit.
- (v) The Liberian Inter-denominational Council: the Liberian Inter-denominational Council met with the ECOWAS Executive Secretariat on 20 June 2002, to discuss a peace initiative involving the organising of a meeting between LURD and the government.

The idea of the meeting has the full support of ECOWAS and is expected to materialise in the very near future in Dakar, under the auspices of the current ECOWAS Chairman.

- (vi) The meeting of the Liberian Leadership Forum held in Ouagadougou from 8 to 11 July 2002, which decided on the following:
- (k) immediate cease-fire negotiations between the government and LURD;
 - (l) establishment and deployment of an international force to guarantee security throughout the country and monitor the cease-fire;
 - (m) establishment of a mechanism for the disarmament and demobilisation of armed groups, and the restructuring and training of the armed and security forces;
 - (n) the guarantee of free, fair and transparent elections;
 - (o) recognition of the Liberian Leadership Forum as the intermediary between the main actors;
 - (p) establishment of an international contact group on Liberia.
- (vii) The workshop organised on 18 July 2002, by the United Nations Security Council, on the Mano River Union. ECOWAS briefed participants on its strategy for peace in the Mano River Union, including Liberia. The strategy was well received by the Security Council which plans to study it in greater detail, in its search for a way to achieve lasting peace in Liberia.

300. Following these different initiatives, the ECOWAS Chairman President Abdoulaye Wade suggested the creation of an International Contact Group on Liberia (ICGL) with a mandate to support the efforts of ECOWAS and the United Nations at promoting lasting peace in Liberia and the other countries of the Mano River region.

301. The inaugural meeting of the Contact Group was held on 17 September 2002 in New York during the General Assembly of the United Nations. It was preceded by a meeting of the ECOWAS Mediation and Security Council expanded to include Ministers of Foreign Affairs of ECOWAS Member States. During the inaugural meeting, the countries and organisations (United States of America, United Kingdom, France, Senegal, Nigeria, Kingdom of Morocco, United Nations, European Union, African Union and ECOWAS), acting as members of the Contact Group, indicated their desire to support the ECOWAS peace initiative.

302. While recognising the key role of ECOWAS in the resolution of conflicts in its Member States and on the continent, the participants stressed the efficacy of the Contact Group would depend on its size. It was therefore, felt necessary to reduce the number of the membership.

303. The functioning of the International Contact Group on Liberia would commence as soon as the current ECOWAS Chairman, President Abdoulaye Wade has had consultations with President Charles Taylor.

304. ECOWAS remains convinced that the promotion of lasting peace is a stabilising factor for the entire Mano River region.

1.4. Cote d'Ivoire

305. During the period under review, ECOWAS continued to monitor the situation in Cote d'Ivoire, noting with satisfaction the successful organisation by the government of Cote d'Ivoire of a national reconciliation forum which produced promising results. In compliance with the recommendations of the forum, the President of the Republic of Cote d'Ivoire, His Excellency Laurent Gbagbo, formed a government of national unity on Monday 5 August 2002, on the eve of the 42nd anniversary of the country's independence. All political parties, including the opposition, were represented in the government.

306. However, on Thursday 19 September 2002, Cote d'Ivoire was shaken by what at first appeared to be a mutiny but which rapidly turned into an attempted coup d'etat, causing the death of hundreds of people and a massive destruction of property. Immediately after the announcement of the crisis, ECOWAS, through its current Chairman and myself, strongly condemned the violence and reiterated its refusal to recognise any power obtained by the use of force.

307. On 20 September 2002, in the margins of the session of the United Nations General Assembly in New York, the Executive Secretariat organised an extraordinary meeting of Ministers of Foreign Affairs of the region, at which ECOWAS reiterated its condemnation of the attempted coup. Since then, our organisation has been unstinting in its efforts to restore peace to Cote d'Ivoire. On the instructions of the current Chairman, it has maintained permanent contact with the President of Cote d'Ivoire and the other Heads of State of the region.

308. The outcome of all the initial consultations was the extraordinary summit of the Heads of State and Government held on 29 September 2002, to review the situation in Cote d'Ivoire and to take appropriate decisions thereon. The extraordinary summit ended with the adoption by the Heads of State and

Government of a number of measures aimed at restoring peace to Cote d'Ivoire. These include:

- (xiii) A strong condemnation of the attempt to overthrow democratic rule and constitutional order;
- (xiv) The recall of the decision of ECOWAS and the African Union refusing recognition of any regime which obtains power through the use of force;
- (xv) The establishment of a high-powered contact group, comprising the Heads of State of Ghana, Guinea Bissau, Mali, Niger, Nigeria, and Togo, with the mandate to make contact with the insurgents and prevail upon them to put an immediate end to the hostilities, restore normalcy to the areas occupied by them, and negotiate a general framework for the resolution of the crisis;
- (xvi) An appeal to the international community to support actions taken by ECOWAS to restore peace and stability to Cote d'Ivoire.

309. The events in Cote d'Ivoire are of particular concern, coming as they do, so soon after the mutiny by soldiers in Niger. Furthermore, they undermine all our efforts to consolidate peace and security and promote economic and social integration. For these reasons, I strongly condemn this violence and again affirm the position of the African Union and ECOWAS to deny recognition to any power obtained by unconstitutional means. I wish to appeal to all members of the armed forces of the region to remain loyal to the democratically elected governments and to defend the constitution, independence and territorial integrity of our Member States.

1.5. Niger

310. The period between the end of July and the beginning of August 2002, witnessed the mutiny of certain elements of the armed forces of Niger. According to official statements, about three hundred soldiers from three garrisons located at Diffa, N'Guigni and N'Gouri mutinied for reasons that remain unclear. Their demands were essentially material, and included a 100% increase in their allowances, as well as improved living conditions.

311. According to the same sources, these demands were unjustified since soldiers in Niger are paid their entitlements regularly. Investigations are still on-going to determine the reasons for their action, though it should be recalled that six mutinies have taken place in Niger between 1991 and 2002.

312. We want to seize this opportunity to commend the government of Niger for acting to create an environment conducive to the speedy restoration of peace and normalcy to all parts of the country.

1.6. Guinea Bissau

313. The situation in Guinea Bissau, which has been monitored on a continuous basis by ECOWAS since the internal crisis of 1998, needs to be given special attention. That is why ECOWAS has made several appeals calling on the international community to honour its commitment to the assistance needed.

1.7. The Humanitarian Situation

314. The humanitarian situation in Sierra Leone has improved, with the end of the war and the organisation of democratic elections on 14 May 2002. Through the efforts of the United Nations and numerous humanitarian agencies, particularly the United Nations High Commission for Refugees (HCR), humanitarian corridors were opened up to secure the movement of refugees and displaced persons in Sierra Leone.

315. In Liberia, the situation gives cause for much concern because of the fighting between the Liberians United for Reconciliation and Democracy (LURD) and government forces. The Mediation Council has urged humanitarian agencies to take all necessary measures to assist the civilian population, particularly women and children who are the most vulnerable victims of the crisis. This appeal is in support, not only of the refugees and displaced persons, but also of the host communities.

316. I should like to seize this opportunity to express my deep gratitude to all international and local humanitarian agencies for the remarkable work they have carried out with competence and dedication, despite the difficult conditions under which they operate.

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

317. A fresh impetus was given to the implementation of the protocol on the mechanism for conflict prevention, management and resolution, peace-keeping and security, with the establishment of most of its institutions and organs, and the building up of its capacities.

1.9. ECOWAS Stand-by Units

318. A consensus was reached at the fourth meeting of the Defence and Security Commission, on the strength and organisation of the ECOWAS stand-by units. It was agreed that a company should comprise 150 men, and a battalion, a minimum of 650. Modalities for the inspection of the stand-by units will be determined by the Executive Secretariat. Each Member State will be responsible for the training of its men. Officer training programmes will be conducted respectively at the Zambrako Peace-keeping College, for tactical studies; at the Kofi Annan International Peace-keeping Centre, for operations and at the Nigerian War College in Abuja for strategic studies.

319. The third meeting of the Defence and Security Commission was held in Abuja, on 16 and 17 May 2002, to examine operational procedures for the ECOWAS stand-by units. In accordance with the decisions of this meeting, the commission met again in Abidjan, from 5 to 8 August 2002, to examine the report of the committee on the harmonisation of the organisation, equipment and operational procedures of the ECOWAS stand-by units, which had made pertinent recommendations thereon at its meeting in Abuja from 16 to 19 July 2002.

1.10. The Council of Elders

320. The Council of Elders held its inaugural meeting in Niamey from 2 to 4 July 2001, at which His Excellency Yakubu Gowon was elected as its chairman. The Twenty-fifth summit of Heads of State and Government held in Dakar in December 2001 extended the term of office of the members of the Council, and I addressed individual letters to each one, informing them of the decision. The Council sent observer teams to The Gambia, Zimbabwe, and Sierra Leone to monitor elections in these countries.

1.11. Accreditation of Ambassadors to ECOWAS

321. Following repeated appeals to the Member States to take appropriate measures for the accreditation of the Ambassadors to the ECOWAS Secretariat, in compliance with article 4 of the protocol, nine Ambassadors presented me with their letters of accreditation. These are the Ambassadors of Benin, Burkina Faso, Cote d'Ivoire, Ghana, Guinea, Mali, Nigeria, Senegal and Sierra Leone.

322. It is to be noted in this connection that the missions of two of our development partners have also presented their letters of accreditation to ECOWAS; these are France and Russia.

1.12. The Observation and Monitoring Centre and Zonal Bureaux

323. As part of our efforts to make the ECOWAS early warning system operational, I took measures, as directed, to seek additional assistance from

development partners. It should be recalled that financial assistance worth about two million euro was obtained in 2000 from the European Union to establish the initial structures for the system, and set up the observation zones of Banjul, Ouagadougou, Monrovia and Cotonou.

324. In order to strengthen the initial structures of the system, the ECOWAS Executive Secretariat seized the opportunity of an offer made by the government of the United States, of assistance in building the peace-keeping capacity of ECOWAS, to solicit additional assistance.

325. With regard to the development of the early warning system, ECOWAS and the American Command in Europe (USEUCOM) have undertaken a number of exchange missions, culminating in the design of an enhanced communications system equipped to link the Executive Secretariat to all the Member States by satellite, thereby facilitating the exchange of information. The equipment has already been installed at the Executive Secretariat and installation will soon be completed in the Member States, thus putting an end to the communications this programme has been facing.

10.13. The Moratorium on the Importation, Exportation and Manufacture of Light Weapons

326. The moratorium on the importation, exportation and manufacture of light weapons was declared by the Heads of State and Government on 31 October 1998, and renewed for a further period of three years, from 1 November 2001. The moratorium, which is a component of the regional mechanism for conflict prevention, management and resolution, peacekeeping and security, is a concrete strategy aimed at curbing the illegal circulation of light weapons and small arms in the region. The strategy is expected to contribute to the achievement of lasting stability by limiting the number of arms accessible to unauthorised people.

