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FOR

PRIVATE SECTOR AND ENTERPRISE PROMOTION

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THEME: Inclusive Growth, Innovation, Competitiveness and Development Co-operation

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CHAPTER 1

1.1 INTRODUCTION

Market led economies and free enterprise have accounted for most of the growth in the global economy and economic pre-eminence of the most successful leading economies of the world. Wealth creation, employment generation and economic growth go hand in hand and require hard, soft and quality infrastructure; enabling policies conducive to in-flows of investment, ease of doing business and also low costs of doing business. The private sector must have the confidence in the macro-economy to be able to take the risk, borrow and invest in the economy, with the hope of returning significant profit. Economic co-operation between member states, peace, security and the rule of law are taken for granted. The challenge faced by many developing countries, such as ECOWAS countries, has been that of putting in place appropriate legislation, private sector development framework and strategy including incentive structure that can facilitate and promote the private sector to invest in a direction consistent with the overall national and regional development aspirations. Such wider development goals in the ECOWAS region include accelerating growth, achieving optimum utilisation of human, natural and mineral resources, to create wealth, reduce poverty, improve the quality of life and deepen regional trade, business and integration.

When compared to other regions particularly European Union that started the journey of regional integration at about the same time with ECOWAS in 1975 with 10% level of intra-regional trade, ECOWAS had remained at 10% in 2012 while the EU had grown to 67% - 70%. With this realisation, the ECOWAS revised vision of 2007 – Ecowas of peoples - is a move from ECOWAS of States and bureaucrats to ECOWAS of citizens therefore placing greater emphasis on fostering regional development and integration agenda that is people-centred, private sector driven and promoting international competitiveness.

The vision of deepening regional economic integration and promoting sustainable development in the region requires strengthened regional market, strong investment in the regional value chains and spatial development in ways that create and retain wealth in the region, address regional economic disparities, and enhance international competitiveness. These can be achieved through improved business environment, greater regional convergence and co-operation, institutional and human capacity building leading to increased trade and investment as well as production and productivity of private sector firms in the region. A region of 15 countries and over 300 million people represents a huge market opportunity and considerable political and socio-cultural challenge. But notwithstanding these challenges which have bedevilled intra-regional trade and regional cohesion since 1975, the real opportunity lies in higher level of private sector participation in ownership and control of the means of production, distribution and market exchange.

Deregulation, privatization and increased tempo of public – private partnerships have led the way to accelerated growth of comparator nations and other regions in the world particularly in infrastructure. Therefore, promotion of economic development in ECOWAS requires more than regulatory reforms and harmonization aimed at improved investment climate; it requires also active programmes of promoting Entrepreneurship, Innovation and Competiveness; Private Sector Development, Improved Regional Trade Governance and Trade Facilitation, promoting and supporting key sectors that define the regional economy; promoting social & economic inclusion by reducing economic and social disparities in the regions; environmental sustainability and measures aimed at supporting the building of sustainable local communities.

1.2) <u>THE RATIONALE AND CONTEXT OF ECOWAS CONTRIBUTION</u>

1.2.1) Why Promote the Private Sector?

The former British Prime Minister in the Commission for Africa report, 2005, said,

a) “Africa should trade itself out of poverty”,

b) “the private sector is the engine of growth”, and

c) “the only people that will develop Africa are Africans”.

That sums up the pivotal role of the Africa Private sector. The growth of the Asian tiger economies were underpinned by the growth of the middle class, which in itself was synonymous with the growth of the private sector, particularly, the MSMEs, which accounted for huge employment, high consumption, and large numbers of small producers.

The ECOWAS region is in dire need of investment in fulfilling the missing links in the regional infrastructure configuration, something the World Bank estimated (2001) as requiring US$20 billion a year but will in turn generate additional US$ 250 billion over ten years in regional trade. The investment is required in Highway corridors, Energy and Water supply, ICT backbones and broadband connectivity, Rail Air and Sea transport etc. Although infrastructure is the domain of the public sector, promoting the private sector involvement bring so many advantages of speed, technical feasibility, financial viability and profitability, etc to defeat the chronic abandonment and failure of thousands of public led projects.

Private Public Partnership (PPP) and many BOT models open up innovative funding methodologies such as “infrastructure project bonds” that attract local, international and institutional investors to finance long term infrastructure projects provided they are convinced on its viability, ability to generate sufficient revenue to guarantee high return to repay the bond and assured political and macro-economic stability. Such collaboration can lead to rapid increases in local content such as number of new business start-ups, subcontracting and growth of existing businesses and general socio-economic development. Many public led investments in the ECOWAS region have failed for reasons varying from lack of proper feasibility, planning, due diligence of contractors, proper sizing of the project in line with proven demand and resource availability, corruption, and poor governance.

The inevitable failure of these projects breed a culture of monopoly and weak competitiveness, hence the tendency to revert to restrictive trade practices such as banning importation, placing relevant products under import licence, granting waivers, raising duties and imposing levies, all in an attempt to defend the indefensible – the lack of viability of the project. This is even worse in the areas where the region does not have comparative advantages or competitive capacity. Deregulation and Privatisation of public investment in favour of engaging various models of PPP/BOT have encouraged more innovation, creativity, productivity and competitiveness and increased the scope for more value addition.

Promoting private sector is part of an agenda of weaving entrepreneurialism into the fabric of social, education and economic life of the region.

1.2.2) Role of Private Sector Stakeholders

Continental and multilateral institutions – Regional institutions such as Africa Union, ECOWAS Commission and other regional entities have roles that impact on the activities of the private sector

– such as bilateral, multilateral and pluri-lateral trade negotiations that create market access, trade related governance measures, standards institutions that regulate and enforce quality standards and open up regional economic space, monetary and fiscal regimes that enable private sector competitiveness and access to finance. Within ECOWAS Commission, they are several Directorates such as Trade, Customs, Industry, Energy, Infrastructure, ICT, Mines, Agriculture etc whose strategic priorities would need to be captured and effective working relationship developed to the benefit of their programmes and for the engagement of the private sector . The PSD strategy will add value to sectoral strategies by complimenting them with Domestic Resource Mobilisation, SME strategy and development, Private sector advocacy and engagement, market development and promotion, investment promotion activities, and collaboration on big ticket projects and PPPs

ECOWAS Member States – ECOWAS Member States largely influence the growth and promotion of the private sector in their national jurisdictions, so ECOWAS Commission needs to demonstrate “added value” in the strategic support of member states in improving regional convergence; leadership in conducting regional trade negotiations; implementing regional trade related governance around subsisting protocols, conventions, directives and treaty provisions, particularly, the free movement of persons, goods, services, capital and right of establishment. ECOWAS PSD strategy will roll out to assist member states develop, review and align their country PSD strategies as member states are at different stages of development of their private sectors and also have different priority sectors. ECOWAS PSD will support member states in planning for inclusive growth, innovation and competitiveness including building SME competitive capacity in their areas of comparative advantages, promoting access to the regional market and finance.

Development Partners – Large numbers of Development Partners – Technical – (UNDP, UNIDO, UNECA, ITC etc); Development Finance (World Bank, AfDB, EBID, IMF, EIB, IFAD, EXIM bank) – Donor - (EU, DfID, USAID, AFD, GIZ, JICA, etc); have very important roles in supporting policy reform agenda aimed at improving political, economic and corporate governance; infrastructure, development programmes and projects. These support activities could be directed at policy work, sharing of best practices, funding and pilot projects as contained in regional and national indicative plan. Private sector advocacy, engagement and partnership are a constant factor in improving deliverability and impact of many economic and infrastructure projects requiring development assistance, Also a well articulated regional PSD framework can provide a strategic direction and regional convergence to Country and Regional programmes of the development partners. SME development and capacity building are a common denominator across all sectors.

The Private Sector – Large Companies & Multi-National Corporations (MNC): These are large in size but smaller in number (usually less than 10% of the entire population of enterprises), account roughly for 20% of the workforce and almost 50% of the nominal GDP. ECOWAS PSD strategy provides several lines of support to MNCs including:

i. corporate governance;

ii. authorised economic operator status in specific business lines for preferential treatment;

iii. sustainability development and corporate social responsibility;

iv. adaptation and compliance with local content development;

v. integration of MSMEs into the supply chain of MNCs through supply chain diversity, development and organization,

vi. SME procurement and tendering skills development,

vii. capacity building and competitiveness initiatives,

viii. Employment promotion programmes such as Job brokerage, Apprenticeship, Graduate Internship and pre-recruitment/customised and market fit training, etc

Furthermore, large businesses and MNCs are key players in advocacy; technology promotion, use and adaptation; market development, etc. They will contribute directly and be represented in regional PSD structures like the ECOWAS Business Council, Regional Business Associations, partnership programs, regional sector development strategies by integrating small local producers to regional and international value chains or acting as guarantors to their MSME suppliers, etc.

Other areas of business facilitation where LMNC could leverage ECOWAS PSD to upscale delivery include the operation of Authorised Economic Operator (AEO) mechanisms (a preferential customs regime that uses compliance history, audit based control, post clearance audit and selectivity channels to relax port and transit control and post-pone clearance to established AEOs) in national and transit corridors.

MSMEs – Micro, small and medium enterprises are very important actors in the growth and development dynamics of ECOWAS member states. They often account for 70% - 80% of the number of enterprises and employment and a little under half of GDP. In Nigeria, for example, there are 19 million SMEs (over 90% of enterprises), employing 29 million people (about 80%) and accounting for 46% of the nominal GDP (NEDEP, 2012).

Others – Other stakeholders include professional bodies and associations both regional and international; Private donors; financial institutions, bilateral investors like China and India, and investors**.**

1.2.3) <u>Role of Member States</u>

Governance (political, economic and corporate governance)

Regulations, Fiscal management, Security, administrative efficiency, dialogues with the private sector, PPPs, investment and business promotion agencies and programs.

Member states are to ratify and implement international conventions that have impact on economic performance and human capacity; Generate sustainable economic growth through wealth and employment creation; reduce poverty; contribute to the achievement of the MDG; promotion of economic development; promoting social and economic inclusion by reducing economic and social disparities in the region; promote environmental sustainability and measures aimed at supporting the building of sustainable communities.

PPP has grown considerably in recent years in the areas of infrastructure design, planning, BOT operations and maintenance but a regional approach is yet to take root. It would grow more rapidly in the context of Domestic Resource Mobilisation and the evolution of creative financing mechanisms such as Infrastructure project bonds.

Maintain a reasonable level of dialogue through various channels with organised private sector, professional associations and other stakeholders including industry captains.

Provide more physical security of investment, business, properties and citizens to encourage more investors and retention of existing ones.

Macro-economic stability and predictable fiscal and monetary policies, control of inflation and foreign exchange are very important in retaining otherwise volatile portfolio investments

Infrastructure development

Member states develop and implement long, medium and short term infrastructure plan aligned to regional and continental infrastructure plans in the areas of roads, rail, aviation, water ways, energy, ICT etc. In areas of infrastructure deficiencies, support the development of industrial production, processing and market clusters

Facilities for enterprises and investors

The Central Banks of member states should work with relevant government structures to ensure reasonable access to finance and provide sector and SME intervention funds as appropriate as part of stimulus package. Whilst most African Central Banks have pursued inflation targeting and high Monetary Policy Rates regime to appease portfolio investors and financial agents, the real sector is starved of the much needed financial lifeline, and consequently, domestic output, domestic consumption, domestic investment, and hence employment are compromised. But in the context of Growth and Employment enhancing monetary policy, sector specific intervention funds need to be delivered as well as micro-credit to the base of the pyramid entrepreneurs that account for about 80% of the employment and nearly half of the nominal GDP in the region.

Private sector engagement is of critical importance in bilateral Trade and Investment Framework Agreements and other trade negotiations to achieve reasonable access, implementation and preferential trade terms for the private sector.

Government will also ensure relevant regulatory reforms and harmonization for improved investment climate; improved international, regional and national trade governance as well as trade facilitation.

Entrepreneurship, research and development

Entrepreneurship development is central to the building of sustainable growth in the middle class whose consumption and production actually propel and sustain the economic growth, as was demonstrated in the Asian tiger economies. Business start-up training, business development services, cluster development and business incubation, on-going mentoring and business support services are essential in addressing youth and women employment.

Entrepreneurship should be introduced early in life, embedded in the educational system and promoted as a viable and natural alternative to paid employment and culture.

With proper co-ordination, research and development outputs meet entrepreneurs at their point of need – at the production farms, processing factories, preservation and packaging units and in the market places with new products, innovation and adaptation of new ideas.

1.2.4) <u>ECOWAS value addition to private sector promotion</u>

The large common market value addition

ECOWAS provides the policy framework for Free Trade Area, Common Market, Customs Union and Financial Systems Integration in preparation for the Common Currency – monetary union. But to realise these there need be free movement of people, goods, services, capital and right of establishment. This is complemented by drive to promote and attract regional investment; grow entrepreneurs; develop sectorial policies to promote regional value chains and deepen regional value addition; support interconnection of infrastructure and cross-border payment systems; facilitate trade and relevant regulatory measures to seamlessly integrate into a single economic space and maintain a level playing field.

The mutual exchange value addition

Harmonization and regulatory reforms leading to improved investment climate; improved regional /national trade governance and trade facilitation; promoting and supporting key economic sectors that define the region's economy,

Regional projects

Big ticket regional projects such as ECOBANK (now about the second largest bank in Africa), ASKY (the most connected aviation network in the region), Sealink (ECOWAS coastal fleet of passenger and cargo shipping line), EBID (ECOWAS bank for investment and development), West African Gas Pipeline Company (WAGP co) etc.

1.2.5) <u>Intervention Modalities</u>

Develop regional strategies

Develop and implement explicit regional policy frameworks, development strategies (e.g. this PSD strategy) and Charters to guide the work of the various Directorates and lock in Member States to relevant and monitorable development actions (e.g. MSME Charter).

Involve all the stakeholders

Inclusivity and stakeholder engagement at the various stages of the programme planning, development and implementation. This is will guarantee sustainability as the multitude of regulatory and trade governance agencies, private sector and civil society organisations and key persons are carried along.

