



European Union



# PROMOTING WEST AFRICA TRADE INTEGRATION (WATIP)



Implemented by

**giz** Deutsche Gesellschaft  
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## CONTEXT

The Economic Community of West African States (ECOWAS), with its 15 Member States (Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo) and a population of approximately 315 million<sup>1</sup> people, is one of the most-populated regions in Africa. Due to an average annual population growth rate of 3%, it is forecasted that the sub-region's population will reach 560 million by 2025<sup>2</sup>.

Since the creation of ECOWAS in 1975 with the objective to promote cooperation and integration, it has made determinant steps towards regional integration: abolition of customs duties for products approved under the ECOWAS Trade Liberalization Scheme (ETLS); decision on adopting the Common External Tariff (CET) starting 1st January 2015<sup>3</sup>, adoption of protocols to consolidate free movement of persons in the region.

Despite its great potential in terms of human and natural resources, ECOWAS still faces some obstacles to effective regional integration. Statistics indicate that intra-regional trade has remained low at about 8% to 14% between 2006 and 2013<sup>4</sup>.

Promoting West Africa Trade Integration (WATIP) is a project co-funded by the European Union (EU) under the 10th European Development Fund and the German Federal Ministry for Economic Cooperation and Development (BMZ). It is implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH through its Support Programme to the ECOWAS Commission based in Abuja. GIZ is a German federal enterprise that offers workable, sustainable and effective solutions in political, economic and social change processes. GIZ operates on behalf of the German government, other public and private bodies including institutions of the EU.



*ECOWAS Commission Head Quarters in Abuja, Nigeria*

1 <http://www.oecd.org/fr/csao/publications/39803778.pdf>

2 UN; United Nations. 1993a. World population prospects: The 1992 revision.

3 Decision/DEC.17/01/06 of 12 January 2006 and ECOWAS Press release No 281/2013

4 Data from the ECOWAS Statistics Directorate.

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## DEFINITIONS AND ABBREVIATIONS

**BMZ:** Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung (German Federal Ministry for Economic Cooperation and Development).

**CET:** The Common External Tariff is an agreed tariff rate between member states of a Customs Union.

**ECOWAS:** The Economic Community of West African States is a regional group of fifteen countries, founded in 1975. Its mission is to promote economic integration in „all fields of economic activity, particularly industry, transport, telecommunications, energy, agriculture, natural resources, commerce, monetary and financial questions, social and cultural matters ...“

**ETLS:** The ECOWAS Trade Liberalization Scheme is a tool to facilitate the functioning of the Free Trade Area. It ensures that goods can be circulated freely without the payment of customs duties and taxes with similar effects on imports.

**EU:** The European Union is a politico-economic union of 28 member states in Europe. Together, during a period of enlargement of 50 years, they have built a zone of stability, democracy and sustainable development whilst maintaining cultural diversity, tolerance and individual freedoms.

**GIZ:** Deutsche Gesellschaft für Internationale Zusammenarbeit (GmbH) is a federal enterprise supporting the German Government in achieving its objectives in the field of international cooperation for sustainable development.

**JTS:** The Joint Technical Secretariat was created to support cooperation and coordination between the ECOWAS and UEMOA Commissions.

**REC:** Regional Economic Community, e.g. ECOWAS

**TIS:** Trade Information System

**UEMOA/WAEMU:** The West African Economic and Monetary Union. The Member States of UEMOA are: Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo. The UEMOA member states share a common currency, the CFA Franc.

**WATIP:** Promoting West Africa Trade Integration, project co-funded by EU and BMZ. It is part of the EU-funded programme “Support to Regional Economic Integration and Trade” aimed at integrating West Africa into the global economy and at establishing an effective common market.



*Cotton harvest, Benin*



## OBJECTIVES

WATIP aims to strengthen the capacities of the ECOWAS Commission in key areas of regional economic integration. It supports the ECOWAS Commission in accelerating the process of achieving an effective customs union in West Africa. This is instrumental to increase intra- and inter-regional trade, leading to the economic wellbeing of the citizens of West Africa.



