

# Conference report

***Scoping conference: "Improving the perspective for regional trade and investment in West Africa: the key to food security, economic development and stability in the region"***

**27 January 2016 – at the African Studies Centre Leiden**

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Leiden, 10 February 2016

commissioned by: The Netherlands' Ministry of Foreign Affairs



Ministry of Foreign Affairs



***Conference report - Scoping conference: "Improving the perspective for regional trade and investment in West Africa: the key to food security, economic development and stability in the region"***

With the scoping study well underway, this conference aimed to grasp the opportunity to: 1) assess the current state of knowledge as mobilized and identified by the consortium partners according to the six deliverables the study seeks to generate; 2) identify knowledge gaps, entry points and needs; and 3) catalyze feedback in order to further calibrate the design and conduct of the scoping study according to the Ministry's specific knowledge needs regarding its policy approach in West Africa.

This conference report is the outcome of a half-day conference that was organized in support of the scoping study, held on 27 January 2016 at the African Studies Centre Leiden, and organized by the African Studies Centre Leiden (ASCL), the Agro-Economic Research Institute of the Agricultural University of Wageningen (LEI, Wageningen UR) and the European Centre for Development Policy Management (ECDPM).

It follows the conference programme by summarizing the presentations and subsequent discussions according to the deliverables of the scoping study, supplemented by the syntheses based on the contributions by ECDPM and TradeMark East Africa (TMEA). In addition, this report also includes a written input by Prof. Chibuike Uche, senior researcher at the African Studies Centre Leiden (See Annex I). His contribution captures some of his reflections on the process of regional integration in West Africa, with a particular focus on monetary integration.

*Audience*

The conference brought together a broad range of professionals and experts engaged in research, policy and interventions targeting West Africa, regional integration & trade and food security (See Annex II for the List of Participants).

*Key takeaways*

Worthy of its name, the conference succeeded in providing guidance in terms of more carefully determining and narrowing down the scope of the study. More in particular, the conference generated the following key takeaways:

- For Dutch involvement in the process of enhancing regional integration in West Africa focus is needed: geographical scope; sectoral focus; thematic approach; and a clear local counterpart.
- The chosen focus should connect to a larger ambition of ECOWAS, and be aware of the activities of all relevant governments and donors.
- But a small donor like the Netherlands should focus on where it has added value.
- A political economy perspective is needed from the start. Building a sound understanding of the relevant (public and private) actors, and their interlinkages, helps to provide insight into the 'winners and losers' of continuity and change, particularly concerning high-risk people and areas, and the most vulnerable groups such as women and youth.
- There is an abundance of (policy) initiatives (projects, programmes, strategies, frameworks, funding mechanisms etc.) aimed at regional integration in West Africa, many of which have trade as a key entry point, what appears to be the most important dimension of integration.
- Despite an alleged division of labour (by default) between donors and the trend towards enhanced donor coordination, donor efforts in West Africa are still to a

large extent fragmented and formal donor coordination is largely regarded as insufficient.

- A comprehensive mapping of policy initiatives aimed at regional integration should go beyond a sole focus on efforts focusing on trade and by the most engaged donors only, as emerging economies (China, India, Brazil etc.) and national governments in West Africa themselves become increasingly engaged.
- The gap between regional agreements, national legislation and actual implementation and enforcement on the ground is a major concern. Political economy analysis could help to provide insight into the divergence between paper and practice.
- Strategically thinking about promotion of (intra)regional trade inevitably requires an emphasis on agricultural/ food products because of their important role in (intra)regional trade in West Africa and because of their high potential to serve as an entry point for economic transformation in the region. In addition, the Netherlands' expertise fits particularly well here.
- How strong and well-founded the case for promoting (intra)regional trade in West Africa might seem, one should take account of the interests/ incentives in maintaining/ pursuing existing or other trade regimes. Furthermore, one should not disregard other trade patterns' potential for sustainable and inclusive development in the region, for example with regard to self-sufficiency and food security.
- Informal trade should get major attention because of the high prevalence in West Africa, but it asks for further building the knowledge base on informality, also to get a more sound understanding of how exactly it can be an entry point for policy and for which policy objective(s).
- Improving data collection is important, and a recognition of the fact that most existing data are very unreliable. Building local capacity for data collection is critical but requires investments and takes time.
- TradeMark East Africa can be an inspiration in many ways but one should not disregard the significant difference in conditions and circumstances between the two regions, which precludes exporting the model to West Africa without careful adaptation.
- The Netherlands could formulate an ambition to be a catalyst for a 'TradeMark West Africa', but cannot become the major donor.
- Identification of local partners that can assist or even take the lead in knowledge generation and dissemination should possibly include organizations that are traditionally not regarded as knowledge institutes, such as private sector organizations and financial institutions like (development) banks.
- The Netherlands should not only formulate Multi-Annual Strategic Plans for the Horn and the Great Lakes Area, but also for West Africa as a whole.

## TABLE OF CONTENTS

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About the conference organizers	5
Conference programme	6
Introduction	8
Session 1: Inventory of regional policy- and knowledge centers	10
Session 2: Inventory of literature on regional trade & investment relations in West Africa	12
Session 3: Inventory of statistics on regional trade & investment relations in West Africa	15
Session 4: ECDPM ongoing work on regional integration & trade in West Africa	19
Session 5: Inventory of existing Dutch bilateral policies in West Africa	27
Session 6: Inventory of existing policies by regional institutions in West Africa, regional policies by other donors and donor coordination efforts	30
Session 7: Inventory of policy options and possible effects	34
Session 8: Example of TradeMark East Africa	36
Reflections on the way forward by Ton Dietz and Paul Lange (with input from Jeske van Seters and Marie-Luise Rau)	39
Annex I Reflections by Prof. Chibuike Uche	42
Annex II List of Participants	45

## **ABOUT THE CONFERENCE ORGANIZERS**

### *African Studies Centre Leiden (ASCL)*

The African Studies Centre Leiden (part of Leiden University) is a knowledge institute that undertakes research and is involved in teaching about Africa and it aims to promote a better understanding of and insight into historical, current and future developments in Africa. It has a major library and information centre on Africa. <http://www.ascleiden.nl/> See also: <http://countryportal.ascleiden.nl>.

### *LEI/ Wageningen UR*

The Agro-Economic Research Institute (LEI) of the Agricultural University of Wageningen (Wageningen UR) is an independent and internationally leading socio-economic research institute that offers governments and companies (socio)economic insights and integral advice for sound policies and better decision-making in an innovative way <http://www.wageningenur.nl/lei>

### *European Centre for Development Policy Management (ECDPM)*

The European Centre for Development Policy Management (ECDPM) is a “think and do thank” aimed at linking policy and practice in European Development and international cooperation and acting as an independent broker between Europe, Africa and the African, Caribbean and Pacific Group of States (ACP) <http://www.ecdpm.org/>

## CONFERENCE PROGRAMME

<b>12:30 -13:00</b>	<b>DOORS OPEN + REGISTRATION</b>
<b>13:00 – 13:05</b>	<b>WELCOME</b> (Chair: Paul Engel, ECDPM)
<b>13:05 – 13:15</b>	<b><i>Introduction: MFA’s knowledge needs</i></b> (Marcel Vernooij, MFA)
<b>13:15 – 13:25</b>	<b>Food &amp; Business Knowledge Platform’s expectations</b> (Le Chen, Food & Business Knowledge Platform)
<b>13:25 – 13:55</b>	<b><i>Inventory (1) of regional policy- and knowledge support partners</i></b> (Paul Lange, ASCL)  Referent: Arie Kuyvenhoven (WUR)
<b>13:55 – 14:25</b>	<b><i>Inventory (2) of literature on regional trade &amp; investment relations in West Africa</i></b> (Ton Dietz, ASCL)  Referent: Lia van Wesenbeeck (SOW/ VU)
<b>14:25 – 14:55</b>	<b><i>Inventory (3) of statistics on regional trade &amp; investment relations in West Africa</i></b> (Marie-Luise Rau, LEI/ WUR)  Referent: David Ehrhardt (LUC)
<b>14:55 – 15:25</b>	<b><i>ECDPM ongoing work on regional integration &amp; trade in West Africa</i></b> (Jeske van Seters, Carmen Torres, ECDPM)  Referent: Mayke Kaag (ASCL)
<b>15:25 – 15:45</b>	<b>COFFEE BREAK</b>
<b>15:45 – 16:10</b>	<b><i>Inventory (4) of existing Dutch bilateral policies in West Africa</i></b> (Monique Calon, MFA)  Referent: Eric Tollens (KU Leuven)
<b>16:10 – 16:35</b>	<b><i>Inventory (5) of existing policies by regional institutions in West Africa, regional policies by other donors and donor coordination efforts</i></b> (Paul Lange, ASCL)  Referent: Ruerd Ruben (LEI/ WUR)

<b>16:35 – 17:00</b>	<b><i>Inventory (6) of policy options and possible effects</i></b> (Marie-Luise Rau, LEI/ WUR)  Referent: Marina Diboma/ Jan Maas (NABC)
<b>17:00 – 17:15</b>	<b><i>Example of TradeMark East Africa</i></b> (Ante Vrijlandt, TMEA)
<b>17:15 – 17:45</b>	<b><i>Concluding remarks/ way forward</i></b> (Ton Dietz, ASCL)
<b>17:45 –</b>	<b>DRINKS</b>

## **INTRODUCTION**

*Ton Dietz and Paul Lange*

Increasing concern about instability, population pressure, migration and chronic food insecurity in West Africa and growing awareness of the potential of enhanced intraregional trade and investment to contribute to sustainable and inclusive economic development, has prompted a number of donors including The Netherlands to increase their efforts to support West African integration and cooperation.

The momentum for support has been strengthened by some initial steps towards regional integration in West Africa that have been taken since the Malabo Declaration (2013) building on increasing political commitment and inspired by progress made in East Africa by initiatives such as TradeMark East Africa.

Support for regional integration and cooperation in West Africa by The Netherlands fits within its new Trade, Investment and Development policy and aligns with key Dutch policy objectives to promote sustainable and inclusive economic development and to enhance food security. Furthermore, there is increased interest of Dutch businesses to invest and trade with West Africa and growing recognition of the opportunities following from local development challenges in West Africa for Dutch businesses, knowledge institutes and civil society to tap into.

### *Scoping study*

In order for support to regional integration and cooperation in West Africa to be effective and calibrated to the specific needs of the region, there is however a need to build a more comprehensive understanding of the diverse and complex regional dynamics and to gain insight into the opportunities and challenges to regional integration in West Africa.

By taking stock of existing knowledge, the overall objective of the scoping study is to provide a comprehensive picture of The Netherlands' government ongoing cooperation with West Africa and the perspective in terms of policy options for strengthening its effectiveness and coherence by giving more emphasis to the promotion of intraregional trade and investment.

More in particular, the scoping study seeks to generate the following deliverables:

- Inventory of regional policy- and knowledge centers on which the Ministry of Foreign Affairs can rely on for high quality input and at the same time qualify for institutional and other support, aimed at sustaining their potential for high level research and policy support in the future.
- Inventory of literature about trade relations (illegal and legal, agricultural and wider) useful for strengthening the knowledge base underpinning the regional policy with regard to West Africa, making use of library-, internet- and human resources.
- Inventory of statistics about trade relations (illegal and legal, agricultural and wider) useful for strengthening the knowledge base underpinning the regional



policy with regard to West Africa, making use of library-, internet- and human resources.

- Inventory of existing Dutch bilateral policies in West Africa in the period 2005-2015.
- Inventory of existing policies by regional institutions in West Africa, regional policies by other donors and donor coordination efforts in the period 2010-2015.
- Inventory of policy options and an assessment of their possible effects, building on existing work streams and the new policy for aid, trade and entrepreneurship for development.

## **Session 1: Inventory of regional policy- and knowledge centers**

Paul Lange (ASCL), with comments by Arie Kuyvenhoven (WUR)

In this session the African Studies Centre Leiden (ASCL) presented some of its preliminary conclusions and observations following from a broad inventory of local knowledge institutes in West Africa. The aim is to identify organizations that could serve as knowledge partner of the Ministry of Foreign Affairs with regard to further development and implementation of policies aimed at boosting regional integration & trade in West Africa.

- The inventory of knowledge institutes has been initially taken from the supply side, in an attempt to come to a sort of broad 'institutional mapping' of institutes engaged in knowledge generation and dissemination in West Africa.
- This broad mapping has been based on a number of starting points that will help to identify possible knowledge partners, one being the literature list on regional trade & investment in West Africa, prepared by the ASCL Library. Looking at the knowledge production sources in this literature list, distinguishing between knowledge institutes, with universities as a separate category, and development community actors, shows that only a small minority of the publications on this list comes from West African sources.
- A second starting point is to look at the local knowledge institutes that have contributed to a number of key publications on regional integration & trade in West Africa. The two examples that were given are: 'Regional Integration and Cooperation in West Africa. A Multidimensional Perspective' (1997) by the International Development Research Centre (IDRC) and 'Political Economy of Regionalism in West Africa' (2012) by the Overseas Development Institute (ODI).
- Another starting point is the Think Tank Initiative (TTI), a programme funded by a number of donors, including The Netherlands, aimed at strengthening the capacity of independent policy research institutions in the developing world including West Africa.
- The last starting point dealt with the so-called Leiden African Studies Assembly (Leiden ASA), an initiative launched by Leiden University in collaboration with ASCL. One of the objectives of this initiative is to develop partnerships with a number of prominent knowledge institutes on the African continent, including some in West Africa.
- To further determine the suitability of these organizations, the list of local knowledge institutes following from these starting points was filtered through desk research according to three criteria: 1) policy-relevant research among its core activities; 2) geographical focus on West Africa as a whole; and 3) thematic focus on (regional) integration as such.
- Added to this selection were organizations already identified by the Ministry in the Terms of Reference of this scoping study, (ENDA/)CACID and Le Hub Rural. The residue of local knowledge institutes according to these three criteria represents a broad range of types of institutes engaged in knowledge generation and dissemination including non-governmental organizations, think tanks and research departments of international organizations and financial institutions. The selection shows a strong geographical bias with many of them located in Senegal (See Box 1A).

