

# **INAUGURAL CONFERENCE 2016**

---

**WEST AFRICAN THINK TANK NETWORK (WATTNet)**

**THEME:  
TRANSFORMING WEST  
AFRICA FOR INCLUSIVE  
DEVELOPMENT**



**WATTNet**  
WEST AFRICAN THINK TANK  
NETWORK



WATTNET CONFERENCE

“TRANSFORMING WEST AFRICA FOR INCLUSIVE DEVELOPMENT”



**WATTNet**  
WEST AFRICAN THINK TANK  
NETWORK

CONFERENCE PAPERS AND REPORT

MARCH 2016

## ACKNOWLEDGEMENT

This work has been made possible with funding from  
The International Development Research Centre, through The Think Tank Initiative (IDRC/TTI).

# ABOUT US



## INTRODUCTION

WATTNet is a network of policy think tanks that have established themselves in their individual countries, as research and policy advocacy organizations with a commitment to sustainable development, democratic governance and pro-poor policy.

The network is made up of research and advocacy organisations with a commitment to the development of national policies through evidence-based research and analysis. These organizations have been joined together by a common dedication to the development of sub-regional policies that will further the above ideals at sub-regional levels. They are resolved to strengthen their collective influence in the policy development processes of sub-regional development institutions and bodies.

Members of the network are agreed on a strategy of coordinated policy research, advocacy and capacity building as the means by which to influence policy development by regional and sub-regional bodies. They are committed further to knowledge-sharing, dissemination of information and best practice to support each other's research and advocacy processes. WATTNet therefore presents a platform for coordinated research, information-sharing and capacity-building across West African think tanks and research institutions. The network represents an institutional framework for inputting into regional and sub-regional policy processes.



### Mission

WATTNet exists to strengthen the regional and sub-regional influence of West African policy think tanks by serving as a platform for coordinated research, information-sharing and capacity-building across West African think tanks and research institutions, and representing an institutional framework for input into regional and sub-regional policy processes.



### Vision

WATTNet's vision is of a West African sub-region that is developing steadily towards its sustainable development goals through the adoption of sub-regional policies developed through evidence-based, sub-regional research and robust policy engagement processes.

## Objectives

1. To create a synergized, coordinated and concerted approach to policy research across West African policy think tanks and research institutions
2. To strengthen the influence of West African policy think tanks in the policy development processes of sub-regional institutions and bodies
3. To strengthen the policy-development role and mandate of sub-regional development actors and policy institutions.
4. To respond to the policy research needs and demands of sub-regional development actors and policy institutions.
5. To strengthen WATTNet member organizations' capacities in research, advocacy, policy dissemination and engagement.

## Contact

Further information may be obtained from:

WATTNet Secretariat

P.O. Box OS1936, Osu, Accra, Ghana.

Tel: +233-302244716 / 307010714

Fax: +233-302222313

Email: [wattnet@wattnet.org](mailto:wattnet@wattnet.org)

Website: [www.ieagh.org/wattnet](http://www.ieagh.org/wattnet)

This work has been made possible with funding from The International Development Research Centre, through the Think Tank Initiative (IDRC/TTI).

© 2016 Copyright

Printed in Ghana. All rights reserved. No part of this work may be published, used or reproduced in any manner without written permission of the publisher except in the case of brief quotations in critical articles and reviews.

Publication of this work signifies that The WATTNet regards it as a competent treatment worthy of publication. The findings, interpretations and conclusions of this paper are entirely those of the authors, and should not be attributed to The WATTNet or any organization that support it.

# TABLE OF CONTENTS

1. Managing Natural Resources for Inclusive Development in West Africa .....	10
2. Regional Trade for Inclusive Development in West Africa .....	28
3. Cultivating A Productive Agricultural Sector for Inclusive Development in West Africa.....	49
4. Promoting Strong Institutions -Transparency and Accountability in the Fight Against Corruption .....	63
5. Achieving SDGS In West Africa: Implementation, Monitoring and Data-Related Issues .....	71
6. Appendix .....	86
7. WATTNet Inaugural Conference 2016 .....	87

# PREFACE

West Africa, like the rest of Africa, is confronted with several economic, social and political challenges, which impede the development of the region. The performance of West African economies continues to be inhibited by low productivity and manufacturing, and the export of unprocessed and unrefined natural resources, reflecting the structural weaknesses of these economies. In addition, bad governance, political instability and lack of peace and security continue to plague many countries, setting back socio-economic progress. At the same time, there is also a lack of sustained evidence-based research to inform national and regional policies to address these challenges.

In this regard, ten (10) think tanks across the sub region with the objective of promoting socio-economic and political development in West Africa through evidence-based research and advocacy came together to form a network – West African Think Tank Network (WATTNet).

WATTNet seeks to establish a West African platform which will enable sustained collaboration between research institutions (Think Tanks) in the region. Additionally, WATTNet seeks to generate quality evidence and knowledge on economic, social and political issues to feed into national and regional policy design, implementation and evaluation.

The WATTNet organised its first conference on the 1<sup>st</sup> & 2<sup>nd</sup> of March 2016 on the theme; “Transforming West Africa for Inclusive Development”. The conference brought together policy makers, think tank leaders, academia and

business leaders to deliberate on the key policy issues confronting West African countries, so as to build consensus on the way forward.

This publication contains the report of the Inaugural Conference and five (5) papers flowing from the Conference as follows;

- i) Managing Natural Resources for Inclusive Development in West Africa
- ii) Regional Trade for Inclusive Development in West Africa
- iii) Cultivating a Productive Agricultural Sector for Inclusive Development in West Africa
- iv) Promoting strong Institutions- Transparency and accountability in the fight against corruption
- v) Toward Achieving SDGs (Implementation, M&E, Data)

We hope you find this report useful and look forward to receiving your feedback.

Thank you.

Mrs. Jean Mensa

Executive Director

Institute of Economic Affairs (IEA)

Accra Ghana

# MANAGING NATURAL RESOURCES FOR INCLUSIVE DEVELOPMENT IN WEST AFRICA

---

Prof. John Asafu-Adjaye  
Senior Fellow, The Institute of Economic Affairs (IEA), Ghana



**WATTNet**  
WEST AFRICAN THINK TANK  
NETWORK

# ABSTRACT

Although countries in West Africa are richly endowed with abundant natural resources, to date they have achieved poor development outcomes. The high economic growth rates witnessed in the last decade have not resulted in a reduction in the high unemployment rates, particularly amongst young people. The economies of countries in the region have remained virtually unchanged with a focus on the export of low value added primary commodities. Growth in the manufacturing sector, which has the potential to absorb more young workers, has stagnated. Although some progress has been made in health and education, countries in the region still lag behind the rest of the world on the basis of various socioeconomic indicators. Given this background, the main aim of this paper is to analyse problems associated with natural resource management in West Africa with the view to identifying policy options to promote inclusive development.

From the analysis, the following policy options are proposed for achieving improvements in natural resource management in the region: **(i)** Transparency and accountability can be enhanced by making information on production activities and revenue flows freely available to the public; **(ii)** Transparency and accountability can be further enhanced by improving the institutional environment; **(iii)** It is recommended that the best way of improving governance in natural resource management is through legislation of the key aspects identified above; **(iv)** Dutch Disease effects can be mitigated

with appropriate macroeconomic and microeconomic policies. Keeping some of the revenues offshore, while spending the remainder on carefully targeted expenditure programs (e.g., on infrastructural development) can meet the needs of current and future generations. At the micro (industry) level, Dutch Disease effects can be addressed by policies targeting investment to the affected industries (e.g., agriculture and manufacturing); **(v)** The Resource Curse can be turned into a blessing with a properly articulated expenditure program that is aligned with a national long-term development plan; and **(vi)** Involving key stakeholders in the oversight of the expenditure program can enhance efficiency and deter corruption.

## 1. Introduction

Economic growth in Sub-Saharan Africa (SSA) generally outpaced the rest of the world with an average Gross Domestic Product (GDP) growth rate of 6% per annum over the period 2006–2012 (World Bank, 2016) despite the effects of the Global Financial Crisis. During this period, many countries in the West Africa sub-region such as Burkina Faso, Nigeria, and Ghana posted impressive average annual growth rates of 6%, 7% and 8%, respectively (Fig. 1).

Growth in Côte d'Ivoire declined during this period due to the civil disturbances, while it was subdued in Senegal. Ghana in 2011 posted a world-leading growth rate of 14% on the back of the first full year of oil exports. The growth spurt in the region was fuelled mainly by high

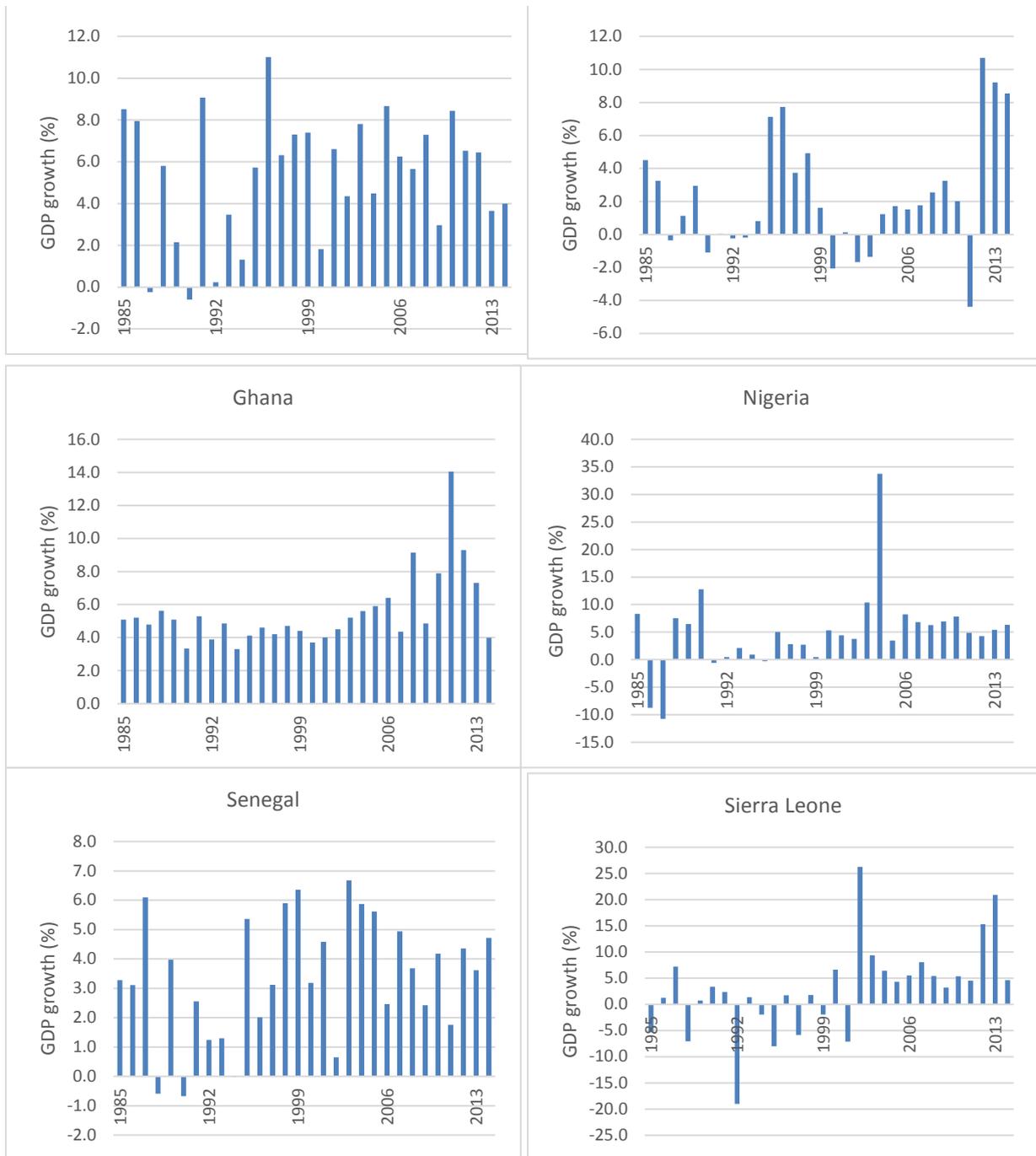
commodity prices driven by demand for minerals and energy particularly from China and India, as well as increased domestic demand and rising private capital flows. Unfortunately, this impressive growth performance could not be sustained. Over the past few years growth in the region has slowed considerably due to external and internal factors. Commodity prices, particularly for minerals, have slumped due to reduced demand from China. Petroleum prices, for example, have steeply declined to below US\$30 per barrel due to continuing uncertainty in the global oil market, driven by various factors including concerns over the pace of economic growth in the emerging countries.

The fall in commodity prices has led to drastic reductions in the export earnings of countries in the region. In countries such as Burkina Faso, Ghana and Nigeria, the situation has been further exacerbated by ongoing challenges in energy supply. These factors have combined to slow economic growth in these countries (see Fig. 1). For example, Ghana's economic growth slowed to 3.9% in 2014 and is projected to decline further in 2015. These developments have presented budgetary

challenges to many West African governments. Ghana, for example, was compelled in 2015 to turn to the IMF for a bailout package of nearly US\$1 billion. It has been reported that Nigeria is currently engaged in negotiations with the World Bank and the IMF for an assistance package (Financial Times, 2016).

What would appear to be a paradox is that SSA countries are richly endowed with abundant natural resources and yet have so far achieved poor development outcomes compared to other less endowed regions. The challenge for policy makers is to find ways of leveraging these resources for inclusive growth and development. Some progress has been made in some areas. For example, despite persistently high population growth rates, infant mortality has declined significantly across the region (Fig. 2). Between 2006 and 2011, the poverty head count, measured by the number of people living on less than US\$1.25 per day, fell from 58% to 48.5% for the West African countries in this study (World Bank, 2016). However, in general SSA lags behind the rest of the world on a number of socio-economic indicators. Therefore, a lot remains to be done in order to achieve our Sustainable Development Goals.

**Fig 1: Gross Domestic Product Growth Rates for Selected Countries in West Africa**



Source: World Bank (2016)

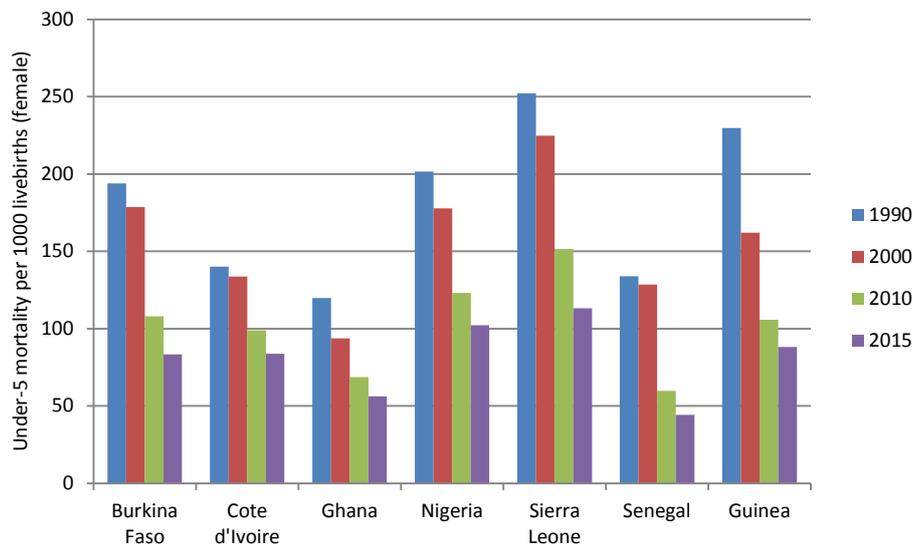
The impressive growth performance in the past has not brought about a reduction in unemployment, especially youth unemployment. For example, in a recent survey the UN has estimated youth unemployment to be over 20% in Ghana, while in other parts of Africa the estimate is over 60% (UNECA

and UNPY, 2011). This situation has arisen because, with the exception of agriculture, the majority of the natural resource extraction activities (e.g., mining and forestry) tend to be capital intensive, creating relatively few direct and indirect jobs. The multinational companies (MNCs) operating in the region are quick to

repatriate their profits and do not invest much in the countries where they operate. This therefore means that prospects for improving the welfare of the people depend on the

extent to which governments can effectively utilize their share of the natural revenues for development purposes.

**Fig 2: Under-5 Mortality Rates (Female) for Selected Countries in West Africa**



Source: World Bank (2016)

In view of the concerns raised above, the main aim of this paper seeks is to analyse problems associated with natural resource management in West Africa. The ultimate goal is to identify policies that could be implemented to promote inclusive development in the region. The remainder of the paper is organised as follows. Section 2 examines the relationship between natural resources, economic growth and development in West Africa. We argue that resource rents in the region have been low and we provide evidence to show that resources have had an insignificant impact on economic development. Section 3 discusses problems associated with natural resource management in the region. In Section 4, we review policy options for improving natural resource management. Specifically, we focus on issues related to transparency and accountability and we also consider strategies to avoid Dutch Disease effects and the Resource Curse. The final section contains the summary and policy implications.

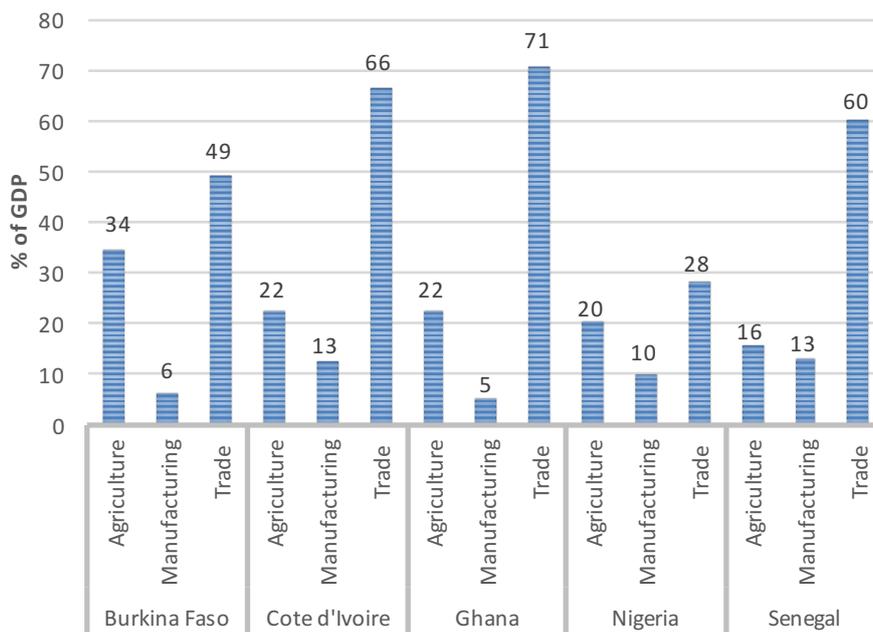
## 2. Natural Resources, Economic Growth and Development in West Africa

Countries in West Africa, like others in the developing world, are dependent on their natural resources for sustenance and national income. Agriculture (including forestry) is the dominant sector in terms of employment and livelihoods of the people. In some countries such as Côte d'Ivoire, Ghana, Nigeria and Senegal, the share of agriculture in GDP has declined to around 22% or less in the past decade (Fig. 3). In most of these countries, the services sector (fueled by telecommunications) has overtaken agriculture in terms of contribution to GDP. However, the telecommunications subsector is highly capital intensive and does not employ large numbers of people. In terms of employment, agriculture continues to be the sector that engages the majority of the people in commercial as well as subsistence activities. The level of manufacturing, which has the potential to employ more young people, remains low at around 13% or less

(Fig. 3). Trade, defined here as merchandise exports plus merchandise imports divided by GDP, is dominated by the exports of low value added agricultural and other natural resource commodities such as minerals and oil. The economic structure of countries in the region

has remained virtually unchanged over the past four decades. The expected shift from agricultural production to high valued added manufacturing and processing as countries develop has not yet occurred.

**Fig 3: Shares of Agriculture , Manufacturing and Trade in GDP for Selected West African Countries in 2015**



Source: World Bank (2016)

Natural resources are meant to be a blessing in any country. However, that cannot be considered to be the case in the experience of many countries in the region. Two negative effects associated with large natural resource projects are the Dutch Disease and the Natural Resource Curse. The ‘Dutch Disease’ (Corden and Neary, 1982; van Wijnbergen, 1984; Sachs and Warner, 1997)<sup>1</sup> refers to the phenomenon whereby the injection of large amounts of foreign capital into the domestic economy causes the exchange rate to appreciate. This causes the traded sectors (e.g. agriculture) to lose external competitiveness, resulting

in contraction in their output. On the other hand, the Resource Curse is related to governance issues associated with natural resource extraction, which in many cases have resulted in negative social, economic and environmental consequences for the countries involved (e.g., see Auty, 2001; Gelb, 1988). The Resource Curse is confirmed in West Africa where a number of social conflicts have either directly or indirectly been associated with natural resources.

<sup>1</sup> Although the Dutch Disease phenomenon had already been noted in the academic literature, the term was coined by *The Economist* magazine in 1977 to describe the woes of the Dutch economy after large gas reserves were discovered in 1959. Dutch exports soared. However, from 1970 to 1977 unemployment increased from 1.1% to 5.1%. The puzzle was explained by pointing to the high value of the guilder, then the Dutch currency.

Have natural resources contributed to economic development in West Africa? To provide an empirical answer to this question, we analysed the relationship between economic development (proxied by adult life expectancy), total natural resource rents (% of GDP)<sup>2</sup>, per capita GDP growth, foreign direct investment (FDI) and total merchandise exports for a sample of West African countries. The countries were Burkina Faso, Côte d'Ivoire, Ghana, Nigeria, and Senegal. Using data for the period 1985 to 2013, two models were estimated.<sup>3</sup> The results (see Appendix I) show a negative association (statistically significant in one case) between adult life expectancy and resource rents. On the other hand, per capita GDP growth and FDI are shown to exert a significant positive effect on adult life expectancy, while total merchandise exports is not significant in one model and has a negative effect in the other model.

These results are not surprising using the case of Ghana as an example. Named as the Gold Coast following the discovery of gold by the Portuguese in the 15<sup>th</sup> Century, Ghana became a leading producer of gold in the world between 1493 and 1600, accounting for 37% of total gold output (Tsikata, 1997). Mining accounts for about 6% of Ghana's GDP, and in 2012 the sector grew by 23.5% (Aubynn, 2013). Despite these impressive statistics, it is debatable whether mining in Ghana has made a major contribution to economic development.

To begin with, mining in Ghana is an enclave activity and has few linkages with other growth-promoting activities. For example, most of the inputs for the industry are imported and the minerals exploited are exported with little or no value adding domestically. Furthermore, mining tends to be capital-intensive and employs less than 1% of the formal workforce, compared to 55% for agriculture and 18% for trade.

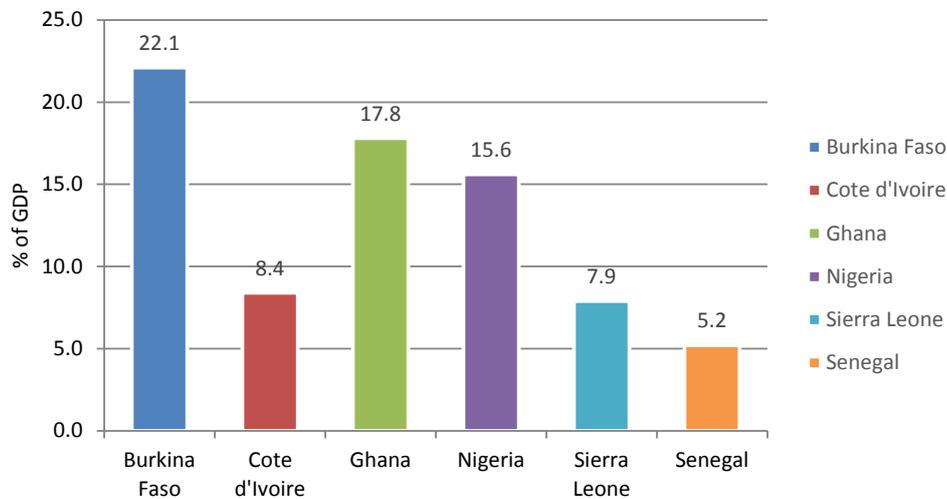
One of the first issues to consider on the contribution of natural resources in the region is whether the countries obtain adequate returns from these resources. In all countries, most natural resources, including all those that are subterranean, are owned by the State, which grants licenses for reconnaissance, prospecting, and production. The current data suggest that the total natural resource rents earned by countries in the region are low. Fig. 4 shows that for the countries in our sample total natural resource rents range from about 5% (Senegal) to 22% (Burkina Faso).

Resource rents tend to be low particularly in mining and other resource extraction activities because most countries lack the capital and technical knowhow to undertake these projects by themselves. In some cases there is lack of expertise to negotiate favourable agreements. In other cases, some countries may be so desperate for the investment that they hasten to conclude the agreements which turn out to be against their interests.

2 Total natural resources rents are defined here as the sum of oil rents, natural gas rents, mineral rents, and forest rents.

3 The two models estimated were an Ordinary Least Squares (OLS) regression model where all the observations were pooled for the five countries. The second model was a panel (fixed effects) model which makes use of the cross-section and time series dimensions of the data set.

**Fig 4: Total Resource Rents (% of GDP) for Selected Countries in West Africa in 2013**



Source: World Bank (2016)

In Ghana, before 2010, the Minerals and Mining Act 2006 established that the rate of royalty payment should not be more than 6% or less than 3% of the total revenues of minerals. However, in reality, mining companies paid not more than 3% in royalties. In 2010 the Government amended the Act and introduced a flat rate of 5%. However, it is not certain that this increase will lead to an appreciable increase in royalties because lease contracts include a 15-year Stabilization Clause that protects companies from an increase in royalty and profits tax payments from subsequent changes in the law.

### 3. Problems with Natural Resource Management in West Africa

The problems associated with natural resource management in West Africa are numerous. In the interest of space and time, this paper focuses on key problems at the policy or aggregate level. The major problems of concern can be classified under four main categories. These are: revenue sharing; revenue management; transparency, accountability and efficiency; and local participation and capacity building. Each of these is briefly discussed below.

#### 3.1 Revenue sharing

The problem of revenue sharing has to do with whether countries in the region are getting a fair share of the revenues accruing from exploitation of their natural resources. A number of factors can explain why this is not the case for most countries. The share of a country's revenues from a resource project is defined by the fiscal regime, which includes the fiscal instruments and contractual framework that spell out the benefits. Typically, there will be a host of instruments, including bonuses, royalties, taxes and other payments. There are three possible options from which a country can choose, all of which affect possible receipts from the project. These are: (a) the State undertakes production by itself through a state-owned company, in which case all revenues accrue to it; (b) the State grants entire ownership to a private company which will have full control over the operations; and (c) a combination of the two options in the form of a partnership between the State and the private company (or companies) to undertake production.

As previously mentioned, Option (a) is not feasible for most SSA countries because they have neither the financial capital nor the technical expertise to undertake sole production. On the other hand, Option (b) is not politically desirable because in most cases the companies are MNCs or there may be very little local participation. This leaves the third option as the most common choice.

The design of the fiscal regime is a complex undertaking because while on the one hand the State would like to maximise its share of the revenues, at the same time the instrument must contain sufficient incentives to attract the MNCs who will be expected to bear all or most of the upfront costs and risks.<sup>4</sup> Unfortunately, in efforts to attract investors or perhaps due to limited capacity, past agreements and contracts in many countries have tilted the balance in favour of the MNCs. There are at least four potentially negative aspects of a fiscal regime that can undermine the State's ability to capture rent. First, the royalties tend to be low. Mention has been made of actual royalties as low as 3% in Ghana's mining sector. Royalties tend to be a little higher in the petroleum industry where they range from 3–10% of gross production based on factors such as the water depth. Royalties in Nigeria range from 20% for onshore production, 10% for inland basins and depending on water depths from 8–18.5% for offshore production (Bello, 2010).

Second, in efforts to attract foreign investment, financial incentives are provided which in the medium to long term reduce the State's take from the project. An example is where there are no limits placed on the level of interest expense deductible in determining taxable income. In such cases companies with high debt to equity ratios are able to strip profits by charging excessive interest costs (McPherson et al., 2009). Third, even when there are limitations on the debt to equity ratio, these are not well enforced. In other cases interest expenses and

dividends are not subject to final withholding tax. This means that a company with a high debt to equity ratio could understate its taxable income through the deduction of high interest expense and as such can shift its profits overseas.

Fourth, a common practice in natural resource management which reduces rent capture is transfer pricing. Transfer pricing can be defined as the setting of the price for goods and services sold from one subsidiary to another within the same company. By fixing the transfer price on a non-market basis, an MNC can minimise its total tax liability in the host country by shifting its accounting profit to another country with lower taxes. The taxation laws in many countries do not have strong provisions to deter abusive transfer pricing. But even when such laws exist, such as in Ghana's Internal Revenue Act, there is weak capacity to enforce them.

To summarize, it is doubtful whether countries in the region are getting an adequate share of returns from exploitation of their natural resources. They face immense challenges in designing fiscal instruments and contracts that can assist them to maximize revenues from the exploitation of their natural resources.

### 3.2 Revenue Management

In addition to the challenges of designing an appropriate fiscal regime, another problem confronting West African countries is how to manage their resource revenues in order to achieve development goals such as employment creation and poverty alleviation. In this regard, past experiences in the region have not been positive. There are examples in the mining sector in Ghana and oil production in Nigeria where local communities' livelihoods have been adversely affected by resource exploitation. As predicted by the Resource Curse hypothesis, exclusion or inadequate consideration of stakeholders in the

<sup>4</sup> A good discussion of Ghana's petroleum fiscal regime can be found in Amoaku-Tuffour and Owusu-Ayim (2010).

distribution of the benefits has led to a number of civil conflicts in the region.