Attract more investment

A coalition of the National Investment Promotion Agencies – Association of Investment Promotion Agencies of West Africa - has an important role to play in organising regional investment summits between ECOWAS and regional / bilateral trading partners. Also a general regional trade fair and exhibitions is organised biannually in addition to bilateral ones such as ECOWAS-China; ECOWAS – India etc

Develop regional programmes and projects

There are several regional infrastructure programmes and projects covering Roads, ICT, Sea lines, Rail lines, Aviation, Energy pool, etc. There are also big ticket regional project such as ICT Sub-marine fibre optic cable (ACE), regional aviation transport (ASKY), ECOBANK, SEA LINK Shipping Line, ECOWAS Bank for Investment and Development (EBID) as well as regional investment in Agriculture value chains

1.3) OVERVIEW OF THE ECOWAS REGIONAL ECONOMY

This chapter presents an overview of the regional economy and the status of the private sector in the key primary sectors of agriculture, natural resources, industrial, commercial and services sector. Various sectors present unique opportunities: For example; textile & garment (AGOA as an opportunity), horticulture (flowers, vegetables to EU market), tourism, coffee/ tea, etc.

1.3.1. Regional Economy and Status of the Private Sector – Overview of the Agriculture Sector

The structure of the West African economy is dominated largely by agriculture. In 2013 (as a percentage of GDP) it accounted for Benin (31.6%); Burkina Faso (33.6%); Cape Verde (9.3%); Cote D'Ivoire (26.3%); The Gambia (19.7%); Ghana (21.5%); Guinea (22.9%); Guinea Bissau (58%); Liberia (76.9% :2002); Mali (38.5%); Niger Republic (35.2%); Nigeria (24%-post rebasing); Senegal (14.9%); Sierra Leone (47.9%) and Togo (27.6%).

Since independence, agriculture development programmes have concentrated on addressing supply side constraints; while the export, which is strongly consumer led, has grown in quality and complexity. The entire export regime are dominated by stringent health, safety and environmental regulations; rules of origin; conformity assessment requirement on sanitary and phyto-sanitary measures (SPS), technical barriers to trade (TBT) that include technical specifications, labelling, packaging, and non – tariff barriers (NTB). Most of the ECOWAS countries are in the equatorial agro-ecological zones with millions of hectares of arable lands and consequently able to produce a rich variety of cash crops root tubers, fruits and vegetables. Unfortunately, 30% to 70% of these produce go to waste as post harvest losses. The problems vary from product selection, input deficiencies, pest and other infestations, post harvest practices, poor road and transport infrastructure, inadequate storage, lack of cold chain facilities, etc. To increase the export competitiveness of agro produce requires, among other things, substantial investment in quality infrastructure at all stages of the agriculture value chain and increased attention and investment in value addition.

Although, on average, the private sector accounts for over 80% of the GDP in the fifteen member States, these investments and policy reforms have not been sufficient to guarantee rapid private sector growth. The private sector in the ECOWAS region is dominated by Micro, Small and Medium size Enterprises (MSMEs) and account for much of its employment. While agriculture accounts for about 50% of the GDP, it nevertheless accounts for more than 60% of the employment and provides substantial feedstock for value addition in the productive industrial sector.

A people- centred development strategy will therefore encourage agribusiness and create more sustainable employment. Agribusiness has a large potential but little has been done to promote value addition of the sector, which has remained in traditional commodity markets. This approach will entail aligning MSME policies with action on the ground in the context of market driven and private sector led development in the region.

The region has rich fishery resources both offshore marine fish resources in the Atlantic Ocean and in the region's lakes, rivers and aquaculture production. Fishing is primarily a private sector driven activity but foreign trawlers are illegally depleting the fish reserves in the coast line and the Government has little capacity for policing, controlling and actually enforcing the international regulations. A documentary showed how Spanish authorities caught their own illegal fishing companies in Guinea territorial waters but couldn't secure the co-operation of Guinean authorities to prosecute the offenders.

Forestry resources are exploited not only for timber, furniture, but also for the fuel needs of the low-income populations to the detriment of the environment. This is exacerbated by bush burning practices. The capacity for management and regulation of private sector activity in the exploitation of forestry resources still needs to be strengthened in the region.

1.3.2. Overview of the Industrial and Commercial Sectors

Industry accounted in 2013 for, (as a percentage of GDP), Benin (12.9%); Burkina Faso (23.6%); Cape Verde (18.8%); Cote D'Ivoire (21.3%); The Gambia (12.6%); Ghana (28.7%); Guinea (46.5%); Guinea Bissau (13.5%); Liberia (5.4% : 2002); Mali(24.4%); Niger Republic (14.2%); Nigeria (25.8%-post rebasing); Senegal (22.7%); Sierra Leone (18.6%); Togo (33.7%).

ECOWAS member states are at different stages of intervention in the process of building modern industrial and commercial sectors. Over the last two decades many member states have been engaging in extensive privatization of public enterprises. New investments in this sector are more competitive than the old investments largely because they have been set up under a much more competitive environment in which trade liberalization is a central tendency in the region. The sectors which have attracted the most new investments (FDI) are Oil, Gas and Extractive minerals (over 70%) but contributing less than 1% of employment. Investment in information and communication technologies has also been very strong, in general

Very large proportion of the region's mineral resources are not fully mapped or quantified. Many of the present mining activity in the region are small scale and informal. There is a need to encourage more FDI inflow to the establishment of large scale mining operations. But this must be matched by value addition, developing complementarities and building forward and backward linkages and networks between large-scale and small-scale operations. Local content laws are being enacted, though not WTO compatible, to ensure integration of small scale producers and other stakeholders, in the supply chain.

The public sector dominance in the domain of power generation, transmission and distribution is increasing being turned over to private sector participation, ownership and control to encourage private sector investment in the power sector. The same applies to rural and urban water supply and management. This philosophy of increasing private sector ownership and control through public-private partnership should extend to railways, national and regional road networks, ICT backbone, maritime, aviation, land transportation and logistics infrastructure to reduce the scale of public sector borrowing and mismanagement. This approach will transfer the risk to the private sector and encourage more FDI inflow to realise a single economic space in the ECOWAS region.

1.3.3. Overview of the Services Sector

Services having accounted in 2013 for, (as a percentage of GDP), Benin (55.6%); Burkina Faso (42.8%); Cape Verde (71.9%); Cote D'Ivoire (52.4%); The Gambia (67.7%); Ghana (49.8%); Guinea (30.5%); Guinea Bissau (28.5%); Liberia (17.7% : 2002); Mali(37%); Niger Republic (50.6%); Nigeria (50%-post rebasing); Senegal (62.4%); Sierra Leone (33.5%); Togo (38.7%).

Creative and cultural industries are showing great signs and popularity led by the Nigerian Nollywood which is the 3rd largest in the world after America's Hollywood and India's Bollywood. Ghana, Senegal and other ECOWAS member states are showing great responses and growth. The Film industry looses \$3b a year in Nigeria alone to piracy and copyright violation and poor distribution infrastructure. This must be tackled because the global audience for ECOWAS film makers is over 2 billion people around the world. ICT mobile phones sub-sector has grown rapidly to double digit growth in the region as is education, tourism, transport and logistics.

The ECOWAS Programme will work through established network of skills, training and business support organizations; build on recent and current innovations such as the establishment of SME Development Agencies, Investment Promotion Agencies (IPAs), Export Promotion Agencies (EPAs) and seek to stimulate new approaches to tackling unique skills and employment challenges.

1.4 ECONOMIC CHALLENGES AND CONTEXT

As ECOWAS economy continues to increase its growth and competitiveness through use of its knowledge base, and building on the interests in its natural and agricultural resources, there is a need to make sure that some areas of economic opportunities (Opportunity Areas) are enhanced and other areas of persistent local economic disadvantage, rural neglect, youth unemployment and high business mortality rates are reduced. This is the essence of a spatial development policy that seeks to promote inclusive growth, investment, diversification, employment with social and economic inclusion.

Five categories of constraints facing PSD in the region have been identified as follows:

i. policies at macro-economic and sector specific levels,
ii. institutional framework and governance;
iii. access to key resources;
iv. infrastructural and
v. supportive services.

1.4.1. Policy related constraints at macro-economic and sector specific levels

These have reference to macro-economic policies, trade and tax policies, the legal and regulatory frameworks and the investment policies. The principal factors constraining economic performance include:

i. Tight but divergent monetary and financial policies although there has been considerable progress in macro-economic convergence. The post war countries such as Sierra Leone have nearly 100% debt to GDP ratio in 2011.

ii. Trade policies especially tariff and non- tariff barriers. These are being addressed within the framework of the 5-band Common External Tariff, which has been agreed but yet to be widely implemented. Trade and economic liberalization are taking place gradually at the member states level, and despite the provisions of the ECOWAS Treaty, conventions and protocols on free trade area, trade liberalisation, transport and transit facilitation, transit corridor approach to harmonisation of customs procedure, Axle regulations, Joint border posts, reduction of check points in the transit corridors, reduction of transit taxes etc, member states are at different stages of implementation of these regional policies. The persisting restrictive regulatory and administrative regimes are increasing the cost of doing business and trading across borders. For example, it costs $2,500 to ship a container from London to either Lagos or Tema, but costs $5,000 to tranship the same container by road between Tema and Lagos.!

iii. ECOWAS is yet to develop regional trade policy and so member states are at different pages in the evolution of a coherent, harmonised and co-ordinated trade policy framework.

iv. Although ECOWAS Treaty provides for the free movement of people, goods, services and capital and right of abode and of establishment, there are gaps in policy implementation framework in the region.

v. Inadequate and inconsistent competition policies have raised concern in the private sector. The competition policies must be harmonised to open up the member states procurement to a regional platform to encourage mobility of labour and capital and regional investment in value chains.

vi. Inadequate policy reform and initiatives for increasing supply and access to finance, business premises and related infrastructure for SMEs; inadequate measures aimed at improving business and investment climate, land reforms, lowering entry and exit barriers for businesses, speeding up business and property registrations, construction permits, litigations, multiple taxation, utility connections, documentary/clearance procedure of import/export etc

vii. Inadequacies in trade negotiations and measures to increase access to regional and international markets, ensuring fair competition, promoting innovation and building competitive capacity of the SMEs; including protection of intellectual property rights, etc

viii. Inadequate institutional capacities and political will of member states to implement ECOWAS treaties, conventions, protocols and directives to deepen trade, regional value addition, connectivity and regional integration.

1.4.2. Institutional Framework and Governance

Institutions facilitate and disseminate information about market conditions, determine and enforce property rights, implement investment climate reforms and influence and regulate competition in markets. The institutional framework comprises a wide variety of Private Sector Organization and Public Sector Organizations operating at national and regional levels. Governance concerns cover both the public and private sector. Weaknesses in Institutional framework for Private Sector Development and Enterprise Promotion and uneven experiences in PSD strategies for promoting and supporting inclusive growth, entrepreneurship, job creation and enterprise education;

(a) Organised Private Sector and Networks

The region has a wide range of apex and non- apex organizations, which can be used as vehicles for private sector advocacy, representation and participation in the regional economic integration process. The capacities of business associations at national level as well as those at regional level are severely limited, and inadequate to perform the functions they are supposed to provide to their members.

The regional business organisations are yet to constitute fully functional ECOWAS Business Council with a clear representative structure in ECOWAS governance system. Nevertheless a few regional bodies are currently in existence and act as building blocks in the development of the ECOWAS PSD strategy. These include Federation of West Africa Chamber of Commerce (FEWACCI), Federation of West Africa Manufacturers Association (FEWAMA), West Africa Bankers Association (WABA), NEPAD Business Group West Africa (NEPAD BG/WA), ECOWAS Federation of Business Women and Entrepreneurs (ECOWAS FEBWE), Association of Investment Promotion Agencies of West Africa (AIPAWAS), Federation of West African Employers' (FOPAO) and Africa Business Round Table (ABR)

(b) Public Sector Organizations

Public sector organizations at regional and member states level that are supposed to carry out a range of PSD functions have resource and capacity constraints. These include: providing an enabling environment for private sector growth; facilitating trade and investment; collating and disseminating information, streamlining and harmonising administrative procedures for efficient service delivery and providing public investment where most needed.

(c) Public- Private Partnership (PPP)

This has grown considerably in recent years in the areas of infrastructure design, planning, implementation, operations and maintenance but a regional approach is yet to take root. This would need to go beyond broad policy statements in support of PPP to clear framework for implementation of PPP and development of requisite rules and procedures for procurement and definition of the respective roles of the public and private sectors. The capacity of regulatory mechanisms is still inadequate to manage PPP procurement and investments efficiently. Clear regional framework for implementation of PPP is being developed by the ECOWAS Private Sector directorate. These are necessary to address areas of infrastructure and other strategic investments sectors.

(d) Good governance

The fight against corruption in the region is weak and characterised by lack of capacity and resources for the anti-corruption agencies and a general lack of political will to tackle corruption decisively. Consequently, ECOWAS member states predominantly rank among the lowest in Corruption Perception Index with a few spike performances like Ghana ranking of 62 out of 155 countries (2011) on effective implementation of Arusha Declaration on integrity of customs service.

1.4.3. Infrastructure and Public Utilities

There have been serious problems in ensuring adequacy, affordability and accessibility to reliable infrastructure in the ECOWAS region. The costs (of power, telecommunication, transportation and water services) are major concerns that impact on the cost of doing business to undermine the relative competitiveness of the private sector in the region. PPP can reduce these costs by sharing or transferring the risk, ownership and control of these factors of production, distribution and exchange to the more competent private sector.

1.4.4. Access to Investment Finance

Access to Investment Finance to persecute regional projects would be of great importance, both as a key resource and as an area of opportunity for increased private sector participation. National commercial banks with regional operations and regional development banks abound in the regional landscape. However, their active financing of regional infrastructure projects and investment in regional value chains need to be incentivised and encouraged. Corporate governance in banks, supervision and enforcement of prudential guidelines by the Central Banks need be stepped up.

1.4.5. Human Resources

The ECOWAS region has insufficient levels of educational attainment compared to the needs of development. Some of the concerns include:

i) Legal and administrative restrictions on the free movement of labour and the right of abode and establishment within the region constrain the flow of skills to areas of need,
ii) Inadequate/inappropriate structure of education and training systems in the region that produce a skills mismatch between the skills required by the employers and the skills profile produced by the universities and training institutions;
iii) Lack of cooperation and coordination between education and training institutions and the industry, and lack of enterprise education in the curriculum across all levels of education.
iv) Insufficient remuneration levels leading to “brain drain” to other regions of the world; ”brain waste” for many of the ECOWAS diaspora in foreign countries and limited opportunities for “brain gain” for returning ECOWAS skilled professionals
v) Adverse impact of weak health services on human resources.(e.g. loss of productivity and knowledge base, increased costs etc)

1.4.6. Land

Restrictive land tenure system in the region has resulted in underutilization of agricultural land, land degradation and ownership rights challenges. These constrain free movement of investors and cross border agricultural and non-agricultural investments as it affects availability of business spaces for MSMEs. There is room for improvement along developing coordinated policies at ECOWAS level.