In the round of inputs following the presentation, examples of other criteria indicated by the participants to identify knowledge institutes were the methodology applied and its capacity in terms of human resources. It was also put forward that rather than selecting knowledge partners according to more or less objective criteria such as the ones applied in this mapping exercise, it would be perhaps more helpful to build on existing, well-performing partnerships or to work through reliable individuals working for these institutes who have a track record of research performance. Overall, it was generally agreed by the participants that a more carefully determined focus of the scoping study will help to better identify useful knowledge institutes. Lastly, it was also emphasized that when looking for knowledge partners one should not focus solely on organizations that are traditionally seen as knowledge institutes (e.g. think tanks, universities) but also include other types of organizations that could provide useful input and knowledge such as private sector organizations.

African Development Bank (AfDB) (Abidjan, Côte d'Ivoire):

<http://www.afdb.org/en/knowledge/economics-research/>

African Institute for Economic Development and Planning (IDEP) (Dakar, Senegal):

<http://www.uneca.org/idep>

Council for the Development of Social Science Research in Africa (CODESRIA)

(Dakar, Senegal): <http://www.codesria.org/>

Consortium pour la Recherche Économique et Sociale (CRES) (Dakar, Senegal):

<http://www.cres-sn.org/>

Centre Africain pour le Commerce, l'Intégration et le Développement (CACID)

(Dakar, Senegal): <http://www.endacacid.org/>

Le Hub Rural (Dakar, Senegal): <http://www.hubrural.org/>

Nigerian Institute of International Affairs (NIIA) (Lagos, Nigeria): <http://niiinet.org/>

**Box 1A: List of selected local knowledge institutes and their websites**

## **Session 2: Inventory of literature on regional trade & investment relations in West Africa**

Ton Dietz (ASCL), with comments by Lia van Wesenbeeck (SOW/VU)

In this session, the African Studies Centre Leiden (ASCL) shared some preliminary observations and conclusions following from an inventory of literature on regional trade & investment relations (published between 2000-2015), conducted by the ASCL Library with support of the network of Dutch embassies in West Africa.

- The literature search resulted in a provisional number of 294 relevant titles. The allocation over the years demonstrates a major increase in interest for the topic, with one fifth of the titles published in 2015-2016 and almost one half in the period between 2010-2014.
- The inventory also indicates a significant geographical/ country bias. The majority of the literature addresses West Africa as a whole (35%), or Africa with a strong focus on West Africa (14%). In addition, literature on Ghana (13%) and Nigeria (11%) account for a considerable share of publications.
- It further shows that a large majority of the titles has been published in the English language (84%), followed at great distance by the French language (13%). Even the literature on French-speaking countries in the inventory is predominantly published in English.
- Other noteworthy literature observations include the few commercial book publishers compared to the number of publications by universities, the relatively large number of publications in journals with great thematic variety, large share of authors with African-sounding names and the very limited Dutch input.
- Based on the literature search, there were 11 'pockets of content' identified, each with a number of sub-foci; these can further be grouped in three major domains:
  - A. GOVERNANCE, HISTORY AND PRACTICES:
    - 1) *History/ Law*: publications focus on the institutional history of ECOWAS, on comparing ECOWAS with (the institutional history of) sub-blocks such as UEMOA and WAMZ, discuss law enforcement and application; there is some attention for the African Growth and Opportunity Act (AGOA);
    - 2) *Governance*: there are conceptual studies on types of 'regionalisms' (for example the IHK (Industrie- und Handelskammer Mittlerer Niederrhein) publication on the level of progress made in terms of the stages of integration) (See Figure 2A), that compare legal/ institutional arrangements with actual practice indicating a significant implementation gap, that address the widening integration agenda since 1993 – good governance, rule of law, food security, peace & stability, migration, criminality; there are publications with specific attention for the Mano River Union including a recent emphasis on peace enforcement along borders and the impact on cross-border trade; there is literature that deals with coordination in specific sectors: agriculture, mining, power and other infrastructure;
    - 3) *Comparisons*: literature focuses on the empirical comparison of ECOWAS with other trade blocks – African (SADC, COMESA, EAC) and non-African (EU, MERCOSUR) – for example by looking at the rules and regulations, and impact of measures of trade volumes and directions.
  - B. ECONOMICS:

4) *Economics*: studies assess the effects of the ECOWAS Trade Liberalisation Scheme (ETLS) on intra-regional trade, including tariffs and non-tariff barriers to trade and common external tariff; various studies focus on the impact of measures and policies such as EPA (economic partnership agreement with the EU), WAPP (power pool), ERERA (regional electricity authority), monetary cooperation, customs union, harmonisation migration policies or common economic policies; there is some attention for political economy issues and the impact of multi-membership;

5) *Monetary issues*: there are specific studies on economic and monetary cooperation (e.g. UEMOA and WAMZ), the role of central banks, the impact of monetary integration on intraregional trade and (how to attract) different kinds of financial inflows (investments, development assistance, remittances) and their impact;

6) *Migration & Remittances*: there is attention for the 1979 Free Movement Protocol Dakar ( 'empty promise'), literature further discusses law & order issues, and the developmental/ economic impact of mobility, cross-border movement and remittances; there is some gender-specific attention;

- C. GEOGRAPHY AND SOCIOLOGY:

7) *Reality of Cross-border Relations*: publications that deal with different trade dimensions (composition, geography), that compare openness and growth, different (actual) levels of integration, and intraregional and external trade dynamics, that take account of the reality on the ground of trading (facilitation/ barriers) and that consider the flaws in data;

8) *Sociology of Cross-border Linkages*: literature pays (geographical specific) attention to traders (including 'outsider' brokers and traders), (shifts in) their trade networks, and the impact of their (ethnic/ linguistic) background, women traders and their relative importance;

9) *Geography*: studies analyze the impact of (transport/ communications/ energy) infrastructural development, of urbanization/ population growth on trade, routes, markets, indicating gap between actual physical infrastructural arrangements and ambitious plans;

10) *Border Studies*: literature deals with border zone dynamics and linkages, there are analyses on cross-border social networks and traders, discussion of the costs of travel and (long-distance) trade, with increasing attention for the role of illicit trade, criminal networks and the link with violence and insecurity;

11) *Food Trade & Nutrition Security*: studies focus on different dimensions of the insecurity/volatility of food trade, that take the perspective of agro-value addition and cross-border trade, that discuss specific agricultural products, and seeds and fertilizers; there are few empirical long-term studies linking food trade (dynamics) and nutrition security.

In the round of inputs following the presentation, it was pointed out that when conducting an inventory of literature on trade one should look beyond the obvious keywords to identify key publications that would otherwise (easily) be overlooked. If one realizes that trade is a spatial and social activity, with goods produced somewhere and by someone, transported by someone and to markets where they are sold by someone and bought by someone, this will raise more interesting issues than an abstract approach. Examples of such issues are the role of climate and seasonality, gender dimensions of trade, risk (reduction) of transportation of goods, institutional setting of markets, and investor relations (emerging economies, historical role of The Netherlands).

With regard to the specific contribution by The Netherlands in promoting regional trade, it was recommended to (continue to) take an integrated approach (cf. 3D-approach: Diplomacy, Defence and Development) aimed at safety and development, and with a specific focus on the position of females. It was further suggested to build upon the Dutch track record in agricultural value chain management and development, and to seek a role in the facilitation of insurance arrangements. In addition to a specific focus on women, it was added that the critical role of young people should also be recognized, for example with regard to agriculture as the main source for employment. For example, it was suggested that calling farmers '(agricultural) entrepreneurs' might help to attract young people. With regard to the inventory of literature, the relatively limited number of publications linking food trade with food security was seen by the participants as a striking conclusion in view of the important role for agricultural/ food products in West African regional trade. In order to broaden the inventory, it was suggested to include the macro-development and comparative advantage of sectors in ECOWAS countries as additional entry points, and to look at more theoretical literature that helps to explain reality on the ground. In terms of identifying useful local knowledge production, it was mentioned that disclosing publications from these kinds of sources can be challenging as they are not always digitally available. As potentially interesting but largely unexplored channel, another participant pointed at the abundance of (African) master's theses and PhD dissertations, in addition to other forms of 'grey literature'.

	Infrastructure construction	Implementation of a common external tariff	Elimination of internal tariff obstacles	Free movement of person	Build Economic and Monetary Union	Supra-national legislation, legal systems
Free trade area	✓					
Customs union	✓	✓				
Common market	✓	✓	✓			
Economic union	✓	✓	✓	✓		
Monetary union	✓	✓	✓	✓	✓	
Political union	✓	✓	✓	✓	✓	✓




Figure 2A: Levels of regional economic integration (Source: IHK blog; XU, 2015)

### **Session 3: Inventory of statistics of regional trade & investment relations in West Africa**

Marie-Luise Rau (LEI/ WUR), with comments by David Ehrhardt (Leiden University College)

In this session, the Agro-Economic Research Institute of the Agricultural University of Wageningen (LEI, Wageningen UR) gave insight into the different kinds of data indicators that could be included in the scoping study in order to broaden the knowledge base, some of the challenges related to the sources and availability of statistical data and examples of ways to visualize data.

- In terms of stages of (regional) integration, one could differentiate between so-called 'convergence' indicators and 'outcome' indicators. The former look at the compliance of member states with agreed policies for integration, while the latter assess the effects of integration when agreements are implemented and enforced.
- Among the range of outcome indicators, there are different types of data, for example in terms of way of measurement (direct/ indirect), type of indicator (partial/ aggregate) and the level of measurement (economy-wide/ firm-level) (See Figure 3A).
- The UN Standard International Trade Classification (SITC) is universally the main classification system for trade of goods. Widely used databases for trade of goods data are UNCTAD – Comtrade and OECD-WTO (measuring in value added trade), although the latter has no data for African countries. Examples of indicators for trade of goods are share of regional trade in GDP and export diversification.
- The persistent challenge of availability and reliability of data for illicit/ informal trade requires finding other ways to disclose (detailed) information on these types of trade.
- (Trade in) Services are increasingly important for African countries, in terms of employment and share of GDP (See Figure 3B). Data collection for trade in services is often challenging and incomplete, for example because the distinction of modes of supplies is usually not made. Examples of such modes generally distinguished are cross-border supply and temporary movement of natural persons. For trade in services there are a few databases to draw upon such as UNCTAD, International Trade Centre (ITC) and the African Development Bank.
- Non-tariff measures (NTMs) play an important role in international trade because they are widely used by national governments to pursue (legitimate) public policy objectives. NTMs are referred to as non-tariff barriers when they are used to circumvent free trade rules or favor domestic industries. For data on these measures, there are a number of databases of references to draw on, such as UNCTAD, ITC surveys and complaint registers. The universal NTF classification system differentiates between technical and non-technical measures (import-related measures), and other, export-related measures. Examples include sanitary and phytosanitary (SPS) measures and trade-related investment measures.
- Since the WTO Bali Agreement on Trade Facilitation (2013) there is increasing attention and support for easing trade across borders. Examples of indicators that measure trade facilitation are fees and charges at customs, and availability

and quality of infrastructure. There are a number of databases that collect data on these kinds of indicators such as by the OECD (Trade Facilitation Indicators) and the World Bank (Doing Business Indicators).

- There a number of ways to present and visualize data in easy and accessible manner, with applications that because of their interactive character particularly thrive when used digitally (See Figure 3C and 3D).

In the round of inputs following the presentation, it was generally agreed that there are two gaps when working with and applying statistics. First, there is a gap between what the statistics say and what happens in reality. Statistics are of variable quality and data collection is often poor, especially if it is done by governments. One participant warned that we should be careful with this judgement because there is also reason to believe that the data is not so bad as people say. Second, there is a gap between the rules and reality, as rules may or may not be implemented. Various participants presented options to circumvent these gaps. For example, it was put forward to regard them as 'noise'. Another way forward indicated was to find ways to redress the quality of data, for example through critically exploring the sources and possible biases of available statistics, focusing more on trends rather than on data points or by looking at other sources of data collection and/ or more reliable levels as the sub-national or firm-level (as opposed to data collected at the national level which is a dominant mode of data collection).

There were various suggestions put forward by the participants for alternative, more reliable data sources and collection methods. For example, it was indicated that transport observatories worked very well in East Africa. They did baseline surveys on their own, for example on tariff barriers. Committees that were set up in each country then compiled lists of tariff barriers based on those statistics so as to eliminate them. The data collected by these observatories significantly challenged World Bank statistics that gave a stable picture of intraregional trade in East Africa despite huge changes taking place. Another method suggested is to approach private sector umbrella bodies that often collect very accurate data from their component organizations, or to work through Chambers of Commerce. Other useful and reliable data sources indicated are USAID and EUROSTAT. It was generally agreed that the way forward is to invest in local data collection, also to cross-check already available data sets such as those provided by the World Bank. The high costs involved and the considerable time it will take to have any significant impact were however highlighted as one of the serious drawbacks.



