

FIFTY-THIRD SESSION OF COUNCIL OF MINISTERS

Accra, 16-17 January, 2005

**“WEST AFRICAN INTEGRATION PERSPECTIVES – SEARCHING
FOR A NEW DEVELOPMENT MODEL”**



**NOTE OF PRESENTATION OF THE
2004 ANNUAL REPORT OF THE EXECUTIVE SECRETARY**

Dr Mohamed Ibn Chambas



Executive Secretariat
Abuja, January 2005

Honourable Chairman of Council,
Honourable Ministers,
Your Excellencies, Members of the Diplomatic Corps,
Representatives of International Institutions and Organisations,
Distinguished Invited Guests,
Dear Colleagues,
Ladies and Gentlemen.

On behalf of all the members of staff of the ECOWAS Institutions, and on my own behalf, it is with much pleasure that I extend a warm welcome to Honourable Members of Council and all other participants in this fifty-third ordinary session of the ECOWAS Council of Ministers. You are all cordially welcome to Accra, a city that has had to host many ECOWAS activities during the course of the past two years, the period of Ghana's chairmanship of the Community.

Honourable Ministers,

I wish, on your behalf to congratulate the government and people of Ghana for the successful, free and fair presidential and general elections last December. The exemplary comportment of the political class and the electorate (before, during and after the elections) testifies to the country's political maturity. The Community wishes, in particular, to congratulate His Excellency John Agyekum Kufuor on his resounding election victory. We wish His Excellency all the best during this second term of office as the President of the Republic of Ghana. I wish to express our deepest appreciation to the President, government and people of Ghana for the generous hospitality and the excellent facilities made available for the success of these ECOWAS statutory meetings. I should like, in this particular regard, to express the most sincere gratitude of the Community to His Excellency President Kufuor for the leadership qualities that were so admirably manifested in the performance of his functions as the Chairman of the ECOWAS Authority of Heads of State and Government.

Honourable members of Council,

The Community is much indebted to our Chairman of Council, Honourable Dr. Kofi Konadu Apraku, the Ghana Minister of Regional Cooperation and NEPAD, for his personal commitment and the attention he has given to ECOWAS issues throughout his tenure. ECOWAS is equally grateful to all Honourable Members of Council for leading and coordinating the participation of Member States in the West African integration process. I also acknowledge the increasing involvement of your colleagues in the sector Ministries whom we have had cause to call upon to deliberate on regional issues in their respective sectors. We count on the continued involvement of Ministers, the private sector, civil society and development partners to enable ECOWAS contribute to West African development. In this regard, permit me, Mr Chairman, to express the Community's appreciation and gratitude to our development partners for the increasing external assistance being received.

Mr. Chairman,

The role of this august body, the ECOWAS Council of Ministers, and indeed the mission of ECOWAS as a whole, is to facilitate the development of national economies through a regional approach. The Annual Report therefore ventures to raise the fundamental problem of the failure of Member States to translate the regional approach into an appropriate national policy framework. Nowhere in the region can regional integration be seen as a top national priority; not even in the countries where a whole government ministry for regional integration exists. Institutionally, government business is not being organised and conducted with the primary objective of reflecting and meeting the obligations of the ECOWAS integration agenda. The current institutional arrangements at the national level do not ensure a centralised approach and an effective coordination of ECOWAS, NEPAD and national development issues.

The challenge before us, over the next few years, is to get West Africa to function as an integrated economy. By the end of 2007, not only should the free

trade area have been consolidated, but a common external tariff regime should also have been established. The harmonisation of macro-economic policies should have been achieved, paving the way for the adoption of a single currency regime. Similar sectoral targets have been set in our drive toward the establishment of a West African economic and monetary union.

Honourable Ministers,

I believe that in order to achieve sustainable development and record much higher growth rates, we must review the existing national development policies and strategies. We need to examine the attitudes and approaches of Member States to regional integration. We are in need of a fundamental change in our approach to the issues of integration and development. I therefore invite Council members to reflect on the theme of this Annual Report: ***“West African Integration Perspectives: Searching for a Development Model”***.

Honourable Ministers,

The West African economy. Although the economic growth of 4% in West Africa was below the continental growth rate of 4.3 percent in 2003, this was nonetheless double the rate recorded in 2002. It should be noted, however, that performance varied significantly on individual country basis. The overall performance of the CFA countries was weak, in large part because of Côte d'Ivoire's crisis and its impact on the region. The better performance of Benin, Cape Verde, Ghana, Nigeria, Senegal and Sierra Leone Nigeria was as a result of higher commodity prices and importantly, sounder economic policies. Apart from the sustained economic reforms, other factors underlying this favourable trend are the easing of external debt burdens through the Heavily Indebted Poor Country (HIPC) initiative, better access to industrial country markets and expansion in world trade.