327. The twenty-fifth session of the Authority of Heads of State and Government held in Dakar in December 2001 called on Member States to honour their commitments under the Code of Conduct, in order to ensure the effective implementation of the moratorium, particularly the establishment of the national commissions. So far, the national commissions have been set up only in The Gambia, Guinea, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo. I wish to use this opportunity to appeal to the remaining Member States to create their national commissions within the framework of the moratorium.

328. One of the responsibilities assigned to the Executive Secretariat is to screen applications for exemption from the moratorium sent in by Member

States. The Secretariat transmits such applications to the other Member States which may approve or reject them. In view of the delay by some Member States in treating these applications, I appeal to all Member States to speed up action on the applications and send their reactions to the Executive Secretariat, to enable it deal with the cases expeditiously.

329. In order to enhance the monitoring of activities undertaken within the framework of the moratorium, a liaison office of the United Nations Programme of Coordination and Assistance for Security and Development (PCASED) was established at the ECOWAS Secretariat in December 2001.

330. After three years of operating the moratorium, the Executive Secretariat, in collaboration with PCASED, was directed to organise a meeting to assess the implementation of the moratorium, with a view to determining the level of its application, its general impact, and problems hindering its effective implementation. The report on this evaluation will be submitted to the meeting of Ministers of Foreign Affairs during the coming statutory meetings.

10.14. The Supplementary Protocol on Good Governance and the Protocol on Corruption

331. In the context of the regional campaign to attack the root causes of conflict, promote democracy and the rule of law, and eradicate the scourge of corruption which seriously jeopardises our development efforts, I have used the forum of various meetings and colloquia to urge Member States to ratify the above Community acts without delay. I have indeed backed my verbal appeals to the Member States in writing, stressing that the application of these texts will determine the progress accomplished in conflict management and resolution.

ADMINISTRATION OF THE EXECUTIVE SECRETARIAT

332. During the period under review, the following actions were undertaken by the Executive Secretariat:

- (i) Organisation of the fifth meeting of the ad hoc Ministerial Committee on the selection and evaluation of statutory appointees held in Dakar in March 2002, to select candidates for the posts of Financial Controller and President of the ECOWAS Bank for Investment and Development. The President of the Bank, Mr. Christian Narcisse Adovelande of the Republic of Benin, has

assumed duty. Another interview of the candidates for the post of Financial Controller was conducted on 26 August 2002;

- (ii) Organisation of the fourth and fifth meetings of the Ad hoc Ministerial Committee on the restructuring of the Executive Secretariat, held in April and July 2002, respectively;
- (iii) The interview for the recruitment of a Director for the Infrastructure and Industry Department (a post allocated to Sierra Leone) was held on 18 and 19 July 2002. The successful candidate assumed duty on 1st September 2002;
- (iv) Renewal of expired leases on houses occupied by staff of the Executive Secretariat. The Secretariat encountered serious problems in the conduct of this exercise, including the lack of suitable accommodation and the extremely high rents, well beyond the 10% ceiling approved by Council for rent increases. The situation on the real estate market and the realities of our own needs forced the Secretariat into paying rent increases of 40% or more;
- (v) In compliance with the directive of the Council of Ministers, the Secretariat advertised invitations to tender for the construction of housing for G and M staff categories and concluded screening of the technical aspects of the bids. Shelter-Afrique won the tender, based on its experience in housing development in Africa. Negotiations are under way with the organisation;
- (vi) Vacancies were advertised in the Member States for the following posts:
 - < Director, Political Affairs;
 - < Director, Humanitarian Affairs;
 - < Director, Peace-keeping;
 - < Interpreters and Translators.

The applications and curriculum vitae received are being screened and interviews will be organised shortly.

- (i) With regard to the Executive Secretariat computerisation programme, tenders for the job have been screened, and purchase orders will be issued as soon as the report of the Tenders Board is approved by Management. However, a large number of equipment items have already been purchased and assigned to staff members based on their requirements. Local networking has been set up, covering 90% of the Secretariat, and

software has also been developed, tested and installed by the Community Computer Centre, for the computer-assisted execution of routine tasks, and to facilitate the administrative and financial management of the Secretariat.

333. The tasks to be executed in the immediate future include the following:

- (i) Negotiations for the construction of housing for G and M staff will be concluded with Shelter-Afrique. However, the actual take-of of the project will be contingent upon the approval by Council of the financing plan proposed by Shelter-Afrique;
- (ii) Retreats were organised for two sets of staff in September at Badagry and in October 2002 at Jos, to deliberate on and elaborate strategies for staff performance enhancement;
- (iii) Appropriate measures are being taken to ensure that the restructuring of the Executive Secretariat is completed by the end of the year or during the first quarter of 2003, at the latest, and to this end, the recruitment of the additional staff approved has been embarked upon.

THE FINANCIAL SITUATION OF THE COMMUNITY INSTITUTIONS

I. THE EXECUTIVE SECRETARIAT

334. An analysis of the financial situation of the Executive Secretariat reveals that, as at 15 August 2002, only six Member States, namely Benin, Ghana, Mali, Nigeria, Senegal and Togo, had fully paid their contributions to the budget of the Executive Secretariat. However, payments through the Community levy by twelve Member States have yielded a total of UA8,757,170 or US\$11,391,036 since the beginning of the year (see table). Despite these commendable efforts, some Member States still owe huge arrears of contributions: Liberia (21 years), Mauritania⁸ (17 years), Gambia (13 years), Cape Verde and Guinea-Bissau (12 years), Niger (7 years), and Guinea (6 years).

⁸ Mauritania's withdrawal from the Community became effective on 31 December 2000.

335. Total arrears of contributions as at 31 December 2001 stood at UA27,042,590.52, down from UA30,970,514.52 for 31 December 2000 and representing a drop of 12.68%.

336. Contributions to the 2002 budget amount to UA9,561,000. The sum of UA3,000,000 is also expected as arrears of contributions, bringing total contributions to the 2002 budget to UA12,561,000.

337. Total payments by Member States as at 15 August 2002 stood at UA8,757,170, which breaks down as follows:

(ii)	Arrears of contributions	UA 2,699,167
(iii)	Contributions to current budget	UA 6,057,296.

338. The situation as at 15 August 2002, eight months into the financial year, was as follows:

- (i) rate of recovery of annual contributions was 63.35%, instead of the expected 66.66%, leaving a deficit of UA316,067 or 4.95%;
- (ii) rate of recovery of arrears was 89.99% of the budgeted UA3,000,000, and 8.72% of total arrears owed by Member States.

Payments Received as at 15 August 2002

COUNTRY	UA	US\$	EURO (□)
BENIN	214,003	275,556	304,898
BURKINA FASO	567,855	752,832	809,046
COTE D'IVOIRE	642,008	826,701	914,694
GAMBIA	94,352	140,000	134,427
GHANA	747,670	962,760	1,065,235
GUINEA	310,337	400,000	442,149
GUINEA BISSAU	29,960	38,579	42,686
MALI	398,694	513,390	568,035
NIGER	267,504	378,954	381,123
NIGERIA	4,693,258	6,083,016	6,686,673
SENEGAL	631,026	812,560	899,048
TOGO	160,503	206,677	228,674

1.2. External Resources

339. The assistance received from donors towards the financing of ECOWAS programmes in 2002 was a clear indication of their growing interest in ECOWAS activities. As at 15 August 2002, the Executive Secretariat had received the following amounts from donors:

<	Japanese government	US\$ 100,000
<	Canadian government (child protection)	US\$ 38,732
<	USAID (Gas pipeline project)	US\$ 107,903
<	ADB	US\$ 20,000
<	European Union	□ 33,275
<	IFAD (ECOWAS/UEMOA project)	FCFA 18,143,750

II. THE ECOWAS PARLIAMENT

340. As at the end of September 2002, only Mali and Nigeria were fully paid up in their contributions to the 2002 budget of the ECOWAS Parliament. At the same date, Guinea had paid 79% of its contribution, while Benin had paid 41.4%. The total amount paid was US\$2,679,802, representing 40% of the expected total contributions to the 2002 budget. Contributions to the 2001 budget totalled US\$6,006,475.52 or 64% of the US\$9,401,500 vote.

III. THE WEST AFRICAN HEALTH ORGANISATION (WAHO)

341. The financial situation of the West African Health Organisation experienced some improvement compared with 2001 when only UA504,230 or 16% of its budget vote of UA3,182,187 (US\$4,146,103) was realised. The situation improved in 2002 on account of payment of some arrears and contributions to the current budget.

IV. IMPLEMENTATION OF THE PROTOCOL ON THE COMMUNITY LEVY

342. At various summits, the Heads of State and Government have repeatedly appealed to Member States to take urgent measures to improve the financial situation of the Executive Secretariat and other Community Institutions, by effectively implementing the Community levy, which is the most effective solution to the perennial problem of arrears of contributions. The Executive Secretariat has been monitoring on a regular basis the proper implementation of the Community levy in all the Member States.

343. Early in 2002, the Executive Secretariat communicated to all Member States the modalities for the implementation of the Community levy and

stressed the obligation to transfer proceeds from the levy into accounts opened by the Executive Secretariat for that purpose. This measure was necessitated by the results of an assessment of the implementation status of the Community levy carried out by the Executive Secretariat in August and September 2001. The report of this evaluation which was presented to the Council of Ministers, revealed a number of shortcomings in the implementation of the levy, particularly as regards taxation of goods, modalities for the recovery of the proceeds of the levy, payment of the proceeds into ECOWAS accounts, and the transfer of the proceeds to the Executive Secretariat.

344. During the second half of 2002, delegations from the Executive Secretariat, led respectively by the Deputy Executive Secretaries for Administration and Finance and for Policy Harmonisation, accompanied by officials from the newly established ECOWAS Bank for Investment and Development, visited Member States to assess the functioning of the Community levy, in accordance with the provisions of Article 21 of the protocol on conditions for the application of the Community levy which stipulates: "The Executive Secretariat shall, in collaboration with the Member States, present an evaluation report to the Council of Ministers, on the mechanism of the Community levy before the expiration of the transition period" and that "Council shall, on the basis of this evaluation report, determine the arrangements necessary to ensure a smooth passage to the substantive regime". It should be noted that the protocol having entered into force on 1st January 2000, the substantive regime comes into effect on 1st of January 2003, at the end of the three-year transition period provided for in Article 19 of the protocol.

345. The missions undertaken by the Executive Secretariat were also mandated to assess the adjustments effected by the Member States as a result of the first evaluation mission, verify amounts collected by Customs departments and amounts collected into the ECOWAS accounts on the one hand, and request those Member States which are yet to start complying with the conditions stipulated in the protocol to start doing so before the end of the year.