The issue of revenue management has to do with how the State's share of the revenues is spent or distributed. In the past, in Ghana, as well as a number of other countries, these revenues have ended up in the general budget and apart from a few show piece projects, there has been very little to show for the extraction of the resources.

### 3.3 Transparency, Accountability and Efficiency Issues

A detailed study of past resource-related conflicts in the region (which is beyond the scope of this paper) is likely to show that lack of transparency and accountability by the government was at the root of the problem. When the public is kept in the dark about resource revenues, contracts and agreements, it leads to mistrust between the government and the citizens, feeds public perceptions of corruption and wrong doing and raises social tensions. These conflicts are also partly due to the failure of the government to adequately manage public expectations. A significant discovery of a natural resource (e.g., oil or gold) in a country with high poverty levels can lead to high expectations on the part of the citizenry for a rapid improvement in their circumstances. However, stakeholders' perceptions of the potential benefits can often be at variance with the actual realities on the ground. The State may be getting few benefits from the resource in the early years of production due to the high upfront costs borne by the developer which can be deducted from the taxable income. Failure to adequately manage this divergence in expectations can be a source of conflict. The issue of managing expectations is therefore closely tied to that of transparency in the sense that the provision of timely information to the people

allows them to form realistic expectations. Transparency has further benefits in that it enables the public to monitor the performance of the government and to hold it accountable. Therefore, transparency has the potential to deter corruption in resource management.

One of the persistent problems in natural resource management in West Africa relates to efficiency. In the areas of agriculture, forestry, and small-scale mining, the use of basic implements (e.g. hoe and cutlass) due to inability to purchase more efficient tools of production results in low output per person. Consequently, resource exploitation at the small scale level, particularly in farming, has over the years not been able to lift the incomes of households in the region especially those living in the rural areas. For example, 42.7% of the population in SSA was living on less than US\$1.90 per day in 2012, compared to 7.2% in East Asia and the Pacific and the World average of 12.7% (World Bank, 2016). The estimates are much higher in post-conflict countries such as Liberia and Sierra Leone where the average is 68.6% and 52.3%, respectively.

### 3.4 Local Participation and Capacity Building

As indicated earlier, resource extraction activities such as mining and oil production tend to be capital intensive and rely on a skilled labour force. High levels of unemployment in resource-rich areas with ongoing production activities could be a source of tension and social conflict. Resource exploitation in the region tends to focus on upstream activities, involving production and shipment of the primary product overseas for processing. Lack of downstream activities reduces the prospects for employment creation. To a large extent, it is fair to conclude that resource exploitation in many countries in the region has failed to transfer sufficient technology and skills to the local populations.

## 4. Policy Options for Improving Natural Resource Management

Having discussed some of the problems associated with natural resource management in West Africa, this section considers practical policy options that could be applied to achieve improvements. Specifically, we address measures relating to transparency and accountability, the role of legislation, avoiding the Dutch Disease and turning the resource curse into a resource benefit.

### 4.1 Enhancing Transparency and Accountability

Transparency and accountability in natural resource management can be enhanced in a number of ways. First among these is by freely making information available to the public. Recent developments in ICT such as mobile telephony and the Internet, coupled with rising literacy rates, imply that people, including those in the rural areas, are now capable of readily accessing information. In this regard, there is the need for regular reporting by the relevant public agencies on various aspects of resource production including production volumes, revenues received and government expenditures out of the revenues. The latter could include the types, numbers and locations of the projects funded from these revenues. Information provision should also include the award of contracts and licenses and the basis for doing so, as well as information on Environmental Impact Assessments.

To enhance transparency and accountability in natural resource management, it is vitally important to improve the institutional environment. This means bringing in new measures to enhance resource governance as well as strengthening existing provisions. There is the need to clarify the roles and responsibilities of the various public agencies or bodies associated with the resource. Specifically, there is a need to separate the policy, regulatory and commercial roles across

separate institutions in order to provide checks and balances. To deter fraud, there needs to be provision for internal and external audits of revenues and expenditures and the audit reports must be made publicly available. To improve accountability, there should be an oversight role for Parliament and Civil Society Organisations (CSOs). For example, parliamentary approval must be sought on expenditures and award of contracts and licenses. More importantly, these oversight agencies must be adequately resourced to enable them to effectively carry out their mandates.

### 4.2 The Role of Legislation

Governments may not have the interest or political will to fully disclose information or institute the measures described above. Therefore the best way of ensuring that this is done is through legislation. The role of legislation in resource management is highlighted here using the example of Ghana's Petroleum Revenue Management Act (PRMA). The PRMA was instituted in 2011 to govern the use of revenues accruing from the State's share of petroleum production. Under Section 8 of the PRMA, the Minister of Finance is required to publish petroleum receipts in the Gazette, two national newspapers and online within 30 calendar days of the end of each applicable quarter. Other reporting responsibilities under the Act include a report on the reconciliation of the actual total petroleum receipts to be published in the Gazette and at least two state-owned daily newspapers not later than 30<sup>th</sup> April of the year in which the reconciliation was carried out.

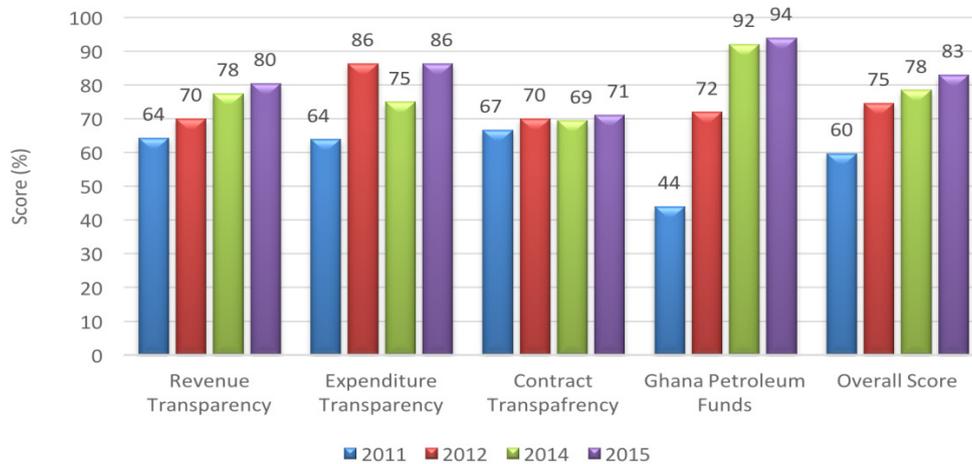
In accordance with the Act, the Petroleum Commission (PC) has been established to regulate the industry. The PC takes over this responsibility from the state-owned Ghana National Petroleum Corporation, which used to play the role of industry player as well as regulator.

The Act has also established the Public Interest Accountability Committee (PIAC) through which CSOs can participate in the oversight of the management of the petroleum revenues. The PRMA mandates the establishment of the Ghana Petroleum Funds (GPFs), which comprises the Ghana Heritage Fund and the Ghana Stabilisation Fund. It clearly spells out the rules governing how the GPFs should be managed and the requirements for providing information about them. The authority in charge of the GPFs is the Bank of Ghana, which is required under Sub-Section 28(2) of the PRMA to publish semi-annual reports of the funds in two state-owned national dailies and on the bank's website.

The Institute of Economic Affairs (IEA) Ghana, initiated an annual Petroleum Transparency and Accountability (P-TRAC) Index in

2011 to track progress in transparency and accountability in the petroleum industry using quantitative and qualitative indicators. The Index focuses on four key aspects of the management of petroleum revenues – Revenue Transparency, Expenditure Transparency, Contract Transparency and the Ghana Petroleum Funds. Transparency in each of these areas is assessed on the basis of a series of questions. The P-TRAC Index is then constructed as a simple average of the scores for each of the four components. The latest 2015 P-TRAC Index report showed that there has been steady progress in three of the four components of the Index, namely, Revenue Transparency, Expenditure Transparency and the management of the GPFs over the past five years (see Fig. 5). However, it was noted that there has been stagnation in the area of Contract Transparency.

**Fig. 5: P-TRACK Index Scores, 2011-2015**



Source: IEA (2015)

The report concluded that future progress to improve governance in natural resource management will crucially depend on the passage of key pieces of legislation currently before Parliament. The Bills in question are the Right to Information Bill, the Petroleum Exploration and Production Bill, the Ghana Extractive Industries Transparency Initiative

(GHEITI) Bill and the Marine Pollution Bill. The proposed Petroleum Exploration and Production Bill includes several strong governance provisions such as establishment of a public petroleum register and, importantly, an open and competitive bidding process, which IEA has been advocating for some time.

The GHEITI Bill, among other things, will compel the Government and all foreign and local companies in the extractive sector to publicly disclose all their payments and receipts, while the Marine Pollution Bill will put into law the responsibilities and penalties for oil companies in regard to the environment. It is instructive to note that Nigeria and Liberia have already instituted laws requiring the disclosure of receipts by all parties in their extractive sectors.

### 4.3 Avoiding the Dutch Disease

As already indicated, the Dutch Disease arises from the real exchange rate appreciation which results from a boom in export of natural resource. The currency appreciation is caused by the large increase in foreign exchange reserves arising from a massive increase in export earnings. The strengthened currency makes domestic exports relatively more expensive (to foreign buyers) and the exports of other tradables (e.g. agricultural products) become less competitive on the world market. Another deleterious effect of the Dutch Disease is the *resource movement effect*, which, as a result of the higher prices in the booming sector, causes factors of production (e.g. capital and labour) to be drawn away from the other sectors (e.g. agriculture and manufacturing) into the booming sector.

In the case of Ghana, it is debatable whether oil production has resulted in any significant Dutch Disease effects. This is due to the relatively small size of the oil sector in relation to the overall economy. For example, in the first eight months of 2013, the Government's petroleum receipts amounted to US\$0.5 billion compared to US\$3.4 billion for gold and US\$1.4 billion for cocoa (Ministry of Finance, 2014). Total nominal GDP in 2014 was GH¢80 billion (US\$40 billion) of which oil's contribution was only GH¢4.8 billion. What is more, the classic symptom of appreciating exchange rates has yet to materialize. Since oil production started in December 2010, the Ghanaian New Cedi has

depreciated against the major currencies. For example, between January 2011 and December 2014, it depreciated by 116% against the US dollar (Bank of Ghana, 2016). During this period, the share of agriculture has declined from about 24% to 20%. This change can by no means be solely attributed to oil production.

On the other hand, there could be early signs of resource movement effects in Secondi-Takoradi (capital of the Western Region) where steep rises in rental and property prices have been reported. There is however no doubt that Dutch Disease effects have been felt in major exporting countries such as Nigeria, Gabon and Angola. It could also become a threat in Guinea where Rio Tinto has recently signed a deal with the government on a US\$20 billion mega iron ore project which will produce 100 million tonnes of high grade ore annually over a 40-year period (Rio Tinto, 2016).

Dutch Disease effects can be mitigated with a combination of macroeconomic and microeconomic policies. The thrust of the macroeconomic policies should be to 'sterilise' a portion of the resource revenues flowing into the country to minimize the effects. This can be done by holding the revenues in an offshore fund. There is always debate about how much should be spent domestically and how much should be saved abroad. A typical argument made in favour of spending all or most of it domestically is the massive infrastructural deficits in the areas of power supply, schools, hospitals, roads, etc. However, the reality of the matter is that most of the economies in the region have limited absorptive capacities. Poorly planned and executed expenditure programs involving huge sums of monies can easily lead to dissipation of the funds, worsen the Dutch Disease effects and leave little for future generations. Another extreme option for avoiding the Dutch Disease is to keep all the revenues offshore and to only spend the accrued interest domestically. However, this option is not suitable for many countries in the region given the dire development needs.

For most countries, an appropriate option is to implement a policy midway between the above two extremes. That is, to save some of the money offshore and spend a reasonable proportion domestically. A good example is given by Ghana's PRMA, which was revised in 2015. The Act establishes a Benchmark Revenue (BR), which is defined as the sum of all government's receipts from the petroleum resources. At most 70% of the BR is to be paid into an Annual Budget Funding Amount (ABFA), a distinct part of the national Budget, which is used to finance projects based on a long-term national development plan. In the absence of such a plan, the ABFA is to be spent on specified priority areas including infrastructure. Thirty percent of the BR is to be paid into the GPFs. Of this amount, at least 30% is put into the Ghana Heritage Fund, with the balance going into the Ghana Stabilisation Fund. The advantage of this strategy is that it addresses urgent development needs in the country, while at the same time saving some of the money to generate a sustainable income stream even after the resource has been exhausted (in the case of non-renewable resources such as minerals and oil). The stabilisation fund helps the country to smoothen public expenditure, providing some sort of insulation from the boom and bust cycles characteristic of commodity prices.

At the micro (industry) level, Dutch Disease effects can be addressed by policies that target investment to the affected industries (e.g. agriculture and manufacturing). The investments should be aimed at removing the structural constraints that impede growth in exports. These include improving physical infrastructure such as utilities, roads and ports. In agriculture the investments should be aimed at improving marketing networks and providing better access to farm inputs such as seeds and fertilisers. In small business and manufacturing, there is the need to generally reduce the cost of doing business, for example, by removing red tape and streamlining the processes for registration and paying taxes.

Such measures enhance the external competitiveness of local producers, leading to increases in their output. Output can be further improved by policies aimed at achieving productivity improvements in the affected industries. These could include programs to increase education and training to upgrade the skill levels of workers. Finally, in both agriculture and manufacturing, the level of efficiency can be enhanced by importing modern technology to improve production processes.

#### 4.4 Turning the 'resource curse' into a 'resource benefit'

Abundant natural resources generate large rents which lead to rapacious rent-seeking, which in turn lead to increased corruption (Mauro, 1995; and Leite and Weidmann, 1999). For example, in a cross-country study, Gylfason (2001) found a robust correlation between corruption and the abundance of natural resources, estimating that a 15% increase in the share of natural capital in national wealth was associated with a 20 percentage point decline in the corruption perception index. The negative outcomes associated with abundant resources (e.g. corruption, macroeconomic and political instability, etc.) leads to increased poverty. On the positive side, more recent papers and country analyses show that it is possible to avoid the resource curse by pro-actively establishing a sound institutional framework (see Bravo-Ortega and de Gregorio, 2007).

The process of turning the resource curse into a blessing should begin by creating a national sense of ownership of the resource rather than leaving a perception that it belongs to particular group of people. Again, I will draw on the experience of the PRMA as an example.

The Ministry of Finance, which was responsible for drafting the Petroleum Revenue Management Bill, held town hall-style meetings including experts and concerned citizens in all of Ghana's ten regions to canvass their

views in the early stages of development. In addition, they conducted a nation-wide survey of revenue management options. A draft of the preliminary proposal was published online and invitations were sent to CSOs, international advisors, the diplomatic community, local experts and various government officials to provide feedback, which was incorporated in the revised Bill. This process ensured that the final version of the Bill which arrived in Parliament had broad public support that ensured the ultimate passage of the legislation.

Whether or not the resource curse can be turned into a blessing also critically depends on processes surrounding how the funds are expended. Three important factors are important for making this a success. First, there must be a properly crafted expenditure program which is aligned with the country's long-term development plan or goals. This provides a framework for effective spending of the resource revenues and reduces the risk of wasteful expenditures. Secondly, the allocation of the funds must be fair and equitable in terms of the geographical spread. Finally, there must be some mechanism in place for oversight of the expenditure program preferably with the participation of the key stakeholders.

We conclude this section with a critical analysis of the PRMA with the view to determining the extent to which it meets the principles outlined above. Although the PRMA can be held up as a good model for managing natural resources, there are a number of aspects that could be improved to make it a more effective tool for development. First, there is inadequate reporting on projects funded by the ABFA. Under the PRMA, Parliament is required to ratify expenditures on the ABFA. Reporting on the ABFA expenditures is done through the Minister's annual Budget Statement to Parliament. However, the amount of information provided on expenditures is inadequate. Second, a common concern about the ABFA funded infrastructure projects is that they are too marginally spread across

the country and that many of them remain uncompleted after some years of construction.

The fact that some ABFA-funded projects remain incomplete is indicative of either insufficient funding or poor monitoring. This casts some doubt on the developmental impacts of the expenditures. The main lesson learned here is that careful thought needs to be given to the design and execution of the projects in order to achieve the desired development objectives. As already indicated, this can best be done within the framework of a medium to long-term development plan. Finally, it is of paramount importance to make provision for effective oversight of the expenditure program to enhance efficiency and deter corruption.

## 5. Conclusions and Policy Implications

Despite being richly endowed with natural resources, countries in West Africa have achieved poor development outcomes to date. High economic growth rates which have been recorded within the past decade have not resulted in a reduction in the high unemployment rates, particularly amongst young people. After decades of economic growth, the economic structures of the countries in the region have remained unchanged with a focus on the export of low value added primary commodities. The manufacturing sector, which has the potential to absorb more young workers, has stagnated. Although some progress has been made in health and education, countries in the region still lag behind the rest of the world on the basis of various socio-economic indicators. With this background, this paper sought to analyse problems associated with natural resource management in West Africa with the view to identifying policy options to promote inclusive development.

The major problems associated with natural resource management in West Africa include revenue sharing, revenue management, as well as transparency accountability issues.

Due to financial and technical limitations, some countries are compelled to undertake resource exploitation in partnership with MNCs. However, the ability of countries to maximize resource rents is constrained by fiscal regimes and contracts that tend to favour the MNCs. On the issue of revenue management, countries in the region are faced with the challenge of how to use the resource revenues to achieve their development objectives. It was noted that lack of transparency and accountability about how the natural resource revenues are expended leads to mistrust between the government and the citizens, fuels public perceptions of corruption and wrongdoing and raises social tensions.

From the analysis, the following policies are proposed for achieving improvements in natural resource management in the region.

1. Transparency and accountability can be enhanced by making information on production activities and revenue flows freely available to the public.
2. Transparency and accountability can be further enhanced by improving the institutional environment. This requires the institutions new measures to improve resource governance as well as strengthening existing provisions. Examples given include clear division of roles and responsibilities amongst public agencies, internal and external audits made publicly available, provision of oversight roles for Parliament and civil society, as well as adequate resourcing of these oversight bodies.
3. It was recommended that the best way of improving governance in natural resource management is through legislation of the key aspects identified above.
4. Dutch Disease effects can be mitigated with appropriate macroeconomic and microeconomic policies. Keeping some of the revenues offshore, while spending the remainder on carefully targeted expenditure programs (e.g. on infrastructural development) meets the need of current and future generations. At the micro (industry) level, Dutch Disease effects can be addressed by polices that target investment at the affected industries (e.g. agriculture and manufacturing).
5. The Resource Curse can be turned into a blessing with a properly articulated expenditure program that is in alignment with a national long-term development plan.
6. Involving key stakeholders in the oversight of the expenditure program can enhance efficiency and deter corruption.

## References

- Amoako-Tuffour, J. and J. Owusu-Ayim (2010) “An Evaluation of Ghana’s Petroleum Fiscal Regime”, *Ghana Policy Journal*, 4, 7-34.
- Aubynn, T. (2013). “Mining and Sustainable Development: The Case of Ghana”, Ghana Chamber of Mines, Accra. Accessed at: <http://im4dc.org/wp-content/uploads/2013/07/Mining-and-Sustainable-Development-Ghana.pdf>
- Auty, R. (2001) “The Political Economy of Resource-Driven Growth”, *European Economic Review*, 45, pp. 839-46.
- Bank of Ghana (2016) ‘Monetary Time Series Data’, Accessed at [https://www.bog.gov.gh/index.php?option=com\\_wrapper&view=wrapper&Itemid=231](https://www.bog.gov.gh/index.php?option=com_wrapper&view=wrapper&Itemid=231)
- Bello, N. (2010) “The Nigerian Oil and Gas Fiscal Systems: Issues and Challenges”, presentation to IMF’s Conference on Petroleum Taxation in Sub-Saharan Africa, Kampala, Uganda, June 29.
- Bravo-Ortega, C. and J. de Gregorio (2007) “The Relative Richness of the Poor? Natural Resources, Human Capital, and Economic Growth,” In Lederman and Maloney 2007, *Natural Resources: Neither Curse Nor Destiny*, The World Bank/Stanford University Press, pp. 71-103.
- Corden, M. and P. Neary (1982) “Booming sector and de-industrialization in a small open economy”, *Economic Journal*, 92, 825-848.
- Financial Times (2016) ‘Nigeria courts World Bank and ADB loans to escape bailout’. Accessed <http://www.ft.com/cms/s/0/f3f2f140-c8f0-11e5-be0b-b7ece4e953a0.html>
- Gelb, A. (1988) *Oil Windfalls: Blessing or Curse?* Oxford: Oxford University Press.
- Gylfason, T. (2001) ‘Natural Resources and Economic Growth: What is the Connection?’, CESifo Working Paper No. 530.
- Institute of Economic Affairs, IEA (2015) *The IEA Petroleum Transparency and Accountability Index: The P-TRAC Index 2015 Report*, IEA, Accra.
- Leite, C. and Weidmann, M. (1999) “Does Mother Nature Corrupt? Natural Resources, Corruption and Economic Growth,” IMF Working paper WP/99/85, Washington D.C.
- Mauro, P. (1995) Corruption and Growth,” *Quarterly Journal of Economics*, Vol. 90, pp. 681-712.
- McPherson, C., G. Goldsworthy and E. Sunley (2009) Fiscal Regimes and Revenue Management for the Petroleum and Mining Sectors, IMF Fiscal Affairs Department, August.
- Ministry of Finance (2014) *Transformational Agenda: Securing the Bright Medium Term Prospects of the Economy: The 2015 Budget Statement and Economic Policy*, Ministry of Finance, Accra.
- Rio Tinto (2016) ‘Simandou South submits first version of the Infrastructure Bankable Feasibility Study’, Accessed in February 2016 at [http://www.riotinto.com/media/media-releases-237\\_16348.aspx](http://www.riotinto.com/media/media-releases-237_16348.aspx)
- Tsikata, F. S. (1997). “The vicissitudes of mineral policy in Ghana”, *Resources Policy*, 23, 9-14.
- United Nations Economic Commission for Africa (UNECA) and the United Nations Programme on Youth (UNPY) (2011). *Regional Overview: Youth in Africa* Accessed at <http://social.un.org/youthyear/docs/Regional%20Overview%20Youth%20in%20Africa.pdf>

Van Wijnbergen, S. (1984) “The Dutch Disease: a disease after all?”, *Economic Journal*, 94, 41-55.

World Bank (2016) *World Development Indicators*, Online version, World Bank, Washington, D.C.

## Appendix 1: Regression Results for Factors Affecting Adult Life Expectancy in West Africa

Independent variable	Model 1: OLS model		Model 2: Panel (fixed effects) model	
	Coefficient	t-ratio	Coefficient	t-ratio
Resource rents	-0.26***	-9.48	-0.09	-0.83
Foreign direct investment	1.12***	5.93	0.46**	2.15
Merchandise exports	-0.07**	-2.35	0.22	0.38
Per capita GDP growth	0.14*	1.68	0.07***	7.98

Notes:

The dependent variable is adult life expectancy at birth (years).

\*\*\* Significant at the 1% level.

\*\* Significant at the 5% level.

\* Significant at the 10% level.

## REGIONAL TRADE FOR INCLUSIVE DEVELOPMENT IN WEST AFRICA

Chukwuka Onyekwena<sup>5</sup> and Tirimisiyu F. Oloko  
Centre for the Study of the Economies of Africa, Nigeria



**WATTNet**  
WEST AFRICAN THINK TANK  
NETWORK

---

<sup>5</sup> Corresponding author at: Centre for the Study of the Economies of Africa (CSEA). No. 4 Dep Street, Off Danube Street, Maitama, Abuja, Nigeria. Email: [conyekwena@cseaafrica.org](mailto:conyekwena@cseaafrica.org)  
The usual disclaimer applies.

# ABSTRACT

This study examines the potential of regional trade in facilitating the achievement of inclusive development in the West African region. It employs descriptive analysis to examine the nature, composition and dimension of ECOWAS trade within the group and with the rest of the world, vis-à-vis three other Regional Economic Communities (RECs) in sub-Saharan Africa (SSA). From the preliminary study, it can be observed that the growth rate of West African economies is increasing, but the rising economic growth does not translate to improvement in inclusive development, as there was no significant reduction in poverty levels in the region. Further evidence reveals that extra-regional trade of the region is increasing at a very high rate, and also at a disproportionate rate with intra-regional trade, compared with SADC.

This indicates the existence of opportunity to boost regional trade for inclusive development through conversion of part of the extra-regional trade into regional trade. However, the study further finds that the region's exports is dominated by mineral fuels, lubricants and related materials, and imports dominated by machinery, transport equipment, manufactured goods and chemicals, which implies that skilled technical manpower in the manufacturing sector must be available to effectively exploit the opportunity of trade for inclusive development in the region. Thus, the study concludes that, with the shortage of skilled technical manpower to boost the manufacturing sector in the region, achieving inclusive development in West

Africa through regional trade might be difficult. It however recommends that West African countries should intensify investment in human capital development and re-invigorate their commitment towards regional industrial policy to foster higher regional trade and enhance inclusive development in the region.

## 1. Introduction

The benefits of regional economic integration cannot be over-emphasized. These include the opportunities to reap trade efficiency gains, exploit economies of scale, and reduce the thickness of borders (see De Melo and Tsikata, 2014). Regional economic integration is an agreement among countries in a geographic region to reduce tariffs and non-tariffs barriers to the free flow of goods, services, and factors of production among each other. It is encouraged by the structural, economic and geographical heterogeneity of the countries in the region, with disparities varying from countries with low to medium income distribution, to landlocked, coastal, and island countries. It also offers possibilities to leverage and extend economic comparative advantage at regional level in ways not accessible through national programmes (see Mbekeani, 2013). It is usually instituted through a Regional Economic Community (REC) which will be saddled with the responsibility of implementation of regional trade agreement policies such as Free Trade Agreement (FTA), Customs Union (CU), Common Market (CM), Economic Union (EU) and Political Union in that

order. Thus, the first and primal policy of every REC is on the implementation of FTA – a regional arrangement whereby all barriers to the trade in goods and services among member countries are eliminated in order to promote regional trade.

There are a number of regional arrangements in Africa and most African countries are members of at least one regional grouping, with possibilities of overlapping memberships<sup>6</sup>. The Economic Community of West African States (ECOWAS) is the institution that promotes regional economic integration among West African states. It was established by the ECOWAS Treaty of Lagos, 1975. The REC at present consists of 15 countries, and the key milestones achieved so far include the trade liberalization scheme in 1979 and 1990, and free movement without visas in 2006. Like several other RECs, it is constituted to embark on policies leading to the promotion of regional trade among West African countries. As revealed in the Article 3 of the ECOWAS Treaty, the aim of the Community is to promote co-operation and integration, leading to the establishment of an economic union in West Africa in order to raise the living standards of its people, and to maintain and enhance economic stability, foster relations among member states and contribute to the progress and development of the African Continent. An importance clause to note in the Article is “leading to establishment of an economic union in West Africa in order to raise the living standards of its people”. This implies that the ultimate objective of ECOWAS is to foster regional cooperation in order to raise the living standards of West African citizens. Meanwhile, raising the living standards of the citizenry may be synonymous with achieving inclusive development.

An inclusive development is a desirable pursuit of various governments, particularly developing countries. It is a pro-poor approach to development, as it incorporates all groups of

people, especially the marginalized categories. Meanwhile, while individual national governments could exploit the use of an appropriate tax system to redistribute income by embarking on pro-poor fiscal policies, international trade has also been identified as a useful tool for promoting inclusive development (see UNCTAD, 2007; OECD, 2010; WTO, 2011; World Bank, 2011). Hence, in the context of West African countries, this study seeks to examine the potential of regional trade to facilitate achievement of inclusive development in the region.

Following this introduction, Section 2 shall discuss the relationship between economic growth of ECOWAS countries and the poverty level in the region. Section 3 shall explain the nature, composition and dimension of ECOWAS trade to examine its potential for promoting inclusive development in the region. Section 4 shall discuss the ways to achieve increased regional trade in West Africa to promote achievement of inclusive development in the region, while Section 5 shall conclude the paper.

## 2. ECOWAS Growth and Inclusive Development

Included in the broad objective of ECOWAS is the willingness to establish an economic union in West Africa in order to raise the living standards of its peoples. Therefore, in addition to enhancing regional economic growth, ECOWAS is also established to pursue people-oriented programmes at regional level – the basic anchor of inclusive development.

