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WEST AFRICAN STATES**



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NOTE OF PRESENTATION

BY

**DR MOHAMED IBN CHAMBAS
PRESIDENT, ECOWAS COMMISSION**

ECOWAS Commission

Abuja, November 2008

Honourable Chairperson of Council,
Honourable Members of Council,
Your Excellencies, Members of the Diplomatic Corps,
Distinguished Invited Guests,
Esteemed Delegates,
Ladies and Gentlemen,

It is my pleasure to welcome Honourable Ministers and their delegations to Ouagadougou, and to the sixty-first session of the Council of Ministers. Active participation in ECOWAS events is an important contribution to the regional integration process, and we are grateful for this manifestation of the personal interest of Honourable members of Council in sustaining the dream of the founding fathers of our Community: an integrated, developed and buoyant regional economy that assures West Africans a high standard of living.

Honourable Ministers,

On behalf of Council, I should like to express our deep gratitude to His Excellency Blaise Compaoré, President of Faso who has been the Chairman of the Authority of Heads of State and Government of ECOWAS for the past two years. His personal interest and commitment have sustained the integration process. President Compaoré has been very supportive of our programmes. It is with a sense of pride that I express the gratitude of the Community to the ECOWAS Chairman and the entire West African leadership in their show of solidarity and

commitment to the search for regional peace and stability. In addition, I wish to thank, on your behalf, President Compaoré and his government for the excellent facilities provided for the hosting of this end of year statutory meeting. Once again, President Compaoré is demonstrating his continued support for ECOWAS activities.

Honourable Ministers,

Another source of inspiration is the Chairperson of the Council of Ministers, Mrs. Minata Semate-Cessouma, the Honourable Deputy Minister in charge of Regional Cooperation at the Ministry of Foreign Affairs and Regional Cooperation of the Republic of Burkina Faso. She has made so much sacrifice in order to ensure the regional integration proceeds smoothly. The Community is very grateful to her, especially for her able leadership of the Council programmes.

Moreover, I wish to thank you profoundly, Honourable Members of Council, for your invaluable contributions and support to the smooth running of the restructured ECOWAS Institutions. Without your support and understanding, the progress achieved by all the Community Institutions would not have been feasible. I also thank you for the personal support and encouragement that I have received, as the President of ECOWAS Commission and spokesperson for the Community, from honourable members of Council, individually and collectively.

I wish also to acknowledge sincerely the supportive role of the international community. The development partners have given both technical and financial assistance in support of all the different regional initiatives – consolidation of economic integration, facilitating and monitoring of NEPAD implementation, harmonisation of sectoral policies, regional peace and stability, and the capacity building of the ECOWAS institutions.

On behalf of the Community, I thank most sincerely all the West African development partners, many of whom were with us in Abuja this week (24 and 25 November 2008) for the sixth edition of ECOWAS-Development Partners Annual Coordination Meeting. Twelve days ago, specifically on 15 November 2008, in Strasbourg, I signed an agreement on behalf of the Community in respect of the regional indicative programme of the 10th European Development Fund (EDF) which amounts to 597 million euros (€597 million). This amount is more than twice the amount allocated to ECOWAS (€258 million) under the 9th EDF. I thank the European Union for this gesture. In addition, I thank all the development partners working with us for their cooperation and collaboration in our pursuit of an integrated and economically developed West Africa in this era of triple tragedy of food, fuel, and financial crises (the 3 F's).

Honourable Chairperson,

In consonance with the dream of our Community leaders towards the enhancement of regional integration and

development with a view to improving the standard living of the ECOWAS citizens in the face of global challenges, I have chosen as the theme of this annual report "*Forging Regional Response to Global Economic and Financial Crises.*" We are all familiar with the recent global challenges we have had to contend with, the most recent of which is the financial crisis.

Although this crisis does not impact directly on our economies, it, however, has second-round effects on the economies of our Member States. In fact, as I remarked during the last annual coordination meeting of the development partners, "when the countries of North America and Western Europe sneeze, it is a matter of time before we catch a cold." In essence, we are not insulated from the contagious effects of the financial crisis.

There are four areas in which the crisis will impact our national economies. First, there will be lower demand for ECOWAS oil, minerals, and agricultural commodities as a result of contraction in world trade. Second, we perceive there may be a reduction in foreign direct investment (FDI). Third there might also be reduction in aid money, i.e. official development assistance (ODA), which will have significant budgetary implications for some of the Member States. Nevertheless, there were assurances recently by the G20 during its 15 November 2008 summit in Washington, D.C., that they would "help emerging and developing economies gain access to finance in current difficult financial conditions, including through liquidity

facilities and program support.” Finally, we feel concerned that there might be a drop in remittances by ECOWAS citizens in diaspora, as a result of the credit crunch in their host countries.