Some macroeconomic comparisons

	HIGHEST	SSA AVERAGE / ECOWAS AVERAGE	LOWEST
Population	Nigeria 7/242		Cape Verde 170/242
DBI	Ghana 64/242		Guinea Bissau 179/242
GDP / Capita	Cape Verde 160/242 US$3,800		Liberia 225/242 US$400
Agriculture	Liberia 76.9%		Cape Verde 8.4%
Industry	Guinea 53.6%		Liberia 5.4%
Services	Cape Verde 75.9%		Sierra Leone 26.5%
Labour force	Nigeria 11/242		Cape Verde 171/242
Diversification index	Nigeria (1) Oil/Gas -93%		Ghana (10)
Electricity / capita			
Exports	Nigeria 39/242		Cape Verde 190/242
Imports	Nigeria 48/242		Guinea Bissau 198/242

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1.5. SWOT ANALYSIS, STAKEHOLDERS ANALYSIS & PESTLE ANALYSIS

Various analysis were carried out (Appendix 1- an analysis of strength, weaknesses, opportunities and the risks/threat (SWOT) in private sector development in the region and shows the considerable potential for growth of the regional economy; (Appendix 2 - contains the range of stakeholders (at the regional and member state levels and the sort of issues they are interested in and how some of their aspirations can be accommodated); It is clear that we have a rich mix of Government, private sector operators at the regional and member state levels to influence policies and contribute to economic development. Appendix 3 contains political, economic, social, technological, legal and environmental (PESTLE) risk identification and analysis of their potential impact on the programme.

1.6.)INFRASTRUCTURE AND KEY SECTORS IN WEST AFRICA

Inadequate infrastructure and the chronic state of disrepair including the missing links in ECOWAS regional infrastructure configuration raise the cost of business, and could account for up to 2% loss in economic growth per year. Road access is in the region of 30% compared to 50% in the rest of the developing world, making transportation costs twice more expensive. World Bank study (2001) suggested that investing US$20b a year in fulfilling the missing links in regional infrastructure could generate additional US$250b over the next 10yrs. Also with adequate infrastructure ECOWAS countries can achieve productivity gains of up to 40% and enhance the current economic growth potential.

Improved regional infrastructure is critical for deepening trade and regional integration, particularly where the infrastructure networks link production centres; processing centres or clusters; distribution hubs; national, regional and international markets. One transit corridor with these potentials is the Abidjan – Lagos transit corridor, which accounts for up to 70% of regional commercial traffic.

The integration of multimodal regional transportation infrastructure, which includes sea port, highway, railways, airports in favour of the landlocked countries such as Mali, Niger and Burkina Faso, would not only reduce transportation costs but will also mitigate economic shocks occasioned by natural disasters, conflict, climate and environmental changes that may take place in neighbouring countries.

Although regional infrastructure index as measured by Africa Development Bank has shown a steady but gradual rise, this is due mainly to the ICT component of the four major indices used in its computation.

Informal trade is prevalent as are large numbers of Micro, Small and Medium enterprises that dominate the landscape. Besides the three landlocked countries, Mali, Niger and Burkina Faso, as much as 10 of the member state have populations of 10 million people or less, and six have a gross domestic product (GDP) of less than $10 billion. These affect the viability of large infrastructure projects and the economies of scale that could bring costs down therefore making a regional integration approach an imperative.

1.6.1)Roads

Ground transport is by far the most important means of transportation in ECOWAS countries, providing access for over 70% of the region's rural population. Over the past decades, the West African road network has emerged as a relatively coherent and far reaching network, with an adequacy between the urban grid and the primary road network. But disrepair is setting in due to long-term abandonment and over use. Alternatives and mentainance have become imperative.

1.6.2)Aviation

Revised ECOWAS Treaty of 1993 provided strong support to the liberalisation of the Aviation industry by encouraging co-operation between member states in flight scheduling, leasing of Aircrafts and granting joint use of fifth freedom rights to airlines of the region, as well as to promote the development of regional air transport services in accordance with 1999 Yamoussoukro “Open the Sky” decision (1).

Massive investments are being made by many ECOWAS countries: Burkina Faso, $450m (Donsin Airport, Ougadougou); Sierra Leone new Airport for $200m; Ghana $100m (Tamale) and Nigeria extensively modernising about 20 Airports. With better integration, coordination and alignment, the region can make the most of the Air traffic infrastructure being delivered. New Airlines such as ASKY in partnership with Ethopian Airline has the most connections in the ECOWAS region.

1.6.3)Railways

Relatively speaking Africa Railways account for only 1.7% of global Rail line traffic and 1.4 % of tonnage transported (2). The perpendicular coastal Colonial configuration of the West Africa’s railways (ostensibly to transport minerals) is in stark contrast to the cross-border informal traffic flow of traders along the coast in the region. The coastal transit corridor account for nearly 60% of the intra-regional trade. Women are clearly over-represented in these informal cross border trade. These rail lines were designed to evacuate minerals from the hinterland to the sea ports for export. Integrating the railway systems in the member states are constrained by the different gauges between member states.

An outstanding proposed lateral regional integration of the railways is the Cotonou-Niamey-Ougadougou-Abidjan estimated to cost US$2.09 billion. With Nigeria already modernising Lagos-ibadan-kaduna-kano rail line, a connection to Niamey through Jimbiya in Katsina State will connect an estimated additional 70 million population in the cities in the transit corridor and present a huge boost to intra-regional trade. This interconnection will also bring down to Nigeria millions of cows, sheep, goats and grains etc to stabilise and grow the regional market.

Other key railway developments in West Africa

Dakar-Bamako-Ouangolodougou Project 1825 km

Existing segment Dakar-Bamako. Segment to be built Bamako-Bougouni-Ouangolodogou: 599 km Cost: 876.9 bn FCFA

Cotonou-Parakou-Dosso-Niamey project 1061 km

Existing segment Cotonou-Parakou Segment to be built Parakou-Dosso-Niamey: 625 km

Cost: 662 bn FCFA

Abidjan-Ouagadougou-Kaya-Niamey project 1646 km

Existing segment Abidjan-Kaya Segment to be built Kaya-Dori-Niamey: 398 km Cost: 712 bn FCFA

1.6.4)Trans-boundary Rivers and Sea transport

Save for insular Cabo Verde, every single West African country shares at least one watercourse with a neighbouring country. Guinea has 14 trans-boundary basins; Cote d'Ivoire has 8, Liberia 7, and 5 in each of Nigeria and Sierra

1.6.5)Tourism in West Africa

The tourism industry is a major sector of the economy for many African countries. The four countries that benefit the most from tourism are Egypt, Tunisia, Morocco, and South Africa. A second category includes the countries of Namibia, Botswana, Mozambique, Tanzania, and Kenya.

The successful countries in tourism are thriving due to a variety of factors. Countries like Morocco and Tunisia benefit from their beautiful beaches and their relative proximity to Europe. Tourism in Egypt is based on the rich history of Ancient Egypt, pyramids and artifacts. South Africa and Kenya benefit from wild safari expeditions, attracting tourists to see the wildlife of Africa. West Africa has historical sites connected to slave trade in Senegal, Ghana and Nigeria where Nolywood is adding a pep up; religious and cultural sites, caves and rock formations; wild safari and game reserves in most countries in the region. Themed parks, coastal ferries, and extension of the 7,000 visitors a day international cruise coming to Cape Verde to the ECOWAS coastal capital (Lagos to Dakar).

Tourism by Arrivals and Receipts

Data presented here is from the World Tourism Organization (UNWTO) and from "Reviewing Africa in the Global Tourism Economy." (3) The following tables and maps show the data by each country. For a variety of reasons, many countries have no data. Also the following data depict the income from tourism in US dollars.

Tourism by Arrivals			Tourism by Receipts	
Country	**Arrivals 2005**		**Country**	**Receipts 2005 (US$)**
Benin	No DATA		Benin	No DATA
Botswana	1,559,000		Botswana	562,000,000
Burkina Faso	NO DATA		Burkina Faso	NO DATA
Cape Verde	198,000		Cape Verde	123,000,000
Côte d'Ivoire	-		Côte d'Ivoire	NO DATA
Egypt	8,244,000		Egypt	6,851,000,000
Gambia	111,000		Gambia	NO DATA
Ghana	NO DATA		Ghana	NO DATA
Guinea	45,000		Guinea	NO DATA
Guinea-Bissau	NO DATA		Guinea-Bassau	NO DATA
Kenya			Kenya	879,000,000

Mali	143,000		Mali	NO DATA
Morocco	5,843,000		Morocco	4,617,000,000
Niger	NO DATA		Niger	NO DATA
Nigeria	NO DATA		Nigeria	NO DATA
Senegal	769,000		Senegal	NO DATA
Sierra Leone	40,000		Sierra Leon	83,000,000
South Africa	7,518,000		South Africa	7,327,000,000
Togo	81,000		Togo	NO DATA
Tunisia	6,378,000		Tunisia	2,063,000,000

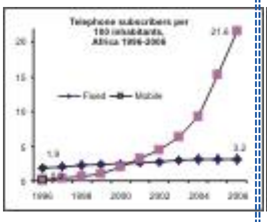
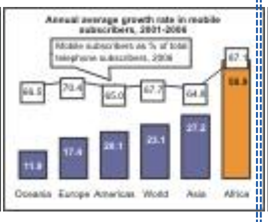
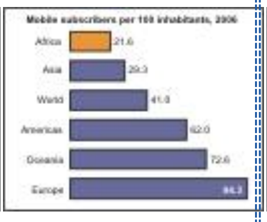
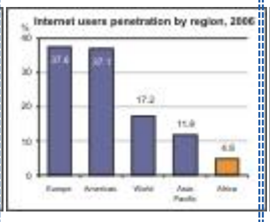
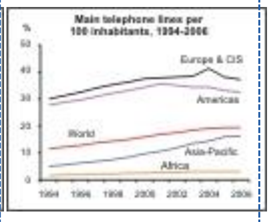
The data shows that Senegal and Cape Verde lead the way in ECOWAS but still represents a far cry from the superior revenues from tourism for South Africa and North African countries

1.6.6)ECOWAS ICT SECTOR

ICT has brought about unprecedented improvements in the world's economic, political and social systems, and the availability of accurate up-to-date information created and disseminated through ICTs has decisive impact on people's lives and on the socio-economic development of a country as a whole. ICT facilitates sustainable development through fast, cheap, equitable, and resource-efficient access to information, accumulated knowledge, learning opportunities and co-operation support tools for citizens. It can also assist government to enhance performance, reduce waste/corruption, improve health care delivery, eradicate poverty and generally improve standard of living thereby leading to the achievement of sustainable socio-economic development.

The wide technological gap between those who have access to deploy ICT and those who lack in the deployment of ICT is regarded as the "Digital Divide", and while ICT has been improving at a rapid rate in the developed world, the story in quite different in West Africa as we have low level of internet penetration in most of West African countries.

According to ITU (4), Africa with 11.4 percent internet penetration out of a population of over 1.37 billion people has the lowest internet penetration while other continents such as North America (78.3per cent), Oceania/Australia (60.1per cent) and Europe (58.35per cent) have higher internet penetration. Out of ten countries listed for percentage of internet subscriptions in relation to population size, it is obvious that United Kingdom (82.0%) is rated number one while Germany (79.9per cent), Japan (78.4per cent) and United States of America (78.2per cent) are rated 2nd, 3rd, and 4th respectively, Nigeria (28.3per cent subscription is rated number 10). Africa is the region with the highest mobile cellular growth rate in the world averaging 50% with Nigeria boasting triple digit growth for a decade. But, the continent has also the highest ratio of mobile to total telephone subscribers of any world region, and has been dubbed "the least wired region in the world" and for an Internet penetration of just 11.4%. Europe's Internet penetration is 7 times higher.

Fixed vs mobile penetration	Mobile growth	Mobile penetration rates	Internet penetration rates	Fixed line penetration
				
Hi-res picture	Hi-res picture	Hi-res picture	Hi-res picture	Hi-res picture

Source: ITU World Telecommunication/ICT Indicators Database

Big data and cloud computing are increasingly occupying the core of global activities in service delivery for both private and public sectors. Governments and businesses in West Africa are considering how to key into those areas through robust infrastructure to provide broadband that will transform their countries. The key challenge is how to harness broadband for transformational development and hence empower peoples, governments and industries in West Africa with technologies and solution to transform societies. This also includes the task of maximally utilising the existing infrastructures that are already on ground in the sub-region as well as increase or add new ones in order to deploy broadband as a transformational tool for development.

Globally, broadband technology is seen as veritable tool in driving economic growth and this is not without verifiable evidences from countries with huge broadband penetration. From Agriculture to power, education to healthcare, as well as commerce and financial services, West African countries need to leverage on broadband for an all-sector inclusive and sustainable development. Progress in broadband connectivity in the ECOWAS region has been patchy with much lower broadband connectivity compared to tele-density.

The 12th annual **Innovation Africa Digital Summit** (IADS) held recently in Gambia in western Africa highlighted the growth of ICT infrastructure and innovative services in the region. Gambia has the highest teledensity in Africa, and despite its small size, punches above its weight when it comes to ambitions and targets. Industry and government agencies indicated at the conference that the country plans to become an ICT hub in the next 3-5 years.

MNCs such as **Intel** and **Microsoft** have announced initiatives to invest in local start-ups in Africa. The companies are promoting local app development as well, considering that much of Africa is a 'mobile first' economy when it comes to ICTs. ICTs in Africa are not just instruments and enablers, but a whole industry in their own right. Services and product start-ups are emerging, thus reflecting the digital innovation spirit in 21st century West Africa.

There are quality issues and standards in the three kinds of infrastructure: core infrastructure (eg. satellite, cable, fibre), service infrastructure (eg. Internet governance, Internet exchanges), and media infrastructure (eg. big data, open data, child safety mechanisms).

Currently, the Africa Coast to Europe (**ACE**) submarine cable system have landed in most West Africa coastal countries, helping boost Internet connectivity. It is expected that the ACE cable will help meet the targets of African Union's Programme on Infrastructure Development in Africa (PIDA) and the Build on Broadband initiative launched by the **ITU**.

