

OSIWA – Study on ECOWAS Economic Sector Policies

Initial findings

27 October 2014



Content

Section I. Work plan and study objectives

Section II. ECOWAS' efforts in the Agricultural and Industrial sectors

Section III. Policy-making constraints and consequences on regional policies

Section IV. Constraints related to the regional policy environment

Section V. Recommendations

The study will seek to assess the coherence and complementarity of ECOWAS' economic sector policies, with a focus on agriculture and industrialization

Engagement objectives

- Assess the coherence and the effectiveness of the ECOWAS economic policies
- Analyze the policy making processes
- Identify successful models of regional proactive policy interventions that have promoted growth in the economic sectors
- Provide specific recommendations on the roles of the different types of actors:
 - Governments
 - Civil society
 - Private sector players

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Section I. Work plan and study objectives

Section II. ECOWAS' efforts in the Agricultural and Industrial sectors

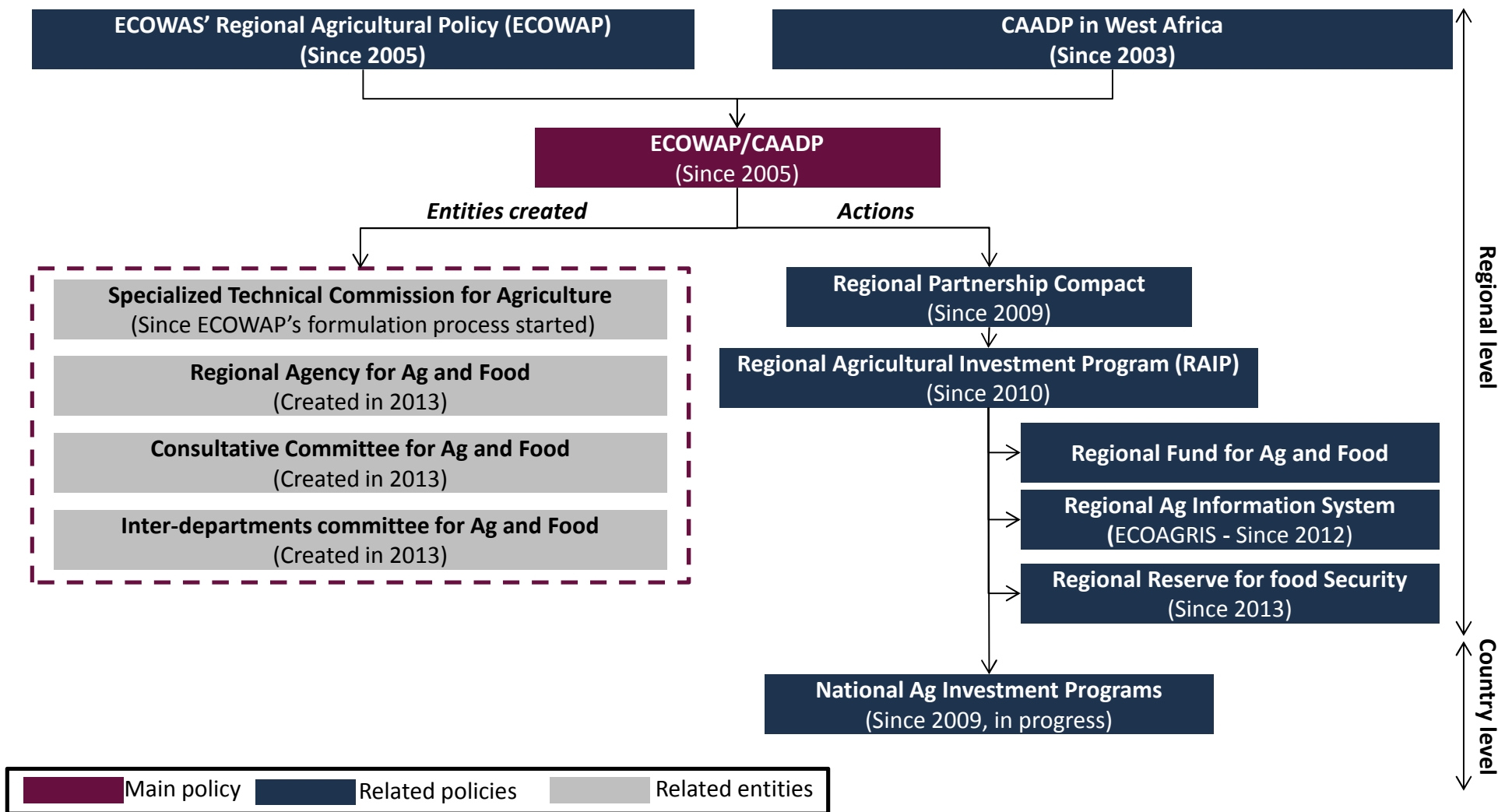
Section III. Policy-making constraints and consequences on regional policies