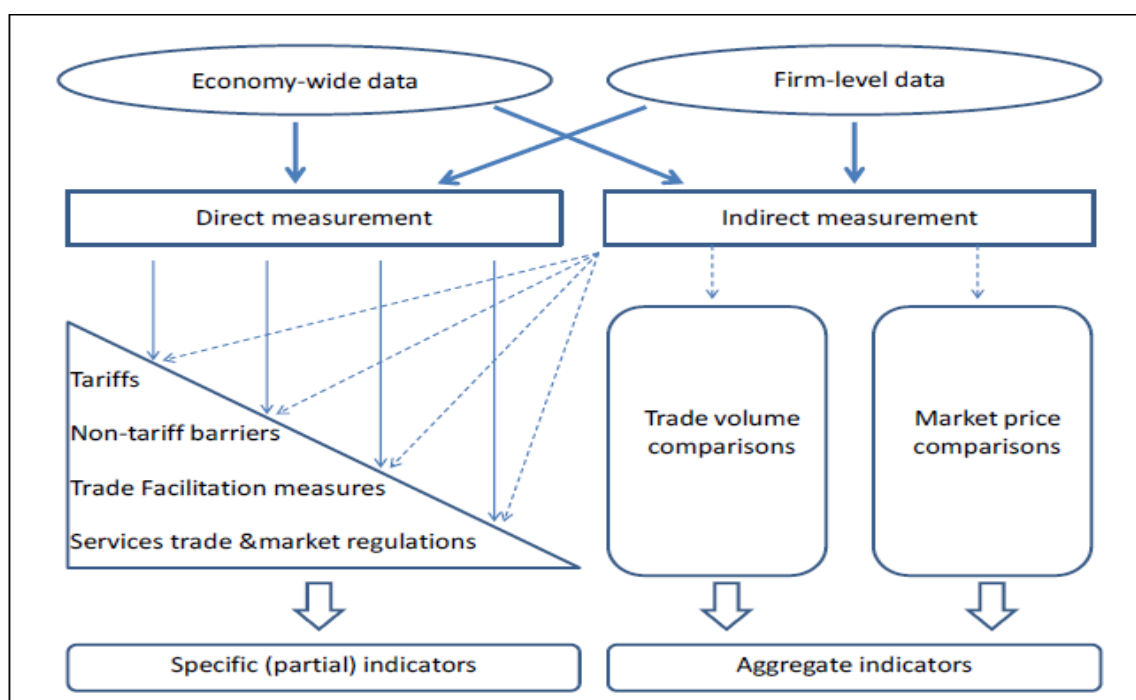


Figure 3A: Overview of different outcome indicators (Source: World Bank, 2015)

	2000	2012
<b>Agriculture, forestry and fishing</b>	28.5	24.0
<b>Industry</b>	39.1	26.4
Mining and quarrying	27.6	14.1
Manufacturing	7.5	7.2
Electricity, gas and water	1.0	1.2
Construction	3.0	3.9
<b>Services</b>	32.4	49.6
Wholesale and retail trade, hotels and restaurants	13.4	16.4
Transport, storage and communication	4.1	11.3
Finance, real estate and business services	6.6	12.6
General government services	6.0	4.9
Personal services	2.4	4.3
<b>GDP at factor cost</b>	<b>100.0</b>	<b>100.0</b>

Figure 3B: West Africa – Share of GDP by sector (percentages)  
(source: Beejaye Kokil/ AfDB, 2014)

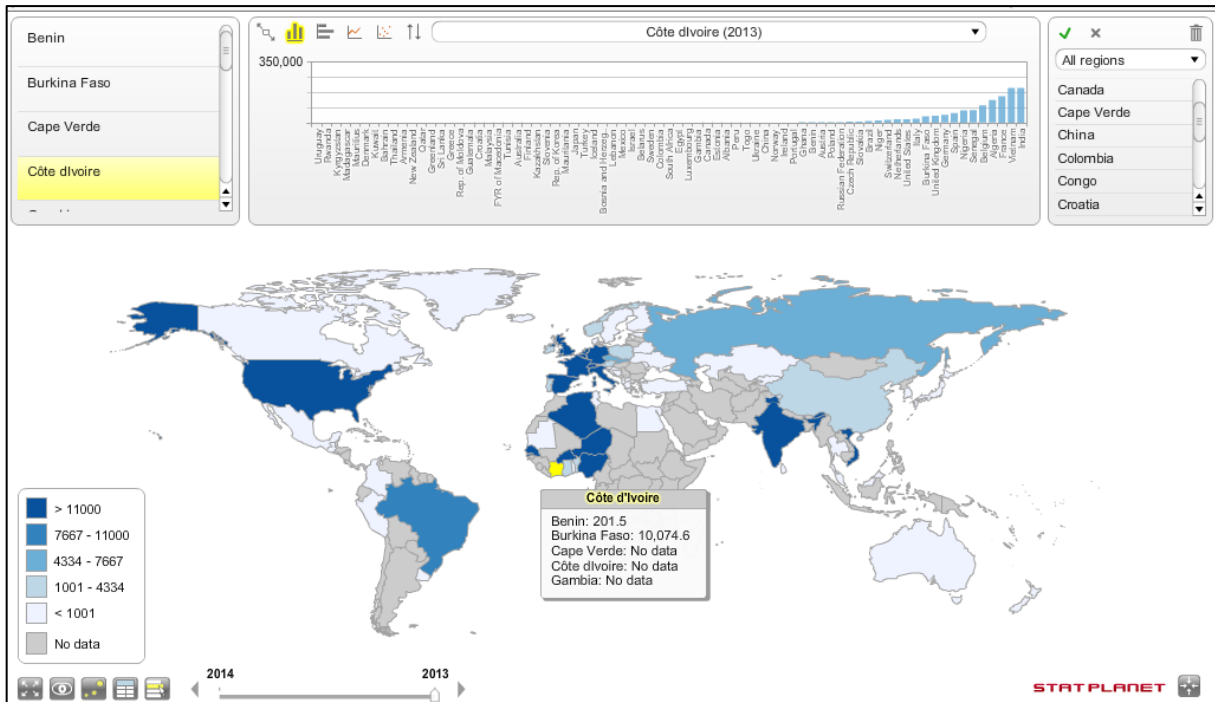


Figure 3C: Example of trade data visualization: exports from a selected country (Cote d'Ivoire) to the rest of the world (Source: LEI)

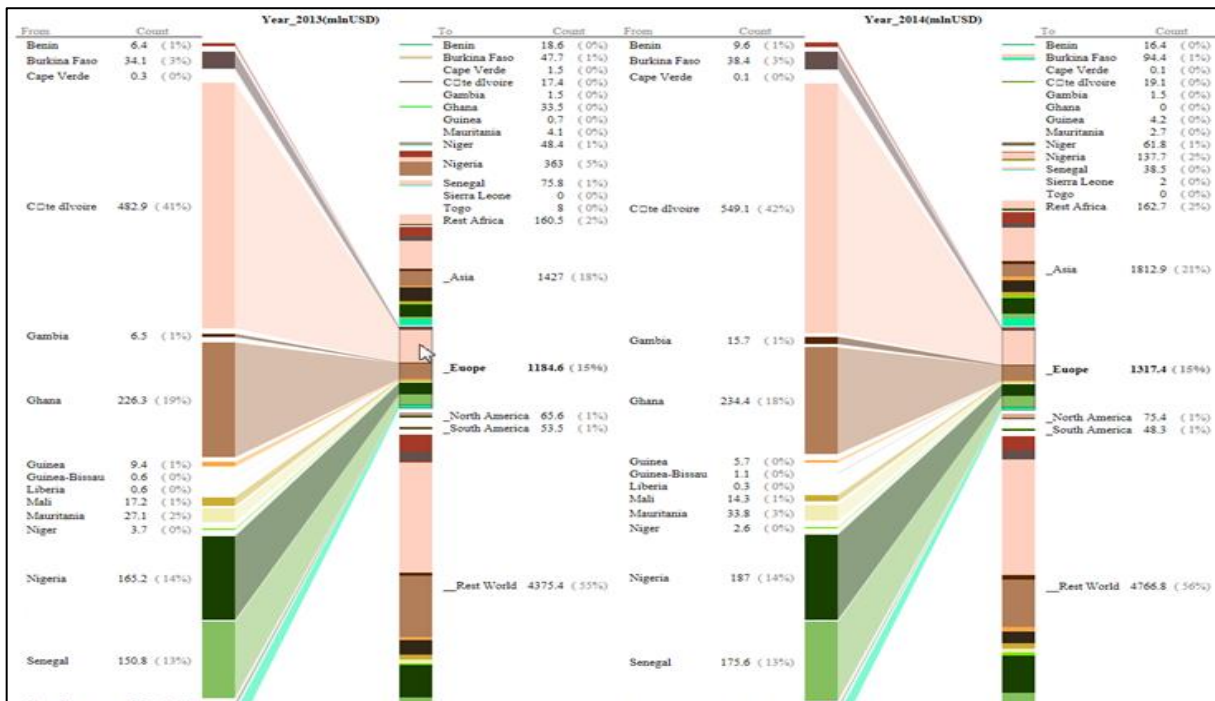


Figure 3D: Example of trade data visualization: EU perspective: exports/ imports from West African trade partners (amount + share%) (Source: LEI)

## Session 4: ECDPM's ongoing work on regional integration & trade in West Africa

Jeske van Seters and Carmen Torres (ECDPM), with comments by Mayke Kaag (ASCL)

In this session, the European Centre for Development Policy Management (ECDPM) presented some of the key findings of its research on regional integration and trade in West Africa, as part of its ongoing work as knowledge partner of the Department of Sustainable Economic Development of The Netherlands' Ministry of Foreign Affairs.

- West Africa is a region that is already home to a large share of Africa's population and is increasingly confronted with fragility, population growth and urbanization.
- *ECOWAS exports*: drawing on data provided by UNCTAD – COMTRADE for the period 2010-2014, demonstrate that West Africa's exports depend to a large extent on a limited number of raw materials and commodities (petroleum, natural gas, rubber, cocoa), with petroleum accounting for more than half of total exports (61%). Furthermore, the data further show that agricultural (43%) and food products (48%) represent a substantial share of total exports of the region to Europe (EU28). Overall largest exported agricultural/ food products in this period are cocoa, natural rubber & gums and cotton (See Figure 4A)
- *ECOWAS imports*: these data are further used to demonstrate that the share of food products (18%) of total imports is higher than of total exports (10%). However, the data further show that in the case of food trade with Europe (EU28), the share of food imported from Europe (22%) is lower than exported to Europe (48%). Overall largest imported agricultural/ food exports in this period are rice, wheat and edible products & preparations (See Figure 4B).
- *Trade balance*: the UNCTAD data further indicate that the total trade balance for the ECOWAS region in 2010-2014 is positive, particularly because of its petroleum exports. However, both agricultural and food trade balance are in deficit. With regard to the latter, the overall trend for the ECOWAS region in the period 2005-2015 shows a decreasing trade balance, with only two countries (i.e. Côte d'Ivoire and Ghana) in surplus over the years 2010-2014 (See Figure 4C and 4D). For a number of key staples (cereals, meat/ poultry) the trend of the last two decades indicates to a large extent an ongoing rise of imports (See Figure 4E, 4F and 4G).
- *Intraregional trade*: a large share of actual trade flows in West Africa goes presumably unreported and is misrecorded. Official data probably only show a small portion of total intraregional trade in the region, because a large share is informal, estimated at 75% of total intraregional trade. The available official data on most traded commodities in the region include only two food products (i.e. livestock for exports, and processed food for imports). The most traded food products within the region in this period are live animals, edible products & preparations and fish, for both exports and imports (See Figure 4H).
- *Main trade routes*: little is known about the size and composition of the trade flows along the main trade corridors, for example as identified by the Comité permanent Inter-Etats de Lutte contre la Sécheresse dans le Sahel (CILSS, 2013) (See Figure 4I), or by Sanaa/ DANIDA in the report in support of its Accelerating Trade in West Africa (ATWA) initiative (2015) (See Figure 4J). An exception is the study 'Data Collection Survey on Traffic for International Port and International Corridor in Western African' conducted by JICA (2012) which has collected data on

trade flows through traffic flow surveys, for example on type of trade traffic (transit versus intraregional) and type of commodity. However, an important drawback of this particular study is that it does not include a focus on Nigeria as economic powerhouse of the region, which implies that most likely a large share of trade in West Africa is missed. Moreover, it is generally assumed that a substantial share of (informal) intraregional trade occurs outside of these corridors.

- *Trade determinants*: there are a number of factors indicated to explain (informal) intraregional trade patterns in the ECOWAS region, including agro-ecological determinants, conflict, quality of road transport & communications and exchange rate fluctuations.
- *Trade barriers*: there are a number of key barriers to trade identified that persist in the region, including duties, bans & quotas, road harassment and inadequate infrastructure. Through data collected by the so-called l'Observatoire des Pratiques Anormales (OPA) initiated by UEMOA with assistance of USAID, it becomes somewhat clear how these barriers play out for different West African countries in terms of controls, bribes and delays per 100 kilometers (See Figure 4K). Here again, data on the conditions in Nigeria are to a large extent lacking.
- *Regional (sectorial) policies*: the Common External Tariff (CET) and the ECOWAS Trade Liberalisation Scheme (ETLS) are two key regional policies to promote trade in the region. These policies reveal that there is a gap between regional agreements, national legislation and actual implementation and enforcement on the ground. The Regional Agricultural Policy for West Africa (ECOWAP), UEMOA Agricultural Policy and the West African Common Industrial Policy (WACIP) are examples of regional policies demonstrating that there is poor coordination between the different regional sectorial policies.
- It is concluded that these trade features and conditions require a more strategic focus on supporting intraregional trade in West Africa. This should in particular include an emphasis on agricultural and food products because of the importance of trade in these kinds of products for West Africa and the high ambition and potential to strengthen value chains to enhance economic transformation in the region. However, at the same time it is indicated that this need strongly contrasts with a considerable lack of detailed understanding of actual trade flows in West Africa.

