

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



**REGIONAL INTEGRATION STRATEGY PAPER
FOR WEST AFRICA 2011 – 2015**

REGIONAL DEPARTMENTS – WEST (ORWA/ORWB)
REGIONAL INTEGRATION AND TRADE DEPARTMENT (ONRI)

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TABLE OF CONTENTS

LIST OF ACRONYMS AND ABBREVIATIONS

EXECUTIVE SUMMARY.....	i
I. INTRODUCTION	1
II. CONTINENTAL INITIATIVES AND AFRICAN AGENDA.....	1
2.1 Regional Progress Towards the African Integration Agenda	1
2.2 Other Continental Initiatives Affecting the Region	2
III. REGIONAL CONTEXT AND PROSPECTS	2
3.1 Political, Economic and Social Context	2
3.2 Regional Strategic Objectives	11
3.3 Main Challenges and Opportunities	12
3.4 Current Responses and Initiatives	13
3.5 Recent Developments in Aid Coordination and Other Interventions	13
3.6 Bank's Regional Portfolio in West Africa	14
IV. BANK GROUP STRATEGY FOR THE REGION	14
4.1 Rationale for Bank Group Intervention	14
4.2 Strategic Pillars, Deliverables and Targets	15
4.3 Monitoring and Evaluation	18
4.4 Regional and Country Dialogue Issues	19
4.5 Potential Risks and Mitigation Measures	19
V. MANAGEMENT AND DELIVERY	20
5.1 Institutional Arrangements.....	20
5.2 Partnerships	20
5.3 Internal Monitoring and Evaluation Mechanisms.....	20
VI. CONCLUSION AND RECOMMENDATION.....	20

ANNEXES

1. Indicative Results Matrix of the Regional Integration Strategy Paper for West Africa	
2. Indicative Program of Regional Operations and Potential Economic and Sector Work for 2011–2015	
3. West Africa Macroeconomic Indicators	
4. ECOWAS Monetary Cooperation Program Convergence Criteria	
5. Comparison of Logistics Costs and Export Times (20-ft. container) in Sub-Saharan Africa	
6. Environment and Climate Change	
7. West Africa Transport Corridors and Examples of Corridors Management Organizations	
8. West Africa RISP Two-Step Selection Process for Regional Operations	
9. Nigeria: A Growth Pole in West Africa	
10. Potential Energy Projects under the RISP	
11. List of Bank Group Ongoing Multinational Projects in West Africa	
12. Development Partners' West Africa Regional Integration Interventions Matrix	

13. 2011 – 2015 Regional Integration Strategy Paper for West Africa: Outcomes of Consultations with Regional Stakeholders
14. Intra-ECOWAS Trade
15. 2011 – 2015 Regional Integration Strategy Paper for West Africa: Comments made by CODE at Meeting of July 5, 2011

GRAPHS

1. Political Context, 2009
2. Real GDP Growth
3. Key Growth Drivers, 2009
4. GDP by Sector

Table A: Doing Business in 2009 and 2010.

BOXES

1. Use of Special Purpose Companies to Strengthen Regional Capacity for Project Implementation.

This RISP was derived from the analysis and conclusions of background studies and prepared by a team led by Mr. Issa Koussoube (Lead Economist, ORWB) and Mr. Ferdinand Bakoup (Lead Economist, ORWA); and from the outcome of consultations with regional stakeholders in West Africa, including the ECOWAS Commission, the WAEMU Commission, national governments, and non-governmental institutions. The consultations were carried out during the RISP preparation and dialogue missions, undertaken on September 15-October 5, 2010, and November 11-12, 2010, respectively.

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ACRONYMS AND ABBREVIATIONS

AAP	Africa Action Plan
ABR	Africa Business Roundtable
ACBF	African Capacity Building Foundation
AfDB	African Development Bank
ADF	African Development Fund
ADLG	Autorité de Développement du Liptako–Gourma
AEC	African Economic Community
AfT	Aid for Trade
AFRISTAT	Observatoire Economique et Statistique d’Afrique Subsaharienne
AGOA	Africa Growth and Opportunity Act
ALCO	Abidjan–Lagos Corridor Organization
AMF	African Monetary Fund
APF	African Petroleum Fund
APRM	African Peer Review Mechanism
ASF	African Solidarity Fund
ASYCUDA	Automated System for Customs Data
AU	African Union
BCEAO	Banque Centrale des États de l’Afrique de l’Ouest
BIDC	ECOWAS Bank for Investment and Development
BOAD	West Africa Regional Development Bank
BRICS	Brazil, Russia, India, China and, South Africa
BRVM	Bourse Régionale des Valeurs Mobilières (WAEMU’s Regional Stock Market <i>based in Abidjan</i>)
CAADP	Comprehensive African Agriculture Development Program
CDP	Community Development Program
CEDAW	UN Convention on the Elimination of all forms of Discrimination against Women
CEIF	Clean Energy Investment Framework
CET	Common External Tariff
CILSS	Comité Permanent Inter-Etats de Lutte contre la Sècheresse dans le Sahel
CLSG	Côte-d’Ivoire, Liberia, Siera-Léone-Guinea
CMO	Corridor Management Organization
COMESA	Common Market for Eastern and Southern Africa
CPIA	Country Policy and Institutional Assessment
CRMA	Climate Risks Management and Adaptation
CSI	Core Sector Indicators
CSP	Country Strategy Paper
CStP	Country Statistical Profile
DFID	Department for International Development (UK)
EC	European Commission
ECCAS	Economic Community of Central African States
ECOWAP	ECOWAS Common Agricultural Policy
ECOWAS	Economic Community of West African States

ECREEE	Regional Centre for Renewable Energy and Energy Efficiency
EPA	Economic Partnership Agreement
ETLS	External Trade Liberalization Scheme
EU	European Union
FDI	Foreign Direct Investment
FEWACC	Federation of West African Chambers of Commerce and Industry
FEWAMA	Federation of West African Manufacturers Associations
FODETE	Fonds de Développement des Transports et de l’Energie
FTA	Free Trade Area
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
IAIM	Inter-African Insurance Market
IAO	West Africa Institute for International Research on Regional Integration and Social Transformation
ICT	Information and Communications Technologies
ILO	International Labor Organization
INTELCOM	Interstate Telecommunications Company
ISRT	Interstate Road Transit
ITU	International Telecommunications Union
IWRM	Integrated Water Resource Management
MCLI	Maputo Corridor Logistics Initiative
MDG	Millennium Development Goals
MTS	Medium-Term Strategy
NBA	Niger Basin Authority
NCTTA	Northern Corridor Transit Transport Authority
NEPAD	New Partnership for Africa’s Development
NTB	Non-Tariff Barriers
OHADA	Organisation pour l’Harmonisation en Afrique du Droit des Affaires
OMVG	Gambia River Development Organization
OMVS	Organisation pour la Mise en Valeur du Fleuve Sénégal
ONRI	Regional Integration and Trade Department, African Development Bank
OPEV	Operations Evaluation Department
ORVP	Vice Presidency for Country and Regional Programs and Policy
ORWA	Operations Regional West A
ORWB	Operations Regional West B
PIDA	Program for Infrastructure Development in Africa
PCAE	Common Policy for Improvement of the Environment
PPP	Public-Private Partnership
RASCOM	Regional African Satellite Communications Organization
RBOs	River Basin Organizations
REC	Regional Economic Community
RIS	Regional Integration Strategy
RISP	Regional Integration Strategy Paper
RO	Regional Operations
SADC	Southern African Development Community
SAD	Single Administrative Document
SCB	Statistical Capacity Building Program

SFCD	Strategic Framework for Capacity Development
SPC	Special Purpose Company
SSA	Sub-Saharan Africa
SWARIP	Support to West Africa Regional Integration Program
TRIE	Transit Routier Inter-Etats
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
USA	United States of America
VAT	Tax on Value Added
WAEMU	West Africa Economic and Monetary Union
WAEMF	West Africa Emerging Market Fund
WAGP	West Africa Gas Pipeline
WAMI	West Africa Monetary Institute
WAMZ	West African Monetary Zone
WAPP	West Africa Power Pool
WB	World Bank
WEF	World Economic Forum
WRCC	Water Resources Coordination Centre
WTO	World Trade Organization

EXECUTIVE SUMMARY

1. **Introduction.** This report outlines a Bank Group's (the Bank) strategy for supporting regional integration efforts in West Africa over the period 2011-2015.
2. **Regional Context.** The region's economic performance reflects improvements in macroeconomic management. The recent hike in commodity prices (notably oil and minerals) has also benefited resource-rich West African countries and is fostering higher growth in the region as a whole. In 2010, the region's 6.2 percent real GDP growth was the highest among all African RECs. On the social front, the region is unlikely to meet the Millennium Development Goals. This is especially true for the region's fragile states and landlocked countries. A contributing factor to the poor social conditions in West Africa is the high level of unemployment, especially among the youth considering the fact that they constitute the majority of the population (about two-third).
3. Despite many challenges and regional realities, the progress toward integration that has already been achieved (Customs Union, free movement of persons, ECOWAS passport, transformation of the ECOWAS Secretariat into a strengthened ECOWAS Commission)—combined with the political momentum of the ECOWAS Vision and the region's rich natural base—has created the conditions for integration to gain progress.
4. **Bank Group Strategy for the Region.** The Bank's strategy for supporting regional integration in West Africa rests on two pillars, namely (i) linking regional markets and, (ii) building capacity for effective implementation of the regional integration agenda. This strategy is aligned with the ECOWAS Vision 2020, the Regional Strategic Plan, and the outcome of consultations with regional stakeholders:
5. Pillar I will support investments in (i) regional transport infrastructure (missing links in the Trans-Coastal and Trans-Sahelian highways; rehabilitation of priority road corridors; river navigation); (ii) transport and trade facilitation measures; and (iii) regional energy production and markets integration. The Bank will also step up its strategic dialogue on resource mobilization for the railways transport.
6. Pillar II will strengthen the capacity of ECOWAS/WAEMU, selected regional institutions, and national entities where necessary, to deliver more effectively the integration agenda. Bank's efforts will focus on: (i) capacity building for effective policy and regional projects implementation; (ii) capacity building for financial sector integration and, (iii) support to regional research and training centers relevant to the integration agenda.
7. The Bank will also carry out a number of studies aimed at strengthening the knowledge base on regional integration in West Africa.
8. The proposed strategy will also lead to strengthened prospects for the productive sectors of West African economies and job creation, which are necessary conditions for further progress on the integration agenda, and for successful integration into the world economy.
9. The Bank's Regional Departments for West Africa A and B, together with the Regional Integration and Trade Department, will jointly be the Bank's focal points for monitoring implementation of the RISP, with the active support of the field offices. The on-going decentralization process will strengthen the Bank's capacity to monitor implementation of the RISP.
10. **Recommendation.** The Boards are requested to approve the strategy proposed in this RISP for West Africa, for the period 2011-2015.

I. INTRODUCTION

1.1 This report outlines the African Development Bank Group (Bank) strategic business model for supporting regional integration in West Africa, where the integration efforts of 15 countries¹ are being led by the Economic Community of West African States (ECOWAS). Overall, although ECOWAS has adopted protocols and policies for sustained integration, regional integration has progressed slowly.

1.2 The goal of this Regional Integration Strategy Paper 2011-2015 (RISP) is to help advance the integration agenda and facilitate regional solutions. It specifically provides the strategic framework for selecting and prioritizing Bank's analytical, operational, and partnership activities in support of regional integration in West Africa over the period 2011-2015.

1.3 The timing of this RISP, the first of its kind to West Africa, coincides with a number of significant events, which taken together, point to increased ambitions for regional integration both in West Africa and in the Bank's work. First, in West Africa, the ECOWAS Secretariat was recently transformed into the ECOWAS Commission, with a strengthened mandate to promote integration in the region. This was followed by the adoption, in June 2010, of a new *Vision 2020: From an ECOWAS of States to an ECOWAS of People*; and more recently, a Regional Strategic Plan. Both seek to give new impetus to the integration process in the region. Second, in the Bank, increased emphasis on integration underlies the recent adoption of the Bank's Regional Integration Strategy 2009-2012 (RIS). It finally reflects an expanded mandate and resources for regional operations under the ADF-12 replenishment.

1.4 The RISP is grounded on (i) a number of commissioned background studies in key areas of regional integration (Macroeconomics,

Transport corridors, ports, Energy, Transboundary Water Basins Management, ICT, Trade, and Private Sector Development)²; and (ii) preparatory and consultation missions in the region by Bank staff, including the important dialogue mission of November 12, 2010 in Ouagadougou.³

1.5 In addition to this introduction, the architecture of this report is as follows: Section II highlights the main continental integration initiatives being implemented in ECOWAS. Section III discusses the institutional, political, economic, social, and environment issues of regional integration; and key challenges and opportunities. Section IV outlines the Bank's integration strategy for the region over the period 2011-2015. Section V discusses management and delivery issues, including institutional arrangements, partnerships, and monitoring and evaluation. Section VI offers conclusions and recommendations.

II. CONTINENTAL INITIATIVES AND AFRICAN AGENDA

2.1 Regional Progress Towards the African Integration Agenda

ECOWAS was created on 28 May 1975 to promote economic cooperation and regional integration. In coordination with the Africa Action Plan (AAP) of the African Union (AU), ECOWAS leads and coordinates implementation of the New Partnership for Africa's Development (NEPAD) programs in West Africa, including the Comprehensive African Agriculture Development Program (CAADP) and the Program for Infrastructure Development in Africa (PIDA). PIDA, which covers cross-border infrastructure investment needs and policy and other regulatory measures to accompany these investments up to 2040, is to be approved by the AU Heads of State Assembly in January 2012. ECOWAS will be involved in the PIDA regional consultations in October 2011.

¹ The countries of the ECOWAS region are Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo. Eight of the countries are francophone, 5 are Anglophone and, two are lusophone. The total population of the region in 2010 was 302.69 million. The region is home to 29.3 percent of the continent's population.

² Financed by the Japanese Trust Fund

³ Please refer to Annex 17 for details.

2.2 Other Continental Initiatives Affecting the Region

ECOWAS is also actively involved in other on-going or future continental initiatives, including the Regional African Satellite Communications Organization (RASCOM); *Observatoire économique et statistique d'Afrique Subsaharienne* (AFRISTAT); the African Monetary Fund; the African Solidarity Fund; the African Petroleum Fund (in the process of being established); and the Inter-African Insurance Markets Conference. In collaboration with the NEPAD Business Group, Africa Business Roundtable (ABR), and the Bank, the ECOWAS countries participate in policy dialogues as a means of improving the business and investment climate in Africa.

III. REGIONAL CONTEXT AND PROSPECTS

3.1 Political, Economic, and Social Context

3.1.1 Institutional Arrangements in the Region

3.1.1.1 Duality and Multiplicity of the Integration Architecture. Institutional architecture in the West African region is characterized by the divide between the Anglophone and Francophone countries, and to some extent, the Lusophone countries. In 1994, a sub-group of 8 countries⁴ formed the *West African Economic and Monetary Union* (WAEMU). All the WAEMU countries, with the exception of Guinea Bissau, share a common French heritage in their legal and administrative systems. In addition, they have maintained the common currency inherited at the time of independence, which is the CFA Franc. They have a common monetary policy, which is implemented by the common central bank, the *Banque centrale des Etats de l'Afrique de l'Ouest* (BCEAO). The French Treasury guarantees the convertibility of the common currency. Largely reflecting these commonalities, the WAEMU countries have been able to make more progress towards economic integration than the rest of ECOWAS. The **non-WAEMU countries**, with

the exception of Cape Verde, are trying to form a second monetary zone, the *West African Monetary Zone* (WAMZ), which would eventually merge with WAEMU to form a single ECOWAS monetary zone.

3.1.1.2 The second facet of the institutional setting is multiplicity, as evidenced by the existence of about 30 regional organizations, many of which are linked to either WAEMU or ECOWAS. These two blocks tend to have the same structures, and their individual progress in regional integration is uneven. Although member states strive to transcend the linguistic and geopolitical divides in the region, these differences still present challenges for the integration process. Achieving efficient coordination and rationalization among the dense network of regional institutions are necessary remedies to these fundamental challenges. The ECOWAS-WAEMU stronger policy convergence remains a tremendous challenge.

3.1.2 Political Context and Governance

3.1.2.1 Democratic principles, including multi-party democracies, are taking root in West Africa.⁵ Compared to a decade ago, the political climate in the region has improved (Graph 1). Elections—legislative and presidential—and referenda have either taken place or will be conducted in three quarters of ECOWAS member countries during 2010 to 2012. Efforts are still necessary to strengthen the credibility of processes and political institutions, the legitimacy of election outcomes, as well as achieving inclusive participation of populations and civil societies.

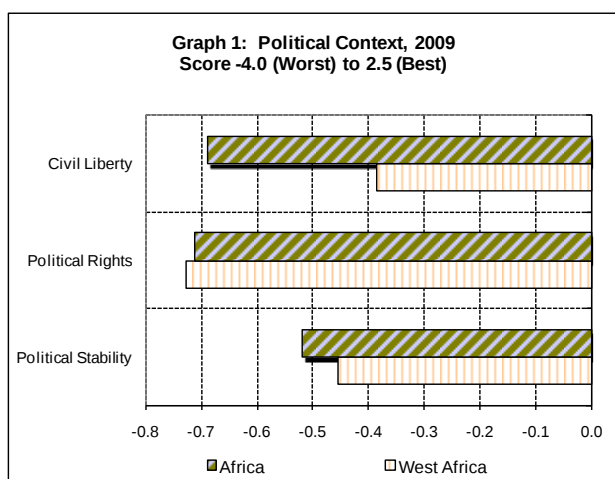
3.1.2.2 ECOWAS has made significant progress in resolving longstanding conflicts, and has remained proactive in preventing new tensions from blossoming into destabilizing crises. A new Mechanism for Conflict Prevention, Management and Resolution, Peace Building and Security, which includes protocols for democracy and good governance,

⁴ Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, and Togo.

⁵ Cape Verde, Ghana, and Mali have blazed the trail in democratic governance with political alternation and prudent economic management. Togo and Benin, as well as post-conflict countries such as Liberia and Sierra Leone, have conducted successful elections. However, the fragile states in the region will continue to require a great amount of trust building to sustain the peace and to consolidate the foundations for democracy and development.

is in place. In keeping with these protocols, ECOWAS, in alignment with the AU's action, had suspended Guinea, Niger and Côte d'Ivoire following coups and repression of dissent in those countries. Guinea held democratic elections at the end of 2010 and has since been reintegrated into both bodies. Niger also returned to democracy. Nevertheless, the region remains fragile and reversals cannot be ruled out. The recent Presidential electoral crisis in Côte d'Ivoire and its aftermath are political challenges that have renewed concerns about peace and stability in ECOWAS.

3.1.2.3 On the governance front, since the African Peer Review Mechanism (APRM) was launched in 2003, the West African countries of Benin, Burkina Faso, Côte d'Ivoire, Ghana, Liberia, Nigeria, Senegal and Togo have acceded to become party to the APRM. Some of these countries have also taken measures to internalize the APRM processes in their national policy and public sector management.



Source: AfDB Statistics Department using data from the WEF, 2010.

3.1.3 Special Considerations

3.1.3.1 West Africa is a politically and culturally complex region, with its diversity of religions, dialects, and vestiges of colonial systems reinforced by the linguistic divide. Other prominent features of the region include abundant human, land, energy (oil and gas) and mineral resources; the dominance of Nigeria, which accounts for 50 and 68 percent of the region's population and GDP respectively (see Annex 9); the small size of other national markets, and the limited market access of the three landlocked countries (Burkina Faso, Mali

and Niger); and lingering political and economic fragility⁶ in the post-conflict period due to high levels of poverty and social inequality (close to 60 percent of the population still lives on less than one US dollar a day).

3.1.3.2 Despite these inherent complexities, the movement of people in West Africa is relatively more permissive than in other regions of the continent. This is due in part to policies implemented by the community (adoption of rules encouraging free movement of people, issuance of an ECOWAS passport, etc.), and in part to historical and cultural factors, notably the great pre-colonial empires. Overall, therefore, the region's social fabric represents both challenges and opportunities for the regional integration process.

3.1.3.3 Infrastructure and natural resources in Liberia, Sierra Leone, Guinea, and Guinea-Bissau have suffered from the conflicts of the past two decades. Cape Verde, the only island country in West Africa, has participated more actively⁷ in ECOWAS activities in recent years, despite having its own independent initiatives with the European Union (EU).

3.1.4 Economic Context

3.1.4.1 **Growth Performance.** Growth in the ECOWAS region was relatively strong during the middle of the last decade. Real GDP growth was above 5 percent in 2004 and 2005, and reached almost 6 percent in 2007 before declining in 2009 as a result of the global economic crisis. Growth began to rise again in 2010 (Graph 2). The renewed growth in commodity prices (notably oil and minerals) has benefited natural resource-rich West African countries⁸, and is fostering higher growth in the region as a whole. The region as a whole recorded a real GDP growth rate of 6.7 percent in 2010, the highest among Africa's five Regional Economic Communities (RECs).⁹

⁶Six of the 15 ECOWAS countries are classified as fragile: Togo, Côte d'Ivoire, Sierra Leone, Liberia, Guinea, and Guinea Bissau.

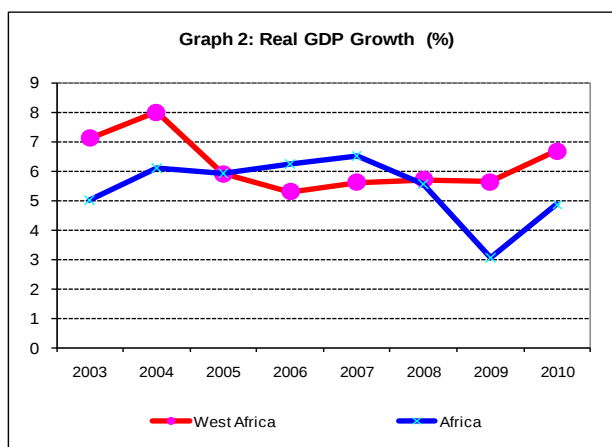
⁷In particular, it hosts the West Africa Institute for International Research on Regional Integration and Social Transformations (IAO) and the ECOWAS Regional Centre for Renewable Energy and Energy Efficiency (ECREEE).

⁸Nigeria, Ghana, Côte d'Ivoire, Niger and Guinea.

⁹Annual Report 2010, ADB.