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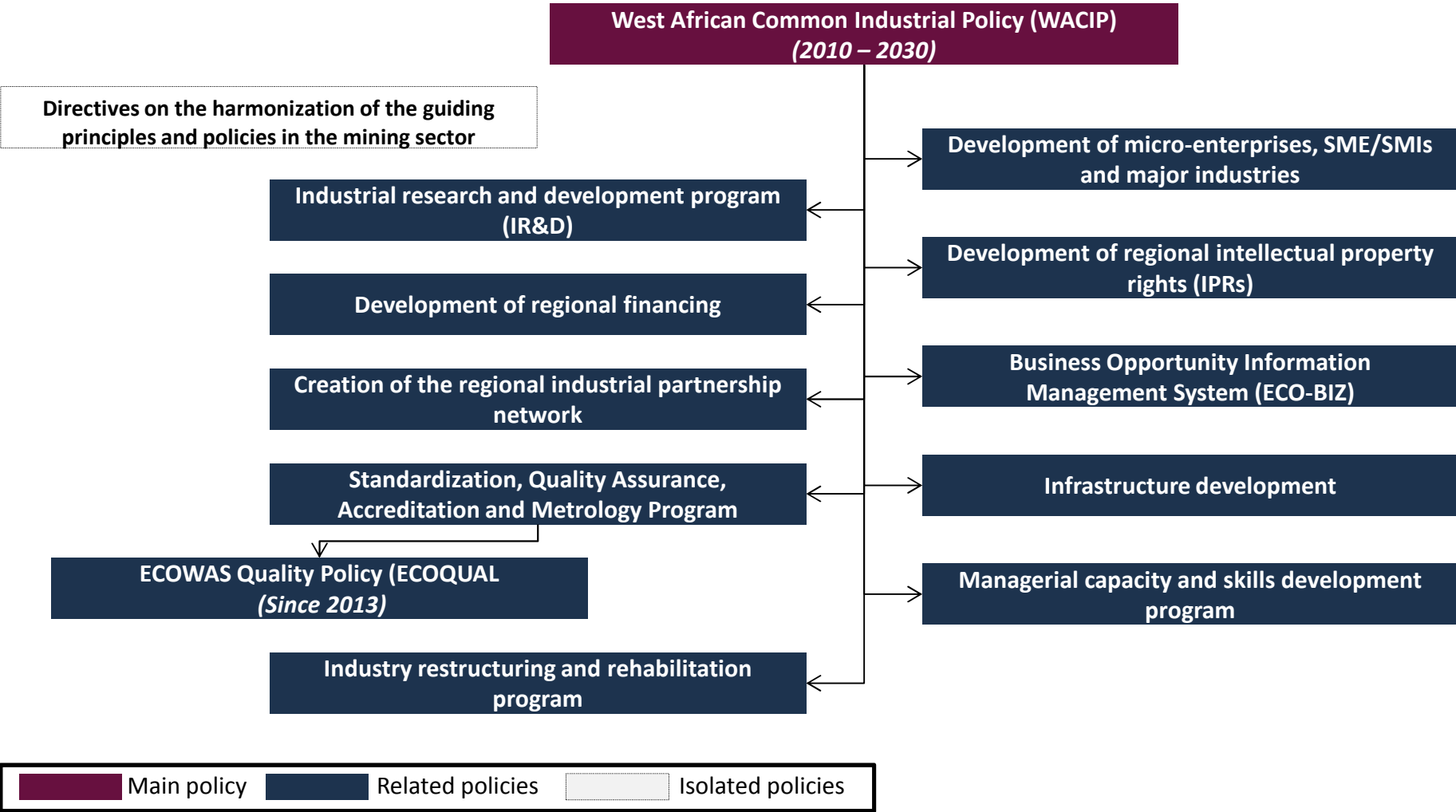
Two key policies guide ECOWAS' interventions in the agricultural and industrial space - 1