Other challenges relate to increasing the use and application of ICT and broadband technology in promoting digital inclusion including promoted citizens' adoption of more e-governance and e-services; increasing coverage of rural areas; ensuring that women and girls get adequate access and career paths in ICTs, promote content generation at institutional and individual levels; reduce tax levels on ICT products and services; cut down corruption, and promote digital entrepreneurship among youth**.**

Policy intervention in accelerating broadband is critical for ECOWAS and if West African countries are to achieve broadband penetration, each country must set broadband penetration goal and computer penetration goal, and then define the policy objectives and strategies in the area of e-Government, e-Commerce, IT park development, Internet Governance, Cyber security, Internet Exchange, Spectrum management and Outsourcing, among others. Typical broadband penetration target of 50 per cent within the timeframe of 5 years for ECOWAS region should be considered. Key strategies to achieve broadband penetration should include ensuring that broadband connectivity remained available in all schools and also ensure that every government office is connected to broadband internet; government to providing special fiscal and other incentives for operators to encourage them to deepen their investment in broadband network rollout, and such incentives to include: tax holiday as was done for the GSM rollout, lower cost of frequency spectrum, accelerated approval of request for right of ways, as well as provision of licence exempt frequency for deployment to underserved and unserved locations; deepening computer penetration in schools which includes all devices that are able to access the Internet (laptops, netbooks, tablets, eBook readers among others)

Ghana Cyber City is a technology cluster on a 36 acre technology park being built in Accra. It is setting the stage for work between SMEs to encourage outsourcing to come to Africa. According to Gartner, Business Process Outsourcing (BPO) was a USD 128.8 billion market in 2005 and is forecasted at USD 191.3 billion market by 2010 with the offshore ICT industry growing at 21 per cent. Ghana´s BPO could create 37 000 jobs with revenues of USD 750 million over 5 years. Ghana scored better than India and China in financial attractiveness in 2007 and had a similar business environment. The volume of talent pool is however half that of China and India. The government is seeking stronger training. Ghana is competitive in low-skill, low-margin areas such as transcription services, account activation, surveys and basic consumer care. Major Indian players are moving towards higher-value work such as transaction processing and analysis of consumer behaviour.

1.6.7)Mining Sector in West Africa

The mineral industry of Africa is one of the largest mineral industries in the world. For many African countries, mineral exploration and production constitute significant parts of their economies and remain keys to economic growth. Africa is richly endowed with mineral reserves and ranks first or second in quantity of world reserves of bauxite, cobalt, industrial diamond, phosphate rock, platinum-group metals (PGM),vermiculite, and zirconium (5). Gold mining is Africa's main mining resource.

Australia recently evaluated its current $686 billion worth of discoveries in Africa's mineral resources sector over recent years, as a record number of African mining ministers went to Perth to put their case for even greater Australian involvement in the continent's exploration and mining endeavours. This allure is also being fuelled by the high growth rate of Africa. However, it is only those African countries with sound, consistent mineral policy and stable government that will attract Australian interest in the coming year

African mineral reserves rank first or second for bauxite, cobalt, diamonds, phosphate rocks, platinum-group metals (PGM), vermiculite, and zirconium. Many other minerals are present in quantity. The 2005 share of world production from African soil : was bauxite 9%; aluminium 5%; chromite 44%; cobalt 57%; copper 5%; gold 21%; iron ore 4%; steel 2%;lead (Pb) 3%; manganese 39%; zinc 2%; cement 4%; natural diamond 46%; graphite 2%; phosphate rock 31%; coal 5%; mineral fuels (including coal) & petroleum 13%; uranium16%.

As of 2005, strategic minerals and key producers were (5):

- Diamonds: 46% of the world, divided as Botswana 35%; Congo (Kinshasa) 34%; South Africa 17%; Angola, 8%.
- Gold: 21% of the world, divided as South Africa 56%; Ghana, 13%; Tanzania, 10%; and Mali, 8%.
- Uranium: 16% of the world, divided as Namibia 46%; Niger 44%; South Africa less than 10%.
- Bauxite (for aluminium): 9% of the world, divided as Guinea 95%; Ghana 5%.
- Steel: 2% of the world, divided as South Africa 54%; Egypt 32%; Libya 7%; Algeria 6%.
- Aluminium: 5% of the world, divided as South Africa 48%; Mozambique 32%; Egypt 14%.
- Copper (mine/refined): 5%/ of the world, divided as Zambia 65%/77%; South Africa 15%/19%; Congo (Kinshasa) 13%/0%; Egypt 0%/3%.
- Platinum/Palladium: 62% of the world, divided as South Africa 97%/96%.
- Coal: 5% of the world, divided as South Africa 99%.

Many West African countries are highly and dangerously dependent of such exports. Mineral fuels (coal, petroleum) account for more than 95% of the export earnings for Nigeria. Minerals account for 80% for Guinea (bauxite, alumina, gold, and diamond), Sierra Leone(diamond), and Sudan (petroleum and gold). Minerals and mineral fuels accounted for more than 50% of the export earnings of Mali (gold). By 2010, capital investment in bauxite and alumina in Guinea were likely to total more than $2.35 billion

Many ECOWAS member states are reviewing their concessions with a view to renegotiating some contracts. New mining code, which requires the government to hold more equity interest in mines, may be required. The code could sets a new tax regime for new concessions and a higher threshold for foreign investors. There is always the risk in going back to concessionaires and attempt to renegotiate signed contracts. Nothing scares investors away faster than the notion that legally signed deals can be nullified at the whim of a government agency. Nigeria's comprehensive Petroleum Industry Bill (PIB) is still awaiting passage of the National Assembly. The political economy of the PIB has contributed to major foreign oil firms divesting from the Nigeria oil industry and being repurchased by emerging indigenous oil firms. The government of Liberia passed legislation providing for controls on the export, import, and transit of rough diamond. In addition, the government suspended the issuance of all permits for diamond mining and placed a moratorium on alluvial diamond prospecting.

The Parliament of Ghana also passed a new Minerals and Mining Law (law number 703). The new law provides for access to mineral rights on a first-come, first-considered basis; a specific time frame within which all applications should be granted; the right for applicants to demand written reasons from the Minister if an application is rejected; the government's right to acquire land or authorize its occupation and use if the land is required for mining purposes; the establishment of a cadastral system for the administration of mineral rights; the establishment of the permissible range of royalty rates at not less than 3% or more than 6% of total mining revenues; the government's right to obtain a 10% free-carried interest in mining leases; and the establishment of the period of duration of a mining lease, which is not to exceed 30 years and which may be renewed once for a period not to exceed an additional 30 years.

Intra-regional minerals trade was, however, significant for gold. South Africa imported 142,000 kilograms per year of gold mostly from West African countries to supply its gold refinery. A majority of African gold mine production was refined in South Africa Before export to other regions. Most of Africa's copper and PGM production was exported in refined form. The majority of Africa's chromite production was processed into ferrochromium before export. For other commodities, which included bauxite, colored gemstones, diamond, iron ore, petroleum, and uranium, most of or all the continent's production was exported before downstream processing. Intra and inter-regional co-operation in value addition could do more to keep the wealth in the continent.

Other challenges in the industry include poor infrastructure, scanty geological information, land ownership often murky and institutions weak, especially in countries like Liberia and Sierra Leone that have been ravaged by civil war. Commodity prices have wobbled and some big companies will be wary of investing until the legal framework is more robust.

Most West African governments have signed—or pledged to sign—the Extractive Industries Transparency Initiative (EITI). The EITI tries to ensure that contracts and accounts of taxes and revenue generated by concessions are open to public scrutiny. Regional governments also fret over a practice known as "concession flipping", whereby foreign mining companies that do not have the capacity to exploit sites sell their concessions to larger companies for windfall profits. "Every flip is essentially a heist on the government exchequer, with anonymous offshore firms as the getaway car, Concession flipping is widespread in West Africa.

1.6.8)Manufacturing

The 21st century is widely believed to "the African Century", in potentially being the century when Africa's vast untapped labor, capital and resource potentials might become a world player. Various plans focus on growth and diversification of manufacturing and industrial production, as well as diversification of agricultural production, mineral processing and refining, and backward integration of industrial products such as white goods, vehicles etc, thus fueling hope that the 21st century will prove to be a century of economic and technological growth for Africa (6). At the ECOWAS level, Common Industrial Policy, Common Investment Policy, Common Investment Codes have been developed in an effort to increase policy convergence and policy incentives.

Countries such as Mauritius have plans for developing new "green technology" for manufacturing (7). Nigeria in recent years has been embracing rapid industrialization with: an indigenous vehicle manufacturing company, *Innoson Motors (IVM)* which manufactures Rapid Transit Buses, Trucks and SUVs (8) which leads a backward integration policy in automobile industry; electronic manufacturers like Zinox the first Branded Nigerian Computer and Electronic gadgets (like tablet PCs) manufacturers(9): Dangote group reversing Nigeria import to net exporter of cement(Africa largest cement manufacturer); Dangote group investing US$9.3 billion in Petroleum refining and Petrochemicals etc

1.6.9)Investment and banking

Despite the 2008/2009 global financial crisis and economic meltdown, Africa financial services industry bounced back with impressive growth to over US$107 billion industry as they take advantage of ICT to and digital inclusion to target the unbanked and the emerging middle class (10).

Reciprocal investment between Africa and China increased dramatically in recent years which helped Africa immensely in the aftermath of the global financial crisis (11, 12), thus provoking competitive investment by the European Union, United States, India and Brazil(13, 14). Similarly Africa Diaspora have increased their effort to invest in the region. As at 2012, there were 23 stock exchanges in Africa and ECOWAS has been contemplating West Africa Stock Exchange.

1.6.10)Agriculture

Africa has continued to ensure an international division of labour that places her at commodity produce end of the spectrum while the developed nations process the primary raw materials, keep the jobs and consign Africa to consumers of finished products. But many of the developed countries maintain high tariff walls, stringent sanitary, phyto-sanitary and technical specifications to protect their own agricultural sectors and EU, in particular, spends about €75 billion on agricultural subsidy to their farmers (15)!!. In these circumstances, there is overproduction of commodities such as grains, cotton, milk etc, which result in continuous decline of the world prices of these commodities to the detriment of African producers. There is only hope in those cash crops that do not grow in the northern climate where West Africa face stiff competition and market access issues with South America and India and Asia producers.

Brazil has been a success story in agricultural transformation and its investment and deeper level of collaboration with West Africa in agri-business has the potential to sustainably reduce poverty in the region(15, 16, 17,18). NEPAD Comprehensive Africa Agriculture Development Programme CAADP, is one of the bold attempt by the ECOWAS Commission to increase production and demand for certain agricultural products(19).

Other Challenges

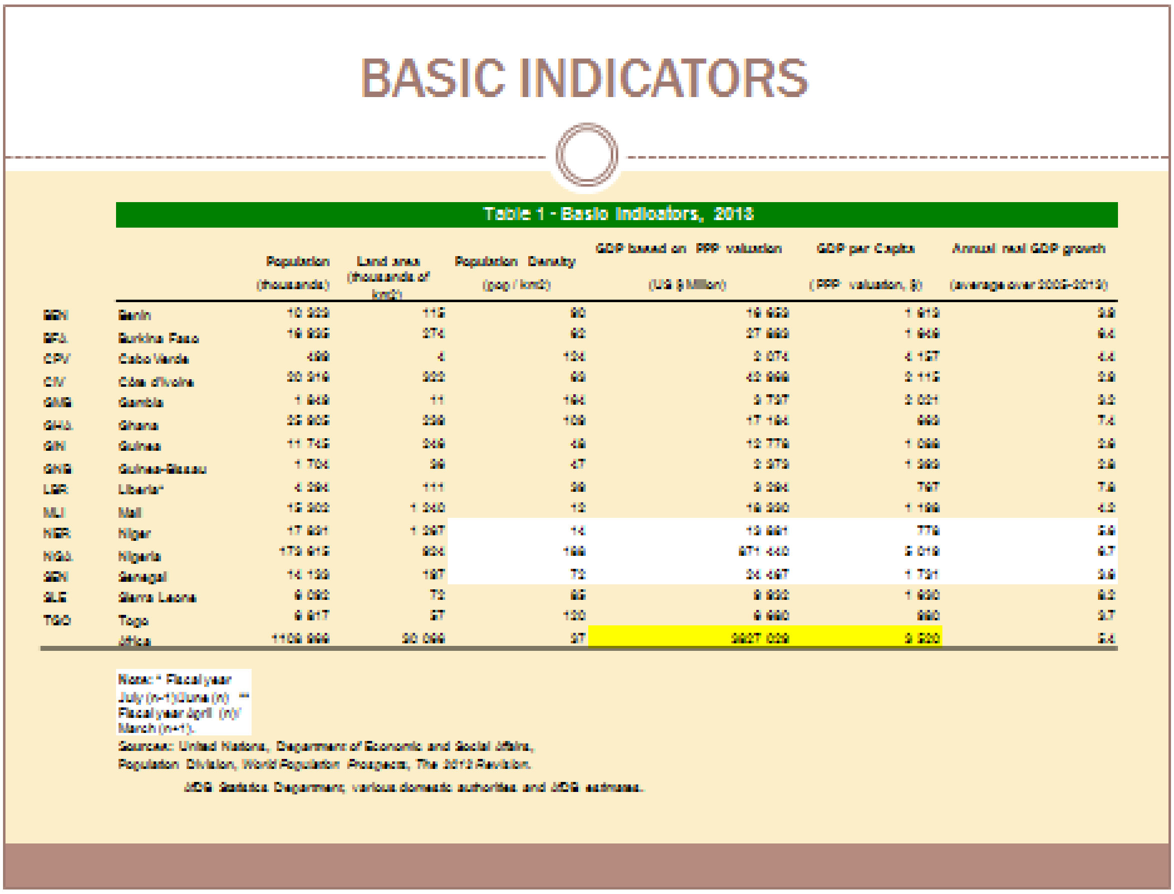
1.6.11)Non-Tariff Barriers

Numerous studies indicate that transaction costs (in Import and Export) of the type amenable to improvements in trade facilitation programmes represent between 2 and 15 percent of total transaction value, worldwide. A reduction of 10 percent in transaction costs (import and export) could save ECOWAS Member States billions of Dollars. (for example, for Nigeria, an estimated $14.95b per year !!.(Nigeria CIA-Handbook[2013 estimated]: Export $93.55b, Imports $55.98b).