NEPAD Implementation in West Africa. An extraordinary summit on NEPAD between the ECOWAS Heads of State and the President of the World

Bank was held here in Accra in March last year. The West African leadership reaffirmed the ECOWAS commitment to the effective implementation of NEPAD programmes in key integration sectors. The President of the World Bank in turn undertook to make available more resources under its regional assistance programme for West Africa. Other development partners were invited to increase their support for the ECOWAS and NEPAD programmes. A regional task force, comprising the World Bank, ADB, EU and ECOWAS has subsequently been established, and it is facilitating the preparation and implementation of NEPAD infrastructural projects. This session of Council will soon deliberate on the work of the task force. The capacity of the ECOWAS Secretariat is being enhanced through the recruitment of NEPAD consultants. A number of development partners have offered to finance the hiring of the NEPAD consultants for a three-year period. Council has already agreed to the rationalization and strengthening of arrangements at the national level for the coordination and implementation of NEPAD and ECOWAS programmes in each Member State.

Mr. Chairman,

Monetary cooperation programme. It is to be recalled that the Heads of State of the second monetary zone (WAMZ) decided in November 2002 to defer the launching of the second regional currency till July 2005. Consequently, the ECOWAS Authority decided that a firm date for the introduction of the common regional currency would be fixed at the meeting of the Authority in December 2005. The focus of monetary cooperation in 2004 continued to be on monitoring country performance under the convergence criteria (both the primary and secondary criteria). Particular emphasis was put on the need for sounder fiscal policies. Given the slow and uneven pace of policy convergence, all Member States have been urged to take additional measures to meet the secondary criteria.

A problem militating against the smooth operation of the multilateral surveillance mechanism in the region has been the non-establishment of

ineffective functioning of the NCC or CNPE in each Member State. Where these national committees exist, they face the problem of inadequate capacity (personnel, equipment, and organisational structure). That is why the Secretariat has initiated action to enhance the capacity of the NCCs. The requirements of the NCCs have been determined and a project document is being finalised for presentation to selected development partners.

Mr Chairman,

Creation of ECOWAS Customs Union. In January 2003, the ECOWAS Authority adopted the new elements of the ECOWAS trade liberalisation scheme (revised rules of origin, single customs declaration form, simplified approval procedure and revised compensation scheme). The process of adaptation of these new elements of the scheme at the national level has been slow. From the monitoring exercise conducted by the Secretariat and the information obtained, only eight Member States apply the scheme correctly. Other Member States are enjoined to issue the necessary directives and encourage their customs services to apply the scheme correctly. National measures to be adopted to ensure the free circulation of Community-originating products include:

- Effective application of all the new regulations of the trade liberalisation scheme;
- A sustained sensitisation and information campaign directed at both the economic operators and government officials concerned;
- Elimination of all tariff and non-tariff barriers to intra-regional trade such as the banning of Community-originating products, road blocks and harassment at border crossings;
- Correct application of the Community levy.

Mr Chairman,

The effective application of the ECOWAS trade liberalisation scheme is a major challenge that the Community must overcome. Some progress has been made but much more needs to be done at both national and regional levels.

Particular attention will be paid in this regard to the compensation mechanism which is vital for the operation of the scheme. We should be spurred on to achieve better performance of the trade liberalisation scheme by the regional economic partnership agreement (EPA) we are negotiating with the European Union. This is because West Africa is required to have a functional free trade area if the EPA is to come into force in 2008.

Mr. Chairman,

Structural fund. In view of the different levels of development and resource endowment of our Member States, it has always been the desire of the ECOWAS Authority to establish a Community facility to promote the balanced development of the entire region. The terms of reference for a study on the creation of a structural fund to serve that purpose have been adopted by a working group made up of EBID and all the ECOWAS institutions based in Abuja. The Secretariat has embarked on the recruitment of a consultancy firm to conduct the study.

Honourable Ministers,

Development of infrastructural services. Some major steps were taken in the past year towards the physical integration of the region and the improvement of the various services. Substantial progress was made in the implementation of two major projects in the energy sector, the West Africa Power Pool (WAPP) and West Africa Gas Pipeline (WAGP). Both WAGP and WAPP projects have attracted considerable interest from private investors and our development partners.

The ECOWAS Secretariat has developed an action plan to facilitate cross border movements by ensuring the implementation of road transport facilitation measures. This is being done in collaboration with UEMOA and it is in line with the ECOWAS protocol on free movement of persons and goods. This session of Council is being invited to consider the creation of a three-tier facilitation

committee; this regional body is to oversee the fluidity of transportation along the inter-State corridors.