ECOWAP – Regional agricultural policy developed by ECOWAS since 2005



Two key policies guide ECOWAS interventions in the agriculture and industrialization space - 2

WACIP– Regional industrial policy developed by ECOWAS since 2010



Source: http://www.ecowas.int/publications/en/wacip/wacip_final_20100622.pdf; <http://www.industry.ecowas.int/>; http://www.privatesector.ecowas.int/en/III/Basis_English_for_ECOWAS_Common_Market.pdf

Key strengths and weaknesses of the regional agricultural policy

	Strengths	Weaknesses
Regional level	<ul style="list-style-type: none"> • The existence of a regional agricultural investment plan (RAIP) to coordinate regional interventions • Clear funding mechanism for the RAIP 	<ul style="list-style-type: none"> • Slow implementation pace of regional programs • Unclear relevance of the 10% threshold for public spending
Country level	<ul style="list-style-type: none"> • Strong ownership of the regional policy by Member States 	<ul style="list-style-type: none"> • The formulation of national investment plans (NAIP) has not benefited from experience sharing between countries • Resource mobilization to fund NAIP remains a limit

Key strengths and weaknesses of the regional industrial policy

	Strengths	Weaknesses
Regional level	<ul style="list-style-type: none"> WACIP takes into account a variety of areas that are relevant to the industrial development of the region Implementation efforts made in the "Standardization, Quality, Accreditation and pollution measurement (SQAM)" component 	<ul style="list-style-type: none"> As for the agricultural policy, WACIP remains limited by the slow implementation pace Lack of protective mechanisms for local industries from threats stemming from the global environment
Country level		<ul style="list-style-type: none"> Lack of clarity on actions to be implemented at country level – leading to low ownership at this level No disincentives for non-compliant member states

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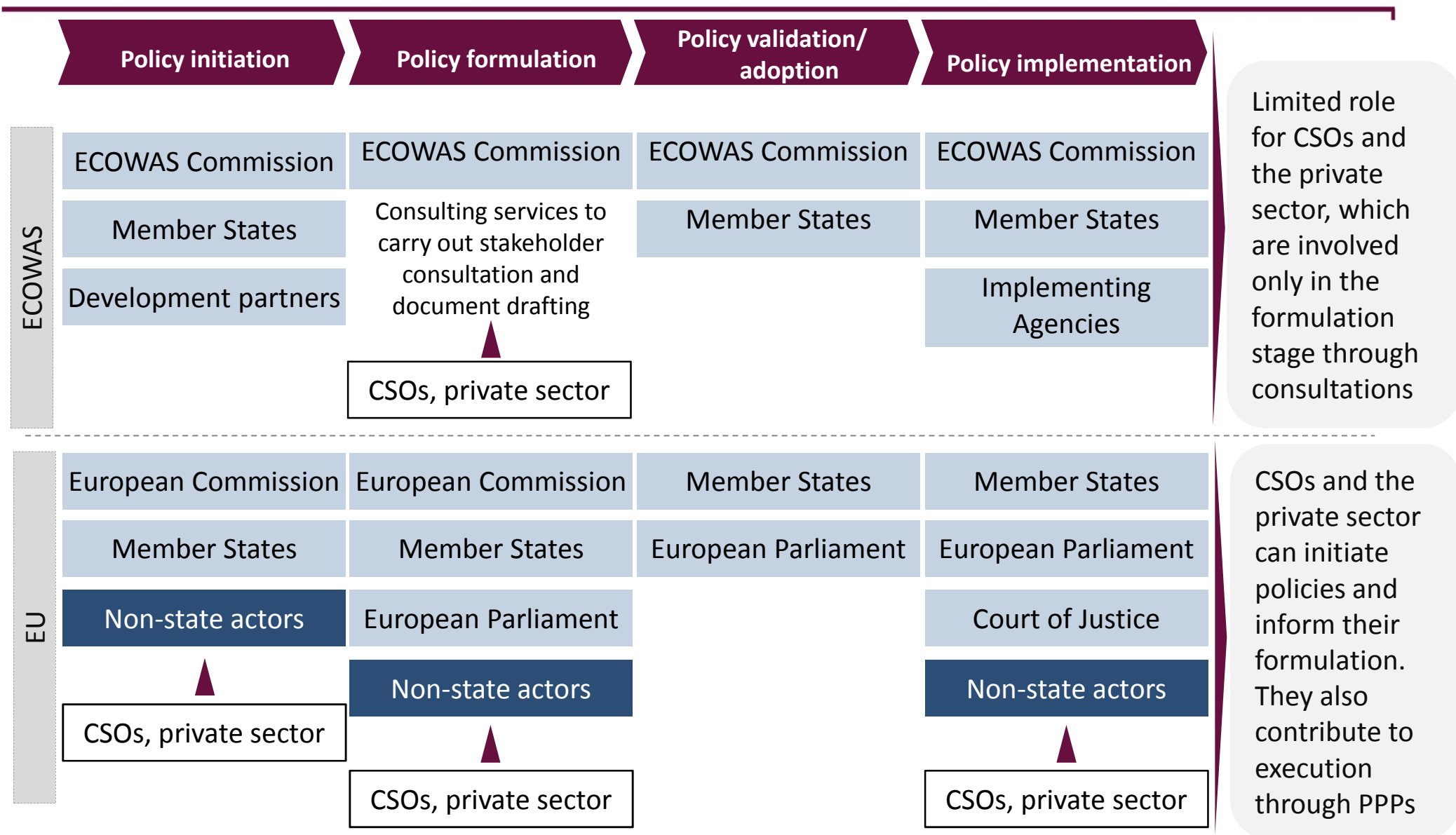
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A review of the policy-making process within ECOWAS shows limited involvement of non-state actors and a weak accountability system