In terms of performance, ECOWAS appears to perform well in terms of the promotion of economic growth in the region. Evidence from the recent “African Economic Outlook” published by AfDB, OECD, UNDP 2015 is presented in the table below:

<sup>6</sup> See Oshikoya (2010) for review of Regional Economic Communities (RECs) in Africa

**Table 1: Actual and Projected Output Growth for Africa Regions**

	2013	2014 (e)	2015 (p)	2016 (p)
Africa	<b>3.5</b>	<b>3.9</b>	<b>4.5</b>	<b>5.0</b>
Central Africa	4.1	5.6	5.5	5.8
East Africa	4.7	7.1	5.6	6.7
North Africa	1.6	1.7	4.5	4.4
Southern Africa	3.6	2.7	3.1	3.5
West Africa	<b>5.7</b>	<b>6.0</b>	<b>5.0</b>	<b>6.1</b>
Memorandum items: Africa excl. Libya	4.0	4.3	4.3	5.0
Sub-Saharan Africa (SSA)	4.7	5.2	4.6	5.4
SSA excl. South Africa	5.4	6.2	5.2	6.2

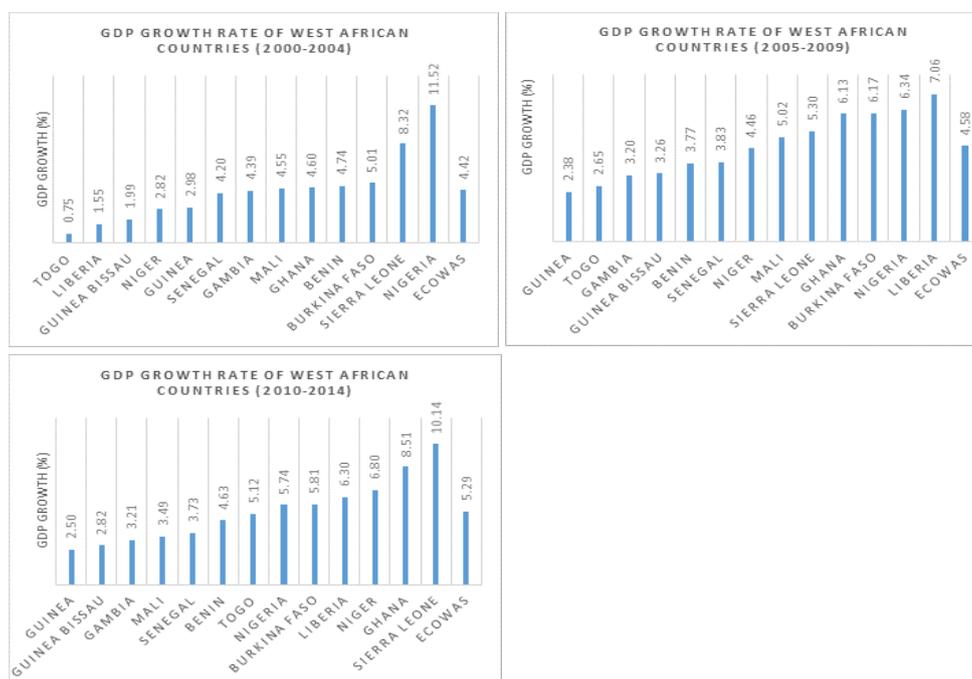
*Note: (e) estimates; (p) projections.*

*Source: Statistics Department, African Development Bank.*

As reflected in the table, West Africa recorded the highest GDP growth in 2013, compared with other regions in Africa. The growth of West Africa was also ranked higher than that of other African region in 2014 with the estimated growth rate of 6.0 percent, with the exception of East Africa which has estimated GDP growth of 7.1 percent. However, in all cases, West Africa's growth is higher than the average growth of Africa and that of sub-Saharan Africa (SSA). This indicates that the

economies of West African countries are performing relatively well compared with the economies of other African sub-regions, such as Central Africa, North Africa and Southern Africa.

In addition, Figure 1 below presents (based on the available information) the growth rate of individual ECOWAS members over the period from 2000 to 2014.

**Figure 1: Output Growth of West African countries (2000 - 2014)**


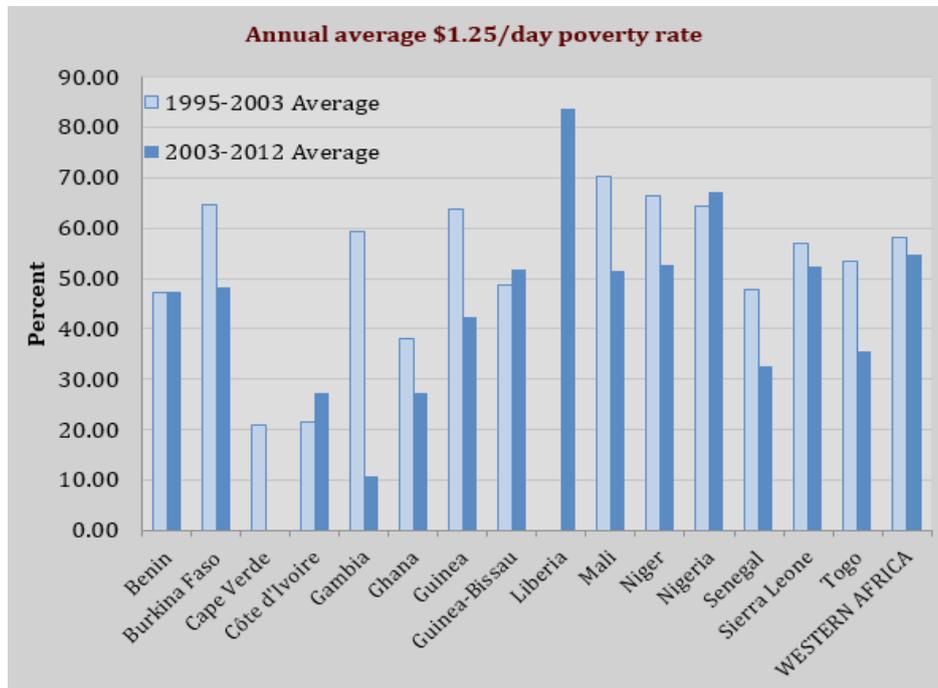
Source: Computed by the authors from WDI database (2015)

From the graph, it is observed that, on the average, the output growth of ECOWAS countries is growing at an increasing rate. On the aggregate, ECOWAS countries recorded an average GDP growth rate of 4.42 percent between 2000 and 2004. The regional growth during the period was largely driven by Nigeria, Sierra Leone and Burkina Faso which recorded 11.52, 8.32 and 5.01 percent, respectively. Impressively, the GDP growth of West African countries increased to 4.58 percent between 2005 and 2009, and then to 5.29 percent between 2010 and 2014. Also notable is the progressive improvement in the economic performance of the least growing economy in West Africa; which grew by 0.75 percent between 2000 and 2004, by 2.38 percent between 2005 and 2009, and by 2.50 percent between 2010 and 2014. Thus, the economic performance of individual ECOWAS members really buttressed the impressive output growth recorded by the region ahead of other regions in Africa.

This impressive achievement gives credibility to ECOWAS on the attainment of higher and stable economic growth in member countries. However, the presence of high level of youth unemployment, poverty and wide inequality in West Africa points to the fact that the recorded growth is not an inclusive growth, and as such, could not motivate an inclusive development. Although, the latest World Bank estimates show that the share of Africans who are poor fell from 56 percent in 1990 to 43 percent in 2012<sup>7</sup>, the rate is still very high. Specifically for West Africa, as shown in Figure 2 below, the poverty rate falls merely by 3 percent, as it reduced from 58 percent between 1995 and 2003 to 55 percent between 2003 and 2012. As revealed in the figure, Liberia has the highest poverty rate (on average income below \$1.25/day), with about 84 percent of her population living in poverty. This is followed by Nigeria, which has about 67 percent of her population living in poverty. Other countries such as Guinea-Bissau, Mali, Niger, and Sierra Leone also have more than 50 percent of their population living in poverty.

7 See: <http://www.worldbank.org/en/region/afr/publication/poverty-rising-africa-poverty-report>

**Figure 2: Annual average \$1.25/day poverty rate for the 1995–2003 period and the 2003–2012 period**



Source: ReSAKSS, based on World Bank 2014.

From the foregoing, it is evident that the impressive ECOWAS growth has not generated significant reduction in the poverty levels of the region. Meanwhile, this study seeks to examine the possibility that an enhanced regional trade among ECOWAS countries will promote pro-poor economic activities within the region and facilitate the achievement of sustainable growth and development in the region.

### 3. ECOWAS and Trade for Inclusive Development

Trade for inclusive development has been defined differently by different international organizations such as the World Bank, United Nations Conference on Trade and Development (UNCTAD), and the World Trade Organization (WTO). For instance, UNCTAD (2007) defines it as a process of globalization that benefits countries and population segments that were previously excluded. OECD (2010) defines it as a kind of trade that is harnessed for growth and poverty reduction, based on five categories of policy: trade policy and regulations, trade

development, trade-related infrastructure, building productive capacity, and trade-related adjustment. WTO (2011) also defines it as a type of trade that improves access to jobs, wages and stability, while the World Bank (2011) defines it as a type of trade that facilitates the movement of workers and enterprises to growing sectors, and the adoption of new technologies in order to promote the growth of productivity and employment in a broad group of workers and enterprises.

Meanwhile, recent studies have analyzed the potential of international trade to aid the achievement of inclusive development (see for example, Nabar-Bhaduri, 2012 and the UN-ECLAC, 2014). These studies established the link between trade liberalization and inclusive development, but however stressed that trade liberalization alone could not generate the desired sustainable and inclusive path of long-run development in developing countries unless it is complemented with supportive industrial and employment generation policies.

This implies that trade liberalization cannot automatically lead to inclusive development unless the supportive industrial and employment generation policies are operative. This may explain the findings of Nabar Bhaduri, 2012, on the Indian experience which reveals that weak productivity improvement and employment growth persist even after market liberalization. Also, Latin American countries experienced similar problems following the adoption of liberalization (see Cimoli and Katz 2001, and Cimoli and Correa 2002). Useful supportive industrial policies for sub-Saharan African countries could be in the form of proactive-reactive industrial policy, transfer technology, implementation of technology based on innovation, among others (see Chea, 2012).

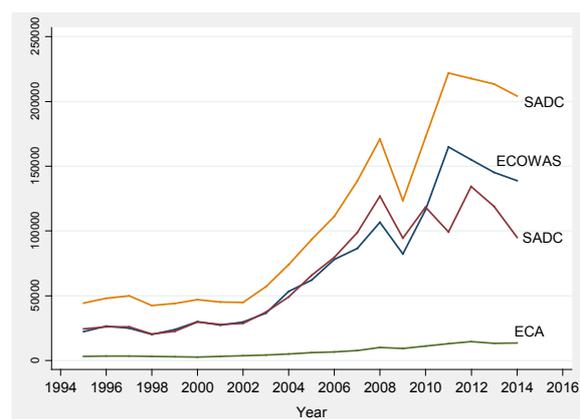
However, this study will rely on the OECD definition which defines trade for inclusive development as a kind of trade that is harnessed for growth and poverty reduction, based on five categories of policy: trade policy and regulations, trade development, trade-related infrastructure, building productive capacity, and trade-related adjustment. This definition is favoured, as it highlights the key policy areas where supportive industrial, and employment generation policies are required to promote regional trade and achieve regional inclusive development. Hence, in the following subsections, we present graphical analyses of the trade dimension of the regional trade group in West Africa – ECOWAS. The analyzed trade dimensions include; trade volume, intra-regional and extra-regional merchandise trade, and the composition of ECOWAS imports and exports. This is expected to provide basic understanding of the nature of trade in West Africa, necessary to identify obstacles to regional trade and opportunities to promote regional inclusive development.

### 3.1 ECOWAS Trade Performance

We examine ECOWAS trade performance vis-à-vis other RECs in sub-Saharan Africa, such as the Southern African Development Community (SADC), East African Community (EAC) and Economic Community of Central African States (ECCAS), from the trend in their trade volume, intra-regional and extra-regional trade/export.

Figure 3 below shows the trade volume of ECOWAS relative to other RECs in sub-Saharan Africa. ECOWAS is one of the major trading blocks in Africa and has the second largest trade value in the region, next to SADC. Similar to other groups in the continent, total trade in the ECOWAS region grew rapidly at the turn of the millennium, and for most part of the early 2000s, with the exception of the sharp fall it experienced during the global financial crises. However, the sharp recovery witnessed after the crises was not sustained, as trade has been declining since 2011, and that is also true for other major economic groups in the region.

**Figure 3: Trade value of ECOWAS and Other RECS in Sub-Saharan Africa**



Source: UNCTADSTAT

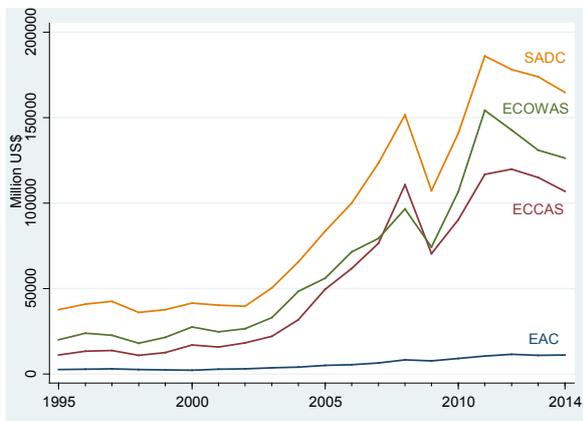
Figure 4 presents the direction of ECOWAS trade vis-à-vis other RECs in sub-Saharan Africa. It reveals that ECOWAS intra-regional trade has increased since the 2000s.

However, its rate of increase has been very slow compared to that of SADC, particularly since recovering from the global economic crisis. This is explained by wider gap between SADC and ECOWAS since 2011. Apparently, the value of ECOWAS' intra-regional trade is lower than that of SADC, but higher than that of EAC and ECCAS. Meanwhile, although a similar trend is noticed in the trade with the rest of the

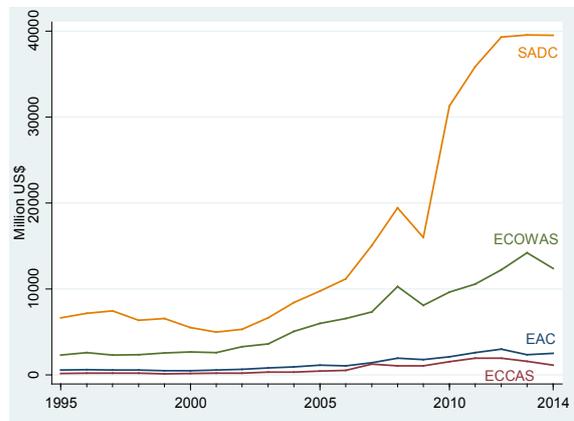
world, ECOWAS extra-regional trade is much closer to that of SADC when compared with its closeness to SADC under intra-regional trade. This indicates a disproportionate growth in ECOWAS extra-regional trade. This fact is confirmed in Figure 5 below, where extra-regional trade is found to grow at a higher rate compared with the growth rate of intra-regional trade, especially since 2000.

**Figure 4a&b: Intra-regional and Extra-regional trade for ECOWAS and other RECs in sub-Saharan Africa.**

**Figure 4a: Intra - group Trade**

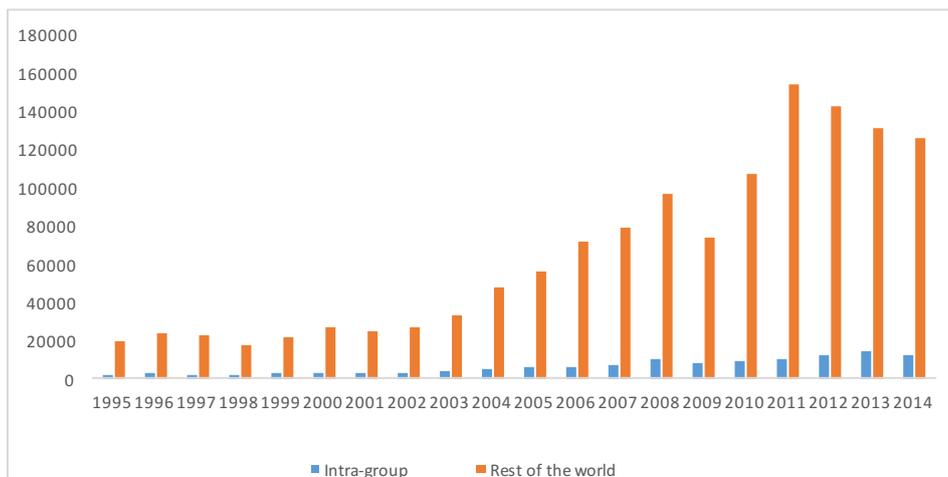


**Figure 4b: Trade with Rest of the World**



Source: UNCTADSTAT

**Figure 5: ECOWAS Intra-Regional and Extra-Regional Trade**

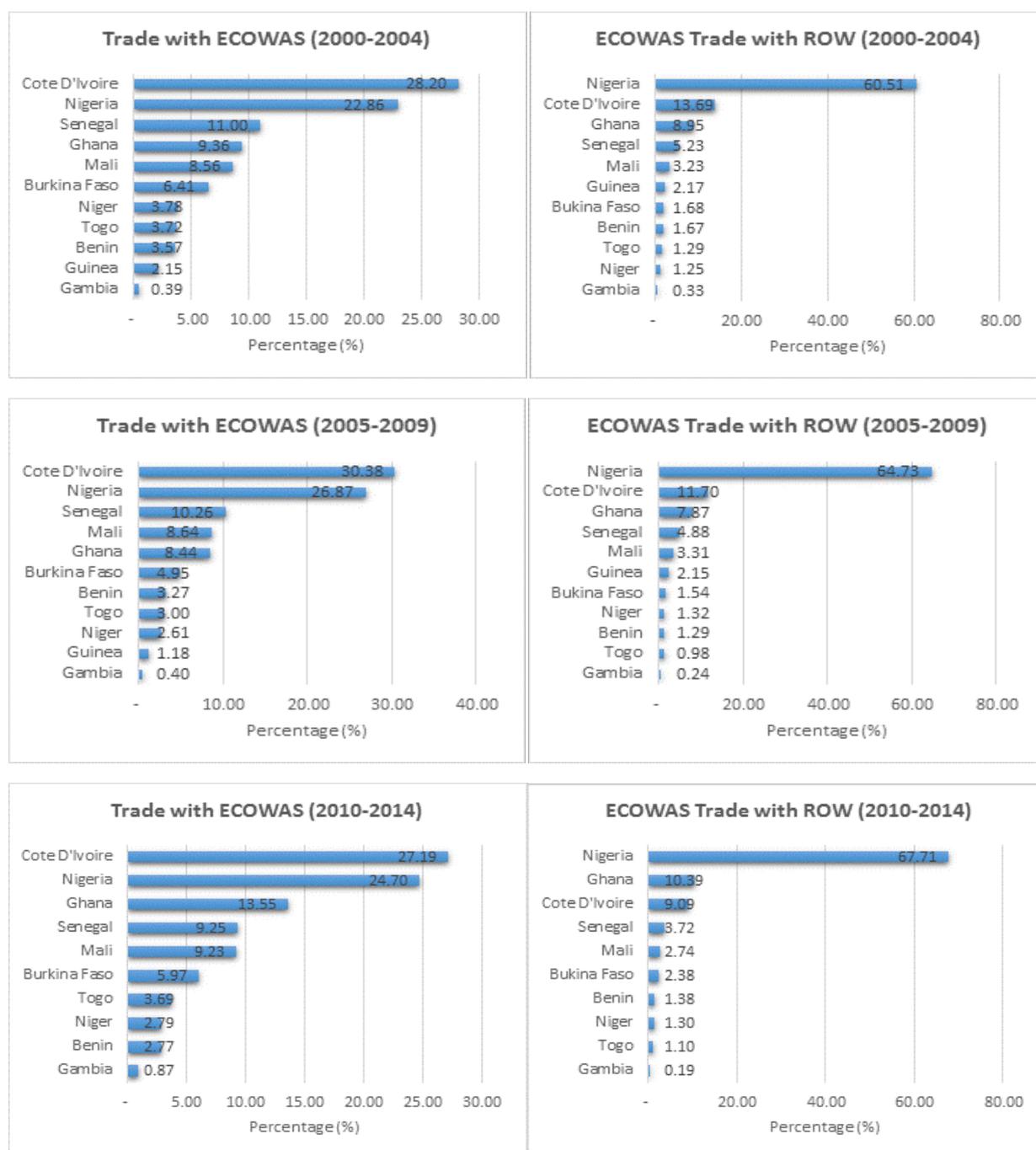


Source: UNCTADSTAT

Furthermore, we attempt to examine the contribution of each of the ECOWAS member countries to ECOWAS' intra-regional and extra-regional trade. Thus, we present in Figure 6 below, the percentage contribution of

ECOWAS members to intra-regional trade and to the trade with the rest of the world (ROW) using 5-years data average, disaggregated over the period under consideration.

**Figure 6: Contribution of ECOWAS Members to Intra-Regional And Extra-Regional Trade**



Source: Computed by authors from UN Comtrade data

From Figure 6, and considering all the sub-sample periods, Cote D'Ivoire appears to have recorded the highest contribution to intra-ECOWAS trade, while Nigeria contributed the second highest. Senegal recorded the third highest contribution between 2000 and 2009, but Ghana appears to have overtaken the third position after 2009. This suggests that the contribution of Senegal to intra-ECOWAS trade declined, while that of Ghana increased as global trade recovered from the shock of the global economic crisis. Also consistent is the contribution of Gambia, which recorded the lowest across all sub-samples.

Meanwhile, as regards the contribution ECOWAS member countries to extra-regional trade, Nigeria dominates extensively as it contributed not less than the total contribution of all other ECOWAS members across the three sub-samples. From the figure, Nigeria's contribution to ECOWAS' extra-regional trade has been higher than 60 percent since 2000, and has been on an increasing trend. Specifically, it increased from 60.51 percent between 2000 and 2004 to 64.73 percent between 2005 and 2009, and then to 67.71 percent between 2010 and 2014. This suggests that Nigeria might be over-trading with the rest of the world, thus any ECOWAS institutional arrangement that diverts parts of Nigeria's extra-regional trade to ECOWAS countries could potentially facilitate improved economic growth and inclusive development for West Africa.

In addition, the contributions of Cote D'Ivoire and Ghana to ECOWAS' extra-regional trade are also noticeable; as both countries contributed more than the total contributions of all ECOWAS countries excluding Nigeria. This conclusion is consistent across the three

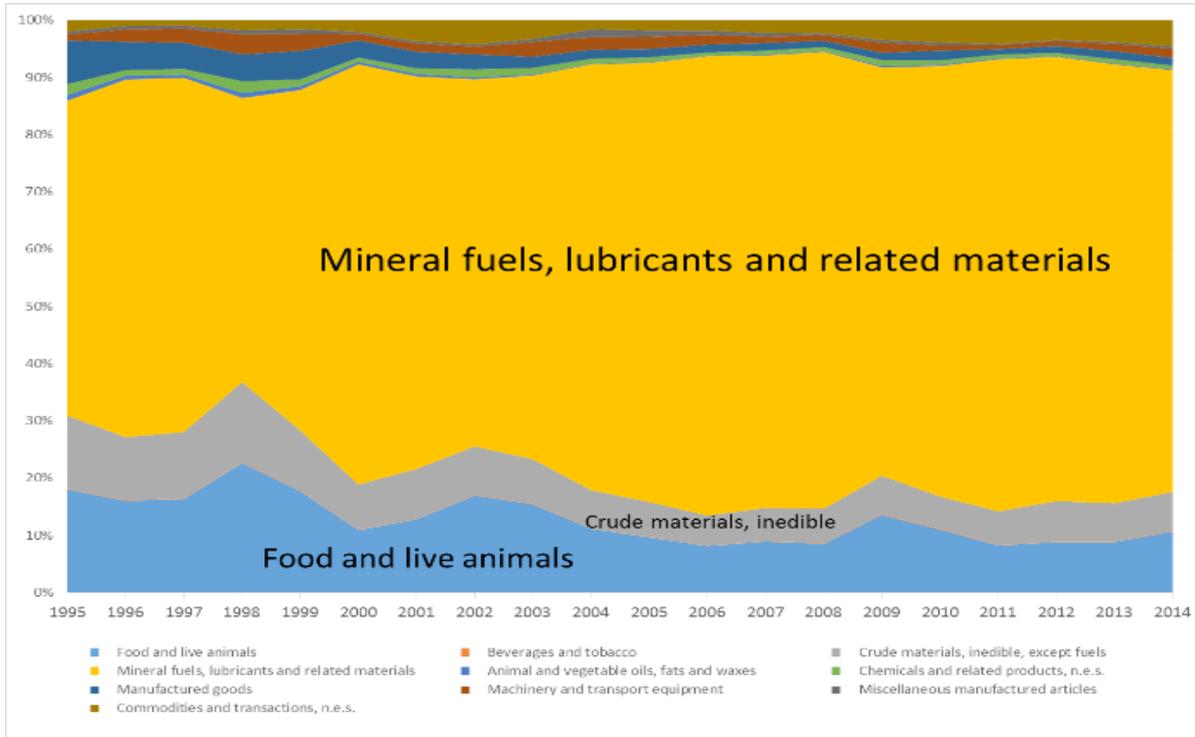
sub-samples. Meanwhile, the data shows that the contribution of both countries to ECOWAS' extra-regional trade over the period under consideration did not exceed 22.64 percent (achieved between 2000 and 2004), with Cote D'Ivoire taking the lead before the global economic crisis and Ghana taking the lead after the global economic crisis. This buttresses the fact that trade performance of Ghana increased after the global economic crisis.

### **Composition of ECOWAS Extra-Regional Trade**

From the foregoing, it was noticed that the intra-regional ECOWAS trade is relatively low compared to what is obtained in SADC, and that the extra-regional ECOWAS trade is seemingly disproportionate and dominated by Nigeria. Hence, it is imperative to examine the composition of ECOWAS extra-regional trade to provide thoughtful insight into the possibility of converting parts of the extra-regional trade into regional trade, in order to facilitate regional growth and promote regional inclusive development.

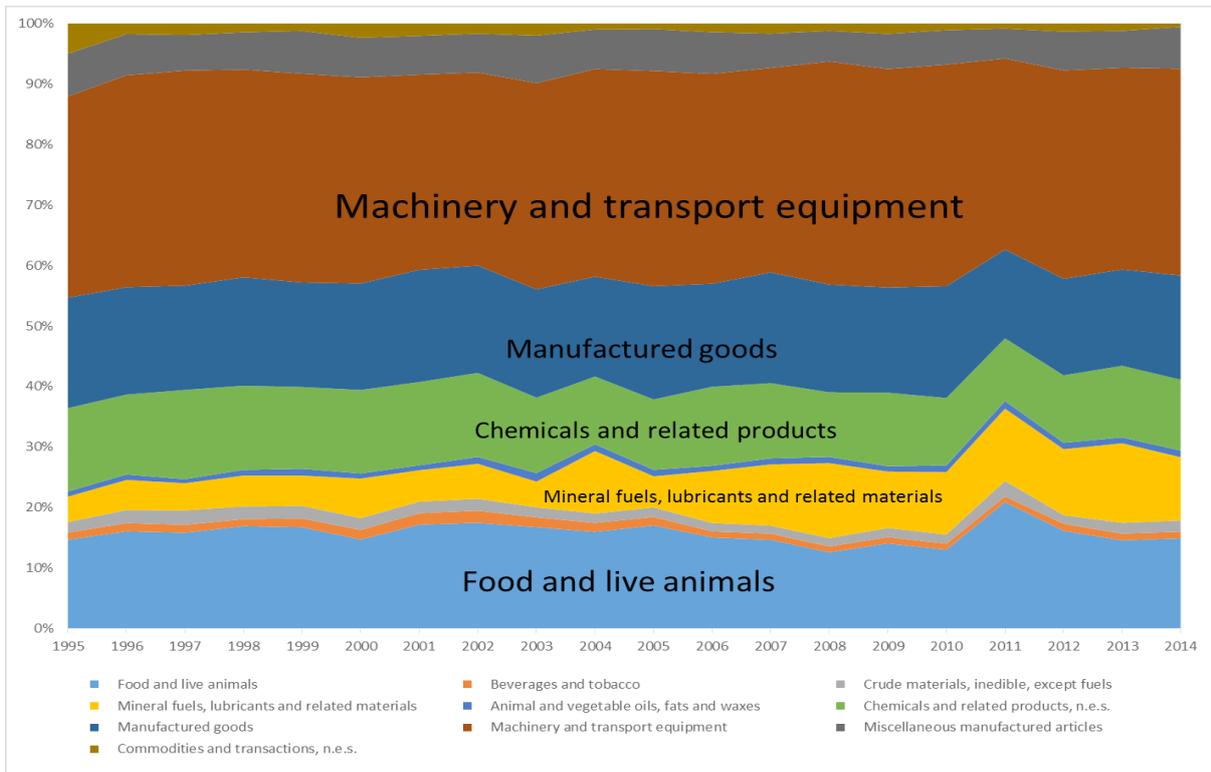
As in most of the African continent, extra - regional exports in ECOWAS comprise mainly of unprocessed natural minerals, while imports comprise of mainly processed goods. Thus, while the mineral fuels, lubricants and related materials category is clearly the dominant export of ECOWAS to the rest of the world (see Figure 7 below), the machinery and transport category has the highest share of imports in the region (see Figure 8 below). In addition, food and live animals, manufactured goods and chemicals and related products are also important imports in the ECOWAS region.

**Figure 7: Composition of ECOWAS Exports to The Rest Of The World**



Source: UNCTADSTAT

**Figure 8: Composition of ECOWAS Imports from The Rest Of The World**



Source: UNCTADSTAT

Evidently, the composition of ECOWAS trade with the rest of the world reveals that the region exports is predominantly mineral fuels, lubricants and related materials. This magnificent proportion of mineral fuel and lubricants in ECOWAS exports is obviously explained by crude oil exportation by Nigeria, particularly as Nigeria dominates the ECOWAS extra-regional trade. Hence, it is logical to conclude that extra-regional exports could be reduced to promote intra-ECOWAS trade if Nigeria maintains its optimum crude oil refining capacity and patronizes available refining technology in West Africa (like Cote d’Ivoire and Ghana) for possible supplementary capacity, while oil importing ECOWAS members also patronize Nigeria for crude oil demand. In addition, extra-regional exports could be reduced by increase in the availability of technical knowledge in West Africa to facilitate the production of machinery and transport equipment, manufactured goods and chemical and related products in the region. This however requires improved human capital training and development.