In the round of inputs following the presentation, it was generally agreed that the level of regional integration in West Africa in terms of actual intraregional trade flows is most likely higher than we can account for through official data, because of the large share of informal trade for which reliable data is lacking. This prompted another participant to question the need to intervene in existing (informal) trade patterns and of promoting intraregional trade over other trade patterns by policymakers if these serve their purpose. In order to build a more comprehensive understanding of (intraregional) trade in West Africa, it was further indicated that in addition to a sole focus on trade patterns, there is a need to disclose reliable information on local consumption and production patterns and how these are linked to trade flows. In addition, two other recommendations that were put forward by the participants to further expand the knowledge base on trade flows in West Africa are to look at the comparative advantage(s) per country and to assess the impact of seasonality, for example with regard to food security and self-sufficiency. It was further underlined that in order to understand the prospects of regional food trade versus imports, it is important to look at

cultural aspects of food preferences (e.g. preference for broken rice – imported, against the regionally produced whole rice). Finally, on the basis of recent experiences in East Africa it was suggested that non-implementation of agreed policies can be countered by systematic monitoring and reporting, with an element of naming and shaming.

Top 10 exports	Percentage of total exports	Top 10 agricultural exports	Percentage of agricultural exports	Top 10 food exports	Percentage of food exports
Petroleum crude	61%	Cocoa	44%	Cocoa	59%
Natural gas	7%	Natural rubber and gums	11%	Fruits and nuts	12%
Cocoa	6%	Cotton	11%	Oilseeds and oleaginous fruits	4%
Petroleum 70% oil	6%	Fruits and nuts	9%	Live animals	4%
Gold	3%	Oilseeds and oleaginous fruits	3%	Fixed vegetable fats and oils	3%
Natural rubber and gums	2%	Live animals	3%	Fish	3%
Cotton	1%	Fixed vegetable fats and oils	2%	Coffee	2%
Fruits and nuts	1%	Fish	2%	Crustaceans	2%
Propane and butane (liquefied)	1%	Tobacco	2%	Edible products and preparations	2%
Ships and floating structures	1%	Coffee	1%	Milk and milk products	2%

Figure 4A: ECOWAS exports (percentages, average 2010-2014) (Source: UNCTAD)

Top 10 imports	Percentage of total imports	Top 10 agricultural imports	Percentage of agricultural imports	Top 10 food imports	Percentage of food imports
Petroleum 70% oil	12%	Rice	16%	Rice	17%
Motor vehicles for transport of persons	4%	Wheat	12%	Wheat	13%
Petroleum crude	4%	Edible products and preparations	12%	Edible products and preparations	12%
Rice	3%	Fish	9%	Fish	9%
Ships and floating structures	3%	Sugar	8%	Sugar	8%
Telecommunications equipment	2%	Milk	6%	Milk	6%
Wheat	2%	Fixed vegetable fats and oils	5%	Fixed vegetable fats and oils	5%
Edible products and preparations	2%	Tobacco	2%	Meat	2%
Motor vehicles for transport of goods	2%	Meat	2%	Prepared/pre served vegetables	2%
Medicaments	2%	Prepared/pre served vegetables	2%	Cereal preparations	2%

Figure 4B: ECOWAS imports (percentages, average 2010-2014) (source: UNCTAD)

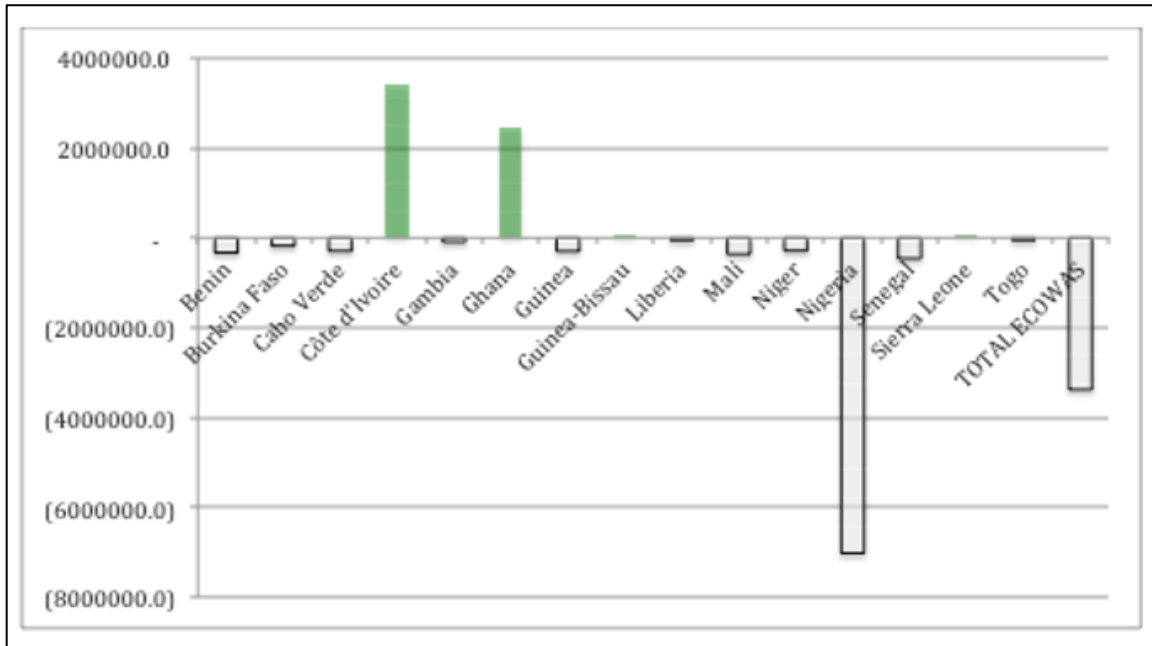


Figure 4C: ECOWAS food trade balance (in thousands of USD, average 2010-2014) (Source: UNCTAD)

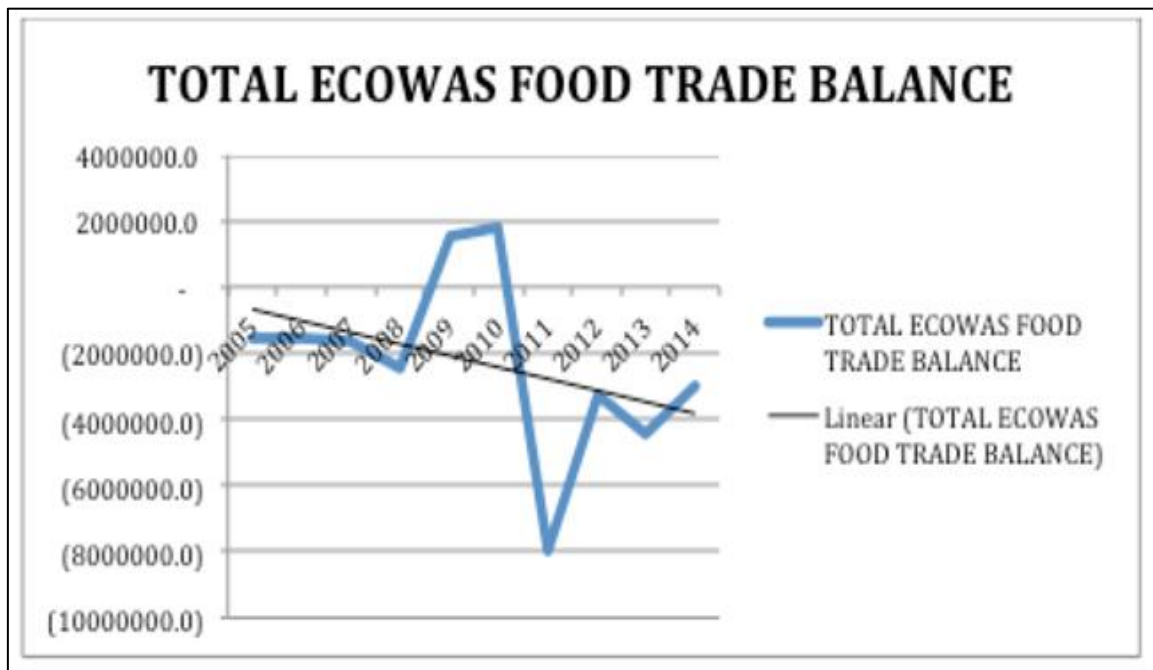


Figure 4D: Evolution of ECOWAS food trade balance (in thousands of USD, 2005-2014) (Source: UNCTAD)

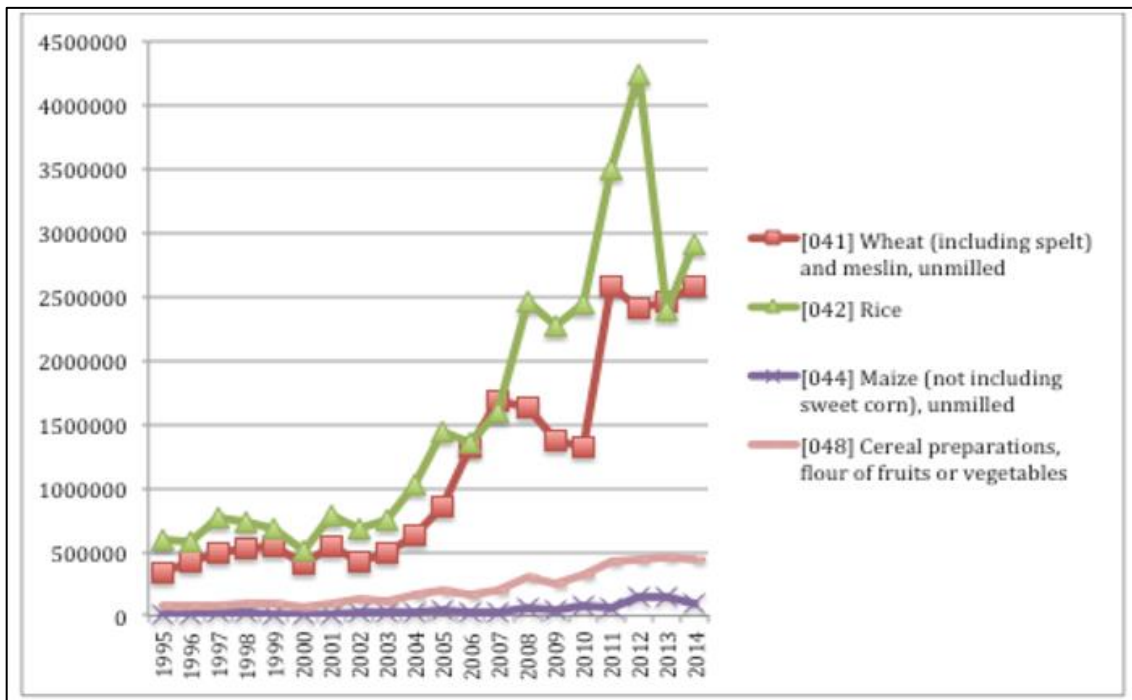


Figure 4E: Evolution of ECOWAS cereal imports (in thousands of USD, 1995-2014) (source: UNCTAD)

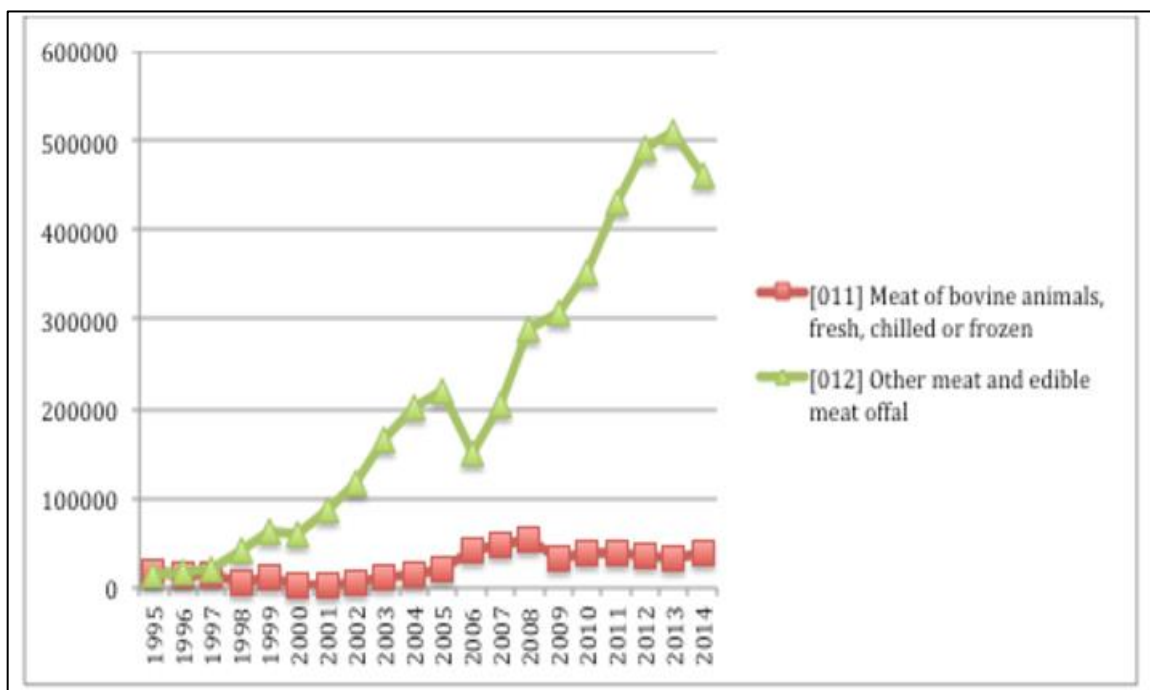


Figure 4F: Evolution of ECOWAS meat imports (in thousands of USD, 1995-2014) (source: UNCTAD)