Long queues; multiple check points; multiple taxation such as administration fees, road taxes, transport levies, insurance, etc; customs border controls duties and charges; all add 3-4 days to export and 6-9 days to import from land-locked countries and considerable cost for transit. For example, it takes $2500 on average to ship a container from London to either Tema in Ghana or Lagos in Nigeria. But transiting same container from either port to the other costs US$5,000.! But far more dangerous is the transport cartels and collusion with enforcement agencies, which studies conducted on West African landlocked countries (Mali, Burkina Faso and Niger) show as unreasonably causing price hikes that compound the lack of competitiveness and price instability.

1.6.12)Poor trade, economic and logistics performance

West African countries rank very poor on Logistics Performance Indices. It is emerging that poor logistics can be as harmful to trade as poor infrastructure, and can undermine the progress the region has done in improving physical infrastructure. West African countries perform poorly logistically as shown in the table below where in relation to Singapore and South Africa, Logistics Performance Index (LPI) of 2.79 for Republic of Benin, places it at 69th country while Ghana's LPI score of 2.47 places it at 117th country out of 155. The LPI scores show just how important regulation and market structures of the road freight industry are than just the infrastructure itself



BASIC INDICATORS

Table 1 - Basic Indicators, 2013

		Population (thousands)	Land area (thousands of km2)	Population Density (pop / km2)	GDP based on PPP valuation (US $ Million)	GDP per Capita (PPP valuation, $)	Annual real GDP growth (average over 2003-2013)
BEN	Benin	10 323	115	90	16 653	1 613	3.9
BFA	Burkina Faso	16 935	274	62	27 883	1 649	6.4
CPV	Cabo Verde	499	4	124	2 074	4 157	4.4
CIV	Côte d'Ivoire	20 316	322	63	42 866	2 115	2.9
GMB	Gambia	1 849	11	164	3 737	2 021	3.3
GHA	Ghana	25 905	239	109	17 184	663	7.4
GIN	Guinea	11 745	246	48	12 778	1 088	2.6
GNB	Guinea-Bissau	1 704	36	47	2 373	1 393	2.6
LBR	Liberia*	4 294	111	39	3 394	787	7.6
MLI	Mali	15 302	1 240	12	18 330	1 198	4.3
NER	Niger	17 831	1 267	14	13 881	778	5.6
NGA	Nigeria	173 615	924	188	871 440	5 019	6.7
SEN	Senegal	14 133	197	72	24 487	1 731	3.6
SLE	Sierra Leone	6 092	72	85	9 932	1 630	8.2
TGO	Togo	6 817	57	120	6 660	980	3.7
	Africa	1108 866	30 066	37	5627 009	5 200	5.4

Note: * Fiscal year July (n-1)/June (n) ** Fiscal year April (n)/ March (n+1).
Sources: United Nations, Department of Economic and Social Affairs, Population Division, World Population Prospects, The 2012 Revision.
AfDB Statistics Department; various domestic authorities and AfDB estimates.

International LPI ranking

By default, the table is sorted by the Logistics Performance Index (LPI). Click on the icons to sort by other categories in ascending order. Please click on the country name for the detailed information on the Country Scorecard.

LOGISTICS PERFORMANCE INDEX 2014

		overall LPI score	overall LPI rank	Customs		Infrastructure		International shipments		Logistics quality and competence		Tracking and tracing		Timeliness	
Country	Code	score	rank	score	rank	score	rank	score	rank	score	rank	score	rank	score	rank
Germany	DEU	4.12	1	4.10	2	4.32	1	3.74	4	4.12	3	4.17	1	4.36	4
Singapore	SGP	4.00	5	4.01	3	4.28	2	3.70	6	3.97	8	3.90	11	4.25	9
South Africa	ZAF	3.43	34	3.11	42	3.20	38	3.45	25	3.62	24	3.30	41	3.88	33
Nigeria	NGA	2.81	75	2.35	117	2.56	85	2.63	107	2.70	85	3.16	51	3.46	57
Côte d'Ivoire	CIV	2.76	79	2.33	120	2.41	101	2.87	73	2.62	95	2.97	67	3.31	64
Burkina Faso	BFA	2.64	98	2.50	88	2.35	111	2.63	105	2.63	94	2.49	115	3.21	71
Ghana	GHA	2.63	100	2.22	130	2.67	70	2.73	93	2.57	121	2.90	73	2.86	113
Senegal	SEN	2.62	101	2.61	76	2.30	116	3.03	59	2.53	103	2.63	98	2.53	146
Liberia	LBR	2.62	102	2.57	83	2.57	80	2.57	114	2.86	71	2.57	105	2.57	144
Benin	BEN	2.56	109	2.64	73	2.35	109	2.69	99	2.35	123	2.45	123	2.83	113
Mali	MLI	2.50	119	2.08	141	2.20	129	2.80	82	2.20	142	2.70	91	2.90	106
Guinea	GIN	2.46	122	2.34	119	2.10	141	2.47	125	2.35	124	2.41	126	3.10	86
Guinea-Bissau	GNB	2.43	127	2.43	101	2.29	121	2.29	141	2.57	101	2.29	139	2.71	136
Niger	NER	2.39	130	2.49	93	2.08	143	2.38	130	2.28	132	2.36	129	2.76	127
Togo	TGO	2.32	139	2.09	139	2.07	145	2.47	124	2.14	150	2.49	118	2.60	140
Gambia, The	GMB	2.25	146	2.06	143	2.00	149	2.67	101	2.22	138	2.00	154	2.48	151

The scores are from one to five, one being the worst performance for the given dimension.
The LPI also allows deriving a country's Logistics Performance Index (LPI). Results are averaged for each key dimension

The scores are from one to five, one being the worst performance for the given dimension.

The LPI also allows deriving a country's Logistics Performance Index (LPI). Results are averaged for each key dimension

Trade across borders is an important component of the World Bank Doing Business Indicators which shows the operation of Non-tariff Barriers at border crossings and the ports of entry. The table below compares 5 West African Coastal Countries in comparison to sub-sahara average to reveal the superior performance of Togo in the components of the trade across border index, namely, number of documents required for import/export, time to import/export and cost to import/export.

Similarly, table below brings together 3 rankings: trading across borders, corruption perception index and logistics performance index.

TRADING ACROSS BORDERS

Economy	Rank	Documents to export (number)	Time to export (days)	Cost to export (US$ per container)	Documents to import (number)	Time to import (days)	Cost to import (US$ per container)
Sub-Saharan Africa	..	8	31	2,108	9	38	2,793
Benin	119	6	26	1,030	7	27	1,520
Burkina Faso	174	10	41	2,435	9	49	4,430
Cabo Verde	95	7	19	1,125	7	18	925
Côte d'Ivoire	165	9	25	1,990	10	34	2,710
Gambia, The	99	6	23	1,190	7	21	895
Ghana	109	6	19	875	7	42	1,360
Guinea	136	7	36	915	9	31	1,390
Guinea-Bissau	125	6	25	1,448	6	22	2,006
Liberia	142	10	15	1,220	12	28	1,320
Mali	160	6	26	2,440	10	32	4,405
Niger	178	8	57	4,475	10	62	4,500
Nigeria	158	9	22	1,380	13	33	1,695
Senegal	80	6	12	1,225	5	14	1,740
Sierra Leone	140	7	25	1,185	9	30	1,375
Togo	110	6	24	1,015	7	29	1,190

TRADING ACROSS BORDERS
Culled from the World Bank Group – AUG 2014

COUNTRY RANKING EXPORT/IMPORT

	Rank in World Trade – Exports*	Rank in World Trade – Imports*	Trading Across Borders 2011	Trading Across Borders 2010	TI Corruption Perception Index 2010	Logistics Performance Index (Customs)
Nigeria	44	53	146	146	134 (2.4)	109 (2.17)
Benin	136	146	127	128	110 (2.8)	80 (2.38)
Togo	150	157	93	91	134 (2.4	75 (2.4)
Ghana	94	90	89	85	62 (4.1)	86 (2.35)
	(183 economies)				(178 countries)	(155 countries)

Country Rankings
* Source: WTO trade statistics 2009

The Global Enabling Trade Index measures the readiness and openness of the economies to global trade across transport and communications infrastructure, availability and quality of transport infrastructure , availability and quality of transport services and availability and use of ICTs. It showed the selected ECOWAS countries performing poorly in the 3rd and 4th quartile.

GLOBAL ENABLING TRADE INDEX

	Infrastructure Sub-Index		Availability and quality of transport infrastructure		Availability and quality of transport services		Availability and use of ICTs	
COUNTRY/ECONOMY	Rank	Score	Rank	Score	Rank	Score	Rank	score
SINGAPORE	1	6.1	2	6.5	1	5.7	8	6.2
BENIN	128	2.8	133	2.1	122	3.3	117	2.4
BURKINA FASO	122	2.7	123	2.3	105	3.8	126	2.2
COTE D'IVOIRE	108	3	108	2.8	88	3.8	110	2.7
GAMBIA	99	3.1	83	3	110	3.5	109	2.8
GHANA	95	3.2	94	2.7	102	3.8	93	3.1
GUINEA	137	2.1	137	1.8	131	3	138	1.5
LIBERIA	130	2.5	132	2.1	117	3.4	132	2
MALI	98	3.1	84	3	111	3.5	108	2.8
NIGERIA	110	2.9	119	2.4	92	3.7	107	2.8
SENEGAL	102	3.1	88	2.8	104	3.8	106	2.8

Global Enabling Trade Report 2014. 2014 World Economic Forum

Culled from: The global enabling trade report 2014

The World Economic Forum Global Competitiveness Index ranking also shows the selected ECOWAS countries in the relatively poor 3rd and 4th quartile in a much wider range of socio-economic indicators.

GLOBAL COMPETITIVENESS INDEX

The Global Competitiveness Index 2013-2014 rankings
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	GCI 2013-2014		GCI 2012-2013	
Country/Economy	Rank	Score	Rank	Change
Switzerland	1	5.67	1	0
Singapore	2	5.61	2	0
South Africa	53	4.37	52	-1
Senegal	113	3.70	117	4
Ghana	114	3.69	103	-11
Gambia, The	116	3.67	98	-18
Nigeria	120	3.57	115	-5
Cape Verde	122	3.53	122	0
Côte d'Ivoire	126	3.50	131	5
Liberia	128	3.45	111	-17
Benin	130	3.45	119	-11
Mali	135	3.33	128	-7
Burkina Faso	140	3.21	133	-7
Sierra Leone	144	3.01	143	-1
Guinea	147	2.91	141	-6

The Global Competitiveness Index 2013-2014 rankings . © 2013 World Economic Forum | www.weforum.org/gcr

Ghana showed superior and consistent performance on transparency as measured by Corruption Performance Index over a period of 6yrs, 2002 to 2008.

CORRUPTION PERCEPTION INDEX

Table 21 - Corruption perception Index (CPI)*

		2007		2008		2009		2010		2011		2012		2013	
		Index	Country Rank / 179	Index	Country Rank / 180	Index	Country Rank / 180	Index	Country Rank / 178	Index	Country Rank / 182	Index	Country Rank / 174	Index	Country Rank / 175
BEN	Benin	2.7	118	3.1	96	2.9	106	2.8	110	3.0	100	3.6	94	3.6	94
BFA	Burkina Faso	2.9	105	3.5	80	3.6	79	3.1	98	3.0	100	3.8	83	3.8	83
CPV	Cabo Verde	4.9	49	5.1	47	5.1	46	5.1	45	5.5	41	6.0	39	5.8	41
CIV	Côte d'Ivoire	2.1	150	_	_	2.1	154	2	164	2.2	154	2.9	130	2.7	136
GMB	Gambia	2.3	143	1.9	158	2.9	106	3.2	91	3.5	77	3.4	105	2.8	127
GHA	Ghana	3.7	69	3.9	67	3.9	69	4.1	62	3.9	69	4.5	64	4.6	63
GIN	Guinea	1.9	168	1.6	173	1.8	168	2	164	2.1	164	2.4	154	2.4	150
GNB	Guinea-Bissau	2.2	147	1.9	158	1.9	162	2.1	154	2.2	154	2.5	150	1.9	163
LBR	Liberia	2.1	150	2.4	138	3.1	97	3.3	87	3.2	91	4.1	75	3.8	83
MLI	Mali	2.7	118	3.1	96	2.8	111	2.7	116	2.8	118	3.4	105	2.8	127
NER	Niger	2.6	123	2.8	115	2.9	106	2.6	123	2.5	134	3.3	113	3.4	106
NGA	Nigeria	2.2	147	2.7	121	2.5	130	2.4	134	2.4	143	2.7	139	2.5	144
SEN	Senegal	3.6	71	3.4	85	3	99	2.9	105	2.9	112	3.6	94	4.1	77
SLE	Sierra Leone	2.1	150	1.9	158	2.2	146	2.4	134	2.5	134	3.1	123	3.0	119
TGO	Togo	2.3	143	2.7	121	2.8	111	2.4	134	2.4	143	3.0	128	2.9	123

Note: * Index (CPI) Score relates to perceptions of the degree of corruption as seen by business people and country analysts, and ranges between 10 (highly clean) and 0 (highly corrupt).

Source: Transparency International: http://www.transparency.org/

The Foreign Direct Investment, FDI, has shown a steady increase over the years but vary significantly between countries as with the target sectors, financial and the real sectors.