### 3.2 ECOWAS Trade and Implications for Inclusive Development

International trade increases the availability and lowers the price of better quality goods and services. This fall in prices makes their consumption more accessible, and is one of the most important links between the international

market and the poorest population groups. Well-being increases as low-income sectors of the population are able to obtain goods that were previously inaccessible, while new opportunities are provided by the continuing growth of trade (see UN ECLAC, 2014). Similarly, high intra-regional trade is expected to generate higher scale of production benefit and eventually higher output growth for member countries. In the presence of targeted policies for poverty reduction, youth empowerment and equitable income distribution, high output growth is expected to translate to inclusive development. Supportive evidence is revealed by the study of Anyanwu (2014) which suggests that higher level of intra-African trade reduces both the aggregate, female and male youth unemployment in Africa, thus confirming that increased intra-regional trade would lead to an inclusive development.

Meanwhile, given the nature, composition and dimension of ECOWAS trade as discussed previously, it is obvious that regional trade among West African countries could be promoted through increased regional activities in the crude oil refining and manufacturing sectors. Apparently, these are the required activities to facilitate production of highly imported machinery and transport equipment, manufactured goods, and chemical and related products. However, achieving these may be difficult given the very low level of manufacturing activities in the region.

**Table 2: Employment Classification in ECOWAS Countries**

ECOWAS Countries	Percentage of Total Employment			Latest data
	Employment in Agriculture (%)	Employment in Industries (%)	Employment in Services (%)	
Benin	45.1	10.4	44.0	2010
Burkina Faso	67.4	10.1	22.3	2007
Cape Verde	n.a.	n.a.	n.a.	n.a.
Cote d’Ivoire	n.a.	n.a.	n.a.	n.a.
Gambia	31.5	13.9	54.6	2014

ECOWAS Countries	Percentage of Total Employment			Latest data
	Employment in Agriculture (%)	Employment in Industries (%)	Employment in Services (%)	
Ghana	44.7	14.4	40.9	2013
Guinea	74.8	5.6	19.3	2012
Guinea-Bissau	n.a.	n.a.	n.a.	n.a.
Liberia	46.5	10.4	41.2	2010
Mali	66.0	5.6	28.3	2006
Niger	56.9	11.1	31.1	2005
Nigeria	48.6	8.5	42.9	2007
Senegal	46.1	18.1	22.4	2011
Sierra Leone	68.5	6.5	25.0	2004
Togo	54.1	6.8	37.5	2006

Source: *World Development Indicator (2015)*.

Note: *n.a. implies not available.*

As revealed in the table 2 above, employment in West African countries is predominantly agrarian and service based, while employment in manufacturing industries is very low at an average of 10.12 percent. Hence, for regional trade to engender inclusive development in West Africa, national and regional policies had to be directed towards promotion of science and technology to boost the regional manufacturing sector.

#### 4. Increasing Regional Trade among ECOWAS Countries for Inclusive Development

The problems mitigating against the progress of intra-regional trade has been identified to include; trade barriers, low diversification and the eventual lack of product complementarities, absence of a common payment mechanism, and lack of supportive infrastructure (see Akims, 2014; De Melo and Tsikata, 2014). However, in the context of West African economies, lack of supportive infrastructure including technical human capital is a dominant factor. Therefore, this section discusses ways to achieve increased

regional trade in West Africa including provision for supportive infrastructure, to promote achievement of inclusive development in the region.

##### 4.1 Provision of Supportive Infrastructure

The contribution of inadequate infrastructural development to falling intra-regional trade among ECOWAS nations has been recognized by the ECOWAS Authority of Heads of State and Government. The Authority met in 2010 to set up the West African Common Industrial Policy (WACIP) whose vision is to “maintain a solid industrial structure, which is globally competitive, environment-friendly and capable of significantly improving the living standards of the people by 2030.” The policy has four objectives, all focusing on how to achieve increasing intra-regional trade. The infrastructure - related objective reveals that ECOWAS wishes to achieve progressively increasing intra-Community trade from less than 12% to 40 % by 2030 and with a 50% share of the region’s trade in manufactured

goods, particularly electricity, petroleum in the area of products, etc.). energy (equipment,

The policy also set out ten (10) regional programmes in achieving its identified objectives. The relevant regional programme in addressing the problem of infrastructure is item 7, which also highlighted that willingness of ECOWAS to promote infrastructural development with a view to significantly reducing the cost of production factors, promote the development of intra-community trade and afford the national economies enhanced access to West African and global markets.

Meanwhile, although the ECOWAS Authority of Heads of State and Government has been intensifying its efforts in the implementation of this policy, much effort is still required as the benefit of regional infrastructural development is yet to be enjoyed by the teeming West African population.

## 4.2 Dealing With Trade Barriers

Despite the free trade arrangements among ECOWAS members, the practical experience of the problem of trade barriers is alarming. This problem has been contributing to low intra-regional trade among the member countries which is invariably having an adverse effect on the movement of the region to achieve inclusive development through increasing intra-regional trade. One of the objectives of ECOWAS is to establish a common market through “the liberalization of trade by the abolition, among Member States, of customs duties levied on imports and exports, and the abolition among Member States, of non-tariff barriers...” (Article 3 of ECOWAS Treaty). This policy was eventually launched in 1990, and for its implementation, a trade instrument called: ECOWAS Trade Liberalization Scheme (ETLS) was designed. The concept was

originally intended at benefiting the private sector in particular, and ultimately boosting the West African economy. It was also targeted at reducing the massive importation of goods which West Africa has been known for. Its ultimate goal is targeted at generating employment among the member states of ECOWAS and increasing intra- regional trade (see ECOWAS Vanguard, April 2014). But unfortunately, practical experience has shown that the implementation of this policy remains very poor as explained by stakeholders in the ECOWAS cross border operations<sup>8</sup>.

In dealing with this problem, it requires the political willingness on the part of the federal governments of all ECOWAS members to instruct their respective custom agencies to ensure compliance with the regional trade arrangement.

## 4.3 Dealing With The Problem Of Product Concentration

Product Concentration or Lack of Product Complementarity is a product of inadequate economic diversification. This is also one of the fundamental problems militating against increasing intra-regional trade among ECOWAS members. Since most ECOWAS countries export primary commodities (oil and non-oil), the potential for intra-regional trade is limited while the potential for extra-regional trade is expanded. See for review of exports of ECOWAS members to other ECOWAS members (intra-regional export) and to the rest of the world (ROW) – extra-regional export.

From Appendix 1, it could be observed that ECOWAS members trade less with their fellow ECOWAS members and more with the ROW. Briefly from the table, it is noted that ECOWAS intra-regional exports is very low with no ECOWAS country trading up to 50% of its topmost export with another ECOWAS

8 See *Peoples Daily*; Wed, Feb 26th, 2014 *Business News* | By *Peoples Daily* (<http://www.peoplesdailyng.com/stakeholders-want-ecowas-to-tackle-trade-barriers-in-west-africa/> )

member; and that the ECOWAS member with highest export to fellow ECOWAS members is Gambia, which appears to export 49.94% of its total export of textile yarn, fabrics, made-up articles and related products to ECOWAS countries. But considering the extra-regional trade flows, we observed a very high export rate to the ROW on the general note, with the highest being a 100% export of gold, non-monetary (excluding gold ores and concentrates) by Burkina Faso and fish, crustaceans, molluscs and aquatic invertebrates by Cape Verde.

Trade concentration could also be observed from the synergy between topmost exports of ECOWAS countries presented in Appendix 1. For instance, petroleum and petroleum products are exported by 7 out of the 15 ECOWAS members; namely, Benin, Burkina Faso, Cote D'Ivoire, Ghana, Niger, Nigeria and Senegal. Gold is also one of the top export commodities of 6 members; namely, Senegal, Mali, Guinea, Ghana, Cote D'Ivoire, and Burkina Faso. Similarly, textiles is one of the top exports of 5 members; namely, Benin, Burkina Faso, Gambia, Mali and Togo.

In solving the problem of trade concentration, a concerted effort must be made toward diversification of the economic based of the entire region, such that transformed products rather than the primary products will be exported. This may however be facilitated through technological advancement and significant improvement in the provision of infrastructural facilities. This conclusion is similar to that of Söderbom and Teal (2004) and Chea (2012) who also find the manufacturing sector as the potential prime mover of development in sub-Saharan Africa.

## 5. Conclusion

This study examined the potential of regional trade to facilitate achievement of inclusive development in the West African region. It employed descriptive analysis to examine the nature, composition and dimension of intra-

regional trade of ECOWAS and three other Regional Economic Communities (RECs) in the sub-Saharan Africa (SSA), vis-à-vis ECOWAS trade with the rest of the world.

From the preliminary analysis, it was noticed that the growth rate of the economies of West African countries is increasing, however, the rising economic growth has not significantly reduced the rate of poverty in the region. This suggests that regional trade among West African economies has not promoted inclusive development in the region as expected.

Further findings from the study revealed that the intra-regional trade – as presented by ECOWAS intra-group trade, is very low compared with that of Southern Africa Development Community (SADC). Similarly, the extra-regional trade of the region was found to be increasing at a very fast rate, and also at a disproportionate rate with intra-regional trade, compared with SADC. This indicates the existence of opportunity to boost regional trade for inclusive development through conversion of part of the extra-regional trade into regional trade.

However, the study further finds that the region's exports is dominated by mineral fuels, lubricants and related materials, and imports dominated by machinery, transport equipment, manufactured goods and chemicals. This suggests that skilled technical manpower in the manufacturing sector must be available to effectively exploit the opportunity of trade for inclusive development in the region. Thus, the study concludes that, with the shortage of skilled technical manpower to boost the manufacturing sector in the region, achieving inclusive development through regional trade would be difficult.

The study further discussed other factors that could enhance regional trade in the region, such as removal of trade barriers and dealing with product concentration. Finally, the study noted that achievement of inclusive development in West African countries

may be unrealistic, especially as the policy implementation problem is crippling most ECOWAS development policies. Hence, political commitment to regional integration would be recommended, such that the ECOWAS Authority of Heads of State and Government would intensify their efforts towards the implementation of all of their trade and development policies, particularly as they relate to human capital development and industrial policy.

## **Acknowledgement**

The authors acknowledge the contributions of members of staff of the Centre for the Study of the Economies of Africa, and particularly the research assistance by Ewere Usi and Enemaku Okpanachi.

## References

- Akims, K. A. 2014. "ECOWAS and Trade Liberalisation: Challenges and the Way Forward". *Journal of Social Sciences and Public Policy*, Volume 6, Number 1, 2014.
- Anyanwu, J. C., 2014. "Does Intra-African Trade Reduce Youth Unemployment in Africa?" African Development Bank Group Working Paper, No 201– April 2014.
- Chea, A. C., 2012. "The East Asian Development Experience: Policy Lessons, Implications, and Recommendations for Sub-Saharan Africa (SSA) Global Competitiveness". *International Journal of Academic Research in Business and Social Sciences*, 2(7), 82-122.
- Cimoli, M. and Katz, J., 2001. "Structural Reforms, Technological Gaps and Economic Development: A Latin American Perspective." Paper presented at the DRUID-Nelson and Winter Conference, Aalborg, Denmark.
- Cimoli, M. and Correa, N., 2002. "Trade Openness and Technological Gaps in Latin America: A 'Low Growth Trap.'" Working Paper Series, no. 2002/14, Laboratory of Economics and Management (LEM), Sant'Anna School of Advanced Studies, Pisa, Italy.
- De Melo, J. and Tsikata, Y. 2014. "Regional integration in Africa: Challenges and Prospects". WIDER Working Paper 2014/037.
- Mbekeani, K. K., 2013. "Intra-Regional Trade in Southern Africa: Structure, Performance and Challenges". Regional Integration Policy Papers, No.2 June, 2013.
- Nabar-Bhaduri, S., 2011. "What Lies Beneath: A Case for Disaggregated Analysis in Evaluating Structural Policy Shifts." *International Journal of Political Economy* 40(1): 68-85.
- Nabar-Bhaduri, S., 2012. "Free Trade and Inclusive Development: Lessons from the Indian Experience". Issues in Brief (April, 2012), the Frederick S. Pardee Center for the Study of the Longer Range Future Working Paper, 023.
- OECD (Organization for Economic Cooperation and Development), 2010. "Perspectives on Global Development 2010". Shifting Wealth [online] [www.oecd.org/dataoecd/30/18/45452519.pdf](http://www.oecd.org/dataoecd/30/18/45452519.pdf).
- Oshikoya, T.W., 2010. *Monetary and Financial Integration in West Africa*. Routledge, New York.
- Söderbom, M., and Teal, F., 2004. "How can policy towards manufacturing in Africa reduce poverty? A review of the current evidence from cross-country firm studies," In Wolmuth, K. A., et al (eds.) "African Entrepreneurship and Private Sector Development," African Development Perspectives Yearbook 2002/2003. Münster, Germany: Lit Verlag.
- UN-ECLAC, 2014. "International trade and inclusive development: Building synergies". Economic Commission for Latin America and the Caribbean (ECLAC) Santiago, September 2014.
- UNCTAD (United Nations Conference on Trade and Development), 2007. "Enhancing the participation of small- and medium-sized enterprises in global value chains". Note by the UNCTAD secretariat (TD/B/COM.3/EM.31/2), Geneva, Expert meeting on increasing the participation of developing countries' SMEs in global value chains 18-19 October.
- World Bank, 2011. "World Development Report 2012: Gender Equality and Development", Washington, D.C. WTO (World Trade Organization), 2011. World Tariff Profiles, 2011, Geneva.

## Appendix 1: Regional Export by Products (% of Total) 2012–2014

Countries	Products	SITC Revision 4 Code	Exports (% of Total)	Traded with (%)	
				ECOWAS	ROW
Benin	Textile fibres (other than wool tops and other combed wool) and their wastes (not manufactured into yarn or fabric)	26	30.356	0.043	99.957
	Petroleum, petroleum products and related materials	33	10.63	18.320	81.680
	Other transport equipment	79	9.919	0.377	99.963
	Vegetables and fruit	05	9.587	1.063	98.937
	Machinery specialized for particular industries	72	8.901	10.928	89.072
Burkina Faso	Gold, non-monetary (excluding gold ores and concentrates)	97	51.41	0.00	100.00
	Textile fibres (other than wool tops and other combed wool) and their wastes (not manufactured into yarn or fabric)	26	17.46	2.213	97.787
	Petroleum, petroleum products and related materials	33	9.68	41.702	58.298
	Oil-seeds and oleaginous fruits	22	6.85	14.717	85.283
	Non-ferrous metals	68	3.07	49.993	50.007
Cape Verde	Fish (not marine mammals), crustaceans, molluscs and aquatic invertebrates, and preparations thereof	03	84.39	0.00	100.00
	Articles of apparel and clothing accessories	84	7.11	0.00	100.00
	Footwear	85	6.73	0.00	100.00

Countries	Products	SITC Revision 4 Code	Exports (% of Total)	Traded with (%)	
				ECOWAS	ROW
Cote D' Ivoire	Coffee, tea, cocoa, spices, and manufactures thereof	07	37.16	ECOWAS 0.62	ROW 99.38
	Petroleum, petroleum products and related materials	33	19.07	ECOWAS 21.37	ROW 78.63
	Vegetables and fruit	05	7.85	ECOWAS 1.37	ROW 98.63
	Gold, non-monetary (excluding gold ores and concentrates)	97	5.41	ECOWAS 0.00	ROW 100.00
	Other transport equipment	79	4.73	ECOWAS 0.95	ROW 99.05
Gambia	Textile yarn, fabrics, made-up articles, n.e.s., and related products	65	60.66	ECOWAS 49.94	ROW 50.06
	Cork and wood	24	7.21	ECOWAS 0.00	ROW 100.00
	Vegetables and fruit	05	5.45	ECOWAS 6.15	ROW 93.85
	Machinery specialized for particular industries	72	5.28	ECOWAS 49.99	ROW 50.01
	Miscellaneous edible products and preparations	09	5.27	ECOWAS 49.94	ROW 50.06
Ghana	Gold, non-monetary (excluding gold ores and concentrates)	97	45.00	ECOWAS 0.01	ROW 99.99
	Petroleum, petroleum products and related materials	33	24.73	ECOWAS 0.80	ROW 99.20
	Coffee, tea, cocoa, spices, and manufactures thereof	07	13.72	ECOWAS 2.99	ROW 97.01
	Gas, natural and manufactured	34	3.93	ECOWAS 50.00	ROW 50.00

Countries	Products	SITC Revision 4 Code	Exports (% of Total)	Traded with (%)	
				ECOWAS	ROW
Guinea	Gold, non-monetary (excluding gold ores and concentrates)	97	50.02	ECOWAS 21.66	ROW 78.34
	Metalliferous ores and metal scrap	28	30.87	ECOWAS 0.00	ROW 100.00
	Miscellaneous manufactured articles, n.e.s. such as arms and ammunition	89	10.46	ECOWAS 3.76	ROW 96.24
Mali	Gold, non-monetary (excluding gold ores and concentrates)	97	65.48	ECOWAS 0.00	ROW 100.00
	Textile fibres (other than wool tops and other combed wool) and their wastes (not manufactured into yarn or fabric)	26	14.78	ECOWAS 1.75	ROW 98.25
	Fertilizers (other than those of group 272)	56	6.13	ECOWAS 30.18	ROW 69.82
	Meat and meat preparations	00	4.39	ECOWAS 48.78	ROW 51.22
Niger	Metalliferous ores and metal scrap	28	45.56	ECOWAS 0.005	ROW 99.995
	Petroleum, petroleum products and related materials	33	25.96	ECOWAS 48.09	ROW 51.91
	Professional, scientific and controlling instruments and apparatus, n.e.s.	87	6.53	ECOWAS 0.03	ROW 99.97
Nigeria	Petroleum, petroleum products and related materials	33	79.02	ECOWAS 2.83	ROW 97.17
	Gas, natural and manufactured	34	11.84	ECOWAS 0.01	ROW 99.99
	Other transport equipment	79	2.18	ECOWAS 3.09	ROW 96.91

Countries	Products	SITC Revision 4 Code	Exports (% of Total)	Traded with (%)	
				ECOWAS	ROW
Senegal	Petroleum, petroleum products and related materials	33	16.17	ECOWAS 19.61	ROW 80.39
	Fish (not marine mammals), crustaceans, molluscs and aquatic invertebrates, and preparations thereof	03	13.81	ECOWAS 11.37	ROW 88.63
	Gold, non-monetary (excluding gold ores and concentrates)	97	12.28	ECOWAS 0.00	ROW 100.00
	Non-metallic mineral manufactures, n.e.s.	66	7.70	ECOWAS 48.12	ROW 51.88
	Miscellaneous edible products and preparations	09	5.99	ECOWAS 45.54	ROW 54.46
Sierra Leone	Metalliferous ores and metal scrap	28	86.42	ECOWAS 0.84	ROW 99.16
	Miscellaneous manufactured articles, n.e.s. such as arms and ammunition	89	2.94	ECOWAS 49.54	ROW 50.46
	Coffee, tea, cocoa, spices, and manufactures thereof	07	2.48	ECOWAS 0.00	ROW 100.00
Togo	Non-metallic mineral manufactures, n.e.s.	66	16.57	ECOWAS 48.85	ROW 51.15
	Miscellaneous manufactured articles, n.e.s. such as arms and ammunition	89	10.28	ECOWAS 44.74	ROW 55.26
	Iron and steel	67	7.80	ECOWAS 31.28	ROW 68.72
	Other transport equipment	79	7.65	ECOWAS 0.27	ROW 99.73
	Textile fibres (other than wool tops and other combed wool) and their wastes (not manufactured into yarn or fabric)	26	6.02	ECOWAS 2.04	ROW 91.96

Source: Compiled by authors from WITS

# CULTIVATING A PRODUCTIVE AGRICULTURAL SECTOR FOR INCLUSIVE DEVELOPMENT IN WEST AFRICA

---

Prof. Andrew G. Onokerhoraye, Executive Director, Centre for Population and Environmental Development (CPED), Benin City, Nigeria



**WATTNet**  
WEST AFRICAN THINK TANK  
NETWORK

# ABSTRACT

As the backbone of the economies of the West African region, agriculture affects society at many levels because the growth of the various economies, employment, incomes and food security depend upon the productivity of the agricultural sector. This paper examines strategies for promoting a productive agricultural sector in the development and poverty reduction in the West African region.

It notes agricultural development has a significant potential to contribute to nation-wide poverty reduction through direct effects on farm incomes and employment and indirect effects on overall economic growth, as well as its impact on food prices because of the positive correlation between agricultural growth and poverty alleviation. The major factors that contribute to the low agricultural production that characterises West African agriculture are identified and examined. It noted the prevalence of challenges such as limited access to finance, inequitable access to productive resources, poorly functioning markets, poorly developed infrastructure and the risks associated with adverse weather and prices. The key strategies that must be taken into consideration in order to improve agricultural production in West Africa outlined in this paper include: promoting mechanisation, subsidies, strengthening the marketing structure, reforming the land tenure systems and improved adaptation strategies to climate change.

## 1. Introduction

The agricultural sector plays a major role in the economies of the different countries in the West African region. As the backbone of the economies of the region, agriculture affects society at many levels because the growth of the various economies, employment, incomes and food security depend upon the productivity of the agricultural sector. Agricultural exports constitute an important element of West Africa's foreign trade, generating around six billion dollars. In terms of jobs, it is still the biggest employer, with over 60 per cent of the active population in the ECOWAS region engaged in agriculture. Women are economically empowered largely by agriculture because they play a major role in the production, processing and marketing of agricultural produce. Agriculture is also a vital factor in efforts to combat poverty and food insecurity. Farming households build their strategies around internal consumption, while city dwellers obtain virtually all their food from local markets. It is estimated that 70 per cent of West Africa's regional population depend on food produced by agriculture within the region (ECOWAS COMMISSION, 2005:3). In the coming decades, West African agriculture will have to meet an expected huge increase in demand for food produced by its agriculture as a result of population growth. Finally, West African agriculture plays a major role in land management, soil fertility, natural resource management and environmental protection.

Agriculture thus remains crucial for economic growth in most West African countries, but the problems of agriculture in the region are manifold. Productivity is falling; poor people lack access to land and other resources; there is generally low investment in research; and there is poor dissemination of research findings to key stakeholders particularly the farmers. Adverse market conditions and poor access to markets are also major problems for farmers in West Africa. Despite the role of women in agricultural production in the region, gender inequality is a persistent problem because apart from depriving women of participation in decision making on agricultural production issues, women in some countries are not entitled to own land or to grow major cash crops. Added to these are the challenges of climate change and disease. It has been observed that dramatic changes in the cyclical pattern of rainfalls and drought have occurred in recent decades; in the arid and semi-arid lands of West Africa with the consequent negative impacts on agricultural productivity. Farmers are struggling to adapt to these challenges in the contexts of declining support from their governments and the international community. Productivity has stagnated, slowing wider economic growth and exacerbating poverty with it. This has led to enormous doubts as to whether agriculture can still deliver growth and reduce poverty in today's challenging context. Reversing recent generally poor trends in agriculture's performance in West Africa is critical if the countries in the region are to escape the trap of slow growth and poverty.

It is against this background that this paper examines strategies for promoting a productive agricultural sector in development and poverty reduction in the West African region. The paper is divided into nine sections. Section 2 provides a brief general discussion on the relationship between agriculture development and poverty reduction in the context of developing countries. The third section reviews the key components of the low agricultural production that characterise West African agriculture

over the years. The role of mechanisation and that of subsidies are discussed in Sections 4 and 5 respectively. In Section 6 the role of the marketing structure in the enhancement of West African agriculture is presented while in Section 7 the land tenure systems are examined. Finally, Section 8 examines the challenge of adaptation to climatic change while the last Section draws some concluding comments.

## 2. Perspectives on the role of agriculture on development and poverty reduction

There is a mass of evidence that increasing agricultural productivity has benefitted millions of people across the world in terms of higher incomes, more plentiful and cheaper food, and by generating patterns of development that are employment-intensive and benefit both rural and urban areas. Making the transition to a more diversified and faster growing economy is the key to sustained poverty reduction for the world's poorest countries. But it is increasing agricultural productivity that has allowed poor countries to make the initial step on to the ladder leading to prosperity. This is particularly the case for labour-intensive, small-scale agriculture with its strong links to growth in other areas. No poor country has ever successfully reduced poverty through agriculture alone, but almost none have achieved it without first increasing agricultural productivity.

Agriculture constitutes the core of the economy of most low-income developing countries. In these countries, the agricultural sector generated 33 percent of the Gross Domestic Product (GDP) and 52 percent of total merchandise exports in 2002 (ECOWAS COMMISSION, 2005:3). Such economic dominance of agriculture demonstrates the importance of agricultural development for economic growth and poverty alleviation in developing countries. Moreover, although the relative contribution of agriculture to the overall economic growth decreases as an economy develops agricultural development

provides a crucial foundation for economic growth in both the agricultural and non-agricultural sectors. Virtually every high- and middle-income country, with the exception of city nations such as Singapore and Dubai, has gone through a period of development when agricultural growth was essential to foster general economic growth and poverty alleviation. On the other hand, it is often the case that low-income countries with a stagnant agriculture usually have a stagnant economy. Moreover, endeavours to jump directly to modern industrialization without paying enough attention to agricultural development in the early stages of development have tended to result in a failure in economic growth and poverty alleviation.

Agricultural development has a significant potential to contribute to nation-wide poverty reduction through direct effects on farm incomes and employment and indirect effects on overall economic growth, as well as its impact on food prices. A number of studies have found a positive correlation between agricultural growth and poverty alleviation. It is empirically shown that poor people tend to benefit more from economic growth originating from the in agricultural sectors than from industrial or service sectors. Several studies have found that the elasticity of poverty reduction with respect to agricultural productivity is significant, positive and higher than the elasticity with respect to other sectors' productivity, especially in the early stages of development (World Bank, 2003; World Bank, 2004; Per Pinstrup-Andersen Per Pinstrup-Andersen and Satoru Shimokawa, 2006)

On the other hand, there are those who questioned the effect of agricultural growth on poverty reduction following several failures of earlier investments in agriculture-led development, increased recognition of the importance of non-farm activities in rural livelihoods, and increased difficulties in the global environment for sustaining pro-poor agricultural growth. Despite the significant

potential contribution of agricultural growth to overall economic development through its direct and multiplier effects, a combination of market failures and poor policy environments in many developing countries has led to failures of agriculture-led development. Moreover, a failure to liberalize agricultural trade and the continuation of domestic agricultural subsidies in the developed countries results in low world market prices of agricultural commodities and thus makes agriculture less profitable for developing countries, causing reduced private and public investments in agriculture. Thus, the question is not whether agricultural growth is essential for generating rapid economic growth and poverty alleviation in poor countries, but whether these countries and the international policy and trade environment surrounding them create the enabling environment, including trade liberalization, appropriate economic policies, investments in research and technology, and the building of the necessary rural infrastructure and well functioning domestic markets. Despite these reservations, there are few, if any, other candidates other than agriculture with the same potential for supporting broad based pro-poor growth, and thus agriculture remains a critical element in efforts to promote broad based economic growth and poverty alleviation despite the policy failures mentioned above. For a successful agricultural development and transition, it has been emphasized that what is needed is to promote institutional development to overcome these difficulties.

### 3. Key Elements of the Low Agricultural Productivity in West Africa

Agricultural performance in West Africa has been relatively low compared with agricultural productivity in other parts of Africa and indeed developing countries. Between the mid 1980s and 2000, agricultural sector growth rate declined reaching an embarrassingly low level of growth in most parts of West Africa due to factors such as drought, poor

agricultural policies, inconsistencies in policy, poor institutional and legal framework, poor access to credit by the majority of small holder farmers, and declining budgetary allocation to the agricultural sector. Various institutional, technological and investment challenges hinder many smallholder farmers in West Africa from participating in commercialized production and marketing systems, thus worsening levels of poverty among smallholder farmers.

Decline in rainfall in West Africa over the last fifty years has had serious consequences for dry land areas. Per-hectare yields for most crops in the sub-region are among the lowest in the world. The three most important factors of production – selected seed, fertiliser and agricultural machinery – barely feature in most producers' operations. Research on agronomic diversity has been of little help to them until now, often favouring vertical approaches that take insufficient account of the global nature and complexity of the production and agrarian systems. Over the last twenty years, increases in production have generally been obtained by putting more land under cultivation. The model of agricultural growth that West African countries has depended on for more than a generation is not sustainable in the long term, as production systems have not intensified in line with increasing urbanization. The result has been a dramatic decline in soil productivity, increasingly degraded natural resources and escalating conflicts over land use, particularly between farmers and herders, as pressure on land intensifies and good land becomes progressively saturated. Disinvestment by governments, international institutions and the donor community is also starting to bite. Liberalization in the context of structural adjustment meant that the agricultural sector did not get the support that would have ensured food security for local populations and equipped it to resist unfair competition from abroad. Agricultural policy tools are primarily geared towards commercially profitable cash crops rather than the support needed to achieve its objectives of food

security, rural employment and integration into the regional market. Several countries in the region have become accustomed to relying on cheap imported produce to feed their people. In the meantime, exports fetch less on the international markets, while regional produce has to compete with cheap imports generated by the subsidies given to producers in developed countries as agricultural markets reached saturation point in the mid-1980s. The net result of all this is that this agricultural model, which is largely dependent on natural resources and poorly paid labour, has become unviable. If it is to be sustainable in the long run, agriculture needs to be transformed so that it can provide a way out of the poverty endured by most of the rural people whose livelihoods depend upon it (AGRA, 2014).