What actually led to this financial crisis? Permit me, Honourable Chairperson, to spend a little time to discuss the root causes of the financial crisis. During a period of strong global growth, growing capital flows, and prolonged stability earlier this decade, market participants sought higher yields without an adequate appreciation of the risks and failed to exercise proper due diligence. At the same time, weak underwriting standards, unsound risk management practices, increasingly complex and opaque financial products, and consequent excessive leverage combined to create vulnerabilities in the system. Policy-makers, regulators and supervisors, in some advanced countries, did not adequately appreciate and address the risks building up in financial markets, keep pace with financial innovation, or take into account the systemic ramifications of domestic regulatory actions.

Major underlying factors to the current situation were, among others, inconsistent and insufficiently coordinated macroeconomic policies, inadequate structural reforms, which led to unsustainable global macroeconomic outcomes. These developments, together, contributed to excesses and ultimately resulted in severe market disruption.

What do we need to do? First and foremost, we need to continue to enhance sound regulation by strengthening our

regulatory regimes, prudential oversight, and risk management, and ensuring that all financial markets, products and participants are regulated or subject to oversight, as appropriate to their circumstances. This is in line with the resolutions made by the African Ministers of Finance and Planning and Governors of Central Banks in Tunis on 12 November 2008. The resolutions include:

- Strengthening reserves management strategies to minimize losses at times of financial crisis.
- Improving structures of governance and accountability.
- Intensification of efforts to promote regional integration.
- Effective mobilization of domestic revenues and deepening of African capital markets for a more robust mobilization of local savings and financial integration.
- Successful conclusion of the Doha Round in light of the spillover of the financial crisis to trade. This will stimulate the world economy and enhance opportunities for the poor, particularly in Africa. In this regard, all countries should refrain from protectionist tendencies. Also, the Round should pay particular attention to sequencing of reforms in financial services.
- Comprehensive reform of the Bretton Wood Institutions (IMF and the World Bank Group) so that they can more adequately reflect changing economic realities in the global economy and be more responsive to future challenges. Emerging and developing economies should have greater voice and representation in these institutions.

Honourable Ministers,

The 2008 Annual Report addresses a number of issues; these include the performance of the regional economy and the status of implementation of the Community programmes. In addition, it reports on the progress made in the status of the EU-West Africa economic partnership agreement (EPA) and the general security and governance situations in the region.

Performance of the West African economy

In 2007, the real GDP of the ECOWAS region was \$130.99 billion and it is projected to reach \$139.86 billion and \$151.39 billion in 2008 and 2009 respectively. In nominal terms (or current market prices), the regional GDP for 2007 was \$261.68 billion while the estimates for 2008 and 2009 are \$309.49 billion and \$374.91 billion respectively. However, due to the severe exogenous shocks of high food and fuel prices experienced by most ECOWAS Member States, the regional growth rate declined from ^{6.1%}~~7.5%~~ in 2006 to 5.6% in 2007 and the projections for 2008 and 2009 reveal lower growth rates – 5.1% for 2008 and 4.7% for 2009. The 2007 regional performance is below the continental growth rate of 6.9% but above the global economic growth rate of 5.0%.

Despite the adverse exogenous shocks including late rainfall, flooding (as experienced recently in Togo) and low producer prices for many of the region's agricultural

commodities, which accentuated a deterioration in the terms of trade, the medium-term economic prospects for the region are not gloomy. It is gratifying to note that apart from Côte d'Ivoire and Nigeria, oil has been discovered in commercial quantity in Ghana and some other Member States, especially along the Gulf of Guinea.

Persistently high oil prices remain an important challenge to growth and macroeconomic stability in the medium term. Increased energy costs are constraining investment and growth in the region. High oil prices push production costs up for oil-importing countries causing prices to increase. A policy measure by some Member States to mitigate the pass-through effect of oil price increase is temporary suspension of the automatic oil price mechanism.

Given the willingness of the ECOWAS Member States to ensure both internal and external balance, the fiscal and monetary authorities are making concerted efforts to ensure that the ECOWAS macroeconomic convergence criteria, especially the four primary macroeconomic convergence criteria, are satisfied. However, a major challenge facing some Member States relates to lack of sustained implementation of economic policy measures to meet or sustain the convergence criteria, especially the inflation rate and fiscal deficit/GDP ratio criteria. ECOWAS, therefore, implores all its Member States to continue to sustain

sound macroeconomic policies and avoid quick fixes that may lead to policy reversals.