3.1.4.2 Foreign Direct Investment (FDI) in West Africa was understandably affected by the recent financial and economic crisis. After several years of sustained growth, inflows to West Africa fell by almost 10 percent between 2008 and 2009, to US\$10 billion. FDI flows to West Africa are mainly concentrated in the natural resource sectors (oil and gas, gold, iron ore, magnesium, timber) and the resource-rich countries.

3.1.4.3 **Economic Outlook.** Although the African economies have emerged from the global crisis and expansion is set to continue, there are still major risks to Africa's economic outlook. There are risks related to the drivers of global recovery—the demand for minerals and hydrocarbons—and to the state of the world food market. For West Africa, the recent political upheavals and the related challenges in Côte d'Ivoire is likely to generate regional repercussions—especially for countries such as Burkina Faso, Mali, and Niger—by negatively affecting financial transfers, investment, trade, and foreign exchange reserves of the BCEAO. Inversely, the catch up effects of the normalization underway in Côte d'Ivoire could help boost growth prospects.



Source: AfDB Statistics Department; African Economic Outlook April 2011.

3.1.4.4 **Economic Performance and Management.** The region's economic performance reflects improvements in macroeconomic management over 2000-2009. Inflation, though it fluctuated because of the impact of changing weather patterns on agriculture, was under control; fiscal discipline was mixed; both national savings and investment as a percentage of GDP were rising; and external debt was declining (cf. Annex 3). Nevertheless,

the region's significant diversity in macroeconomic performance poses challenges for both integration and policy convergence (see next paragraph). With regard to government financial operations, average yearly budget deficits ranged from a high of 6.9 percent, 6.4 percent and 4.4 percent of GDP in Ghana, Guinea-Bissau, and Gambia, respectively, to an average yearly surplus of 1.7 percent, 1.6 percent and 0.5 percent of GDP in Nigeria, Niger and Liberia. The composition of government expenditures and revenues also shows wide variations across the region. However, and remarkably, in 2010, West Africa and Central Africa were the only regions with a budgetary surplus, at 2.9 and 0.6 percent of GDP, respectively¹⁰. Also in 2010, West Africa's external current account position improved, with a surplus increasing from 1.4 percent to 4.6 percent of GDP.

3.1.4.5 **Macroeconomic Policy Convergence and Harmonization.** Policy harmonization remains overall weak, although WAEMU show more progress than the larger ECOWAS. In furtherance of the ECOWAS objective of creating a single ECOWAS Monetary Zone by 2020, six non-WAEMU countries launched an initiative in April 2000 to set up a second monetary union and common currency—the Eco—alongside the WAEMU's CFA franc. The goal is to eventually merge the Eco and the CFA franc, leading to a single stable currency for all of West Africa by the target date. As a consequence, West Africa currently has three sets of convergence criteria¹¹—one each for WAEMU, WAMZ and ECOWAS. The Bank is providing assistance to the ECOWAS to harmonize the three sets of criteria.

3.1.4.6 Over time, the performance of both blocks in most of the primary convergence criteria has generally been weak. While performance with respect to the central bank financing of fiscal deficit criterion has been impressive, the WAEMU countries maintained a zero-financing stance over the entire decade, and most WAMZ countries consistently met their targets—performance in the other three

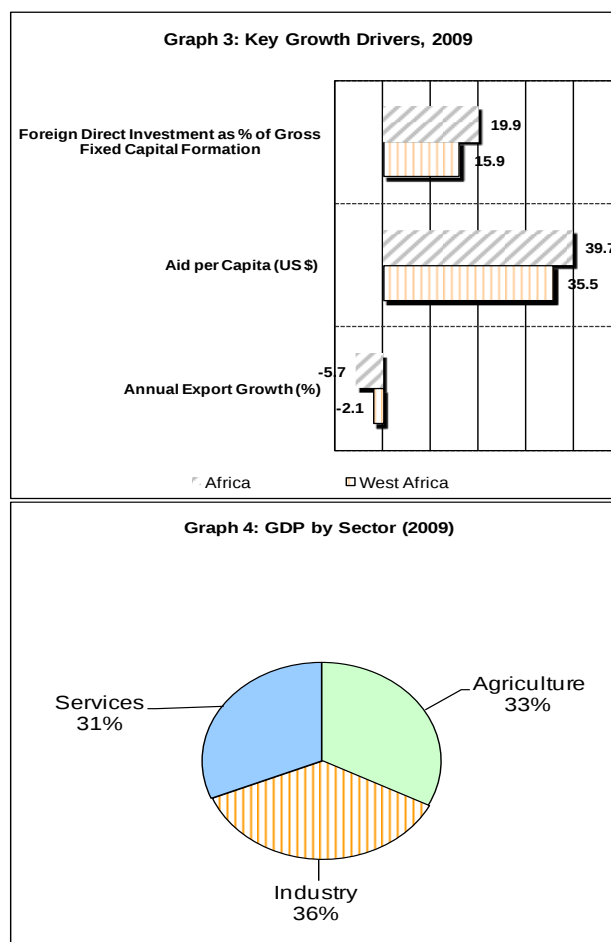
¹⁰ ADB Annual Report 2010.

¹¹ Cf. Annex 4 for details on primary and secondary criteria.

primary criteria has been mixed. Seven of the 15 ECOWAS countries have performed relatively well with respect to the budget deficit/GDP ratio criterion, while the others have consistently fallen short.

3.1.4.7 With respect to monetary integration, the WAEMU zone has been progressing well. However, integration within the WAMZ and ECOWAS at large has advanced little beyond policy intentions. Various assessments of member countries' efforts to implement the criteria show random and weak commitment to the programs. Overall, there seems to be a latent risk aversion on the part of WAEMU countries to buy-in the monetary integration in the wider ECOWAS.

3.1.4.8 **Key Drivers of Growth.** Riding on rising oil and gas output, Nigeria, the largest economy in West Africa, posted a real GDP growth of about 8.1 percent in 2010. In addition, Nigeria has the highest share of the region's non-commodity GDP, followed by Côte-d'Ivoire and Ghana. Growth rates in Ghana, Côte d'Ivoire and Niger are being boosted investments in the oil and mineral sectors. The agriculture sector, the mainstay of most West African economies, also performed well in 2010 due to good rainfall, and policy measures implemented by the countries. The sectoral distribution of growth, however, shows that while the agriculture sector remains important, there is a shift towards services (Graph 4). The manufacturing sector, a critical contributor to economic development and social well-being, remains small and weak. With low specialization in West Africa, a regionalization of value chains is essential for sustained growth. A good signal *however* is that about 60 percent of the world's mining exploration budget has been spent in Africa alone since 1997, most of it in the ECOWAS region. The demand for minerals and hydrocarbons, FDI, and good rainfall, along with development assistance, will continue to be the key growth drivers (Cf. Graph 3).



Source: ADB Statistics Department, April 2011.

3.1.4.9 **Financial and Monetary Integration.** Overall, the financial market in West Africa is narrow and shallow, with very limited interaction between the WAEMU and non-WAEMU sub-markets. With progress now well advanced among the WAEMU countries,¹² a key challenge is to advance financial market integration throughout ECOWAS. Efforts will be needed on key fronts, including the integration of legal, regulatory, and payments infrastructure. The Bank's assistance in the area of financial sector integration complements the programs of other development partners, including the IMF and the World Bank. The integration with Nigeria's financial market alone, considering its size, will be a huge step

¹² The sub-group has a single central bank, BCEAO, which conducts monetary policy for the entire sub-group. It also has a single banking regulator, a unified payment system, and a regional stock market, the BRVM. However, some challenges remain, including the slow pace of private sector financing. Despite its financing of public sector entities, the BRVM has attracted few private companies since the start of its activities in 1998. The BRVM authorities are considering a series of reforms to reinvigorate its contribution to the financing of the regional economy.

toward financial integration of West Africa. Nigerian authorities, mindful of this, have made financial integration one of the strategic pillars of their Financial Sector Strategy 2020. Efforts are underway to integrate the Nigerian Stock Exchange, the *Bourse régionale de valeurs mobilières (BRVM)* in Abidjan, and the Ghana Stock Exchange, including mutual cross-listing and trading of stocks. The potential for cross-border portfolio investments by ECOWAS institutions and individuals is high, should the three leading stock exchanges integrate; but full integration is still a long way off.

3.1.4.10 The creation of a single currency, for example, was postponed several times before the Roadmap for the ECOWAS Single Currency Program 2009-2020 was adopted in 2009. January 2015 is now the new date for achieving the second monetary union, the WAMZ. Despite the regional stakeholders' commitment to it and its associated timelines, it appears the Roadmap is facing implementation challenges relating to coordination and inadequate capacity of some of the institutions responsible for carrying out some of its activities.

3.1.5 Trade

3.1.5.1 The region's **trade-GDP ratio** has ranged from 45 percent in 1981 to 71 percent in 2000 and 68 percent in 2008. Exports in the region are highly concentrated, with the top 10 products typically comprising more than 80 percent of total exports. Despite aspirations to achieve a common ECOWAS market, the intensity of intra-regional trade among its member states remains at a very small 10 percent of total trade (20 percent for landlocked countries)¹³. This low intensity level, however, represents significant growth over the years and the community leads some RECs in Africa on this score. Moreover, the low level of recorded intra-regional trade may be misleading, since informal or unrecorded trade is prevalent in the region, mostly in agricultural and light manufacturing products, with women featuring prominently as traders. The volume of informal intra-regional trade is estimated at about 15

percent of total trade¹⁴, with a magnitude ranging from 1.7 percent in Mali to 92 percent in Benin. It also appears that informal trade is more intense in countries sharing borders with Nigeria and Ghana. To generate a deeper knowledge of informal trade, the Bank advised ECOWAS to pursue their current work on this structural issue.

3.1.5.2 **Trade Liberalization.** ECOWAS launched a **Trade Liberalization Scheme (ETLS)** in 1990, and planned to move to a **Customs Union** with a **Common External Tariff (CET)** by 2008. Despite some implementation challenges, a Free Trade Area (FTA) has been achieved, with tariffs on products from member states abolished within the community. However, complex procedures regarding rules-of-origin, discordant customs systems and procedures, difficulties with insurance and bond guarantees for transit cargo, and other non-tariff barriers (NTB), including roadblocks and demands for informal payments, have frustrated the objectives of the FTA. WAEMU countries have, in the meantime, formed their own Customs Union, with the adoption of a CET in January 2000 and an Inter-State Road Transit Convention, which made possible the creation of a cross-border insurance system. WAEMU also achieved progress in the harmonization of domestic taxation with the VAT ranging from 18%-20% and excise duty. These achievements notwithstanding, the WAEMU Customs Union faces implementation challenges, with its member states failing to agree to the collection of the CET at the point of entry into the community, instead of each country doing so at its border. In order to boost intra-ECOWAS trade, NTBs hindering the free flow of goods should be removed, and negotiations on the CET should come to closure. In an effort to check these obstacles, a Regional Observatory of Bad Practices has recently been established, and has shown a promising début.

3.1.5.3 On the global scene, attention is currently focused on the **WTO Aid for Trade (Aft)** process and on Economic Partnership Agreements (EPAs) with the EU. Key issues in

¹³ Annex 14 provides details on bilateral intra-ECOWAS trade.

¹⁴ On the basis of a partial study by ECOWAS.

the negotiations with the EU include (i) short-term compensation to the ECOWAS countries for the likely revenue loss from reduced tariffs on EU products; (ii) most-favored nation status for ECOWAS countries; and (iii) EU support to enhance the production capabilities of ECOWAS countries, to improve their competitiveness within the EU-ECOWAS trading zone. Meanwhile, Côte d'Ivoire and Ghana have signed interim EPA agreements with the EU.

3.1.5.4 The Africa Growth and Opportunity Act (AGOA), sponsored by the USA, is also an important trade process engaging the ECOWAS countries. Another important development has been the rise of China's engagement in the region, and indeed with all of Africa. In response, the ECOWAS Commission is intensifying the ECOWAS–China dialogue, including through organizing such events as the ECOWAS–China Economic and Trade Forums. Such initiatives offer opportunities and challenges that need **to be properly mainstreamed** at both the national and community levels.

3.1.6 Business Climate and Competitiveness

3.1.6.1 **Composition of the Private Sector.**

The domestic West Africa private sector is mostly made up of SMEs. The largest companies are mostly concentrated in Nigeria, and operate mainly in the banking, telecommunications and industrial sectors. Thus, 11 of the 12 companies in West Africa that have market capitalization of more than USD1billion are Nigerian companies, and 7 of these are in the banking sector. 44 of the 50 largest companies in West Africa are also Nigerian companies.

3.1.6.2 **Business Climate.** Much remains to be done to improve business climate. According to the World Bank's *Doing Business 2010*, more than two-thirds (11 out of 15) of ECOWAS countries ranked in the bottom quintile of the 183 countries assessed; 3 were in the fourth quintile, and only one (Ghana), ranked as high as the third quintile—around the median. When comparing only African countries, Ghana is still better ranked (Table A). Along with reform

efforts by individual countries, efforts are ongoing to harmonize business laws and procedures across ECOWAS to facilitate cross-border business. Notable in this regard is the OHADA Treaty (*Organisation pour l'Harmonisation du Droit des Affaires en Afrique*), which includes all the WAEMU countries as well as Guinea. With the adoption of Uniform Laws or Acts¹⁵, OHADA made a radical contribution to regional integration by transferring the development and enactment of harmonized business laws from national authorities to a supranational body. It also allowed the Common Court to have final jurisdiction over business law cases, although this remains a challenge as incidentally there are frictions between the national courts and the Common Court. Building on the OHADA initiative, ECOWAS is working towards the harmonization of business laws, including the adoption of a Regional Investment Policy Framework and a Regional Competition Policy. Clearly, ECOWAS should step up efforts with respect to business harmonization in view to promote the private sector.

3.1.6.3 **Competitiveness.** Supply-side factors, particularly infrastructure and skills, compound the effects of the region's difficult business climate to act as powerful constraints on competitiveness in the region. In the 2010 "Global Competitiveness Index" (GCI), the nine ECOWAS countries¹⁶ as a whole have an average score of 3.50, which would rank them 120 out of 139 countries in the bottom quintile. The best ranked country is Gambia (rank 90) but all the others are in the bottom quartile of global competitiveness. All the selected ECOWAS countries, except Cape Verde, are in the stage of economic development where basic "basic requirements"¹⁷ drive competitiveness. So ECOWAS would have to show strong performance in basic requirements in order to boost its global competitiveness. Beyond the

¹⁵ Uniform Act on General Commercial Law; Uniform Act on Commercial Companies and Economic Interest Groups; Uniform Act on Securities Law; Uniform Act on Debt Recovery and Enforcement; Uniform Act on Bankruptcy and Insolvency; Uniform Act on Arbitration; Uniform Act on Accounting; Uniform Act on Regulating Contracts for the Carriage of Goods by Road.

¹⁶ Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Mali, Nigeria, and Senegal.

¹⁷ Institutions, Infrastructure, Macroeconomic Environment, Health and Primary Education.

pillars used to assess the GCI, the review of sector specific factors below shows the full extent of constraints to competitiveness in the region.

3.1.6.4 Transport and logistics. West Africa has the lowest quality of transport services, as measured by the Logistics Performance Index (LPI: 2.19), compared to both other regions in Africa (2.27-2.73) and the rest of the world (3.01-3.99). Furthermore, landlocked countries pay much more for transport services (cf. Annex 5). In addition to the poor quality of the existing road infrastructure, the road transport links still reflect the North-South commodity trade routes of the colonial era. East-West routes networks which would better support the development of intra-African trade are weak. Finally, opportunities also exist to restore river navigation within an integrated system of surface transport.

3.1.6.4.1 Eleven of the fifteen ECOWAS countries have railway systems, which operate at different levels of capacity and efficiency. With few exceptions, they are not inter-connected and have a mixture of three different gauge sizes.¹⁸ The Bank-financed ECOWAS Railways Interconnection Study (2008) set priorities for developing the 17 railway interconnection links identified in the ECOWAS Railway Master Plan, and indicated those that would be potential candidates for private sector involvement or public-private partnership. The links were prioritized based on their: (i) economic and financial viability; (ii) technical feasibility; (iii) potential environmental and social impacts, including poverty reduction; and (iv) potential gender impacts. Two of those links (B2, Kaya–Dori–Niamey; and B1, Bamako–Bougouni–Ouagadougou) —are now the subject of detailed design studies, supported by EU and other donors financing. Regional authorities are also mobilizing funding for detailed studies of other links, including Ouagadougou–Sikasso–Bougouni– Bamako (Côte d’Ivoire–Mali); Niamey-Dosso –Kaura Namoda (Niger–Nigeria); and Niamey-Dosso–Parakou (Niger–Benin).

¹⁸ Meter gauge (1,000 mm); Cape gauge (1,067 mm), and Standard gauge (1,435 mm).

3.1.6.4.2 Regional air transport is inadequate to meet growing regional demand. Thus, effective implementation of the Yamoussoukro Agreement on the liberalization of air transport and improving its safety should be the main areas of regional efforts.

Table A : Doing Business in 2009 and 2010

Country	2009 Rank	2010 Rank	Status-Improvement (▼)
West Africa			
Benin	41	41	►
Burkina Faso	25	26	▲
Côte d'Ivoire	37	40	▲
Cape Verde	24	18	▼
Ghana	8	6	▼
Guinea	42	47	▲
Gambia	23	25	▲
Guinea Bissau	49	44	▼
Liberia	27	30	▲
Mali	29	28	▼
Niger	43	42	▼
Nigeria	15	21	▲
Senegal	30	27	▼
Sierra Leone	26	24	▼
Togo	35	35	►

Source: AfDB Statistics Department using data from Doing Business, WB

3.1.6.4.3 Port infrastructure and operations. Despite recent improvements, most of the ports in West Africa do not have the berth depth to handle large container ships (1000-2200 TEU). Many countries in the region are contemplating expanding their ports. However, given that the region accounts for only about 1 percent of the world’s container traffic, there is a need to coordinate and rationalize ongoing and planned port investments to avoid uneconomic over-expansion of capacities. The increased role played by the private sector in ports investments and management in West Africa certainly reduces the risks of sustainable overinvestment.

3.1.6.5 On ICT, national systems are in place, but little has been done at the regional level. The regional institutions could greatly improve their efficiency and productivity by using ICT tools to trade support, customs, immigration, transportation, and energy. ECOWAS is addressing the challenge of developing a regional ICT infrastructure through (i) implementation of the INTELCOM II program, including construction of alternative broadband infrastructure, and the

laying of submarine cables; and (ii) harmonization of telecommunication/ICT policies and regulatory frameworks.¹⁹ Despite this progress, achieving a modern level of connectivity will require major investments from both the private and public sectors. The Bank is supporting such efforts, including through the financing of the Main One Cable Project²⁰.

3.1.6.6 The region's energy generation potential is concentrated mainly in Nigeria (oil and gas), Guinea (hydro), Côte d'Ivoire (oil and gas), Ghana (oil and gas), Niger (uranium); Benin and Togo (Hydro), and in the shared water basins of the Gambia River Development Organization (OMVG); the *Organisation pour la mise en valeur du fleuve Sénégal* (OMVS); the Volta River; and the Authority Basin of Niger (ABN). The region is also endowed with enormous potential in solar and wind energy, hence the creation of the Regional Centre for Renewable Energy and Energy Efficiency (ECREEE) in Cape Verde. Despite this energy endowment, the region's electricity consumption per capita is among the lowest in the world (less than 150 kWh per capita),²¹ and

¹⁹ Under INTELCOM II, studies have been completed, with assistance from the International Telecommunications Union (ITU) to develop the following missing links: Burkina Faso-Niger, Burkina Faso-Benin, and Burkina Faso-Ghana. In addition, a study to explore the possibility of leveraging the potential excess fibre capacity on the power network of the West Africa Power Pool (WAPP), to improve on connectivity in the region, was launched in 2009 with the assistance of the World Bank. The WAPP forms part of the World Bank's West Africa Regional Connectivity program. European Union (EU) funding for the WAPP has also been mobilized in the framework of an ECOWAS-EU contribution agreement, and a feasibility study has been carried out with a view to, among other things, interconnecting the following countries: Guinea Bissau, Guinea, Mali, Sierra Leone, Liberia and Côte d'Ivoire.

²⁰ The project, which involve the laying 7,000 kilometers of submarine fiber optic cable running between Seixal in Portugal, Accra in Ghana, and Lagos in Nigeria, with branching units to the Canary Islands, Morocco, Senegal, and Côte d'Ivoire, is expected to lead to greater regional and international connectivity and a reduction in the cost of communication in West Africa. In May 2009, the Bank approved a private sector loan of up to USD 60 million to contribute to the financing of this project. The main sponsor of the project is Main Street Technologies, a Nigerian company.

²¹ By comparison, kWh per capita energy consumption is approximately 500 in Sub-Saharan Africa, 650 in South Asia, 1,600 in East Asia and Pacific, 1,850 in Middle East and North Africa, 2,200 in Latin America and the Caribbean, and 4,500 in Europe and Central Asia.

household access is only 20 percent (40 percent in urban and 6-8 percent in rural areas). Current installed capacity is 10,640 MW, of which only about 60 percent is functional in meeting suppressed demand, which totals about 6,500 MW. Of this installed capacity, about 56 percent is in Nigeria, 17 percent in Ghana and 13 percent in Côte d'Ivoire. By 2020, demand will grow to an estimated 22,000 MW, which underscores the power challenge in the region. Improving energy production and *markets integration* in the region will yield high economic and social returns.

3.1.6.7 It is, therefore, important to promote the emergence of a regional energy market by linking national energy grids. This would enable the region's energy production potential to be realized, and coverage increased throughout West Africa. Regional efforts in production and interconnection would also help to offset the huge costs of energy generation and transportation for countries with limited financial capabilities.

3.1.6.8 **Other Factors Affecting Competitiveness.** Other factors affecting the region's competitiveness include lack of land tenure and security, and lack of predictability and transparency in the management of mining resources. To mitigate some of the region's competitiveness constraints, the WAEMU Commission has been implementing, with support from donors, the *programme de mise à niveau*, which aims at upgrading the capacity of private enterprises. So far, about 115 private enterprises have participated in this programme.