In the telecommunications sector, our focus remains the harmonisation of the regulatory framework. The main objective of the harmonisation programme is to establish a common liberalised telecommunications market within the Community by the year 2007. The ECOWAS Secretariat is also preparing towards the implementation of GSM roaming within the region.

Mr. Chairman,

Regional railway network. The substantial expansion of intra-regional trade that we are hoping for requires a significant improvement in coastal shipping and the railways. Serious thought is therefore being given to the interconnection of the national railways to achieve a regional network that complements the highways system. We have initiated action on feasibility studies, to be financed from a US\$3 million grant from the ADB.

Air Transport. The ECOWAS Secretariat has embarked on formulating an economic regulation action plan; this involves the preparation of common air transport competition rules, a air carrier licensing and market access regulations for West and Central Africa. During the review period, the Secretariat also carried out field missions to Member States to assess the implementation of the Yamoussoukro Decision. Although Member States are making progress in the liberalization of the air transport sector, some serious impediments still exist, as identified in the report.

Mr. Chairman,

Development of the real sector. The Community has continued the twin-approach of improving the policy framework for promoting agricultural and industrial development, and encouraging greater private sector investment in the real sector. This has involved the Secretariat in such activities as the formulation

of the ECOWAS common agricultural policy, facilitation and monitoring of implementation of cooperation programmes in agriculture, integrated management of water resources, programme of action for desertification control, regulations on transhumance, promotion of cooperation among the national investment promotion agencies, encouraging business interaction among our private sector operators, and with foreign investors.

Honourable Ministers,

Communication programme. Securing a greater involvement of the private sector and civil society in the integration process requires selling ECOWAS to the wider West African audience: elected representatives of the people, professionals in the information sector, economic operators, associations of other professionals, non-governmental organisations and international institutions operating in West Africa. During the period under review, the programme implemented by the Executive Secretariat included sensitisation campaigns in Member States, regional workshops and seminars, publication of various publicity materials on ECOWAS, and a write-up on ECOMOG peace-keeping missions.

Mr. Chairman,

Honourable Ministers,

Regional Peace and Security. ECOWAS programmes are aimed at achieving economic stability and creating an enabling business environment. An enabling environment includes political stability and human security. Regrettably, the security situation in the region continues to be a great source of concern to the Community. Much effort was made during the review period to employ the ECOWAS conflict prevention mechanism and other instruments to contain political crises and enhance regional peace and security. The painfully slow and erratic pace of the peace process in Côte d'Ivoire, the negotiation of the comprehensive peace agreement in Liberia, and the measures for the resolution of the conflict in Guinea Bissau are all reminders of the instability plaguing our

region. This unfortunate situation requires of all Member States greater commitment, sacrifice and solidarity in order to eliminate these regional conflicts. We do need to cultivate in West Africa a culture of tolerance, understanding and good neighbourliness.

The Annual Report provides brief accounts on the mediation role played by the Community in Côte d'Ivoire, Guinea Bissau and Liberia. The peace process recorded some significant progress in both Liberia and Guinea Bissau. By contrast, the situation in Côte d'Ivoire has become more worrisome with the resumption of sporadic violent clashes. I wish to use this opportunity to pay warm tribute to all the troop-contributing countries, which, by their support, made it possible to effect the rapid deployment of the ECOWAS forces, to stabilise the situation in Liberia and in Côte d'Ivoire. I also wish to pay a well-deserved homage to the ECOWAS Mediator, General Abdulsalami Abubakar, under whose leadership the peace talks on Liberia were brought to a successful conclusion. The Community is equally grateful to the international community, particularly the UN Secretary-General and the Security Council, our development partners and the humanitarian agencies which have been assisting the ECOWAS peace initiatives.

Administrative and financial matters

Mr. Chairman,

Staff recruitment. As part of the Executive Secretariat capacity building effort, Council authorised in 2002 the recruitment of eighty-five professional staff. In line with Council's decision, the recruitment process is being guided by fair and transparent process, professional competence, geographical balance, and gender balance. Thirty newly recruited Secretariat officials have assumed duty; the recruitment process will be resumed in February 2005.

Honourable Ministers,

Accommodation problems. The increase in staff has created office accommodation problems at the Executive Secretariat. Despite some palliative measures adopted (to accommodate the newly recruited staff), the Executive Secretariat cannot accommodate all of its staff members. Therefore, relocation of one or two Departments to a rented building outside the present office premises is being considered. Concerning residential accommodation, the Katampe housing estate will not be ready before the new staff members arrive, and the estate cannot accommodate all the staff members. We are therefore contemplating other ways of acquiring additional houses.