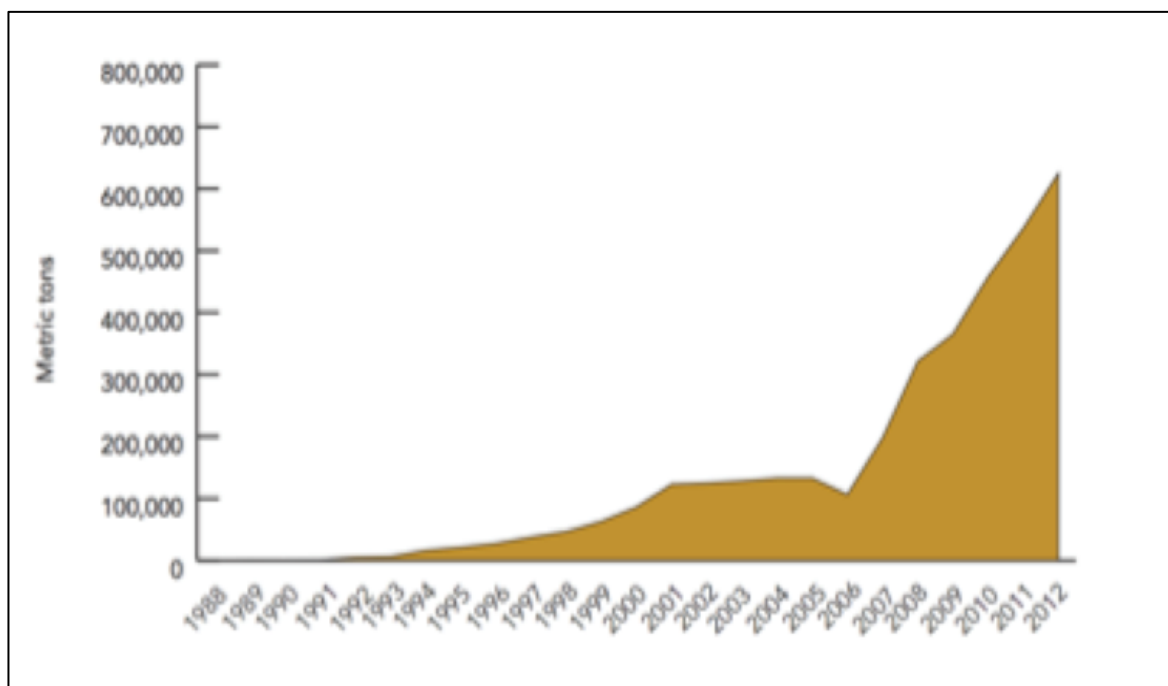


Figure 4G: Imports of poultry meat and live poultry in ECOWAS (1988-2012)  
(source: World Bank, 2015)

Top 10 intra-regional FOOD EXPORTS		Top 10 intra-regional FOOD IMPORTS	
Live animals	18%	Edible products and preparations	16%
Edible products and preparations	14%	Fish	12%
Fish	7%	Live animals	9%
Milk and milk products	7%	Milk and milk products	7%
Vegetables	6%	Coffee	6%
Rice	5%	Rice	5%
Coffee	5%	Fruits and nuts	5%
Cereal preparations	4%	Cereal preparations	4%
Fruits and nuts	4%	Vegetables	4%
Meals and flours	3%	Meal and flours	4%

Figure 4H: Top 10 intraregional food export and imports in ECOWAS  
(value, average 2010-2014) (Source: UNCTAD)



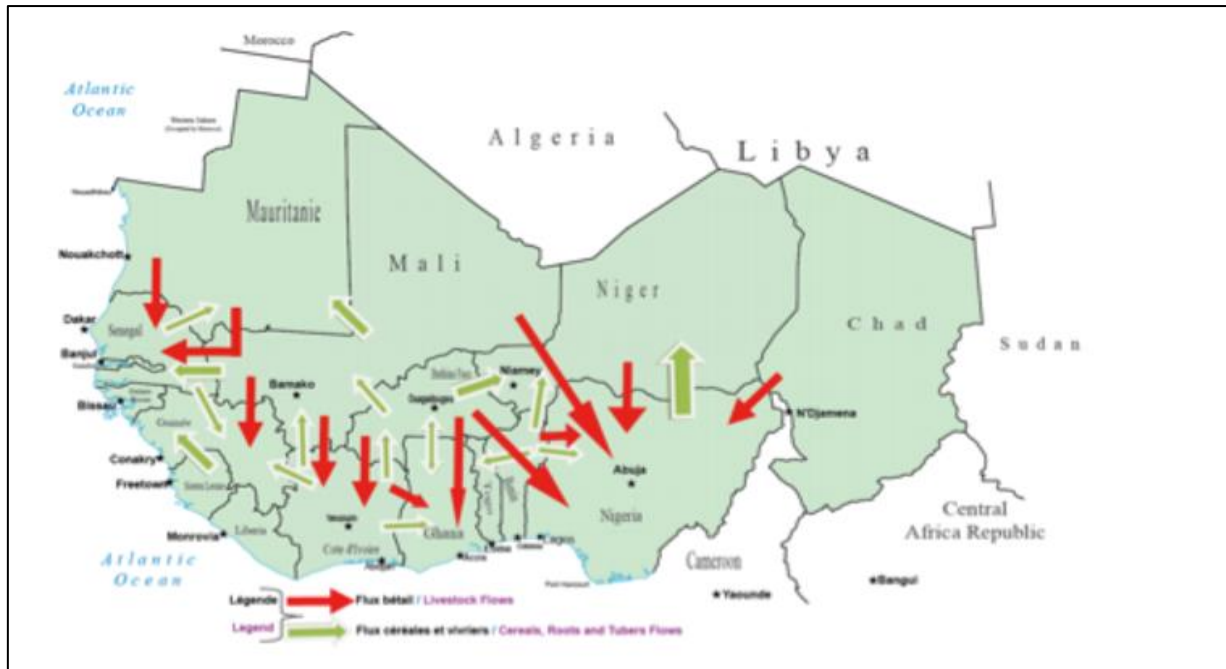


Figure 4I: Intra-regional trade flows of cattle, cereals, roots and tubers in ECOWAS (Source: CILSS, 2013)

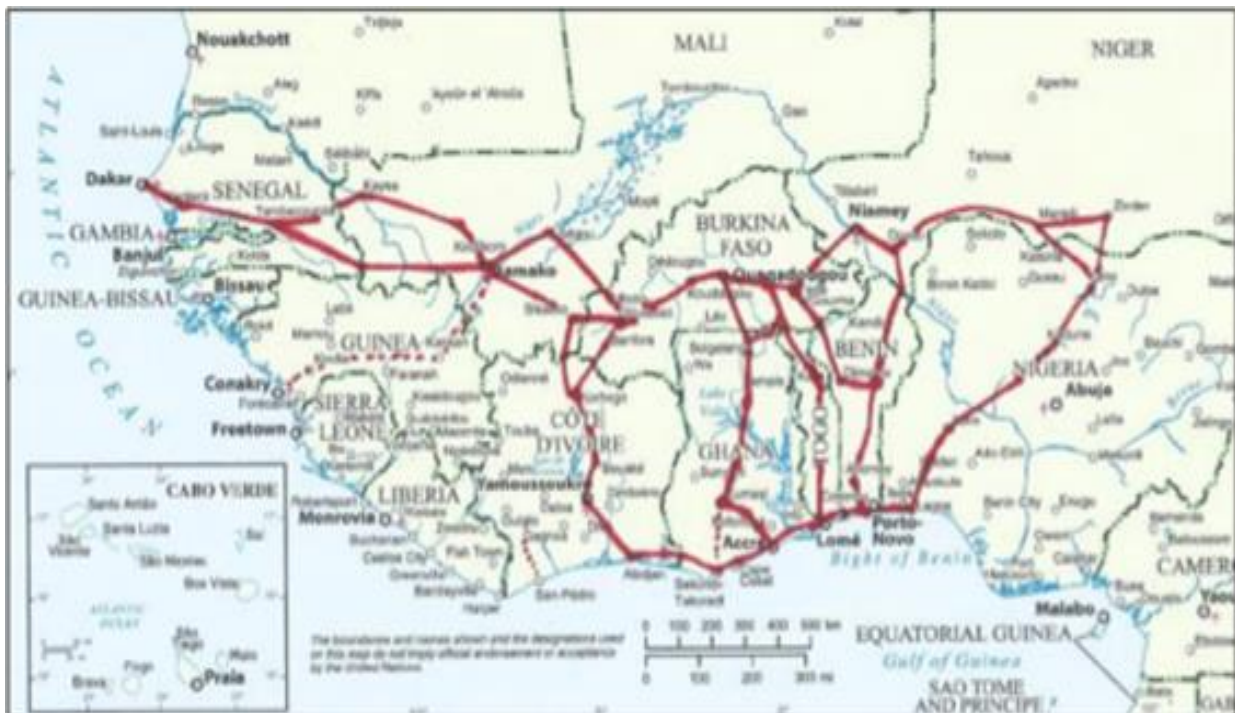
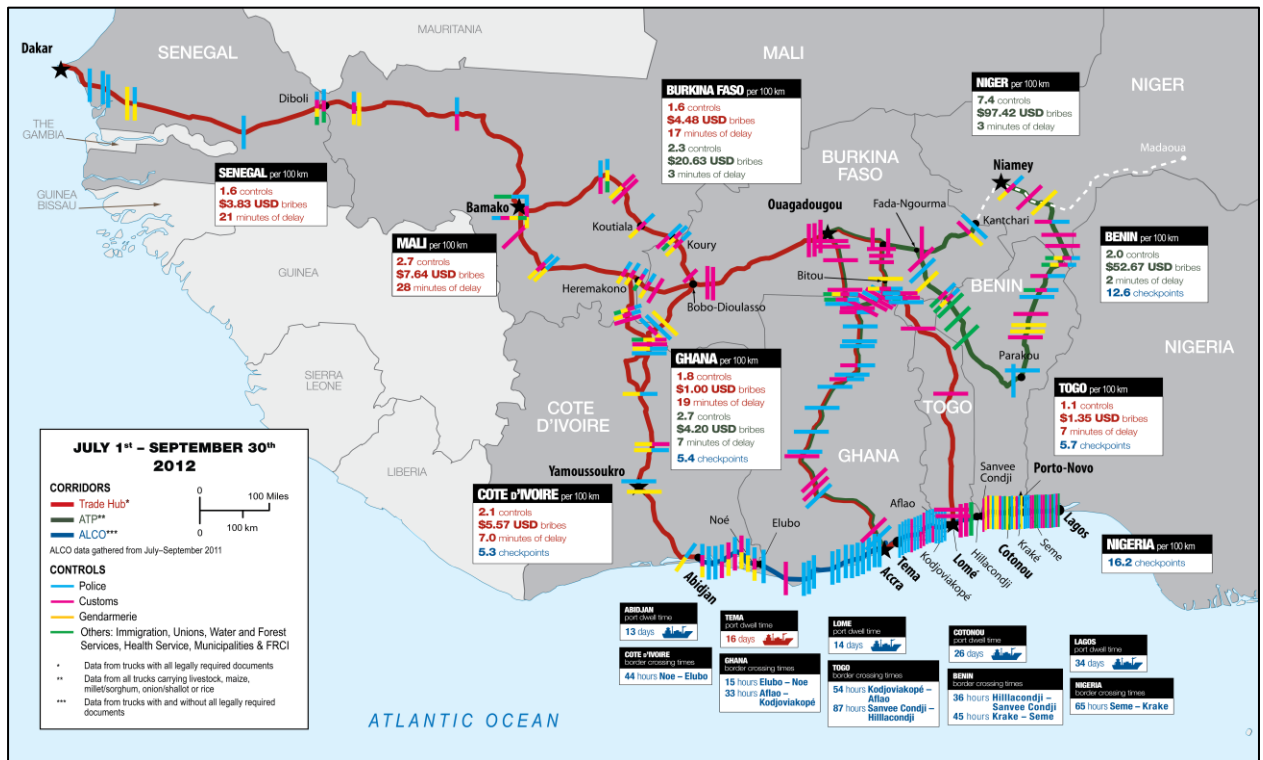


Figure 4J: Main trade corridors in West Africa (source: Sanaa/ DANIDA, 2015)



Figur 4K: OPA Road Governance (2013) (Source: Sanaa/ DANIDA, 2015)

## **Session 5: Inventory of existing Dutch bilateral policies in West Africa**

Monique Calon (MFA), with comments by Eric Tollens (KU Leuven)

In this session, the Ministry of Foreign Affairs gave account of the more pronounced policy focus on West Africa by The Netherlands from the perspective of regional integration and trade, and provided insight into some of the Dutch interventions that give substance to its engagement in the region.