3.1.7 Social Context

3.1.7.1 The average per capita income in ECOWAS was US\$867 in 2009—the lowest among all regions in Africa²². Moreover, the ECOWAS figure masks intra-regional differences and the wide gap between the relatively high urban incomes and very low rural incomes. About 60 percent of the rural

²²By comparison, per capita income in the Southern African Development Community (SADC) was US\$2,674; in the Common Market for Eastern and Southern Africa (COMESA) it was US\$1019; and in the Economic Community of Central African States (ECCAS) it was US\$1271.

population in ECOWAS survives on US\$1 per day. The region is unlikely to meet the Millennium Development Goals of reducing poverty to 35 percent by 2015. This is especially true for the region's fragile states and landlocked countries.

3.1.7.2 Other manifestations of the poor social conditions in West Africa include low life expectancy (48 years in 2009), the high rate of infant mortality (95.8 per 1,000), and the high rate of infant morbidity (160.7 per 1,000). The region also continues to have a high incidence of endemic diseases, including malaria, cholera, typhoid fever and tuberculosis. HIV/AIDS also imposes a serious burden, particularly on the youth and working age population.²³ Further, 63.6 percent of people in ECOWAS had no potable water in 2008. With respect to education, more than 45 percent of the adult population is illiterate, compared to 39 percent in SSA. At the current rate, the majority of ECOWAS countries are not likely to meet the MDG of universal education for both boys and girls by 2015.

3.1.7.3 **Gender.** All ECOWAS member states have adopted the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and other gender policies, which are at various stages of implementation with weak or mitigated results at best. The ECOWAS gender agenda includes three core objectives: (i) mobilize women and empower them to be active participants in the regional integration process; (ii) mainstream Gender in ECOWAS institutions and member States; and (iii) develop networks and partnership with relevant agencies for technical and financial support for ECOWAS Gender mainstreaming programme. Women comprise 11.6 percent of all members of parliament in West Africa in 1997-2008, up from 7.2 percent during the previous decade (1985-1996). More significantly, women comprised 20.9 percent of the total number of government officials—an increase of 8.3 percent over the previous decade, and the highest percentage after Southern Africa. In the

private sector, women comprised 18 percent of administrators and managers, the highest on the continent. A recent Bank study also found that in Mali, for example, women's earnings are more likely to be in the lower income categories, while men's earnings are more likely to be in the higher income categories²⁴. Thus, the ECOWAS Gender Agenda still has a long way to go to achieve the gender equity targets of the third Millennium Goal (MDG3) by 2015.²⁵

3.1.7.4 Another contributing factor to the poor social conditions in West Africa is the high level of unemployment, especially among the youth considering the fact that they constitute the majority of the population (about two-third). Despite the generally poor quality of statistics in most West African countries, unemployment rates are generally high, reaching 20% in Nigeria, for example^{26,27}. Moreover, those working are usually employed in the agricultural sector and in the informal sector, which is characterized by low productivity, and inadequate protection of labour rights. According to the International Labor Organization (ILO), about 69.7%; 49.5% and 71.4% respectively of person employed in Côte d'Ivoire, Liberia and Mali in the non agricultural sector are in the informal sector. Addressing the employment problem requires

²⁴ African Development Bank (2011) "Gender in Employment: Case Study of Mali"; Chief Economist's Complex, Volume 1, Issue 1, 12 April 2011.

²⁵ The MDG3 target, Eliminating Gender Disparity, includes gender equality and women's empowerment in education and employment, and full participation in the region's economy and political decision-making.

²⁶ In Nigeria, the largest economy of the region, the overall national unemployment rate for 2009 is estimated at 19.7%. However, unemployment was highest in the age group between 15 and 24 years, estimated at about 41.6%. Broken down into rural and urban areas, youth unemployment rate is 49.9% in the urban areas and 39.6% in the rural areas. Source: Nigeria National Bureau of statistics Statistical News No. 476 dated 13th July 2010, available at [http://www.nigerianstat.gov.ng/ext/latest_release/LabourForces tat.pdf](http://www.nigerianstat.gov.ng/ext/latest_release/LabourForces%20tat.pdf) extracted on August 29, 2011.

²⁷ The 2010 Gallup Survey found that 19%, 17%, 14%, 20% and 30% of Nigerians (i) employed full-time, (ii) self-employed, (iii) employed part-time, but do not want full-time job, (iv) underemployed, and (v) out of the work-force respectively thought it was a good time to find a job in the city or area they lived in. The median numbers for the continent were 17%, 16%, 11%, 15%, and 40% respectively.

²³ In 2007, an estimated 7.02 million adults (15-49 years) in West Africa were living with HIV/AIDS.

efforts to strengthen the productive base of West African economies, a goal that regional integration, which the Bank aims to support through the strategy defined in this paper, has the potential to significantly contribute to.

3.1.8 Environment and Climate Change

3.1.8.1 West Africa's **ecosystem varies** from mangroves in the Niger delta to tropical forests along the coast; and to savannah and semi-desert merging into the Sahara desert. The tropical forest extending from Guinea to Cameroon in Central Africa is rich in valuable timber and provides habitat for many species of flora and fauna. From the coastal forests through the savannahs there is considerable arable land for commercial agriculture. The region is also richly endowed with rivers and water basins that cut across several countries; and with minerals ranging from oil and natural gas to gold, iron ore, tin, magnesium and others. Due to dense population along the coast and intense exploitation of resources, the region's ecosystem is under pressure from soil depletion and deforestation. West Africa also faces environmental pollution and degradation from oil drilling, flaring of natural gas, and extraction of minerals (Annex 6). Other challenges include coastal erosion; increased frequency of droughts and floods, apparently due to climate change; encroachment by the Sahara desert; and increasing urbanization with limited urban services, particularly along the coast.

3.1.8.2 **Climate Change.** With its geographic diversity, West Africa is subject to large variations in climate. In 1973, long before ECOWAS was created, the *Comité permanent inter-Etats de lutte contre la sécheresse dans le Sahel* (CILSS) was organized to invest in research on food security and the fight against desertification for better equilibrium in the Sahel zone. In 2007, ECOWAS developed a regional strategy and plan of action to reduce vulnerability to climate change through better integration of climate change policies in national and regional development programs. In addition, WAEMU has its own policy, the Common Policy for Improvement of the Environment (PCAE), which provides a

framework for sector-based climate change interventions, with a focus on industry, agriculture and forests, energy and spatial planning.

3.1.9 Transboundary Water Resources

West Africa possesses almost half of the continent's hydrological resources, transboundary rivers, lakes, and water basins (28 out of 60), with a total estimated potential of 1,300 billion m³/year. There are considerable economic benefits to be derived from improving the management of the region's transboundary water resources. These resources provide significant opportunities to (i) develop the industrial, agricultural, and fishery sectors; (ii) improve food security and sustainable resource management; (iii) develop river navigation as part of a multimodal transport system; and (iv) generate hydropower. With the exception of the relatively young Volta Basin Authority (established in 2007), the West African River Basin Organizations (RBOs) have developed or are in the process of developing a large number of hydraulic infrastructure works. The OMVG, OMVS, and the Niger Basin Authority (NBA) have begun to mobilize resources for hydropower dams.

3.2 **Regional Strategic Objectives**

3.2.1 *The ECOWAS Vision 2020* aims to deepen the integration process and promote a West African identity and community among the population. The Vision Statement is: "To create a borderless, peaceful, prosperous and cohesive region, built on good governance and where people have the capacity to access and harness its enormous resources through the creation of opportunities for sustainable development and environmental preservation."

3.2.2 *The Regional Strategic Plan (2011-2015)* derived from the Vision articulates six strategic pillars: (i) promote good governance and justice; (ii) strengthen mechanisms for conflict prevention, management and resolution; (iii) promote infrastructure development to support a competitive business environment, sustained development and cooperation in the region; (iv) deepen economic and monetary integration; (v) reinforce

institutional capacity; and (vi) strengthen mechanisms for integration into the global market. The Commission is currently in a process of developing an Action Plan and a Community Development Program (CDP), which will further support implementation of the Vision and the Regional Strategic Plan.

3.3 Main Challenges and Opportunities

3.3.1 The two most important barriers to realizing the Vision and Strategic Plan are inadequate modern *cross border* infrastructure and weak institutional and human capacity of the RECs in West Africa. Lack of adequate regional transport infrastructure (road, rail, air, and water), and of energy, ICT, water supply and sanitation systems, constitutes a major hindrance to regional integration and economic growth. In road transport in particular, the lack of East-West (horizontal) corridors has a direct negative impact on intra-regional trade. Improving air and rail transport is also a key requirement for effective integration in longer term. It is acknowledged that weak performance of implementation mechanisms, attributable to weak capacities, has been another key factor contributing to the slow pace of regional integration.

3.3.2 The third barrier is the **fragmented nature of the region's markets**. There is an urgent need for ECOWAS member states to complete the process of establishing an effective FTA in the region. A fourth barrier is also a need to reconcile the discord between the signing of protocols by member states and their effective implementation, despite the establishment in all member states of ECOWAS units. ECOWAS should empower and upgrade these units into effective vehicles for implementing the integration agenda. This will require donors and ECOWAS to build the capacity of such units to achieve greater effectiveness.

3.3.3 A fifth barrier to regional integration in West Africa is **the duality and multiplicity of integration architecture**. These conditions have made it difficult, for the Joint Technical Secretariat established by ECOWAS and WAEMU to harness synergies between the two entities. A sixth challenge is **mission creep**.

ECOWAS appears to be engaged in almost every aspect of the economic and social development of its member states. There may be a need to strengthen selectivity, and to reflect more on which areas could be left to the responsibility of national governments and which genuinely require strong regional leadership.

3.3.4 Other challenges include (i) how to **meaningfully involve the private sector and civil society in regional integration efforts**, although ECOWAS is working on ways to link private sector actors across the community and to strengthen their commitment to developing a regional market²⁸, (ii) strengthening confidence among member countries that the benefits of regional integration are shared equitably. Towards achieving this objective, **the** ECOWAS and WAEMU have developed mechanisms to strengthen solidarity among their member countries. In the WAEMU, for example, there is a Community Solidarity Levy, which has been instituted to finance development projects in less developed member countries or regions within the Union. WAEMU structural funds, which are supported by donors, are also used to further compensate less developed member countries. Such mechanisms also exist at the ECOWAS, and (iii) the need to improve statistical systems in the region towards strengthening the design and implementation of development policies.

3.3.5 **Despite these challenges and regional realities, there are a number of opportunities** for enhancing the regional integration process. First and foremost, there is a high degree of **political will**. Some countries have even provided in their constitutions for surrendering national sovereignty to regional institutions. In addition, eight ECOWAS countries—Benin, Burkina-Faso, Côte d'Ivoire, Ghana, Liberia, Nigeria, Senegal and Togo—have adopted a

²⁸ Important initiatives include the Commission's sponsorship of periodic ECOWAS Business Forums; establishment of the ECOWAS Business Council as an body to advise Heads of State and Governments; and facilitation support to regional business organizations such as the Federation of West African Chambers of Commerce and Industry (FEWACC) and the Federation of West African Manufacturers Association (FEWAMA).

regional passport, enabling the free movement of citizens across national borders.

3.3.6 West Africa also possesses a **rich resource base**, especially oil and mineral resources, which can be exploited to enhance regional integration and growth. There are also several emerging regional economic champions, particularly in the financial services and infrastructure sectors. For instance, the Togo-based Ecobank Transnational is Pan-African in outlook, and has established subsidiaries in all the ECOWAS countries. Leading Nigerian banks have also established subsidiaries in several ECOWAS countries. Mention should also be made of cross-border investments in securities and treasury bills. For example, Databank Group of Ghana manages a mutual fund, Epack, with portfolio investments in Gambia, Ghana and Nigeria. In infrastructure, cross-border investments involving the private sector tend to be in the form of PPP. A good example is the West African Gas Pipeline Project where Chevron and Shell partnered with government owned entities in Nigeria, Benin, Togo and Ghana to construct a pipeline to supply natural gas from Nigeria to the other three countries. In telecommunications, *Globacom*, a Nigerian owned private company, operates in Nigeria and Benin and has acquired licenses to operate in Ghana and Cote d'Ivoire. Finally, the region also has a vibrant (albeit often informal) system of cross-border economic exchange.

3.4 Current Responses and Initiatives

3.4.1 At the **political level**, ECOWAS has made significant progress in resolving long-standing conflicts, and remains proactive in preventing new tensions from escalating into destabilizing crises. At the **institutional level**, the recent transformation of the ECOWAS Secretariat into the ECOWAS Commission, with a new mandate and business model to press ahead with the regional integration agenda, is an important step. On the macroeconomic and trade fronts, convergence criteria and monetary integration are taking place, although at a very slow and uneven pace depending on the blocks. As part of the move toward an FTA, ECOWAS members agreed on a four-band CET regime, and a fifth has recently been approved. There is also progress

on regional trade facilitation, through the establishment of joint border posts, the creation and operationalization of an observatory of bad practices to monitor, report and shame practices contrary to the spirit of integration within the region, and information platforms for monitoring transit cargo.

3.4.2 At the **sectoral level**, there are an impressive number of programs and initiatives aimed at advancing the integration agenda: infrastructure development, private sector development, agriculture, desertification, natural resources management, transboundary water management (creation of the ECOWAS Water Resources Coordination Centre tasked with the implementation of West Africa Water Resources Policy), environmental and climate change, science and technology, ICT, education, health, disaster prevention and management, protection of women and children against trafficking and violence, drug and arms control, and others. These initiatives are at various stage of implementation, but progress overall has been unsatisfactory. However, the broad range of these ECOWAS activities could entail a risk of mission creep (cf. para. 3.3.3).

3.4.3 Flagship regional initiatives include the West African Power Pool (WAPP) and the West African Gas Pipeline; the Energy and Transport Fund (*Fonds de développement des transports et de l'énergie*, FODETE); the ECOWAS Project Preparation and Development Facility to fast-track *regional* infrastructure project development; and the regional and national Corridor Management Organizations (CMO) to monitor and manage road corridors.

3.5 Coordination of Aid and other Development Interventions

3.5.1 The major players are the ECOWAS and WAEMU Commissions, CILSS, the *Autorité de développement du Liptako–Gourma* (ADLG), the BCEAO, and the RBOs. Other regional institutions exist independently or under the ECOWAS and/or WAEMU blocks, and work with national governments and other stakeholders to mobilize support for

implementation of regional programs and projects.

3.5.2 There are many donors operating in the ECOWAS region.²⁹ Areas of interventions include (i) agricultural development; (ii) capacity building; (iii) economic integration and trade; (iv) energy; (v); infrastructure; (vi) peace building and conflict prevention; (vii) private sector development, and (viii) knowledge generation on regional integration challenges and opportunities. Going forward, it is expected that coordination of regional integration aid will strengthen. First, new initiatives such as the ECOWAS Project Preparation and Development Unit, the Special Purpose Companies (SPC) for the implementation of regional projects (cf. Box 1), and the FODETE-ECOWAS will come on stream. Second, this RISP, the first of its kind for the region, as well the framework established with the Department for International Development (DFID) for potential joint interventions, will improve coherence, coordination and complementarities.

3.6 Bank's Regional Portfolio in West Africa

3.6.1 As this RISP constitutes the first Bank strategy for the ECOWAS region, experience is necessarily limited. Although the Bank has previously financed multinational operations without a solid regional strategic framework,³⁰ the development impact of these operations will not be known until the Operations Evaluation Department (OPEV) assessment is published.

3.6.2 Nevertheless, recent discussions with regional stakeholders and findings from a review by the Vice Presidency for Country and Regional Programs and Policy (ORVP) indicate that, regional projects and programs are generally more difficult to develop and implement, due to their greater complexity and higher transaction costs. Other key lessons learned are inadequate attention to the political economy and capacity constraints. It is therefore crucial that the Bank develop business

practices that are better tailored to the requirements and peculiar challenges of regional operations. This RISP proposes Bank support to the regionally-evolved SPC model in which ownership of the company is held jointly by participating countries and a strategic private partner (Box 1). SPCs will help gain autonomy, alleviate capacity constraints and build political consensus around multinational infrastructure projects in the energy sector. For other multinational infrastructure projects, ownership political and institutional analyses will be carried out at the design stage to help reduce implementation and results risks.

Box 1. Use of Special Purpose Companies to Strengthen Regional Capacity for Energy Projects Implementation

There is consensus among ECOWAS member countries that the pace of implementation of regional infrastructure projects has been unacceptably slow. An underlying reason is that the traditional project delivery process is not yet attuned to regional needs or the involvement of multiple governments. Under the RISP, the Bank will support new regional initiatives to address this challenge. One such initiative, based on the outcomes of a WAPP case study, is a regional model known as the Special Purpose Company (SPC),^a which would be set up, where necessary, to facilitate implementation of *priority regional* power projects. The SPC would be structured as a public-private partnership (PPP) with the interested WAPP member countries' utility companies and a strategic private partner holding equity participation. The SPC will oversee the design, construction, and commissioning of identified regional power plants. Since adoption of the model nearly three years ago, early experience suggest that five strategic private partners have pre-qualified for the WAPP projects at Maria Gleta in Benin (400MW plant) and Aboadze in Ghana (400 MW plant).

^a The SPC Act was adopted by the WAPP General Assembly as a regional model for realizing its priority regional projects; and the proposal was enacted by the ECOWAS Heads of State and Government on 18th January 2008 at their Thirty-Third Ordinary Session held in Ouagadougou.

IV. BANK GROUP STRATEGY FOR THE REGION

4.1 Rationale for Bank Group Intervention

The rationale for this RISP is based on the following considerations:

²⁹ Annex 12 provides detailed information on donors' regional integration activities in West Africa.

³⁰ Refer to Annex 11 for detailed information on active projects.

- (i) The ECOWAS Vision 2020, which aims to create an “ECOWAS of the People,” underpinned by the establishment of a seamless regional market with economies of scale in economic activities and free movement of persons, goods and services;
- (ii) The strategic priorities of other regional integration organizations in West Africa, and of the NEPAD;
- (iii) The need to adequately respond to challenges facing fragile states and landlocked countries, which pose some of the greatest challenges from a regional integration perspective;
- (iv) The need to design a strategy that will be responsive to the key demands of the private sector, by enabling regional and foreign investors and entrepreneurs to grow the West African economy;
- (v) Key operational strategies of the Bank, including the RIS, which focuses on regional infrastructure and institutional capacity building over the period 2009-2012; the strategic and operational framework for regional operations, and the MTS 2008–2012;
- (vi) Lessons learned about the need to develop business practices that are better tailored to the management requirements of regional operations. Such practices will be piloted under this RISP through infrastructure energy projects to be designed by the SPCs;
- (vii) The need to support development of the productive sectors of the West African economies and job creation; and
- (viii) The RISP will be guided by the principle of complementarity and mutual support with the individual CSPs.

4.2 Strategic Pillars, Deliverables and Targets

4.2.1 The RISP rests on two pillars: (i) Linking Regional Markets and (ii) Capacity Building. As directed by the Regional Operations Selection and Prioritization Framework, project selection will be based on (i) project-related indicators in the participating countries; and (ii) priorities for the regional integration agenda. This process will help rationalize further the selection of projects and ensure their containment in the pillars and resources envelope of ADF 12 and ADF 13,

private sector’s resources, and co-financing from other development partners. The prioritization exercise (scorecard) will be based on project assessments (expected development outcomes and readiness) as well as country ratings (CPIA of participating *countries*, their commitment to regional integration, and portfolio performance).

4.2.2 Strategic Pillar I: Linking Regional Markets

4.2.2.1 Towards linking regional markets in West Africa, Pillar I will support investments in (i) regional transport infrastructure (missing links in the Trans-Coastal and Trans-Sahelian highways; rehabilitation of priority road corridors; river navigation); (ii) transport and trade facilitation measures; and (iii) regional energy production and markets integration. The Bank will also step up its strategic dialogue on resource mobilization for the railways sector.

4.2.2.2 **Road corridors.** The development of efficient road transport corridors, comprising both modern physical infrastructure and modern facilitation and information systems, is vital for tackling the challenges of regional integration. The RISP will support the priority road corridors improvement program adopted by ECOWAS, with particular emphasis on (i) completing the missing links in the Trans-Coastal (4,900 km) and the Trans-Sahelian (5,400 km) highways and WAEMU Corridors as prioritized under the ECOWAS Regional Road Transport and Transit Facilitation Program for West Africa.

4.2.2.3 **Transport and trade facilitation.** Equally important will be the RISP support for transport and trade facilitation measures. Including both infrastructure development and trade facilitation under Pillar I will strengthen Bank interventions and help support trade expansion and create a more conducive environment for private sector investment in the integration process. Under the RISP, the Bank will target facilitation support to: (i) establish a transit regime throughout the region based on the Convention *Transit routier inter-Etats* (TRIE)—also known as the Inter State Road Transit (ISRT) system—utilizing a

regional carnet (merchandise passport) and guarantee for duties and taxes; (ii) develop mechanisms for collection of all duties and taxes at the external borders of the WAEMU and eventually ECOWAS; and (iii) support integrated border management through the introduction of a Single Administrative Document (SAD) and an Automated System for Customs Data (ASYCUDA) to link commodity classifications with tariffs and inspection requirements (including joint inspections) in ports and one-stop border posts. In addition, the Bank is developing a Trade Facilitation Framework and analytical work on Non-Tariff Barriers (NTBs), in collaboration with the World Bank and UNCTAD, and which will be particularly useful in the design of the trade facilitation measures for infrastructure projects.

4.2.2.4 Support will also be provided for the formation of Corridor Management Organizations (CMO), which would be established by the states for particular corridors, but funded and driven by the private sector and stakeholders.³¹ Responsibilities of the CMOs (cf. Annex 7) would include setting up observatories to monitor corridor performance and disseminate real time information; facilitate private sector involvement in corridor improvement projects; and advocate for the interests of shippers, transporters, and other stakeholders.

4.2.2.5 **Regional energy production and markets integration.** Energy supply is a key constraint to economic activities in the region. The energy generation potential is mainly concentrated in Nigeria, Guinea, Côte-d'Ivoire, Ghana, Niger, and in the shared water basins of OMVG and OMVS. The Bank's strategic objective for the West Africa energy sector is to contribute to the emergence of a regional energy market by interconnecting national grids and energy markets, so that the region's energy production potential is realized and marketed throughout the region.

³¹ While private investment can be mobilized in multi-modal corridors, particularly in some of the high-throughput nodal interchanges and high traffic points, public investment is critically important.