MOBILISATION OF EXTERNAL ASSISTANCE

346. On the whole, ECOWAS can be said to be enjoying a favourable atmosphere, given the greater degree of commitment from the donor community towards the implementation of its development and economic integration programmes. The major donor agencies are today agreed that regional integration, like national policies, can contribute to conflict prevention, boost growth, and reduce poverty. For this reason, USAID, the World Bank, the

IMF, the United Nations and France, following in the footsteps of the European Union, have formulated, or are in the process of formulating, strategies for regional cooperation with West Africa through ECOWAS, to support our integration programmes.

I. INTERNATIONAL SUPPORT TO NEPAD

347. The Executive Secretariat organised the first meeting with potential development partners in Dakar on 8 June 2002 to solicit their assistance in building its capacity to fulfil the role of coordinating the implementation of NEPAD in West Africa. All the development partners invited responded positively to the invitation, and pledged their support to ECOWAS. These partners were Canada, represented by the Canadian International Development Agency (CIDA), France, represented by its Ambassador to Dakar, the French Development Agency (AFD), the United Kingdom, represented by the Department for International Development (DFID), the European Union, the African Development Bank (ADB) and the World Bank.

348. In the follow-up to this first meeting, a team comprising CIDA, the ADB and the World Bank visited ECOWAS from 19 to 26 July 2002, to assess, in collaboration with the relevant ECOWAS officials, the needs of each of the technical departments of the Executive Secretariat. These needs have been compiled into a document which was presented by the Secretariat at a second donors meeting held in November 2002.

II. COOPERATION WITH THE EUROPEAN UNION

349. Institutional arrangements for regional cooperation with the European Union are at three levels, namely: ACP-EU cooperation, the regional indicative programme (RIP) and ECOWAS-EU dialogue.

2.1. ACP-EU Cooperation

350. ACP-EU regional cooperation is essentially governed by the provisions of the Cotonou Agreement. Under the terms of this agreement, regional integration organisations are responsible for project implementation, especially in the two crucial areas of economic and trade cooperation and preparation of the regional indicative programme.

2.2. Economic and Trade Cooperation: Economic Partnership Agreements (EPAs)

351. In accordance with the provisions of Decision A/DEC.11/12/01, on the negotiation of an economic partnership agreement between West Africa and the European Union, the Executive Secretariat was granted funding from the European Commission for the conduct of two studies, respectively, on the impact of EPAs on the economies of Member States, and the compatibility of national trade policies within the framework of the regional economic integration process. Two experts have been recruited for each of the studies, which took off in September 2002.

352. A meeting of Ministers of Trade, Finance and Economic Affairs was convened in Cotonou on 10 and 11 September 2002 to prepare the active participation of the region in EPA negotiations, which were launched on 27 September 2002. The ministerial meeting was preceded, from 9 to 11 September, by an experts' meeting, sponsored by the European Commission through the Executive Secretariat. The purpose of these meetings was to adopt strategies for negotiating a West Africa/European Union regional economic partnership agreement (REPA), which would be most responsive to the economic growth and development aspirations of the region. Mauritania is associated with ECOWAS for the purposes of the negotiation of the economic partnership agreement (refer to Section H on "cooperation in trade" for the outcome of the Cotonou meetings on EPAs).

2.3. Regional Programming under the 9th EDF

353. The ECOWAS national authorising officers, the national authorizing officer of Mauritania, the ECOWAS Executive Secretariat, the UEMOA Commission and the European Commission met in Dakar on 8 June 2002, to agree on guidelines for regional cooperation between West Africa and the European Union for the 9th EDF under the Cotonou Agreement.

354. The meeting was presented a socio-economic diagnostic analysis of the region, highlighting the policy agenda of West African integration, and the outcome of the meetings held on 5 and 6 June 2002 with representatives from the civil society, the private sector, IGOs and other development partners. It also took note of the conclusions of the various workshops on regional integration and on the trade, transport, and social sectors, conflict prevention and good governance.

355. Based on these presentations, the meeting agreed on the outlines of a regional cooperation strategy for West Africa, whose objectives, in line with the terms of the Cotonou Agreement, are poverty reduction and the integration of the West African region into the global economy. It was agreed that the 235 million euro regional indicative programme should focus on the following two areas of concentration:

- (i) regional economic integration and trade;
- (ii) transport.

356. The results anticipated in the first area of intervention, which will attract 50% of the allocated resources include:

- (iii) Establishment and consolidation of an ECOWAS Customs Union;
- (iv) Enhancement of economic stability with a higher degree of convergence in macroeconomic policies;
- (v) Preparations for trade negotiations within the WTO framework and an economic partnership agreement with the EU, and facilitating the implementation of the agreements resulting from these negotiations;
- (vi) Strengthening of the institutional capacity of ECOWAS and UEMOA.

357. The results anticipated in the second area of intervention, which will consume 35% of allocated resources are:

- (vii) Elimination of obstacles to the use of infrastructures;
- (viii) Improvement of maintenance on priority regional infrastructures, and
- (ix) Harmonisation of technical standards and safety regulations.

358. In addition to these two areas of concentration, the regional strategy is expected to support regional policy on conflict prevention and good governance, health, education, research, culture, new information and communications technologies and food security.

359. The official ceremony for the signing of the regional indicative programme under the 9th EDF will take place in Abuja, early in 2003.

2.4. Monitoring of the Implementation of the Regional Indicative Programme (RIP) under the 8th EDF

360. The main ECOWAS programmes sponsored by the European Commission under the 8th EDF are all being implemented. The breakdown of funding under the 8th EDF is as follows :

- (i) The ECOWAS Mechanism for Conflict Prevention, Management and Resolution, Peacekeeping and Security: □1, 999, 000.

- (ii) Institutional support to ECOWAS:
- (a) building of ECOWAS capacity (□1,950, 000), including hiring the services of a long-term adviser on regional integration, who has already been recruited. The first work programme prepared by the consultant was approved by the European Union and signed by both contracting parties. The major activities contained in the work programme include:
- < promotion of trade liberalisation;
 - < support for the harmonisation of macroeconomic policy through national coordinating committees;
 - < exchange of technical expertise between institutions for cooperation;
 - < training of staff of the ECOWAS Executive Secretariat.
- (a) Support to ECOWAS in the area of statistics: □1,950,000. A consultant has been recruited and a contract negotiated. Work will commence on the study by the end of the year.
- (ii) Study for the creation of an integrated transport system in West Africa (ITSWA): □1, 950,000.
- (iii) Study to assess the impact of a common external tariff (CET) on ECOWAS Member States. Work is in progress on the study.
- (iv) Conduct of a feasibility study on export credit insurance. Work is in progress on the study.
- (v) The ECOWAS Festival of Arts (request for funding under consideration by the European Commission).
- (vi) Organisation of an agro-industrial forum in West Africa: □1, 900,000. The project is on-going.
- (vii) Study on the possibility of direct budget support to ECOWAS.

2.5. Monitoring of ECOWAS-European Union Dialogue

361. Since 1998, ECOWAS and the European Union have held structured, detailed discussions on economic and political issues. The two institutions meet alternately in Abuja and Brussels at the following levels:

- (viii) meetings of Heads of the two institutions;

- (ix) meetings of Ambassadors;
- (x) ministerial meetings.

362. My first meeting with the European Union Ambassadors was held on 10 May 2002 to strengthen EU-ECOWAS cooperation and to exchange views on cooperation between both institutions.

III. COOPERATION WITH THE ICRC

363. Within the context of the bilateral cooperation between the International Committee of the Red Cross (ICRC) and ECOWAS, the ECOWAS Secretariat was represented at a seminar held in Abidjan, from 28 to 31 January 2002, on the ratification and implementation of the Statute of the International Criminal Court.

IV. COOPERATION WITH THE UNITED STATES OF AMERICA

364. Against the background of ECOWAS/United States cooperation, and as a follow-up to the American Government Presidential Determination recognising ECOWAS as a bilateral partner, a delegation of American army officers paid a 7-day working visit to the Executive Secretariat from 25 to 31 January 2002, to identify and assess the needs of the organisation in terms of technical assistance in setting up a communications system.

365. After three days of work and discussions, the American delegation promised to examine and follow up on the ECOWAS request for assistance within three months. They undertook to set up a reliable information and communications system and strategic planning unit, and also provide logistic support to the standby units.

366. The United States European Command (USEUCOM) delegation paid a second working visit to the Executive Secretariat on 16 and 17 May 2002. This visit coincided with the 3rd meeting of the Defence and Security Commission, and the delegation was able to brief the Commission on the outcome of their initial mission in January, and on the other regional programmes for which they would be able to provide assistance. A USEUCOM delegation met with the Secretariat Management on 20 and 21 June 2002, to inform them of the arrival of communications experts.

367. A delegation of officers and civilians from the Office of the Secretary of State for Defence and from the State Department, led respectively by Theresa Whelan and Greg Engle, paid a working visit to the Executive Secretariat to formulate strategies for fostering bilateral cooperation between ECOWAS and the American Government.

368. After reviewing the political and security situation in the region and discussing the ECOWAS conflict prevention mechanism, the delegation disclosed that the American government was prepared to support ECOWAS in the implementation of its regional cooperation programme.

369. The promised support will be in the form of assistance to ECOWAS in conflict prevention, management, resolution, peacekeeping and security, and the inclusion of ECOWAS in the African Crisis Response Initiative (ACRI). The American government will also provide technical and logistic support to the ECOMOG standby units, by way of equipment and the creation of depots.

370. USEUCOM has already set up the modern communications equipment which forms the Secretariat's section of the early warning system designed to facilitate communication with the Member States. Some Member States will also have similar equipment installed.

371. Under the sectoral programmes, USAID has increased the amount earmarked for technical assistance in capacity building in the energy sector, by US\$2.25 million. USAID interventions in favour of the introduction of a common external tariff have also been increased. The agency also co-financed the private sector forum on regional integration which was held in Accra on 23 and 24 October 2002.

V. COOPERATION WITH FRANCE

372. As part of measures to strengthen cooperation between ECOWAS and France, a delegation from the French Ministry of Foreign Affairs, led by the Director of the Africa and Indian Ocean Department, Mr. Gerard Gros, paid a working visit to the Executive Secretariat on 16 and 17 May 2002. The delegation was accompanied by the French Ambassador to Nigeria, His Excellency Jean-Marc Simon, and included officers of the French Army and Ambassador Guy Zais, Head of RECAMP programmes.

373. The visit of the French delegation coincided with the third meeting of the Defence and Security Commission. The delegation presented a paper on RECAMP programmes in Africa, in which it highlighted possible areas in which France could provide assistance to ECOWAS Member States at both the bilateral and regional levels. The delegation informed the Commission of the French Government decision to entrust ECOWAS with responsibility for the implementation of the French regional cooperation programme for West Africa. It was proposed, in this regard, that joint military exercises should be organised in one of the Member States in 2003/2004, in association with ECOWAS.