FOREIGN DIRECT INVESTMENT

Table 10 - Foreign Direct Investment, 2007-2012 (USD million)

	FDI inflows						FDI outflows						FDI inflows/GFCF (%)			Inward FDI Potential Index
	2007	2008	2009	2010	2011	2012	2007	2008	2009	2010	2011	2012	2010	2011	2012	2011
Benin	255	170	134	177	161	159	-6	-4	31	-18	60	-62	22.9	12.6	9.7	142
Burkina Faso	344	106	101	35	42	40	0	0	8	-4	1	1	23.9	6.1	5.4	151
Cabo Verde	190	209	119	112	93	71	0	0	0	0	1	-1	30.6	29.0	19.1	159
Côte d'Ivoire	427	446	377	339	299	478	0	0	-9	25	15	29	22.6	19.0	19.7	141
Gambia	76	70	40	37	36	79	...	...	...	...	...	...	32.5	24.5	15.4	165
Ghana	855	1220	2897	2527	3248	3293	0	8	7	0	25	1	17.2	19.9	59.6	79
Guinea	386	382	141	101	956	744	0	126	0	0	1	2	32.9	37.6	9.6	139
Guinea-Bissau	19	5	17	33	25	16	0	-1	0	6	1	1	22.2	7.1	24.1	171
Liberia	132	284	218	450	508	1354	363	382	364	369	372	1354	60.5	164.0	109.5	170
Mali	73	180	748	406	556	310	7	1	-1	7	4	6	5.9	11.9	40.7	157
Niger	129	340	791	940	1066	793	8	24	59	-60	9	7	19.2	30.4	44.5	155
Nigeria	6087	8249	8650	6099	8915	7029	875	1058	1542	923	824	1539	39.5	47.6	42.2	59
Senegal	297	398	320	266	338	338	25	126	77	2	47	47	10.1	11.1	10.6	121
Sierra Leone	95	53	110	238	715	740	-1	-5	0	0	0	0	49.1	24.5	47.7	164
Togo	49	24	49	86	171	166	-1	-16	37	37	106	103	19.5	5.9	9.2	149
Africa	51273	58894	52964	43582	47598	50041	11001	10060	6281	9311	5376	14396	19.6	19.2	16.4	...

Note: * The Potential Index is based on 16 economic and policy variables. See note on methodology for further details.
Sources: UNCTAD, FDI Online Database (January 2014) and World Investment Report2013.

The diversification indices showed shows just how vulnerable the Nigeria economy is with its consistently low diversification index of less than 1.5 despite the high average annual export growth of 44.8%. The rest of the countries clearly outperform Africa average.

DIVERSIFICATION AND COMPETITIVENESS

Table 8 - Diversification and Competitiveness

	Diversification index					Annual export growth (%)	Competitiveness indicator 2008-2012(%)	
	2008	2009	2010	2011	2012	2008-2012	Sectoral effect	Global competitiveness effect
Benin	8.3	7.0	6.1	7.7	8.5	18.6	8.6	7.2
Burkina Faso	2.8	3.5	4.2	2.9	3.4	23.9	9.9	11.1
Cabo Verde	5.9	12.3	10.4	8.5	10.1	16.6	1.1	12.7
Côte d'Ivoire	9.1	6.6	7.7	6.3	7.5	0.8	1.2	-3.3
Gambia	4.0	5.0	11.3	7.8	3.7	47.9	5.5	39.6
Ghana	5.1	4.0	4.4	5.7	4.7	21.8	-1.9	20.9
Guinea	3.5	2.5	5.1	7.7	3.4	-1.7	-2.5	-2.1
Guinea-Bissau	1.2	1.2	3.1	2.0	1.4	7.6	8.1	-3.3
Liberia	6.4	4.3	8.6	7.3	8.7	-2.3	-2.7	-2.4
Mali	2.2	4.7	3.8	3.5	1.9	37.9	13.4	21.6
Niger	6.0	1.9	1.6	2.4	2.4	88.6	3.8	82.0
Nigeria	1.4	1.4	1.4	1.4	1.4	5.0	1.1	1.0
Senegal	10.8	13.6	10.5	12.3	12.6	8.1	0.5	4.8
Sierra Leone	9.3	13.3	8.6	9.0	4.0	47.3	5.0	39.4
Togo	6.1	7.3	10.8	8.3	15.6	-7.2	-7.0	-3.0
Africa	3.9	5.4	4.8	5.0	4.0	1.9	0.2	-1.2

Sources: AfDB Statistics Department; COMTRADE Database (Harmonized System 2002) - UN Statistics Division.

BALANCE OF PAYMENT

Table 6 - Balance of payments Indicators

	Trade balance ($ million)				Current account balance ($ million)				Current account balance (as % of GDP)			
	2012	2013 (e)	2014 (p)	2015 (p)	2012	2013 (e)	2014 (p)	2015 (p)	2012	2013 (e)	2014 (p)	2015 (p)
Benin	- 815	- 880	- 954	-1 027	- 639	- 693	- 735	- 799	-8.5	-8.2	-7.9	-7.8
Burkina Faso	124	250	442	515	- 86	- 94	- 213	- 215	-0.8	-0.7	-1.5	-1.4
Cabo Verde	- 718	- 688	- 713	- 725	- 209	- 105	- 200	- 210	-11.7	-5.7	-10.1	-10.0
Côte d'Ivoire	2 665	1 561	1 134	508	- 927	-1 785	-2 318	-2 490	-3.8	-6.4	-7.2	-6.8
Gambia	- 262	- 277	- 305	- 326	- 154	- 160	- 186	- 194	-16.4	-16.0	-15.8	-14.7
Ghana	-4 211	-3 260	-3 746	-6 190	-4 907	-5 082	-5 254	-7 981	-12.4	-12.3	-12.5	-16.9
Guinea	-1 031	-1 152	-1 352	-1 272	-1 911	-1 337	-1 347	-2 036	-33.9	-20.2	-18.3	-24.7
Guinea-Bissau	- 74	- 65	- 73	- 72	- 87	- 69	- 63	- 65	-9.5	-6.6	-5.8	-5.7
Liberia*	- 588	-1 021	-1 101	- 822	- 601	-1 079	-1 248	-1 068	-33.9	-48.0	-49.1	-37.1
Mali	68	- 707	-1 193	-1 658	- 312	-1 078	-1 750	-2 254	-3.0	-9.8	-14.3	-17.0
Niger	- 427	- 446	- 483	- 481	-1 018	-1 092	-1 213	-1 224	-15.1	-15.2	-15.3	-15.0
Nigeria	33 800	43 262	52 324	55 315	12 700	23 973	37 087	38 512	2.8	4.4	5.8	5.1
Senegal	-2 956	-2 824	-3 072	-3 303	-1 454	-1 228	-1 262	-1 531	-10.3	-9.0	-8.4	-9.3
Sierra Leone	-1 010	-1 260	-1 504	-1 622	211	- 107	- 668	-1 032	5.6	-2.1	-10.7	-15.9
Togo	- 611	- 642	- 768	- 849	- 459	- 455	- 535	- 603	-11.9	-11.7	-13.3	-13.8
Africa	48 098	17 839	2 610	-1 074	-31 774	-68 778	-66 218	-66 301	-1.6	-2.6	-2.8	-2.1

Note: * Fiscal year July (n-1)/June (n) ** Fiscal year April (n)/ March (n+1). (e) estimates and (p) projections.

Sources: AfDB Statistics Department; IMF WEO October 2013.

DEMAND COMPOSITION AND GROWTH RATE

Table 3 - Demand Composition and Growth Rate, 2012-2015

	2012						2013 (e)				2014 (p)				2015 (p)			
	Final Consumption		Gross Capital Formation		External Sector		Total Final Consumption	Gross Capital Formation - Total	Exports	Imports	Total Final Consumption	Gross Capital Formation - Total	Exports	Imports	Total Final Consumption	Gross Capital Formation - Total	Exports	Imports
	Private	Public	Private	Public	Exports	Imports												
	% of GDP						Real Percentage Growth				Real Percentage Growth				Real Percentage Growth			
Benin	76.5	11.3	11.7	8.2	15.6	24.3	6.1	4.7	4.4	7.6	5.6	4.7	4.3	7.2	7.2	4.7	3.8	8.3
Burkina Faso	66.2	18.7	12.5	8.6	26.3	34.3	4.1	6.6	19.0	5.7	4.6	6.6	16.4	6.0	4.8	5.5	10.6	5.1
Cabo Verde	58.7	18.2	30.8	13.8	31.6	53.3	0.2	-6.7	5.0	-0.5	3.5	-0.2	5.6	2.6	3.3	-1.2	7.4	2.2
Côte d'Ivoire	66.4	14.2	8.7	5.4	48.1	45.6	11.0	24.7	1.6	11.4	11.6	16.2	2.2	10.6	11.6	11.1	3.3	8.6
Gambia	66.4	10.3	10.4	12.3	27.5	48.6	4.5	3.4	3.4	1.3	6.1	6.0	2.6	6.7	6.5	5.5	4.2	4.4
Ghana	60.8	13.6	21.1	8.7	50.8	56.3	-0.7	6.6	3.7	-2.7	5.1	6.6	6.0	3.3	14.6	6.6	5.8	16.3
Guinea	80.6	10.3	15.1	6.6	28.3	51.3	1.5	3.7	-2.1	0.4	6.6	-0.2	-1.6	3.0	4.5	0.7	4.4	2.2
Guinea-Bissau	84.5	13.1	2.7	3.6	16.6	30.0	-1.7	2.1	5.0	-2.3	2.3	2.2	4.5	2.4	1.4	3.2	5.2	0.6
Liberia*	87.5	36.6	36.0	4.6	27.7	84.6	6.6	35.2	11.6	21.7	1.0	13.6	16.6	8.2	-1.6	-5.1	22.5	-2.4
Mali	63.3	15.4	10.6	10.0	30.0	36.6	6.6	6.5	-3.7	12.0	6.6	7.2	0.4	12.6	6.3	7.6	-2.1	11.0
Niger	70.0	14.6	33.6	10.1	24.6	43.7	4.1	8.3	-0.5	7.2	5.5	6.6	6.6	7.6	2.5	6.6	10.7	3.0
Nigeria	55.5	8.5	10.6	5.6	31.7	13.0	6.6	11.6	-0.8	4.5	7.2	6.6	5.6	6.3	7.6	6.2	5.0	7.4
Senegal	76.6	15.2	22.2	7.6	25.6	47.3	3.5	8.2	0.2	4.3	5.7	5.3	1.3	4.6	6.3	5.3	1.6	5.2
Sierra Leone	101.3	6.7	10.1	4.3	36.3	48.6	14.7	13.6	5.6	13.0	16.1	11.6	5.6	14.0	6.6	11.6	10.2	5.1
Togo	76.6	12.6	18.2	6.6	41.4	60.6	7.1	8.0	3.6	7.6	6.7	6.1	3.3	6.6	6.6	6.7	5.1	7.4

Note: * Fiscal year July (n-1)/June (n) ** Fiscal year April (n)/ March (n+1)

Sources: AfDB Statistics Department, various domestic authorities, and AfDB (e) estimates and (p) projections.

1.6.13) Lack of multimodal regional infrastructure

One of the major challenges is the weak integration between various means of transport (railway and port, road and airport, etc.) occurs at the interchanges: in the absence of proper physical infrastructure as well as regulatory framework for trans-shipment, transportation

is delayed, expenses accumulate with various taxes and bribes, and costs rise unnecessarily. Estimates show that inland transport accounts for an estimated 40% of the total input cost, from the point of origin to the post of destination, for West African cocoa and coffee exports, this is a heavy burden on foreign trade promotion in the region.

1.6.14) Maintenance

Road maintenance is a major challenge across West Africa's countries. Lack of regular maintenance compounds the problems and creates even more damage to transit vehicle and long delays. This is compounded by poor rail transport which is designed for heavy load over very long distances.

ECOWAS directives, most notably "Convention A/P2/5/82 regulating inter-state road transportation between ECOWAS member states" (ss 20) and "Decision C/DEC.7/7/91 relating to the road traffic regulations based on the 11.5 Tons Axle Load to protect road infrastructure and road transport vehicles" (ss 21), have set limitations and the types and weight of vehicles allowed to travel on Community Road axes. Some ECOWAS countries, notably Nigeria, have been violating ECOWAS Axle regulations resulting in considerable damage to the roads by excessive load beyond the recommended axle load. The UEMOA and Ghana also agreed on a 'roadmap' to implement axle weight regulations (ss 22). The challenge is always on the compliance by truck drivers and business owners (ss 23).

Other Opportunities

1.6.15) New and Innovative tools to financing infrastructure

Public-private partnerships (PPP) and a variety of BOT schemes are gaining currency and emerging the preferred option in key infrastructure funding decision making. Although PPP is not applicable to all infrastructure projects, PPPs can be of interest for projects with a high return-on investment that would justify private involvement and creative financing mechanism such as "Infrastructure Project Bond". This funding methodology is gaining a lot of ground because it is mobilised from local, international and institutional investors for long term financially viable and high return infrastructure financing in countries that enjoy political and macroeconomic stablilty, subdued interest rate and controlled inflation and stable foreign exchange. A financially viable infrastructure project is certain to generate sufficient fund to repay the bond (24). Highway toll collection is a significant source of financing to repay the project cost but also provide revenue stream for maintenance. This is one of the many tools used in domestic resource mobilisation and in the infrastructure financing mechanism proposed in the NEPAD/AfDB Programme for Infrastructure Development in Africa (PIDA)

1.6.16) New Players on the block

China's entry into the Africa infrastructure market has remarkably changed the project funding calculus as China, with her US3.7trillion reserves, is eager to offer direct funding for infrastructure projects as well as lines of credit for projects related to infrastructure, agriculture and manufacturing.

Examples of foreign-funded infrastructure projects include participation of China Govt. in the Trans-West African highway (lagos-dakar highway), and the construction of the ECOWAS headquarters building extension.

1.6.17) The corridor approach

Corridors development is a key element in the spatial development strategy pursuant to regional integration agenda and represents another emerging opportunity for landlocked countries. If carefully planned, a transit corridor which connects economic, industrial, processing and market clusters becomes a development corridor that could stimulate social and economic development in areas surrounding the route (25). Development corridors will not only entail physical construction, it also involves developing the appropriate logistics and subsequently enabling economic and social development around them, integrating and encouraging multi-modalism and better connectedness.

1.6.18) Regulatory reforms and transportation sector liberalization

Studies (26) point out to a potential saving of 400 to 500 million USD per year if regulatory reforms on the transport sector in West Africa produce more liberalisation of the transport sector. Such reforms are to include “reforming axle load controls, elimination of quotas, queuing and the ban on freight transport in one country by truckers from another country, subsidies for truck fleet modernization, and major reductions in en-route checkpoints and border transit times”. It is estimated that Member states could save as much as $200 to $300 million road maintenance. Transport costs per ton/km would be expected to decrease by 20%, and transport prices would decline by the informal trucking sector, due to higher productivity and lesser waiting time at borders, would be more than offset by jobs created in trade (26)

2.0) <u>THE VISION, MISSION AND POLICY ARCHITECTURE</u>

2.1) <u>VISION AND MISSION</u>

2.2) THE ECOWAS PSD POLICY ARCHITECTURE

ECOWAS PSD Policy Architecture is based on the principles of:

- **Convergence:**

  Economic inclusion of areas of significant disadvantage, largely unfulfilled potential, natural beauty, ecological disaster or where there is extreme poverty such as where GDP per capita is well below 50% of ECOWAS average. Also the need for macro-economic convergence for monetary and customs union.