4.2.2.6 The West Africa Power Pool project (WAPP)³² and the West Africa Gas Pipeline (WAGP)³³ project continue to be the flagship projects in West Africa for regional cooperation and integration in power generation and distribution. These projects aim to interconnect the power systems of the ECOWAS countries, and to increase capacity by about 12,000 MW by 2020. Under the RISP, the Bank will also help ECOWAS to design policies and mechanisms, including special purpose supra-national institutional vehicles, to speed up the development and implementation of energy projects. Finally, the recently established ECOWAS Renewable Energy Facility managed by the ECREEE—which aims at promoting the deployment of small and medium-scale renewable energy technologies and services in peri-urban and rural areas by private companies, municipalities, NGOs and cooperatives—is a step in the right direction. The Bank's *regional projects* will collaborate with the ECREEE in the development of renewable, clean and sustainable energy for the region (cf. Annex 10 for specific energy projects).

4.2.2.7 **Railways transport.** Considering that the high costs of railways infrastructure investments and the current low traffic volumes poses considerable challenges in mobilizing the amount of resources needed for West Africa for such investments, the Bank will step up its partnership efforts with regional authorities and other stakeholders towards (i) completion of the on-going EU-financed detailed engineering studies (See Paragraph 3.1.6.3.1) and, (ii) playing a catalytic role in the mobilization of resources for the railways sector.

³² The WAPP, created in 1999 by the ECOWAS Heads of State and Government has positioned itself as a key player in regional efforts to integrate the national power system operations into a unified regional electricity market - with the expectation that such mechanism would, over the medium to long-term, assure the citizens of ECOWAS Member States a stable and reliable electricity supply at affordable costs.

³³ The mandate of the WAGP is to transport natural gas from Nigeria to customers in Benin, Togo and Ghana in a safe, responsible and reliable manner, at prices competitive with other fuel alternatives. In May 2011, the company announced that it was ready to deliver compressed gas to its customers in Togo and Benin.

4.2.2.8 Leveraging the private sector. The Bank will work actively to increase the flow of private sector finance to complement its and member states' sovereign financing of infrastructure in the region. The Bank's Private Sector Department will seek to leverage private sector investments in infrastructure. The Bank will also continue to support financial intermediaries, such as BOAD, which participate in infrastructure development on a regional scale. Projects deriving from detailed technical studies of regional rail transport and energy projects are potential candidates for private sector financing or for PPPs. In addition, the Bank will discuss with ECOWAS the opportunity for providing sector specific training on cross-border PPPs to attract private sector investments. A pilot training course has been designed by ONRI and EADI in collaboration with the WAPP. Similar courses will be organized in the other sectors and the set of modules will then be transferred to a regional centre of excellence for use on a regular basis.

4.2.3 Strategic Pillar II: Capacity Building for Effective Implementation of the Regional Integration Agenda

4.2.3.1 This pillar strengthens the capacity of ECOWAS/WAEMU, selected regional institutions, and national entities where necessary, to deliver more effectively the integration agenda. Bank's efforts will focus on: (i) capacity building for effective policy and regional projects implementation; (ii) financial sector integration, (iii) support to regional research and training centers relevant to the integration agenda. The Bank will work in collaboration with other partners in supporting capacity building, coordinating interventions where *necessary to achieve maximum impact*.

4.2.3.2 Capacity building for effective policy and projects implementation. To improve implementation of regional integration projects, particularly in the infrastructure sectors (transport corridors, energy generation and transmission), Bank-financed projects will provide for capacity building. Capacity building will also continue to be provided to

appropriate regional organs in the areas of statistics³⁴, planning, budgeting, financial management, project coordination and management, monitoring and evaluation. In partnership with SWARIP and the EU, the Bank will focus on strengthening the capacity of regional bodies to support key integration areas. The Bank will encourage the ECOWAS Commission to strengthen the ECOWAS Units in member states so that they can become effective vehicles for improving the implementation of the integration agenda.

4.2.3.3 Capacity building for financial sector integration. Under this RISP, the Bank will continue its support to integrating financial markets in the region, with a view to: (i) increasing cross-border trade, investment and FDI inflows into the region and, (ii) increasing access to finance for micro, small, medium and large entrepreneurs. This support will be multidimensional, and will continue to focus on: (i) financial and technical assistance to public and private financial institutions that have a regional footprint (BOAD, BIDC, private banks in the process of branching out); and (ii) investments in payment systems integration, and (iii) dialogue and feasibility studies to encourage enhanced collaboration among regulators and promote linkage of the region's three stock exchanges and financial markets (BRVM, Ghana and Nigeria).

4.2.3.4 Support for regional research and training centers. Towards supporting inclusive growth and job creation in the region, and in line with the Bank's Strategy for Higher Education, Science and Technology and the Bank's MTS, this sub-pillar will aim to strengthen regional poles of excellences in (i) research that focus on realizing the growth-enhancing potential of local products with high development prospects and, (ii) trainings that are relevant to the integration agenda.

³⁴The RISP will focus on strengthening the capacity of the ECOWAS and WAEMU Commissions and WAMI to manage and disseminate data at the regional level. The Bank's assistance will be implemented in the context of the Program for Statistical Capacity Building in RMCs, which is led by ESTA.

4.2.4 Cross-cutting Issues and Regional Public Goods

Consistent with the Bank's policies, the RISP will ensure that cross-cutting issues—gender, environment, mitigating the effects of climate change—*as well as job creation and inclusive growth* are mainstreamed in the implementation of the strategy. Particular attention will also be given to those projects which qualify as regional public goods. With respect to climate change, the Bank will continue to implement its Management of Climate Risks and Adaptation (CRMA) Strategy, as well as its Clean Energy Investment Framework (CEIF). It will also continue to support ClimDev-Africa (Climate for Development in Africa), the continental initiative to produce and disseminate climate information.

4.2.5 Attention to Fragile States

To ensure that growth at the regional and sub-regional levels is inclusive, and to maintain regional stability, special consideration will be given to the needs of fragile states. In view of the poor condition of infrastructure in most of these states, as well as natural resource management challenges and weak institutional capacities, several interventions that would benefit fragile states are being considered. These include, for example, the Côte d'Ivoire-Liberia-Sierra-Leone-Guinea Power Interconnection Project; the Togo-Burkina-Faso and Togo-Benin road corridors, and the Côte-d'Ivoire-Guinea Road Integration Project. The Bank is also conducting a major study³⁵, financed by the Canadian Trust Fund. The objective of this study is to suggest priority infrastructure options to maximize the economic benefits of regional integration for each of Liberia, Sierra Leone, Guinea, and Guinea-Bissau, including for internal and regional stability. A medium term action plan will be proposed to develop them. The study will cover transport, energy, water, and telecommunications.

³⁵ 'Flagship report, "Regional Integration and Stability: Integrated Infrastructure Action Plans for Fragile States (Liberia, Sierra Leone, Guinea, and Guinea-Bissau)."

4.2.6 Knowledge Generation and Management

To strengthen the knowledge base on regional integration, the Bank will carry out a number of studies. Two flagship studies will illuminate the role of Nigeria and Senegal in driving the agenda. For Nigeria, in particular, the study will focus on infrastructure, but will also look at other areas where Nigeria's potential to drive integration can be harnessed. Other flagship studies will mainly focus on fragile states, Cape Verde's success story, and infrastructure financing. The list of envisaged knowledge products appears in Annex 2.

4.2.7 Deliverables and Targets

In line with the two-step process for selecting multinational operations for financing under this RISP (see Annex 8), consultations with regional stakeholders led to the priority multinational operations indicated in Annex 2. Based on priority projects, Annex 1 presents the results matrix of this RISP, which contains the key deliverables (outcomes, outputs, and project) targeted under this RISP.

4.3 Monitoring and Evaluation

4.3.1 The Bank and the ECOWAS and WAEMU Commissions will jointly monitor and evaluate implementation of the strategy defined in this RISP. The ECOWAS Commission recently established a Monitoring and Evaluation Unit, but this unit needs to be strengthened. The effectiveness of the RISP and of the Bank's interventions will be monitored based on the Bank core sector indicators for regional integration,³⁶ issued in June 2010 as well as the regional integration indicators currently being developed by ONRI and which focus on key results that can be influenced by the interventions and how they will contribute to the desired outcome of regional integration (employment and growth). The Bank will monitor (i) activity indicators; (ii) outcome

³⁶ These indicators include: (i) the number and length (in km) of cross-border roads and/or railways constructed or rehabilitated; (ii) the number and length (in km) of cross-border transmission lines constructed or rehabilitated; (iii) the number of new telecommunication networks that serve more than one country as a result of projects undertaken under the strategy; and (iv) time required to clear a truck at a border within the region (in minutes).

indicators; and (iii) impact indicators. The indicative results matrix in Annex 1 details indicators to monitor and to measure the outputs and outcomes targeted in this RISP.

4.4 Regional and Country Dialogue Issues

4.4.1 **Country dialogue.** At the national level, the Bank will discuss ways to: (i) strengthen the contribution of regional integration to economic growth and job creation in West Africa, including in the important manufacturing sector (ii) speed up policy and institutional actions on trade integration; (iii) remove barriers to the interstate transit of goods and services; (iv) reflect the regional agenda in national development plans; and (v) strengthen ownership by prioritizing national components of regional operations and improve their implementation, and (vi) improve the business environment.

4.4.2 **Regional dialogue.** Consistent with the country dialogue, the Bank will stress the need to deliver on the integration agenda *in a way* that lead to job creation and strengthens growth prospects in the region, including in the manufacturing sector. To that effect, the Bank will harness the rich and extensive potential of ESWs under this RISP to conduct sustained dialogue on integration challenges³⁷, with an emphasis on (i) improving the regional business environment, and (ii) the need to better focus integration efforts by addressing the risk of mission creep.

4.4.3 The RISP will be widely disseminated among stakeholders. High level dialogue events devoted to the region's integration agenda and the RISP's contribution to it will be organized by the Bank and ECOWAS/WAEMU on the occasions of Summits, Ministerial meetings, or other events. Bank Group Executive Directors, Senior Management, as well as development partners will attend.

4.4.4 Another critical area of dialogue will be the **rationalization of West Africa's regional integration institutions**.³⁸ Rationalization is a

sensitive and difficult endeavor, as evidenced by the unsuccessful Africa-wide crusade of the AU in the mi-2000s. The case for rationalization is more compelling in West Africa, given the quasi-symmetric purposes and structures of ECOWAS and WAEMU. To eliminate overlapping mandates and programs and improve the effective use of resources, the dialogue will therefore focus on better coordination among West African RECs, with a view towards further strengthening policy convergence and synergies among them in the long run.

4.5 Potential Risks and Mitigation Measures

4.5.1 The potential risks to the strategy are:

(i) Continued weak commitment of member states to implementing the trade integration and inter-country transit protocols. The root causes are weak capacity, different administrative regimes, and the inertia factor induced by the apparent antagonism between national independence and regional interdependence. Recent efforts by the ECOWAS to improve implementation by member states of the regional integration measures, which include strengthened presence of the ECOWAS in member states through the ECOWAS Units, the implementation of joint border posts, and the creation of the observatory of bad practices to monitor, report and shame cases of weak implementation, help mitigate this risk. Capacity building efforts by donors, including the Bank, will also contribute towards mitigating this risk.

(ii) Duality and multiplicity of the integration architecture, weak capacity, and poor implementation of regional operations. Achieving effective coordination and rationalization will alleviate the fundamental challenges of multiple institutions and duality of the ECOWAS and WAEMU blocks. Weak capacity will be addressed through capacity building at the national and regional levels. To improve the implementation of multinational projects, which tend to be complex, quality-at-entry standards will be adhered to. Proactive coordination among donors, as well as tailored implementation schemes, could also improve

³⁷ Cost and benefits of regional integration, enabling business environment, and regional industrial development plan.

³⁸ Cf. "Assessing Regional Integration in Africa II," UNECA 2006.

the development effectiveness of regional operations;

(iii) **Political fragility.** The region remains fragile, and reversals cannot be ruled out, as evidenced by the recent political crisis in Côte d'Ivoire. Going forward, the commitment of regional leaders and institutions to preserve, maintain and promote peace and stability in the region, and of the international community to support these regional efforts, help mitigate the risks of protracted political instability in West Africa. These developments augur well for strengthened regional integration efforts in West Africa.

V. MANAGEMENT AND DELIVERY

5.1 Institutional Arrangements

West African countries and RECs will implement the RISP, in close collaboration with the Bank's Regional and Sector Departments. RECs will oversee and coordinate regional aspects, in consultation with national authorities. New Country Strategy Papers will be informed by and aligned with the RISP on regional integration issues.

5.2 Partnerships

5.2.1 The Bank will fully participate in the partnership frameworks involving the ECOWAS Commission, the WAEMU Commission, the World Bank, the EU, and bilateral development partners, including in the evolving DFID and Finland-funded SWARIP. The objectives of the partnership framework are to (i) build the capacity of the Commissions; (ii) improve the preparation and coordination of regional transport infrastructure and trade facilitation programs; (iii) expand knowledge and policy dialogue on inclusive regional integration and trade; and (iv) improve the delivery and coordination of regional aid for trade. Discussions are underway on the modalities of the Bank's participation under this framework.

5.2.2 Furthermore, the Bank will encourage ECOWAS to strengthen cooperation with the BRICS countries (Brazil, Russia, India, China and, South Africa), and seek their participation (possibly through PPPs) in the financing of

infrastructure, trade and private sector development.

5.3 Internal Monitoring and Evaluation Mechanisms

5.3.1 The Bank's Regional Departments for West Africa A and B (ORWA and ORWB) together with the Regional Integration and Trade Department (ONRI) will jointly be the Bank's focal points for monitoring implementation of the RISP, with the active support of the field offices. There will be quarterly meetings to discuss progress. In addition, periodic joint reviews with ECOWAS and WAEMU will be conducted. A mid-term progress report will be prepared by the Bank in 2013, in collaboration with regional stakeholders, to adjust and accommodate the results of on-going studies and dialogue.

5.3.2 Field offices will play a key role in (i) ensuring quality implementation of regional projects through enhanced supervision, (ii) increasing the level of dialogue with regional and country authorities towards proactively identifying issues requiring attention and engineering Bank response. Towards this end, ONRI has posted a staff at NGFO, close to the ECOWAS commission, a key player in the implementation of the strategy, with a view towards strengthening implementation of this RISP.

VI. CONCLUSION AND RECOMMENDATION

6.1. Conclusion. The quest for regional integration has long featured high among the aspirations of the West African people and their governments. To support these efforts, this RISP has proposed a Bank strategy centered around linking Regional Markets and Capacity Building for effective implementation of the regional integration agenda.

6.2 Recommendation. The Boards are requested to approve the strategy proposed in the RISP for the ECOWAS region over the period 2011-2015.

Annex 1: Indicative Results Matrix of the Regional Integration Strategy Paper for West Africa

Regional integration objectives	Constraints to achieving regional integration objectives	Final Outputs	Final Outcomes	Mid-term Outputs	Mid-term outcomes	Indicative program of new operations (2011-2015) and ongoing projects
		(expected at the end of RISP period in 2015)		(expected at mid-term of RISP period in 2013)		
Pillar I: Linking Regional Markets						
• Enhance the linkage of regional markets, creating an open and seamless regional market with opportunities for rapid and sustained regional growth, job creation, and poverty reduction	(i) Investments in roads corridors and transport and trade facilitation					
	• Poor and inadequate national and regional transport infrastructure; • Absence of maintenance culture –dilapidated transport infrastructure, particularly roads. • Impediments to cross-border transit. • Regionally unconnected and inefficient railway systems	• Lomé-Cotonou (77.5 km) on the Abidjan-Lagos Corridor rehabilitated by 2014; • 410 km on the Lomé – Ouagadougou Corridor rehabilitated by 2015; • Manantali-Tambanga (100 km) and Babaroto-Mahina (6km) of the integrated multimodal OMVS System rehabilitated • The Trans-Gambia bridge on the Dakar-Lagos corridor is constructed by 2016 • The Hillacondji joint border posts is constructed by 2014; • Users of the rehabilitated corridors are sensitized to trade facilitation measures • The Trans-Gambia joint border posts is constructed by 2016 • Support provided to regional training programs & institutions for trade facilitation and standards. • Dialogue with stakeholders to ensure timely completion of the on-going EU-financed detailed engineering design studies for the prioritized B2 and B1 links. • High-Level consultations held with potential donors	• Creation of 1475 jobs in road infrastructure development works (1250 and 225 jobs on the Lomé – Ouagadougou and Lome-Cotonou corridors works respectively) • Creation of about 200 jobs during construction of the Trans-Gambia Bridge by 2016. • Travel time on the Atakpame-Kara road reduced from 12 days in 2011 to 8 days in 2015 • Travel time between Pahou – Hillacondji on the Abidjan-Lagos corridor road reduced from 115mn in 2010 to 55 mn in 2014 • Transit time on the Trans-Gambian Corridor reduced from 34mn before the bridge to 1.5 in 2016 mn after the bridge. • Progress on resource mobilization for the railways sector in West Africa	• Construction works on the Lomé-Cotonou, the Lomé – Ouagadougou, and the Trans-Gambia bridge have Commenced and are on-going • Draft reports of the EU-funded detailed engineering design studies available	• About 750 jobs created in the road infrastructure development related to Lomé-Cotonou, the Lomé – Ouagadougou, and the Trans-Gambia bridge works. • Progress on consultations with donors for the mobilization of resources for the railways sector	• Rehabilitation and transport facilitation of the Lomé-Ouagadougou Corridor Project • Rehabilitation of the Lomé-Cotonou Road and transport facilitation on the Abidjan-Lagos Corridor Project • OMVS Integrated Multimodal Transport System Project • Trans-Gambia Bridge on the Dakar - Lagos Corridor • Guinea-Guinea Bissau: Boke-Quebo Road Project • None

Regional integration objectives	Constraints to achieving regional integration objectives	Final Outputs	Final Outcomes	Mid-term Outputs	Mid-term outcomes	Indicative program of new operations (2011-2015) and ongoing projects
		(expected at the end of RISP period in 2015)		(expected at mid-term of RISP period in 2013)		
		on investments in railways in West Africa.				
	<u>(ii) Regional energy production and markets integration</u>					
	• Deficiency in clean energy supply; • Inadequate integration of regional energy markets	• Construction of the 240 MW hydroelectric dam and plant at Kaléta in Guinea (OMVG energy Project), • Construction of 1700 kilometers of high tension transmission lines (OMVG Project) • 1360 km of 225 kV line interconnecting Cote d’Ivoire, Liberia, Sierra Leone and Guinea (CLSG) constructed in 2015 • Construction of a 742 km transmission line, three new substations, and extension works for the 225 kV incoming and outgoing transmission lines between Ghana-Burkina-Faso, and Mali..	• About 4400 and 1400 direct and indirect jobs respectively are created during construction phase of the OMVG energy project, and 250 permanent jobs and 350 indirect jobs created during exploitation of the plant from 2016 • Average number of blackouts in the OMVG countries reduced from 600 to between 150 and 200 by 2016. • The costs of electricity reduced to Euro 11,5 cents by 2016 from Euro 15 cents in 2016 in OMVG Countries • 5000 jobs during implementation and 450 permanent jobs after commissioning of the CLSG Project • Electricity access rate in CLSG increased from 9% in 2010 and 13% in 2015 on average	• Construction works on the OMVG, CLSG projects Commenced and are on-going.	• About 2000 and 500 direct and indirect jobs respectively are created during construction phase of the OMVG energy project, • 5000 jobs created during implementation of the CLSG Project	• Côte d’Ivoire-Liberia-Sierra Leone-Guinée, Interconnexion Power Project ; • OMVG energy program 1. Gambia-Guinée-Guinéa-Bissau-Senegal ; 2. Hydroelectric sites at Kaleta (240 MW) and Sambangalou (128 MW) ; • Han (Ghana) – Bobo Dioulasso (Burkina Faso) – Sikasso (Mali) – Bamako (Mali))- Interconnection power project • Guinea-Mali – Interconnexion Power Project.
Pillar II: Capacity building for effective implementation of regional integration agenda						
• Strengthen regional capacity to advance the regional integration agenda	<u>(i) Capacity building for financial sector integration</u>					
	• Inadequate capacity to carry out the payments systems integration project of the WAMZ	• Real Time Gross Settlement, Automated Clearing House, Automated Check Processing, and Scriptless Securities settlement systems installed in the Gambia, Guinea, Liberia, and Sierra-Leone	• Progress on financial and monetary integration within WAMZ as measured by: • Same day funds transfers within WAMZ achieved. • Volume of high value funds transfers in the Gambia, Guinea, Liberia, and Sierra-	• Installation of the Real Time Gross Settlement, Automated Clearing House, Automated Check Processing, and Scriptless Securities Settlement systems, in the Gambia, Guinea, Liberia, and Sierra-	• Not applicable.	• WAMZ Payment System Development Project (the Gambia, Guinea, Liberia, and Sierra Leone).

Regional integration objectives	Constraints to achieving regional integration objectives	Final Outputs	Final Outcomes	Mid-term Outputs	Mid-term outcomes	Indicative program of new operations (2011-2015) and ongoing projects
		(expected at the end of RISP period in 2015)	(expected at mid-term of RISP period in 2013)	(expected at mid-term of RISP period in 2013)	(expected at mid-term of RISP period in 2013)	
		to support financial and monetary integration in the WAMZ.	Leone increases by 45% from 2007 level	Leone about 90% complete.		
(ii) Capacity building for effective policy and regional projects implementation of						
	Slow process of development and implementation of regional energy projects	Capacity building provided to the WAPP in the context of the CLSG interconnection project	Efficient implementation of the WAPP priority projects	Training and consultancy services provided to WAPP	Improvement in implementation of WAPP priority projects	Côte d'Ivoire-Liberia-Sierra Leone-Guinée, Interconnexion Power Project.
(iii) Support to Regional Centers of Excellence						
	- Weak regional capacity to undertake research and copy/adapt/develop science and technology; - Absence of regional SPS standards; - Lack of harmonized regional systems; - Skills shortage for implementation of regional projects.	Support provided to strengthen ECOWAS identified centers of excellence.	- Use of science and technology to develop other sectors, social infrastructure, industry, environment and climate change, makes progress in ECOWAS; - Strengthened culture of science and technology in the region; - Agents of regional integration trained with shared approach on integration; - Enhanced capacity in technological skills for economic transformation.	Idem as final outputs.	Idem as final outcomes.	Regional Centres of Excellence dealing with infrastructure and public governance.
(iv) Statistical support to ECOWAS Institutions						
	Weak institutional structure and capacity in West Africa to meet the regional statistical responsibilities.	Support provided to national and regional statistical structures in line with the Bank Group's Program for Building Statistical Capacity in RMCs.	See Bank Group's Program for Building Statistical Capacity in RMCs.	Bank Group's Program for Building Statistical Capacity in RMCs.	Bank Group's Program for Building Statistical Capacity in RMCs	Bank Group's Program for Building Statistical Capacity in RMCs.