374. Under the sectoral programmes 1.1 million euro have been made available to ECOWAS by the French Government for the establishment of an observatory on energy.

375. Another delegation from the French Government visited the Secretariat from 2 to 4 October 2002 within the framework of ECOWAS/French cooperation. At the end of the visit, the delegation pledged assistance for the implementation of NEPAD, capacity building for trade negotiations, multilateral surveillance, the formulation of sectoral policies and training.

VI. COOPERATION WITH THE CANADIAN GOVERNMENT

376. The Canadian government made the Executive Secretariat a grant of 300,000 Canadian dollars for the creation and functioning of a Child Protection Unit. The unit is designed as an instrument for the incorporation of issues pertaining to the welfare of the child into the ECOWAS regional cooperation framework. It is responsible for the monitoring of the condition of children in conflict situations and their reintegration into society thereafter. The special adviser to the Executive Secretary on child issues assumed duty on 1 April 2002. Since his assumption of duty, the unit has presented a plan of action which will enable Member States to make significant progress in the protection of the rights of the child.

VII. COOPERATION WITH JAPAN

377. During the period under review, the Japanese government made a grant of \$US 829,000 available to ECOWAS for capacity building in the energy sector, to supplement the efforts of other donors in this area.

VIII. COOPERATION WITH THE OAU

378. The Deputy Executive Secretary for Political Affairs, Defence and Security and the Head of Zonal Bureau 2 in Ouagadougou, attended a meeting of the OAU and regional organisations, at the OAU Headquarters in Addis Ababa on 8 and 9 May 2002. ECOWAS was able to make its contribution to the formulation of the OAU project on conflict prevention and resolution within the framework of the African Union. The Secretariat also attended the inaugural AU summit in Durban in July 2002.

IX. COOPERATION WITH THE ADB

379. In 2002, the ADB pledged the sum of US\$2.5 million to the Executive Secretariat, for the conduct of feasibility and technical studies on the

interconnection of railway networks of the ECOWAS Member States. The Secretariat is expected to provide a counterpart of 5% (US125,000) for the project. The ADB also undertook to provide 10 million units of account to fund the floating weed control programme.

X. COOPERATION WITH THE OECD/SAHEL AND WEST AFRICA CLUB

380. The ECOWAS Secretariat is building working relations with the OECD/Sahel and West Africa Club, which is actively involved in regional integration programmes. At a meeting convened by the Club in Accra in May 2002, and attended by His Excellency John Agyekum Kufuor, President of Ghana and the former Head of State of Mali, His Excellency Alpha Oumar Konare, the agenda included a review of the challenges of integration, and the definition of the concept of border countries initiated by President Konare. Guidelines were drawn up for the formulation of a plan of action. The ECOWAS Secretariat and the Club intend to finalise the plan of action by the end of the year, and launch activities for the reinforcement of the West African economic integration process.

XI. ECOWAS/UNITED NATIONS COOPERATION

381. The Deputy Executive Secretary for Political Affairs, Defence and Security, represented ECOWAS at a conference on human rights and democracy, jointly organised by the United Nations and the government of Guinea-Bissau in Bissau, on 15 April 2002. The Deputy Executive Secretary presented a paper on relations between civilians and the military.

382. The Deputy Executive Secretary for Political Affairs, Defence and Security, accompanied by the Programme Officer for the Observation and Monitoring Centre, also attended a meeting organised by the United Nations from 26 April to 3 May 2002, on cooperation between regional organisations. At the end of their deliberations, the organisations devised different strategies to strengthen cooperation among themselves in the areas of conflict prevention and the consolidation of peace.

XII. COOPERATION WITH UNESCO

383. A grant of US\$10,000 has been received from UNESCO to promote cooperation in the field of education and the fight against HIV/AIDS. A consultant has been engaged who is expected to propose a plan of action in basic education, including education in preventive measures against HIV/AIDS.

384. Prospects for the mobilisation of external resources for 2003 will depend upon the effective coordination of external aid, consolidation of the actions undertaken in preceding years, and the launch of new initiatives. It is

necessary in this regard, to strengthen cooperation with the existing partners, and improve on the programming and management of projects and programmes. It is also intended to diversify cooperation links to include the Scandinavian and Arab countries.

ACTIVITY REPORTS OF THE COMMUNITY INSTITUTIONS

I. THE DEVELOPMENT FINANCING INSTITUTIONS: THE ECOWAS FUND AND THE ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT (EBID)

385. This activity report which covers the period from October 2001 to August 2002, is in two parts. The first part contains a summary of the operational activities of the ECOWAS Fund during the period, while the second part focuses on the activities undertaken by the ECOWAS Bank for Investment and Development, following the assumption of office of its President on 12 June 2002.

1.1. Operational Activities of the ECOWAS Fund.

386. The current borrowings portfolio of the Fund is made up of the following:

- (xi) □2,434,568 from the European Investment Bank (EIB);
- (xii) UA10,846,901 from the African Development Bank (ADB) and the African Development Fund (ADF);
- (xiii) □8,000,000 from Credit Commercial de France (CCF);
- (xiv) □5,000,000 from Citibank.

387. During the period under review, the Fund pursued its resource mobilisation drive, yielding the following results :

- (xv) EXIMBANK USA: A protocol was signed on 27 October 2001. EXIMBANK has, in the first stage of the implementation of the accord, agreed in principle to guarantee a US\$10 million line of credit from Westminster Mortgage Finance Ltd, USA, to the Fund.
- (xvi) EXIMBANK SLOVAKIA: a memorandum of understanding has been negotiated and will be signed in the very near future.

1.2. Equity Participation

388. With respect to equity participation during the period, the Fund bought 10% of the share capital of the Lome Telecommunications Maintenance Centre. In all, 10,000 shares were acquired at a total cost of US\$200,000 (US\$20 per share).

1.3. Loan Operations

1.3.1. Commitments and Disbursements

389. As at 30 July 2002, total commitments of the Fund in favour of Member States stood at UA88.5 million. Disbursements within the same period amounted to UA66.63 million, or 75.58% of total commitments. This performance compares favourably with those of similar institutions.

390. Total loan commitments amounted to UA72 million, while disbursements stood at UA50.5 million, or 70.11%. The Fund's interventions covered all the economic sectors. The breakdown is shown in the table below:

The Loan Portfolio of the Fund According to Sector as at 31 July 2002 (in units of account)				
Sectors	Commitments		Disbursements	
	Amounts	%	Amounts	%
Infrastructure	57, 417,798	65	46, 786,236	81
<i>Roads</i>	31,900,183	36	21,268,621	67
<i>Telecommunications</i>	25,517,615	29	25,517,615	100
Industry	8,122,619	9	7,431,944	92
Rural Development	17,783,058	20	11,715,309	66
Lines of credit to SMEs/SMIs	4,830,756	6	692,125	14
Total	88,154,231	100	66,625,614	76

1.4. Project Identification

391. Project identification missions were despatched to Togo, Benin, Ghana and Nigeria. The Fund has also received a lot of direct requests from Member States. It participated in three meetings on the formulation of NEPAD

programmes which may constitute the priority areas of intervention of EBID and its subsidiaries.

1.5. Project Appraisal

392. During the period under review, three new projects comprising a line of credit and two agro-processing units were evaluated. The projects are estimated to cost UA8.2 million.

393. The Board of Directors has approved the financing of two projects at a cost of UA9,576,459. Within the same period, loan agreements were signed for road projects at a cost of UA8,138,048.

II. ACTIVITIES UNDERTAKEN BY EBID FROM JUNE 2002 TO AUGUST 2002

394. The President of EBID officially assumed duty on 12 June 2002. From that time till the end of August 2002, measures were taken to ensure the effective take-off of the institutions of the EBID Group.

2.1. Monitoring of the Recommendations of the Last Meeting of the Ad Hoc Ministerial Committee.

395. The recommendations of the 21st meeting of the ad hoc Ministerial Committee on the Enhancement of the Resources of the ECOWAS Fund were approved by the Council of Ministers at its 6th extraordinary session held in Abuja on 27 and 28 August 2002.

396. Concerning the implementation of these recommendations, the redeployment of the staff of the ECOWAS Fund to the three institutions is being carried out with the assistance of the Managing Directors of ERIB and ERDF. The President of EBID has had separate discussions with the professional staff of the ECOWAS Fund.

2.2. Missions and Meetings

397. The President of EBID undertook official missions to Benin, Togo, Nigeria and Senegal, during which he was granted audience by the Heads of State of the first three countries. The President also attended:

- (i) The 19th meeting of the ad hoc Ministerial Committee of Experts in Lome, from 29 June to 3 July 2002 and the 21st meeting of the ad hoc Ministerial Committee in Lome, on 4 and 5 July 2002;
- (ii) The 6th extraordinary session of the Council of Ministers in Abuja on 27 and 28 August 2002.

2.3. Assistance to the Subsidiaries

398. The President of EBID held discussions with the Managing Directors of ERIB and ERDF on the activities of the subsidiaries and the ongoing process of the establishment of the new institutions.

399. The President, the Managing Directors of the subsidiaries and officials of USAID held a working session on the document "Strategic Alternative for the New Financial Group of ECOWAS" prepared by USAID. This working session afforded them the opportunity to review assistance from USAID to EBID and its subsidiaries.

2.4. Other Activities

- (iii) A document entitled "Vision of EBID" was prepared and made available to potential corporate and financial partners of the institution. The document highlights the fundamental principles and vision of the bank in the light of the role assigned to it. An information memorandum has also been prepared, outlining the strategic orientation, the market and financial prospects of EBID and its subsidiaries;
- (iv) Preparation of the draft EBID Statement of General Policy;
- (v) Opening of a foreign current account with BCEAO to receive the called-up capital of Member States and non-regional shareholders;
- (vi) Drafting of proposals for amendment of the Headquarters Agreement signed between the Togolese Government and the ECOWAS Fund to reflect the transformation of the Fund into a holding company with two subsidiaries;
- (vii) Preparation of draft terms of reference for the External Auditor of EBID and its subsidiaries;
- (viii) Consideration of draft rules governing ERIB and ERDF;

- (ix) Preparation of a report on the legal measures to be taken within the framework of the commencement of the activities of EBID and its subsidiaries;
- (x) Requests to Member States to send the names of Governors and their alternatives, in view of the impending convocation of the first meeting of the EBID Board of Governors.

2.5. Prospects and Strategies for Implementation of Decisions

400. The measures put in place to ensure the smooth and rapid take-off of EBID and its subsidiaries will be vigorously pursued.

2.5.1. Establishment of the Decision-making Organs of EBID

401. The primary objective is to ensure the entry into force of protocol A/P1/12/01 amending articles 1, 3, 6, and 21 of the revised ECOWAS Treaty and protocol A/P2/12/01 relating to EBID, by securing their ratification by a minimum of nine Member States. This will pave the way for the organisation of the first meeting of the Board of Governors which will serve as a constituent General Assembly.