- **Inclusive Growth, Innovation, Competitiveness & Market Integration:**

  Inclusive Growth, Competitiveness, Innovation and Value addition in economic opportunity areas and sectors of significant comparative advantages and export potential.

- **Regional Co-operation:**

  Cross-border investment in regional value chains and productive activities, networks and strategic co-operation, stakeholders including development partners, private sector and civil societies.

The Community should create strategic structural funds to target four main priorities:

i) Enabling greater access to sustainable employment and self-employment, particularly for groups experiencing multiple barriers to the labour market, particularly women, and to create a more skilled and adaptable workforce for the ECOWAS economy.
ii) Enhancing the investment attractiveness and competitiveness of cities, member states and the regions.
iii) Encouraging innovation, creativity, entrepreneurship, knowledge transfer and the growth of agriculture and the knowledge economy
iv) Using regional trade and investment to deepen regional integration and hence improving freedom of transit, investment in transport and infrastructure and continuously reforming regional policy framework

2.3) THE POLICY OBJECTIVES

Figure 2.1: The PSD Policy Framework

3.0)MAIN STRATEGY PILLARS TO PROMOTE PRIVATE SECTOR

PART I. CROSS CUTTING PRIORITIES

a) ***To deepen the regional common market through promoting investment and strengthening regional enterprises and institutions***

b) ***To improve regional support to enterprises by strengthening the productive capacities and efficiency of the ECOWAS Private sector through promoting a culture of innovation, creativity and competitiveness particularly in areas of regional comparative advantages***

c) ***To promote development co-operation and domestic resource mobilisation***

PART II. REGIONAL PRIORITY SECTORS

d) ***To develop strategic plan for regional growth sectors that will drive the economy of the ECOWAS region***

e) ***To develop a regional approach to a digital common market agenda***

f) ***To promote the development of sectoral project portfolio for private investment***

3.1. COMMON INVESTMENT MARKET STRATEGY

This pillar considers gaps in the legislative and regulatory provisions enshrined in the ECOWAS Treaty and other instruments for deepening the Common Investment Market so as to help build, enhance, harmonise, co-ordinate and integrate the regional market for goods, services and capital. It will also address key regulatory reforms aimed at improving the business environment and investment climate, measured against the level of intra-regional trade and significant improvements in "Doing Business Indicators" and other competitiveness indicators.

3.1.1. COMMON MARKET BUSINESS REGULATION

1. common Investment market ECIM (common code of investment)
2. Regional finance mechanism integration
    - cross-border payments system
    - Capital market integration
    - Regional guaranty mechanism
3. Regional standards acts (ECOSHAM)
4. Market protection and promotion

- counterfeiting and fraud reduction plan
- Organisation and participation business and investment fora

3.1.2. COMMON MARKET BUSINESS CLIMATE ENHANCEMENT

3.1.2.1. Improve doing business in member states
3.1.2.2. Disputes Resolution system, National court of Justice, arbitral court
3.1.2.3. laws and regulations for private sector
3.1.2.4. Fiscal governance
3.1.2.5. Improve Implementation of regional acts in member states

3.1.3. MEMBER STATES PRIVATE SECTOR GOVERNANCE

3.1.3.1. Promote national Governance for Private Sector in member states (policies, strategy, instruments and dialogue mechanisms)
3.1.3.2. Harmonize regional governance with ECOWAS Business Council
3.1.3.3. Streamline with relevant structures and departments
3.1.3.4. Business law harmonization acts, Removal of barriers to trade , interconnection of critical market infrastructures, Strengthening the capacity of regional judicial system (courts of Justice, arbitral courts, commercial courts) Sectorial regulation acts

3.2. REGIONAL MICRO, SMALL & MEDIUM SIZE ENTERPRISES (MSMEs) SUPPORT STRATEGY

MSMEs are an important segment of the private sector that are often excluded and marginalised in the scheme of things. They lack strong voice, advocacy and representation but determine the dynamism, entrepreneurialism, growth, vibrancy and sustainability of the market economy and represent the driving force for a growing middle class both in terms of production and consumption. Accounting for about 80% of the number of businesses, 80% of employed workforce and about 50% of the nominal GDP, they often lack the leverage in the political economy to influence the key decision making, factors of production and macro-economic policies as regards access to capital, land resources, premises and even access to market.

It is understood that promoting entrepreneurship and strengthening relevant institutional, technical and organisational capacities remain the way forward for the region to promote inclusive growth, innovation and competitiveness and domestic resource mobilisation for investment in productive activities that create employment and sustainably reduce poverty.

3.2.1. Regional Capacity building

1. Regional enterprise development program, centre and expertise network
2. Capacity and competitiveness building programs

3.2.2. Regional Partnership schemes and platforms

Partnership among regional enterprises and

Partnership between International enterprises and regional enterprises

Regional Subcontracting exchange platform

Regional Public Private Partnership promotion

3.2.3. Regional Entrepreneurship scheme

Business education, curricula and sensitisation strategy

Young entrepreneurs' promotion strategy

Gender business promotion

3.2.4. Regional Business Promotion

Strategy to support regional business associations and coalitions

ECOWAS business forum and fairs strategy

Communication strategy to develop business awareness

3.2.5. Regional Finance Access, Market Access and Domestic Resource Mobilisation

3.2.5.1 Regional Finance

- Regional guarantee fund for SMEs
- Capital market integration
- Regional guarantee insurance in partnership with ATI
- Regional credit risk office
- Promotion of investment funds
- Regional conference for finance

3.2.5.2 Regional Market Access facilitation

Regional procurement directive

Regional Local content directives

Market awareness

3.2.5.3 Domestic Resource mobilization

It is difficult to completely fund key infrastructure and thematic sector projects with development assistance despite many G8 pledges. Domestic resource mobilisation through creative finance mechanisms such as infrastructure project bonds, investment funds, increased PPP/BOT financing, Diaspora bonds, etc. as recommended by the AU and NEPAD could provide significant and tipping point complimentary resources.

3.3. Cooperation and Investment Mobilisation strategy

Development Assistance is a significant proportion of the national income of many ECOWAS member states and for some African countries; it could be as high as 50% though insignificant for a few countries like Nigeria (2%). Increased co-operation would consolidate development and Donor effectiveness as well as create more favourable environment for the new waves of bilateral Trade and Investment Framework Agreements and development activities with developed partner countries in Europe and North America as well as emerging economies like China, Brazil, India, Japan and Russia.

3.3.1. Donors

Develop cooperation agreement, MOU with key partners such as EU, USA, CANADA, CHINA, INDIA, BRAZIL, WB, SFI etc to supplement available local resources through development assistance (ODA)

3.3.2. Technical partners

ONUDI, ITC, UNECA, UNIDO, FAO etc who will provide much needed organizational, institutional and individual technical assistance and capacity development.

3.3.3. Development Finance institutions

BAD/AfDB, BID/EBID, SFI, BIDC, The World Bank, European Investment Bank, International Monetary Fund (IMF), International Finance Corporation (IFC) etc to provide funding and leverage development assistance.

3.3.4. Diaspora

Leveraging cultural linkages, tacit knowledge, access to foreign market, diaspora remittances and investment to promote regional growth.

3.3.5. FDI and special intervention funds

Long term strategic investment which add to GDP; and national, regional and continental special funds which have the potential to contribute to regional development.

PART II. PRIORITY SECTORS

3.4. DEVELOPMENT OF STRATEGIC REGIONAL GROWTH SECTORS TO DRIVE THE ECONOMY OF THE ECOWAS REGION

Value addition is the weakest link in the economic configuration and the location of ECOWAS countries in the matrix of international division of labour. Manufacturing sector contribution to GDP is as low as 1% to 6% in some countries compared to comparator nations such as Brazil, South Africa, Indonesia and South Korea where the ratio of manufacturing to GDP has consistently remained between 20% and 35%. This situation is made worse by the small size of the national economies and a predominance of MSMEs. A regional strategy and approach to developing growth and priority sectors supported by free movement of factors is required and should be encouraged. This would enable the aggregation resources and capacities to promote regional manufacturing, processing and market clusters, agro-industrial zones, technology parks, value chain coalitions and exchange. Some priorities include the following.

3.4.1. Regional Manufacturing and transformation strategy for food and agro-based industries to bridge regional market gap and enhance food security

1. Palm oil
2. poultry
3. fisheries
4. Meat
5. Sugar
6. cereals
7. Cassava
8. Cashew
9. Mangoe
10. Shea butter
11. Cocoa

3.4.2. Regional strategy for priority sectors including pharmaceuticals, automobiles, etc to bridge the gap in regional market by increasing production.

3.4.3. Develop regional processing clusters, industrial zones and technology parks

3.5. TO DEVELOP A REGIONAL APPROACH TO A DIGITAL COMMON MARKET AGENDA

ICT facilitates sustainable development through fast, cheap, equitable and resource-efficient access to information. Digital information age has made it possible for many countries to leap frog centuries of technological, engineering and scientific development. It has also brought globalisation to the doorstep of businesses and individuals as traditional barriers collapse. ECOWAS region has benefited the most of all regions of the world from the digital revolution, and in particular, rapid growth in ICT infrastructure, Mobile telephony deployment and subscriber base and internet connectivity. From digital inclusion and e-commerce platforms, through Gambian ICT Hub and Ghana's Cyber City (cutting edge Business Process Outsourcing) to Nigeria's 130 million GSM subscribers, the ECOWAS region member states are taking important digital positions that should be encouraged, captured and encapsulated in an ECOWAS digital Common Market Agenda that ensures adequate and cost effective regional ICT infrastructure backbone to support growth and rapid deployment.

- Digital business is now the most growing sector all over the word with regard to wealth creation, job creation, innovation and competitiveness
- Our market is mainly a consumer market instead of a producer market

1. **Objective**

Build a common digital secure market

Enhance digital business and entrepreneurship

1. **Pillars**

    - E-Commerce business of good and services
    - E-payment business
    - Mobile payment business

2. Digital Projects

    a) Satellite backbone with West Africa footprint;

    b)regional fibre optic backbone;

    c) Sub-marine coastal fibre optic trunk;

    d) regional high tension transmission cable lines with fibre optic core

3.6. TO PROMOTE THE DEVELOPMENT OF SECTORAL PROJECT PORTFOLIO FOR PRIVATE INVESTMENT

Regional economic integration is anchored by legislative, regulative, governance and financial institutions, and defined by a portfolio of big ticket regional projects and good and implementable regional policy frameworks. This pillar seeks to identify more of these big projects that would act as fulcrum and help shape and define ECOWAS regional economy.

3.6.1. Project development fund
3.6.2. Projects development unit

Key intervention areas:

3.6.3. Regional Industry projects
3.6.4. Regional manufacture projects
3.6.5. Automobile Assembly Complex
3.6.6. Regional Energy projects

a)The Regional Super grid connectivity project

b)The INGA Power Pool (ECOWAS – CEDAC Power Pool)

c) Regional Nuclear Power Project

d) The Wind Farm Complex

e) The Regional Super Dam

f) Trans Saharan Gas Pipeline

3.6.7. Regional Transports projects such as:

a) SEALINK Project

b)ASKY Airline

c)Regional Coastal Rail line

d)Transit Corridor Management Agency

3.6.8. Regional services such as:

a) Regional Single Window

b) Regional Authorised Economic Operators Mechanism

c) Cross-border Markets

d) Cross-border Mini plaza, Midi plaza and Maxi plaza

e) Regional STOCK EXCHANGE

3.6.9. ECOWAS Business Innovation & Incubation Centre
3.6.10. Regional Technology Park
3.6.11. Retail and Distribution such as:

a) Ecowas Business House

b) ECOWAS Global Trade Centre

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ANNEX 1

SWOT ANALYSIS FOR ECOWAS FRAMEWORK FOR PRIVATE SECTOR DEVELOPMENT

STRENGTH	WEAKNESS
• Building a competitive private sector led regional economy • Public/Private sector stated commitment for the promotion of economic development, free movement of goods, people, and services. • Aggregation of countries both Anglo and francophone with a large internal market of three hundred million people. • An industrious and entrepreneurial population, the most productive and highly skilled workforce in Sub Saharan Africa. • >60% of the population and 60% of employment are in the agricultural sector. • Huge arable lands of millions of hectares in virtually all agro-ecological zones • Vast proven reserves of mineral deposits • Over 2,000 kms of continuous coastal corridor for marine transportation and tourism • Temperate climate and large surface water for irrigation and power supply • Have more than 80% of businesses being micro small and medium scale enterprises (MSME). • Encourage and promote businesses in dis-advantaged communities and socially excluded groups through community economic development strategies. • Generating sustainable economic growth through employment and wealth creation thus reducing poverty, regional income disparities and chasing income inequality through interventions that tackle enterprise	• ECOWAS integration still a work in process due to strong and divergent colonial and economic experiences. • Dearth of competence and skills in policy making and harmonization needed to integrate the various and divergent individual countries' policies and developmental blueprints and vision. • Economic and social disparities in the region. • Lack of active programs promoting entrepreneurship, innovations, and competitiveness. • Poor economic, developmental, and growth indices – low GDP per capita (US $350/year), low FDI (0.3% of world total, Low share of world trade (<1%). • Lack of active policies, legislative and regulatory policy framework to help curb formal barriers and informal cost (e.g bribery) of starting and doing business and also to improve investment climate and deepen regional integration • Most FDI's (75%)are directed to Oil and Gas sector which does not create much employment.(0.14% of employment) • Over 80% of the workforce in the region are informally employed • Lack of access to funding as there is no functional regional funding strategy in place to help facilitate new projects that support training, human resource development, address economic exclusion, and promote employment opportunities and business

development skills, business planning and support, access to finance, on-going business mentoring, shared access to common infrastructure such as processing and production clusters and co-operative development approaches. • Deepening of ECOWAS regional integration and building a highly competitive regional economy by boosting trade and investment with the view to promote increased export opportunities in the region and diversification to non-oil sector.	development across the region. • Poor competence in enterprise development and incubation of micro businesses. • Poor access to business premises, access to finance, loans and financial services and absence of large pool of investible funds. • Nationalistic/ Political barriers to deepening of regional integration and the building of a highly competitive regional economy. • Lack of emphasizing on skills and competence based educational institutions and training requirements in tune with the needs of the market and the imperative of regional development. • Poor and inadequate infrastructure – Transport, Power, Energy, Communication, requiring integrated approach to planning/ policy development to support accelerated business development and effective public - private sector vehicle for delivery and management of public utilities • Lack of adequate ICT Infrastructure/legal framework for IT development in rural community areas, high cost of accessibility of ICT infrastructure, and relatively low number of vocationally trained work based assessors and verifiers.
OPPORTUNITIES	**THREATS**
• There are rooms for interventions to increase employment , create wealth and reduce poverty, such as up scaling entrepreneurial skills and competence, access to financing, shared access to common production/ processing infrastructure, markets and cooperative development. • New approaches to development challenges through established network of skills, training and business support organizations. Build on recent and current innovations (such as SMEDA, IPA, and EPA) that are uniquely placed to intervene and impact on desired	• Community prejudice from some sections of the member states due to lack of understanding of the economic potential and additionalities. • No existence of regional legal and regulatory framework for SME development to build on • Language barrier that militates against free trade and co-operation. • Complicated bureaucracy reducing the ease of doing business • Unfair competition, from international

outcomes. • Sustainable development, production and creation of consumer markets with emphasis on building on the agricultural potentials of the region with both forward and backward linkages. Potentials in agro processing, agro financing commercial agro mechanization/production on a regional value chain and cluster basis. • Adopt a PPP approach to open up regional corridor infrastructure delivery and financing. • Vast pool of labour force in potential trainees in ICT and vocational skills development in rural communities. • Enterprise development, incubation of micro businesses, access to loans and financial resources • Environmental improvements as part of the regeneration and development of mining, oil and gas activity areas, employment sites and premises that will serve as a catalyst for economic growth. • Increase opportunities for SMEs in terms of innovation, eco-efficiency, and access to finance and access to new markets.	companies and informal sectors and lack of regulation of competition in member states