Annex 2: Indicative Program of Regional Operations and Economic and Sector Work for 2011-2015

Project Name		Countries	Sectors	Institution	Estimated Cost
PROJECTS					
1	Rehabilitation of the Lomé - Cotonou Road and Transport Facilitation on the Abidjan-Lagos Corridor Project	Benin – Togo	Road Transport	ECOWAS	UA 150 million
2	Construction of the Trans-Gambia Bridge and Transport Facilitation on the Trans-Gambian Corridor	Gambia - Senegal	Road Transport	ECOWAS	UA 90 million
3	Boke-Kebo Road Rehabilitation Project	Guinea-Guinea-Bissau	Road Transport	ECOWAS	UA 60 million
4	Rehabilitation and Transport Facilitation of the Lomé - Ouagadougou Corridor	Burkina-Faso - Togo	Road Transport	ECOWAS/WAEMU	UA 252 million
5	Integrated System of Multimodal Transport	Guinea-Mali - Mauritania- Senegal	<i>Transport</i>	OMVS	UA 40 million
6	Cote-d'Ivoire-Liberia-Sierra-Leone-Guinea Power Interconnection Project	Côte d'Ivoire-Liberia-Sierra Leone-Guinée	Energy	WAPP	UA 90 million
7	OMVG Energy Project, Phase I	Gambia-Guinea-Guinea-Bissau-Sénégal	Energy (production)	OMVG	UA 120 million
8	Ghana-Burkina-Faso-Mali Power Interconnection Project	Ghana – Burkina-Faso –MaliMali	Energy	ECOWAS/WAEMU/WAPP	UA 70 million
9	FOMI Power Interconnection Project	Guinea-Mali	Energy	ECOWAS/WAEMU/WAPP	€ 165 million
10	Adjaralla Hydroelectric Development Project	Benin- Togo	Energy (production)	WAPP	€ 247 million
11	Emergency Power Supply Security Plan (400MW Plan at Maria Gleta in Benin, 400MW Plan in Aboadze in Ghana and 150MW Plan in OMVS System)	WAPP Countries	Energy (production)	WAPP (To be implemented through SPC)	
CAPACITY BUILDING					
1	Strengthening ECOWAS/WAEMU Commission Capacity	ECOWAS-WAEMU	Capacity Building	ECOWAS/WAEMU	UA 30 million
2	Program for Building Statistical Capacity in RMCs	All RMCs	Capacity Building	ECOWAS/WAEMU	UA 40 million
ECONOMIC AND SECTOR WORK BEING CARRIED OUT					
1	A Role for Senegal in Regional Integration	Senegal	Multisector (Flagship)	Japan Trust Fund	
2	Study on Regional Integration and Stability: Integrated Infrastructure Action Plans for	Liberia, Sierra Leone, Guinea and Guinea Bissau	Infrastructure (Flagship)	Canadian Trust Fund	

Project Name		Countries	Sectors	Institution	Estimated Cost
	Fragile States				
3	Flagship Report- Infrastructure	Nigeria	Infrastructure (Flagship)	Japan Trust Fund	
4	A Regional Success Story: The Case of Cape Verde	Cape-Verde	Multisector (Flagship)	Japan Trust Fund	
5	Study for the Creation of the ECOWAS Fund for the Development of Transport and Energy (FODETE)	ECOWAS	Energy	ECOWAS/WAEMU	US\$ 700,000
ECONOMIC AND SECTOR WORK CARRIED OUT TO INFORM PREPARATION OF THE RISP					
1	Trade, regional Integration and Economic Development in the Economic Community of West African States (ECOWAS)	ECOWAS Countries	Trade	ECOWAS	USD 331,890 (Japanese Trust Fund)
2	A Study of the Private Sector, Economic Development and Regional Integration in the ECOWAS Region	ECOWAS Countries	Private Sector	ECOWAS	
3	Cooperative Management and Development of the Trans-boundary water Basins to Facilitate Integration and Economic Development in the ECOWAS Region	ECOWAS Countries	Water	ECOWAS	
4	Energy and Power Infrastructure to Facilitate Regional Integration in the ECOWAS Regional	ECOWAS Countries	Energy	ECOWAS	
5	Facilitating Regional Integration and Economic Development in the ECOWAS Region Through Information and Communications Technology (ITC)	ECOWAS Countries	ITC	ECOWAS	
6	Review of West Africa Ports	ECOWAS Countries	Ports/Transport	ECOWAS	
7	Transport Corridors to Facilitate Interregional Trade and Exports in the ECOWAS Region	ECOWAS Countries	Transport	ECOWAS	
8	The Political and Macroeconomic Contexts of Regional Integration in West Africa	ECOWAS Countries	Macro-Economy	ECOWAS	

Annex 3: West Africa Macro-Economic Indicators

Annex 3.a

Selected Macroeconomic Indicators

Table 1: West Africa: Macroeconomic Indicators

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Real GDP Growth Rate (%)	4.0	6.5	13.3	7.1	8.0	5.9	5.3	5.6	5.7	5.6	6.7	5.9	6.8
Inflation (%)	6.4	14.4	9.7	11.1	10.9	14.3	7.4	5.3	11.2	10.3	10.4	9.2	7.3
Fiscal Balance (% of GDP)	2.0	-4.1	-3.3	-1.2	3.5	4.9	5.7	-1.2	1.7	-8.0	-6.1	-2.0	-1.2
Real Export Growth (%)	13.0	-3.1	-6.5	20.7	5.2	-2.5	-1.5	2.3	-5.0	9.3	-1.9	6.6	6.7
Trade Balance (% of GDP)	16.0	9.5	2.4	6.1	10.1	11.4	13.8	12.0	11.6	9.0	13.5	14.7	14.2
Current Account (% of GDP)	4.1	0.3	-8.1	-4.4	0.9	2.1	15.7	9.3	6.9	6.4	7.0	10.0	9.7
Terms of Trade (%)	14.8	-4.4	5.5	1.1	4.3	16.0	6.2	0.6	14.2	-14.5	11.6	2.2	2.1
Total External Debt (% of GDP)	94.1	95.5	76.9	69.8	59.2	40.4	21.3	18.9	15.6	18.6	15.4	14.2	13.3
Debt Service (% of Exports)	9.1	10.5	13.4	13.1	11.1	28.5	25.7	4.1	3.6	4.8	4.3	2.5	4.2

Source: 2010 Estimates, 2011 and 2012 projections, AfDB Statistics Department, African Economic Outlook; 2000-2009, AfDB Statistics Department, UNCTAD and IMF.

Annex 3.b

Gross National Savings (% of GDP)

Region / Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Average 2000-09
West Africa	23.1	21.3	16.1	17.6	22.9	24.3	38.2	32.5	33.8	28.2	25.8
Benin	12.2	13.9	8.8	11.2	11.7	14.2	12.4	11.5	12.4	14.9	12.3
Burkina Faso	4.5	2.6	6.1	8.5	5.0	8.8	7.7	11.2	7.2	7.8	6.9
Cape Verde	20.0	21.2	24.8	20.0	25.3	38.0	38.3	42.2	35.7	30.3	29.6
Cote d'Ivoire	8.0	10.6	16.8	12.3	12.4	10.0	12.1	8.0	12.6	35.9	13.8
Gambia	14.4	21.6	18.2	14.9	4.0	-6.8	-1.4	-4.5	-2.1	-2.6	5.6
Ghana	15.6	21.3	19.2	21.3	18.4	20.7	20.5	21.8	17.3	17.2	19.3
Guinea	13.3	12.7	10.9	20.8	18.0	19.1	15.0	5.4	5.2	5.3	12.6
Guinea Bissau	9.8	-0.8	10.3	12.3	19.0	18.6	-0.3	16.5	8.9	27.4	12.2
Liberia	...	...	...	...	...	...	...	...	...	...	...
Mali	12.7	16.6	15.7	18.3	13.1	13.6	16.8	13.3	12.2	11.5	14.4
Niger	5.7	7.9	5.2	8.9	7.3	14.2	15.0	15.4	16.0	14.9	11.0
Nigeria	32.7	28.7	17.7	19.6	29.1	29.4	49.1	41.6	43.2	33.2	32.4
Senegal	15.0	15.5	13.3	19.8	19.9	20.8	18.7	19.1	17.9	15.7	17.6
Sierra Leone	-0.8	0.4	6.9	9.2	4.8	10.0	11.8	9.7	5.7	6.0	6.4
Togo	2.4	2.7	7.3	6.7	8.2	19.6	9.9	8.2	5.6	10.2	8.1

Source: ADB Statistics Department

Annex 3.c

Gross Capital Formation (% of GDP)											
Region / Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Average 2000-09
West Africa	18.8	21.0	24.1	22.2	21.4	21.9	22.1	22.5	23.3	25.2	22.2
Benin	18.7	19.7	18.5	20.3	20.7	18.2	20.6	20.7	20.5	20.5	20
Burkina Faso	17.9	13.9	8.4	12.2	9.6	16.2	14.2	15.7	23.0	20.2	15
Cape Verde	34.6	31.7	35.8	31.0	39.5	41.0	43.0	51.4	48.2	46.3	40
Cote d'Ivoire	10.8	11.2	10.1	10.1	10.8	9.7	9.3	8.7	10.1	12.5	10
Gambia	17.3	24.9	21.0	19.5	27.1	25.9	23.9	24.9	27.2	34.7	25
Ghana	24.0	26.6	19.7	22.9	28.4	29.0	33.3	33.8	35.9	29.7	28
Guinea	13.6	13.8	19.2	21.6	24.5	25.3	23.2	19.9	21.9	18.0	20
Guinea Bissau	20.1	24.1	22.2	22.9	25.4	25.4	24.2	24.3	24.8	29.8	24
Liberia	23.5	28.6	22.0	38.2	47.8	53.4	70.5	69.8	71.7	69.9	50
Mali	19.9	24.4	16.0	26.0	22.0	22.0	20.4	21.6	20.2	18.8	21
Niger	13.9	15.2	16.1	16.3	14.6	22.7	23.6	23.1	29.2	29.6	20
Nigeria	20.4	24.0	30.3	25.3	23.2	22.8	22.6	23.0	23.5	27.0	24
Senegal	20.5	18.4	17.2	22.3	21.6	25.2	25.5	26.8	26.9	26.6	23
Sierra Leone	8.0	6.7	8.9	14.3	10.8	17.4	15.5	13.5	13.5	12.6	12
Togo	15.9	16.2	16.7	15.4	15.4	16.9	17.4	14.6	17.6	18.3	16.4

Source: ADB Statistics Department

Annex 3.d

Gross Domestic Product per Capita (US\$)											
Region / Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Average 2000-09
West Africa	351	340	407	468	561	656	781	873	1,027	867	633
Benin	354	364	395	484	533	554	579	657	767	718	540
Burkina Faso	224	232	261	337	379	394	406	459	536	531	376
Cape Verde	1,301	1,261	1,367	1,762	1,968	2,106	2,481	3,046	3,474	3,831	2,260
Cote d'Ivoire	603	597	636	745	822	850	883	984	1,135	1,034	829
Gambia	323	310	266	256	271	302	323	398	445	366	326
Ghana	255	266	301	364	414	490	560	643	690	643	463
Guinea	357	331	339	388	398	319	305	432	460	439	377
Guinea Bissau	166	160	157	178	198	205	211	248	291	260	207
Liberia	234	246	211	151	143	136	127	157	161	166	173
Mali	251	281	290	375	432	463	506	576	686	680	454
Niger	151	159	175	217	229	254	268	304	364	351	247
Nigeria	372	345	451	504	639	797	1,008	1,112	1,330	1,065	762
Senegal	473	480	512	641	731	770	801	949	1,083	952	739
Sierra Leone	150	184	206	209	218	238	270	307	351	361	250
Togo	246	247	266	294	332	352	361	402	493	467	346

Source: ADB Statistics Department

Annex 3.e

Total External Debt (% of GDP)													
Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Benin	55.9	54.0	47.8	36.5	33.8	37.3	11.6	12.7	15.7	17.9	20.8	20.5	20.7
Burkina Faso	62.6	49.3	52.8	42.5	43.4	38.7	20.0	19.7	19.8	23.1	27.0	24.1	25.5
Cape Verde	63.9	71.5	82.1	81.1	83.2	76.9	71.5	67.3	61.1	65.3	65.0	65.7	67.6
Cote d'Ivoire	178.3	175.3	151.2	133.8	120.5	107.5	107.3	96.6	79.6	77.0	75.0	70.4	67.7
Gambia	76.3	81.2	99.1	104.8	101.5	99.0	101.7	36.2	31.7	34.2	32.5	30.7	29.5
Ghana	145.4	135.1	118.4	115.3	87.8	72.0	31.4	39.2	38.7	50.5	48.0	43.0	43.4
Guinea	104.8	105.7	103.2	97.7	91.5	109.5	108.1	78.3	68.9	68.8	67.4	58.6	22.6
Guinea Bissau	205.7	194.7	23.1	21.8	19.6	18.0	17.7	14.9	12.3	12.7	1.9	1.9	1.9
Liberia	781.0	823.4	808.7	1,083.4	970.7	855.4	783.7	427.1	231.6	188.9	11.6	10.8	11.4
Mali	132.5	112.2	108.5	71.3	69.0	70.9	32.0	30.4	32.8	36.4	43.1	43.4	45.5
Niger	88.8	85.1	85.8	69.9	58.9	51.8	15.8	15.9	14.0	15.8	17.2	18.9	18.8
Nigeria	65.2	67.3	52.4	48.7	40.9	18.2	2.4	2.4	2.2	2.6	2.4	2.3	2.3
Senegal	70.6	68.2	72.7	61.0	52.8	45.6	24.0	24.0	22.3	29.5	30.3	29.3	29.0
Sierra Leone	199.5	184.0	157.6	165.3	159.6	144.4	109.9	31.8	31.1	34.1	29.3	19.7	19.9
Togo	9.6	102.1	100.4	101.6	93.1	77.1	84.8	83.8	56.3	55.0	12.6	14.0	14.1
Africa	54.4	54.6	55.0	48.7	42.5	33.5	25.6	23.8	21.1	23.6	20.2	20.3	20.2
West Africa	94.1	95.5	76.9	69.8	59.2	40.4	21.3	18.9	15.6	18.6	15.4	14.2	13.3

Source: ADB Statistics Department, April 2011.

Annex 3.f

Real GDP Growth Rate (%)													
Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Benin	4.9	6.2	4.4	3.9	3.1	2.9	3.8	4.6	5.0	2.7	2.1	2.5	3.7
Burkina Faso	1.9	7.1	4.7	8.0	4.6	8.7	5.5	3.6	5.2	3.2	5.7	6.5	6.2
Cape Verde	10.0	6.1	5.3	4.7	4.3	6.5	10.8	8.6	6.2	3.6	5.3	5.6	6.1
Cote d'Ivoire	-2.3	0.0	-1.4	-1.6	1.6	1.8	0.7	1.6	2.3	3.7	2.0	-7.3	5.9
Gambia	5.5	5.8	-3.2	6.9	7.0	5.1	6.5	6.0	6.3	6.7	5.4	5.6	5.6
Ghana	3.8	4.2	4.5	5.2	5.6	5.9	6.4	6.5	8.4	4.7	5.9	12.0	11.0
Guinea	-1.9	3.7	5.2	1.2	2.3	3.0	2.5	1.8	4.9	-0.3	1.6	4.6	5.5
Guinea Bissau	7.8	0.2	-7.1	-0.6	2.2	3.5	0.6	2.7	3.2	3.0	3.6	4.5	4.8
Liberia	36.1	2.9	3.7	-31.3	2.6	5.3	7.8	9.4	7.1	4.6	6.1	7.3	8.9
Mali	-3.8	11.2	4.4	7.7	2.3	6.1	5.3	4.3	5.0	4.5	4.5	5.4	5.3
Niger	-2.6	7.4	5.3	7.7	-0.8	7.2	5.8	3.4	9.3	-1.2	5.5	4.9	11.5
Nigeria	6.3	8.2	21.2	9.6	10.5	6.5	6.0	6.4	6.0	7.0	8.1	6.9	6.7
Senegal	3.2	4.6	0.7	6.7	5.9	5.6	2.3	4.7	3.2	2.2	3.8	4.2	5.0
Sierra Leone	3.8	18.2	27.4	9.5	7.4	7.3	7.4	6.4	5.5	3.2	4.5	5.1	6.0
Togo	-0.9	-1.3	-1.3	4.8	2.5	1.2	3.9	2.1	2.4	3.2	3.4	3.7	4.0
Africa	4.3	4.2	5.4	5.0	6.1	5.9	6.2	6.5	5.5	3.1	4.9	3.7	5.8
West Africa	4.0	6.5	13.3	7.1	8.0	5.9	5.3	5.6	5.7	5.6	6.7	5.9	6.8

Source: ADB Statistics Department, April 2011.

Annex 3.g

Fiscal Balance (% of GDP)													
Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Benin	-1.7	-1.4	-2.3	-2.0	-1.0	-2.4	-0.5	0.2	-1.7	-4.2	-2.6	-2.5	-1.6
Burkina Faso	-3.8	-4.4	-4.8	-3.0	-4.8	-5.3	15.9	-5.7	-4.4	-3.5	-4.5	-4.4	-5.1
Cape Verde	-7.4	-5.2	-3.0	-4.0	-4.7	-4.1	-5.2	-1.3	-1.4	-6.3	-13.7	-11.3	-8.9
Cote d'Ivoire	-1.2	0.9	-1.5	-2.6	-0.6	-0.8	-0.4	-1.0	-0.6	-1.6	-2.5	-1.9	-3.4
Gambia	-0.7	-13.9	-4.5	-4.7	-3.9	-6.3	-5.4	0.1	-1.7	-3.0	-2.7	-2.4	-1.5
Ghana	-7.9	-7.7	-6.8	-4.4	-3.5	-1.6	-7.1	-8.7	-14.0	-7.6	-7.9	-7.7	-5.0
Guinea	-3.4	-3.0	-4.8	-5.0	-5.4	-0.9	-0.3	0.5	-1.2	-8.4	-12.0	-10.8	-9.3
Guinea Bissau	-6.9	-9.8	-10.1	-12.3	-7.7	-6.0	-4.5	-5.4	-3.8	2.8	-0.2	-2.0	-1.2
Liberia	0.3	-0.5	-1.1	0.5	-0.4	0.8	2.1	3.8	1.2	-1.6	1.3	-1.9	-2.2
Mali	-3.0	-3.2	-3.8	-0.7	-4.2	-4.7	30.4	-5.2	-2.2	-4.2	-4.1	-4.1	-3.9
Niger	-3.8	-3.5	-3.0	-2.8	-3.1	-2.1	40.3	-0.9	1.4	-6.6	-3.2	-3.6	-1.8
Nigeria	5.9	-5.3	-3.3	...	8.1	9.4	7.0	-0.4	4.6	-10.4	-6.8	-0.7	0.3
Senegal	0.5	-2.2	-0.6	-1.6	-2.6	-3.2	-6.0	-3.8	-4.8	-5.2	-6.3	-6.9	-6.3
Sierra Leone	-9.3	-8.2	-8.3	-5.6	-2.5	-1.7	9.3	25.2	-4.7	-3.2	-4.6	-5.9	-5.3
Togo	-4.7	-0.2	-0.4	2.5	0.9	-2.9	-4.2	0.4	-0.2	-5.5	-5.8	-5.6	-5.2
Africa	0.2	-2.3	-2.5	-1.9	0.0	2.5	4.8	1.9	2.8	-5.2	-3.3	-3.9	-3.2
West Africa	2.0	-4.1	-3.3	-1.2	3.5	4.9	5.7	-1.2	1.7	-8.0	-6.1	-2.0	-1.2

Annex 4: ECOWAS Monetary Cooperation Program Convergence Criteria

1. Generally, the WAEMU convergence criteria are stricter than those of ECOWAS or WAMZ particularly for those criteria which are common to all three groupings such as the fiscal balance as a percentage of GDP and the price inflation criteria. Consequently, in the analysis that follows we will focus on the four primary criteria for ECOWAS. In terms of these four criteria, a number of region-wide trends seem to emerge from available information.
2. Over time, performance in most of the primary convergence criteria has been generally weak. However, performance with respect to the Central Bank financing of fiscal deficit criterion has been impressive. The WAEMU countries continued to maintain a zero-financing stance while most of the WAMZ countries have consistently met the target. With regards to the other three primary criteria, performance has been mixed. Seven of the fifteen ECOWAS countries have performed relatively well with respect to the budget deficit/GDP ratio criterion while the others have consistently fallen short of the criterion.³⁹ With respect to the Inflation criterion a general conclusion that can be drawn from the observed regional trend that has emerged is that all while all the WAEMU countries and Cape Verde have consistently met this criterion (except for a few slippages), all the WAMZ countries have consistently fallen short of this criterion. Similarly, while the WAEMU countries and Nigeria consistently met the accumulation of gross external reverses criterion, the rest of the WAMZ countries plus Cape Verde consistently fell short of the target. Going forward, enhanced performance will be crucial for monetary and financial integration as well as the ability of the region to attract and retain FDI.