Furthermore, agriculture has been negatively affected in the oil-exporting countries specifically Nigeria by what has been termed the “Dutch” disease. This is when higher foreign exchange earnings cause the domestic currency to appreciate to such a degree that traditional exports such as agricultural cash crops and foods become less competitive in international markets, and food imports become cheaper in the domestic market. Thus, Nigeria is the prime example of a country whose booming agricultural sector went into decline after its discovery of oil. Farmers in West Africa are struggling to adapt to these crises but support is declining. Whilst total external aid to sub-Saharan Africa, out of which West Africa benefitted, remained stable during the 1990s, the proportion allocated to agriculture declined year on year. If poverty in West Africa is to be reduced, aid to agriculture must be increased substantially and made to work more effectively.

In order to realise agriculture's full potential to support wider growth and reduce poverty, West Africa's agricultural development strategies will need to: (i) match the prevailing stage of development and the nature of poverty; (ii) focus on places where significant productivity

gains are possible and the potential linkages to the wider economy are strongest; (iii) address the most significant constraints to increased productivity and employment; (iv) build on market opportunities; (v) ensure complementarity with social protection strategies; and (vi) ensure sustainability. Some of these issues are discussed in the remaining sections of the paper.

#### 4. Role of modernization/mechanization

Contemporary growth in agricultural productivity is largely driven by the adoption of new technology tailored to local conditions. However, Research and Development (R&D) has not experienced any remarkable growth in West African countries compared with other developing countries such as India and Brazil. Many West African countries have had national R & D organizations for decades, but they are poorly staffed, resourced and managed. Over the past three decades, not only has progress stalled in agricultural mechanization in much of West African countries, but also there is accumulating evidence that progress attained in the earlier years is being lost in many parts of the region. Furthermore, mechanization has dropped off the agenda of international development organizations and donor agencies, resulting in its low profile in national development programmes. A key question that can be posed is whether long-term sustainable growth of the agricultural sector is possible with farmers who rely on hand tool technology (powered entirely by human muscle, and in many cases, women's muscle)? Furthermore, can these farmers compete with those in other parts of the world who have mechanized not only the land preparation tasks, but also many harvesting and post-harvest operations? Trends in mechanization worldwide clearly show that there are strong correlations between economic growth and mechanization – those countries that have achieved unprecedented economic growth over the past three decades and have succeeded in solving their food problems have also advanced to higher levels of

mechanization in their agriculture. Countries that have stagnated economically with significant numbers of their citizens steeped deeper in poverty have also lagged behind in agricultural mechanization. Not surprisingly, crop yields in West Africa have been well below world standards, and the yield gap has been increasing (Agrippa, D. & Lukhele, P.K. 1991; Adewumi, F. 2012).

There is therefore an urgent need to re-examine the role of agricultural mechanization in the agricultural and economic development of West Africa. The initial focus should be on those power-intensive field operations, such as land preparation, which make agriculture unattractive and difficult. There is evident need for transforming the agricultural systems in West Africa through a combined and synchronized approach to promote biochemical technologies with mechanization, abandoning the controversial low input systems and the incremental approach to agricultural development. A dual agricultural system needs to emerge through encouraging more commercial farming by medium-scale farmers (10–200 ha). Such medium-scale farmers are likely to be the ones who will be able to provide mechanization services to the majority of small-scale farmers. They are also likely to create large enough demand for inputs and produce large volumes of outputs to enable viable and sustainable input supply and output recovery enterprises to be established, which can also serve the small-scale farmers at competitive rates/prices (Block, S., 2014).

There are a number of essential factors for successful and sustainable agricultural mechanization in West Africa. First is the need for effective demand for the outputs of agricultural production in national, regional and international markets that can be met through profitable farming enterprises. These profitable farming enterprises will in turn lead to an effective demand for agricultural inputs including mechanization services. Secondly, there is the need to ensure effective

utilization rates for machinery and implements through policies and other support services that facilitate multi-farm use, development of sustainable machinery rental markets, and freer movement of machinery across district and national boundaries to exploit the rainfall isohyets and peak land preparation seasons. Thirdly, there is the need to establish efficient agricultural machinery supply chains and service enterprises, including linkages to new suppliers/manufacturers, as well as local equipment manufacturing, nationally or regionally where this is feasible. Finally, basic education is critical for small-scale farmers who need to adopt new technologies, seeds and crops. While many West African countries have made major strides in recent years in expanding gross enrollments in primary education, there remains a major unfinished agenda here, relating to the quality of education, the need for a focus on vocational training as an integral part of the education system, the relative neglect of secondary education and programmes of adult literacy that will help current farmers to absorb new methods of agriculture (Bigman, D., 2002).

Many policy makers and a growing number of experts in the development community now emphasize that mechanization should again be a policy priority in West Africa. Efforts to accelerate mechanization will require substantial long-term political and financial commitments while grappling with new problems. However, unless commitments are made to address these problems, the prospects for West African agriculture remain bleak. The process may at times be challenging, but governments and leaders in the agricultural sector in West Africa must remain steadfast and take a longer-term perspective of mechanization. Otherwise, West African agriculture will be doomed to continue using seventeenth century tools and implements in the twenty-first century to the detriment not only of food security, but also agricultural development and overall economic growth. Now is the time for a new look at agricultural

mechanization in this region (Binswanger, H.P. & Pingali, B. 1988).

## 5. Role of subsidies and other incentives

Many countries in West Africa are characterized by market failures in that small - scale farmers cannot get access to credit, insurance and inputs. Such situations can leave them in a poverty trap from which they struggle to escape, even when the technology to allow them to produce more exists. Lack of information on subsidy programmes in West Africa highlights a major need for country studies that report different countries' recent experience with input subsidies. What can be said is that there is currently limited implementation of important aspects of 'smart subsidies' in subsidy programmes in West Africa, and weaknesses in design and implementation. There is also a lack of emphasis on improving programme effectiveness and efficiency, and inadequate attention to integration with complementary policies and programmes needed for the achievement of both direct and indirect benefits of input subsidy programmes. There is also a mixed record as regards use of input subsidies to develop input supply systems. Some of these aspects of input subsidy programmes are associated with divergence between political economy and more technocratic interests.

Subsidies can help overcome poor farmers' inability to obtain credit or take risks, to allow farmers to learn about inputs, and to develop input supply to levels where scale economies are captured. They can also be justified on grounds of equity, to overcome soil degradation and improve soil quality in the case of fertiliser, and to stimulate production to reduce the cost of food. It should be noted that subsidies can be costly, with costs rising over time, difficult to remove, and can be badly targeted so that richer farmers get much of the benefit, while also undermining the development of commercial channels. How then should West African countries support their farmers

through subsidies? Much depends upon local circumstances – whether rural financial and input markets are robust or not functioning at all, for example poverty levels among farming households, and productivity levels for staple goods. Decision-makers need to be clear on the objectives pursued in using subsidies and consider alternative and complementary ways to achieving them. West African countries considering the introduction of agricultural input subsidies should recognize the different potential benefits they can yield, the conditions required for those benefits to be realized, and the significant pitfalls from ineffective implementation. Some of these can be briefly outlined as follows:

- Subsidies have greatest potential in contributing to wider growth when applied to production of staple grains and staple food with a key contribution to consumers' welfare and real incomes through lowering food prices, but this requires large programmes with complementary investment and output market development policies to bring prices down (perhaps below import parity) and involves substantial costs and risks;
- Policy objectives of input subsidies are, like policy objectives in wider agricultural development, paradoxical – with investments in staple crop production and agriculture needed to stimulate diversification out of staple food and agricultural production;
- Rationing and targeting are important features of effective subsidies – to limit costs and ensure that subsidies are largely delivered to producers whose effective input use is constrained by market failures – and smart subsidies' use for rationing and targeting can substantially address conventional criticisms of subsidies;
- Agricultural input subsidies are not a short-term 'quick fix' – medium - to long -term investments in input subsidies are needed if

they are to build up farmer knowledge and capital, supply systems and wider economic growth. However the risks of their diversion, capture and inefficiency also grow over time and this poses major political and technical challenges.

- Where subsidies are used, they need to be “smart” i.e. targeted to those who need them, limited in time, and designed to enhance commercial distribution rather than supplant it. Complementary investments in transport and input –dealer - training can reinforce these programmes and make it easier to reduce or remove subsidies in the future.

## 6. Role of marketing infrastructure

A major component of competitiveness in agricultural value chains is access to affordable physical infrastructure. This includes infrastructure that supports on-farm production (irrigation, energy, transportation, pre- and post-harvest storage), ensures efficient trading and exchange (telecommunications, covered markets), adds value to the domestic economy (agro-processing and packaging facilities), and which enables produce to move rapidly and efficiently from farm-gate to processing facilities and on to wholesalers (transportation and bulk storage).

Markets are of fundamental importance in the livelihood strategy of most agricultural households. Markets are where, as producers, they buy their inputs and sell their products; and where, as consumers, they spend their income from the sale of crops or from their non-agricultural activities, to buy their food requirements and other consumption goods. Because of this, small-scale farming households in West Africa often indicate that one reason they cannot improve their living standards is that they face serious difficulties in accessing markets, especially those in the advanced countries. Farmers are also often constrained by their lack of understanding of the markets,

their limited business and negotiating skills, and their lack of an organization that could give them the bargaining power they require to interact on equal terms with other, larger and stronger market intermediaries (AIDC, 2010; Dercon, S., Gilligan, D. Hoddinott, and Woldehanna, 2006).

Three decades ago, major markets in many West African countries were controlled by governments. Monopolistic parastatal marketing agencies (otherwise known as Specific Crop Marketing Boards in some countries) were typically responsible for both the delivery of agricultural inputs and the marketing of agricultural produce, through a network of distribution outlets and marketing depots, and at prices (usually pan-territorial) that were determined in advance. Prices offered to farmers were low – representing only a relatively small proportion of the real value of the crop, and actual payment was often made several months after delivery of the crop. In many countries, the parastatal agencies lost large amounts of money and drained resources from national budgets. The situation has changed radically from the 1980s following the introduction of the Structural Adjustment Programmes (SAPs) when a series of agricultural marketing reforms were introduced in most countries with the aim both of reducing the level of public expenditure incurred by the state agencies, and of promoting a more productive, commercially oriented and diverse agricultural sector. Crucially, they sought to limit, or completely eliminate, the role of the parastatal institutions in agricultural marketing, and so provide the space for private-sector participation. In practice, and in retrospect not surprisingly, the emergence of private-sector market intermediaries (ranging from small-scale informal traders to large, often foreign owned, agro-processors) to fill the vacuum left by the withdrawal of the state has generally been less smooth and less rapid than expected. However, there has also been enormous variation in the composition of this intermediary sector and in the speed of its emergence.

At the international level, globalization – of capital flows, access to technology, and trade – is leading to important changes in economic and social relations across the world; and in theory at least, it promises new opportunities for growth and income generating activities for households in developing countries. Yet, ironically, over the last two decades the market prices of most primary commodities have declined drastically. Two factors can be identified as being responsible for the decline in prices of agricultural products. The first is a long-term and structural one, resulting from the slow growth in demand for primary food commodities as incomes grow in the advanced countries, contrasted with a more rapidly expanding supply of traditional commodity products from an increasing number of developing countries. The second factor behind the decline in commodity prices is that of subsidies and related support paid to farmers in the developed world. These subsidies lead directly to increased output and to surpluses that are then transferred onto international markets, with the effect of increasing price volatility and depressing the prices received by farmers in developing countries.

As a result of these national and international trends, smallholder producers in West Africa find themselves in a world entirely unlike the one they faced three decades ago. Markets no longer have fixed nominal prices. Instead, new commercial relations must be struck with a myriad of suppliers and buyers, and prices, whether for selling produce or purchasing inputs, are now largely negotiated. For some farmers – particularly those producing export crops in areas enjoying good communications – this has created new opportunities. For many others, especially those trying to produce market staples in remote areas of low agro-ecological potential, it has created major problems (Anang, B.T. 2011).

Consequently, improved market access is of importance to all rural households, and assisting rural poor people in improving their access to markets must be a critical element of any strategy to enable them to enhance their food security and increase their incomes. If it is true that markets, and improved market access, are of critical and immediate importance to rural poor households, it is also evident that they are a prerequisite for enhancing agriculture-based economic growth and increasing rural incomes in the medium term. Rural incomes will not be substantially increased by exclusive emphasis on subsistence food crop production; rather, more market-oriented production systems are needed. Thus West African countries should put strategies in place to effectively increase the market share of the rural poor and improve the terms in which they participate in markets; achieve greater market access and market development for the rural poor; and effectively improve at national, regional and international levels the rules of trade in favour of the small-scale production.

Focusing on the delivery side alone, significant improvements in producer incomes can be achieved without increasing farm productivity if post-harvest storage, trading and transportation costs can be reduced. For example, in many parts of West Africa, poor rural roads fail to connect small holder farmers efficiently to local markets or agribusiness processors. Roads that are impassable in the wet season, for example, force farmers to sell their produce in the dry season at low prices. This in turn leads to higher prices in the wet season from which small-farmers cannot benefit. International markets and some urban markets increasingly require the movement of produce by bulk or refrigeration. Poorly constructed or maintained roads prohibit use by these larger vehicles, so constraining market access.

## 7. Role of Land Tenure Systems

Secure and predictable access to land as a productive resource is essential to the livelihoods of millions of farmers in West Africa as it is in other parts of the world. Secure land rights enable farmers to invest in long-term improvements to their farms and soils in the expectation that they will reap the benefits of those investments without fear that their land may be confiscated arbitrarily. Investments in improvements to soil fertility, and capital improvements such as irrigation equipment and fences, pay for themselves over multiple cropping seasons. Formal and informal land rights are therefore essential to improving the conditions of farmers in West African countries in terms of economic growth, agricultural production, food security, natural resource management, gender-related inequalities, conflict management and local governance processes more generally.

Many farmers in West Africa hold customary rights that are considered highly secure in the context of local social arrangements, but which are not accorded legal status in their country's statutory property regimes. In such situations, land assigned under customary arrangements is most often statutorily categorized as public land, and subject to the stewardship and administration of public agencies. In some instances where commercial investments have taken place, the customary tenure arrangements that delivered secure tenure rights to generations of farming families have been over-ridden and farming families have faced displacement. An appropriate policy remedy may be to accord extant customary arrangements statutory status equal to that accorded to land held under public land and freehold tenures. The tenure insecurity evident in such situations underscores the value to landholders of clear statutory recognition of their land rights, whether that recognition is based on customary rights or freehold rights.

Complex and uncertain land tenure relations seem to hamper private investments in many countries in West Africa. It has been found that investment and hence productivity in agriculture in many rural communities in West Africa were held back by farmers who were uncertain about their property's security during fallow periods. Large proportions of land in West African countries are uncultivated, in part due to insecure property rights. Reform of land tenure systems under customary tenure is a sensitive issue and poses a difficult long term challenge. There is much change occurring in land tenure systems currently in many West African countries under the impetus of new interests and market pressures. But these changes fall short of laying out an action plan or an implementing strategy. There is need to improve access to land and secure property rights. Ownership and access to land remain inequitable, reducing agriculture's contribution to poverty reduction. Efforts are needed to help poor people to buy land and to encourage large landowners to sell it. This may be done by simplifying legal and administrative procedures and strengthening the financial position of the poor. In addition to measures aimed at increasing poor farmers' land ownership, attention should be given to new approaches to land administration that can help provide secure access to land through, for example, leasing arrangements. Special attention should be given to improving access to land for the most marginalised people, particularly women. There is a need to speed up the pace of reform here in a pro-agriculture policy approach. The 'land bank' proposal being tried in many African countries, promises to unleash a more immediate response, akin to what was seen in China and Vietnam. It deserves policy implementation attention by governments in West African countries.

## 8. Adapting to Climate Change

Climate change is the latest challenge to sustainable human development. Within the sustainable development agenda, climate

change is now an urgent concern. The level and structure of employment and skill needs in many places worldwide will be affected both by the direct impact of global warming (particularly in agriculture, fishing, tourism and mining) and by the policies adopted at the community, national and international levels to address climate change and its effects. West African countries are highly vulnerable to the impacts of climate change, particularly as it relates to agriculture and rural livelihoods. Many countries in West Africa, such as Nigeria and Ghana, have high levels of greenhouse gas emissions due to their intense industrial activity. West Africa's vulnerability arises from significant exposure to current climate variability and anticipated climate change; high sensitivity of agriculture and rural livelihoods to these climatic changes; and very low adaptive capacity at the community and national levels. A wide range of climate risks have already been experienced in many West African countries during the past 30 years, including flooding, late rains, short rains and dry spells (Brown, O. & Crawford, A. 2008; Odjugo, P., 2010).

The impact of climate change is very visible in most communities in West Africa, from the Sahel in the north with the problem of desertification to the rainforest and coastal zone in the south with the issue of coastal flooding or inundation. Climate change has huge implications for West African countries. Measures taken by communities to adapt to climate change include economic diversification, dry season farming, late crops planting, agricultural diversification, mixed cropping, planting on ridges and mounds and netting of fish ponds, and construction of gutters and flood reception pits among others. Given West Africa's high vulnerability to climate change, significant additional adaptation efforts are needed to address the critical interface between climate, agriculture and livelihoods at the institutional, sub-national, national and regional levels (Nwafor, J. C, 2007).

To address this challenge, West African countries need to appreciate its capacity and training needs, institutional gaps and challenges, knowledge gaps and management structures as they relate to climate change. Recognising the fact that climate change is a new phenomenon, most of the efforts that are in place in West African countries are dealing with sectoral issues including biodiversity, water resources, forests, desertification, natural resource management, waste management among others. These issues are addressed in individual policy and legal frameworks but not comprehensively tackling issues of climate change. As such, there are weak enforcement mechanisms on several climate change issues and inadequacies in climate change communication. Without better management of the climate risks that affect the economy in general and specifically natural resources including agriculture, West African countries are likely to experience dramatic climate change impacts in the coming decades. As such, efforts to address rural poverty to promote sustained economic growth will be undermined. Rigorous awareness creation using science-based information is suggested as the starting point for policy aimed at effective adaptation by all stakeholders to climate variability. It is suggested that religious institutions be employed, alongside other outlets, to disseminate climate change information as is done with HIV/AIDS, Polio, Immunization and Roll Back Malaria Programmes (Reardon, T. & Timmer, P. 2007).

## 9. Conclusion

The West African region seemed destined for a future of hunger and famine with agriculture offering little potential for growth. However, as history has shown, with a strong commitment to develop agriculture through the adoption of new technologies, agriculture can play a major role in reducing poverty in West Africa. Limited access to finance, inequitable access to productive resources, poorly functioning markets, poorly developed infrastructure and the risks associated with adverse weather and prices are ongoing challenges. Gender inequalities characterize access to productive resources, divisions of labour, producer incentives and control of profits. Progress depends on decision-makers that are willing and able to tackle difficult issues, and to prioritise and implement policies that benefit agricultural production. In order to realise agriculture's full potential to support wider growth and reduce poverty, West Africa's agricultural development strategies will need to: (i) match the prevailing stage of development and the nature of poverty; (ii) focus on places where significant productivity gains are possible and the potential linkages to the wider economy are strongest; (iii) address the most significant constraints to increased productivity and employment; (iv) build on market opportunities; (v) ensure complementarity with social protection strategies; and (vi) ensure sustainability.

## References

- Adejuwon J. O. (2006) “Food crop production in Nigeria. II: Potential effects of climate change” *Climate Research* Vol 32 229-245.
- Adewunmi, F. 2012. “Four Ways How Technology Can Boost African Farming.” Available at <http://www.howwemadeitinafrica.com/four-ways-how-technology-can-boost-african-farming/22908/>.
- Alden Wily, L. (2011) ‘The law is to blame: The vulnerable status of common property rights in Sub-Saharan Africa.’ *Development and Change* 42(3): 733–757.
- AGRA (Alliance for Green Revolution in Africa). 2014. “Africa Agriculture Status Report 2014: Climate Change and Small Holder Agriculture in Sub-Saharan Africa.” Available at [www.agra.com](http://www.agra.com).
- Anang, B.T. 2011. Market structure and competition in the Ghanaian cocoa sector after partial liberalization *Current Research Journal of Social Sciences*, 3(6): 465-70.
- AIDC, 2010. *Better access to roads in rural areas is critical to raising agricultural productivity*. Africa Infrastructure Country Diagnostic. [[www.infrastructureafrica.org/aicd/key-g/sector/better-accessroads-rural-areas-critical-raising-agricultural-productivity](http://www.infrastructureafrica.org/aicd/key-g/sector/better-accessroads-rural-areas-critical-raising-agricultural-productivity)]
- Bigman, D. 2002. Globalisation and the developing countries: emerging strategies for rural development and poverty alleviation. CABI publishing, UK.
- Block, S. 2014. “The Decline and Rise of Agricultural Productivity in Sub-Saharan Africa Since 1961.” *NBER Working Paper* No. 16481. Cambridge, MA: National Bureau of Economic Research
- Building Nigeria’s Response to Climate Change “BNRCC” (2008). Climate Change Information on Nigeria Agriculture, Food Security, Land Degradation, Forestry and Bio-Diversity. Retrieved August 02, 2010 from <http://www.nigeriaclimatechange.org/index.php>
- Agrippa, D. & Lukhele, P.K. 1991. A review of agricultural mechanization strategies for small - scale farmers in Swazila. In G.C. Mrema ed. *Agricultural Mechanization Policies & Strategies in Africa*, p. 121–131.
- Binswanger, H.P. & Pingali, B. 1988. Technological priorities for farming in sub-Saharan Africa. *World Bank Research Observer*, (3): 81–98, World Bank, Washington D.C.
- Boshoff, W.H. & Joy, J.L. 1966. Small tractors in small-scale African farming. In J.L. Joy, ed. *Symposium on mechanical cultivation in Uganda*, 108–114. Makerere Univ. Press, Kampala.
- Brown, O. & Crawford, A. 2008. *Climate change: a new threat to stability in West Africa? Evidence from Ghana and Burkina Faso*. *African Security Review*, 17(3): 39-57
- Ceesay, M., Njie, M. & Jagne, M. 2005. *The effects of importation of poultry meat and eggs on small scale poultry producers in the Gambia*. Commissioned study. Action Aid and OXFAM International.
- ECOWAS Commission. 2005 a *Regional Agricultural Policy for West Africa: ECOWAP/CAADP* [www.diplomatie.gouv.fr/fr/IMG/pdf/01\\_ANG-ComCEDEAO.pdf](http://www.diplomatie.gouv.fr/fr/IMG/pdf/01_ANG-ComCEDEAO.pdf).
- ECOWAS Commission. 2009b. *Regional Agricultural Policy for West Africa: ECOWAP/CAADP*. Paper presented at the International Conference on Financing Regional Agricultural Policy in West Africa (ECOWAP/CAADP) in Abuja, 11-12 November, 2009.

- Dercon, S., Gilligan, D., Hoddinott, J. and Woldehanna, T. (2006) “The impact of roads and agricultural extension on consumption growth and poverty in fifteen Ethiopian villages”. CSAE Working Paper Series 2007-01. Oxford: CSAE.
- Eboh, E.C and J.U, Ogbazi. (1990). “The Role of Women in Nigerian Agricultural Production and Development”. In Ikeme, A.I. (Ed) *The Challenges of Agriculture in National Development*. A Production of the Faculty of Agriculture, University of Nigeria, Nsukka. pp 117 – 126. Enugu: Optimal Computer Solutions Ltd.
- ECOWAP (2005) *A response to agricultural and food issues in West Africa*, Abuja ECOWAS
- Elbehri, A., ed. 2013. *Rebuilding West Africa's food potential: Policies and market incentives for smallholder-inclusive food value chains*. Rome, FAO and IFAD.
- FAO. 1975. *Effects of farm mechanization on production and employment: Report of the Expert Panel held in Rome, 4–7 February 1975*, Rome.
- FAO. 1981. *Agricultural mechanization in development: guidelines for strategy formulation*, by R.C. Giffod, FAO Agricultural Services Bulletin, No. 45. Rome.
- Geoffrey C. Mrema, Doyle Baker and David Kahan (2008), *Agricultural mechanization in sub-Saharan Africa: time for a new look* Rome: FAO
- Nin-Pratt, A. and L. McBride. 2014. “Agricultural Intensification in Ghana: Evaluating the Optimist’s Case for a Green Revolution.” *Food Policy* 48: 153–67.
- Nwafor, J. C (2007) Global climate change: The driver of multiple causes of flood intensity in Sub-Saharan Africa. *Paper presented at the International Conference on Climate Change and Economic Sustainability held at Nnamdi Azikiwe University, Enugu, Nigeria, 12-14 June 2007*.
- Reardon, T. & Timmer, P. 2007. *Transformation of markets for agricultural output in developing countries since 1950: how has thinking changed?* In R. Evenson & P. Pingali, eds. *Handbook of agricultural economics*, vol. 3. New York, Elsevier B.V.
- Odjugo, P. A. O (2010). General Overview of Climate Change Impacts in Nigeria. *Journal Hum Ecol*, 29(1): 47-55.
- Per Pinstrup-Andersen and Satoru Shimokawa (2006) “Rural Infrastructure and Agricultural Development” Paper prepared for presentation at the Annual Bank Conference on Development Economics, Tokyo, Japan, May 29-30, 2006
- Yawson, D. et. al. 2010. Ghana’s Fertilizer Subsidy Policy : early field lessons from farmers in the central region. *Journal of Sustainable Development in Africa*, 12 (3)
- World Bank (The). 2004. “The Challenge of Financing Infrastructure in Developing Countries.” Chapter 6 in *Global Development Finance 2004: Harnessing Cyclical Gains for Development*. Washington, D.C.: The World Bank.
- World Bank (The). 2003. “World Development Report 2003: Sustainable Development in a Dynamic World: Transforming Institutions, Growth, and Quality of Life.” New York: copublication of The World Bank and Oxford University Press.

# PROMOTING STRONG INSTITUTIONS- TRANSPARENCY AND ACCOUNTABILITY IN THE FIGHT AGAINST CORRUPTION

---

Mr. Emile M. C. Carr



**WATTNet**  
WEST AFRICAN THINK TANK  
NETWORK

# 1. Introduction

Corruption is a key barrier to growth and development. In the West African sub-region, the toll of corruption and mismanagement over the last forty years has brought some countries to the brink of failed states. The fight against corruption thus remains critical to development and promoting confidence and trust in the sub region. This paper intends to highlight the need for strong institutions, stronger leadership, transparency and accountability in the long continuous struggle which seems to plague most, if not all, countries of the world - but notably those of the sub-region of the west coast of Africa. We will examine the known reasons of corruption and further, an attempt will be made to establish the way strong leadership and accountability were employed in the late 1950's when leadership concerns were focused on their citizens and their respective countries and not self-aggrandisement.

Indeed, this paper intends to exemplify how strong leadership and institutions can also (with the help of an effective judiciary) consolidate a free democracy and a sustainable growing economy. It will do so by drawing attention to strong effective political leadership, then look further at strong institutions in the late 20<sup>th</sup> century. The paper will then focus its attention on how accountability and transparency governed those leaders. The cost of corruption will also be examined, as this is rife in most countries. The paper will attempt to look at some general anti-corruption reforms, which can be adopted, revamped and amended to fit the needs of specific countries. Finally, some of the measures by which

corruption can either be minimised or somehow eradicated are outlined.

## 2. Political Leadership

In his book 'The Bottom Billion' Paul Collier, the renowned Oxford economist, makes the argument that 'the third world has shrunk'. The reality is that quite a few of the African continent had deteriorated to poverty because of corrupt practices in the last fifty or more years. In very broad terms, it is because Africa has been trapped by coups, civil conflicts and the irony of rich natural resources - contaminated by insatiable greed amongst kleptocratic leaders.

When Barack Obama addressed Ghana's Parliament during his visit to the country in July 2009, he stated that "Africa needs strong institutions, not strong leaders'. I think we not only need strong institutions but we also need strong leaders, as strong leadership brings about effective institutions, and this is what I will attempt to bring out here.

Let me take your minds back to the early 1950's or in the wake of the African independence euphoria, where leaders were more visionary and with a lot more integrity across the continent. One typical example is the former British Protectorate of Bechuanaland (now Botswana), which gained independence in 1966 under the astute direction and governance of Seretse Khama. Botswana by its very geographical position is landlocked. The country, since independence, has embraced democracy and the rule of law. The judiciary is independent of

the executive and the legislature. In 2014, Botswana ranked 28<sup>th</sup> out of 167 states in the Democracy Index (in 2012 it ranked 30<sup>th</sup>). According to Transparency International, Botswana is the least corrupt country in Africa and ranks close to Portugal and South Korea. Since independence, Botswana has had one of the fastest growth rates in per capita income in the world. It has transformed itself from one of the poorest countries in the world to a middle-income country. By some estimates, it has the fourth highest gross national income at purchasing power parity in Africa, giving it a standard of living around that of Mexico and Turkey. All of this has been achievable because of leadership.

Along the Eastern Coast of Africa is yet another example, Tanzania, currently a constitutional Republic, which at one point was considered one of the poorest countries in the world. Tanzania has a diverse population of over 50 million with several ethnic minorities, linguistic as well as religious groups. In 1954, Julius Nyerere transformed the Tanganyika African Association into the politically oriented Tanganyika African National Union (TANU) with the prime objective of achieving national sovereignty. A campaign to register new members was launched, and within a year TANU had become the leading political organisation in the country. Nyerere became a Minister of British-administered Tanganyika in 1960 and continued as Prime Minister until Tanganyika became independent in 1961 when British rule came to an end.