Prospects for the region appear favourable for 2009 although the projected growth rate may not reach the 7% minimum growth rate necessary for the attainment of the MDGs. All ECOWAS Member States are implored to further increase investments in social sectors, and also improve the efficiency of social sector expenditures. At the same time, gains from growth need to increase, by better targeting of employment creation through broader and more flexible macroeconomic frameworks and sectoral policies. In addition, ECOWAS Member States should continue to formulate their overall economic policy within a regional development agenda and medium-term expenditure framework, avoiding permanent expenditure commitments that are not sustainable. It would also be important for the ECOWAS Member States to strengthen public expenditure management systems with a view to ensuring that resources are used for their intended purposes, and implement export diversification policies that would help to mitigate the impact of future exogenous shocks.

Honourable Chairperson,

Implementation of the ECOWAS Work Programme

The current Community Work Programme aims at deepening the regional integration process, translating into

reality the regional approach to NEPAD implementation in West Africa, and facilitating the West African focus on poverty reduction. I am happy to inform you that we made progress in all the programme activities, including the consolidation of the peace process in the region. The presentation in the Annual Report focuses on the progress that has been made since the publication of the 2007 Annual Report, and particularly, since the beginning of this year. The account covers the socio-economic integration programmes, regional peace and security, administrative and financial matters, and our regional response to the global economic and financial challenges. Permit me, Honourable Chairperson, to highlight a few of the activity programmes.

Socio-economic Programmes

Honourable Ministers,

ECOWAS remains engaged with the pursuit of its principal objective of promoting regional cooperation and integration as well as ensuring a sustainable development of the region. We are moving steadily towards the establishment of an economic union in West Africa. The effective functioning of a free trade zone and its subsequent transformation into a customs union is one of the current ECOWAS priorities and the Commission has been working assiduously with all stakeholders, including the national units in Member States, on the ECOWAS Trade

Liberalization Scheme (ETLS) and the Common External Tariff (CET).

Honourable Members of Council,

EPA Negotiations: Concerning the EPA negotiations, you are all aware that West Africa (ECOWAS + Mauritania) is committed to negotiating as a bloc with our European counterparts. Although Côte d'Ivoire and Ghana initialled interim EPA with the EU in December 2007 in order to avoid trade disruption, some provisions in the interim EPA have been modified, with the support of the ECOWAS and UEMOA Commissions. A regional agreement is scheduled for June 2009 and this will supersede the interim EPAs initialled by Côte d'Ivoire and Ghana.

The outstanding areas in the EPA negotiation include the issues of market access in terms of sensitive products and rules of origin, formulation of development programmes and their financing, and drafting of West Africa's legal text. Concerning the legal text, our areas of divergence with the European Commission relate to treatment of the Community levy, most favoured nation (MFN) clause, standstill clause on the common external tariff (CET), and non-execution clause. Other areas of divergence are the financing of EPA development programmes (fiscal and economic costs of roads, electricity, etc) and the transition period. While the EU is of the opinion that a transition period of

fifteen years would be sufficient, West Africa thinks that between 25 and 30 years should be the transition period.

There are some key challenges we face in the EPA negotiation. We are, however, addressing them concertedly to ensure that the development dimension of EPA is sufficiently addressed to meet the concerns of our citizens, and that the EPA is sequenced with our regional integration process.

Common External Tariff (CET): Closely related to the EPA negotiation is the adoption of a CET that is development-friendly. The aim of a development-friendly CET envisages the possibility of the creation of a 5th band. At its last meeting held in Banjul last month, the ECOWAS Ministerial Monitoring Committee on EPA, specifically on 31 October 2008, suggested to this session of Council of Ministers a 5th band of 35 percent.

Regional Poverty Reduction Strategy: According to the UNDP Human Development Index published annually in its *Human Development Report*, most of our Member States are in the low human development category; only Cape Verde and Ghana are in the medium human development category. This attests to the high incidence of poverty in the region which is characterized by low indices concerning life expectancy, education and per capita income.

It is in respect of the need to tackle the cross-cutting and trans-boundary problem of under-development that the region

has focused on having a regional strategy to poverty reduction. The ECOWAS regional poverty reduction strategy was adopted by the Authority in 2007. It defines the West African poverty profile, reviews and summarises the national poverty reduction strategies being pursued, identifies the regional integration programmes adopted under ECOWAS and UEMOA toward the creation of a regional economic community, and finally proposes a strategy and set of regional measures to enhance the poverty reduction initiatives of the countries. It is also closely linked to the Community Development Programme, which complements national development programmes that seek to accelerate growth, address poverty, and ensure the attainment of the MDGs.