Mr. Chairman,

Implementation of the Community levy. The operation of the Community levy has significantly improved the financial situation of the ECOWAS institutions. However, the proceeds of the levy are below the expected amounts, and substantial contribution arrears persist. Every Member State has to apply the Community Levy Protocol correctly. At present, only five Member States – Ghana, Guinea-Bissau, Niger, Senegal, and Togo – are applying the levy protocol correctly. The report indicates a number of deficiencies we have detected during the monitoring missions. It is vitally important that all Member States conform strictly to the provisions of the protocol on the Community levy. I therefore entreat each Honourable Member of Council to endeavour to ensure the correct application of that protocol.

Operations of Other ECOWAS Institutions

Mr. Chairman,

Honourable Ministers,

All the other ECOWAS institutions made appreciable progress during the period under review.

Court of Justice. There was a consolidation of the existence of the Community Court of Justice, which is now discharging its primary responsibility: the interpretation and application of the Treaty and annexed protocols. A new Bureau was elected for the Court, the first judgement of the Court was delivered and the approval of Council was secured for the amendment of the Court's Protocol, to enable Community citizens have direct access to the Court of Justice.

The EBID Group. During the review period, the ECOWAS Bank for Investment and Development (EBID) Group focused its attention on the consolidation of the Group's foundation and on promoting the Group within the international financial community. This involved all the Group members in such activities as strengthening the internal organisation and enhancing the capacity of the manpower base, ensuring the smooth functioning of the decision-making organs, and the effective mobilisation of resources. In addition, the subsidiary companies - ECOWAS Regional Development Fund (ERDF) and ECOWAS Regional Investment Bank (ERIB), undertook some significant operational activities, including the financing of private sector projects.

WAHO operations. The West African Health Organisation (WAHO) made much progress in the past year, and the visibility of the organization increased. With improved funding of WAHO, the range of programmes keeps growing. The organisation has had occasion to present its regional health strategies and programmes in various international fora.

WAMA operations. WAMA regularly monitored country performances under the ECOWAS monetary cooperation programme. The WAMA reports point out that achieving the objective of macroeconomic convergence continued to be a problem in most countries. The report drew particular attention to the inability of most countries to achieve or sustain the budget deficit/GDP target of 4.0 percent. This was in a large measure due to the weak tax collection mechanism in most Member States. In addition, the prevalence of extra-

budgetary expenditure and commitments that were not related to revenue availability invariably created the need for deficit financing.

Mr Chairman,
Honourable Ministers,

Searching for a New Development Model. Permit me to return to the issue of evolving an appropriate development strategy for West African countries. Economic development has at best been haphazard and the impoverisation of the West African population continues. Council may wish to spend some time reflecting on the serious but surmountable development challenges we face in this region. Regional integration has made very little contribution to our development, despite the nearly thirty years of existence of the Community. It is imperative that we adopt a development model for the region that becomes the point of reference and provides the framework for defining national development policies.

In the search for improved economic performance, Member States need to capitalise on current development initiatives available at the regional and international levels. For instance, the ECOWAS initiative concerns regional policies in the macro-economic and all the key sectoral areas. There are ECOWAS regional policies in the monetary, fiscal, customs, transport, energy, telecommunications, education, health, statistics and agriculture sectors. Each Member State is expected to replace or adapt its corresponding national policies to be in line with these common regional policies. The primary objective of ECOWAS is to fuse the national economies into an economic union, which involves the application of common regional policies by all Member States. This would ensure the free flow of goods and services in West Africa, promoting faster growth and development.

Honourable Chairman,

The ultimate effect, therefore, of the failure of Member States to translate ECOWAS policies into national programmes and to implement Community acts

and decisions, is the holding back of the economic development of all Member States. We need a regional strategic development framework based on well-defined regional objectives and priorities, and in line with the relevant continental initiatives. This will establish coherence and synergy between the regional integration process, national long-term development policies, the NEPAD initiative, and the thrust of external assistance from our development partners. We ought to begin the process of formulating such a development framework.

We in West Africa have made enviable progress towards the formulation and adoption of important integration policies and programmes. It is our collective responsibility to take the necessary steps to ensure that Community acts and decisions are implemented, so that ECOWAS can make the expected contribution to the development of the region. There is much international interest and goodwill towards the Community. We should all endeavour to make ECOWAS perform creditably to sustain that interest. More importantly, we must, as policy-makers, work more assiduously to capture and retain the interest of every West African in the integration and development of the region.

It is my hope that this session of Council will have fruitful deliberations and will decide on the necessary measures for accelerating the integration process.

I wish to extend the compliments of the New Year to everyone attending the ECOWAS statutory meetings. I thank you, Mr. Chairman and Honourable Ministers, for the very kind attention.