Women traders, Ghana

## STRATEGIC APPROACH

WATIP supports the Capacity Development of the ECOWAS Commission to facilitate regional economic integration. In this context, “capacity” means the ability of people, organisations and society to manage their own sustainable development processes and adapt to changing circumstances. The capacity development approach includes four areas: Competence building, Organisational Development, Development of Enabling Frameworks and Development of Cooperation Partnerships.

**Competence Building** and sensitization of public and private stakeholders at regional and national levels

**Organisational Development** to strengthen the ECOWAS Commission’s capacity to promote regional economic integration

WATIP

Support to the **Development of Cooperation Partnerships** with main stakeholders for regional economic integration

Support to the **Development of Enabling Frameworks** for regional economic integration

## BENEFICIARIES

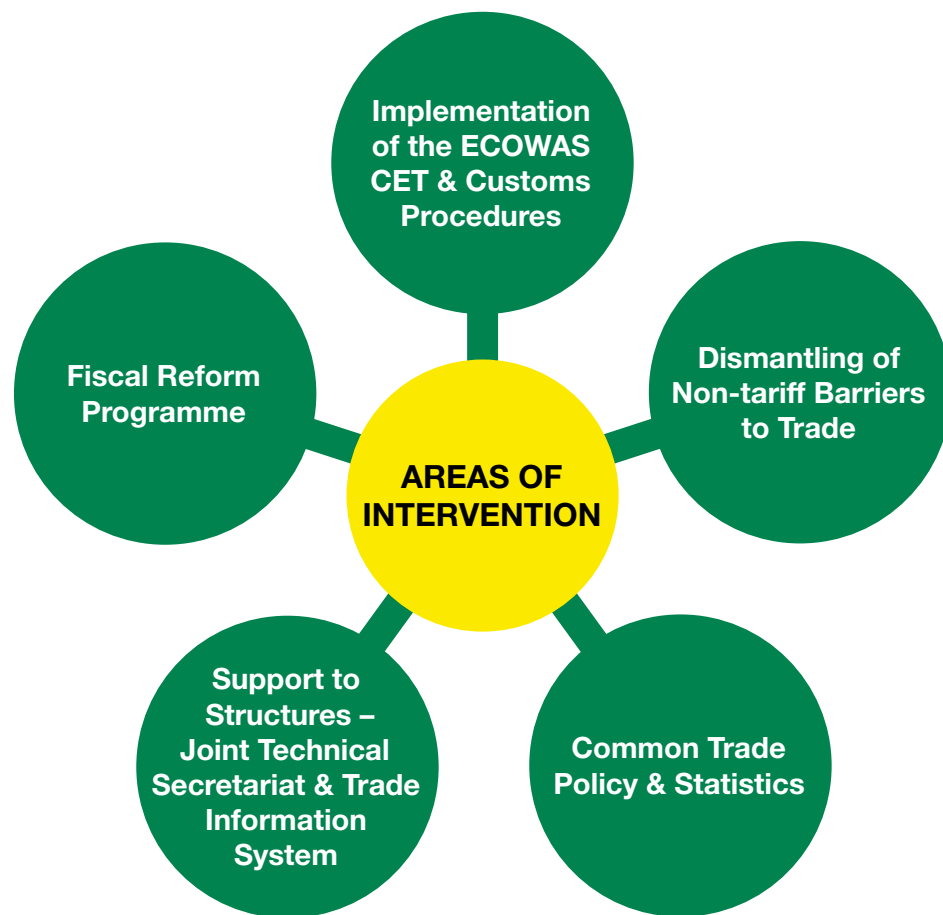
The beneficiaries of the programme are the ECOWAS citizens through the ECOWAS Commission, especially its Directorates of Trade and Customs, as well as through the UEMOA Commission. Support may also be directed to other departments of the Commission, like the statistics department, as well as to other regional and national institutions.



Borderless Alliance Conference, Ivory Coast

## AREAS OF INTERVENTION

Based on defined objectives, logical framework and strategic approach, the project acts in the following main areas of intervention: Support to the Joint Technical Secretariat and the Trade Information System, Common Trade Policy and Statistics, Dismantling of Non-Tariff Barriers to Trade, Implementation of CET and Customs Procedures, Fiscal Reform Programme.