402. These first meetings of the EBID's decision-making organs will make it possible to take decisions on the following important EBID issues:

- (xi) Payment of the first tranche of called-up capital;
- (xii) Approval of the draft Statement of General Policy and Procedure, the strategic plan, including the financial prospects;
- (xiii) Approval of draft internal organisation and procedures;
- (xiv) Approval of draft Staff Rules and Regulations;
- (xv) Appointment of the External Auditors and their alternates;
- (xvi) Approval of the draft cooperation agreement with the subsidiaries;
- (xvii) Identification of non-regional shareholders to secure their capital subscriptions;
- (xviii) Approval of EBID's subscription of the subsidiaries' share capital and payment of the first tranche.

2.6. Launching of the Subsidiaries: ERIB and ERDF

403. EBID will ensure full subscription of the share capital of ERIB and ERDF by holding the proportion of shares allocated to other shareholders, and also pay the first tranche of called-up capital. These measures will enable the subsidiaries to convene the first meeting of their respective governing organs and put in place the measures necessary for the effective take-off of their activities.

2.7. Identification of Corporate and Financial Partners

404. The potential partners initially targeted will be systematically contacted in order to secure the full subscription of the share capital of EBID and define a framework for cooperation in the mobilisation of financial resources and other activities to assist EBID and its subsidiaries.

2.8. Promotion of the EBID Group

405. Priority will be given to the promotion of the EBID Group in regional and international business and financial circles. A series of promotional activities will be carried out through the media, brochures, the web site, fora, etc.

III. THE WEST AFRICAN MONETARY AGENCY (WAMA)

406. The West African Monetary Agency (WAMA), which is responsible for the implementation of the ECOWAS monetary cooperation programme, has found it extremely difficult to function in the last few years due mainly to the shortage of staff. A new Managing Director, Mr. Yacouba Nabassoua assumed duty at the beginning of 2002, and with the assistance of the Central Banks, measures have been taken by him to revitalise the institution.

407. The Central Banks have loaned staff to WAMA as a palliative to its staff shortage problem, and enable it to carry out the programme of the institution pending the recruitment of permanent staff.

408. WAMA has resumed implementation of its monetary cooperation programme, holding meetings of the Committee of Governors of Central Banks, and strengthening cooperation ties with the ECOWAS Secretariat and the WAMI Management. It has also formulated proposals for the transfer of the ECOWAS Travellers Cheque operation to the private sector.

IV. THE WEST AFRICAN HEALTH ORGANISATION (WAHO)

409. During the period under review, WAHO received assistance from the government of Burkina Faso, and in particular, from the Ministry of Health, which enabled the institution to install a new telephone system at a cost of FCFA7,523,420 in replacement of the old.

410. The institution stands in dire need of technical staff in every area, to enable it to function. This, however, is hampered by the lack of financial resources. It is fortunate that a member of Tulane University has been seconded to WAHO to serve for a year.

411. The staff accommodation problem has not yet been satisfactorily resolved. Only a few of the houses inherited from the defunct OCCGE have been renovated owing to financial constraints. As at the end of August 2002, the Ministry of Health of Burkina Faso was yet to find permanent accommodation for the Director-General and his Deputy as stipulated in the Headquarters Agreement.

412. Management has not been in a position to undertake any work on the Headquarters buildings. The Organisation is relying on the good offices of the Burkina Faso government to complete and renovate the buildings housing the secretariat and its annexes.

413. Communication within WAHO has improved significantly since the installation, by the Burkina Faso government of a new telephone system. The University of Tulane (Payson Center) has donated 5 laptops, two computers, a hub and a distribution centre for internal connectivity and electronic mail, a scanner and a CD player. The new equipment, costing \$20,000, has done much to improve the working environment at the secretariat. Discussions are under way with FSPS and Tulane University to further improve the communication system. The Hellen Keller International Foundation, USA (HKI) has also donated a laptop and commissioned a study to assess the communications needs of the institution. The study report has already reached the Secretariat. WAHO now has a website (www.waho.ooas.org) and a satellite antenna will soon be made available to it. USAID/FSPS/Tulane University will engage the services of a computer specialist who will be seconded to WAHO for three months to ensure that the new connectivity at WAHO is fully operational. The three institutions will also finance the computerisation of the WAHO Headquarters, which will be equipped with Internet/intranet facilities at an additional cost of US\$7,300.

414. Measures are being taken to solve the transport problem of the organisation. The Director-General now has a new official vehicle. An old vehicle inherited from OCCGE has been grounded on account of its condition.

415. As at the end of August 2002, the request submitted to the Government of Burkina Faso by WAHO for a bank account to be opened in its name had not yet been approved by the relevant authorities. WAHO continues to lose foreign exchange as a result.

416. The library is being upgraded by Tulane University. The needs of the library have already been evaluated by a staff member of the university who will soon return to WAHO to carry out the full computerisation of documentation in the library. During his last visit, he put the WAHO information officer through a training course.

417. Top priority is being given to training in WAHO. Some staff members are pursuing advanced language courses in English or French, while the Director-General took a leadership course at Cambridge under the joint sponsorship of Sight Savers International (SSI) and Cambridge University.

418. By the end of August, WAHO had not yet received any funds from OCCGE member countries to enable it to liquidate its debts. This problem remains a source of concern.

419. WAHO has been unable to carry out its operations due to extreme budgetary constraints. Such programmes as have been implemented thus far have been funded by partners such as the ECA, UNIDO, WHO, UNAIDS, USAID, the World Bank, the Heller Keller International Foundation (HKI), Sight Savers International-UK (SSI), the Association for Assistance to Preventive Medicine, France (AMP), the UN, the Commonwealth Secretariat, the Department of Defence (DOD-USA), the Basic Support for Institutionalising Child Survival-Basic II-Survie and Tuscan University.

420. Meetings were also held with partners including the DFID, CIDA and UNDP in the expectation of obtaining their participation in the implementation of sections of the new WAHO strategic plan.

421. WAHO has concluded protocol agreements with some of its partners. The agreements are all the more important as they represent a commitment on the part of these donors to the development of WAHO.

422. The WAHO strategic plan has been completed, and a donors' meeting is scheduled for the fourth quarter of 2002. The new strategic plan will be at the top of the agenda, and it is expected that additional funds will be raised from the partners in support of the plan.

423. At the conclusion of the Yamoussoukro summit held in May 2002, ECOWAS was designated the coordinator for NEPAD implementation in West

Africa. WAHO is expected to play a crucial role in the implementation of the health segment of NEPAD in the West Africa region.

424. In conclusion, a number of recurrent problems impede the normal functioning of the organisation. These have already been enumerated, and may be summarised as follows :

- (i) inadequate funding;
- (ii) staff shortage in all departments;
- (iii) lack of housing for staff.

V. THE WEST AFRICAN WOMEN'S ASSOCIATION (WAWA)

425. WAWA was created by ECOWAS in 1987 to involve women in the regional development and integration process. WAWA is a specialised ECOWAS institution, which raised high hopes at the initial stages, but is currently experiencing serious difficulties in functioning normally, despite regular payment of the grant allocated to the association by ECOWAS. There are no operational programmes of WAWA with an impact on the life of women. Furthermore, there is no coordination between the different WAWA organs, and particularly between the coordinating bureau and officials of the association.

426. The ECOWAS Secretariat is in the process of formulating a strategy that will bring out more clearly the role and responsibilities of WAWA in the regional integration process (Cf. ECOWAS policy on gender issues, paras 324-325).

VI. THE COURT OF JUSTICE

427. The ECOWAS Court of Justice is the organ of jurisdictional control, with adjudicatory responsibility over issues relating to the fulfilment by Member States of their commitments to the organisation, disputes and verification of the legality of the acts of the ECOWAS institutions.

428. The Court presides over disputes between Member States or any issue that the Authority may choose to refer to it. The Court adheres to the principle of law and equity in the interpretation and implementation of the provisions of the revised Treaty and its protocols. All decisions of the Court are binding on Member States, the ECOWAS institutions, individuals and corporate bodies. Only a Member State, on behalf of its citizens, may institute legal action against another Member State or an ECOWAS institution. However, the Authority, the Council of Ministers, Member States, the Secretariat or any other institution of the Community may solicit the legal opinion of the Court.

429. The Court is now fully operational. The draft rules of procedure of the Court were adopted by an extraordinary session of Ministers of Justice in Abuja

on 4 June 2002, and are divided into four sections, namely, organisation of the Court, general procedure, special procedures and miscellaneous provisions. The draft rules of procedure were, in turn, endorsed by the Council of Ministers at an extraordinary session held in August 2002 and recommended to the Authority for adoption.

430. The Ministers of Justice, at their meeting in Abuja on 4 June 2002, took note of the proposed amendments to the protocol on the Court of Justice submitted by the committee of legal experts; these are amendments of form necessitated by the revision of the ECOWAS Treaty.

431. The Court has undertaken different missions and attended various seminars during this period. The President of the Court, Justice (Mrs.) H.N. Donli, was received by the United Nations Secretary-General, Kofi Annan, on 2 July 2002.

432. The government of the Federal Republic of Nigeria has made offices available to the Court, and provided seven residences for its members.

VII. THE ECOWAS PARLIAMENT

433. The activities of the ECOWAS Parliament during the period under review, consisted mainly of special missions to sister institutions, and/or international and inter-parliamentary organisations, to represent the ECOWAS Parliament and formalise relations with them. The Parliament was represented at the last OAU/AU summit in Durban, in July 2002 and at the summit on sustainable development held in Johannesburg in August/September 2002. Some Members of the Parliament also visited the seat of the European Parliament.

434. A seminar was organised in Ghana by the Fredrich Ebert Foundation and the Legon Centre for International Affairs, on the West African Parliamentary system. It was attended by Members of the Parliaments of Benin, Cote d'Ivoire, Ghana, Senegal and Togo. On this occasion, the Speaker of the ECOWAS Parliament, Professor Ali Nouhoum Diallo, met with the Speaker of the Ivoirian Parliament, the Honourable Mamadou Coulibaly, and informed the latter of the desire of ECOWAS Members of Parliament to be joined by their Ivoirian colleagues in the very near future.

435. ECOWAS Members of Parliament visited Togo and the Mano River Union (MRU) on a mission to reduce tensions and create a climate of trust among the political leadership.

436. During the period between sessions, the Parliament recruited a Director of Administration and Finance, a Communications Officer, two (2) Accountants,

one (1) Protocol Officer and one (1) Personal Assistant to the first Vice-President.