- There is increasing international concern about the situation in West Africa, fueled by instability, migration, natural disasters, Ebola, population pressure.
- The opportunities for Dutch companies, knowledge institutes and civil society organizations to contribute expertise to respond to local development challenges (e.g. upgrading and scaling up of value chains) are expanding. There is increased interest on the part of Dutch businesses to invest in and trade with West African countries (West Africa is already largest trading partner for the EU within Africa).
- However there currently is only a limited number of Dutch embassies in the region to facilitate these actors to tap into these opportunities.
- Regional integration and trade have risen to the top of the agenda of the African Union and several regional economic communities, which opens up new opportunities for Dutch economic diplomacy at the regional level (within trading blocs). Nigeria appears to be setting the agenda for regional integration and trade in West Africa. However, the scope seems limited from Abidjan to Lagos.
- The recent Dutch policy note to parliament on inclusion emphasizes the need to focus on informal trade and the role of women, and on employment generation. It builds on the recognition that trade is very much part of the West African life style, and that most of the trade crosses borders and is informal.
- The international development community including The Netherlands should be careful not to obstruct trade flows at the local level, or to impose its agenda on Africa. Its focus and interest should be aligned to regional initiatives (ECOWAS) aimed at promoting regional trade.
- There is need for political economy analysis in order to understand the dynamics of trade in Africa. It is important to take policy to practice and using practice to improve policy. A key question in the context of West Africa is: in what way can trade contribute to the stability of the region?
- Regional trade provides access to a larger market for producers and investors, including Dutch companies specialized in processing and distribution. It also leads to better alignment of supply and demand, and results in cost reductions. A key issue is that urbanization is leading to high demand for agricultural/ food products which cannot be met at local or even country level.
- Although not building on a comprehensive regional policy approach for West Africa such as in the case of Horn of Africa and the Great Lakes region, there are a number of different types of Dutch interventions aimed at regional integration in West Africa. For example through support to the organization ENDA/CACID, The Netherlands enable civil society and private sector actors to engage in debate and implementation of ECOWAS protocols and regulations aimed at promoting regional trade. Through its collaboration with ECDPM, it supports capacity building of regional economic communities and stakeholder groups (e.g., ECOWAS, Reseau des Organisations Paysannes et des Producteurs Agricoles de l'Afrique de l'Ouest,

ROPPA) and the regional application of the pan-African Comprehensive Africa Agriculture Development Programme (CAADP). In addition, The Netherlands commission studies to further underpin regional trade initiatives, such as in the agricultural sector (livestock sector, with Wageningen University) or in the case of value chains perishables in Benin and Nigeria (with Buck Consultants).

- Targeted as a (possible) flagship programme in West Africa, The Netherlands is together with DANIDA involved in the Accelerating Trade in West Africa (ATWA) initiative, aimed at promoting regional integration through expanding trade and lowering trade costs along key trade routes in West Africa (See Figure 5A). ATWA is aligned with regional (ECOWAS) initiatives to promote regional trade and builds on experiences and results in East Africa of TradeMark East Africa (See Section 8). It addresses both internal trade issues as well as trade within the region. In order to further underpin this initiative, there is a need to conduct diagnostics on the main corridors in Ghana, Ivory Coast, Burkina Faso with extension to Mali – Senegal and Togo, and to undertake borderland studies to get a grip on informal trade with a special focus on women traders.
- There is a strong case for promoting regional trade in West Africa, for example as evidence shows that it contributes to poverty alleviation, strengthens local economies, enhances food security and increases opportunities for foreign (Dutch) investment. It is however key to find the right recipe to ensure that benefits (and risks) are shared equitably and that aid and trade are mutually reinforcing.

In the round of inputs following the presentation, it was indicated that when looking at donor initiatives including by The Netherlands, one should realize that aid becomes increasingly less relevant compared to investment flows and other financial flows. It was further stressed that although Dutch businesses are already well represented in the region, there is a need to enable more Dutch investors to tap into the opportunities in Africa, for example by actively promoting the opportunities in (West) Africa, in sectors in which Dutch businesses have comparative advantages. Concerning the link with stability, it was however mentioned that it will be a challenge to get (Dutch) investors interested to invest in fragile countries such as Mali. In response to this concern, the Ebola crisis was presented as an example where this crisis was actively seized as an opportunity to combine aid, trade and investment initiated through the organization of a trade mission. Regarding the case for promoting regional trade and the broad impact on sustainable economic development in the region, it was brought forward that one should approach (intra)regional trade promotion with an open mind, and not ignore the costs and benefits associated with other (existing) trade patterns (local trade, globalization).

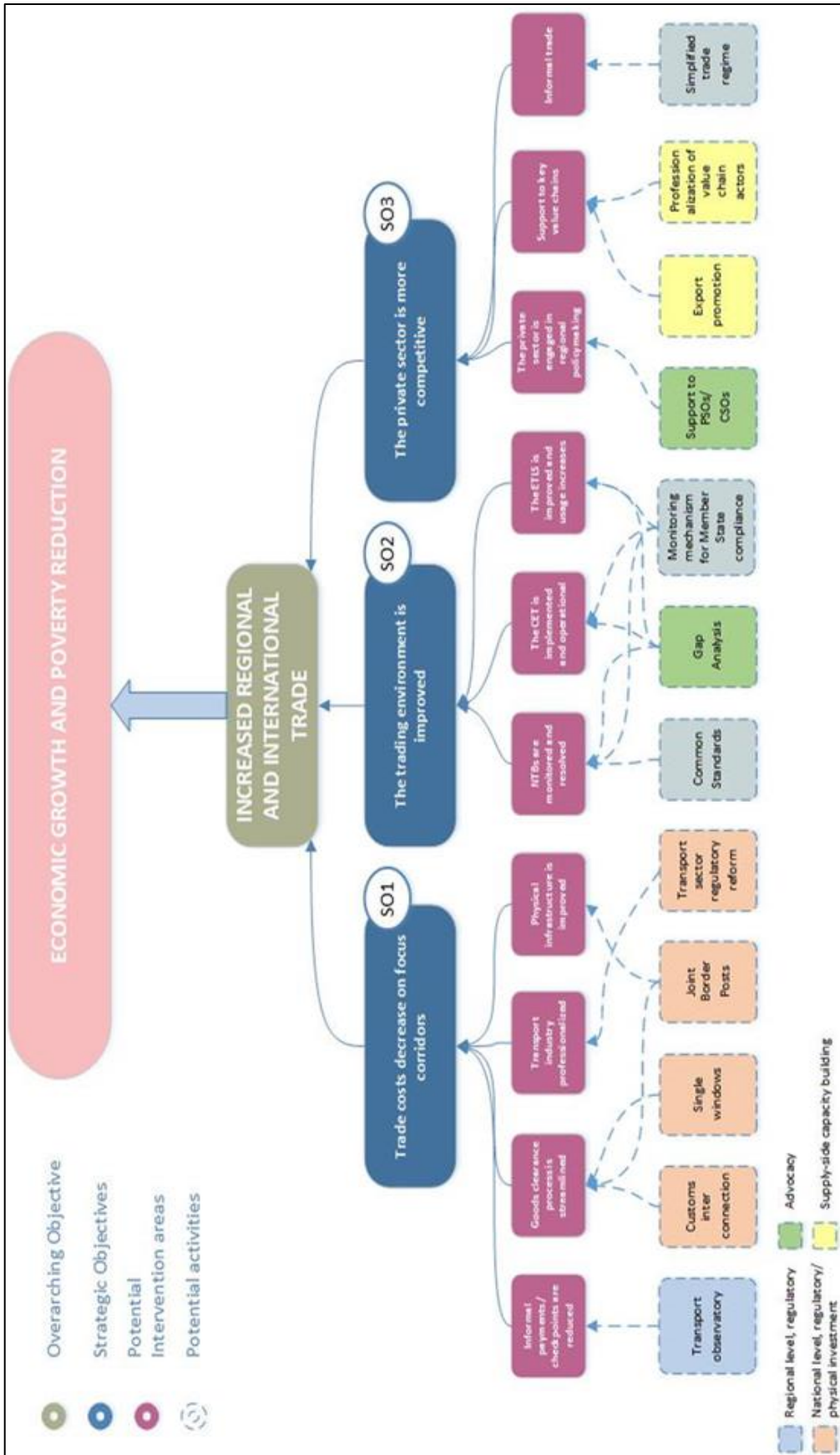


Figure 5A: ATWA Theory of Change (source: Sanaa/ DANIDA, 2015)

## **Session 6: Inventory of existing policies by regional institutions in West Africa, regional policies by other donors and donor coordination efforts**

Paul Lange (ASCL), with comments by Ruerd Ruben (LEI/WUR)

In this session, ASCL provided some broad outlines of the wide range of current (policy) initiatives aimed at regional integration in West Africa by the international development community and regional institutions, by zooming in on efforts that take trade as key entry point as one but important dimension of integration.

- There are two very recent policy mapping examples by 1) the Swedish International Development Agency (SIDA) in 'Evaluation of Swedish Trade-Related Support to ECOWAS through Phase II of the Trade Negotiation and Capacity Building Project' (2015); and 2) the Danish International Development Agency (DANIDA) in the 'Accelerating Trade in West Africa initiative (ATWA) Stage 1 Report' (2015).
- Both mapping examples particularly focus on initiatives that aim to promote and facilitate (intra-)regional trade in West Africa. Even when focusing on trade only, there is a plurality of initiatives (project, programmes, frameworks, strategies, funding mechanisms etc.) (See Figure 6A).
- Based on these policy mapping examples, the most engaged donors in the area of regional integration & trade are: World Bank, African Development Bank, European Commission, US/ USAID, Germany/ GIZ, UK/ DfID, The Netherlands, Japan/ JICA.
- Although perhaps surprising that France does not feature as an important bilateral donor, it appears that France generally does not engage with ECOWAS on development issues (in contrast to peace & security issues) and is mainly involved in West African regional integration through the European Union (for example through its participation in the European Development Fund).
- The rise of emerging economies like China, Brazil and India is increasingly felt in West Africa but it seems that aid has little relevance in the context of such South-South cooperation. These countries have interacted predominantly with the region in a bilateral, country-to-country way and generally do not feature high in their engagement with regional integration initiatives.
- The Economic Community of West African States (ECOWAS) and the Union Économique et Monétaire Ouest-Africaine (UEMOA) are regarded as the two main regional organizations in West Africa furthering the integration process. As possible third key regional organization, for the West African Monetary Institute (WAMI) it is apparent that its track record of efforts to establish the West African Monetary Zone (WAMZ) is far less impressive than the achievements of UEMOA.
- There are a number of other regional/ transnational organizations that drive regional integration in West Africa but to a lesser extent. Among them are financial institutions such as the Central Bank of West African States ('La Banque Centrale des Etats de l'Afrique de l'Ouest', BCEAO) and the West African Development Bank ('Banque Ouest Africaine de Développement', BOAD), transnational specific purpose organizations like the Permanent Interstates Committee for Drought Control in the Sahel ('Comité permanent Inter-Etats de Lutte contre la Sécheresse dans le Sahel', CILSS) and sub-regional cooperation

structures such as the Liptako-Gourma Development Authority ('Autorité de Développement du Liptako-Gourma', ADLG) (See Box 6B).

- Although data on donor support to regional integration in West Africa are difficult to obtain, the most comprehensive source of information is probably the figures on Aid-for-Trade financial flows collected by the OECD. By looking at these figures it becomes not only clear that a) the level of resources devoted to trade-related support to West Africa have significantly increased in recent years but also b) that the European Commission and the larger bilateral European donors are not the only major donors engaged in West Africa, which was historically the case.
- Drawing on the policy mapping effort by DANIDA, there seems to be some sort of division of labour (by default) between the donors. At the same time, according to the Aid-for-Trade data, it becomes clear that according to most recent figures overall the bulk of the money went into either building productive capacity or the development of economic infrastructure.
- It is increasingly visible that the global trend towards more enhanced donor coordination and harmonization among bilateral and multilateral donors has also bearing on policy initiatives aimed at regional integration and trade in West Africa.
- Despite the alleged division of labour between and the trend towards enhanced donor coordination, it is at the same time generally acknowledged that donor efforts in West Africa are still to large extent fragmented and that formal donor coordination is largely insufficient, demonstrated by the fact that a) the bulk of support aimed at regional integration from a trade perspective is taking place at the national level, not the regional level; and b) donors work with different preferred partners to support regional integration (cf. donors like France prefer to work through UEMOA or Francophone countries, while DfID targets cooperation with ECOWAS or with Anglophone countries)
- To be able to position future Dutch involvement, it is important to frame our policy mapping perspective within a comprehensive approach to regional integration in West Africa. Three major questions that could help to further frame this perspective are: a) How broad: which other policy areas beyond trade? b) How deep: what are the major policy mapping discussion points? c) How multi-levelled: interventions at which geographical scale(s)?