## SUPPORT TO STRUCTURES – JOINT TECHNICAL SECRETARIAT

- Promote the cooperation between ECOWAS and UEMOA on trade-related issues through their Joint Technical Secretariat
- Oversee the implementation of trade-related regulations through the establishment of a monitoring mechanism

West Africa consists of two major Regional Economic Institutions – ECOWAS and UEMOA. UEMOA is a monetary zone with a common currency and customs union whereas ECOWAS encompasses the general framework of regional integration. With the vision to promote the wellbeing of West African citizens, both RECs ensure the co-ordination of their activities through the Joint Technical Secretariat (JTS), which was created in 2004 to deepen cooperation and coordination. This high-level dialogue between both commissions ensures the



From the left: Kadré Désiré Ouédraogo (President of the ECOWAS Commission), Cheikhe Hadjibou Soumaré (President of the UEMOA Commission), Dr. Toga Gayewea (Vice-President of the ECOWAS Commission) at the official launch of WATIP, Nigeria

exchange of information between both RECs about their respective activities. This increases the efficiency of the Commissions by avoiding duplication of other support measures.

Supporting the cooperation between ECOWAS and UEMOA is critical to achieve effective regional integration within the whole ECOWAS region. WATIP aims at strengthening the capacity of the JTS focusing on trade-related issues.

### HOW?

**COMPETENCE BUILDING:** Organising training workshops on laws and regulations related to trade and customs to increase the capacity of the JTS members.

**ORGANISATIONAL DEVELOPMENT:** Supporting the institutional reform implementation with the establishment or improvement of monitoring mechanisms to observe the implementation of trade-related regulations by Member States.

**DEVELOPMENT OF COOPERATION PARTNERSHIPS:** Facilitating dialogue and cooperation on trade and regional integration between the ECOWAS and UEMOA Commissions through the JTS.

**DEVELOPMENT OF ENABLING FRAMEWORKS:** Developing the capacity of the JTS by increasing its efficiency through analysis and classification of existing trade and customs regulations, procedures and legal texts.



## TRADE INFORMATION SYSTEM

- Disseminate and communicate regional and national policies on customs and trade widely to public and private stakeholders in Member States and in the region

The ECOWAS Commission has achieved notable successes in the recent years, such as the finalisation of the Common External Tariff (CET), which implementation began stepwise in 2015. However, the region has the potential to further increase the level of intra-regional and external trade.

The lack of information about regional policies, customs and trade available to responsible institutions as well as to public and private stakeholders has been identified as one of the obstacles to increased trade in the region. Also, issues of communication between ECOWAS and



Cotton harvest registration, Benin

Member States and between national trade institutions constitute additional impediments to the implementation of regional procedures and regulations at the national level.

WATIP supports the ECOWAS Commission in establishing a Trade Information System (TIS). This platform helps to manage trade-related information efficiently and to make the information available to all relevant stakeholders.

### HOW?

**COMPETENCE BUILDING:** Organising trainings on the TIS platform and its benefits to increase the capacity of the ECOWAS and UEMOA Commission staff.

**ORGANISATIONAL DEVELOPMENT:** Supporting the institutional reform implementation by establishing a regional TIS, constituted by a data classification system and focal points from Member States.

**DEVELOPMENT OF COOPERATION PARTNERSHIPS:** Promoting the exchange of information between ECOWAS, Member States and national trade institutions on regional procedures and regulations.

**DEVELOPMENT OF ENABLING FRAMEWORKS:** Increasing the capacity of the TIS by ensuring access of the public to procedures and legal texts and by ensuring that Member States provide documents to other Member States.

## COMMON TRADE POLICY

- Formulate and adopt an ECOWAS common trade policy
- Enhance the capacities for trade negotiation and implementation

Developing a common trade policy of ECOWAS contributes to the harmonisation and coordination of trade policies across all Member States. This is a key step to strengthen the region's position in international trade negotiations. Ultimately it can promote trade with the rest of the world.