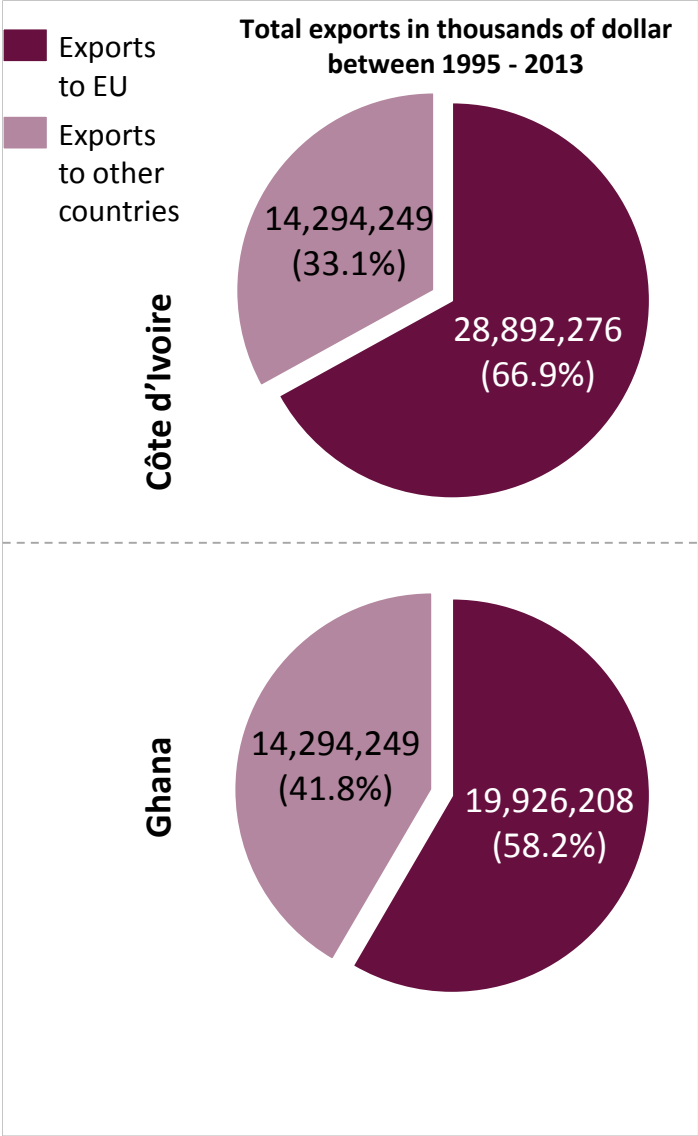


Source: http://www.comm.ecowas.int/dept/index.php?id=p_p1_commission&lang=en; <http://agric.comm.ecowas.int/>; <http://www.eesc.europa.eu/>; http://www.parl.ecowas.int/documents/Strategic_Plan_Final_French.pdf;

