



NOTE OF PRESENTATION

ON THE

ECOWAS COMMISSION INTERIM REPORT 2008

BY

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*ECOWAS Commission
Abuja, 17 May 2008*

Honourable Chairman of Council,
Honourable Members of Council,
Your Excellencies, Members of the Diplomatic Corps,
Colleague Heads of Institutions and Members of the ECOWAS
Commission,
Distinguished Invited Guests,
Esteemed Delegates,
Ladies and Gentlemen,

It is my pleasure to present to you Honourable Members of Council the 2008 Interim Report of ECOWAS Commission. As usual, I am happy for the opportunity to brief Honourable Members of Council on the evolution of ECOWAS programmes and other events within the Community since the last ordinary session of December 2007. We, the officials of the Community, benefited considerably from the interactions during these past sessions, and we look forward to participating in this session of Council. It is my pleasure, therefore, to undertake my statutory duty of presenting a status report on the progress made over the past few months in the implementation of the Community programmes in the areas of economic integration as well as peace and security. During the course of your deliberations, there will be further briefing from the officials of the Commission, because it is necessary that Honourable Ministers be kept abreast of the progress we are making towards the achievement of the objectives set out by the founding fathers of the Community and the Vision 2020

adopted by the Authority of Heads of State and Government on 15 June 2007 here in Abuja.

Honourable Chairperson,

ECOWAS activities for 2007 were concluded with the 33rd annual ordinary summit of the Heads of State and Government on 18 January 2008 in Ouagadougou. The one-day summit adopted, among others, a regional poverty reduction strategy which aims to leverage into the existing poverty reduction strategies of the Member States to address trans-boundary issues and ensure region-wide coherence and effectiveness.

On the Economic Partnership Agreement (EPA) between West Africa and the European Union, the Heads of State and Government restated their determination to continue to negotiate as a bloc to ensure that the agreement contributes to the realization of the ECOWAS integration objectives, enhances regional development, reduces poverty, contributes to employment generation and responds to other development concerns of the region. The Heads of State and Government expressed satisfaction with the progressive improvements in the twin issues of regional peace and security.

This presentation is an overview of the progress since the last session of Council in the areas of regional economic performance, socio-economic integration programmes, and regional peace and

security. Permit me, Honourable Chairperson, to underscore the policy thrust of the Community Work Programme and highlight the regional economic performance and a few of the activity programmes.

Policy Thrust of the Community Work Programme

The current Community Work Programme continues to reflect the on-going efforts by ECOWAS Commission to consolidate the transformation process and maintain the momentum of positive change within the framework of ECOWAS Vision 2020. The Vision articulates the development challenges facing the region, identifies the medium and long-term priorities needed for the consolidation of a common market and the achievement of an effective economic and monetary union. It also emphasises the creation of a single regional economic community with an efficient system of good governance, conflict prevention, security and peace keeping mechanisms.

Performance of the West African Economy

Honourable Ministers,

The West African regional economy experienced an increase in GDP from \$141.9 billion in 2005 to \$170.1 billion in 2006, rising to \$199.1 billion in 2007. The regional GDP is projected to reach \$232.7 billion in 2008. Prospects for the region appear favourable in 2008. There has been continued improvement in the region's economic

performance and the expectation is that the growth rate in 2008 will remain above 5%.

Accounting for the positive economic outlook for the region in 2008 are improved macroeconomic management, improving governance and security situation, high commodity prices, the discovery of oil in commercial quantity in some Member States along the Gulf of Guinea and financial assistance from the development partners.

However, the region faces a myriad of challenges which impede its ability to attain the MDGs, although performance varies on individual country basis. These challenges include poverty, infrastructure deficiency, insufficient formal intra-regional trade and increase in the prices of commodities, particularly oil and food. Persistently high oil prices, which peaked at \$127.82 per barrel yesterday Friday 16 May, remain a major challenge to growth and macroeconomic stability in the medium-term.

In addition to geo-political developments in the Middle East and Nigeria, the main factors behind the upward trend in global oil prices are high fuel demand in the advanced countries, speculation that China's demand for diesel needed to fuel its power plants would rise due to reconstruction efforts after this week's earthquakes and weakness in the US dollar exchange rate against major currencies, which prompted a flow of speculative funds in the oil market.