CHAPTER III

ACHIEVING AFRICAN UNION AND NEPAD OBJECTIVES THROUGH ECOWAS

I. INTRODUCTION

437. This chapter focuses on two important continental initiatives that received considerable attention during the year within Africa and also on the international scene. It is argued in this chapter that the African Union and NEPAD constitute a new dawn and could make a significant difference to the pace and success of the development of the African economy. Much will depend on the implementation strategies adopted and the seriousness with which the two initiatives are pursued. Attention is consequently drawn to the regional approach that the West African leadership is lending to the NEPAD initiative, and a presentation is made of the role of ECOWAS as the regional focal point, and an indication of our commitment to create the required synergy between ECOWAS programmes and the NEPAD plans of action.

438. The Organisation of African Unity formally ceased to exist when the inaugural summit of the Assembly of Heads of State of the African Union (AU) was held in July 2002 at Durban, South Africa. At that summit, plans of action of the New Partnership for Africa's Development (NEPAD) were adopted as AU strategic plans for the development and integration of the continent. Prior to the Durban summit, the ECOWAS Authority had held an extraordinary session at Yamoussoukro in May 2002 to deepen West African ownership of NEPAD and to adopt strategies for an effective implementation of the NEPAD initiative in West Africa.

439. In recognition of the importance of these developments to the West African integration process, this chapter is devoted to a consideration of the role to be played by ECOWAS and its Member States in the implementation of NEPAD, and toward the realisation of the objectives of the African Union. It will be clear from the presentation that ultimately, the success of NEPAD and the African Union will depend on the level of contribution made by each of us as actors and stakeholders in these two laudable continental initiatives.

1.1 A New Era Dawns

440. When the World Bank posed the question "Can Africa Claim the 21st Century?" in its publication with the same title, it gave a qualified answer in the affirmative. Among the number of pre-conditions to be met, and the necessary

fundamental changes to be made in order to achieve sustained growth and development, were listed:

- (xix) improving governance and resolving conflicts;
- (xx) investing in people;
- (xxi) increasing competitiveness and diversifying economies;
- (xxii) reducing aid dependence and debt;
- (xxiii) strengthening partnerships.

441. If this list had been presented to African leaders in the early 1990s, it would have proved to be just one more set of elusive means for example, for achieving the equally tantalising goal of socio-economic development. One recalls that our leaders adopted with high expectations the African Economic Community (AEC) Treaty in 1991 and the revised ECOWAS Treaty in 1993, an apparent expression of their firm commitment to the highest form of regional cooperation. Yet the development and integration process continued to plod along laboriously, making hardly any impact on the deteriorating standard of living of the people.

442. However, by the turn of the century, the situation had evolved significantly and a new regional consciousness had emerged. Within West Africa, for example, there was a re-awakening of the spirit of regionalism when the ECOWAS and UEMOA summits were held at the same time in December 1999 at Lome. It was at that ECOWAS summit that it was decided to adopt a multiple-speed approach in order to accelerate West African integration. The Heads of State gave the then Chairman of the ECOWAS Authority, who also assumed the UEMOA Chairmanship, the mandate to oversee the harmonisation of ECOWAS and UEMOA integration programmes. Since then, many positive steps have been taken to streamline various regional instruments and enhance the integration process.

443. This revival of interest in regionalism within West Africa was matched at the continental level; the new millennium dawned with the emergence of a collective will and determination of African leaders to work in concert towards the sustainable development of their respective national economies. This was manifested at the OAU summit at Lome in July 2000 where the Constitutive Act of the African Union was adopted. A year later in Lusaka, the OAU summit adopted the New African Initiative (a merger of the MAP and OMEGA initiatives) which evolved in October 2001 at Abuja into the new partnership for Africa's development (NEPAD). Another year later, in July 2002 at Durban, South Africa, the African heads of state formally adopted the statutes of the organs of the African Union, held the inaugural session of the AU Assembly and thus laid to rest the 39-year old OAU.

444. A similar positive development has also taken place within the international donor community, which is increasingly viewing regional

integration as a possible development tool to lift Africa out of underdevelopment and economic backwardness. The conversion of the OAU into the African Union with its greater emphasis on economic integration has received international endorsement. Even more encouraging is the reception given to the adoption of NEPAD, as witnessed by the attention devoted to this African initiative at the end of June 2002 by the G8 summit at Kananaskis in Canada.

445. Evidence of growing international support for regional integration among developing countries can amply be found on the ECOWAS scene, as examples in the preceding chapter indicate. The European Commission has increased both the allocation and areas of assistance to ECOWAS; the European Union has also accepted the decision of West African heads of state to negotiate a regional economic partnership agreement under the auspices of ECOWAS. The World Bank has adopted a regional integration assistance strategy (RIAS) that is geared toward supporting the creation of a unified regional market as adopted within the ECOWAS framework. The IMF has been paying increasing attention to the regional macro-economic convergence programme and has been holding frequent technical discussions with both the ECOWAS Secretariat and the West African Monetary Institute. The United Nations system – both the UN Secretariat and the specialised agencies – is fully involved in the different sector programmes of the Community. The bilateral donor institutions, led by USAID, have been equally supportive of ECOWAS initiatives.

II. AU AND NEPAD SHOULD MAKE A DIFFERENCE

446. At the end of their deliberations in Durban on the NEPAD progress report, the inaugural Assembly of the African Union adopted the "*Declaration on Democracy, Political, Economic and Corporate Governance*". The declaration is to serve as a blue-print and a point of reference for the implementation of the different NEPAD plans of action; it is a solemn commitment on the part of African leaders to adopt core values in the form of clear codes, standards and indicators of good governance in all its manifestations. One striking aspect of that declaration is a recall in the preamble of some twelve previous OAU summit decisions, starting from the 1980 Lagos Plan of Action and Final Act of Lagos, and ending with the 2000 Constitutive Act of the African Union.

447. Skeptics ask what is different about the African Union or NEPAD initiative to lead one to expect a happier fate than that suffered by all the previous declarations and schemes. It would be seen from the Constitutive Act of the African Union that there is comprehensive coverage of the areas of cooperation, with prominence being given to economic integration. There is provision for the strengthening of the institutional arrangements to achieve the supranational status required to drive forward the integration process. Above

all, and as is the case with NEPAD, there is high political commitment to implementation.

448. In the specific case of NEPAD, it provides a framework for the long-term development of the continent, with particular emphasis on the creation of a set of fundamental "pre-conditions". This is in the form of good governance in the political, economic and corporate spheres. NEPAD introduces a code of conduct, as indicated earlier in the declaration, which forms the basis for a peer review mechanism – relying principally on performance reports, written by an independent review team, the way credit rating agencies would assess country risk and determine the sovereign credit of a country; these reports are to be reviewed together by all participating countries and, in extreme cases, with the possibility of the AU Assembly forcing corrective measures on non-complying countries.

449. There has been growing acceptance and support for NEPAD thanks to the continued strong commitment of the originators of the NEPAD initiatives (President Olusegun Obasanjo of Nigeria, President Thabo Mbeki of South Africa and President Abdulaziz Bouteflika of Algeria produced the Millennium Partnership for the African Recovery Programme (MAP), while President Abdoulaye Wade of Senegal produced the OMEGA Plan. The two were merged into the New African Initiative at the 2001 OAU summit in July at Lusaka and was re-named the New Partnership for Africa's Development (NEPAD) at Abuja in October 2001. Observers such as Mr. Omar Kabbaj, the ADB President have described NEPAD as a window of opportunity that presents a long-term vision of an African-owned and African-driven development initiative. It introduces new institutional structures and a policy environment for establishing a global partnership beneficial to Africa. Indeed, it is its African origin, its comprehensiveness, the stress on creating an environment appropriate for sustained development, its focus on long-term development objectives, and the reliance on building viable partnerships that make NEPAD different from other previous initiatives.

450. The international community is getting to appreciate the value of the NEPAD initiative, as African leaders pursue their campaign of building a new international partnership in support of sustainable development of the African economy. One of the encouraging signs of this development is the positive outcome of the 2008 summit of the G8 – the adoption of the G8 Africa Action Plan constitutes an endorsement of NEPAD by the industrialised countries and their commitment to support its implementation. Following the UN Economic and Social Council directive in 2001 that the UN agencies should assist with the implementation of NEPAD, the 2001 annual regional consultative meeting of UN Agencies Working in Africa deliberated on appropriate strategies to be adopted. Subsequently, activities in support of NEPAD have been designed either by individual UN agencies or as thematic (sectoral) clusters by various ad-hoc

inter-agency working groups⁹. The September 2002 session of the UN General Assembly was presented with a preliminary overview report on these NEPAD support activities.

451. NEPAD is worth all the attention it has been receiving within and outside Africa. It is the obligation of all those with a stake in the development of the continent to encourage even greater attention to this novel approach to African economic emancipation and development.

2.1. AU, NEPAD and the Regional Approach

452. The coming into being of the African Union is a renewal of the commitment of the African leadership to the development of the continent through the political and economic integration process. The Constitutive Act modifies the charter of the OAU's political orientation of cooperation in Africa, by giving prominence to socio-economic cooperation. While, by the provisions of its article 33.1, the Act replaces the OAU Charter, the AEC treaty is made an integral part of the Act (article 33.2) and the Act supercedes the AEC treaty only where the relevant provisions of the two texts are found to be incompatible. Therefore, as was the case under the OAU arrangement, the AU also relies on the AEC treaty provisions for the economic integration of the continent. ECOWAS and the other regional economic communities (RECs) are to pursue the integration of their respective regions. It is envisaged that AU efforts will be directed at harmonising the policies, programmes and acts of the RECs to ensure eventual convergence. Wherever possible, the AU will also be expected to initiate continental policies and activities that will accelerate the overall development and integration of the continent.

453. The fundamental objective of NEPAD is to promote and accelerate the sustainable development of the continent; it is precisely within this particular context that the relevance of the NEPAD initiative can best be appreciated: what NEPAD offers to advance the cause of the African Union. The inaugural summit of the AU Assembly re-affirmed the adoption of NEPAD as the appropriate framework for achieving the development objectives of the African Union. In extending by another year the transition period for transforming the OAU Secretariat into the new AU Commission, the AU Assembly expected that all necessary measures would be taken to ensure that within a year, the AU Commission would be in a position to take full charge of managing NEPAD. In the mean time, the NEPAD implementation would continue under the

□ The seven thematic clusters formed to ensure a coordinated response by the UN system are macro-economic policies, trade and diversification; agriculture and environment; population and reproductive health; human resource development; infrastructure development; humanitarian and human rights issues; and information and communication technology.

Secretariat in South Africa, servicing and working with the other NEPAD implementation organs and African institutions.

454. NEPAD has a comprehensive coverage of the development challenges confronting African states: political governance, economic governance or sound public policy and conduct in managing the economy, corporate governance, sectoral policy priorities (agriculture, market access, human resource development - especially in education and health sectors), infrastructural development (energy, water, transport, and information and communications technology – ICT), and the mobilisation of financial resources to meet these development needs. Other significant features of the NEPAD provisions are the building of African and international partnerships and institutional arrangements for implementation.