In 1967, Nyerere's presidency took a turn towards the left after the Arusha Declaration, which codified a commitment to socialism as well as Pan-Africanism. After the declaration, banks and many large industries were nationalised. Tanzania was also aligned with China, which from 1970 to 1975 financed, and helped build the 1,860-kilometre-long (1,160 mile) TAZARA Railway from Dar-es-Salaam to Zambia. Nonetheless, from the late 1970's, Tanzania's economy plummeted. In the context

of an international economic crisis affecting both developed and developing economies from the mid-1980s, the regime financed itself by borrowing from the IMF and underwent some reforms. Since then, Tanzania's gross domestic product per capita has grown and poverty has been reduced. By the end of Nyerere's rule he apologised for the mistakes in policy and asked for change. This provides another example of what strong leadership can achieve or not achieve.

Turning to our own region, West Africa, the likes of Dr. J.E.K. Aggrey, Dr. Kwame Nkrumah, Dr. J. B. Danquah and others, were leaders in the then Gold Coast now Ghana. We know the history and its legacy. The strong leadership of Nkrumah and others is evident to this day, even though his was short lived, due to many reasons, which we are not interested in here, but their collective leadership styles continue to manifest themselves to this day. I have brought these to your attention to emphasise and lay the foundations that- with strong leadership- you will get strong and reliable institutions to buttress a free democracy and a buoyant and growing economy. One such model of this kind of state-craft is Singapore with Lee Kwan Yew and his team.

In our own region we need to remind ourselves of the various types of leadership qualities at play - irrespective of their political orientation, religious, ethnic or other background, but respected as role models. This has come about mainly because they have left a legacy of strong and reliable institutions coupled with their display of integrity and genuine selfless contributions to the development of their countries.

### **3. Strong institutions [end 6<sup>th</sup> Dec 2016]**

There are some other things which are not tangible but of paramount importance. These are what a country needs to promote peace, sustained stability, and maintain social and economic development. Our countries need

strong and sustainable institutions, which can function properly and consistently at all times - irrespective of the views of the political party in power, or a change of government. A country needs strong leaders as much as it needs strong institutions. Such institutions must include a robust and independent judiciary with steely determination to administer justice and consistently apply the rule of law without fear of recriminations, favour or discrimination. A functioning and well established democratic system with the necessary institutions to apply and enforce democratic norms and practices, including the code of free, fair and transparent public elections, and to promote good governance, is also crucial. These include bodies to protect, uphold and enforce the human rights of all citizens and expose, as well as sanction, the abuse of any of those rights from all quarters.

#### 4. Accountability and Transparency

Accountability and transparency are critical pillars of a democracy and our region needs to have in place proper and effective systems to strengthen these two features. Accountability refers to the existence of appropriate provisions for imposing adequate sanctions and penalties for corrupt practices. In this way, citizens would be made to see, know and appreciate the proper application of the rule of law and that no one is exempt from the sanctions provided by law for their involvement in corrupt practices.

Transparency, on the other hand, enables citizens to be aware of what their governments are doing, as well as why and how things are being done with their subsequent outcomes. This is why “Freedom of Information” legislation remains vital and serves to keep the people well informed and promotes participation in governance. This is an important way of building trust between the government and the governed. Indeed, trust is necessary as it helps to promote peace and social justice.

Where institutions are well placed and functioning properly, they will underpin and reinforce the obligations of states - including fairness to all its citizens and equitable distribution of the limited public services available for the enjoyment of its people. The existence of those institutions will also provide a deterrent to people, who, for the purposes of enriching themselves, and relying on their social, political or ethnic connections, may wish to avoid not complying with the requirements of the law and the systems in place.

#### 5. Cost of corruption

Recent empirical studies have documented the considerable economic and social costs of corruption. The findings of these studies have raised particular concerns and highlighted that it is the poor who bear the heaviest brunt of corruption. Corruption weakens public service delivery, misallocates public resources and holds back the growth that is necessary to alleviate poverty. Stories abound of pension payment postponements and disability benefits denied, all because the requisite bribes were not paid. Measures of the aggregate social costs of the problem do not reveal the human suffering brought about by corruption.

In countries where the problem is most entrenched, corruption undermines the very driving forces behind reform. This results in new firms being driven into the underground economy, vital resources siphoned offshore and foreign investors turned away in frustration. The effect is that some countries become more at risk of being trapped in a vicious circle whereby pervasive corruption reduces public revenues and undermines public trust, which in turn weakens the credibility of the state - unless decisive leadership can push through the necessary reforms.

## 6. Anti-corruption reforms

The experience of anti-corruption programs to date has produced mixed results. Ambitious anti-corruption campaigns in several countries have floundered at the implementation stage. Key structural reforms have been blocked by powerful vested interests. In some cases, politicians have hijacked the anti-corruption agenda and used it to attack their rivals. In general, there has not been a political will to fight corruption effectively. Confronting corruption requires a more complex approach that recognises the diverse factors underlying its persistence and providing a foundation for tailoring strategies to the particular contours of the problem in different countries. I hope that WATTNet will provide approaches and directions to meet these challenges.

This paper attempts to unravel the problem of corruption, recognising that what is generally treated as a one-dimensional phenomenon encompasses a range of different interactions within the state and between the state and society, each with its own dynamics. On this basis, a new typology of corruption has been developed for the ECOWAS countries to explore differences in the origins and consequences of corruption in different groups of countries. Specific policy recommendations are then tailored for each group, drawing from a common set of institutional and policy reforms, with emphasis on how to target anti-corruption efforts, how to sequence reforms, and how to calibrate realistic expectations in different contexts.

My paper relies on an important new source of data on governance and corruption in different economies – the ‘Doing Business Report’ (the World Bank Group’s flagship report) and, of course, various papers from Transparency International. For me these two sources provide new and robust measures of a number of forms of corruption across the continent from the point of view of firms. In addition, data from a wealth of audit reports, empirical studies,

cross-country household surveys, and detailed diagnostic studies in selected countries are also consulted to provide a broader picture of corruption from the perspective of households and state officials. The combination of these studies with the “Doing Business” data provides a powerful and balanced foundation from which to understand the depth and contours of the problems of corruption within and across countries.

This paper also seeks to unbundle the phenomenon of corruption, placing primary emphasis on the distinction between the formation of laws, regulations, decrees and other government policies for the benefit of specific individuals - which is known as “**state capture**” and ‘**administrative corruption**’.

**State capture** refers to the actions of individuals, groups or firms (in both the public and private sectors) which seek to significantly influence public officials, as a result of illicit and non-transparent provision of private benefits to them. There are many different forms of the problem. Distinctions can be drawn between the types of institutions subject to capture – the legislature, the executive, the judiciary or regulatory agencies and the types of actors engaged in the capturing – private firms, political leaders, or narrow interest groups. Yet all forms of state capture are directed towards extracting rents from the state from a narrow range of individuals, firms or sectors. For the most part, this is done through distorting the basic legal and regulatory frameworks - with potentially enormous losses for the societies at large. Rent seekers thrive where economic power is highly concentrated, countervailing social interests are weak, and the formal channels of political influence and interest intermediations are underdeveloped.

By investigating channels through which firms seek to influence the state, the ‘Doing Business’ surveys represent the first attempt to measure some aspects of the incidence of capture across countries. Albeit this represents only

the problem of capture by firms (as opposed to other individuals or groups). The surveys identify a number of activities that fall within the definition of state capture, including the “sale” of Parliamentary votes and presidential decrees, as well as the sale of civil and criminal court decisions to private interests. In fact the definition of state capture can be extended to corrupt mishandling of central bank funds and illegal contributions by private actors to political parties. Firms are asked to assess the direct impact on their business from each of these activities, regardless of whether they engaged in such activities themselves. Therefore, capture is measured not only by how many firms engage in it, but by the share of firms whose businesses are directly affected by it.

**Administrative corruption** refers to the intentional imposition of distortions in the prescribed implementation of existing laws, rules and regulations to provide advantages to either state or non-state actors as a result of the illicit and non-transparent provision of private gains to public officials. The classic example of administrative corruption is that of the hapless shop owner coerced into paying bribes to a seemingly endless stream of official inspectors to overlook minor (or possibly major) infractions of existing regulations. Beyond such forms of extortion, administrative corruption also includes such familiar examples of “rent seeking” as bribes to get licenses, to smooth custom procedures, to win public procurement contracts, or to be given priority in the provision of a variety of other government services. Finally, state officials can simply mismanage public funds under their control for their own or family’s direct financial benefit. At the root of this form of corruption is discretion on the part of public officials to grant selective exemptions, to prioritise the delivery of public services, or to discriminate in the application of rules and regulations. One single most important development,

which effectively changed the anti-corruption landscape, was the Watergate scandal involving the thirty-seventh president of the United States of America - Richard Milhous Nixon. This was the largest political scandal in recent U S history. Watergate was seen as a unique event, which introduced transparency in political campaign financing by criminalizing the payment of bribes by corporations to foreign government officials. This culminated in the enactment of the Foreign Corruption Practices Act (FCPA) which was signed into law in 1977 by President Jimmy Carter. It also brought about, almost one generation later, the Anti-bribery Convention of the Organisation for Economic Co-operation and Development (OECD). The idea of the FCPA is to make it illegal for companies and their supervisors to influence anyone with any personal payments or rewards.

The FCPA covers anyone who has a certain degree of connection to the United States and engages in foreign corrupt practices. In fact the Act drags into its net any U. S business or foreign corporations trading securities. American nationals, citizens and residents acting in furtherance of a foreign corrupt practice (whether or not they are physically present in the U. S.) are considered within the Nationality Principle of the Act. There is also what is considered the ‘Protective Principle’ of the Act whereby, in the case of foreign nationals and legal persons, the Act covers their deeds if they are in the U. S. at the time of the corrupt conduct. Further, the Act governs not only payments for foreign officials, candidates and parties, but any other recipient if part of the bribe is ultimately attributable to foreign official, candidate, or party. These payments are not restricted to monetary forms but may include anything of value. I have deliberately mentioned the FCPA to demonstrate the role of the judiciary in checking corruption globally. I am of the firm opinion that the judiciary is pivotal in the anti-corruption landscape.

## 7. Conclusion

In all circumstances, to minimise corruption does not only mean strong leadership; there has to be strong institutions with a high level of governance. A level of accountability and transparency, which can enhance and create a level playing field for good democratic processes to develop, is also essential.

Beside all these there should be a collective effort from the public to prevent corruption. Having corrupt politicians betrays public trust. The proper implementation of penalties to transgressors and widespread display of good governance regulations are major factors that help minimise corrupt practices and eventually reduce poverty and bring about a stable and peaceful State.

## 8. Recommendations

The prevention, minimisation or eradication of corruption is an absolute requirement for better public life. Minimising corruption increases economic development, reduces poverty and facilitates good governance. Corruption has taken an interesting turn in such a way that everyone becomes corrupt in one way or the other if the situation permits. Some of the other antidotes to corruption are as follows:

1. Salary Enhancement. Many civil servants receive low salaries, which has been linked to rent seeking exhibited through bureaucratic and unnecessary delays that cause the public to offer bribes to speed up processes. In such circumstances, periodic increases in salaries might reduce bribery.
2. Increase in the number of public servants. This provides an option for improving on delayed work by officials who expect monetary and other benefits for faster completion.
3. Effective law to dismiss individuals from public service if found to be involved in corrupt practices. Here again we are putting the onus on the judiciary.
4. Keep transactions online and provide bills for every purchase. In this age of technology, it should not be difficult to do a lot of transactions electronically. Making payments online or through the banking system cuts down personal contacts which can facilitate rent seeking. In other words, we are advocating for cashless transactions where possible. Overall, this may limit corruption related to money.
5. Install cameras or CCTVs in all government offices. This is another sure method to reduce bribery and corruption in all its forms. Cameras in public places in the U. S. and Europe, for example, have helped to tackle crime.
6. Speeding up work processes in all government offices with a focus on improving punctuality and timeframes are essential. Most corporate organisations and professional institutions are in full swing and running by 9:00 am. In West Africa, some public offices are hardly functioning before 10:00 or 11:00 am. Further, some public sector employees leave work between 3: 30 and 4:00 pm having had lunch breaks of one and a half hours in between. In these circumstances, the public suffers with poor quality of service.
7. Encourage investigative journalism. The media has had a lot to do with disclosing chronic corruption. Recently, even some judges have also been caught up in corruption scandals through investigative journalism work.

8. Verify selection procedures. Interviews for government jobs are, more often than not, flawed. Undeserving political party favourites, families and friends of personnel are given positions thereby not getting the best candidate for the job. Further, a citizen's charter can also be displayed within, as well as outside, all public offices in order for everyone to know what the expectations are.
9. Tackling economic challenges. This is another factor that breeds and maintains corruption. Due to rise in prices, any amount of income seems to be insufficient. This particularly involves politicians and business people, who may inflate prices to sell their goods for maximum profit. This practice is invariably supported by politicians who are paid monetary or other benefits. This is a cheap business strategy but even business magnates play this corrupt game.
10. Speed up the judicial process and increase the number of courts. Many cases of corruption take years to arrive at a verdict. Such delays in the court system creates the lack of fear for being corrupt; huge time spans for court trials give sufficient time to make alterations in evidence or witness statements. Establishing fast track courts and handing out severe punishments for corrupt practices may keep it under control.

Further, I firmly believe that the initiative of WATTNet to highlight the current endemic corrupt practices within communities in our region will foster more robust and effective policies for all our judiciaries to function cleanly and objectively.

## ACHIEVING SDGS IN WEST AFRICA: IMPLEMENTATION, MONITORING AND DATA-RELATED ISSUES

---

Debapriya Bhattacharya, PHD Chair, Southern Voice On Post-MDG  
International Development Goals And Distinguished Fellow, Centre  
For Policy Dialogue (CPD), Dhaka



**WATTNet**  
WEST AFRICAN THINK TANK  
NETWORK

# 1. Introduction

At the United Nations (UN) General Assembly on 25 September 2015, member states \ adopted *Transforming Our World: The 2030 Agenda for Sustainable Development* (UN, 2015b). The agenda's 17 Sustainable Development Goals (SDGs) and 169 targets officially came into effect on 1 January 2016 and will guide countries' development policies over the next 15 years through 2030. On 15 January, a report of the UN secretary-general provided details on the follow-up and review framework for implementation of the SDGs, with the High-Level Political Forum on Sustainable Development (HLPF) at its core (see UN General Assembly, 2016).

The UN Statistical Commission then agreed to a set of 230 global indicators on 11 March (UN, 2016). These indicators were developed by the Inter-agency and Expert Group on SDG Indicators during a nine-month negotiation process. It is now time to look at country-level implementation and monitoring of the 2030 Agenda and various data-related issues. This paper examines the challenges faced by countries in West Africa and makes recommendations on suitable policy actions going forward.

## The West African context

The 2030 Agenda vows to "leave no one behind" (UN, 2015b), which means that ensuring even development across various regions of the world is crucial. West Africa, a map of which is presented in Figure 1, is undergoing a major economic transformation and is currently one of the fastest-growing region in Africa, with a gross domestic product growth rate of 6 per cent in 2014 (African Development Bank, 2016). However, most of this growth has been driven by foreign direct investment rather than domestic savings and has not generated the employment needed to reduce poverty since these inflows have primarily focused on capital-intensive extractive industries, such as mineral industries (Twerefou, 2013). Moreover, the World Bank (2015) estimated that the Ebola epidemic, which hit West Africa in early 2014, will cost a total of \$1.6 billion in terms of economic growth in hard-hit Guinea, Liberia and Sierra Leone. This shock has considerably affected the economic performance of the whole region. The more recent challenges like the downturn in commodity prices have had inhibiting effects on Africa's economic growth. Furthermore, the threat of terrorism is likely to cause long-term social and economic damage.

**Figure 1: Map of West Africa**



Source: UN (2014)

West Africa comprises 16 countries and the island of Saint Helena, a British overseas territory. Table 1 shows that the region is home to 12 countries with special needs<sup>9</sup>, among which there are 12 least developed countries (LDCs), of which three are also landlocked

developing countries (LLDCs), one other is also a small island developing state (SIDS) and eight are also considered fragile states. These countries are in particularly vulnerable positions in terms of development and need special attention if they are not to be left behind.

**Table 1: Country diversity in West Africa**

Country	LDC	LLDC	SIDS	Fragile state
Benin	√			
Burkina Faso	√	√		
Cape Verde			√	
Cote d'Ivoire				√
Gambia	√			
Ghana				
Guinea	√			
Guinea-Bissau	√		√	√

<sup>9</sup> Least Developed countries (LDCs), Land Locked Developing Countries (LLDCS) and Small Island Developing States (SIDS) are considered to be countries in exceptional situations and have special needs due to their different development and structural challenges. For more information, see [http://unohrrls.org/UserFiles/1\\_countries\\_with\\_special\\_needs.pdf](http://unohrrls.org/UserFiles/1_countries_with_special_needs.pdf) for more information

Country	LDC	LLDC	SIDS	Fragile state
Liberia	√			
Mali	√	√		√
Mauritania	√			√
Niger	√	√		√
Nigeria				√
Saint Helena				
Senegal	√			
Sierra Leone	√			√
Togo	√			√

Source: Prepared by the author based on UN country classifications

## West Africa's SDG priorities

West African countries have long been suffering from conflict, disease and poverty and some continue to be largely dependent on external finance for development. Many of these countries are stabilising politically and growing economically. These positive changes can be translated into SDG achievement. The UN Economic Commission for Africa (2015a) identified the following regional priorities for sustainable development in West Africa:

- Reduction of extreme poverty and hunger
- Achieve gender equality equitable and universal primary and secondary education
- Improve child and maternal health
- Universal access to healthcare delivery service
- Increase and improve infrastructure and urban management
- Improve inclusive economic growth
- Achieve structural economic transformation
- Ensure good governance, peace and security
- Reduce environmental degradation and pollution (ensure sustainable use and

management of natural resources)

- Enhance regional and global public-private partnerships for development (external financing and partnerships)

The 2030 Agenda reflects all of these regional priorities. In addition, there are a number of goals that mention countries with special needs and the needs of African countries in particular (UN, 2015b). Overall, the agenda is fairly suitable for the development needs of West Africa. This paper now turns to the UN guidelines for country-level implementation of the SDGs.

## 2. UN Guidance and Efforts on Country-Level Implementation

On 7 October 2015, the UN Development Group introduced an interim reference guide for the countries embarking on SDG implementation. Table 2 presents the guide's eight mainstreaming guidance areas, which are divided into three major categories – plan, do and check. Guidance areas 1, 2, 3 and 7 are to be initiated now, while 4, 5, 6 and 8 are to be initiated over time.

**Table 2: Implementation guidance areas for mainstreaming the 2030 Agenda**

Plan	<b>Raising public awareness</b>
	Applying multi-stakeholder approaches
	Tailoring SDGs to national, sub-national and local contexts
Do	Creating horizontal policy coherence (breaking the silos)
	Creating vertical policy coherence ( <i>glocalizing</i> the agenda)
	Budgeting for the future
Check	Monitoring, reporting and accountability
	Assessing risks and fostering adaptability

Source: Adapted from UN Development Group (2015)

The UN Sustainable Development Solutions Network also developed a guide for stakeholders, which includes detailed instructions on how to choose country priorities and tools for designing SDG strategies and roadmaps (see Sustainable Development Solutions Network, 2015). As for practical actions, the UN Development Programme has been working with countries across the world to ensure early starts to SDG implementation. In Africa, a mainstreaming exercise is being piloted in the Democratic Republic of the Congo, Rwanda, Uganda and Cape Verde (UN Development Programme, 2015).

Notably, the UN Economic and Social Commission for Asia and the Pacific (2016) published a report on implementation of the SDGs in countries with special needs that includes the results of a survey of experts and practitioners from across the Asia-Pacific region. A total of 160 respondents from 38 Asia-Pacific countries completed the survey, including 95 respondents from 25 countries with special needs. The results show that experts from countries with special needs understand that horizontal and vertical coordination among different government institutions, the adequacy of technical and administrative capacities and the availability

of statistical data are key implementation challenges going forward. The next section discusses the challenges that West African countries in particular may face at the initial stage of SDG implementation.

### 3. The Five Challenges of SDG Implementation

The initial stage of SDG implementation will establish the foundation for initiatives that will be taken in the coming years. Many countries have already started and faced certain challenges. Hence, it would be good preparation for West African countries to recognise these challenges and consider potential solutions. The five challenges discussed in this paper have been identified based on ongoing Southern Voice on Post-MDG Development Goals studies on country-level implementation of the SDGs<sup>10</sup>:

- The first challenge is the integration of the 2030 Agenda into developing countries' national, sub-national and local plans for development and, subsequently, budget allocation.
- The second is ensuring proper arrangements throughout the institutional architecture that will be responsible for implementing the agenda and coordinating actions.

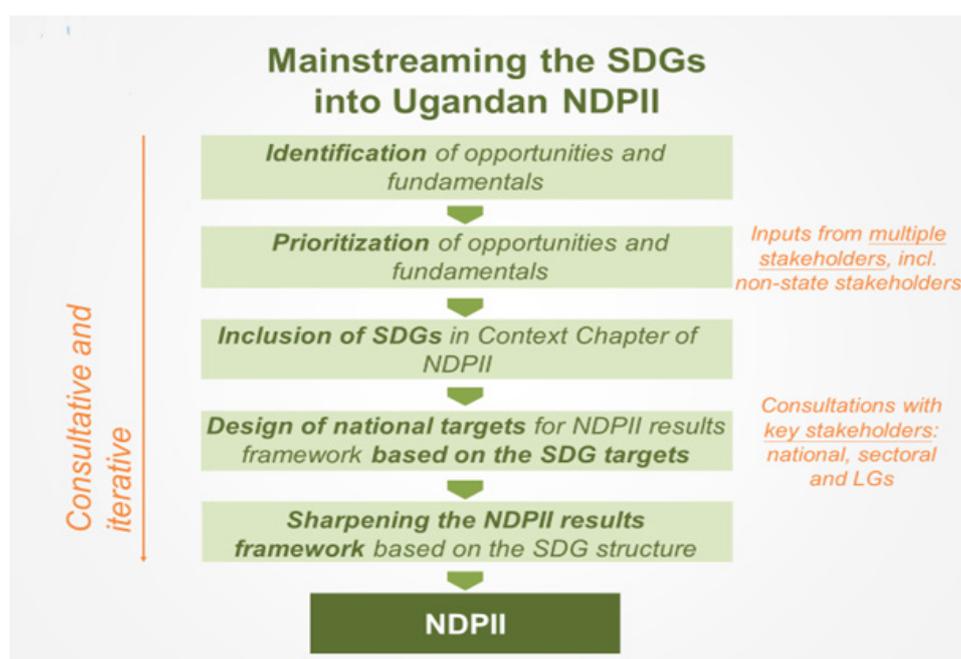
<sup>10</sup> This section is based on research that will be further elaborated in Bhattacharya, Khan, Rezvana, & Mostaque (forthcoming).

- The third challenge is securing adequate financial and non-financial resources for implementation.
- The fourth is ensuring the availability, accessibility and quality of data to monitor implementation.
- Participation and accountability are the fifth challenge. The preceding Millennium Development Goals (MDGs) saw more of a government-to-government approach to human development and related concerns. The SDGs involve a multi-stakeholder approach to implementation that engages governments, non-governmental organisations, the private sector, civil society organisations (CSOs) and academia, which creates a situation where participation and accountability are diffuse.

### 3.a Integration of the SDGs into Country Processes

The 2030 Agenda proclaims that “[c]ohesive nationally owned sustainable development strategies, supported by integrated national financing frameworks, will be at the heart of our efforts” (UN, 2015b). All countries are encouraged to develop ambitious but practical plans, policies and programmes and conduct regular, inclusive reviews of progress on SDG implementation at the national and sub-national levels. Implementation is country-led and driven by country priorities. Notably, African Union leaders adopted Agenda 2063, a 50-year continental agenda with seven aspirations, in 2013 (see Ighobor, 2015). West African countries must ensure that their development policies are aligned with both agendas, which should not get in the way of implementing one another. Many countries have already started integrating the SDGs into their national plans. An innovative example, Figure 2 shows how the Ugandan government incorporated the SDGs into its second National Development Plan, widely known as NDPII.

Figure 2: Mainstreaming the SDGs in Uganda’s second National Development Plan



Source: Adapted from UN Development Group (2015)

Unlike the MDGs, the SDGs are cross-cutting and cannot be implemented in isolation, yet there are challenges inherent in the prioritisation of individual goal areas. Each country will need to give different degrees of attention and effort to achieving the SDGs that depend on where a country presently stands in terms of capabilities and resources. Major national, sub-national and sectoral plans must be reviewed to identify significant areas of conflict as well as synergies between existing development policies and the SDGs. When prioritising SDGs at the country level, emphasis should be on areas where progress on the MDGs was weak. Furthermore, countries should not constrain performance in areas where SDG targets are below national aspirations (Bhattacharya, 2015). Some West African countries have already started working on these issues. The Cape Verde government held a national workshop in December 2015 to identify priority SDG areas and ways to mainstream them into its upcoming poverty reduction strategy (UN Development Programme, 2015) and the Malian government is currently reviewing its Strategic Framework for Growth and Poverty Reduction to align it with the 2030 Agenda (Kone & Massaoly, forthcoming).

## Recommendations

- National governments should establish policy and institutional frameworks to mainstream the SDGs in national development plans
- Major national, sub-national and sectoral plans should be reviewed to identify significant areas of conflict as well as synergies between existing development policies and the SDGs
- National governments should explicitly identify priority SDG areas and specify potential interventions in other areas

- National priorities should focus on areas where progress on the MDGs was weak and be decided through an inclusive process

## 3.b Institutional Coordination

Implementing the SDGs, which are broad but cross-cutting, will require relevant government ministries, departments and agencies to work together. Coordination among government institutions can be a challenge. At the local level, coordinated actions by non-governmental organisations and the private sector will be needed in addition to government intervention. To ensure SDG implementation at the local level, coordination between national and local governments will be crucial. For coordination purposes, an inter-ministerial body under the leadership of the prime minister or equivalent could be established (Olsen et al., 2014). Governments can also establish institutional coordination mechanisms between different levels of government that foster partnerships and coordination between national and local governments (UN Development Group 2015). There are examples of effective coordination across Africa that West African countries can consider. In Ethiopia, the prime minister will be involved in implementation of the national development plan. In Tanzania, coordination is handled by the Ministry of Finance and Planning (Mashindano & Baregu, forthcoming). In Mali, “La Cellule Technique de Coordination du Cadre Stratégique de Lutte contre la Pauvreté” (Cellule CSCLP) has been given that responsibility (Kone & Massaoly, forthcoming). In Nigeria, the Office of the Senior Special Assistant to the President on MDGs will likely continue to coordinate government institutions (Uneze, Adeniran, & Ezechukwu, 2016).

## Recommendations

- An inter-ministerial body for institutional coordination under the leadership of the prime minister or equivalent should be established

- Emphasis should be on ensuring better coordination between national and local governments

### 3.c Financial and Non-financial Resources

The Intergovernmental Committee of Experts on Sustainable Development Financing (2014) estimated that annual investment requirements for infrastructure related to SDG implementation – for water, agriculture, telecommunications, power, transport, buildings, and the industrial and forestry sectors – alone amount to between \$5 trillion and \$7 trillion globally. Developing countries' needs are estimated to be between \$3 trillion and \$4.5 trillion per year, with finance needed for basic infrastructure, food security, climate change mitigation and adaptation, health and education (UN Conference on Trade and Development, 2014). An annual financing gap of \$2.5 trillion for the aforementioned five areas was projected, which is about 3.2 per cent of gross world product, if the current levels of public and private investment continue (Bhattacharya, 2015).

According to the World Bank (2016), global achievement of the SDGs will require the best possible use of each available grant dollar, starting with official development assistance from developed country governments plus philanthropy, remittances, South-South flows, other official flows and foreign direct investment. Some developing countries may need to double their public spending to implement the SDGs (Bhattacharya, 2015). In recent decades, many West African countries have been largely dependent on external finance for development. For example, development partners remain the largest source of finance – 45 per cent of all development finance – in Mali (Kone & Massaoly, forthcoming). Aid transaction costs are high and developing countries typically coordinate with a large number of donors. Domestic resource

mobilisation in Africa is still very low and affected by commodity price volatility. Illicit financial outflows remain a major problem. Conservative estimates suggest that Africa loses over \$50 billion per year in illicit financial flows (UN Economic Commission for Africa 2015b). Going forward, West African countries will need to focus more on making domestic resource mobilisation work. Governments should prioritise curbing illicit financial flows and creating decent jobs within the context of sustainable economic growth. On the other hand, African countries have also noted the need of transferring environment friendly technology and capacity building inputs to ensure proper implementation of SDGs in Africa (UN Economic Commission for Africa 2015a).

### Recommendations

- Curbing illicit financial flows should be prioritised
- Resource requirements for implementing the SDGs should be estimated at both the country and regional levels
- Estimated resource requirements should be matched with existing resource flows to improve the accuracy of estimated resource gaps and potential new sources of finance should be identified
- Individual SDG target-based budget estimates should be considered and public spending should be increased
- Synergies among SDG targets as well as trade-offs should be taken into consideration.
- Domestic trust funds, which include contributions from development partners and philanthropic foundations, should be created

### 3.d Data for Monitoring

Data availability, accessibility and quality are critical to ensure transparency and accountability of the SDG implementation process. A recent Government Spending Watch report demonstrated that data on MDG spending were not easily accessible inside or outside each country (Development Finance International and Oxfam International, 2013). With regard to the SDGs, the *Post-2015 Data Test*, an initiative led by the Centre for Policy Dialogue and Carleton University's Norman Paterson School of International Affairs in association with Southern Voice, found that data on soft areas, such as governance, are largely unavailable in both developed and developing countries. Three African countries (two of which are West African) – Senegal, Sierra Leone and Tanzania – were part of the initiative. The results show that Senegal, Sierra Leone and Tanzania currently have National Strategy for the Development of Statistics (NSDS),<sup>11</sup> which are at various stages of implementation (Kindornay, Bhattacharya, & Higgins, June 2016).