Honourable Chairperson,

Monetary Integration Programme: The ECOWAS monetary integration programme is directly linked to the monetary and fiscal policy reforms being undertaken by all the ECOWAS Member States. The aim is to achieve macro-economic convergence among the fifteen Member States. While appreciable progress has been made in the implementation of the West African Monetary Zone (WAMZ) work programme that has set the target date of December 2009 for the introduction of the *eco* – the second common regional currency, the current global economic, particularly global food and fuel crises, have

undermined the economic progress made by the Member States especially in the areas of inflation and fiscal deficit.

Moreover, the last ECOWAS Convergence Council meeting held in Abuja on 22 November 2008, set up a Working Group comprising ECOWAS Commission (Chairman), WAMA, WAMI, UEMOA Commission and the Central Banks to map out a single concrete and realistic strategy for realizing the ECOWAS single currency objective, taking into account all the studies previously carried out on the monetary integration issue. The Convergence Council is expected to meet in March 2009 to make a recommendation to the Authority of Heads of State and Government.

Agriculture: Regarding the global food crisis, which has impact on purchasing power of the populace, our regional economic growth, attainment of MDGs and regional stability, there have been responses both at the national and regional levels to mitigate the impact. At the regional level, the Council of Ministers, during its 2008 mid-year session, gave to the Commission a directive (Directive Dir.01/06/08) on measures to address the food crisis within the ECOWAS region, to be executed by the Member States and the ECOWAS Commission within the framework of ECOWAP. The emphasis is on accelerated and sustainable food production, and guarantees of sufficient and accessible food supply for the population of West Africa.

Infrastructure: The June 2008 Summit stressed the importance of regional infrastructure for the scaling up of the economic development and integration process. In that regard, the Summit designated their Excellencies Laurent Gbagbo, President of the Republic of Côte d'Ivoire and João Bernardo Vieira, President of the Republic of Guinea Bissau to coordinate the efforts of the ECOWAS and UEMOA Commissions in the development of regional infrastructure (transport and energy respectively).

In August 2008, President Vieira convened in Bissau a regional meeting on energy while President Gbagbo convened in September a regional meeting on energy in Yamoussoukro. The Heads of State and Government agreed to discuss at their next Summit in December 2008 recommendations to be proposed by the two Heads of State. Moreover, the June 2008 summit of ECOWAS Heads of State and Government directed that the Project Preparation and Development Unit (PPDU) in the Commission be made operational. The PPDU will not act as a developer, but will procure advisory services to governments and acts as an "honest broker" between the public and private sectors.

Besides, in response to the June 2008 directive of the Authority to the ECOWAS Commission to identify ways of easing the energy crisis and developing a long-term strategy towards the sustainable development and utilization of the region's energy resources for the benefit of over 250 million people of West Africa, a high-level

ECOWAS delegation visited the Republic of Trinidad and Tobago from 21 to 26 July 2008. The Republic of Trinidad and Tobago is an island country in the Caribbean, which is a model of a developing country that has efficiently utilized oil and gas resources for a sustained development of its economy.

The mission, which was organized by the ECOWAS Commission, included the Minister of African integration of Côte d'Ivoire, the Minister for Energy of Ghana, the Minister of Finance of Nigeria, the Minister of State (Gas) of Nigeria and the President of ECOWAS Commission. The objective of the mission was to follow-up on the support pledged by the Government of Trinidad and Tobago at the eighth summit of the African Union in Addis Ababa in February 2008 and to have a preliminary assessment of the Trinidadian model as well as identify possible areas of cooperation between ECOWAS and Trinidad and Tobago in the energy sector. It would be recalled that during the African Union summit, His Excellency Patrick Manning, the Prime Minister of Republic of Trinidad and Tobago pledged his support to the African Continent in the development of the oil and gas sector.

Following the mission, ECOWAS seeks to rapidly develop its own capacity, from understanding, adapting and applying some of Trinidad and Tobago's best practices and experiences in dealing with challenges and pitfalls of oil and gas resources. To achieve this, ECOWAS seeks to put in place a mechanism to collaborate with the Government of the Republic of Trinidad and Tobago.

The follow-up activities already earmarked for implementation include:

- Assistance by Government of Trinidad and Tobago in the development of a Regional Energy Policy for the oil and gas sector in ECOWAS States;
- Facilitation of cooperation between Chambers of Commerce of Trinidad and Tobago and ECOWAS Member States;
- Establishment of an Implementation Team between Government of the Republic of Trinidad and Tobago and ECOWAS;
- Implementation of country specific programmes in January 2009;
- Implementation of recommended regional programmes/activities between January 2010 and December 2014; and
- Development of a formal Framework Memorandum of Understanding between ECOWAS and the Government of Trinidad and Tobago.