The persistent rise in oil prices has had mixed budgetary implications on the regional economy; positive for the oil exporting countries (Côte d'Ivoire and Nigeria) and negative for the other Member States which are oil-importing. Increased energy costs are constraining investment and growth in the net oil-importing Member States. The Commission wishes to encourage the oil-exporting Member States to show solidarity with their non oil-exporting counterparts.

The global food crisis is another exogenous shock currently facing the regional economy. The rise in food prices reflects a mixture of longer-term factors such as food crops being diverted to biofuel production, as a supplement to transportation fuels; higher food demand from emerging economies (notably, China, India and the Middle East); higher energy and fertilizer costs, and climate change, particularly drought in Australia and flood in Bangladesh. Nevertheless, ECOWAS Commission and the Member States are embarking upon policy measures to address the food crisis which could have severe socio-economic implications. Short and medium-term measures such as reduction of tariff on grains, especially rice, and improvement in agricultural production are being proposed by the Commission. In fact, a Ministerial meeting is being convened for Monday 19 May 2008 to address the issue.

Socio-economic Programmes

Honourable Chairperson,

ECOWAS remains engaged with the pursuit of its principal objective of promoting regional cooperation and integration. We are moving steadily towards the establishment of an economic union in West Africa. ECOWAS has focused on programmes in all development sectors: macro-economic policy harmonization leading to the creation of a single regional currency; progress towards the establishment of an ECOWAS customs union, and the related negotiation of an economic partnership agreement with the European Union; infrastructural development and enhanced service delivery; agricultural and environmental issues as well as human development.

Monetary Integration Programme: On the macroeconomic convergence of the Member States, there has been some remarkable achievement. Given the seriousness of the region's political leadership in respect of the ECOWAS monetary cooperation programme, the goal of having a convertible regional currency should soon be realized. Performance on the achievement of the macroeconomic convergence criteria has been impressive. Improvement in macroeconomic management in the Member States helped to enhance the achievement of the macroeconomic convergence targets, including inflation, pressures of which emanate from the rise in the prices of petroleum and its related products.

However, one major policy challenge that subsists in ECOWAS relates to the practice of dual exchange rate regimes. Whereas a pegged exchange rate system is the acceptable framework in the UEMOA zone and Cape Verde, the WAMZ countries continue to adopt a flexible exchange rate regime. It is critical to note that any effort to develop a common strategy towards the adoption of a common currency in ECOWAS must, first of all, resolve this policy difference. The choice of exchange rate regime is a critical area that must be reviewed if a single track approach is to be pursued successfully.

Another major challenge facing the effective operations of the multilateral surveillance mechanism relates to the inefficient functioning of the National Coordinating Committees (NCCs). Council is being called upon to assist in accelerating the enactment of legislation for the functioning of the NCCs in Member States.

Common External Tariff: Concerning the Common External Tariff (CET), which is an important step towards a customs union, necessary actions have been carried out in line with the schedule adopted by an extraordinary session of the Ministerial Monitoring Committee held in Ouagadougou on 17 December 2007. The ECOWAS-UEMOA Management Committee on the CET is expected to finalise outstanding activities by 30 June 2008. These activities include a study to, among other things, explore the possibility of creating a fifth band, its rate as well as the list of products subject to it.

EPA Negotiations: In light of the directive of the January 2008 summit of the Authority of Heads of State and Government on the need to make the EPA a veritable development instrument, measures are being taken to prepare, within the shortest possible time, the three categories of development programmes, namely improvement of the competitiveness of the productive sectors, payment of adjustment costs and fulfilment of obligations arising from the agreement.

ECOWAS Trade Fair: One of the measures for promoting intra-regional trade is the holding of regular regional trade fairs, exhibitions and other similar events. The Fifth ECOWAS trade fair was held in Ouagadougou from 7 to 15 March 2008. One of the highlights of the trade fair was the launching of ECOBIZ (ECOWAS Business Centre), which manages business opportunities in Member States. ECOBIZ is the new version of SIGOA-TOPS (Trade Opportunities Management System), which is an intra-Community ICT trade promotion tool.