Macroeconomic Convergence Program for West Africa					
WAEMU		WAMZ		ECOWAS	
Criteria	Targets	Criteria	Targets	Criteria	Target
Primary Criteria					
Fiscal Balance/GDP	$\geq 0 \%$	Fiscal balance/GDP	$\geq -4 \%$	Fiscal balance/GDP	$\geq -4 \%$
Price inflation	$\leq 3 \%$	Inflation Rate (end-period)	$\leq 10 \%$	Inflation Rate (end-period)	$\leq 5 \%$
Total Debt/GDP	$\leq 70 \%$	Gross Reserves in Months of Imports	≥ 3 months	Gross Reserves in Months of Imports	≥ 6 months
Change in Domestic Arrears	≤ 0	Central Bank financing of budget deficit in relation to previous year's tax revenue	$\leq 10 \%$	Central Bank financing of budget deficit in relation to previous year's tax revenue	$\leq 10 \%$
Change in External Arrears	≤ 0				
Secondary Criteria					
Wages and Salaries	$\leq 35 \%$	Change in Domestic Arrears	≤ 0 by 2003	Change in Domestic Arrears	≤ 0 by 2003
Current Account balance, excl. grants	$\geq -5 \%$	Ratio of Tax Revenue to GDP	$\geq 20 \%$	Ratio of Tax Revenue to GDP	$\geq 20 \%$
Fiscal Revenue/GDP	$\geq 17 \%$	Wage bill/Tax Revenue	$\leq 35 \%$	Wage bill/Tax Revenue	$\leq 35 \%$
Capital Expenditure domestically financed/fiscal rev	$\geq 20 \%$	Domestically Financed Investment/Domestic revenue	> 20	Domestically Financed Investment/Domestic revenue	> 20
		Nominal Exchange Rate	Within +/- 15% of WAMZ-ERM central rate	Nominal Exchange Rate	Stable Exchange Rates
		Real Interest Rate	> 0	Real Interest Rate	> 0

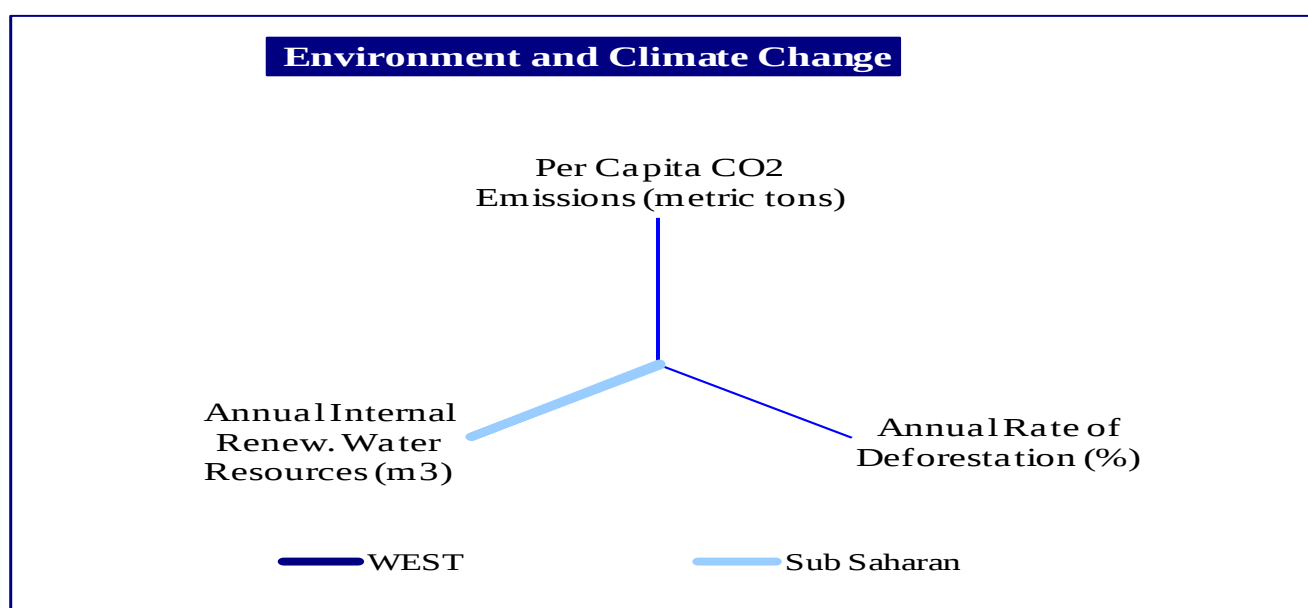
³⁹ Those that have consistently fallen short of the criterion include Burkina Faso, Cape Verde, Ghana, Guinea, Mali, Niger and Togo.

Annex 5: Comparison of the Logistics Costs and Times for exports (20 ft container) in Sub-Saharan Africa

Region/Export Procedure	Cost (\$) or Time (days)	Average		Percentage of Total		Ratio (LL/CC)
		Coastal Countries (CC)	Landlocked Countries (LL)	Coastal Countries (CC)	Landlocked Countries (LL)	
Western Africa						
Total	Cost	1,207.4	2,563.0	100	100	2.12
	Time	25.3	47.3	100	100	1.87
Inland Transport and Handling	Cost	330.1	1,295.3	27	51	3.92
	Time	2.8	10.7	11	23	3.88
Sub-Saharan Africa						
Total	Cost	1,4336.6	2,853.1	100	100	1.99
	Time	28.9	67.5	100	100	1.95
Inland Transport and Handling	Cost	347.0	1,976.6	30	69	4.52
	Time	3.4	15.0	12	32	4.46

Source: Nannette Christ, Michael J. Ferrantino, "Land Transport for Exports: The Effects of Cost, Time, and Uncertainty in Sub-Saharan Africa, U.S. International Trade Commission, April 2009

Annex 6



Source: AfDB Statistics Department using data from the FAO, 2008

ANNEX 7: West Africa Transport Corridors and Examples of Corridors Management Organizations



Source: ECOWAS

ANNEX 7 (c'd) : West Africa Transport Corridors and Examples of Corridors Management Organizations

Examples of Corridors Management Organizations

Abidjan-Lagos Corridor Organization (ALCO) was created under the IDA financed HIV/AIDS regional project and operates as a Regional Monitoring Unit under ECOWAS. It is mandated to set up observatories, facilitate road transport and transit, and monitor the performance of the Abidjan – Lagos Corridor.

Pro Committees have been established in Armenia, Azerbaijan and Georgia as national rather than regional organizations to monitor and facilitate international trade and transport in their respective countries. Membership comprises private and public participation with a mandate to: improve dialogue between different bodies involved in trade and international transport; define solutions to remove impediments; identify issues affecting cost and efficiency of international trade; develop measures to reduce cost and improve efficiency of international trade and transport; and provide a focal point for collection and dissemination of information.

Northern Corridor Transit Transport Authority (NCTTA) was established in 1985 by the Member states of Kenya, Uganda, Rwanda, Burundi, and Democratic Republic of Congo with the mandate to facilitate transit transport by: promoting development of infrastructure; harmonization of transport and custom policies; and promotion of private sector participation and investments along the Northern Corridor in East Africa. It is funded by Member states and is responsible for collecting and disseminating data on the performance of the corridor and facilitating the removal of impediments to trade and international transport.

Maputo Corridor Logistics Initiative (MCLI) is a non-profit organization consisting of Infrastructure Investors, Service Providers and Stakeholders from Mozambique, South Africa and Swaziland who are focused on the promotion and further development of the Maputo Development Corridor (MDC) as the region's primary logistics transportation route. It aims to support the development of the Maputo Corridor into a sustainable, highly efficient transportation route, creating an increasingly favorable climate for investment and new opportunities for communities along the length and breadth of the Corridor by facilitating the removal of barriers along the corridor, informing the market of developments along the corridor, and marketing the strategic benefits and opportunities of using the corridor.

Annex 8

West Africa RISP Two-Step Selection Process for Regional Operations

During the ADF-12 consultations, deputies suggested that project selection and prioritization process be divided into a Two Step Approach:

Step One: RISP

After broad consultations, 5-year Regional Integration Strategy Papers containing an indicative pipeline of operations recommended for Bank Group support are drawn up. The pipeline will consider:

- Operations' alignment with the Bank's corporate priorities and the Regional Integration Strategy;
- Operations' alignment with the priorities of the African Union, NEPAD, RECs and Regional Member Countries;
- Operations' impact on regional integration; and ownership of participating countries and entities.

Step Two: The prioritization framework (Scorecard)

A. Indicators related to the participating countries

- Portfolio Performance of ROs that the countries participated in previously (based on Annual portfolio performance ratings);
- Countries' commitment to regional integration (i.e. trade and trade facilitation policy, economic convergence, sector investment protocols, implementation of regional programs, projects, protocols, capacity building programs, institutional structures to support regional integration);
- Country CPIA

B. Indicators related to the project

- Expected development outcomes (contribution to economic growth, regional integration – regional infrastructure, trade facilitation, competitiveness, common natural resource management and policy harmonization, and expected environmental and climate change issues); and
- Quality and readiness (advanced stage of preparation, existence of MOU agreement between beneficiary countries, capability of the executing agency, evidence of support from relevant RECs, and collaboration/co- financing with development partners).

Source: Regional Operations Selection and Prioritization Framework, October 2010 (Draft)

Annex 9

Nigeria A Growth Pole in West Africa

Current status and potential: Nigeria aspires to become, by 2020, one of the top 20 leading global economies. Already, Nigeria is a recognized political and economic power in West Africa. The following factors strategically position Nigeria as a regional/continental growth pole: (i) with a large population estimated at 141 million (2008), Nigeria is the most populous nation in Africa, proving a large market for goods and services and accounting for 64% of consumers in ECOWAS; (ii) with GDP estimated (2009) at US\$ 184 billion (almost 68% of ECOWAS), Nigeria is the second largest economy in SSA (after South Africa); (iii) Nigeria is richly endowed with human capital and natural resources, notably oil (Nigeria is ranked as the sixth largest global exporter of oil and natural gas); (iv) Nigeria is key member of the African Union, NEPAD and a leading political actor in ECOWAS; (v) the country is pivotal in regional peace keeping endeavors; (vi) Nigeria has a demonstrably pan African policy orientation (Nigeria has shared its wealth benevolently (it established the Nigerian Trust Fund and Cooperation Fund to facilitate development and capacity building in African countries; (vii) it has shown active involvement in regional initiatives: (a) the West African Gas Pipeline; (b) the West African Power Pool; the Abidjan- Lagos and the Nigeria-Cameroon road corridors; the Yamoussoukro Accord; Niger River Basin and Lake Chad Authorities; and the Single Economic Space and Prosperity Agreement of the West African Monetary Zone.

Some notable challenges to Nigeria's leadership: these include: (i) internal insecurity in the oil rich Niger Delta region; (ii) weak policy environment; (iii) pervasive corruption, with most international corruption indices (UN, Ibrahim Mohamed and others) naming Nigeria as among most corrupt countries in the world; (iv) poor and inadequate infrastructure, particularly in the energy sector where persistent power shortage has circumscribed development; (v) poor investment climate (a recent World Bank/AfDB joint Economic Memorandum (EM) finds that Nigeria, relative to comparator countries, ranks poorly on key measures of business climate).

Annex 10

Potential Energy Projects under the RISP

The Bank will support the implementation of some projects under key priority sub-programs of WAPP, which include: (a) 225 kV Han (Ghana) – Bobo-Dioulasso (Burkina Faso) – Sikasso (Mali) – Bamako (Mali) Power Interconnection Project, under the Inter-zonal Transmission Hub Sub-program (*Burkina Faso and Mali via Ghana, OMVS via Mali, Liberia, Sierra Leone, Guinea via Côte d'Ivoire*) aiming to establish more secure, reliable transmission corridors for transfer of low cost energy to displace diesel-based sources; (b) the OMVG energy project (*Gambia, Guinea, Guinea Bissau, Senegal*) under the OMVG/OMVS Power System Development Subprogram (*The Gambia, Guinea, Guinea Bissau, Mali, Senegal*) aiming to interconnect national systems and secure access to sources of low cost energy to be built on the Gambia River, the Senegal River and the Konkoure River Basins; (c) the Côte d'Ivoire – Liberia - Sierra Leone – Guinea Power Interconnection under the Côte d'Ivoire – Liberia - Sierra Leone - Guinea Power System Re-development Subprogram (*Côte d'Ivoire, Liberia, Sierra Leone, Guinea*) aiming to re-develop the hydro resources and interconnect Liberia and Sierra Leone into the WAPP System; and (d) the 147 MW Adjarala Hydropower Project (Benin-Togo) under the Strategic Generation Subprogram aiming to augment the generation capacity within the West Africa sub-region. The Bank will also help ECOWAS to design policies and mechanism, including special purpose supra national institutional vehicles, to attract public private partnership (PPP) in financing major regional projects. As in other sector, the Bank has established effective consultation mechanisms with other development partners such as the World Bank, the BOAD, the EU, and bilateral partners, in the energy sector, under the coordination of the WAPP. Most Bank interventions in this sector will be co-financed with them.

Annex 11: List of On-Going Bank Group Multinational Projects in West-Africa - (As of February 2011)

Project Name	Status	Appr. Date	Pl fin date	Latest_Disb.	Net loan	Disb. Ratio	Age
<u>Agriculture</u>							
WARDA: NERICA Dissemination Project	OnGo	07/23/2003	12/30/2011	04/15/2010	2 000 000,00	88,23	7,57
Coton Sector Support Project –WAEMU	OnGo	11/29/2006	12/31/2013	11/18/2008	2 000 000,00	9,14	4,21
Coton Sector Support Project - Benin	OnGo	11/29/2006	12/31/2013	12/02/2010	8 000 000,00	12,08	4,21
Coton Sector Support Project – Burkina-Faso	OnGo	11/29/2006	12/31/2013	10/26/2010	10 000 000,00	58,96	4,21
Coton Sector Support Project - Mali	OnGo	11/29/2006	12/31/2013	12/15/2010	10 000 000,00	10,00	4,21
INVASIVE AQUATIC WEEDS – Ghana	OnGo	09/22/2004	12/31/2011	10/12/2010	1 680 000,00	38,90	6,40
Program to Fight Migratory Locust	OnGo	09/24/2003	12/31/2011	10/22/2008	4 250 000,00	89,60	7,40
INVASIVE AQUATIC WEEDS - ECOWAS	OnGo	12/22/2004	06/30/2011	05/28/2009	2 000 000,00	17,21	6,15
Project for Sustainable Livestock Management	OnGo	01/25/2006	12/31/2013	12/27/2010	10 240 000,00	18,90	5,05
Project for Sustainable Livestock Management – Mali	OnGo	01/25/2006	12/31/2013	12/24/2010	5 320 000,00	9,47	5,05
Project for Sustainable Livestock Management Senegal	OnGo	01/25/2006	12/31/2013	09/17/2010	4 440 000,00	11,41	5,05
ABN-Program to Fight Sandbank	OnGo	09/24/2003	06/30/2011	12/09/2010	12 000 000,00	95,82	7,40
ABN-Program to Fight Sandbank	OnGo	09/24/2003	12/31/2010	03/24/2009	3 000 000,00	100,00	7,40
<u>Capacity Building</u>							
Statistical Capacity Building <u>Program</u>	OnGo	09/08/2004	06/30/2009	01/14/2009	14 750 000,00	99,89	6,44
Statistical Capacity Building <u>Program</u>	OnGo	11/27/2008	12/31/2011	12/16/2010	17 850 000,00	88,82	2,20
ECOWAS Peace & Developpement Support Project	OnGo	09/29/2004	12/31/2011	12/22/2010	10 000 000,00	42,16	6,38
<u>Energy</u>							
Ghana - Togo - Benin Power Interconnect	OnGo	04/04/2007	12/31/2012		14 870 000,00	0,00	3,86
Benin - Togo - Ghana Power Interconnect	APVD	04/04/2007	12/31/2012		17 390 000,00	0,00	3,86
Assistance à l'OMVG- Réalisation Energie	OnGo	04/18/2007	12/31/2010	05/14/2010	523 074,11	100,00	3,82
<u>Financial Sector</u>							
Line of Credit to West African Development Bank	OnGo	01/30/2008	12/31/2011	05/28/2009	34 167 300,19	100,00	3,03
Payments Systems Development Project in West African Monetary Zone (WAMZ)	OnGo	07/09/2008	12/31/2011	11/15/2010	14 000 000,00	29,79	2,59

Project Name	Status	Appr. Date	Pl fin date	Latest_Disb.	Net loan	Disb. Ratio	Age
<u>Road Transport</u>							
WAEMU/Ghana-Road Program 1	OnGo	11/19/2003	12/31/2012	12/22/2010	64 500 000,00	33,94	7,24
WAEMU /Ghana-Road Program 1	OnGo	11/19/2003	12/31/2012	04/14/2009	3 500 000,00	74,46	7,24
Road Project Labé - Sériba – Tambacounda	OnGo	12/04/2006	12/31/2011	08/26/2010	20 500 000,00	47,50	4,19
Road Project Labé - Sériba – Tambacounda	OnGo	12/04/2006	12/31/2011	07/14/2009	5 580 000,00	2,21	4,19
Road Project Labé - Sériba – Tambacounda	OnGo	12/04/2006	12/31/2011	08/12/2010	30 320 000,00	49,12	4,19
Road Project Dori-Téra	OnGo	10/27/2006	12/31/2010	11/04/2010	12 710 000,00	42,90	4,30
Road Project Dori-Téra	OnGo	10/27/2006	12/31/2010	12/23/2010	12 670 000,00	91,59	4,30
Road Project Dori-Téra	OnGo	10/27/2006	12/31/2010	01/09/2009	2 440 000,00	1,28	4,30
Road Construction and Facilitation Program Bamako – Dakar Corridor	OnGo	12/21/2005	12/31/2011	12/31/2009	14, 846,693.12	74.47	5.15
Road Construction and Facilitation Program Bamako – Dakar Corridor	OnGo	12/21/2005	12/31/2011	12/31/2009	7, 726,596.63	2.19	5.15
Road Construction and Facilitation Program Bamako – Dakar Corridor	OnGo	12/21/2005	12/31/2011	12/31/2009	5, 835,937.22	0.0	5.15
<u>Social Sector</u>							
Ghana – Creation of Sustainable Tse-Tse Area	OnGo	12/08/2004	12/31/2011	08/03/2010	240 000,00	99,87	6,19
Mali – Creation of Areas Sustainably Free from Tse-Tse Fly	OnGo	12/08/2004	12/31/2011	01/14/2009	240 000,00	26,69	6,19
Projet d'Appui à l'Enseignement supérieu UEMOA	OnGo	07/24/2006	12/31/2012	12/03/2010	20 000 000,00	13,37	4,56
Burkina-Faso - Creation of Areas Sustainably Free from Tse-Tse Fly	OnGo	12/08/2004	12/31/2011	04/07/2010	240 000,00	92,71	6,19
<u>Telecommunications</u>							
Main One Cable System Facility	OnGo	05/27/2009	12/31/2015	06/28/2010	35 961 344,82	100,00	1,71
Other 3 Billion	APVD	10/06/2010	12/15/2014		16 346 065,83	0,00	0,34
Other 3 Bilion – Senior Loan	APVD	10/06/2010	12/31/2013		16 346 065,83	0,00	0,34
RASCOM Telecommunication Satellite	OnGo	07/24/2007	12/31/2011	06/07/2010	32 692 131,66	77,40	3,55
New Dawn	OnGo	03/11/2009	01/30/2012	06/28/2010	19 615 278,99	52,67	1,92
Main One Cable System Standby Facility	APVD	05/27/2009	12/31/2010		0,00	0,00	1,71

Project Name	Status	Appr. Date	Pl fin date	Latest_Disb.	Net loan	Disb. Ratio	Age
<u>Water</u>							
Integrated Water Resource Management of the Kayanga-Geba River	OnGo	01/09/2009	06/30/2011	12/04/2009	1 353 879,27	32,18	2,09
Volta Hycos	APVD	01/09/2009	06/30/2011		1 025 019,01	0,00	2,09
Support to AUST & 2iE Project	OnGo	03/18/2009	12/31/2013	06/17/2010	12 000 000,00	9,08	1,90
Total					521 760 159,71	44,29	4,62

Annex 12: Development Partners' West Africa Regional Integration Interventions Matrix

Sector	Donor	Project Name	Project objective	Amount	Currency
Agriculture	IFPRI	Agricultural Policy	Preparation of West Africa Agricultural Productivity program	1,956,000	USD
	France	Support for the ECOWAS Agricultural Policy	Support food security and nutrition in West Africa	10,400,000	EUR
		Line of Credit to BOAD	Agricultural Support	50,500,000	EUR
	WB	Agricultural Policy	Preparation of West Africa Agricultural Productivity program	750,000	USD
		Africa Emergency Locust Project	Emergency locust management	59,500,000	USD
		West Africa Agricultural Productivity Program APL 1	Support to regional centers of excellence in agricultural research and new agricultural technologies.	45,000,000	USD
		West Africa Regional Biosafety	Establish a regional biosafety framework for the regulation of Living Modified Organisms (LMOs) in WAEMU	3,900,000	USD
		West Africa Fisheries Project APL1	Sustainable management of regional fisheries and increasing local revenues from the fisheries trade	45,000,000	USD
Capacity Building	UN	Humanitarian Affairs	To promote institutional capacity building of ECOWAS	9,000,000	NGN
	WB	NEPAD Implementation	To assist West Africa Countries to improve their capacity	500,000	USD
	Canada	ECOWAS Capacity Building (PARECIS / Pool fund)	To promote institutional capacity building of ECOWAS Commission	5,500,000	Can \$
	France	Support to BIDC	Risk Management	500,000	EUR
		Various support to WAEMU	Capacity building, Human resource development	900,000 + other financing from General budget support	EUR
	UK	ECOWAS Institutional Capacity Building	To promote institutional capacity building of ECOWAS Commission	Various programs, including the SWARIP	£
	USA	ECOWAS Institutional Capacity Building	To promote institutional capacity building of ECOWAS Commission	475,000	USD
	Co - Financing	Capacity Building	Improve Commission's Capacity for the implementation of NEPAD programs in the sub-region	3,975,245	USD
	EC	Monitoring of Regional Indicative Program (9 ACP ROC 10)	Improve capacities and coordination between ECOWAS and UEMOA, the member States and civil society	6,000,000	EUR