In addition, the Government of Trinidad and Tobago has proposed to host a Ministerial-level Conference of African Energy Ministers in 2009. The African Union, ECOWAS and the Economic Community of Central African States (ECCAS) would be invited to attend the conference. ECOWAS undertakes to encourage the participation of Energy Ministers of its Member States in order to follow-up on the areas of co-operation agreed during this mission.

ECOWAS has made further progress in the implementation of its three major energy programmes, namely, the West African Gas Pipeline (WAGP), the West African Power Pool (WAPP) and the ECOWAS Initiative on Access to Energy Services. Based on the proposal of the WAPP General Assembly and recommendation of the ECOWAS Energy Ministers, the Authority of Heads of State and Government adopted on 18 January 2008 a special energy programme for Cape Verde and the WAPP Emergency Power Supply Security Plan (EPSSP).

The EPSSP aims at tackling the energy shortage situation currently being experienced in the region. Primarily, this consists of acquiring suitable land in locations with access to natural gas resources which will be designated as regional power parks with "Free Zone" status and building three combined cycle power plants in Benin (400 megawatts (MW)), Ghana (400MW) and within the OMVS system (150MW) to create a total capacity of 950MW at a total investment cost of \$688 million which will supply power to interconnected Member States. Secondly, in the short term, mobile generating capacity running on suitable fuels will be deployed to non-interconnected States as well as other Member States suffering acute power shortages.

Implementation of these proposed actions will bring about economy-wide benefits through the provision of a platform to address economic stagnation due to power shortages as well as poverty reduction, economic growth and development. Furthermore, participation in the proposed supply plan will also

generate direct financial benefits to Member States and Electricity utilities by supplying power at a lower cost than would otherwise be possible under other circumstances.

Moreover, to improve the electricity infrastructure in the region, ECOWAS Commission signed a Memorandum of Understanding (MOU) with Sinohydro, a Chinese company, on 5 February 2008 in Conakry to collaborate as strategic partners in developing West Africa's electricity infrastructure. Under the signed MOU, both organizations agreed to work together in the construction of four power stations and a dam to boost electricity supply to Côte d'Ivoire, Guinea, Liberia and Sierra Leone.

Concerning the regional transport sub-sector, the African Development Bank, ECOWAS Commission, the Federal Republic of Nigeria and the Republic of Cameroon signed a Memorandum of Understanding in June 2008 regarding implementation of Nigeria-Cameroon Multinational Highway and Transport Facilitation Project. The final loan and grant negotiations for the Project were concluded at the ADB headquarters on 12 November 2008 in preparation for submission and approval at the Board Meeting scheduled for end of November 2008. In anticipation of approval by the Board, the General Procurement Notice for works and Services associated with the Project has already been published. The call for Proposals in respect of Project Implementation will be published before the end of the year.

In the Railways sub-sector, the study on the feasibility of interconnection of National Railway networks through seventeen priority links was completed and validated in February 2008. Detailed engineering studies of the highest ranking link i.e. the Kaya-Dory-Niamey link connecting the Abidjan-Ouagadougou railway line to the Republic of Niger will be undertaken. In addition, the ECOWAS Commission presented a Project Information Memorandum on all the seventeen links as well as for the reconstruction and rehabilitation of National Railway systems at the ECOWAS-China Investment Forum planned held in Beijing in September 2008.

Regarding the air sub-sector, the 4th Meeting of the Council of Ministers responsible for civil aviation in West and Central Africa was held in Accra on 6 and 7 November 2008. The outcome of the meeting led to the approval of four (4) draft texts relating to approval of Air Carrier, access to Air Markets, Air Tariffs and Liability of a Carrier in Case of Accident. The meeting also approved six (6) resolutions relating to the Implementation of the Yamoussoukro Decision as follows:

- Aviation Safety and Security,
- Autonomy of Civil Aviation Administrations,
- Capacity Building,
- Extension of Competences of the Harmonization Committee,
and
- Facilitation of Operation of the Regional Airlines - ASKY and Air CEMAC.

Free Movement of Persons: The activities of the Commission relate to the implementation of the ECOWAS Common Approach on Migration, suppression of harassments along the routes and at the borders, and circulation of ECOWAS passport. Concerning the circulation of ECOWAS passport, the Commission has embarked on sensitization in Member States on the security of the travel documents. In this regard, the introduction of biometric features is highly encouraged. Meanwhile, only Benin, Guinea, Liberia, Niger, Nigeria and Senegal have effectively put into circulation the ECOWAS passport. I wish to seize this opportunity to call on the remaining nine Member States to expedite action on the introduction of the passport.