455. NEPAD emphasises partnership as a development strategy because of the enormous benefits to be gained. The partnership envisaged would give rise to concerted action in the form of harmonised policies and approaches, coordinated and joint action at regional and continental levels, economies of scale and economic complementarity, satisfying the dictates of modern technology, and enhanced bargaining power through the adoption of common regional positions. The partnership within Africa would be in the form of enhanced regional cooperation and integration, where public policy-makers come together, economic operators are encouraged to see beyond national markets and engage in cross-border trade and investment, and public/private partnerships are developed. Similar partnerships are to be encouraged under NEPAD between these African development agents and the rest of the world – both the external donor community and private investors.

456. It would be seen from the foregoing that NEPAD and ECOWAS have similar objectives and strategies. In the light of this, and given the many regional policies and programmes adopted by West African governments, it was only natural for the ECOWAS heads of state, in their Yamoussoukro declaration on NEPAD, to adopt a regional approach toward the implementation of NEPAD, and to designate ECOWAS as the regional focal point. The accompanying plan of action adopted at the Yamoussoukro summit confirms the similarities between ECOWAS programmes and NEPAD objectives and priorities.

2.2. Plan of Action for NEPAD implementation in West Africa

457. The plan of action that the ECOWAS Authority adopted in May 2002 closely reflects the NEPAD plans of action adopted in July 2002 at Durban by the AU Assembly. More interestingly, these plans of action echo ECOWAS priority concerns and current focus of attention. This coincidence should facilitate the implementation of NEPAD in West Africa and also provide the needed avenue for gathering more support for ECOWAS integration

programmes from both within West Africa and from outside. In the paragraphs that follow, an indication will be given of how the NEPAD objectives and priorities, as reflected in the Yamoussoukro Plan of Action, are already taken into account and/or should be implemented under ECOWAS acts and decisions.

458. Good Governance: A basic tenet of NEPAD is the creation of new conditions that are needed to make sustainable development possible in Africa. NEPAD identified good governance as the required new environment and therefore sets as pre-conditions, political governance, economic and corporate governance. When good governance reigns, there will be democracy, rule of law, peace and stability, regional security, transparency and accountability. This will provide a conducive and stable business environment where the private sector will feel confident to make long-term investments and be able to lead the development process. The Yamoussoukro Plan of Action also makes good governance the first priority and, in the area of good political governance, lists current ECOWAS initiatives that Member States would have to implement to create the new regional environment:

- (i) Ratification and full implementation of the 1999 ECOWAS protocol on the mechanism for conflict prevention, management, prevention, peace-keeping and security;
- (ii) Ratification and implementation of the 2001 protocol on democracy and good governance, as well as observance of the 1991 ECOWAS declaration of political principles;
- (iii) Ratification and implementation of the 2001 protocol on the fight against corruption;
- (iv) Effective implementation of the moratorium on the importation, exportation and manufacture of light weapons;
- (v) Establishment of a regional operational mechanism for an effective functioning of the convention on mutual assistance in criminal matters and the convention on extradition;
- (vi) Execution of the action plan on the fight against human trafficking; and
- (vii) Implementation of the ECOWAS programme on drug control and on the fight against money laundering.

459. Concerning the development of the culture of good economic governance, the Yamoussoukro Plan of Action exhorts compliance with the eight NEPAD codes, standards and principles guiding monetary and financial

policies, fiscal practices, budget management, debt management, corporate governance, accounting and auditing standards, and banking supervision. Specific directives are given regarding the application of the following ECOWAS acts and decisions:

- (i) ECOWAS multilateral surveillance mechanism for achieving macro-economic policy harmonisation and convergence;
- (ii) Establishment of a single West African common market;
- (iii) Early liberalisation of current account transactions and gradual liberalisation of the capital account;
- (iv) Harmonisation of regulations on the financial markets, competition and taxation;
- (v) Introduction of a country risk assessment system; and enhanced mobilisation of development capital, both official development assistance (ODA) and foreign direct investment (FDI) especially by Africans in the diaspora.

460. Infrastructural Development: It is to be recalled that ECOWAS worked closely with the NEPAD-designated coordinators of the infrastructure component, Senegal and ADB to prepare the meeting at Dakar in April 2002 on the private sector financing of the NEPAD infrastructure sector programmes. The ECOWAS infrastructure programmes were adopted as the West African component of the continental programme. The Yamoussoukro Plan of Action therefore simply calls for the implementation of these approved NEPAD priority programmes, with the assistance of ADB. The ECOWAS programme includes the development of an energy market (West African power pool with an appropriate regional regulatory and institutional framework) and the development of new and renewable sources of energy. Part of the programme relates to physical infrastructural development in all four sub-sectors of transport as well as facilitation measures for improving the regional transport services. In telecommunications, emphasis is put on the creation of a unified regional market, particularly through the harmonisation of the regulatory framework, the regional convergence of standards and sector performance, and the application of a regional strategy for the development of new information and communications technology (ICT).

461. Human Resource Development: The Plan of Action focuses on the health and education sectors. There is a call for substantial increases in investments in education and the pursuit of policies to achieve universal primary education by 2015, rehabilitate regional technical and vocational institutions, develop centres of excellence, revitalise the system of higher

education, and utilise African expatriate capacity. In the health sector, regional programmes are to be adopted for promoting essential and generic drugs, improved traditional medicines, and local manufacture of drugs; implementation of a regional programme on the control of sexually transmitted diseases (STDs), HIV/AIDS and other communicable diseases. It is also expected that a regional programme will be adopted for assisting women and the youth in production activities, such as improved access to credit and other factors of production.

462. Agriculture, Diversification and Market Access: A primary objective is regional food security, to be achieved through such measures as enhanced agricultural productivity and competitiveness, establishment of a market information system and the creation of a common agricultural market. In the agricultural export sector, there is to be improved risk management through the creation of commodities futures market, financial mechanisms to manage risks related to price fluctuations, and the development of major productive sub-sectors. In the field of natural resources, the management of the ecosystems is to be improved, including the harmonisation of desertification control policies, so as to sustain ecological balance; regional programmes are to be adopted on shared water management, maritime and continental fishery resources and transhumance. Concerning animal health, a regional surveillance mechanism is to be established to strengthen the regional early warning system on epizootics and pests. An early warning system on climate change is also to be created, as well as surveillance systems for marine and inland fishing, and for anti-pollution particularly marine and atmospheric pollution.

463. The capacity of the region to engage in international trade negotiations is to be enhanced through such measures as the creation of a consultative mechanism and a regional trade negotiation committee, and the establishment of a trade information system. The diversification of the regional economy is to be encouraged through industrialisation, particularly agro-industrial development. Specific attention is also to be paid to the rural economy – research, financing schemes, human resource development, incentives and other support measures for small and medium-scale enterprises, to encourage young farmers in particular.

III. THE ROLE OF ECOWAS

464. The basic texts of both the African Union and NEPAD only provide broad guidelines on the pursuit of the development and integration process in Africa. There has therefore been much emphasis on formulating appropriate programmes and plans of actions, as well as institutional and implementation mechanisms in order to make possible the smooth and effective application of the AU and NEPAD provisions. It is left to the member countries and their

regional organisations to ensure that these further steps are taken. This is what led ECOWAS leaders to make institutional and regulatory provisions in the Yamoussoukro Plan of Action, and assigned ECOWAS the major task of coordinating and monitoring the implementation of NEPAD in West Africa.

465. ECOWAS Participation in Continental Activities: As the NEPAD and AU organs and structures evolve programmes and corresponding implementation modalities, ECOWAS will endeavour to monitor and participate in such activities to ensure that West Africa gets fully involved and its programmes are properly coordinated with and incorporated into NEPAD. This already happened with the design and preparation of the NEPAD infrastructural programme that was presented at the Dakar meeting in April 2002.

466. Enhancing West African Ownership: The success of NEPAD and the African integration process will depend on the degree of support, involvement and participation of all Africans. In West Africa already, the meetings on NEPAD held at Abuja in October 2001 and March 2002, and the Dakar and Yamoussoukro meetings this year have brought our region the message of developing a strong partnership under NEPAD. The coordination role of Nigeria and Senegal also gives prominence to the NEPAD agenda in West Africa. One of the roles of ECOWAS is to propagate the NEPAD initiative and sensitise all segments of the Community. Information and sensitisation campaigns will have to be organised in partnership with other regional bodies and the NEPAD national focal points on a regular basis. As a follow-up of the directive of the ECOWAS Authority from the Yamoussoukro summit, ECOWAS has already begun this form of collaboration, by sponsoring and participating in the regional forum on the private sector participation in NEPAD which was organised at Ouagadougou in September 2002 by the Private Initiative in Support of NEPAD (IPS/NEPAD). With the NEPAD emphasis on partnership and total involvement of all stakeholders, ECOWAS will encourage a participatory approach which will ensure that, in each of the NEPAD priority areas, all actors are addressed directly and get to be sufficiently mobilised; some of the national focal points have started such information and mobilisation programmes that target clearly identified potential participants in the NEPAD programmes.

467. Formulation of NEPAD Programmes and Projects: As has been witnessed with the infrastructure component, the NEPAD initiative only specifies objectives and priorities, and then provides broad implementation guidelines. The subsequent phases of elaborating plans of action and drawing up programmes has already been embarked upon for each priority area as was reported at the AU summit in Durban. The ECOWAS role in this area consists of coordinating the formulation of regional programmes and identifying regional projects as appropriate. Where projects and activities are limited to the national level, ECOWAS would monitor and facilitate the process – drawing attention to existing best practices, prompting early action, and encouraging

programme harmonisation and the adoption a coordinated approach whenever possible. All this is to ensure that West Africa is well organised and prompt in the submission of NEPAD programmes and projects.

468. Organising and Coordinating Programme Implementation: A welcome difference that NEPAD has introduced is the special attention it accords to programme implementation. ECOWAS will ensure that appropriate institutional arrangements and implementation modalities are adopted in respect of each regional programme. The necessary regional mechanism will be established for organising actual programme implementation and for ensuring effective monitoring and evaluation of the level of execution. It is recalled that the Yamoussoukro Declaration called for the establishment of an inter-ministerial coordination committee, in addition to the regional NEPAD focal point at the ECOWAS Secretariat and the national focal points. Given the congruency of ECOWAS programmes and NEPAD priorities, a study will be undertaken on ECOWAS national units and NEPAD focal points, to propose the most effective arrangements to make at the national level, in order to achieve maximum efficiency in the implementation of the programmes.