An evaluation of the trade fair shows that it was a huge success. The fair recorded the participation of eleven Member States. Four hundred and twenty seven (427) stalls covering a total space of more than 2,000 square metres were allocated to some 550 exhibitors. Over 200 economic operators comprising corporate organizations and private enterprises as well as six regional organisations across West Africa also took part in the fair, which registered benefits including a 56 million CFA francs daily average turnover, the signing of 4,700

contracts, the confirmation of 2,600 bids and the presence of about 40,000 visitors each day.

The next trade fair which will come up in 2010 has been scheduled to hold in Côte d'Ivoire. I hope that all members of Council would encourage the relevant authorities in Member States to ensure maximum participation of economic operators in the 6th ECOWAS Trade Fair.

Energy Programme: 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.

In the case of the West African Gas Pipeline project, the offshore activities, including the laying of the pipeline, are 100 percent complete. However, due to some technical problems, first gas which was expected for delivery on 15 May 2008 will now be delivered later in the year. The Commission has also secured further assistance from the United States Agency for International Development (USAID) towards the conduct of a feasibility study on the extension of the pipeline to Côte d'Ivoire.

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.

Free Movement of Persons: The activities of the Commission relate to the implementation of the ECOWAS Common Approach on Migration (adopted at the last summit of the Heads of State and Government), 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.

Agriculture: Three draft regulations were submitted for the opinion of the Agriculture, Environment, Water Resources and Rural Development Committee of ECOWAS Parliament at its meeting held in Ouagadougou from 1 to 4 April 2008. The Committee sent a favourable opinion on the regulations which relate to: the harmonization of the rules governing the quality control, the certification and the marketing of the vegetable seeds and seedlings;

the harmonization of the rules governing pesticides; and adoption of the Action plan for the development of biotechnology and biosecurity.

ECOWAS Commission shall submit through this session of Council the draft texts on these issues to the next session of the Authority of Heads of State and Government for adoption.

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 peacebuilding 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 are scheduled for 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 this year.

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. Areas of concern include continuing armed attacks in the Niger Delta region of Nigeria by militants, the MNJ rebels in northern Niger and the rebellion of a few Touaregs in northern Mali, and lingering instability in the northern

parts of Ghana. 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 Luxembourg 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.

Moreover, ECOWAS has intensified its efforts to complement initiatives by Member States on youth empowerment. On 16 April 2008, I attended the inaugural meeting of the Africa Commission, a body set up by the Government of Denmark under the Chairmanship of the Danish Prime Minister to promote effective development cooperation with Africa on the youth question. In my capacity as a member of the Danish-Africa Commission and on behalf of ECOWAS, I offered to co-host two international conferences designed to develop programmes on the youth question. The first conference on Educational Challenge will be held in Ouagadougou on 16 June 2008 while the second on Youth Employment will take place on 5 September 2008 in Accra. Through these conferences, ECOWAS hopes to add value to existing initiatives on youth by Member States and other partners, including the United Nations Office on West Africa (UNOWA) and UNESCO.

Given the fact that democracy, political stability and security are necessary for sustained economic development, I wish to request Council to kindly urge the Member States to ensure the speedy

ratification and effective implementation of all outstanding protocols relating to the regional integration process. I shall make available for information of Honourable Ministers in this session of Council the status of ratification of the ECOWAS revised treaty, protocols and conventions as at 15 May 2008.

Concluding Remarks

Honourable Chairperson,

The achievement of the goals of integration requires the constant support and commitment of the Member States of the Community. Ideally, given the commitment to a regional approach, government business, particularly management of the national economy, should be organized and conducted with the primary objective of meeting the obligations of the ECOWAS integration agenda.

Regional integration holds much hope for the West Africa region. The many regional programmes and initiatives sustain the hope that regional cooperation could truly become a tool for the development of the national economies. It is only through a collective effort and strong resolve that 2008 could become a significant landmark year in the Community's march towards an economic and monetary union.

Honourable Ministers,
Distinguished Invited Guests,
Ladies and Gentlemen,

Once again, it is my pleasure to welcome you to ECOWAS Commission and wish this 60th session of the ECOWAS Council of Ministers very fruitful deliberations.

I thank you for your kind attention.