Peace and Security

Honourable Ministers,

The security situation in the region has improved generally with signs of stabilization in many areas. The joint efforts by ECOWAS and Member States in promoting dialogue, preventive diplomacy and peace building are clearly yielding positive results, as evidenced by the steadily improving security environments in Côte d'Ivoire, Guinea Bissau, Guinea, Liberia, Sierra Leone and Togo. In these Member States, the processes of national reconciliation, dialogue and democratic consolidation have gained momentum in recent months, calling for the need to redouble our

efforts to accompany them in national reconstruction and peace building.

In 2007, the region made further strides in the democratization and electoral processes by conducting peaceful, free and transparent elections in several Member States. ECOWAS continued to consolidate these gains by convening a regional conference of electoral management bodies of Member States in Conakry in March 2008. The objective was to bring together the bodies in Member States responsible for electoral administration in a network to share experiences and work towards the harmonization of electoral norms and standards in the region.

In Guinea Bissau, the stand-off between President Joao Bernado Viera, the Legislature and the military over the President's decision not to prolong the mandate of the parliament to accommodate a time lapse between the tenure of the legislature and new legislative elections has been peacefully resolved. The President announced on 25 March 2008 that the tenure of the parliament would be extended till the date of the legislative elections, which were held on 16 November 2008. The situation in Côte d'Ivoire is now relatively calm and stable; efforts are however needed to speed up the implementation of the outstanding issues of the Ouagadougou Agreement to pave the way for the holding of the legislative and presidential elections which may hold by mid-2009. The legislative elections in Guinea Conakry have also been postponed.

In Ghana, general elections are scheduled for 7 December 2008. Preliminary reports on the electoral process show that the elections will be credible. Other elections held in 2008 include the local and municipal elections in Benin on 20 April and local council elections in Sierra Leone on 5 July.

Despite the general improvement in the political environment, the security situation in the region remains fragile and greater efforts are required to consolidate the gains. The threats to regional peace and security also include banditry, hostage taking, human trafficking, cigarette smuggling and other criminal activities amidst the continuing proliferation of small arms and light weapons. Finally, the spreading phenomenon of drug trafficking and the worsening food crisis pose serious challenges to the efforts by ECOWAS and Member States to further consolidate the security environment.

On the menace of drug trafficking, the issue became alarming in late 2007. Media reports of major seizures of hard drugs in West Africa revealed a growing phenomenon that may soon engulf the region. The problem is worst in Guinea Bissau but is equally serious in all Member States, in particular Cape Verde, Ghana, Senegal, The Gambia and Nigeria. Organized criminal gangs from Latin America and their local accomplices are taking full advantage of the defects in maritime security that characterise the Gulf of Guinea to transform coastal Member States into transshipment zones for the smuggling of cocaine and other hard drugs into Europe and the US.

The youth - young men and ladies - constitute the prime target and victims of the drug trade, as the criminal networks take advantage of their vulnerabilities to lure them into the trade. The Member States have intensified efforts to combat the menace. Since June 2007, ECOWAS has accompanied Member States in their efforts to develop strategies to combat the drug menace. ECOWAS discussed the issue of drug trafficking at the May 2008 meetings of the Troika and the International Contact Group in Luxemburg and Praia respectively. Recognizing that drug trafficking is a regional challenge which requires a regional approach, ECOWAS will continue to work closely with Member States, Interpol, United Nations Office on Drug Control (UNODC) and development partners to strengthen our capacity to contain the scourge.

Given the fact that democracy, political stability and security are necessary for sustained economic development, I wish to request Honourable Members of Council to kindly encourage their national parliaments to ratify and domesticate speedily the outstanding protocols and conventions, particularly Protocol on the Fight Against Corruption, Supplementary Protocol on Democracy and Good Governance and ECOWAS convention on small arms and light weapons, their ammunition and other related materials. As at 12 November 2008, only six Member States, namely, Burkina Faso, Mali, Niger, Senegal, Sierra Leone and Togo, had ratified the Small Arms Convention. To enter into force, at least nine Member States are requested to ratify the

convention. Ratification process is at advanced stages in The Gambia, Côte d'Ivoire and Nigeria.

Administrative Issues

Honourable Chairperson,

To enable ECOWAS better play its role of initiating regional policies, monitoring and coordinating the integration and development process of the region, the Community has over the years been engaged in capacity-building programme to assist both ECOWAS Institutions and Member States to better adapt to the international environment. Having a critical mass of adequately motivated workforce is indispensable for the implementation of the Community policies and programmes.