WATIP supports the formulation of a common trade policy of ECOWAS and aims at strengthening regional and national capacities for negotiation and implementation of trade agreements. More generally, it assists the region in the implementation of selected trade agreements.



Opening ceremony of the 47th session of the ECOWAS Authority of Heads of State and Government, Ghana

### HOW?

**COMPETENCE BUILDING:** Organising trainings on trade-policy issues and trade negotiations to increase the capacity of ECOWAS and UEMOA Commission staff to negotiate and implement trade agreements.

**ORGANISATIONAL DEVELOPMENT:** Supporting the institutional reform implementation by contributing to the drafting of a common trade policy in Member States through focal points.

**DEVELOPMENT OF COOPERATION PARTNERSHIPS:** Supporting the cooperation of technical committees and ministries of trade amongst Member States in adopting an

**DEVELOPMENT OF ENABLING FRAMEWORKS:** Supporting the harmonization and coordination of trade policies across the region.

## STATISTICS

- Improve the capacity of the ECOWAS Commission to gather and analyse regional trade and economic statistical data
- Harmonise the data at the level of regional organisations and Member States

Currently the lack of harmonisation between Member States regarding import and export data collection methods makes it difficult to obtain accurate statistics on regional trade. Harmonised statistical data is crucial to design effective regional economic policies. In fact, further economic integration of the region, and the creation of a common market zone can only be achieved if statistics on regional trade and the Member States' economies are accurate and available.

With this aim in mind, WATIP supports the region in improving and harmonizing the collection and analysis of regional trade and economic statistics.



Cotton harvest registration, Benin

### HOW?

**COMPETENCE BUILDING:** Organising workshops and trainings on harmonisation of trade statistics for the ECOWAS and UEMOA Commission staff and for relevant stakeholders in Member States.

**ORGANISATIONAL DEVELOPMENT:** Supporting the institutional reform implementation by helping the Member States in collecting, analysing and harmonizing statistical data as well as by reviewing the state of harmonization of statistical data on trade.

**DEVELOPMENT OF COOPERATION PARTNERSHIPS:** Promoting the cooperation between Member States to harmonise statistical data on import and export activities.

**DEVELOPMENT OF ENABLING FRAMEWORKS:** Increasing the capacity of the ECOWAS Commission by establishing a monitoring system with indicators to measure the level of harmonization of statistics on trade and assess the data collection methods of ECOWAS and Member States.

## DISMANTLING OF NON-TARIFF BARRIERS TO TRADE

- Improve the utilisation of the ECOWAS Trade Liberalisation Scheme (ETLS)

The ECOWAS Trade Liberalisation Scheme (ETLS) is one of the instruments for the advancement of regional economic integration which was adopted in 1979, four years after the creation of ECOWAS. First it only included agricultural products and handicrafts. In 1990 the ETLS has been enlarged to industrial products.

To ensure that the potential of the ETLS is fully exploited and reaches its original goal of facilitating trade within the region, WATIP aims to consolidate and improve this existing instrument and build the capacity of the actors involved in its implementation. It ensures the free movement of the registered agricultural, handicraft and industrial products within the region.

### HOW?

**COMPETENCE BUILDING:** Organising sensitization activities in cooperation with National Approval Committees (NAC) to build the capacity of relevant stakeholders and of the private sector, who are involved in the implementation of the ETLS.

**ORGANISATIONAL DEVELOPMENT:** Supporting the institutional reform implementation by following-up on reports from Member States on application of the ETLS and updating the ETLS database.

**DEVELOPMENT OF COOPERATION PARTNERSHIPS:** Promoting the collaboration between GIZ bilateral programmes and other donors to support the application of the ETLS and its complementary schemes.

**DEVELOPMENT OF ENABLING FRAMEWORKS:** Supporting the extension and the reform of the ETLS by identifying potential gaps of existing regulations and analysing complementary systems of free movement of goods in specific sectors.