As a result, pro-industrialization policies in key value chains are missing

E.g. of high value crops grown in the region	Their regional importance is demonstrated by production levels (2012 - tons)	ECOWAS could play a leading role in enabling increased domestic processing																								
Cocoa: 62% of global production	<table border="1"> <tr><td>Cote d'Ivoire</td><td>1,650,000</td></tr> <tr><td>Ghana</td><td>879,348</td></tr> <tr><td>Nigeria</td><td>383,000</td></tr> <tr><td>Togo</td><td>34,500</td></tr> <tr><td>Sierra Leone</td><td>18,000</td></tr> <tr><td>Liberia</td><td>12,000</td></tr> <tr><td>Guinea</td><td>10,000</td></tr> <tr><td>Benin</td><td>100</td></tr> </table>	Cote d'Ivoire	1,650,000	Ghana	879,348	Nigeria	383,000	Togo	34,500	Sierra Leone	18,000	Liberia	12,000	Guinea	10,000	Benin	100	<ul style="list-style-type: none"> Less than 20% of regional production is processed domestically – A regional policy supporting increased domestic processing could be envisioned 								
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Cotton: 44.19% of total cotton production in Africa in 2012	<table border="1"> <tr><td>Burkina Faso</td><td>606,992</td></tr> <tr><td>Mali</td><td>500,000</td></tr> <tr><td>Nigeria</td><td>305,000</td></tr> <tr><td>Cote d'Ivoire</td><td>260,503</td></tr> <tr><td>Benin</td><td>240,028</td></tr> <tr><td>Togo</td><td>80,725</td></tr> <tr><td>Senegal</td><td>34,763</td></tr> <tr><td>Ghana</td><td>28,000</td></tr> <tr><td>Guinea</td><td>22,000</td></tr> <tr><td>Niger</td><td>9,000</td></tr> <tr><td>Guinea Bissau</td><td>5,000</td></tr> <tr><td>Gambia</td><td>550</td></tr> </table>	Burkina Faso	606,992	Mali	500,000	Nigeria	305,000	Cote d'Ivoire	260,503	Benin	240,028	Togo	80,725	Senegal	34,763	Ghana	28,000	Guinea	22,000	Niger	9,000	Guinea Bissau	5,000	Gambia	550	<ul style="list-style-type: none"> The region processes less than 5% of its cotton production
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Cashew: Biggest cashew producer in the world with 33.37% of global production	<table border="1"> <tr><td>Nigeria</td><td>836,500</td></tr> <tr><td>Cote d'Ivoire</td><td>450,000</td></tr> <tr><td>Benin</td><td>170,000</td></tr> <tr><td>Guinea Bissau</td><td>130,000</td></tr> <tr><td>Ghana</td><td>36,500</td></tr> <tr><td>Guinea</td><td>8,500</td></tr> <tr><td>Togo</td><td>6,800</td></tr> <tr><td>Senegal</td><td>6,650</td></tr> <tr><td>Burkina Faso</td><td>5,750</td></tr> <tr><td>Mali</td><td>3,600</td></tr> <tr><td>Gambia</td><td>2,800</td></tr> </table>	Nigeria	836,500	Cote d'Ivoire	450,000	Benin	170,000	Guinea Bissau	130,000	Ghana	36,500	Guinea	8,500	Togo	6,800	Senegal	6,650	Burkina Faso	5,750	Mali	3,600	Gambia	2,800	<ul style="list-style-type: none"> ~90% of West African cashew is exported to India and Vietnam for processing. ECOWAS could again take a leadership role to ensure more domestic processing 		
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As a result, pro-industrialization policies in key value chains are missing: Case study on Côte d'Ivoire and Ghana



Côte d'Ivoire and Ghana export most of their cocoa beans to the EU. The cocoa sector represents 40% of total export revenue in Côte d'Ivoire and 13% in Ghana

As such, guaranteed access to the EU market through a free trade scheme is 'beneficial' to both countries (significant revenues from cocoa exports)

Need for regional policies leveraging the region's unique advantage (in production) and translating it into higher levels of domestic processing (industrialization)

There is a clear opportunity for the ECOWAS Commission to play a leadership role in this space and ensure that policies are fully supportive of the key domestic agricultural value chains - from production to processing to the market