469. Facilitating Resource Mobilisation: Through the different partnerships to be developed, it is expected that the capacity to implement the NEPAD priorities and achieve sustained development would be greatly enhanced. In respect of private sector resource mobilisation, ECOWAS efforts will be geared toward promoting cross-border investments and the mobilisation of managerial and technical resources required for modernising African enterprises and making them more competitive. One particular objective would be to attract external capital and technological know-how to form joint ventures and business partnerships with West African entrepreneurs. As the NEPAD plans of action and programmes become better defined and more appreciated by investors, there will be a greater flow of both public and private capital to take advantage of these new investment opportunities.

470. It is expected that the restructured ECOWAS Fund, ECOWAS Bank for Investment and Development, would be closely involved in the resource mobilisation efforts. Similarly, ECOWAS will actively participate in any continental resource mobilisation programme in order to attract maximum private capital and official assistance; collaboration with the ADB has already yielded positive results.

IV. CONCLUDING REMARKS

471. It is very heartening that in the last few years, novel ways are being adopted, both in West Africa and at the African continental level, to achieve sustainable development and to accelerate the integration process. The transformation of the OAU into the African Union lends an urgency to the quest

for a strong, stable and united Africa. The NEPAD has been adopted as a development agenda with an emphasis on cooperation and partnership; implementation of NEPAD should reinforce the African integration process and also contribute to developing a new international partnership more beneficial to Africa.

472. These developments are all in line with the ECOWAS fundamental objective of creating an integrated West Africa and facilitating the participation of this region in the establishment of an African economic community. The NEPAD objectives and priorities match those of ECOWAS and confirm the appropriateness of the regional strategies and programmes that West African leaders have already adopted and to which they have recently committed themselves in a firm manner.

473. A lot of activities have been and will continue to be organised both within Africa and elsewhere, to promote support for the NEPAD and AU initiatives; these have aimed at explaining, expanding and translating into programmes the basic objectives and principles of these initiatives. There have also been events which subject NEPAD and AU to a critical analysis, questioning their contribution towards achieving better success with Africa's quest for sustainable development and a more equitable treatment by the international community. ECOWAS will continue to monitor all such developments in order to improve the methods and instruments employed in West Africa to achieve NEPAD and AU objectives.

474. In all this, our region would be guided by our conviction that efforts should be directed primarily at enhancing and mobilising our various internal capacities. Through cooperation and true partnership, we should be able to build together in West Africa and in the rest of Africa, solid development platforms: stable political environment which guarantees peace and security, sound macro-economic performance ensuring inflation, interest rate and exchange rate stability, a solid financial system generating adequate domestic savings and investments, strong socio-economic infrastructures, an efficient technical and managerial manpower base, a credible legal and regulatory framework promoting private enterprise, a unified regional market for the free movement of labour, capital, goods and services, and a uniform or common approach to international issues for an enhanced bargaining power in all the different negotiation for a. Unless this solid foundation is created, the regional economy cannot hope to achieve sustained growth and development, and cannot improve its chances of attracting and retaining investments or gaining better international market access for its exports.

475. As events in the past months prove, there is need for a strong focus on regional peace and solidarity, which calls for greater sacrifice, sustained interest and effort. These are the basic ingredients needed to make progress in any cooperation undertaking. Concrete steps are being taken to go beyond the

simple act of signing and ratifying international treaties and conventions. Africa is entering the difficult phase of interpreting these texts and translating their provisions into specific programmes and projects. West Africa has already taken steps to embrace this challenge and everything must be done to sustain the momentum.

476. The priority programmes of the Community are being modified to reflect the NEPAD priorities and to deepen West African ownership of this continental initiative. NEPAD is a window of opportunity for accelerating West African integration and development. ECOWAS and its Member States should be able to take due advantage of this opportunity and exploit fully the good will and commitment to the regional integration that NEPAD has introduced on the development scene, both in Africa and the international community.

477. By implementing the NEPAD plans of action, West Africa will be implementing ECOWAS integration programmes as well. It is therefore urged that all stakeholders should commit themselves fully to the implementation of the ECOWAS Authority's Plan of Action adopted at the Yamoussoukro summit for the implementation of NEPAD in West Africa. This mandate issued by the Authority will form the basis for ECOWAS activities in the next few years, and we shall endeavour to ensure its effective implementation.

CONCLUSION

478. With the creation of the New Partnership for Africa's Development, a new spirit of regionalism has been born, and is in the process of creating the ideal conditions for regional integration. The commitment and enthusiasm elicited by NEPAD encourage us to hope for an acceleration in the twin processes of regional development and integration, leading to the improvement of the welfare of our people. Nonetheless, there remain a number of fundamental issues affecting the development and integration of the region to which we must pay special attention.

479. Regional integration is not an end in itself. It is an instrument for creating the conditions for the sustained development of our economies, through the expansion of our markets. Hence the importance of incorporating the regional dimension in the economic reforms carried out by individual Member States.

480. The success of ECOWAS will depend mainly on the extent to which the Member States fulfil their commitment to implement the decisions adopted by them as sovereign States. The sense of belonging to a regional Community must be fostered in practical terms by the acceptance of the principle of supranationality which is enshrined in the revised Treaty and by the faithful implementation of decisions. However, this will be possible only if the Member States appreciate the usefulness and relevance of ECOWAS. If our organisation is not perceived as having a positive impact on the lives of our peoples, then the progress of ECOWAS will continue to be impeded.

481. Although the ECOWAS and NEPAD programmes coincide, a fuller appropriation of NEPAD by ECOWAS will enable us lay the foundation for a more integrated approach to the fight against poverty. This will create the conditions for ECOWAS to make a more positive impact on the lives of the people.

482. The guidelines for the revitalisation of the integration process contained in the NEPAD Plan of Action adopted by the Authority in Yamoussoukro will become operational only if the Member States take concrete measures to overcome the problems of implementation of ECOWAS decisions and integration programmes, which we cannot afford to delay much longer.

483. An evaluation of the ECOWAS experience in integration in West Africa reveals that the Member States do not implement most regional programmes. Several of the protocols are violated, especially those relating to the free

movement of persons and goods. This has seriously undermined the credibility of ECOWAS.

484. It is therefore vital that a substantial part of the next sessions of the Council of Ministers and the Authority of Heads of State and Government should be devoted to the exploration of ways and means of solving the problem of lack of political will and failure of Member States to honour their commitments. This weakness is seen by our external partners as the major factor underlying the inability of ECOWAS to executive credible development and integration programmes.

485. We must examine together the performance of each Member State regarding the ratification of ECOWAS conventions and legislative and administrative measures taken towards the implementation of ECOWAS priority programmes. In order to move forward on the road to integration, Member States must include ECOWAS and NEPAD actions in their priority national development plans, because these programmes are the catalyst for the individual and collective development of the Member States.

486. Special attention must be paid to the adjustments and changes required at the national level to implement and make regional programmes more effective. Governments and economic operators alike must include and prioritise the regional dimension of development in their activities.

487. We commend the efforts of the international community to increase the flow of assistance in support of the regional integration process. In Africa, and particularly in West Africa, these efforts must be sustained, and special attention paid to both failures and successes in order to know what adjustments should be made to our integration strategies.

488. It is equally important that the industrial world should quickly fulfil the commitments and pledges of assistance given at the various fora. For instance, at the Monterrey Conference and the Johannesburg Summit commitments were made to increase the amount of development assistance and improve the efficiency of such aid. Actions of this nature will serve to strengthen both our economic development and regional integration programmes.

ACRONYMS

TABLE OF CONTENTS

<u>INTRODUCTION</u>	1
<u>CHAPTER I</u>	
<u>RECENT TRENDS IN THE REGIONAL ECONOMY AND ITS DEVELOPMENT PROSPECTS</u>	8
<u>I.</u>	<u>AN ECONOMIC OVERVIEW</u> 8
<u>II.</u>	<u>THE EXTERNAL ENVIRONMENT</u> 9
<u>III.</u>	<u>DOMESTIC ENVIRONMENT: THE WEST AFRICAN ECONOMY</u> 14
<u>IV.</u>	<u>SHORT AND MEDIUM-TERM PROSPECTS</u> 31
..... <u>CHAPTER II</u>	
..... <u>IMPLEMENTATION STATUS OF THE ECOWAS WORK PROGRAMME</u>	33
<u>ACCELERATING THE PACE OF REGIONAL INTEGRATION IN WEST AFRICA</u>	33
<u>SOCIO-ECONOMIC PROGRAMMES</u>	33
<u>I.</u>	<u>ENHANCEMENT OF INSTITUTIONAL ARRANGEMENTS IN SUPPORT OF REGIONAL INTEGRATION</u> 33
<u>II.</u>	<u>IMPLEMENTATION OF THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT (NEPAD)</u> 34
<u>III.</u>	<u>THE MONETARY COOPERATION PROGRAMME AND MULTILATERAL SURVEILLANCE</u> 35
<u>IV.</u>	<u>THE REGIONAL POVERTY REDUCTION PROGRAMME</u> 36
<u>V.</u>	<u>THE REGIONAL STATISTICS PROGRAMME</u> 37
<u>VI.</u>	<u>FREE MOVEMENT OF PERSONS</u> 40
<u>VII.</u>	<u>CREATION OF A COMMON MARKET</u> 43
<u>VIII.</u>	<u>COOPERATION IN TRADE</u> 48
<u>IX.</u>	<u>COOPERATION IN THE TOURISM SECTOR</u> 51
<u>X.</u>	<u>COOPERATION IN THE SECTORS OF INFRASTRUCTURE AND INDUSTRY</u> 52
<u>XI.</u>	<u>INDUSTRY</u> 55
<u>XII.</u>	<u>COOPERATION IN AGRICULTURE, RURAL DEVELOPMENT AND THE ENVIRONMENT</u> 57
<u>XIII.</u>	<u>COOPERATION IN SOCIAL AND CULTURAL AFFAIRS</u> 57
<u>XIV.</u>	<u>THE REGIONAL HEALTH PROGRAMME</u> 59
<u>XV.</u>	<u>COOPERATION IN THE INFORMATION TECHNOLOGY SECTOR</u> 60
<u>XVI.</u>	<u>COOPERATION IN THE COMMUNICATION SECTOR</u> 61
<u>REGIONAL PEACE AND SECURITY</u>	63
<u>I.</u>	<u>MONITORING OF THE SECURITY SITUATION IN THE REGION</u>64
<u>ADMINISTRATION OF THE EXECUTIVE SECRETARIAT</u>	73
<u>THE FINANCIAL SITUATION OF THE COMMUNITY INSTITUTIONS</u>	75
<u>MOBILISATION OF EXTERNAL ASSISTANCE</u>	78

ACTIVITY REPORTS OF THE COMMUNITY INSTITUTIONS.....86

CHAPTER III

ACHIEVING AFRICAN UNION AND NEPAD OBJECTIVES
THROUGH ECOWAS97
I.INTRODUCTION 97
II. AU AND NEPAD SHOULD MAKE A DIFFERENCE 99
III.THE ROLE OF ECOWAS 105
IV. CONCLUDING REMARKS 107

CONCLUSION.....110