Outside of the framework of the EU action, GIZ has been supporting the ECOWAS Commission in the implementation of the ETLS since 2011 through the following activities:

- Creation of the ETLS website and Database of approved companies and products
- Organization of several training workshops for the National Approval Committees (NAC) in Member States
- Support to the meetings of the National Approval Committees at regional level
- ETLS training workshops for NACs and sensitization activities for the private sector
- Study on the application of the ETLS along two corridors (Lagos – Abidjan corridor; Sahel corridor)
- Support to the establishment of the ETLS Task Force.
- Support to the organisation of a Regional Citizens' Forum on free movement of goods and persons

**A study conducted in 2013 on intra-regional trade in ETLS approved products shows an increasing trend in intraregional exports among ECOWAS Member States.**



Truck transporting tomatoes, Nigeria

## IMPLEMENTATION OF THE CET & CUSTOMS PROCEDURES

- Assist the ECOWAS Commission in implementing the Common External Tariff
- Key customs procedures are harmonised in the ECOWAS region

Achieving a customs union is an important step towards economic integration. The basis for a customs union was laid in 2006, when the ECOWAS CET was adopted. The CET harmonises the import tariffs of Member States towards third countries and has implemented stepwise since January 2015. WATIP supports the implementation and monitoring of the CET as this is crucial for advancing regional integration in West Africa. To achieve a functioning customs union in the region harmonization and improvement of customs procedures are crucial. Therefore WATIP supports the ECOWAS Commission to elaborate

Outside of the framework of the EU action GIZ has been supporting the ECOWAS Commission on the CET since 2010 through the following activities:

- Support to the meetings of the Joint Technical Committee on the management of the CET
- Support to the ECOWAS Commission during the negotiations
- Support to training workshops for customs officials in Member States in preparation for implementing the CET
- Support to regional sensitization on the CET for trade ministries and private sector as well as sensitization activities in Member States for various stakeholders
- Support to the production of CET books in English, French and Portuguese
- Support to the development and publishing of the CET manual in English, French and Portuguese

### HOW?

**COMPETENCE BUILDING:** Organising trainings on the application of the CET to increase the capacity of the ECOWAS Commission staff and carry out sensitization activities for relevant stakeholders in the ECOWAS Commission and in Member States with regards to the application of the CET.

**ORGANISATIONAL DEVELOPMENT:** Supporting the ECOWAS Commission in implementing the CET.

**DEVELOPMENT OF COOPERATION PARTNERSHIPS:** Working together with Member States to support the implementation of the CET at the national level.

**DEVELOPMENT OF ENABLING FRAMEWORKS:** Supporting the implementation of the CET by establishing/improving the monitoring mechanism to track the adoption of the CET in Member States and ensuring the availability of information on CET through the ECOWAS website and other related websites.



## FISCAL REFORM PROGRAMME

- Develop coordinated fiscal policies to compensate for the decline in state revenues
- Member States harmonise indirect tax rates

Tariffs form a major income source for state budgets in the most ECOWAS countries. It is important for Member States to diversify their revenue base and reduce dependence on import and export duties. Therefore, Member States should harness alternative sources of revenue, and improve their capacities to generate revenue through internal taxes (e.g. value added tax, excise duties, income tax).



Conference Hall at the ECOWAS Commission, Nigeria

WATIP supports the harmonisation and coordination efforts between the ECOWAS Commission and Member States to discuss and implement fiscal policies.

### HOW?

**COMPETENCE BUILDING:** Organising sensitization activities in cooperation with National Approval Committees (NAC) to build the capacity of relevant stakeholders and of the private sector, who are involved in the implementation of the ETLS.

**ORGANISATIONAL DEVELOPMENT:** Supporting the institutional reform implementation by following-up on reports from Member States on application of the ETLS and updating the ETLS database.

**DEVELOPMENT OF COOPERATION PARTNERSHIPS:** PARTNERSHIPS: Promoting the collaboration between GIZ bilateral programmes and other donors to support the application of the ETLS and its complementary schemes.

**DEVELOPMENT OF ENABLING FRAMEWORKS:** Supporting the extension and the reform of the ETLS by identifying potential gaps of existing regulations and analysing complementary systems of free movement of goods in specific sectors.



Container Ship Olga Maersk, UK

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