In the round of inputs following the presentation, it was recommended to look beyond donor initiatives as most West African countries are middle income countries now, which means that governments in West Africa also spend their own funds to stimulate trade and wider integration, and they participate with their own funds in regional agencies (like ECOWAS). It was further suggested that policy mapping should go beyond a sole focus on trade, and include other policy areas and cross-cutting issues as well, for example with regard to attempts to harmonise taxation regimes. In response to the allocation of financial resources according to the Aid-for-Trade figures (productive capacity building + economic infrastructure), it was that raised that probably the 'software' of integration (facilitation) is more important than the 'hardware' (physical infrastructure). Improving harbours, roads and markets is important, but improving institutions related to cross-border trade and investment is more difficult. Transaction costs are often much higher than transport costs as such. Monitoring these total costs by innovative 'crowd monitoring' – as happens with TradeMark East Africa – and making that information public, can be an important contribution to circumvent 'red tape'. Security and insurance issues were added as

important areas of attention. It was generally agreed by the participants that a policy mapping exercise could not do without adding a political economy lens in order to better understand the gap between policy formulation and implementation. An exclusive focus on the policy framework is too restrictive. When advising on policies for increased integration and improved trade and investment conditions, one has to be realistic about what policies can (and will) do. A lot of what actually goes on depends on private sector behaviour that circumvents, avoids, or undermines policy, and a lot of the integration successes happen despite adverse government behaviour. And it is also important to understand why policies so often are not implemented, or if implemented do not seem to work in the desired ways. Lastly, regarding the value of looking at regional trade & integration from a comparative advantage, it was indicated that positions in this debate often come from different political-ideological frames, and researchers as well as policy advisors should be aware of these contradictory frames.





**Figure 6A: Selection of donor initiatives aimed at regional integration & trade**

Economic Community of West African States (ECOWAS) (Abuja, Nigeria): <http://www.ecowas.int/>

Union Économique et Monétaire Ouest-Africaine (UEMOA) (Ouagadougou, Burkina Faso): <http://www.uemoa.int/>

West African Monetary Institute (WAMI) (Accra, Ghana): <http://www.wami-ima.org/>

Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) (Dakar, Senegal): [www.bceao.int](http://www.bceao.int)

Banque Ouest Africaine de Développement (BOAD) (Lomé, Togo): [www.boad.org](http://www.boad.org)

Comité permanent Inter-Etats de Lutte contre la Sécheresse dans le Sahel (CILSS) (Ouagadougou, Burkina Faso): [www.cilss.bf](http://www.cilss.bf)

**Box 6B: Key West African organizations engaged in regional integration and their websites**

## **Session 7: Inventory of policy options and possible effects**

Marie-Luise Rau (LEI/WUR), with comments by Marina Diboma and Jan Maas (NABC)

In this session, LEI provided some broad guidance on possible parameters and frameworks that could help to determine and shape policy options and to assess the effects.

- In West Africa, ECOWAS and UEMOA determine trade-related policies, but implementation of regional integration agreements is poor and incomplete.
- International cooperation frameworks such as the West Africa - EU Economic Partnership Agreement and the WTO Bali Agreement on trade facilitation affect policy options.
- Existing studies into the effects of regional integration vary in methods applied and their scientific soundness, and are difficult to compare because of the fact that the results are highly context-specific.
- When assessing policy options, different effects can be considered, such as trade effects, price effects, income effects and employment effects. Other dimensions of effects look at the target group (producers, consumers, governments, firms, etc.), the level (country, region/local or village level) and specific aspects such as gender and the environment.
- Different kind of reports and studies (e.g. plans/visions for West Africa, country reports, development cooperation evaluations) can provide useful insights or starting points for policy options.
- Although perhaps outside the scope of the scoping study, there is the possibility of combining qualitative information with a scenario analysis using a quantitative approach via a simulation model, such as the Modular Applied GeNeral Equilibrium Tool (MAGNET), a CGE-model. The general aim of a CGE analysis is to provide indications of effects in a consistent, economically sound framework by taking into account linkages across all countries as well as all sectors, and to allow the inclusion of specific features like nutrition (food security), types of households, financial transfers (international aid, remittances) and trade costs.
- To determine the scope in general and specific policy options in particular, a key question would be: in what way can be drawn on priorities/ preferences of the Dutch government in order to create synergies and improve policy coherence?

In the round of inputs following the presentation, one participant pointed to the issue of sustainability of programme results after programme activities have come to an end, as an important dimension of assessing possible effects. It was further indicated that for the identification of policy options, for example with regard to obstacles to trade and investment, it would be valuable to draw on knowledge and experience of the (Dutch) private sector with experience in West Africa, because more and more Dutch businesses work with local companies in West Africa. With regard to taking account of these experiences, it was however added that multinationals are generally better heard than (Dutch) SMEs which somewhat restricts our understanding of the business opportunities and challenges. With regard to the use of quantitative models, a participant expressed concerns about applying sophisticated models and their results for Dutch policy choices,

knowing that reliability of data on trade in West Africa is a major issue. When dealing with possible effects, several participants noted the importance of political economy analysis to map the key actors, their interests and linkages in order to identify the winners and losers of processes of integration.

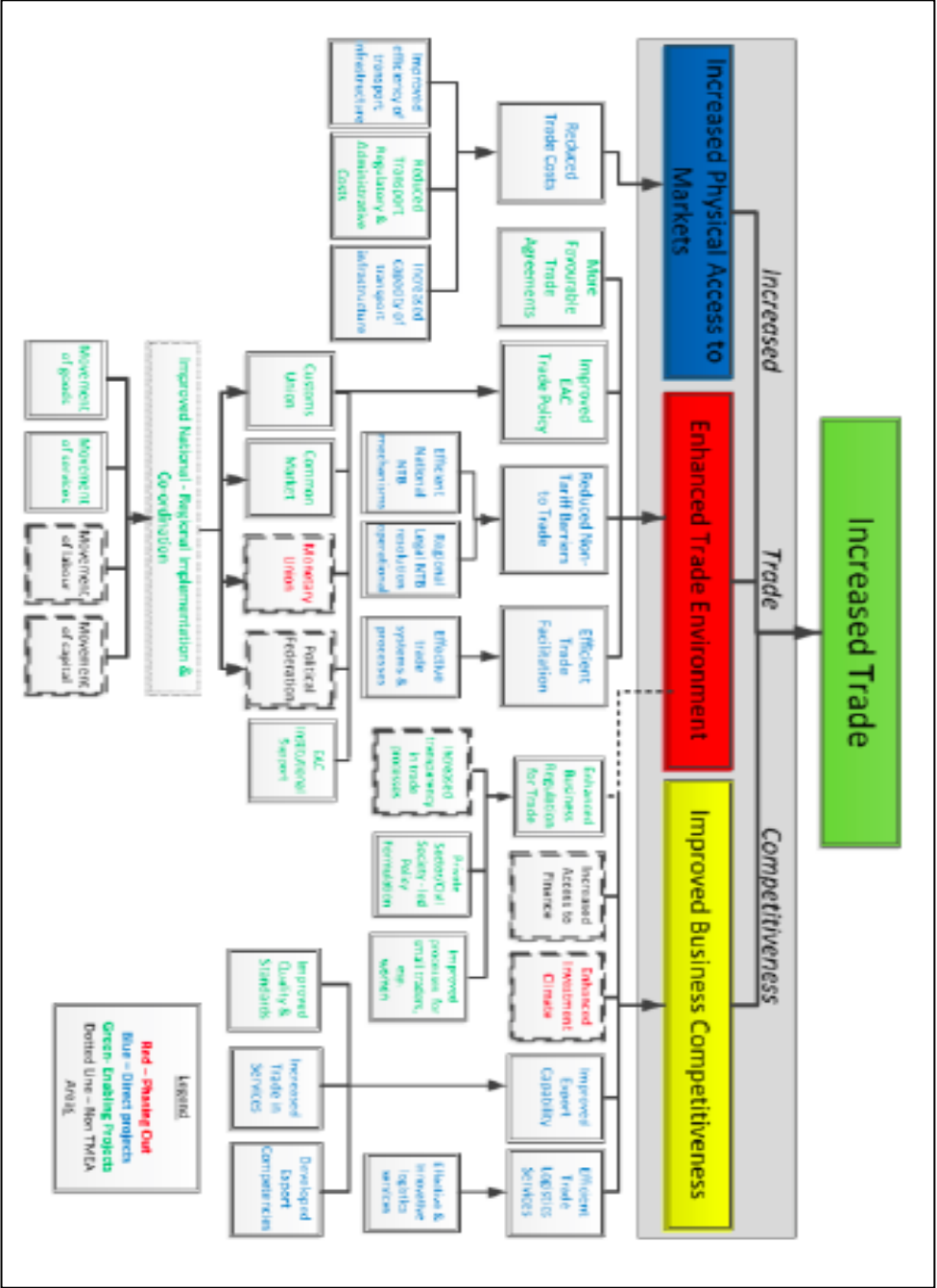
## Session 8: Example of TradeMark East Africa

In this session, TradeMark East Africa (TMEA) provided insight into their role as catalyst of regional integration and intraregional trade in East Africa and shared their experiences and lessons learned as possible inspiration and blueprint for West Africa.

- TMEA is a multi-donor “aid for trade” non-profit agency, with presence in Arusha, Bujumbura, Dar es Salaam, Juba, Kampala, Kigali and Nairobi. It has been established to support the growth of trade – both regional and international – in East Africa.
- TMEA’s overarching mission is to promote rapid advances in East Africa’s integration, trade and global competitiveness for all East Africans. The strategic objectives of TMEA are (1) increased physical access; (2) enhanced trade environment, and (3) improved business competitiveness (See Figure 8A).
- The total budget of TMEA over the period 2010-2016 amounts to \$560 million, making it the largest Aid-for-Trade programme in the world. TMEA funders are Belgium, Canada, Denmark, Sweden, Finland, The Netherlands, the United States and the UK as largest funder providing 60% of the budget.
- The Netherlands has recently decided to allocate \$6 million to TMEA’s Women and Trade Programme, from which 25,000 women entrepreneurs and traders across East Africa are expected to benefit.
- TMEA has moved from taking a corridor approach initially needed to get the political buy-in to focusing more on the borderlands along those corridors in order to become more aligned with poverty alleviation needs (See Figure 8B).
- The following lessons learned were identified as possible inspiration for West Africa: (1) *Focus* (continued primary focus on its three strategic objectives); (2) *Multi-donor backing* (to prevent fragmentation of donor efforts); (3) *Fast and flexible demand-led approach* (PDIA, Problem Driven Iterative Approach; donors allow TMEA to quickly readjust according to shifts in demands and needs); (4) *Solid presence on the ground*; (5) *Regional policy setting combined with national implementation*; (6) *Working through ecosystems with partners and stakeholders on the ground*; (7) *Strongly driven by results/ evidence and value-for-money*; (8) *Carefully balancing between donor interests and local ownership*; (9) *Strong national and regional ownership*; (10) *Combination of infrastructure (‘hardware’) and trade facilitation (‘software’)*.

In the round of inputs following the presentation, it was mentioned that TMEA significantly benefits from the political buy-in and will to act from the side of the East African Community, in sharp contrast to the positioning of the Common Market for Eastern and Southern Africa (COMESA). Another participant exactly called this aspect into question in the case of ECOWAS when reminiscing about the feasibility of similar initiatives in West Africa. In reaction to this concern, it was mentioned that the ECOWAS Commission is in general receptive to TMEA principles, judging from their engagement in discussions on the Accelerating Trade in West Africa (ATWA) initiative and that this will be further cultivated through showcasing the progress made by TMEA. In an attempt to frame the feasibility of initiatives like TMEA in the context of West Africa, it was indicated that some preliminary ideas going around build on the starting point of first focusing on a subset ECOWAS countries as frontrunners (2 or more) to prepare the ground and to

achieve some tangible results ('quick wins') before enlarging the geographical scope. With regard to the (financial) involvement of the European Commission in TMEA, it was made clear that there have been deep negotiations, but that the fact that TMEA is a so-called company limited by guarantee has proved to be a divisive issue. Concerning the engagement by the World Bank, it was further indicated that both organizations each firmly cling to their own more or less clearly defined and mutually exclusive mandate in the region



Figur 8A: TMEA's Theory of Change (source: TMEA)

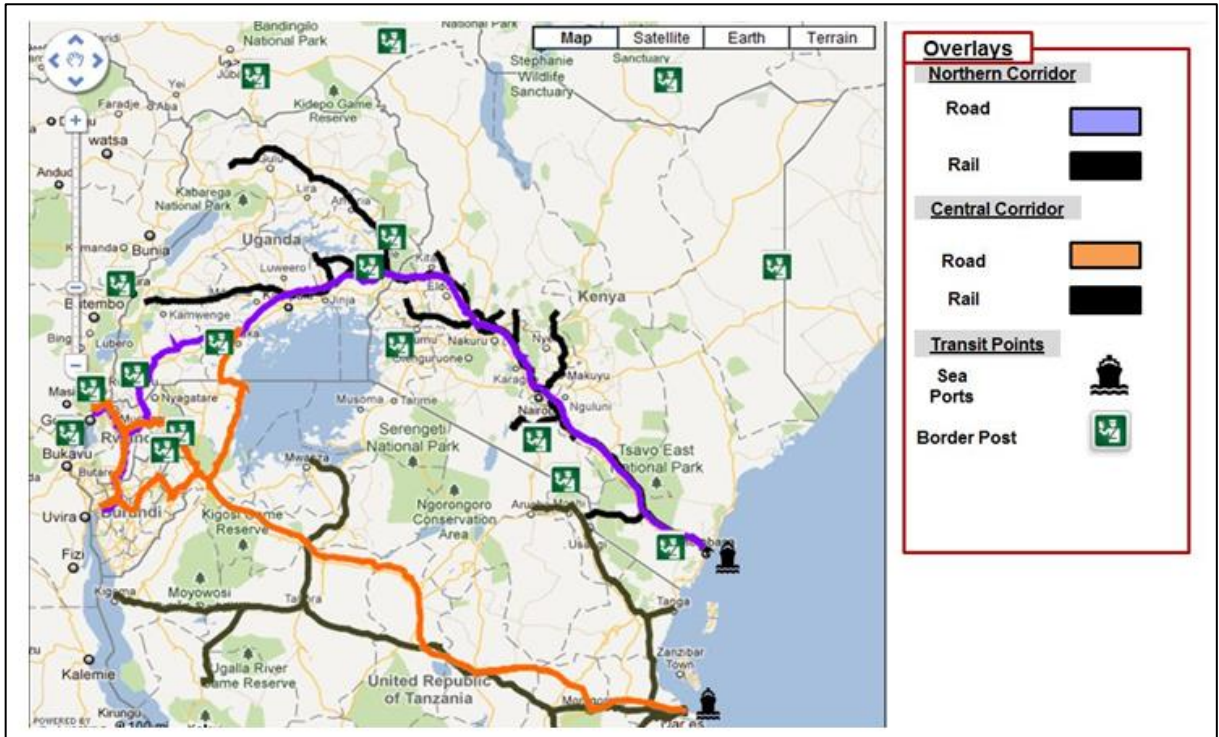


Figure 8B: East Africa Growth corridors (source: TMEA)

## **REFLECTIONS ON THE WAY FORWARD by Ton Dietz and Paul Lange (ASCL) (with input from Jeske van Seters – ECDPM - and Marie-Luise Rau – LEI/WUR)**

1. The search for relevant literature will continue and result in a separate document, giving relevant literature about aspects of regional integration in West Africa and individual countries in the region published between 2000 and 2016. For the 2010-2016 period abstracts will be included, if available. On the basis of the completed inventory of relevant literature the analysis (now with provisional results in section 1 and 2 of this report) will be adjusted and this will become part of the final report, to be ready as a draft in mid-March, and as a Final Report a few weeks later.