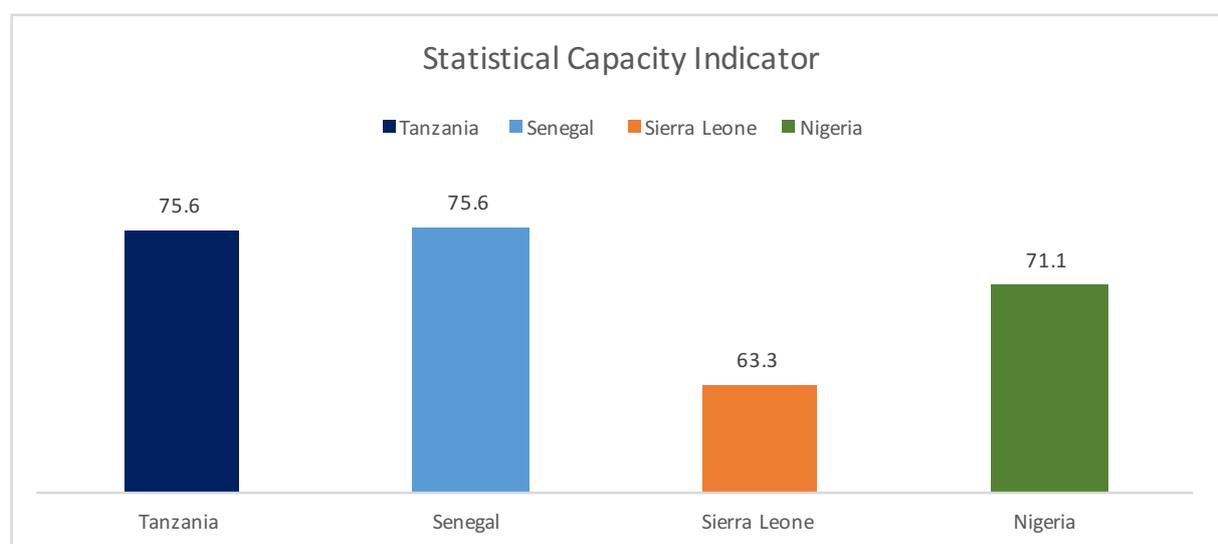
The country studies of Post-2015 Data Test noted the vulnerability of The National Statistical Organisations (NSOs) to political influence. For example, in Sierra Leone the NSO's council and the head of the institution are heavily influenced by the President of the country, who nominates individuals to key positions, which undermines the professional autonomy of the institution.

In addition, national statistical organisations often lack sufficient incentives or capacity to improve their interface with political actors. Budgetary allocation processes and reporting requirements can create perverse political incentives to inflate or deflate figures, particularly administrative data, as needed (Kindornay, Bhattacharya, & Higgins, June 2016).

It has also been established that the effectiveness of national statistical organisations are also constrained by inadequacy of skilled, experienced and professionally qualified staff. In Tanzania, for example, a gap exists in terms of available human resources, both in the number of staff and capacity to efficiently undertake data collection and management. Out of 150 staff members at the National Bureau of Statistics of Tanzania, only 12 have masters-level qualifications in statistics or demography and 15 are proficient in statistical packages. In Sierra Leone, the available staff of 161 is insufficient to meet current needs and the training components programmed by the country's NSDS could not be implemented. Senegal also faces a similar challenge in terms of the number and quality of staff members. Moreover, staff retention is a problem, with senior statisticians leaving NSO to work for international organisations. To solve this challenge, Senegal has taken a number of steps to improve human resource situation by among others establishing a statistical education programme and providing more regular staff training opportunities (Kindornay, Bhattacharya, & Higgins, June 2016).

11 An NSDS sets out a vision and plan for improving capacities across the NSDS on a five- to 10-year time horizon. It includes milestones and provides a framework for mobilising resources for statistical activities as well as monitoring results. See [www.paris21.org/NSDS](http://www.paris21.org/NSDS) for more information

**Figure 3: Adequacy of technical capacity in selected countries**



Source: World Bank 2016

Figure 3 shows that <sup>12</sup>World Bank's Statistical Capacity Indicator for 2015 – Sierra Leone received scores of 63.3, which were the lowest among countries discussed in the paper, while Senegal and Tanzania both received a score of 75.6 respectively. Notably, another West African country, Nigeria, scored 71.1 out of 100 on the World Bank's Statistical Capacity Indicator for 2015. This goes to show that there are disparities in statistical capacity within the West African region. Regardless, all countries face the challenge of building capacity to tackle the data needs of the SDGs. Going forward, key challenges with regard to data for monitoring are: (i) the availability, accessibility and quality of data, (ii) fixing a benchmark year, (iii) incorporating rapid technological progress, (iv) coordinating among national statistical organisations and the private sector to address methodological gaps, (v) validating unofficial data, (vi) ensuring financial resources for data collection and management, and (vi) independent functioning of national statistical offices.

## Recommendations

- National statistical organisations should be made autonomous and kept free from political influence. Arguably this may require legislative action and political will on part of the ruling elites.
- Investment should be focused on improving the technical capacity of national statistical organisations
- Data adequacy mapping exercises should be initiated
- Countries should develop a modality for validating and stocktaking unofficial data
- National Strategies for the Development of the Statistics need to be revised in accordance with Agenda 2030
- Resource requirements for financing more, accessible and quality data should be estimated

<sup>12</sup> The Statistical Capacity Indicator (SCI) Country Dashboards provide individual country scores for the overall SCI average as well as for the 3 categories, i.e. Methodology, Source Data, and Periodicity. See <http://datatopics.worldbank.org/statisticalcapacity/SCIdashboard.aspx>

### 3.e Participation and Accountability

The 2030 Agenda emphasises the importance of inclusiveness, while the UN Development Group emphasises the participation of all stakeholders in SDG implementation (UN, 2015b; UN Development Group, 2015). Attainment of the SDGs will require effective institutional mechanisms that involve all stakeholders including national and local public representatives, executive branches and bureaucracies of governments, development partners, the private sector, CSOs and the knowledge community. While all stakeholders are important, parliaments will be a crucial element of SDG implementation and accountability processes. Parliaments can play a central role in policy making by ensuring that adequate funding is earmarked for the SDGs.

Also required is an effective follow-up and review framework that promotes accountability, tracks progress and provides recommendations when necessary. The SDGs have an elaborate follow-up and review framework that is divided into reviews at the national, regional and global levels. Voluntary national reviews will work as the basis of HLPF meetings under the auspices of the UN Economic and Social Council. Their focus will be the entire 2030 Agenda. Each country should carry out at least two reviews at the HLPF between 2016 and the end of 2030 that should invite contributions from marginalised groups, CSOs, the private sector and other stakeholders with support from parliament and other institutions. Regional reviews will facilitate peer learning and assessments of progress and policies. They will allow for discussions on overall trends, gaps, lessons learned, best practices and region-specific issues, boost regional cooperation and partnerships and be supported by UN regional commissions, other regional organisations, UN system entities and the UN Global Compact. Regarding global reviews, HLPF meetings under the auspices of the UN Economic and Social Council will be annual, with goals being reviewed according to cross-cutting themes. All 17 SDGs should be reviewed

within a period of four years. On the other hand, HLPF meetings under the auspices of the UN General Assembly will be quadrennial. Heads of state and government will provide political guidance at the highest level on the 2030 Agenda and its implementation, assess progress and identify emerging challenges, and mobilise further actions to accelerate implementation. Rigorous independent reviews carried out by organisations outside the UN system will also inform and enrich the inter-governmental work of the UN (UN General Assembly, 2016). For instance, the Global Partnership for Effective Development Co-operation will monitor aid by looking into areas such as civil society engagement, mutual accountability, transparency, gender equality, and aid engagement and contribution.

National accountability mechanisms will also be inclusive. CSOs, the private sector and other stakeholders will contribute to follow-up and review at the country level. CSOs are set to be essential actors in both implementation and monitoring progress, but it should be noted that their effectiveness and efficiency can be constrained by various factors such as politics and government favouritism. In West Africa, CSOs have been active and have shown enthusiasm for being involved in SDG implementation. Notably, the 1st Annual West Africa Civil Society Conference focused on the MDGs and SDGs (see West Africa Civil Society Institute and West African Civil Society Forum, 2014). The West African Think Tank Network, comprised of 10 think tanks from five West African countries, also focuses on the SDGs (see Institute of Statistical, Social and Economic Research, 2016). It has also been noted that the government should work together with NGOs and private sector to implement SDGs (United Nations Development Group 2015). One challenge will likely be coordinating the interests and work of CSOs/NGOs with those of governments. Figure 4 illustrates the key stakeholders who should be involved in a national accountability mechanism. The structure of the figure signifies that all partners are equally important.

**Figure 4: Stakeholder participation in a national accountability mechanism**



Source: *Bhattacharya, Khan, and Sabbih (forthcoming)*

## Recommendations

- Non-governmental organisations, CSOs and think tanks should be involved in national planning processes to prioritise SDG areas and sequence SDG implementation
- Non-governmental organisations, CSOs and think tanks should be allowed to provide unofficial data, which can be validated, for monitoring and evaluation and create parallel review processes for better accountability
- During SDG implementation, CSOs should be allowed to assist in grant management while non-governmental organisations should be encouraged to execute the SDGs on the ground
- While the role of parliament for providing funding and political oversight is necessary, countries will need commensurate legislative guidance in this regard.

## 4. Summary and Policy Recommendations

West Africa is a region that is emerging from conflict, disease and poverty and growing economically. The presence of a high number of countries with special needs in the region means that special attention to achieving the SDGs is necessary. Since the 2030 Agenda is both broad and ambitious, achieving it will require careful planning and coordinated actions. The initial stage of SDG implementation is therefore paramount. The UN Development Group introduced a reference guide and the UN Development Programme has been working with countries to ensure early starts to implementation. Thus far, experiences have shown that West African countries face common challenges in terms of integrating the 2030 Agenda into country processes, institutional coordination, data for monitoring, financial and non-financial resources, and participation and accountability.

This paper puts forth various recommendations on policy actions going forward. The key recommendations are as follows. National governments should establish policy and institutional frameworks to mainstream the SDGs in national development plans and national priorities should focus on areas where progress on the MDGs was weak. An inter-ministerial body for institutional coordination under the leadership of the prime minister or equivalent should be established and emphasis should be on ensuring better coordination between national and local governments. To meet the significant financial requirements for SDG implementation, governments must curb

illicit financial flows and focus on mobilising domestic resources. With regard to data for monitoring, national statistical organisations should be made autonomous and investment should be focused on capacity building. Finally, non-governmental organisations, CSOs and think tanks should be involved in national planning processes to prioritise SDG areas and sequence SDG implementation and should be allowed to provide official data for monitoring and evaluation. West Africa has shown great promise given increasing resilience and economic growth in recent years. Through the combined efforts of all stakeholders, the SDGs can be achieved in the region and beyond.

## References

- African Development Bank (2016). Economic transformation: Measuring the pulse of economic transformation in West Africa. [Blog]. Retrieved from <http://www.afdb.org/en/blogs/measuring-the-pulse-of-economic-transformation-in-west-africa/>
- Bhattacharya, D. (2015). *The agenda of Sustainable Development Goals: Implementation challenges for Bangladesh* [PowerPoint slides]. Retrieved from <http://southernvoice-postmdg.org/wp-content/uploads/2015/10/The-Agenda-of-Sustainable-Development-Goals-Implementation-Challenges-for-Bangladesh-CPD-Debapriya-Bhattacharya.pdf>
- Bhattacharya, D., Khan, T. I., Rezvana, U. S., & Mostaque, L. (forthcoming). *Challenges of implementing SDGs in the developing countries*. Bonn: Friedrich-Ebert-Stiftung.
- Bhattacharya, D., Khan, T. I., & Sabbih, M. A. (forthcoming). *Delivering on the promise: Ensuring the successful implementation of the post-2015 agenda in Bangladesh*. Dhaka: Save the Children and Centre for Policy Dialogue.
- Development Finance International and Oxfam International (2013). *Putting progress at risk? MDG spending in developing countries; The Government Spending Watch report*. Oxford: Oxfam International and Development Finance International.
- Ighobor, K. (2015, December). Sustainable Development Goals are in sync with Africa's priorities. *Africa Renewal*, p. 3. Retrieved from <http://www.un.org/africarenewal/magazine/december-2015/sustainable-development-goals-are-sync-africa%E2%80%99s-priorities>
- Institute of Statistical, Social and Economic Research (2016). *West African Think Tank Network (WATTNet) officially launched*. Retrieved from <http://isser.edu.gh/index.php/isser-latest-news/137-west-african-think-tank-network-wattnet-officially-launched>
- Intergovernmental Committee of Experts on Sustainable Development Financing (2014). *Report of the Intergovernmental Committee of Experts on Sustainable Development Financing (A/69/315\*)*. New York: United Nations.
- Kindornay, S., Bhattacharya, D., & Higgins, K. (June 2016). *Implementing Agenda 2030: Unpacking the SDGs and the data revolution at the country level*. Post-2015 Data Test. Dhaka and Ottawa: Centre for Policy Dialogue, Norman Paterson School of International Affairs, and Southern Voice on Post-MDG International Development Goals.
- Kone, F., & Massaoly, C. (2016 forthcoming). *National level implications of implementation of Sustainable Development Goals (SDGs) in Mali*. Dhaka: Southern Voice on Post-MDG International Development Goals.
- Mashindano, O., & Baregu, S. (forthcoming). *National level implications of implementation of SDGs in Tanzania*. Dhaka: Southern Voice on Post-MDG International Development Goals
- Olsen, H. I., Zusman, E., Miyazawa, I., Cadman, T., Yoshida, T., & Bengtsson, M. (2014). *Implementing the Sustainable Development Goals (SDGs): An assessment of the means of implementation (MOI)*. Hayama: Institute for Global Environmental Strategies.
- Sustainable Development Solutions Network (2015). *Getting started with the Sustainable Development Goals: A guide for stakeholders*. Paris and New York: Sustainable Development Solutions Network.
- Twerefou, D. K. (2013). *Report on Sustainable Development Goals for the West Africa subregion: Summary (E/ECA/SDG/4)*. Addis Ababa: United Nations Economic Commission for Africa.

- Uneze, E., Adeniran, A., & Ezechukwu, U. (2016). *Transiting from plan to implementation: Challenges and opportunities ahead for Sustainable Development Goals in Nigeria* (Southern Voice Occasional Paper 30). Dhaka: Southern Voice on Post-MDG International Development Goals.
- UN OHRLLS (2012). Countries with Special Needs. Retrieved from [http://unohrlls.org/UserFiles/1\\_countries\\_with\\_special\\_needs.pdf](http://unohrlls.org/UserFiles/1_countries_with_special_needs.pdf)
- United Nations (2014). *West Africa* (Map No. 4533). Retrieved from <http://www.un.org/Depts/Cartographic/map/profile/westafrika.pdf>
- United Nations (2015a). *The Millennium Development Goals report 2015*. New York: United Nations. Available at: [http://www.un.org/millenniumgoals/2015\\_MDG\\_Report/pdf/MDG%202015%20rev%20\(July%201\).pdf](http://www.un.org/millenniumgoals/2015_MDG_Report/pdf/MDG%202015%20rev%20(July%201).pdf) Accessed on 4 May 2016
- United Nations (2015b). *Transforming our World: The 2030 Agenda for Sustainable Development* (A/RES/70/1). New York: United Nations.
- United Nations (2016). UN Statistical Commission agrees on global indicator framework. Retrieved from <http://www.un.org/sustainabledevelopment/blog/2016/03/un-statistical-commission-endorses-global-indicator-framework>
- United Nations Conference on Trade and Development (2014). *World investment report 2014; Investing in the SDGs: An action plan*. Geneva: United Nations Conference on Trade and Development.
- United Nations Development Programme (2015). *Piloting the mainstreaming of 2030 Agenda*. New York: United Nations Development Programme.
- United Nations Development Group (2015). *Mainstreaming the 2030 Agenda for Sustainable Development: Interim reference guide to UN country teams*. New York: United Nations Development Group.
- United Nations Economic and Social Commission for Asia and the Pacific (2016). *Asia-Pacific countries with special needs development report 2016: Adapting the 2030 Agenda for Sustainable Development at the national level*. Bangkok: United Nations Economic and Social Commission for Asia and the Pacific.
- United Nations Economic Commission for Africa (2015a). *Africa regional report on the Sustainable Development Goals: Summary*. Addis Ababa: United Nations Economic Commission for Africa.
- United Nations Economic Commission for Africa (2015b). *Illicit financial flow: Report of the High Level Panel on Illicit Financial Flows from Africa*. Addis Ababa: United Nations Economic Commission for Africa.
- United Nations General Assembly (2016). *Critical milestones towards coherent, efficient and inclusive follow-up and review at the global level* (A/70/684). New York: United Nations.
- West Africa Civil Society Institute and West African Civil Society Forum (2014). *Communiqué: 1st annual West Africa Civil Society Conference*. Retrieved from <http://www.commonwealthfoundation.com/sites/cwf/files/downloads/Communique%20%201st%20West%20Africa%20Civil%20Society%20Conference%20Accra%20-%20December%208-9%202014.pdf>

World Bank (2015). Ebola: Most African countries avoid major economic loss but impact on Guinea, Liberia, Sierra Leone remains crippling. Retrieved from <http://www.worldbank.org/en/news/press-release/2015/01/20/ebola-most-african-countries-avoid-major-economic-loss-but-impact-on-guinea-liberia-sierra-leone-remains-crippling>

World Bank (2016). Financing the Post-2015 Agenda. Retrieved from <http://www.worldbank.org/mdgs/post2015.html>

World Bank (2017). Data on Statistical Capacity, World Bank | SCI Dashboard. Datatopics.worldbank.org. Retrieved 11 January 2017, from <http://datatopics.worldbank.org/statisticalcapacity/SCIdashboard.aspx>

# Appendix

# WATTNET INAUGURAL CONFERENCE 2016

Theme:

Transforming West Africa for Inclusive Development

Date:

Tuesday 1<sup>st</sup> March – Wednesday 2<sup>nd</sup> March 2016

Keynote Speaker:

H. E. John Agyekum Kufuor

---

Hosted by :	The Institute of Economic Affairs (IEA), Ghana
Sponsored by :	<b>Think Tank Initiative (TTI) of the International Development Research Centre (IDRC-CRDI)</b>
Venue :	<b>La Palm Royal Beach Hotel</b>

# TABLE OF CONTENTS

1. Welcome Remarks and Introduction .....	89
2. Signing of WATTNet Charter .....	90
3. Solidarity Messages .....	90
4. Keynote Address - Transforming West Africa for Inclusive Development .....	91
5. Panel Discussions, Plenaries and Breakout Sessions .....	92
Plenary 1: Good Governance for Inclusive Development and Stability .....	93
Breakout Sessions .....	94
Plenary 2: Infrastructure for Inclusive Development .....	96
Breakout Sessions .....	96
Plenary 3: Sustainable Development Goal .....	98
Plenary 4: Sustainable Development Goals Presentation: Natural/Agricultural Resource Management for Development.....	101
Plenary 5: Panel Discussion on Strengthening Private Sector for Inclusive Development .....	102
Plenary 6: Trade and Regional Integration for Inclusive Development.....	103
Panel Discussion: “Making WATTNET Relevant for Policy Making in the Region” .....	104

# 1. Introduction

The West African Think Tank Network (WATTNet) was established as part of efforts to promote inclusive growth and development in West Africa. The inaugural conference of the Network took place in Accra from 1<sup>st</sup> to 2<sup>nd</sup> March 2016 and was hosted by the Institute of Economic Affairs (IEA), Ghana.

The conference began with a welcome address and an introduction of WATTNet by Mrs. Jean Mensa - Executive Director, IEA-Ghana, and Dr. Simon Carter, Regional Director, IDRC regional office for Sub Saharan Africa.

In her address, Mrs. Jean Mensa, welcomed all guests on behalf of WATTNet and the IEA and summarised the common objectives which brought the ten (10) Think Tanks in West Africa together to form WATTNet to conduct evidence based research that can bring about economic transformation in West Africa for inclusive development.

In her address, she outlined the aims of setting up WATTNet as follows:

1. To create a viable platform for collaborative and evidence-based research
2. Respond to the needs of national, regional and international actors like WAEMU, ECOWAS and ADB.
3. Promote activities that enhance cross learning, among members.

Mrs. Mensa also extended special thanks to IDRC, sponsor of WATTNet's inaugural conference, after which Dr.

Simon Carter, the IDRC Regional Director gave his address.

In his address, Dr. Carter briefly elaborated the relevance of WATTNet to West African regional policy makers. In highlighting the IDRC's position, he noted that the creation of the Network is reasonable. Dr. Carter emphasised that West Africa has witnessed record growth rates amidst global economic crisis, but high unemployment rates - especially youth unemployment, as well as low standard of living, governance shortfalls and insecurity impede the region's socio-economic development. West African policy makers require ways of accelerating regional integration to adopt a collaborative approach to address common challenges. In this regard, research plays a crucial role in providing the knowledge on which to make development decisions. Regional Think Tanks are key drivers in this effort to inform regional decision makers to better comprehend the crucial role of science.

Working in isolation makes the Think Tanks ineffective. While the IDRC has contributed to raising the capacity of the Think Tanks as research institutes, the next step is for them to come together to strengthen their role of influencing policy at national and regional levels.

Once established, WATTNet will provide a unique platform for individuals and institutions to come together and formulate innovative approaches to solving regional-level socio-economic development problems. The Network

will also offer an opportunity to generate and circulate knowledge to inform national/regional policies and strengthen the capacity of researchers in the region to join forces with regional stakeholders such as ECOWAS and WAEMU to address regional challenges using evidence-based research.

Dr. Carter expressed the hope that, in the near future, IDRC will see a sustainable WATTNet fully owned by constituent members with the capacity to influence the policy formulation process in West Africa as a whole and the continent in general.

### Signing of WATTNet Charter

The WATTNet Charter was signed by its ten (10) founding members listed below.

1. African Heritage Institution (Nigeria)
2. Center for Studies, Documentation, Economic and Social Research (CEDRES, Burkina Faso)
3. Ivorian Center for Economic and Social Research (CIRES, Cote D'Ivoire)
4. Centre for Population and Environmental Development (CPED, Nigeria)
5. Consortium for Economic and Social Research (CRES, Senegal)
6. Centre for the Study of the Economies of Africa (CSEA, Nigeria)
7. Institute of Democratic Governance (IDEG, Ghana)
8. Institute of Economic Affairs (IEA, Ghana)
9. Prospective Agricultural and Rural Initiative (IPAR)
10. Institute for Statistical Social and Economic Research (ISSER, Ghana).

### Solidarity Messages

Solidarity messages were given by representatives of ECOWAS, WAEMU, ACBF, UNECA and AfDB.

In their solidarity messages, some representatives took the opportunity to mention complementary works their organisations were doing which required WATTNet's support. The common opinion was the relevance of WATTNet in a region that lacks important data resource for effective policy formulation.

- **Economic Community Of West African States (ECOWAS) – Mr. Kalilou Traoré, ECOWAS Commissioner for Industry and Private Sector**
- In his solidarity speech, Mr. Traoré noted the constraints facing the ECOWAS region, which has still not realized its core mandate of economic integration, in spite of a consumer population of over 400 million. He emphasized that a Network like WATTNet is timely and necessary for policy makers to come up with relevant policies which will positively impact the region. WATTNet research can help in finding out how regional integration can be achieved, he suggested.
- **West African Economic and Monetary Union (WAEMU) – Dr. Coulibaly Aly Diadjiry, Director of the Center of Strategic Programming and Research**
- On behalf of WAEMU, Dr. Coulibaly also shared a solidarity message which highlighted the huge vacuum WATTNet was expected to fill. In an environment characterized by lack of data and long term projections, research institutions are very important and welcome. WATTNet has WAEMU's support, which he hoped would be reciprocated in an upcoming conference in May 2016 that seeks to put together a network of centres and organizations in the region.

- **The African Capacity Building Foundation (ACBF) – Dr. Coffi Noumon, Director of Operations**
- Dr. Noumon assured WATTNet of ACBF's support and added that WATTNet has been launched at a time when ACBF is looking for partners for its newly created Think Tank Task Force. WATTNet's support during its African Think Tank Conference in Victoria Falls this April, would be appreciated.
- **United Nations Economic Commission for Africa (UNECA) - Prof. Takiwaa Manuh, Director, Social Development and Policy Division**
- On behalf of the ECA Executive Secretary, Dr. Carlos Lopes, Prof. Manuh offered a solidarity message. Prof. Manuh pointed out the importance of having strong “public policy research analysis and engagement organizations” which will help policymakers and the general public arrive at informed decisions on public policy for the advancement of individual West African nations and the region as a whole.
- **African Development Bank (AfDB) – Ms. Marie-Laurie Akin-Olugbade, Resident-Representative in Ghana**
- Ms. Akin-Olugbade pledged AfDB's support to WATTNet and expressed her appreciation to the founders for their foresight in forming a relevant network. The work of WATTNet must yield lasting practical solutions, she stressed.

### Keynote Address – Transforming West Africa for Inclusive Development

His Excellency, John Agyekum Kufuor, former President of Ghana, gave the keynote address in which he underscored the common challenges facing West African countries and ECOWAS. The former President recounted several examples from his previous tenure as

Chairman of ECOWAS. The regional body, he emphasised, had not progressed much towards its goal of regional integration because it is a non-homogenous region with leaders who are not committed to the ECOWAS objective of regional integration. Their lack of commitment is further reinforced by the fact that the citizens themselves have not bought into the idea of regional integration so the status quo remains. The consequence is that the region's economic growth suffers due to trade barriers. This dovetails into the political systems (responsibility of government on the one hand and citizenry on the other) and governance.

Former President Kufuor highlighted the fact that West Africa is resource-rich but abjectly poor. It finds itself earning meagre royalty for its exploited resources, instead of holding equity in it. Leaders have the responsibility to negotiate properly and should engage transaction advisors who negotiate win-win deals. WATTNet, therefore, would have their work cut out for them and their research must address these issues and influence policies that ensure the socio-economic growth of the region.

During the question and answer session, President Kufuor was asked about the following issues:

- The future of the Eco currency
- Gender balance in key leadership positions
- His role in regional integration during his tenure as the Chairman of ECOWAS to ensure free movement of member state citizens in the region
- Acceptability of the relevance of Think Tanks in the sub region
- How to encourage or enforce the rule of law and transition for heads of state who are less inclined to hand over power after their tenure.

Responding to the above questions, President Kufuor explained that the Eco has a future - only if the Anglophone countries in West Africa can be as united as the Francophones who already have a common currency. He urged WATTNet to undertake further research on the common currency issue.

On gender, specifically the dearth of women in leadership in the region, Former President Kufuor observed that it was an anomaly which can be easily corrected by opening up more opportunities for women in leadership and critically looking at how traditional and religious practices can be used to enhance the lives of women. The former President, for example, suggested that there could be the creation of a second chamber across all our legislative authorities with the first chamber representing those who are elected while the second chamber will be composed of people with certain level of expertise and experience. Women can be nominated using appropriate appointment authorities rather than being elected into this chamber. This house could provide for traditional leadership, religious leadership, and professional bodies whose input in governance is very necessary. The second chamber could have a second opinion on issues deliberated on by the first chamber. He also suggested opening up Cabinet and ministerial positions to more women who will bring value and quality to bare on governance.

On his role during his tenure as the chairman of ECOWAS, President Kufuor added that the ECOWAS passport was introduced during his tenure as the chairman of the commission. The passport, he said, has facilitated the free movement of people and goods across the sub region.

Furthermore, President Kufuor responded that ideas from thinks tanks on economic and social development are very key to development. This, he said, can be realised if outcomes of WATTNet research are well published and communicated to government and policy makers in the sub-region.

On how to encourage countries to establish the rule of law and peaceful transition, President Kufuor concluded that theoretically speaking, in every democratic country, there already exist some form of constitution. The aspect on transition has mostly been the problem. Transition can start with constantly advising incumbent President that he is only in office for a limited time. Another important way is to legislate on the rules and regulations governing transition and if possible make it a Law. This way the rule of law will prevail on all manner of activities concerning transfer of power from one government to another.

## Panel Discussions, Plenaries and Breakout Sessions

### Opening Session: The Role of Think Tanks in Influencing Policy for Development in West Africa

The opening session panel discussion was on **The Role of Think Tanks (TTs) in Influencing Policy for Development in West Africa.**

On the panel were:

Hon. Dr. Abdul-Rashid Pelpuo, Minister, Public-Private Partnerships, Ghana

Prof. Andrew Onokerhoraye, Executive Director, Centre for Population and Environmental Development (CPED), Nigeria

Dr. Peter Taylor, Programs Manager, International Development Research Centre -Think Tank Initiative (IDRC-TTI), Canada

Dr. Coulibaly Aly Diadjiry, Director of the Center of Strategic Programming and Research of the West African Economic and Monetary Union (UEMOA), Burkina Faso.

The panellists focused on the relevance and level of influence of Think Tanks (TTs) in policy making, mode of engagement by TTs, relationship with policymakers and the public and lastly, how to define policy. The general

viewpoint expressed by the panel is detailed below:

TTs have the important role of influencing policy, not just by conducting evidence-based research, but by properly packaging the research findings to make it relevant for policy makers and the public in general. The average policy maker has about 30 minutes only to read through research findings so packaging and presentation are key.

TTs can influence policy also by encouraging and engaging public debate and critical dialogue on issues that affect people. Building the capacity of policymakers and stakeholders is also important.