Equally important, we are concluding the formulation of a regional strategic plan for the Community. This is a process involving much consultation with all stakeholders, including our development partners. Some of the challenges encountered include developing a framework for linking the various plans, focusing them strategically to the ECOWAS Vision, evolving a comprehensive single strategic plan incorporating all the different elements, and integrating the plans into a multi-year budgeting framework. To resolve the challenges, the Commission has prepared a roadmap, with the objective of having a strategic planning and management system which seeks to align the Commission's activities to the vision and strategy, improve

internal and external communication, and monitor organisation performance against strategic goals.

Staff Recruitment

Honourable Ministers

Major strides have been made in the recruitment of professional staff in 2008 under a new Community-wide scheme of service, while also applying for the first time the *Joint Management Succession Committee* mechanism in planning for and recruiting P6 and managerial-level staff. The Joint Management Succession Planning Committee is made up of statutory appointees who are Heads of the Community Institutions and their Deputies and the Financial Controller with the Commissioner for Administration and Finance as Secretary.

The 2008 recruitment process has succeeded in bringing into the organization a good corps of highly qualified and experienced team of professional staff from a broad spectrum of public and private sector organisations. As at 24 November 2008, majority of professional staff required had been recruited reflecting about 65% completion of the determined staff needs. The table below gives a breakdown of professional staff recruitment by directorate of the Commission.

Table: Professional Staff Recruitment by Directorate of the Commission

Commission	Number Needed	Total Number Recruited as at 24 November 2008		Number Outstanding
		Directors	Professional	
Office of the President	9	1	5	3
Office of the Vice President	8	1	2	3
Administration and Finance	41	3	11	27
Agriculture and Rural Development	6	1	5	0
Human Development and Gender	7	2	4	1
Infrastructure	3	1	2	0
Macroeconomic Policy	8	3	5	0
Political Affairs, Peace and Security	9	1	8	0
Trade, Customs, Industry and Free Movement of Persons	9	2	5	0
Office of the Financial Controller	6	Not Applicable		Just interviewed
Total	104	15	47	39

Finances of ECOWAS Commission

Honourable Ministers,

The main source of financing for the Community Institutions is Community Levy. The Levy currently funds running costs of the ECOWAS institutions except the ECOWAS Bank for Investment and Development (EBID). It also finances about 80% of costs of development programmes and capacity building activities. Development Partners continue to support ECOWAS with

supplementary funding of development projects, programmes and activities through the Pool Fund, Peace Fund and Parallel Funding arrangements.

The Protocol on the conditions governing the application of the Community Levy is now being implemented by all Member States of the Community by imposing the current rate of 0.5% on goods imported from, third countries. The level of implementation, however, still varies from one Member State to the other in terms of collection and deposit of the assessed amounts. The ECOWAS Commission therefore continues to work closely with Member States to build their capacities for effective implementation of the Protocol and for timely recovery of arrears of contribution (*owed by Member States to ECOWAS Institutions*) by 2010. Three Member States (Niger, Liberia and Togo) have, in effect, temporally increased their levy rates to 1% to assist with repayment of arrears of contributions.

Proceeds from the community levy, as at 30 September 2008, were **UA35,947,165.32** as compared to **UA88,961,530.98** for the corresponding period in 2007. This is a decrease of about **UA53,014,365.66 UA** or **60%** over the same period of the previous year. This astronomic decrease has been due to the fact Nigeria, who has been a major contributor, has not remitted its Community levy proceeds since the beginning of year 2008. In addition to financing development programmes, some of the proceeds were, in accordance with provisions of the protocol, used to reimburse Member States for

loss of revenue arising as a result of implementation of the ECOWAS trade liberalization scheme.

Supplementary funding also comes from the Pool Fund which is a financing mechanism built on the ECOWAS Institutional Capacity Building Programme. It was established under the guiding principles of ensuring ownership by ECOWAS and was designed to ensure that ECOWAS capacity building programmes and Partners interventions are carried out around ECOWAS's own vision and priorities and in a coherent, efficient and well-integrated manner.

As it was designed to help harmonize and complement and not to compete with other interventions, the ECOWAS Commission in consultation with Development Partners, is working on an initiative to have an overall Capacity Building programme supported through the financial contribution of each partner and ECOWAS own funds. This should not affect the financing mechanism of projects as partners will still have the option to either join the Pool Fund or directly finance activities through parallel funding. Ideally, common procedures will be used for procurement, financial management, programme management and for the definition of monitoring milestones against which performance will be assessed and reported on. Such level of harmonization is expected to substantially increase efficiency in the management of resources.