2. There will be a more detailed overview of available statistical evidence of trade relations in the final report (in section 3), with a specific focus on what is known about the dynamics of food and other agricultural trade in the region between 2000 and 2016, and its relative importance. There will also be a more detailed overview of policy options, as perceived in the literature and in policy documents in particular in section 7 of the final report. In section 2 of the final report section we will also summarize the existing ideas in the literature and among experts about the impact of regional trade on the business climate and on food resilience. The policy options to be discussed in section 7 of the final report will make use of these insights, and will also deal with the linkages between trade, investment, development and security policies.

3. Based on evidence so far it is too premature to present solid answers to two of the knowledge questions the Ministry wants us to answer. [Which are the expected effects of increased regional trade and investment in West Africa on regional development in terms of an improved entrepreneurial and investment climate and improved market access for SME's of local producers and traders?" and "Which are the expected positive and counter-productive effects of increased regional trade and investment in West Africa on the resilience of food systems, particularly where chronic or acute food shortages occur because of natural disasters or the fragility of states?"]. For us it is obvious that these two questions deserve a separate follow-up project, and a longer time scale. However, based on work done in East Africa (TMEA, and an ongoing ECDPM study) and preliminary work for ATWA in West Africa we will formulate hypotheses in the final report, among others building on section 6 of the current conference report. Here the scoping conference made it abundantly clear that we need a political economy perspective to make sense of the 'policy of policy making and the policy of policy implementation', but in a wider framework of understanding the political economy of the main drivers of trade and investment, the private sector, with both domestic, and international elements, and often intertwined.

4. Based on impressions gathered from the literature and during the scoping conference we would like to share the following reflections on what we see now as the way forward for The Netherlands' Ministry of Foreign Affairs. On the basis of this report we solicit further suggestions and comments (and corrections if needed) from the participants of the scoping conference and a few other advisors, which will be included in the final report.

a) It is recommended that the various Netherlands Embassies in the region, and the Ministry in The Hague find a way to communicate systematically about the regional trade and investment agenda in West Africa. They should not only look at the public sector

(and possible support by aid policies), but at 'sustainable diplomacy', linking public and private sector concerns, and aid, trade, investments, security, and migration concerns.

b) It is recommended that The Netherlands formulates as its ambition to be a catalyst for multi-donor coordination to support something comparable to TradeMark East Africa for West Africa as a whole. It is important that donors share information about their approaches (e.g. on corridor development).

c) However, The Netherlands should not focus its diplomacy and funds too much on support for regional agencies like ECOWAS as such. At that level other donors, including the EU, should take the lead, and the Netherlands may contribute by selecting specific support mechanisms, e.g. the ECOWAS transport observatory. On the other hand it is self-evident that the Netherlands should be aware of what is going on at the larger ECOWAS (and UEMOA etc.) level, with a particular role for The Netherlands' Embassy in Abuja, see point j.)

d) A small donor like The Netherlands should not overstretch its abilities to support regional integration of trade and investments in West Africa; it should focus on areas and domains where The Netherlands has a clear added value, and an acknowledged heritage of past performance.

e) The Netherlands should develop its strategies to support regional integration in West Africa by selecting one strong African partner in the region as lead partner. With the existing information so far, to us it seems that the African Development Bank with its headquarters in Abidjan is that lead partner. This does not preclude the involvement of other local knowledge partners, but suggests a clear hierarchy in the supported knowledge network. In the next few weeks we need to know more about the AfDB, and potential other 'lead agents'.

f). It is recommended that The Netherlands focusses its own aid and trade support to West Africa's regionalization agenda on trade in (imported and regionally produced) food products, with a focus on North-South and South-North linkages between Ivory Coast, Ghana and Burkina Faso, and with special attention for the food provisioning of Ouagadougou and Bobo Dioulasso as the major inland cities in that sub-region. In addition the trade in animals and livestock products (mainly North-South) to the major cities in Ghana and Ivory Coast deserves attention, as well as cross-border food linkages between Ghana and Ivory Coast, including trade in fish. The Netherlands should support value addition and quality enhancement of food products in the region (agro-food industrialization). For us the choice of this sub-region acknowledges the growing importance of Ivory Coast; and makes proper use of the new Netherlands' Embassy there. It crosses the English-French divide and the South-North divide and it corrects the mistake of closing the Netherlands Embassy in Burkina Faso. It can make use of an extensive network of Dutch expertise in the private sector and in knowledge agencies, and their (former) partners in the region. For the time being it is not wise to concentrate on the Senegal/Guinea-Mali corridors and on the complicated eastern part of the West African Region. The Netherlands can build on the preliminary work done for ATWA.

g) Attention for trade routes and transport and other trade barriers along those routes (including the major harbours, and border posts) should include formal and informal transactions and value chains. Here a sound analysis of major actors, and the political economy of those actors (also in historical perspective) is a prerequisite for



understanding opportunities and threats, risks and chances. Both for local/regional entrepreneurs and for foreign (including Dutch) business. Attention for informal food trade and its linkages to food security in the region asks for a focus on women producers and traders, and The Netherlands should go beyond corridor development and formal trade (with mainly men involved).

h) It may be useful to combine a Dutch focus on the Burkina Faso/Ghana/Ivory Coast trade region with some comparative attention for the Mali-Senegal border zone and the Ghana/Togo/Benin/Burkina Faso/Niger border zone.

i) The food dynamics in Burkina Faso's border region with Ghana and Ivory Coast deserve special attention, with attention for seasonality, and long-term trends (a solid baseline survey is recommended and support to the AfDB in building up and using a proper data monitoring system).

j) It is recommended that the new Embassy of The Netherlands in Ivory Coast gets the mandate to develop a regional policy of sustainable diplomacy for the three countries, and to include Burkina Faso in the Embassy's activities related to trade, investment and aid. Of course this should be done in close collaboration with the Netherlands Embassy in Accra, and also with The Netherlands Embassy in Abuja, with regard to connections with the overall ECOWAS approach (with headquarters in Abuja). It is also recommended that there will be regular meetings about regional trade, aid and investment between the relevant The Netherlands' Embassies in the region (see earlier, point 4a).

k) It is recommended that The Netherlands' Ministry of Foreign Affairs and the relevant Embassies in the region not only involve local policymakers and knowledge centres (and supporting institutions in the Netherlands), but also representatives of the private sector in the region (and a support agency like the Netherlands African Business Council, linking Dutch and local entrepreneurs). It is also recommended to connect to Dutch agencies with a long presence in the area, and with relevant expertise and networks, like SNV and Agriprofocus.

# ANNEX I REFLECTIONS BY PROF. CHIBUIKE UCHE

## Regional Integration in West Africa, with a focus on monetary integration

Chibuiké Uché is senior researcher at the African Studies Centre Leiden, and specialized in the governance of finance and integrity in (West) Africa. He is also advisor to the Central Bank of Nigeria, and former Professor of Banking and Financial Institutions at the University of Nigeria. He did his PhD at the London School of Economics.



Map of West Africa (source: [www.nationsonline.org/oneworld/map/west-africa-map](http://www.nationsonline.org/oneworld/map/west-africa-map))

### Summary

I know so little about Dutch policies in West Africa especially with respect to promoting intraregional trade and investments. My comments will therefore tend to be more general. I will simply document what I consider to be the main problems with intraregional trade and integration in the sub-region. Despite these problems, my view is that there is still room for facilitating such investments and trade. Most of the changes will however have to come from within the subcontinent. Despite many missed opportunities and false starts, internal market dynamics have started encouraging more intraregional trade and investments in the sub region. My advice therefore will be for foreign donors to restrict their support to the arena of providing regional infrastructural

support rather than providing country level support. This will save such bodies the complexity of having to deal with a complex sub-continent at a micro level.

### *Problems with Intraregional Trade and Investment in West Africa*

A major problem with regional integration in West Africa is currency convertibility. With several currencies in use in this region, which consist of some of the poorest countries in the world, the transaction costs of such regional trade is normally very high. The history of this has been well documented elsewhere (Uche, 2001). More recently however I have come to the careful conclusion that the Nigerian Naira lost its opportunity of becoming the regional currency of choice (that it was considered as such is not surprising given the country's population and size of its economy) in 1984 when its Government unilaterally changed the colour of Naira and gave only a two weeks exchange window, with strict guidelines, for this to happen. This essentially demonetized all the Naira 'reserves' held in other West African countries. Unfortunately, the currency is yet to recover from this. Despite the fact that Nigeria represents about half of the sub-region's economy, the Naira is still mainly exchanged informally in the sub-region. The subsequent dual track ECOWAS policy towards a single currency for the region has, I dare say, failed.

Despite the above failure, intra-regional investments in West Africa are actually on the increase with the Nigerian banking sector leading the way. This development was mainly because of the 2005 banking consolidation exercise in Nigeria which essentially required these banks to increase their paid up capital by over 1000 percent within a very short period. The banks that survived had so much capital and thus began to look abroad for its investments. Nigerian banks, for instance have investments in almost all West African countries. I have however argued elsewhere that most of these banks are operating more like local banks rather than international banks (Uche, 2015). Despite this, it is important to note that the expansion of Nigerian banks across the subcontinent has essentially improved competition in their host economies. This is definitely a good omen for regional integration.

Another important point of interest is the fact that infrastructural decay, high cost of operations and corruption in Nigeria has in recent times been encouraging multinational businesses to relocate to other West African countries with better infrastructure. More recently, complex and difficult foreign exchange regulation in Nigeria is forcing several multinationals to rethink their operational strategy in the country. With the ECOWAS Free Trade Agreement, such businesses remain able to service their customers in Nigeria. Western intervention in region-wide infrastructure like road and rail networks will further assist this process of allowing multinational businesses to settle where they are most comfortable in the Continent. With the current low oil prices and its attendant impact on Nigerian oil rents, the political survival of any Nigerian Government will depend on its ability to make its territory more welcoming to foreign businesses.

The pessimistic observers may of course argue that the Nigerian Government may react with restrictive measures like reneging on the ECOWAS free-trade agreements. While this may have been possible two decades ago, it is unlikely to happen now. There are clearly more Nigerian businesses and citizens in other West African countries than the reverse. Nigeria is therefore no longer in a position to flex its political muscle in the above direction. The only viable alternative left for the country is to improve its governance

standards. The declining crude oil price will at the very least serve as a reality check for the country.

Interestingly, it is not only Nigerians and Nigerian businesses that are spreading abroad. Nigerian culture is also spreading. This is helping to bring down the social, cultural and colonial barriers that have long dogged the continent. Increasingly, for instance, Nigerian films and music are becoming popular across the sub region including even in the francophone countries. This in my view is very significant. Anybody who has travelled across the subcontinent by road will appreciate the stark difference in the experience of crossing from Anglophone to Francophone countries.

Interestingly, most Anglophone countries in West Africa are encircled by Francophone countries. This colonial divide has been a major impediment to intraregional trade. One way Europe as a whole can help to mitigate this problem is to allow for the expansion of the Francophone monetary Union to include all the excluded countries in West Africa, with the exception of Nigeria. This will essentially create two major trading blocks in the subcontinent thus making regional trade more competitive (Uche, 2011).

### *Conclusion*

- Europe should keep regional integration support to West Africa at the macro level by supporting only regional infrastructural developments.
- Europe should allow for the expansion of the Francophone monetary zone to include all the excluded West African countries, with the exception of Nigeria.

### *Useful References*

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## ANNEX II List of Participants

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	29. Eric Tollens	KU Leuven
	30. Chibuike Uche	African Studies Centre Leiden (ASCL) - participation by written contribution, see Annex I