Sector	Donor	Project Name	Project objective	Amount	Currency
	Germany	Management Advisory Services	Strengthen ECOWAS Institutional Capacity	2,500,000	EUR
	France	Support to BIDC	Capacity building for Risk Management LAB/FT and RSE	500,000	EUR
		Institutional Support for ECOWAS and WAEMU Commissions	Capacity building, Human resource development	Various programs	EUR
Culture	EC	Regional Program on Cultural Cooperation (West Africa)	Financial support through Fund	4,000,000	EUR
Economic Integration and Trade	ACBF-ESCAP	Funding of statistical Capacity Building Project -212		1,500,000.00	USD
	EC	Economic Integration and Trade 9ACP ROC16	Integrate WA gradually into the world economy by strengthening regional economic integration among the countries concerned	76,400,000	EUR
		Economic Integration and Trade 9ACP ROC15 NSA Component		2,600,000	EUR
		Economic Integration and Trade 9ACP ROC15 UNIDO component		14,500,000	EUR
		Economic Integration and Trade 9ACP ROC15 OHADA - ERSUMA component		4,000,000	EUR
	EC	Economic Integration and Trade 9ACP ROC15 AGPAO-CSR Component		5,000,000	EUR
		Support Economic Integration and the EPA negotiations 9ACP ROC9	Support WA in the EPA negotiations in accordance with the road map	7,000,000	EUR
		Technical Cooperation facility TCF 2 9 ACP ROC 21	To facilitate short terms TA, supporting RO with training and organizing seminars	4,000,000	EUR
		Regional Integration	To promote integration of West Africa sub-region	4,594,934	EUR
	ACBF-ESCAP	Policy-Dialogue Strategy to Harmonize the Financial Sector Markets in ECOWAS region	Making the ACP countries a better place for doing business		
	EC	Preparation of regional Investment Agreement			
		Study for the establishment of the African Diaspora Investment Facility (ADIF)			
		Forum International des Affaires			
		Development of Capacity and Framework at the ECOWAS Commission for Monitoring Investment Climate			

Sector	Donor	Project Name	Project objective	Amount	Currency
		Proposal for the establishment of a private ECOWAS financial improvement board (PEFIB)			
	Sweden	Strengthening the ECOWAS negotiating capacity during 2003-2006		11,800,000.00	SEK
	Swiss	Regional Integration	To promote integration of West Africa sub-region	80,000	USD
	UK	EPA Needs Assessment of ECOWAS Secretariat Trade and Customs Department	Needs Assessment should assist the Commission to identify any gaps in their present skills, competencies or structure necessary to effectively complete the necessary analysis, co-ordinate and consult effectively with Member States, and negotiate a consol.	19,000	EUR
		Support to the Economic Partnership Agreement (EPA) Negotiations in ECOWAS	Strengthen ECOWAS Commission's capacities with a view to preparing and concluding the Economic Partnership Agreement (EPA) Negotiations with the European Union	85,000	EUR
		Support to the Economic Partnership Agreement (EPA) Negotiations in ECOWAS	Strengthen ECOWAS Commission's capacities with a view to preparing and concluding the Economic Partnership Agreement (EPA) Negotiations with the European Union	175,000	GBP
Energy	France	WAPP	Regional integration of energy sector	5,000,000	EUR
	Volta River Authority	Energy	Development of the energy sector in West Africa	359,607	USD
	WB	West Africa Power Pool Phase 1 APL1	First Phase of Multi-donor Construction/Rehabilitation of a 330kV transmission backbone and supporting infrastructure connecting West Africa Power Pool coastal states	40,000,000	USD
		West Africa Power Pool Phase 1 APL2	Rehabilitation of a 60 MW run-of-the-water Felou hydroelectric dam supplying power to Senegal, Mali and Mauritania, and linked with the wider West Africa Power Pool network	160,000,000	USD
		West Africa Power Pool Phase 2 APL1	Second Phase of Multi-donor Construction/Rehabilitation of a 330KV transmission backbone connecting West Africa Power Pool Coastal States from Côte d'Ivoire to Nigeria	60,000,000	USD

Sector	Donor	Project Name	Project objective	Amount	Currency
Environment	WB	Reversal of Land and Water Degradation Trends in the Niger River Basin (GEF)	Development and implementation of sustainable measures for reversing trends in land and water degradation in the Niger River Basin. (Benin, Burkina Faso, Cameroon, Chad, Côte d' Ivoire, Guinea, Mali, Niger, Nigeria)		USD
		West Africa Regional Biosafety (GEF)	Establishment of a UEMOA Regional Biosafety Framework to encourage safe development of living modified organisms and to oversee field trials and commercialization of transgenic plants, starting with cotton		USD
	France	Support to CILSS	Sustainable land management and climate change adaptation in the agriculture and water sectors	2,000,000 and 1,200,000 respectively	EUR
Water Resources Management	WB	Niger Basin Water Resources Development and Sustainable Ecosystems Management Project - APL1	Capacity building of the Niger Basin Authority (NBA), rehabilitation of the 760MW Kainji and 578MW Jebba hydroelectric plants, sustainable management of degraded environments and rehabilitation of small-scale water infrastructure (small hydroelectric dams and irrigation schemes)		USD
		Senegal River Basin Multi-Purpose Water Resources Development Project - APL1	Capacity building of the Senegal River Basin Association (OMVS), investment in irrigation infrastructure, improvements in fishing techniques and fisheries management, water protection, reduction in water-borne diseases, and pre-investment activities for five potential hydroelectric dams.		USD
	France	Support to OMVG, OMVS, ABN, ABV, and CCRE (ECOWAS)	Support for integrated water resources management, capacity building, financing of feasibility studies, and establishment of observatories		EUR
Health	EC	Regional Health Program - West Africa : 9 ACP ROC 003	Coordinate, harmonize and define common health policies and facilitate free movement of people, goods and services	15,000,000	EUR
	France	Project for the Extension of Health Risk Coverage in WAEMU Countries	Increase the number of people with health risk coverage	5,400,000	EUR
Human Development & Gender	UNIFEM 1		Organizing the Gender and Regional Integration Forum & Stakeholders Consultative Meeting on Gender Policy	10,000	USD
	UNIFEM 2		Strengthening of Gender Division of ECOWAS & ECOWAS Capacity to mainstream Gender Policy	84,000	USD

Sector	Donor	Project Name	Project objective	Amount	Currency
Immigration	Swiss	Immigration	To organize workshop on elimination of payment of bribe ECOWAS borders	20,000	USD
Infrastructures	EC	Transport Facilitation	Improve regional transport services with a view to reducing factor costs and facilitating the free movement of people and goods	63,800,000	EUR
		West Africa Road Transport		2,000,000	Euro
	WB	Road transport and others			
		West Africa Transport and Transit Facilitation Project	Improving road and rail infrastructure and implementing transit and transport facilitation measures along the Tema-Ouagadougou-Bamako corridor	190,000,000	USD
		West & Central Africa Air Transport Safety and Security Program APL1	Strengthening of Civil Aviation Authorities' safety and security oversight capacities and improvements in airport security and safety standards and infrastructure.	33,600,000	USD
		West & Central Africa Air Transport Safety and Security Program Phase II - APL 2	Strengthening of Civil Aviation Authorities' safety and security oversight capacities and improvements in airport security and safety standards and infrastructure	46,700,000	USD
		West & Central Africa Air Transport Safety and Security Program Phase II b - APL2b	Strengthening of Civil Aviation Authorities' safety and security oversight capacities and improvements in airport security and safety standards and infrastructure	16,000,000	USD
	Japan	West Africa Road Transport	To streamline and Harmonization Transit regulation procedures	936,818	USD
Peace Building & Conflict Prevention	France	ECOMICI	Peace keeping	435,545	EUR
				246,669	EUR
	EC	Nigeria - Cameroon Border Demarcation		3,950,000	EUR
	Canada	ECOWAS Institutional Capacity Building	To strengthen the capacity of ECOWAS to undertake its regional peace and security mandate	4,500,000	Can \$
		West African Police Project	To strengthen regional capacity to train and deploy Civ Pol. to participate in peacekeeping operations	3,120,000	Can \$
		Kofi Annan International Peacekeeping Training Centre Support for Capacity Building	To strengthen KAIPTC capacity to deliver its programs, complementing the mandates of the other IPTCs	3,000,000	Can \$
		Construction of l'École de Maintien de la Paix (EMP), Mali	To construct permanent Bamako-based training facilities for the EMP	1,000,000	Can \$
		EMP Training	To strengthen EMP capacity to deliver its programs, complementing the mandates of the other IPTCs	623,000	Can \$
	Japan	Peace and Security	To Encourage the promotion of peace and security	170,000	USD

Sector	Donor	Project Name	Project objective	Amount	Currency
	Denmark	Peace and Security/ Capacity Building	To Encourage the promotion of peace and security/building the capacity of ECOWAS	54,000,000	Danish Kroner
	Switzerland	Small Arms	Preparation of convention on small arms control	24,000	USD
	Austria	Early Warning		145,706,562.00	CFA
	EC	Conflict Prevention and Peace-building	Assist ECOWAS to fulfill its mandate in the area of peace building and conflict prevention, particularly to develop a Conflict Prevention strategy for the region (9 ACP ROC 11)	5 500 000	EUR
		Conflict Prevention and Peace-building	Assist ECOWAS to fulfill its mandate in the area of peace building and conflict prevention (9 ACP ROC 11)	5,500,000	EUR
		Conflict Prevention and Peace Building	Creating mechanism for conflict prevention and peace building	2,134,929	EUR
	Germany	Equipment Aid Program	Enable participants to participate in international military peacekeeping operations	7,500,000 € (Current tranche; equipment only)	EUR
		Military Training Assistance Program	Enable participants to participate in international military peacekeeping operations	10,000,000	EUR
		Military Advisor Program (3 German Military Advisors at KAIPTC)	Prepare ECOWAS offers for participation in peacekeeping operations		
		Military Advisor Program (1 German Military Advisors at EMP)	Prepare ECOWAS offer for participation in peacekeeping operations		
		Military Advisor Program (1 German Military Advisor at ECOWAS HQ)	Enhance ECOWAS' military capabilities for peacekeeping operations		
		Support to KAIPTC (1 German Technical Advisor at KAIPTC)	To qualify civilian personnel from the ECOWAS region to effectively fulfill the necessary tasks associated with peace support operations and peace building measures, including election monitoring in the region	2,500,000,00	EUR
Private sector	France	Lines of Credit to BOAD	Support to private sector	30,000,000 + various financing from PROPARCO	EUR
WAEMU Commission	France	Support to WAEMU Commission	Support to health coverage project in WEAMU countries	5,400,000	EUR
		Annual General budget support to WAEMU Commission	Support to the implementation of the Regional Economic Program (REP), and capacity building	20,000,000 per year	EUR

Annex 13: 2011 – 2015 Regional Integration Strategy Paper for West Africa Outcome of Consultations with Regional Stakeholders

I. Introduction

Consultation with stakeholders within the framework of designing the Regional Integration Strategy Paper for West Africa took place in two stages. The first stage occurred during a mission by Bank staff in West Africa from 15 September to 6 October 2010. The second stage took place within the purview of a dialogue seminar on the Regional Integration Strategy Paper for West Africa that the Bank organized from 11 to 12 November 2010 in Ouagadougou in collaboration with ECOWAS and WAEMU Commissions. The outcomes of both consultations are summarized below.

II. RISP 2011 – 2015 Preparation Mission (September 16 – October 6, 2010)

2.1 During this assignment, Bank missions visited Nigeria, Côte d'Ivoire, Senegal, Cape Verde and, Benin. In these countries, the missions had discussions with national authorities, heads of regional integration institutions in West Africa based in these countries, civil society organizations and the private sector. The purpose of these consultations was to determine the regional integration context, progress as regards regional integration in West Africa, challenges and strategic opportunities, regional strategic objectives with respect to integration and the Bank Group's possible role in promoting regional integration in West Africa, in collaboration with other development partners. Issues relating to inaccessibility, and other aspects specific to the regional integration process in West Africa were also discussed.

2.2 It follows from these consultations that the priorities relate mainly to infrastructure, the coordination of economic policies, reinforcement of synergy between WAEMU and ECOWAS.

III. Dialogue Seminar on the Regional Integration Strategy Paper for West Africa 2011 – 2015 (November 11 – 12, 2010)

3.1 The African Development Bank Group (AfDB), in collaboration with the ECOWAS and WAEMU Commissions, organized from 11 to 12 November 2010, in Ouagadougou, Burkina Faso, a dialogue seminar on the draft Regional Integration Strategy Paper in West Africa, covering the period 2011-2015. About 60 participants attended the seminar.

3.2 This strategy paper, prepared following consultation with regional stakeholders (regional economic communities in West Africa, national governments, private sector and civil society organizations and development partners), defines the framework of the Bank's collaboration with sub-regional organizations (ECOWAS, UEMOA), to promote economic integration and development in the sub-region.

3.3 The meeting was attended by several representatives of sub-regional organizations, governments, the private sector, civil society organizations and technical and financial partners of West Africa. It was chaired by Mr. Lucien Marie Noel BEMBAMBA, Burkina Faso's Minister of the Economy and Finance, Jean de Dieu Somda, Vice-President of the ECOWAS Commission,

Eloge HOUESSOU, representing the WAEMU Commission, and Janvier K. LITSE, West A Regional Director at the AfDB.

3.4 The main concerns expressed by participants in view of improving the strategy paper, relate to the details under diagnosis, the strategic choices chosen and projects implementation and the monitoring and evaluation of the strategy.

Elements of Diagnosis

3.5 Participants noted the relevance of the diagnosis underpinning the policy options proposed in the paper. They however suggested that some elements of diagnosis contained in the report should be qualified. Accordingly, on the analysis of Cape Verde's specific situation, an island country that deserves special treatment, they suggested noting instead that the recent period has been marked by this country's fuller and more active participation in regional integration efforts within the ECOWAS region and in all Commission initiatives, as well as in strengthening the country's sense of belonging to ECOWAS. This is evidenced by the establishment by ECOWAS of the Regional Integration Institute and the ECOWAS Renewable Energy Centre in the country. Participants also underscored the need to deepen the analysis on some points, especially West Africa's strengths in relation to integration. Finally, the specific situation of Fragile States should also be further reviewed.

Strategic choices and intervention priorities

3.6 Most participants commented on the pillars of the proposed strategy as well as on projects and programs to be prioritized.

3.7 As regards the first pillar, "connecting regional markets through investment in the infrastructure sector", participants stressed the need to develop further actions to be supported within the framework of cross-border trade facilitation as well as specific actions to be considered to enhance agro-pastoral trade. They also underscored the need to elucidate the specific actions that will be supported to enhance the integration of financial markets. In this framework, they noted the importance of involving the Regional Council for Public Savings and Financial Markets, which plays an important role in developing the bond market. To enable the financial system to further play its role in financing the private sector, participants requested Bank support, within the framework of this strategy, in harmonizing the laws governing financial markets in the ECOWAS region.

3.8 In terms of the choice of transport infrastructure, participants agreed that, in general, all transport means are a priority and are complementary for the development of West Africa. However, as concerns strategic positioning and the catalytic role played by the Bank in relation to regional integration, participants stressed the need to further focus on the financing of railways in addition to roads. They also expounded on the dual benefit of developing railways in the sub-region namely: the elimination of abnormal practices (extortion and overloads on roads) and the enhancement of regional competitiveness thanks to a reduction in transportation costs. Such a choice requires a long-term commitment. In this case, the Bank should consider a specific railway development program.

3.9 To meet energy transition challenges, participants insisted that special attention be paid to solar energy because the sub-region has considerable potential in this area. Given the capital-intensive nature of energy, participants highly commended the vision for network integration and private sector involvement as envisaged under the strategy. However, the weak private sector capacity to develop and manage PPP projects, taking into consideration certain experiences in the

sub - region, constitutes a significant risk to be factored into the design of future projects. Support by the AfDB's energy sector should also go beyond electric power to take into account oil and the regional capacity for production, storage and transportation of petroleum products. Investing in the diversification of supply sources was also identified as an important challenge for the sub-region especially by considering the development of nuclear energy.

3.10 Concerning the second pillar relating to "capacity building", participants also noted the relevance of this pillar, and the actions envisaged in the strategy to implement the latter. They also suggested support for the establishment of a results-based management system within sub-regional institutions (ECOWAS, WAEMU), especially the program budget approach to enhance results in these institutions. Participants also drew the Bank's attention to the issue of governance which is a major concern in the region and which should be better taken into account in the strategy, if need be, as an additional pillar. To encourage States to better implement regional integration policies and actions, participants requested the Bank's support in preparing, at the regional level, an annual report on the status of regional integration in West Africa. This report would be published just before the meeting of Heads of State.

3.11 As regards cross-cutting issues, participants emphasized the need for further analysis on aspects related to climate change taking into consideration the sub-region's extreme vulnerability.

Projects implementation and the monitoring and evaluation of the strategy

3.12 Participants underscored the need to improve the implementation of regional integration projects. In this regard, they proposed that regional projects design and implementation mechanisms be reviewed in favour of a single implementing agency under the supervision of regional organizations to implement all the phases of each regional integration project. They also called for enhanced cooperation between the various sub-regional organizations such as ECOWAS and WAEMU, to facilitate the implementation of regional projects. On this point, the ECOWAS Vice-President provided some details on efforts made by the two regional organizations with respect to implementation of the common external tariff and coordination of their actions.

3.13 To facilitate results monitoring for regional projects, participants emphasized on the need to include in the report, a results framework defining indicators and their targets.

IV. General Conclusion

4.14 In general, participants underscored the relevance of the diagnosis, priorities and strategic choices proposed by the Bank in the draft Regional Integration Strategy Paper; and agreed that the RISPP reflects the region's needs.

4.15 Participants also commended the participatory approach adopted by the Bank in preparing the document.

4.16 Finally, as a major concern ensuing from the discussions, note should be taken of the need for prioritizing activities in the strategy paper.

Annex 14: Intra-ECOWAS Trade (USD million)

2010	Benin	Burkina Faso	Cape Verde	Cote d'Ivoire	Gambia, The	Ghana	Guinea	Guinea-Bissau	Liberia	Mali	Niger	Nigeria	Senegal	Sierra Leone	Togo	Total ECOWAS
Benin	..	11.03	1.66	..	..	..	..	..	..	473.10	20.87	74.82	28.96	..	..	610.43
Burkina Faso	..	..	..	..	..	..	..	..	..	50.30	15.61	117.74	26.27	..	..	209.93
Cape Verde	..	0.00	..	..	..	..	..	..	..	0.01	0.00	0.10	7.18	..	..	7.29
Cote d'Ivoire	..	346.90	1.72	..	..	..	..	..	..	410.89	60.33	1375.55	166.28	..	..	2361.66
Gambia, The	..	..	0.01	..	..	..	..	..	..	0.82	..	1.88	88.77	..	..	91.48
Ghana	..	91.04	0.96	..	..	..	..	..	..	75.58	24.29	448.99	27.47	..	..	668.33
Guinea	..	0.66	0.01	..	..	..	..	..	..	10.51	0.28	1.45	92.05	..	..	104.97
Guinea-Bissau	..	..	0.40	..	..	..	..	..	..	0.01	0.01	0.04	50.05	..	..	50.51
Liberia	..	0.41	..	..	..	..	..	..	..	0.07	0.00	5.13	21.74	..	..	27.34
Mali	..	32.45	0.00	..	..	..	..	..	..	..	3.95	1.84	548.78	..	..	587.03
Niger	..	24.82	..	..	..	..	..	..	..	3.95	..	..	12.52	..	..	41.29
Nigeria	..	27.67	0.31	..	..	..	..	..	..	8.91	141.94	..	493.81	..	..	672.66
Senegal	..	24.29	5.25	..	..	..	..	..	..	726.62	9.86	193.63	..	..	..	959.65
Sierra Leone	..	..	..	..	..	..	..	..	..	2.02	..	6.49	14.36	..	..	22.88
Togo	..	106.18	..	..	..	..	..	..	..	107.41	52.31	..	24.63	..	..	290.53
Total ECOWAS	..	665.45	10.33	..	..	..	..	..	..	1870.19	329.46	2227.66	1602.86	..	..	6705.96

Source: AfDB Statistics Department using UN COMTRADE Database.

Note: .. Data not available.

Annex 15: 2011 – 2015 Regional Integration Strategy Paper for West Africa Comments made by CODE at Meeting of July 5, 2011

I. Written Comments

1.1 Regional integration efforts in West Africa are bogged down by the issue of ownership. Given the persistent problem of limited commitment to reduce non-tariff barriers and reduce inter-country protocols, the Bank must promote the development and use of commitment technology instruments to incentivize countries to show greater ownership for regional integration. This will help ensure compliance with and adherence to agreed integration measures. The argument for these commitment technologies also extends to civil society groups. Given the limited involvement of civil society organizations, especially women groups in the regional integration agenda, what steps is Management taking to encourage their full and effective involvement in regional integration?

***Response.** The issue of ownership, timely and effective implementation of regional integration commitments, which is discussed in the RISP, is a complex one, not only in West Africa, but in most regional integration arrangements around the world. In the case of West Africa, it may well be that the delays observed in the implementation of regional integration commitments by member countries boils down to weak capacity, both at the regional and at the country levels. This is why capacity building for effective implementation of the regional integration agenda is a key pillar of the RISP. Paragraph 4.5.1 (i) has been updated to reflect this comment.*

1.2 In view of the fact that West Africa has the lowest human development indicators in Africa, and suffers from high unemployment the document must have inclusive growth as a cross-cutting theme. The RISP should mainstream employment generation in all its interventions. It should also more clearly aim at strengthening productive capacity, improving the value chain and enhancing the efficiency and competitiveness of the region. The Bank must at least draw attention to these issues in its policy dialogue even if it does not have the resources to support RMCs to address them.

***Response.** Noted. Action taken appears in Paragraph 3.1.7.4, 4.4.1, and 4.4.2.*

1.3 While we welcome the promotion of an integrated approach towards energy markets, equal emphasis will need to be paid on energy production, in view of the fact that all the countries in West Africa are suffering from energy production deficits.

***Response.** Noted, and agreed. Emphasis on energy production is discussed in Paragraphs 3.1.6.7 – 3.1.6.8 and Paragraph 4.2.2.5. In addition, the indicative pipeline of regional energy projects contains a balanced representation of regional energy markets integration projects and regional energy production projects (Annex 2).*

1.4 The document missed the opportunity to mention initiatives which have been undertaken to help build regional IT backbones, such as the Main-One submarine cable project, which the Bank is financing and the Globacom submarine cable project.

***Response.** Noted and agreed. The Main One Cable Project is discussed in Paragraph 3.1.6.5. The Globacom initiative is mentioned in Paragraph 3.3.6.*

1.5 Our view is that in addition to financing technical studies, the Bank should work with the countries towards funding railway projects. The development of railways in West Africa is an undertaking which cannot be initiated by the private sector. Governments must play a lead role in conceptualizing and financing these capital intensive investments. It is recognized that the investment costs are huge, but the potential benefits are so huge that some creative thinking needs to be done to meet this challenge. The private sector can come in at a later stage.