Source: Unctadstat, FAO, Dalberg analysis

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WAEMU and ECOWAS have similar policies in the agricultural and industrial sectors, which can create confusion (1/2)

	ECOWAS	WAEMU
Agriculture	West African Agricultural Policy (ECOWAP/CAADP), 2005 <ul style="list-style-type: none"> • Ensure sustainable food security in member countries • Support decent remuneration for people involved in the agricultural sector • Expand trade on a sustainable basis within the region and with the rest of the world 	WAEMU Agricultural Policy (WAP or PAU), 2001 <ul style="list-style-type: none"> • Ensure food security and improve market dynamics • Sustainably increase productivity • Improve the livelihood of farmers by developing the rural economy
	WACIP, 2010 <p>By 2030:</p> <ul style="list-style-type: none"> • Diversify and broaden industrial production and increase the local raw material processing rate from 15-20% to 30% • Increase the manufacturing industry's contribution to GDP from 6-7% to 20% • Increase intra-community trade from <12% to 40% • Increase the volume of exports of manufactured goods to the global market from 0.1% to 1% 	Common Industrial Policy (CIP), 1999 <p>By 2020:</p> <ul style="list-style-type: none"> • Diversify industrial production by creating new businesses and attracting investors in the sector • Intensify industrial production by developing SMEs, particularly in agro-industry • Improve competitiveness by engaging governments and the private sector in managing resources and using technologies • Rationalize the management of resources
Industry		

Both institutions separately conduct similar programs while joint implementation would allow for a more efficient use of resources (2/2)

ECOWAS

Regional Ag Information System (ECOAGGRIS)
Regional Program on Reserves for Food Security
West Africa Agricultural Productivity Program
(WAAPP)

WAEMU

Regional Agricultural Information System (SIAR)
Regional Program on Food Security Stocks
Program on Agricultural Productivity Improvement
for key crops

Further, the ECOWAS Commission’s role in the regional policy agenda is overshadowed by various initiatives led by external partners

Initiatives/ Policies	Lead Organization
AGIR initiative (Global Alliance for Resilience Initiative)	European Union
NASAN (New Alliance for Food Security and Nutrition)	G8
Policy Initiative to Empower Africa to Shape Home-grown Agricultural Policies	AGRA (Alliance for a Green Revolution in Africa)

Although these policies on paper reaffirm their commitment to align with existing policies in the region, most have competing objectives and appear duplicative – e.g. the New Alliance for Food Security and Nutrition Country Agenda

Source: <http://www.roppa.info/spip.php?article202>; http://agric.comm.ecowas.int/IMG/pdf/briefs_on_initiatives_projects_and_regional_programs.pdf; http://feedthefuture.gov/sites/default/files/resource/files/Burkina%20Faso%20Coop%20Framework%20FRE%20Final%20w.cover_.pdf; <http://www.gatesfoundation.org/Media-Center/Press-Releases/2009/10/AGRA-Launches-Policy-Initiative-to-Empower-Africa-To-Shape-Agricultural-Policies>; <http://www.oecd.org/fr/developpement/efficacite/34579826.pdf> Dalberg 16

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Based on the identified gaps, some recommendations are proposed to strengthen ECOWAS' interventions in the economic policy front

Identified gaps

- Limited involvement of actors in the policy-making process

Proposed recommendations for the ECOWAS Commission

Continuously involve non-state actors in the policy-making process

- Lack of “transformative policies” in both sectors (Ag/Ind.)

Formulate policies targeting crops with high value-added potential to transform the agricultural and industrial sectors at the regional level

- Slow delivery pace on regional initiatives

Initiate Public-Private Partnerships (PPP) for the implementation of regional programs

Based on the identified gaps, some recommendations are proposed to strengthen ECOWAS' interventions in the economic policy front

Identified gaps

- Limited observance of regional norms/ decisions



Proposed recommendations for Member States

Establish an effective system of monitoring and enforcing regional decisions and standards

Identified gaps

- Limited power of CSOs and private sector in influencing policies



Proposed recommendations for Civil Society Organizations and private sector

Be organized around structured socio-professional groups at the regional level to better influence policies

Position themselves as partners of the Commission and the Member States, for the implementation of regional programs

Identified gaps

- Plurality of regional initiatives initiated by development partners



Proposed recommendations for development partners

Align interventions on existing endogenous policies and use their support as an incentive for Member States to encourage the respect of regional decisions