The best form of engagement, it was noted, is by involving policymakers right from the beginning so there's buy-in from identification of research topic to completion. Policymakers can then have a better sense of ownership and engagement.

There are however challenges worth noting and addressing. Local or indigenous TTs are small, isolated and do not have as much access to government as foreign TTs do. To be relevant, WATTNet would have to properly define a roadmap for their activities and to also identify policy options that WATTNet can contribute to the regional institutions and governments in West Africa by avoiding duplication of research topics and also analysing policies country by country. The network would also have to invite others to join to make it stronger and truly representative of West Africa. In all these, gender diversity would also have to be considered.

## Plenary 1: Good Governance for Inclusive Development and Stability

*Chair:* Prof. Baffour Agyeman-Duah, Executive Director, John Agyekum Kufuor Foundation, Ghana

Prof. Baffour Agyeman-Duah's address on good governance for inclusive development and stability took a strong view of the importance of all three spheres of inclusion, which are (i) political inclusion (decision-making), (ii) economic inclusion (in development processes) and (iii) social inclusion (participation in social life).

The address outlined that exclusion fosters alienation, which leads to unrest, instability and in some cases revolution. Inclusion is important in democracies because of its critical role in ensuring people identify with the political system, establishing principles of tolerance, respect and cooperation – all of which result in the efficient working of democratic governments.

In fact, in democratic governance, all people must be included and to ensure this practically happens, is a task for TTs. In this regard, Prof. Baffour Agyeman-Duah offered a few suggestions including:

- Representation: Proportional representation, majoritarian system, creation of affirmative action tools to address inclusion and use of appointive powers.
- Participation: Different people from diverse parts of a given population are brought into decision-making.
- Voice: Freedom of speech and unrestricted access to electronic, print and other forms of media and expression.
- Inclusionary policies: Affirmative action, taxation levels and social engineering.

In summary, inclusion ensures citizens have a sense of belonging and identify with the process of governance. Consequently, this enables citizens to demand accountability from government, which helps promote development.

## Breakout Sessions

In the first breakout session of the conference, participants explored three channels or agents through which inclusive politics can be promoted as a critical ingredient for peace and stability. These agents of peace and stability were the youth, women and institutions.

### **Promoting Inclusive Politics: A Critical Ingredient for Peace and Stability – The Youth as Key Ingredients for Stability**

*Presenter: Mrs. Ramata Thioune, Senior Program Officer, IDRC*

*Moderator: Prof. Atsu Ayee, Senior Adjunct Fellow, IEA, Ghana*

In her presentation, Mrs. Thioune covered the importance of citizen participation, context of democratic governance in West Africa, risks and solutions. She explained that citizen participation is one of the key pillars and measures of democracy which strengthen the legitimacy and credibility of the state; this contributes to effective development policies by advancing rule of law, transparency and arbitrations.

For the past 10 to 15 years, there has been a drop in regional tensions and conflicts due to increased political inclusion and democratisation. The African Youth Charter is an example of mechanisms and instruments for more citizen and youth inclusion. However, there are a few constraints like rapid population growth, urbanisation, criminality and violence (urban and electoral), corruption and low economic performance and persistent underdevelopment, among others. Transparency International's Corruption Perception Index for 2015 placed Cape Verde at 55%, implying corruption is not very serious, while other African countries ranged between 47% (Ghana) and 17% (Guinea Bissau).

In spite of forming more than 60% of the West African population, there is very low

involvement of the youth in the socio-political arena. The case is even worse for young women. In fact, marginalisation and exclusion of the youth poses a risk – with the possibility of causing discontent, lack of trust in decision-makers and institutions, as well as deviance and high criminality. Exclusion and inequality also makes the youth a vulnerable target for militia recruitment.

There are economic, socio-cultural and political solutions. Economic governance has to be improved and corruption properly tackled. A revamp of the education system and creation of sustainable conditions for youth employment are the economic solution needed. Socio-cultural norms which hamper youth inclusion must be identified and addressed.

In the political arena, the suggested solutions include a quota system for the youth, early engagement in politics, participation in debates, youth parliaments and lowering the age of eligibility for high political office. Political parties must be encouraged to include members below 35 years in decision-making positions - or at least include them in the debate.

It was noted that not much research has been done in West Africa on youth participation in politics at the regional or national level. There has also been no research to show the link between politics and employment, political participation of the youth and its effect on a nation's stability, or the most effective participatory mechanisms that can lead to more inclusive governance.

## Key Issues / Questions

The points which emerged from the group discussion and comments are summarised as follows:

- The focus should be on getting the youth to realise their potential.

- A critical look at the national policy on youth is necessary, to be able to track and assess how this applies in various countries. Consider the connection between growth, government, institutions, family and justice.
- The issue of youth is related to growth and stability. Without stability there is limited growth.
- Facilitate inter-generational dialogue.
- Focus on the citizenship of female youth, their rights as a whole and not just their reproductive health.
- Address youth employment.
- Address the issue of justice, correction and the youth. There are too many young men in the prisons, mostly of secondary-school-going age. The rate of youth incarceration should be seriously examined.

### Promoting Inclusive Politics: A Critical Ingredient for Peace and Stability – Women as Key Ingredients for Stability

*Presenter:* **Mrs. Naasu Genevieve Fofanah**, CEO, United for Humanity, Sierra Leone

*Moderator:* **Mr. Kwesi Jonah**, Senior Fellow, Institute for Democratic Governance (IDEG), Ghana

#### Key Issues /Questions

- What is the role of women in peace and stability?
- Is there enough evidence on the role of women in the peace process?
- How do we get society to accept that women's issues are also society's issues?

### Promoting Strong Institutions, Transparency and Accountability in the Fight against Corruption

*Presenter:* **Mr. Emile Carr**, Chairman, Transparency International, Sierra Leone

*Moderator:* **Dr. Michael Ofori-Mensah**, Senior Fellow, IEA

In his presentation, Mr. Carr emphasised that corruption is a key barrier to growth and development – not least for countries in the West African sub-region. The fight against corruption thus remains critical to development and promoting confidence and trust in the sub region. The presentation highlighted the need for strong institutions, stronger leadership, transparency and accountability in the long continuous struggle against corruption, which exists in all countries of the world; but remains an issue of concern for Africa. Finally, proposals for anti-corruption reform that fit the needs of specific countries in the sub-region were outlined.

**Key Issues /Questions** Promoting Strong Institutions, Transparency and Accountability in the Fight against Corruption

- The issue of strong institutions is critical but requires resources to be effective. So what are the keys to resource building?
- What are the key factors that account for the lack of resources for institutions charged with ensuring accountability?
- These institutions are only strong and effective when they are independent. What can be done to ensure that they have the independence to do their job without compromise and be effective?
- A comparative study on systemic causes of corruption is needed in West Africa?
- Why has accountability measures not worked? What are the best practices?

- Why has the ECOWAS protocol on corruption failed?
- What are the cultural influences on corruption? Why do people steal from institutions and not their neighbours?

## Plenary 2: Infrastructure for Inclusive Development

*Chair: Dr. Ibrahim Diara*, Executive Director, Centre Ivoirien de Recherches Economiques et Sociales (CIRES), Ivory Coast

### Breakout Sessions

#### Traditional and Renewable Energy

*Presenter: Dr. Simon Bawakyillenuo*, Research Fellow, Institute for Statistical, Social and Economic Research (ISSER), Ghana

*Moderator: Ms. Marie-Laure Akin-Olugbade*, Resident Representative in Ghana, African Development Bank (AfDB), Ghana

According to Dr. Bawakyillenuo, overall, the sub-region is characterised by insufficient generation capacities and low reliability of power plants resulting in frequent disruption of electricity supply. The over-reliance on traditional energy sources such as hydro-electricity, which is susceptible to the vagaries of climate change, coupled with the minimal exploitation of new renewable energy sources are key factors underpinning the energy insecurity of the sub-region. The gamut of features surrounding the energy sector in the sub-region are important issues, needing development interventions. The presentation focused on the following areas:

- To unpack the key phenomena on traditional and renewable energy in the sub-region in a bid to establish the gaps that need to be filled for sustainable development

- The nexus between energy and economic development
- Assessing the state of energy in the sub-region in a bid to establish the supply and demand relationship and their corresponding implications on economic development
- The landscape of the traditional energy resources of the sub-region
- Renewable energy resources potentials in the sub-region and their role in addressing the sub-region's energy deficit
- Examining the ongoing initiatives to pool power resources together in the region

In conclusion, Dr. Bawakyillenuo noted that the energy deficit phenomenon in the sub-region is revealed through the low level of access to electricity, as well as the abysmal per-capita consumption of electricity annually. Critical challenges including technical factors, crude oil price volatility, effects of climate variability on the level of water in various hydro dams and less robust finances have hindered increases in electricity generation from traditional energy sources. Besides, there has been an over-reliance on traditional energy generation sources at the expense of new renewables. However, both the resource and technical potentials of new renewable energy resources in the sub-region are excellent, although at varying levels within the various countries. Despite the fact that policy interest has been growing within the ECOWAS member states to diversify the energy generation mix to include new renewables, with the exception of Cabo Verde, much has not changed within the landscape in majority of the countries.

#### Key Issues / Questions

- Is it appropriate to move towards renewable energies? If yes, how? If not why?

- How can the region capitalize on successful case studies and best practices?
- How do we monitor and evaluate the impact of policies sought by development agencies?

## Loosen Transport and Energy Constraints: Funding Strategies, Impact on Competitiveness, Growth and Poverty in West Africa

*Presenter:* **Prof. Diagne**, Executive Director, Consortium pour la Recherche Economique et Social (CRES), Senegal

*Moderator:* **Prof. Felix Asante**, Executive Director, ISSER

Prof. Diagne started his presentation with questions on how the region can be equipped with sufficient quantities of energy and transport infrastructure, as these are issues ECOWAS Heads of State have raised. The answer they have found is to create a fund supported by the countries of the region by levying Community taxes based on imports, agricultural, mining or energy products and communication. The proceeds from these levies will be invested in these two sectors—energy and transport infrastructures.

He further added that financing arrangements also have implications for both economic agents and national public finances. The effects of this strategy on regional infrastructure development will depend on the modalities of their financing that will be retained and the allocation of resources mobilized - not only between the two sectors (transport and energy) but also between countries. The impact variables to be considered are public finance, foreign trade, economic growth and household welfare. However, different scenarios will be constructed, taking into account the financing arrangements of the fund, such as the entry into force of a common external tariff and the signing of an Economic Partnership Agreement between West Africa and the European Union.

In conclusion, he stated that the fund would be an economic development tool for the sub region if it were established. The underlying redistribution mechanisms would benefit all Member States. If ECOWAS as a whole is better endowed with transport and energy infrastructure, given the current deficit, all member states will improve their economic performance. This will primarily be through lower transaction costs, improved business competitiveness and the development of intra-regional trade, as well as the emergence of an industrial sector.

### Key Issues / Questions

- Conduct a comparative study on the systemic causes of corruption in West Africa.
- Study the difficulties and challenges that hinder implementation of programs and policies even when governments are in agreement.
- What are the organizational obstacles within institutions that may account for the lack of political will to enforce policies?
- What is the actual cost of the energy and transport infrastructure deficit on economy, households, small and medium enterprises?
- Audit transport and energy resources to find out why things are moving so slowly.
- What about economic partnership agreements?
- Pockets of conflict hinder the proper channelling of resources in the region. What can be done?
- Researchers should get closer to decision makers and find out why there are no follow-through with policies and what can be done.
- Find out if methods are practical or need improvement.

## Gender and Infrastructure—Improving Gender Outcomes in the Course of Development: Infrastructure matters

*Presenter: Prof. Ahoure Alban Alphonse E.,* Ag. Director, Cellule d'Analyses Économiques du CIRES (CAPEC), Ivory Coast

*Moderator: Prof. Idrissa Mohamed Ben Issaka Ouedraogo,* Executive Director, Centre d'Études, de Documentation et de Recherche économiques et sociales (CEDRES), Burkina Faso

### Key Issues / Questions

- How do we take gender and other social factors into consideration in the development of infrastructure?
- Collecting data from which detailed analysis on gender can be gleaned to accurately measure the impact of infrastructure on socio-economic development is important.
- Research on how to improve the lives of women through infrastructure, by getting more women to engage in revenue-generating or leisure activities which will contribute to GDP growth.
- What is the role of social constraints on the labour market and gender?

**Day one's meeting came to a close at 6:30pm.**

## Plenary 3: Sustainable Development Goal

*Chair: Ms. Christine Evans-Klock,* UNDP Resident Representative, Ghana

The SDGs are a process to learn from the Millennium Development Goals (MDGs) and provide some improvements. A key feature of the SDGs is its bottom-up design. It integrates the importance of economic, social and environmental objectives. Ms. Evans-Klock argued that the goal of research is what is

relevant to a nation and SDGs can be integrated into national plans. In her view, CSOs must adopt best practices such as Randomized Control Groups, Experimental Methods in the conduct of their research work. The Chair entreated CSOs to adopt innovative ways to push for more research to be done. Other issues highlighted included how research findings could be implemented properly. Ms. Evans-Klock argued that there was a pressing need to look into domestic research implementation, adding “We need to know the impact of policies.” Also, the need to explore internal resource mobilisation was highlighted – owing to the scarcity of funds from the usual sources of financing.

The Chair called for CSOs to include in their action plans opportunities to share research findings, joint research across countries and how CSOs could influence investment in data to be used as baseline for SDGs and monitoring their implementation.

## Sustainable Development Goals: Towards Achieving SDGs (Implementation, M&E, Data)

*Presenter: Dr. Debapriya Bhattacharya,* Chair of Southern Voice on Post-MDG International Development Goals & Distinguished Fellow, Centre for Policy Dialogue (CPD), Bangladesh

*Moderator: Julie Dawn LaFrance,* Senior Program Specialist, IDRC

Dr. Bhattacharya's presentation focused on the UN General Assembly's declaration -Transforming our world: the 2030 Agenda for Sustainable Development. The 2030 Agenda vows to “leave no one behind” (UN, 2015b), which means that ensuring even development across various regions of the world is crucial. He argued that, West Africa is going through economic transformation; many countries are stabilizing their political situation; emerging from conflict and even growing economically. It is important that

these positive changes are also translated in achieving SDGs. He highlighted key issues that were identified in the 2030 Agenda to help Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs) or Small Island Developing States (SIDS) achieve sustainable development.

The presenter outlined the UN guide for country-level implementation of the 2030 Agenda. He explained that, the guide is categorized under three main headings – **Plan** (raising public awareness, applying multi stakeholder approaches, tailoring SDGs to national, multinational and local context), **Do** – (creating horizontal policy coherence, creating vertical policy coherence, budgeting for the future), **Check** – (monitoring, reporting and accountability, assessing risks and fostering adaptability)

According to Dr. Bhattacharya, implementation of the SDGs at the country level has its peculiar challenges with respect to each country. However, there are five common challenges that hinder the implementation of the SDGs among most LDCs. These are: Integration in national planning process, institutional mechanism for implementation, financial and non-financial resources, data for monitoring, participation and accountability.

The 2030 Agenda for Sustainable Development was launched at a time of challenging international environment. To achieve the stated goals, West Africa and Africa as a whole would have to tackle challenges of hunger and extreme poverty. Also, there is the need to have a strengthened accountability and legitimacy process.

### Key Issues / Questions

- Does impact assessment work? What resources are needed?
- What are the standards of research?
- Influence so that there is a holistic approach. We need development statistics.
- Funding for SDGs is also an issue. How are countries going to pay for their SDGs? We need research into blended financing which includes domestic resource mobilization. For example, taxation and trade. How do we use blended finance in a catalytic way?
- How do we overcome data integration challenges; localisation, alignment, mainstream etc. and set up institutional mechanisms for implementation?
- The role of non-finance revenue is under-emphasized. How do we utilize non-finance revenue channels like subsidies and intellectual property, among others?
- Accountability and monitoring have been replaced by follow-up and review and this has to be defined at the country level. Success factors are currently not uniform.
- What is the impact of government policies on the private sector?
- SMEs and corporations (includes multi-nationals) have to be engaged in policy dialogue at least at the national level rather than the practice of committing to CSRs, which in essence is an extended PR exercise.
- TTs can play a role in bringing voice to the actual prioritisation process by helping governments right from the initial stages of the prioritisation process and strengthening the capacity of citizens.
- Instead of goals, look at different ways to cluster prioritisation around targets and indicators to help break through silos and looking at each SDG in isolation.
- How can we capitalize on data and merge it to national or regional SDGs?
- How do we influence how data is used?

## Sustainable Development Goals Discussion: Beating The Odds - Data Revolution and SDGs implementation in West Africa

*Presenter:* **Dr. Ibrahima Hathie**, Researcher, IPAR, Senegal

*Moderator:* **Dr. Peter Taylor**, IDRC

Inclusiveness is one of the core principles of the 2030 agenda for sustainable development. Implementing this agenda requires a genuine data revolution. According to Dr. Hathie, this data revolution would necessitate high-quality, timely, reliable, publicly available and accessible data. The paper focused on evidence from seven (7) country studies in West Africa including Senegal and Sierra Leone. Goals of the studies were connected to MDG-related areas such as governance, energy and infrastructure. Stemming from results of the study, the presenter argued that availability of data in Senegal is relatively good, both for global and national level indicators. However, results for Sierra Leone are less satisfactory. This poses significant challenges as it displays serious data gaps.

The presenter recommended resolving institutional and resource constraints as the way forward in improving data in these countries. He also called for harmonizing data collection methodologies which underlies data production and improving the quality of administrative data.

### Key Issues / Questions

- The relationship between global, regional, and national stakeholders on one hand, and users of data like government/national statistical offices, on the other, and Think Tanks has to be improved and strengthened. The nature of the relationship can be strengthened by building mutual trust and creating shared ownership of data and its production processes. Buy-in research areas and common ownership

of data, methodology and collaboration is necessary. The coherence and comparability around data collection involves methods, availability and accessibility of data systems. This involves how data is stored and made available. WATTNet can contribute by helping reconcile data from different sources and facilitating collaboration between actors to get a better understanding of the differences between data and helping to address them.

- Data gaps can be filled by ensuring that data is sufficiently disaggregated to address specific issues. Think tanks can help aggregate data to help track the implementation of the SDGs to properly assess its impact through the use of technology and specialised expertise and available financial resources to bridge the national, regional, and global SDG data needs.

## Sustainable Development Goals Discussion: SDGs and Implementing Social Protection in West Africa

*Presenter:* **Prof Takyiwaa Manuh**, Director of Social Development Policy Division, UNECA, Ethiopia

*Moderator:* **Dr Andrew Hurst**, Program Leader, IDRC-TTI

According to Prof. Manuh (Presenter), social protection programmes are part of national long-term development strategies and plans to achieve inclusive growth. The presenter further argues that about one-third of African countries now have social protection strategies in the form of social safety nets or social assistance programs, emergency relief and social security. However, she bemoaned the lack of harmonization and coordination of these social protection strategies. According to the presenter, a distinctive feature of social protection in West Africa is the coexistence of formal and informal social protection mechanisms.

In the view of the presenter, challenges to social protection programmes in the region includes limited financing for social protection, limited capacity to implement social protection programmes, limited data and research on social protection.

The presenter explained that to improve and promote social protection in the region, Civil Society Organisations (CSOs) and individual states have got vital roles to play. CSOs must undertake research, analysis and provide policy advice to the government. Governments or states, on the other hand, must ensure the delivery of basic services such as education, health and child protection services.

#### Key Issues / Questions

- What is the evidential toll of government inertia on the cost of hunger, education and other essential services?
- How can change be effected and how can social protection schemes be implemented?
- Why are vulnerable groups not willing to engage in social protection programs aimed at them?
- Would restructuring social protection initiatives such as cash transfers help us come out with longer term viable perspectives?
- Why is social protection needed and what is the impact of lack of social protection?

### Plenary 4 Sustainable Development Goals Presentation: Natural/Agricultural Resource Management for Development

Chair: **Dr. Joe Amoako-Tuffour**, Director of Research, African Center for Economic Transformation (ACET), Ghana

According to Dr. Amoako-Tuffour, what the AU Agenda 2063 essentially sets out to do is to clearly define the Africa we all want to become - a good society in an inclusive

way. The foundational elements of building a good society is respect for human rights and rule of law. We can also manage prudentially all that we have with greater transparency and accountability with an eye towards intergenerational equity. The key issue here is to match our vision with what we have (human resource and natural resources).

### Sustainable Development Goals Group Discussion: Managing Natural Resources for Development

*Presenter:* **Prof. John Asafu-Adjaye**, Senior Adjunct Fellow (IEA)

*Moderator:* **Dr. Joe Amoako-Tuffour**, ACET

#### Plenary 4 Breakout Session Group 1

Although countries in West Africa are richly endowed with abundant natural resources, to date, they have achieved poor development outcomes. Prof. Asafu-Adjaye, argued that the high economic growth rates witnessed in the last decade has not translated into a reduction in unemployment rates, particularly amongst young people. He further suggested the economies of countries in the region have remained virtually unchanged with a focus on the export of low value added primary commodities.

In order to achieve progress in the management of West Africa's natural resources, Prof. Asafu-Adjaye proposed the following policy options: transparency and accountability in revenue flow, improvement in institutional environment, appropriate macroeconomic and microeconomic policies to mitigate Dutch disease.

## Key Issues / Questions

- How do we get more women to participate in this sector?
- WATTNet and CSOs should let the universities enhance capacity building so we can get our own national institutions understudying the foreign companies to take over. The CSOs should be watchdogs to empower the various institutions to take over.
- Can foreign companies be made to pay for the environmental impact to cover the full cost of exploitation of the resources?
- How do we incorporate social and environmental impact into our resource contracts?
- Managing citizens' expectations is crucial. How does size of revenue match up with local content?

## Sustainable Development Goals Group Discussion: Cultivating a Productive Agricultural Sector for Development

*Presenter:* **Prof. Andrew Godwin Onokerhoraye**, Executive Director, Centre for Population and Environmental Development (CPED), Nigeria

*Moderator:* **Dr. Flaubert Mbiekop**, Program Officer, IDRC

Agriculture is the backbone of the economies in the West African region. It affects society at many levels as it is the largest employer in the region. According to Prof. Onokerhoraye, Agricultural exports constitute an important element of West Africa's foreign trade, generating around six billion dollars.

The presenter argued that although agriculture remains crucial for economic growth in most West African countries, the problems of agriculture are manifold. Productivity is falling;

poor people lack access to land and other resources; there is generally low investment in research; and poor dissemination of research findings to key stakeholders particularly the farmers. He further pointed that, despite the role of women in agricultural production in the region, gender inequality is a persistent problem. Women in some countries are not entitled to own land or to grow major cash crops. He further explains that, West African agriculture would have to meet an expected huge increase in demand for food as a result of population growth.

Prof. Onokerhoraye suggested that progress in the region's agriculture depends on decision-makers who are willing and able to tackle difficult issues, and to prioritise and implement policies that benefit agricultural production.

## Key Issues / Questions

- How do we transform agriculture in West Africa to include the youth?
- What is the impact of climate change on agriculture?

## Plenary 5: Panel Discussion on Strengthening Private Sector for Inclusive Development

*Chair:* Dr. Ifediora Amobi, CEO, Econcepts, Nigeria

Panel Discussants:

1. **Mr. Eric Otoo**, Director, RTC, Guinness Ghana Ltd
2. **Mr. Frederick Alipui**, Policy Advisor, Ministry of Trade & Industry, Ghana
3. **Mr. Ndoye Magatte**, Chief Advisor to Minister of Trade, Informal Sector, Consumer Affairs, Promotion of Local Products and SMEs, Senegal
4. **Prof. Idrissa Ouedraogo**, Executive Director, CEDRES, Burkina Faso

**5. Mr. Kalilou Traoré,** ECOWAS Commissioner for Industry and Private Sector, Nigeria

Inadequate infrastructure such as under-developed transportation systems, bad roads and power cuts hinder business activities. For the private sector to thrive, Government needs to provide incentives, a favourable policy climate/ institutional framework and a level playing, among others. Overall, the consensus was that there should be targeted support for the private sector.

Integration has not achieved its purpose even after 40 years of ECOWAS being in place. This is due to the lack of political will and weak institutions to enforce agreed policies.

The panel also highlighted the need to bridge the communication gap between policy makers and the private sector in order to promote inclusive development. Avoiding policies such as the Bank of Ghana foreign exchange regulations of 2014 will also be key to strengthening the private sector.

#### Key Issues / Questions

- How do we solve the job creation problem?
- How does government ensure private sector offers employment?
- How do we get the private sector to assist their communities beyond CSRs?
- How do we encourage women to take up more decision-making and leadership positions?
- How do we get government to stop importing goods that local private businesses produce?

### Plenary 6: Trade and Regional Integration for Inclusive Development

*Chair:* **Mr. Kalilou Traoré,** ECOWAS Commissioner for Industry and Private Sector

*Presenter:* **Dr. Chukwuka Onyekwena,** Executive Director, Centre for the Study of the Economies of Africa (CSEA), Nigeria

40 years after ECOWAS, in spite of laudable achievements, the challenges which have to do with behaviours, lack of resources and research remain.

### Intra-Regional Trade and Economic Growth in ECOWAS

The presentation by Dr. Onyekwena focused on the potential of regional trade in facilitating the achievement of inclusive development in the West African region. He outlined the nature, composition and dimension of ECOWAS trade within the group and with the rest of the world, vis-à-vis three other Regional Economic Communities (RECs) in sub-Saharan Africa (SSA). He argued that the growth rate of West African economies is increasing, but the rising economic growth does not translate to improvement in inclusive development, as there is no significant reduction in poverty levels in the region. According to Dr. Onyekwena further evidence reveals that extra-regional trade of the region is increasing at a very high rate, and also at a disproportionate rate with intra-regional trade, compared with SADC. In this regard, Dr. Onyekwena suggested there was an opportunity to boost regional trade for inclusive development through conversion of part of the extra-regional trade into regional trade.

He further added that the region's exports is dominated by mineral fuels, lubricants and related materials; imports were dominated by machinery, transport equipment, manufactured goods and chemicals, which implies that skilled technical manpower in the manufacturing sector must be available to effectively exploit the opportunity of trade for inclusive development in the region.

In conclusion, Dr. Onyekwena stated that, given the shortage of skilled technical manpower to

boost the manufacturing sector in the region, achieving inclusive development in West Africa through regional trade might be difficult. As a result, he recommended that West African countries should intensify investment in human capital development and re-invigorate their commitment towards regional industrial policy to foster higher regional trade and enhance inclusive development in the region.

### Key Issues / Questions

- How do we improve on existing structures?
- What can WATTNet bring to the table in order to address the challenges facing the implementation of the ECOWAS treaties and protocols to improve inter-regional trade and freedom of movement at the borders?
- How do we improve regional trade in West Africa?
- Why is ECOWAS trade more extra-regional than intra-regional?
- How do we move from trading in raw materials to being industrialized?
- What extent will the role of the common external tariff play in intra-regional trade?

### Panel Discussion: Making WATTNET Relevant for Policy Making in the Region

Moderator: Ms. Valerie Traoré, Niyel

Panelist 1: Dr. Ibrahima Hathie

Panelist 2: Dr. Diakalia Sanogo

Panelist 3: Dr. Michael Ofori-Mensah

Panelist 4: Mr. Anthony Boateng

### Key Issues / Questions

- It was agreed that the members and participants have to keep the momentum with which they launched WATTNet, going by engaging with each other and working towards the same goals.
- In order for WATTNet to create a niche for itself on the agenda to transform the sub region, WATTNet has to clearly define its strategic orientation to make it relevant.
- To ensure relevance and success, three main actions were proposed:
  - Develop a clear work plan.
  - Engage in consultation with the regional bodies, foundations and relevant institutions of interest.
  - Balance needs with priorities.
- Finally, WATTNet needs to engage with institutions which will give them the support needed for their work.
- It was agreed that a year later, the following organisations and team members selected at the conference will present findings on 6 chosen topics. Ibrahima Hathie, Director of Research of IPAR, Senegal, was nominated as the Lead Coordinator for all the teams. The topics and team leaders are:

	<b>Topic</b>	<b>Team Leader</b>
1	Investigation of non-tariff barriers to intra-West African Trade.	CSEA; Dr. Chukuuka Onyekwena & IEA; Prof. John Asafu-Adjaye
2	Achieving SDGs, looking into the data gap.	IPAR; Ibrahima Hathie, Director of Research
3	Women's political leadership.	United for Humanity; Naasu Fofanah
4	Strategies for empowering the private sector to boost intra ECOWAS trade.	Prof. John Asafu-Adjaye
5	How the youth can be critically engaged within the dynamics in the sub region to create wealth	Mrs. Ramata Thioune
6.	Promoting strong institutions, transparency and accountability in the fight against corruption	Mr. Emile Carr, Transparency International, Sierra Leone

The conference ended with closing remarks by Prof. Abdoulaye Diagne. In his remarks, Prof. Diagne expressed sincere appreciation to Mrs. Jean Mensa and her team at the IEA for their hard work and dedication, which ensured that the conference was organized in an excellent manner. Prof. Diagne further thanked TTI for believing in the idea of WATTNet and supporting the Inaugural Conference. He also extended his appreciation to former President, H.E John Agyekum Kufuor who delivered the keynote address at the conference; the representatives of regional institutions who delivered the solidarity messages; interpreters who facilitated the conference discussions, as well as all participants.

Prof. Diagne expressed hope that the number of participants will be larger by the next conference to enable a broader discussion of issues pertinent to the sub region. Finally, he thanked Valerie Traoré, the moderator, and her team for the excellent work done at the conference. In conclusion, Prof. Abdoulaye Diagne advised that after the Inaugural conference, member think tanks of WATTNet should work as a team in transforming West Africa for inclusive development.