At present, Pool Fund activities are financed by Canada, France and the United Kingdom with total contributions of US\$3,975,245 (DFID: £300,000; CIDA: Canada \$3,500,000 and France: € 661,400). The Pool Fund resources are managed through a Joint Financing Agreement signed between the partners and the ECOWAS Commission. Other Partners including Germany, Sweden, Spain and the EU have also expressed interests to join the Pool Fund.

In December 2007, the ECOWAS Commission signed a Memorandum of Understanding (MOU) with the Government of Spain for the creation of a Fund called "The Fund on Migration and Development." The MOU falls within the same context of helping to promote the broad understanding of migration and development and related programmes. An amount of ten millions euros (10,000,000) has been committed by the Spanish Government for this initiative and implementation is expected to commence in the first quarter of 2009.

In addition, implementation of the Contribution Agreement signed in June 2008 with the European Commission is also in progress. The agreement, which covers a period of five years, specifically covers operationalization of the customs union and the establishment of a common market in West Africa; consolidation of the ECOWAS macroeconomic framework; improvement of the legal and administrative/management framework through strengthening institutional capacities; and improving competitiveness of the private sector. Out of the total

commitment of Euro 44,800,000, the European Commission made an initial disbursement of Euro 11,651,750 to ECOWAS in August 2007. As at 30 September 2008, 54% (euro 6,322,000) of this amount has been expended.

Other development partners have given similar support to the ECOWAS Commission. Development Partners continue to give substantial support to the ECOWAS Commission and the Community in general, for implementation of development programmes geared towards the achievement of the goal of regional integration and economic development.

The current relations between ECOWAS and West Africa's development partners are driven by the need to assist ECOWAS enhance the capacity to better implement the NEPAD agenda and mobilise support for ECOWAS/NEPAD priority programmes and projects. The coordination mechanism put in place for the purpose involves monthly coordination meetings in Abuja, quarterly thematic sub-group meetings, also in Abuja, and the annual coordination meetings. The 6th edition of the annual coordination meeting of the ECOWAS-Development Partners was held on 24 and 25 November 2008.

On behalf of the Community, I should like to express, once again, our deep gratitude to all the development partners who have been very supportive of the integration effort in West Africa. I am certain that the current measures being put in place will strengthen the useful partnership that we have developed with

our development partners for accelerating the West African integration process.

V Concluding Remarks

Honourable Chairperson,

A strong foundation has been built, through the institutional transformation, for enhancing the regional integration and making regionalism a veritable development tool. A major problem that the region has to confront, in this particular regard, is the failure of ECOWAS Member States to translate effectively the regional approach into an appropriate national policy framework. Going by the institutional arrangements and the national economic management process, it is noted that, in the Member States, there is still not sufficient evidence of regional integration being seen as a real national priority. Not surprisingly, the benefits of regional integration have not been realized. The integration process has not had any significant impact on the development of Member States; this is principally because of the low level of implementation of Community Acts and Decisions.

Honourable Ministers,

Ideally, given the commitment to a regional approach, government business, particularly management of the national economy, should be organised and conducted with the primary

objective of meeting the obligations of the ECOWAS integration agenda. As we focus on enhancing the West African development prospects through regional integration, it is necessary to stress the continued need for greater political stability. We need to build such a solid platform to be able to reverse the losses caused by political instability to the regional economy; the region has suffered heavy losses due to the disruption of the production system, damage to the infrastructure, diversion of resources to defence and security, negative effect on investment capital, etc. The problems of regional peace and security compound the development challenges that West Africa - one of the poorest regions of the world - has to contend with. Closely linked to the need for ensuring regional peace and security is the need to promote good governance and democracy.

Honourable Ministers,

As we all know and as I have emphasizing over time, the task of development remains the primary responsibility of the Community and its Member States. The challenge of ensuring a sound and sustainable economic environment requires the leadership in each Member State to pursue more vigorously the regional approach. It is necessary to stress that the future of the national economies lies in the success of the regional approach; it provides realistic and cost-effective strategies for improving the economic conditions and development prospects of individual Member States.

Honourable Ministers,

I expect this sixty-first session of Council to take concrete decisions on a number of issues pertinent to the effective implementation of the Community programmes. Once again, it is my pleasure to welcome each one of you and your respective delegations to Burkina Faso, the land of upright people, the land of "white gold" (cotton). I wish this 61st ordinary session of the ECOWAS Council of Ministers very fruitful deliberations.

I thank you for your kind attention.