***Response.** We agree. However, the costs involved in railways development are huge and considering the current low traffic volumes, mobilizing the required resources for these*

investments for West Africa poses considerable challenges. More effort and commitment will, therefore, be required of all stakeholders to mobilize resources for this key infrastructural sector. Taking into account both the comment above and the challenges, the strategy proposes a stepped up dialogue with stakeholders towards a two-pronged outcomes over the 2011 – 2015 period as follows (i) timely completion of the on-going EU-Financed detailed design studies for the prioritized links B2 and B1 and, (ii) the Bank playing a catalytic role for resources mobilization for these links. This strategy is reflected in Paragraph 4.2.2.7.

1.6 The document should have paid more attention to private sector related areas such as financial integration, particularly the harmonization of investment laws and banking and finance regulations in West Africa. It is reported that the IMF will do some work with respect to the development of cross-border supervisory framework for financial institutions in the region. The Bank should be engaged in this process and should also support a study on how to overcome the obstacle to integrating the three major stock exchanges in the sub-region. In addition, given the potential for cross border portfolio investment by West African institutions the document could have provided more insight on the level of cross border investments in the region.

Response. Noted, and agreed. Financial and monetary integration are discussed in Paragraphs 3.1.4.9; 4.2.3.3. The Bank will be in contact with the IMF about their work on banking supervision and possible collaboration.

1.7 In view of the fact that the development of an internationally competitive region would require the steady supply of skilled and knowledgeable labor the knowledge angle of the document should include a provision for supporting regional research institutions in West Africa. There is the need for the Bank to continue developing regional centers of excellence in meeting the demand for professional services such as engineering ICT, etc.

Response. Noted, and agreed. Bank support to regional centers of excellence is provided for in this Regional Integration Strategy Paper for West Africa. See Paragraph 4.2.3.4.

1.8 A perennial problem of regional integration is that there are short term winners and losers and therefore there is the need for mechanisms to tax winners to compensate losers to ensure the sustainability of the process. The failure to agree on a centralized collection of revenues may undermine the development agenda of regional integration as landlocked countries in the region may stand to loose from the common external tariff.

Response. Agreed. In recognition of this problem, the ECOWAS and WAEMU have developed quite strong mechanisms to strengthen solidarity among their member countries. In the WAEMU for example, there is a Community Solidarity Levy, which has been instituted to finance development projects in less developed member countries or regions within the Union. A similar levy also exists at the ECOWAS. WAEMU structural funds, which are supported by donors, are also used to further compensate less developed member countries. Paragraph 3.3.4 has been updated to reflect this comment.

1.9 We are keen to read the study to be commissioned on ports in West Africa. In view of the proximity to West Africa of the ports in Cameroun, Sao Tome and Principe and Gabon, it may be useful for the study to take them into consideration.

Response. Noted. The study is being finalized and will be shared with you.

1.10 While progress in trade liberalization has been made with the elimination of tariff barriers within the community, nontariff barriers have continued to impede the economic integration of the region. What are ECOWAS strategies and timeline for removing these barriers? Are there quantitative estimates of the economic losses caused by the non-trade barriers so as to demonstrate to the regional member countries the economic consequences of the barriers.

***Response.** Removing non-tariffs barriers to free movement of goods, services and people is a key objective of regional authorities in West Africa. West Africa is implementing many initiatives towards this end, including the creation of joint border posts to facilitate border controls, the establishment of an observatory of bad practices to monitor, report and shame practices, which are contrary to the spirit of integration within the region. Our early experience would tend to indicate that these initiatives are promising and should be supported. The Bank is developing a trade facilitation framework and analytical work on non-tariffs barriers in collaboration with the World Bank and the United Nations Conference on Trade and Development. This framework will be useful in the design of trade facilitation measures in infrastructure projects. These initiatives are discussed in Paragraphs 3.1.5.2, 3.4.1 and 4.5.1 (i).*

1.11 Most of the economies in the region are largely primary commodity-based economies with low value addition and high vulnerability to external shocks. The need for the region to diversify and use the growing natural resource exports to encourage manufacturing development should form part of high level discussions with relevant regional institutions.

***Response.** Agreed. Comment is taken into account in Paragraph 4.4.1 and 4.4.2.*

1.12 Despite the rush, or perhaps because of it, the paper does not seem to have had a read for errors – otherwise it is hard to understand how in footnote 2 you find 16 (9+5+2) countries, in the region instead of 15, and the population of Africa is already 1.5 billion, if West Africa is only 20% of its population. Is that underestimate why you left this region to last (apart from North Africa)? More substantively, the paper seems to have been finished in early April, since it does not recognize that the political impasse in Côte d’Ivoire has been resolved (para 4.5.1). The change of situation in Abidjan would have justified a delay, but then one might have expected the paper to provide some comments on the implications – including presumably for renewed energy within WAEMU.

***Response.** Noted. Action taken on data appears in footnote 1 on Page 1 of the text. Paragraph 4.5.1 (iii) has also been updated to better reflect progress in Côte-d’Ivoire.*

1.13 The paper probably includes everything that might affect regional integration – except for the change in Côte d’Ivoire (!) – but it does not really suggest how the Bank should focus its efforts, which would be appropriate given that it has only 4 ½ years to do the things being discussed. There are a number of areas where it would have been appropriate to make some judgements about the realism of forecast changes. For example, will the WAMZ monetary union really be in place in 2015 when the customs union is not even there yet? (How do preparations to date compare with the process that led to the €?).

***Response.** Comment well noted. Taking this comment into account, the set of strategic activities proposed in the revised report are more focused on (i) road corridors (transport infrastructure and trade facilitation), and regional energy production and markets integration under Pillar I, and (ii) capacity building under Pillar II. On the realism of the 2015 target for establishing the WAMZ monetary union, the Road Map faces some implementation challenges relating to coordination, inadequate capacity of some of the institutions responsible for carrying out some of its activities. Despite these challenges, regional stakeholders have reaffirmed their commitment to the Road Map. Paragraph 3.1.4.10 has been updated to reflect this updated assessment of the implementation of the Roadmap*

1.14 In terms of the issues raised by the consultations with stakeholders (Annex 13) the importance of railways is noted, but in the text there is a reference to the idea of adapting gauges to a common standard. Although the paper already rejects the “Cadillac” option, it still suggests partial adaptation with the creation of “third rails”. Is this remotely realistic – particularly over the RISP period – given the financing that is likely to be available? With Côte d’Ivoire now more integrated into planning, is there not a case for building on what already exists? – all the WAEMU countries

appear to have a common gauge. At the same time, the text would encourage competition among ports – does this not risk overinvestment? at least in the short to medium term, given the likely traffic and the number of potential ports in different countries. Should ECOWAS not be trying to make some hard decisions on what is realistic – particularly if Côte d’Ivoire is permanently and fully reintegrated into the region.

***Response.** On railways, the response is the same as the response to comment 1.5 above. Agree on the need for rationalization of ports investments in West Africa to avoid over-expansion of capacities (this is mentioned in Paragraph 3.1.6.4.3). In fact, the increased role played by the private sector in these investments certainly reduces the risks of sustainable overinvestment. Paragraph 3.1.6.4.3 has been updated to take this comment into account.*

1.15 The Doing Business indicators in WAEMU, OHADA notwithstanding, would suggest that one concerted aspect of the Bank’s role in the region should be to seek to strengthen the business climate through a regional approach to governments, to convince them that reform is in their interests, individually AND collectively.

***Response.** Agree. This is why one of the Bank studies, which have informed this RISP focused on the business environment in West Africa. This issue will also rank high on the Bank’s dialogue with regional stakeholders, and this will be adequately reflected in the areas of dialogue of the revised RISP. Paragraphs 4.4.1 and 4.4.2 have been updated accordingly.*

1.16 There is very little discussion of collaboration on water resources other than in terms of navigation of the Senegal, and of the OVMG project –More generally, and with the threats to the Sahel from climate change, more active regional collaboration on water resource management would seem like an area to which the Bank should pay greater attention.

***Response.** Paragraphs 3.1.9 and 3.4.2 offer a good discussion of the water resources management efforts in West Africa.*

1.17 It would be helpful to have some indication of how things are currently in terms of RI activity by the Bank and other donors. What is the current status of WAPP and WAGP? Which road and railway connections exist and which are in need of rehabilitation and which are in need of actual construction. For a paper on RI the map provided is so difficult to read it practically useless. Something more useful should be provided for a paper as important as this one.

***Response.** The West African Power Pool (WAPP), created in 1999 by the ECOWAS Heads of State and Government has positioned itself as a key player in regional efforts to integrate the national power system operations into a unified regional electricity market - with the expectation that such mechanism would, over the medium to long-term, assure the citizens of ECOWAS Member States a stable and reliable electricity supply at affordable costs. It is currently a key interlocutor of development partners in the electricity sector in West Africa.*

The West Africa Gas Pipeline (WAPCo) is a joint venture between public and private sector companies from Nigeria, Benin, Togo and Ghana. The company's main mandate is to transport natural gas from Nigeria to customers in Benin, Togo and Ghana in a safe, responsible and reliable manner, at prices competitive with other fuel alternatives. WAPCo is owned by Chevron West African Gas Pipeline Ltd (36.7%); Nigerian National Petroleum Corporation (25%); Shell Overseas Holdings Limited (18%); and Takoradi Power Company Limited (16.3%), Société Togolaise de Gaz (2%) and Société BenGaz S.A. (2%). In May 2011, the company announced that it was ready to deliver compressed gas to its customers in Togo and Benin. This update is provided in Paragraph 4.2.2.6. The figure in Annex 7 has been changed, and now shows the state of road corridors.

1.18 Hope the ultimate RISP will be clearer on what it actually expects to achieve over 4 years.

***Response.** The revised report is more focused, and includes a clear results framework with ‘SMART’ indicators to monitor progress in the implementation of the strategy and achievement of its objectives (See Annex 1). A mid-term assessment of the implementation performance of the RISP will be carried out in 2013.*

1.19 The studies proposed all reasonably fit into these pillars and have a good strategic fit, but we wonder if they will lead to increased investment and regional integration. They are important precursors, but absent a better investment climate and better governance structures, we fear these studies will collect dust. Paras 3.1.6.3. and 4.2.7.1 discusses the Bank-funded studies of a large number of rail projects that would connect several cities across West Africa and seek to address the multiplicity of railroad gauges. However it is noted that changing all the lines to standard gauge “would be very costly and yield low economic rates of return.” Given this, what is the plan and why are these issues still being studied?

***Response.** See response to comment no. 1.5 above.*

1.20 Also related to infrastructure, we note and welcome the reference to harnessing the transboundary water, including river navigation. We welcome the recognition of the relevance of the trade facilitation. While this area is still not one of the Bank’s fortes, without it, the envisioned hard infrastructure will have negligible value. Again, there must be political buy-in, accompanied by concrete efforts to address the existing inefficiencies in the existing transit regimes, tax collection mechanisms and integrated border management.

***Response.** Agreed. This is why one of the areas of the RISP is to support trade facilitation efforts (see Paragraph 4.2.2.3).*

1.21 Leveraging private sector investment will be one of the hardest elements of the strategy. We wish the Bank well as it seeks to impact this area. We look forward to learning more about how the Bank intends to use Special Purpose Companies in the region to develop cross border private sector involvement. The governance structure of and SPC will be important to determining how interested the private companies are. The strategy of using the regional development banks seems a rather tired approach that could benefit from some new ideas.

***Response.** Early experience with the SPC model suggests that it is proving attractive to the private sector (Box 1 Page 14 updated to reflect this assessment). Agree on the SPC governance structure. Bank support to the SPC model will certainly help improve the governance of this model. As discussed in Paragraph 4.2.3.3, regional development banks will be only one element in the menu of instruments the RISP proposes to be used to promote cross-border investments.*

1.22 Para 9 in the introduction references using budget support operations to mitigate the risk of political fragility. This seems a rather inopportune wording, as we do not believe that politically fragile environments are necessarily the correct ones for budget support. We hope that the reference is trying to indicate that budget support can (when utilized properly) be one means of helping to build institutions which can then combat the fragility.

***Response.** Right. That is what we meant. That sentence no longer appears in the Executive Summary.*

1.23 Despite differences amongst member countries, ECOWAS seems a reasonably coherent REC on important issues (e.g. movement of people, conflict resolution) and the RISP should aim to support its 2011-15 Plan, though with a clear focus on supporting initiatives which have strong member political backing and are feasible institutionally.

Response. Noted and agreed. The pillars of the RISP and the associated activities received strong backing from regional stakeholders during the consultations process. See outcome of consultations with regional stakeholders in Annex 13.

1.24 With regard to the first pillar on infrastructure, there is not much detail on private sector development, apart from its mentioning in a footnote on page 5. Further analysis seems warranted because poor performance seems not much attributable to lack of entrepreneurship. On the contrary, for particularly female entrepreneurship seems to thrive in this part of the continent, as is also mentioned on page 10. Rather the problem seems to constitute in converting in-formal businesses into the formal domain (lack of incentives, cumbersome regulations etc).

Response. Noted, and agreed. Paragraph 4.2.2.8 presents the expected role of the private sector in the implementation of Pillar 1. Paragraph 3.1.6.1 has also been included to present the composition of the West African private sector.

1.25 Still on the first pillar of infrastructure development, we believe that the importance of PPPs could be further stressed as the OPSM portfolio in West Africa seems to have great regional potential (e.g. PPPs in Senegal and financial sector programmes in Nigeria).

Response. Bank's efforts to leverage the participation of the private sector in infrastructure development are discussed in Paragraph 4.2.2.8.

1.26 We also believe that the RISP could take a broader stance on funding: possible resources for implementing the RISP may also come from the private sector window rather than just ADF 12 & 13 (page 14).

Response. Noted, and agreed. Paragraph 4.2.1 has been updated to take this comment into account.

1.27 With regard to the second pillar of capacity building, we were not particularly enthralled by the objectives specified. They are very broad, indicative and formulated in open terms. What and how exactly the Bank will add over and above contributions delivered by for example the African Capacity Building Foundation?

Response. Noted. The Bank will work in collaboration with other partners in supporting capacity building, coordinating interventions where necessary to achieve maximum impact. This has been indicated in Paragraph 4.2.3.1.

1.28 In conjunction, there is a large community college project mentioned in annex 2, which does not fit well with the other activities. While it may come under HEST, it is not justified properly in the text of the RISP and could be removed to strengthen the focus of the RISP.

Response. This was an oversight. It has been removed from the indicative programme

1.29 There is the usual lack of detail on implementation aspects. While it seems unlikely that West Africa will be a candidate for a service centre, we need more coverage of staffing implications and who leads on what.

Response. The institutional arrangements, and the envisaged Bank internal mechanisms for monitoring and evaluating implementation of the RISP, are presented in Paragraphs 5.1, 5.3.1 and 5.3.2 respectively. In Paragraph 5.3.2 for example, it is indicated that in anticipation of the monitoring requirements of the RISP, Management has posted a staff at NGFO.

1.30 Just to remind our comments on other RISPs which we feel are also pertinent to this version for West Africa:

- A clearer link to Country Strategy Papers...
- A blurring distinction between – or rather equation of – regional integration and regional operations.
- Overall goals and objectives could be made ‘SMART-er’ so that after five years we can better evaluate as to whether the Bank has been successful in boosting regional integration.

Response. The link between the RISP and the Country Strategy Papers is clearly indicated in Paragraph 5.1. The strategic outputs and outcomes targeted in the RISP have been made ‘SMARTer’ in the revised results matrix, which appears in Annex 1.

1.31 ECOWAS has significantly contributed to peace and stability in the region supporting conflict resolution and reconciliation in countries like Togo, Niger and Guinea Conacry. However, as to regional economic integration the results are very modest, partially due to serious conflicts in countries which are traditionally major driver of economic development in the region (Cote d’Ivoire). As in other RECs we observe a rather limited political will to drive forward the economic integration on regional level. The challenge going forward is twofold, namely to consolidate national reconciliation, promote institution building and economic growth in fragile states and take the economic integration agenda forward.

Response. Agreed. The strategy proposed in this RISP will contribute towards these objectives.

1.32 ECOWAS seems to be overloaded by a great number of donor financed projects in all different areas of activity. There is a high risk of mission creep and strategic drift as donors push to support projects and programmes seemingly more important than the defined strategy priorities of the organization. The Bank should participate actively in the dialogue with ECOWAS and a other donors to promote a stronger focus of support and alignment with strategic priorities of the organization.

Response. Noted, and agreed. The RISP has also identified the need to avoid the mission creep as a critical challenge facing ECOWAS (see Paragraph 3.3.3). Towards addressing this problem, the strategy proposed in the RISP focuses on areas critical to advancing regional integration in the region. In addition, addressing the mission creep has been included among the issues for dialogue at the regional level (See Paragraph 4.4.2).

1.33 The Bank’s present portfolio of multinational projects in West Africa seems far too broad and dispersed with too many projects and working literally in all different sectors. What action will the Bank take to enhance focus of the ongoing multinational projects in the region? Is the Bank planning to withdraw from some of the sectors?

Response. This is the first RISP for the region, and by being selective and focused, it will, going forward, contribute towards a more focused and selective area of intervention in respect of multinational operations. In addition, many of the on-going multinational projects are expected to close in 2011 or 2012. This will further contribute towards a more focused portfolio in the years ahead.

1.34 Looking at the Bank’s indicative programme for regional operations 2011-15, regional road transport is the most important activity. Apart from the hardware on road building what support is the Bank planning on the software side promoting a better regulatory framework, adequate maintenance and safety activities for regional roads? Has the Bank considered to adopt a more labour intensive and inclusive approach to road building, including employing local constructive companies and promote rural connectivity?

Response. The Bank’s support in the important regulatory areas mentioned in this comment is provided in the context of its support to countries’ and regional authorities’ efforts towards developing and implementing transport sector policies. Mainstreaming labour and inclusive

approaches is one of the key objectives of the RISP (see Paragraphs 4.1(vii); 4.2.4; 4.4.1; and 4.4.2).

1.35 Energy projects are a second important activity in the Bank's planned portfolio on regional level in West Africa. What activities does the Bank's plan to reinforce the governance structure related to well-functioning regional energy cooperation and programmes? And how is energy efficiency technology planned to be promoted?

***Response.** In order to reinforce the governance of the regional energy cooperation in West Africa, the Bank's plans center around strengthening the capacity of the West African Power Pool (WAPP), an organization established by the Heads of State and Government of the Economic Community of West African States to integrate national power systems into a unified regional electricity market. At the national level, Bank efforts towards improving governance in the energy sector focus on strengthening the governance of national electricity companies in areas such as human resource capacity, tariffs and financial management, management of power systems losses, taxation on energy materials, energy efficiency and conservation, as well as national efforts to implement their regional commitments in the energy sector. With regards to energy efficiency, Bank projects will involve the implementation of energy saving measures. The Bank will also collaborate with the recently established ECOWAS Centre for Renewable Energy and Energy efficiency (See Paragraph 4.2.2.5).*

1.36 Recognizing the important challenges in having various types of gauges, it seems there are still ample room for promoting railway transport at cheaper prices than road transport. Apart from supporting various studies, the Bank does not plan to involve directly in investment projects on railway transport. During the regional consultation on the bank's regional programme, railway was considered to be a high priority, in particular for the landlocked Sahel countries of the region (annex 13). Why does the Bank not engage directly in railway investment projects?

***Response.** See response to comment No. 1.5.*

1.37 Trade facilitation: The section on trade discusses in general terms the extent of intraregional trade. However, as trade facilitation and investment facilitation are among the Bank's priority actions in support of regional integration an annex on the intraregional trade with inter country trade volumes and product mixes as well as trade in services would have been helpful. As the Bank has already been involved in statistical capacity building support in the region, this could have been used as basis for the background statistics.

***Response.** Noted, and agree. The level of intra-regional trade is provided in Paragraph 3.1.5.1. Annex 14, which presents the intra-ECOWAS bilateral trade, has also been added to the report.*

1.38 Specific question: The indicative programme includes "ECOWAS Community Colleges" with a budget of 150 million US. Please explain what kind of colleges we are talking about?

***Response.** This has been removed from the indicative programme.*

1.39 Policy dialogue should emphasize reduction of mission creep.

***Response.** Agreed. Paragraph 4.4.2 has been updated to reflect this comment.*

2. Oral Comments during CODE Meeting of July 5, 2011

2.1 Can the proposed programme be implemented over 2011 – 2015?

***Response.** The revised report is more selective and focused on (i) transport infrastructure to link regional markets, (ii) energy to develop regional production and integrate regional energy markets, and (iii) capacity building. A clear results framework with 'SMART' indicators to*

monitor progress in the implementation of the strategy and achievement of its objectives is also included (See Annex 1). The proposed strategy can be implemented over the envisaged period.

2.2 Strategy should focus on integration, not only on infrastructure. There is also political will to remove the impediments to integration, including the road blocks.

Response. *Agreed. In addition to infrastructure, the proposed strategy also focuses on transport and trade facilitation measures, capacity building.*

2.3 The strategy should focus on fragile states. Does this strategy adequately take into account the needs of fragile states?

Response. *The proposed strategy endeavors to adequately take into account the needs of fragile states. The way in which the proposed strategy will positively impact fragile states is presented in Paragraph 4.2.6.*

2.4 There is need to disseminate the strategy among governors.

Response. *Agreed. The envisaged dissemination actions are presented in Paragraph 4.4.3*

2.5 Correct typographical errors i.e number of ECOWAS member countries, official language of countries.

Response. *Noted, and agreed. Actions have been taken in footnote 1 on Page 1 of the text.*

2.6 What support is the Bank providing to ECOWAS to harmonize convergence criteria?

Response. *The Bank has provided assistance to the ECOWAS in the form of a consultant, who has prepared a report on the harmonization of convergence criteria of the WAEMU, WAMZ, and ECOWAS.*

2.7 How will decentralization affect implementation of the strategy?

Response. *By strengthening the Bank's presence and visibility in the region, the decentralization will significantly strengthen the Bank's capabilities to monitor and evaluate implementation of the strategy, in collaboration with all stakeholders on the ground. See the role of field offices in Paragraph 5.3.1 and 5.3.2.*

2.8 The strategy should also support integration through production, not only through markets.

Response. *The strategy proposed in this RISP supports integration through production in two important ways. First, it proposes Bank support to regional efforts to jointly increase energy production in the region. Secondly, by linking regional markets, the strategy will strengthen demand for regional goods and services and this will support regional efforts to boost production in the various productive sectors.*

2.9 Review language on recent political crisis in Côte d'Ivoire.

Response. *Paragraph 4.5.1 has been updated.*