ANNEX 2

STAKEHOLDER ANALYSIS

STAKEHOLDER	INTEREST	CAPACITY AND MOTIVATION TO BRING ABOUT CHANGE	POSSIBLE ACTIONS TO ADDRESS STAKEHOLDER INTEREST
AIPAWAS, IPA, EPA,FEWACCI, FEBWE, LOCAL CHAMMBERS OF COMMERCE, SMEDA, CO-OPERATIVE DEVELOPMENT AGENCIES, NASSI,	• Trade promotion and reduced cost of starting and doing business; • Opening up of the ECOWAS regional market; • Promoting regional value chains;		• Chambers and regional networks should build their capacity to support SME's (understand and educate their members on government policies and business opportunities); Create

	• Promoting competitiveness, innovation, quality products and creativity. • Business support networking and mentoring; • Business planning for MSME's; • Enterprise awareness & start up training, business innovation, Research and Promoting eco-efficiency		awareness of their existence and the services they offer; • Create a platform for regular publication of information on SME's and business opportunities; Strengthen the capacity of entrepreneurs/contractors management and profitability analysis; Promote private business support services to SMEs: Strengthening the role Chambers of commerce in supporting the SME with advocacy, building trade capacity and meeting certification requirements for export products. • Improving investment in community infrastructure.
FEBWE	• Gender equality, Diversity and social inclusion; • Special measures to promote women entrepreneurship; • Promoting use application of ICT and knowledge economy		Engagement in the private sector development planning Design a skills training and capacity building program which encompasses SME's curriculum and expectations to foster a level playing field. Training using e-learning. Franchising (technology)
NEPAD BUSINESS GROUP	Support to ECOWAS Businesses in the implementation of the NEPAD pillars and mentoring support.		Collaborate in the implementation of the PSD programme in the NEPAD programme areas in addition to specific interest in business mentoring.
ECOWAS BUSINESS COUNCIL	Advocacy, strategic representation, Business support, networking and umbrella network of networks. Enterprise awareness, start up training and business planning for MSMEs.		Create regional institutions to support SME development in the region in the various areas such as Marketing, Capacity building, research and development, Market access, Access to finance, etc

	Policy formulation and implementation to improve investment climate, improve doing business indicators and deepening Regional integration.		
ECO BANK, ACB, EXIM BANK, BOI	Framework and policy documents to guide the establishment of the SME fund. Provide on-lending support to MSME's through intervention funds.		Setting up of ECOWAS Enterprise Challenge Fund Setting up of ECOWAS SME Fund
DEVELOPMENT PARTNERS (DONOR AGENCIES, AfDB, EU, WORLD BANK, UNDP, FAO, DfID, GTI, JICA, CHINA DEV BANK, MNC's, UNIDO, etc),	Provide financial support for the development of the region. Work out structured SME funding programme; set up an SME subsidy/micro credit fund; create an alternative SME funding scheme; encourage the provision of intervention funds and facilitate access to funds and capacity utilization of the SME's. Develop programmes and initiatives to foster economic growth.		Put up common policies to create and promote special purpose vehicles for SME financing (SME Bank, SME Funds, ERDF) and special windows at specialized banks for SME financing. Harmonisation, alignment and co-ordination of development policies
UNIDO	To provide business information centre by strengthening the capacities of intermediary institutions such as chambers of commerce to engage the local private sector as a driving force for regional integration and economic development; to promote innovative business models that carter to the ICT needs of those at the base of the economic pyramid. Promote franchising (national and regional) system to decrease the mortality of young businesses		Establishment of Business Information Centres (BICs) to provide relevant business advisory and entrepreneurship services, ICT training and internet access to rural communities in sub-Saharan Africa.

FEWAMA, FBWE, FEWACCI, FOPAO, WAEMU, WAIA, WABA, FOPAO,	Interested in developing proper mentoring mechanism and dissemination of regional policies, promoting innovations and local technology Interested in setting up an SME data base and categorization of SMEs; developing BDS targeted at SMEs; providing structured SME funding programme		Set up regional legal and regulatory framework for SMEs along with monitoring mechanism. Establish a common classification across the region for SMEs (at the start of the process, approved by the various heads of state) (charter of SME's duplicated on WAEMU charter underway). An in-depth study must be undertaken to take into account all aspects inherent to SME's in the region.
GOVERNMENT (REGIONAL & MEMBER STATES)	How to generate sustainable economic growth through wealth and employment creation; Reduce poverty; Contribute to the achievement of the MDG; Promotion of economic development, harmonization and regulatory reforms leading to improved investment climate; Improved regional trade governance and trade facilitation, community economic development, promoting and supporting key economic sectors that define the regions economy, promoting social and economic inclusion by reducing economic and social disparities in the region; Environmental sustainability and measures aimed at supporting the building of sustainable communities.		Have the political will to implement policies; Build lasting infrastructure to improve competitiveness of SMEs; Provide a conducive business and investment climate; Create new incentives and improve on existing ones; Entrepreneurship education should be introduced early in our educational system; Give consideration to SMEs in public procurement and insist when large companies are involved to create linkage with SMEs.
NATIONAL SME ASSOCIATIONS: SMEDA, NASME, NASSI	Major interests :- To set up an SME data base and categorization of SMEs; Develop BDS targeted at SMEs;		**Formation of a regional agency for small and medium scale enterprise. Develop a regional institute for small and medium**

	Classification of SMEs within the sub-region, monitor compliance amongst member countries; Source for funding to stabilize the SME sector, building and development of productive capacities within SME's in member states, and advocating for Diaspora funding being channelled towards SME development and legislation on CSR contributions to develop SME's within member states. Establishment of the SME fund.		**scale enterprise.** **Organise Annual SME summit**

ANNEX 3

PESTLE ANALYSIS

POLITICAL	**ECONOMICAL**
• Policy inconsistency • Corruption • Lack of specific programs to support the Private Sector • Complicated bureaucracy in creating a business • Lack of active policies and legislative regulatory and policy framework to help curb formal barriers and informal cost of starting and doing business and also to improve investment climate and deepen regional integration. • Business mentoring and coaching activities to be subsidized by government institutions • Advocacy activities of chambers need to be strengthened • Chambers must build their capacity to	• Too much government borrowing contribute to increase in interest rates from financial institutions • Government should see SME's as partners for development of the country and have funds available to develop SME's • ECOWAS should learn from SME support mechanism in countries like India, Taiwan, and Malaysia • Encourage "Business Angel Investors" to invest in start ups • Poor access to finance and infrastructure • Alternative financing scheme should be made available; diversify source of funding from Primary bank • Harmonized and simplification of regulations for businesses within the region

support SMEs. (understand and educate their members on Government policies and business opportunities) • Government to create new incentives and improve on existing ones • Government should have the political will to implement policies agreed upon at the regional level • Government to give considerations to SMEs in public procurement and insist when large companies are involved to create linkage with SMEs	• ECOWAS should lay emphasis on developing domestic and regional markets and improving investments in community infrastructure • Weak producer Organizations Vs Few strong multinationals; Public procurement should give some preference for SMEs and lower qualification requirement while not compromising quality and include concepts like Value for Money(VFM) measured against employment generation, new businesses created and businesses supported • Banks should develop long term funding products • 3year tax exemption for new business start-ups in appropriate industries • Taxes should not be charged on basis of estimate, but real income and profit • Countries should specialize on products where they have comparative advantage • SMEs need to adopt the outsourcing principles to become more competitive and improve the quality of their products • Adopt value chain approach where possible starting from production, industry processing, distributing up to supermarket • Improve the competitiveness of SMEs particularly in agro-food where we have comparative advantage. This can be achieved by improving infrastructure in the area of energy and integrated transport system within the community • Poor market intelligence
SOCIAL	**TECHOLOGICAL**
• Lack of patriotism • Low domestic commercial demand • Supply chain diversity • Inadequate consideration of community social needs such as cultural diversity, gender equality, community health, access to drinking water and sanitation,	• Lack of information resources • SMEs should use appropriate internet and web-based information tools and social networks such as Face Book and Twitter to do market research, promotion and accessibility • Inadequate use and application of

community employment, rural empowerment and poverty reduction	technology and knowledge resources; subsidized training in technological centres • Training: Using e-learning and Franchise (technology)
LEGAL	**ENVIRONMENTAL**
• Inadequate consideration of sound legislative provisions to create an enabling investment environment; repealing of old retrogressive legislations; reforms of the relevant public instruments; domesticating appropriate conventions and protocols that integrate our economy into the global economy; fully implementing ECOWAS trade and liberalization instruments; developing appropriate regulations and programmes that deliver legislative objectives.	• Inadequate consideration for environmental sustainability and actions including pollutions, energy inefficiencies, high carbon emissions etc that increase carbon footprint and global warming

ANNEX 4

ECOWAS PRIVATE SECTOR DEVELOPMENT STRATEGY(PSD) SUMMARY LOGICAL FRAMEWORK

Key PSD Thematic Pillars

	EXPECTED ACCOMPLISHMENT	PERFORMANCE INDICATOR
1.	Increased availability of PSD Programmes	Number of PSD Programmes or Projects Developed
2.	Enhanced mechanisms for mobilising internal and external resources for PSD related Programmes	Number of PSD related Programmes or Projects for which resources are mobilized
3.	Improved availability of harmonized and aligned PSD related Policy and Programme frameworks for regional, sub-regional, member states and Development Partners Programmes	Number of PSD related Policy Frameworks Programme alignment developed
4.	Enhanced capacity of Partners to Implement PSD related partnership programmes and projects in the 6-Pillar Thematic areas	Number of PSD related Programmes or Projects facilitated, co-ordinated, or executed by ECOWAS Partners
5.	Enhanced capacity of Strategic Partners to monitor and evaluate implementation of PSD related projects in the 6-Pillar Thematic areas	Number of PSD related Programmes or Projects with monitoring and evaluation systems

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Increased availability of PSD programmes especially for priority sectors and value chains will provide lead and sample initiatives for stakeholders to promote regional competitiveness and enterprise efficiency; enhanced resource mobilization will create multiple channels and affordable funds to facilitate access to finance; harmonized policies will drive cross border trade, business and investment; better implementation capacity and program monitoring by partners will upscale their contribution to PSD as well as their appreciation of the challenges which will reinforce their contributions and overall satisfaction with the programme.

ANNEX 5

FRAMEWORK FOR ANALYSING GROWTH SECTORS

KEY GROWTH SECTORAL ANALYTICAL FRAMEWORK

	KEY STRATEGIC SECTORS	IMPORTANCE (% of GDP)	GROWTH RATE -High -Medium	TRANSFOR-MATION)-Growth Trajectory	INFRA-STRUCTURE (-Trunk	GOVERNANCE -Policy Reform	FINANCE & INVESTMENT	PSD +SKILLS -	EMPLOY-MENT -Inclusion

		>10% 5%>x<10% <5%	-Low -Mature -Decline	-Stimulus -Intervention	-Arterial -Specialised -Soft -Quality	-Economic -Political -Corporate	-Lease -Rental -Equity -Stocks -Shares -Sector Dev Fund	Enterprise -Education -BDS -Biz Support	
1.	**AGRICULTURE**								
	Palm Oil – Palm Oil Alliance								
	Cashew Nuts – Africa								
	Cashew Alliance								
	Shea Butter								
	Onions								
	Cocoa								
	Cassava								
	Poultry								
	Fisheries								
	Meat and Leather								
	Wood								
	Textile								
	Cereals								
2	**ICT and the Knowledge Economy**								
	ICT Mobile Telephony								
	Broadband connectivity and Internet Service Providers								
	Satellite, Fibre Optics, Sub-marine,								
	Microwave terrestrial backbone								
	Value-added network services								
	E-Commerce solutions								
	E-payment, Mobile payment								
	Software Development platforms								
	Call Centres Management								
	IT Outsourcing								
	Computer Assembly and Refurbishment								
3	**MANUFACTURING**								
	Oil Refining								
	Cement								
	Food, Beverage								

	and Tobacco									
	Textile, Apparel and Footwear									
	Wood and Wood Products									
	Pulp, Paper and Paper Products									
	Chemical and Pharmaceutical Products									
	Non-Metallic Products									
	Plastic and Rubber products									
	Electrical and Electronics									
	Basic metal , Iron and Steel									
	Motor vehicles & assembly									
	Other Manufacturing									
3	**CONSTRUCTION & REAL ESTATE**									
4	**TRANSPORTATION AND STORAGE**									
	Road Transport									
	Rail Transport & Pipelines									
	Sea/Water Transport									
	Air Transport									
	Transport Services									
5	**ARTS, ENTERTAINMENT AND RECREATION**									
	Creative & Cultural									
	Publishing,									
	Motion Pictures, Sound recording and Music production									
	Broadcasting									