



ECOWAS COMMISSION  
COMMISSION DE LA CEDEAO  
COMISSÃO DA CEDEAO

# ECOWAS REGIONAL STRATEGY FOR IMPLEMENTING THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)



# PREFACE

I am delighted to present the ECOWAS Implementation Strategy for the African Continental Free Trade Area (AfCFTA), which marks a significant milestone in our collective journey toward continental integration. Our goal is to build on the achievements of ECOWAS market integration by supporting the incorporation of the region into the continental process.

The ultimate aim is to enhance the living standards of the people across Africa, which closely aligns with our overarching Vision 2050 of "ECOWAS of the Peoples: Peace and Prosperity for All". The AfCFTA Agreement offers a groundbreaking opportunity for our region to intensify and propel economic integration, complementing our ongoing regional initiatives such as the ECOWAS Trade Liberalization Scheme (ETLS), West Africa Common Industrial Policy (WACIP), the ECOWAS Agricultural Policy (ECOWAP), Private Sector Development Strategy, and the ECOWAS E-Commerce Strategy. These initiatives aim to bolster our productive capacities with a strong emphasis on value addition and regional value chains, while also leveraging technological advancement.

The ECOWAS Implementation Strategy for the AfCFTA embodies our commitment to unlocking the immense potential of inter-regional trade and collaboration. It therefore seeks to establish a conducive environment that facilitates trade, boosts productive capabilities, and encourages innovation and entrepreneurship across our Member States.

Moreover, this strategy reflects our strong conviction in the transformative power of regional integration to address common challenges and capitalize on shared opportunities. By promoting closer collaboration among ECOWAS Member States, regional institutions, and key stakeholders, we are positioned to harness the collective strength of our diverse economies and resources.

Through collaborative efforts, we can harness the opportunities brought forth by the AfCFTA to achieve our vision of a brighter future for the people of ECOWAS. On this note, I would like to use this opportunity to invite all stakeholders to join forces in the implementation of the strategy for the mutual benefit of ECOWAS and the continental market.



A handwritten signature in black ink, appearing to read "Omar Alieu Touray". The signature is stylized and fluid, written over a white background.

**Dr. Omar Alieu Touray**  
President of the ECOWAS Commission

# PREFACE

The emergence of the African Continental Free Trade Area (AfCFTA) has promised to propel the ongoing trend of significant economic growth rates observed in several African countries.

In recognition of the considerable opportunities presented by the AfCFTA, the ECOWAS Commission adopted the ECOWAS Implementation Strategy for AfCFTA in July 2023.

The primary goal of this regional strategy is to seamlessly integrate ECOWAS Member States into the continental market, granting us preferential access to a larger market. This endeavor is intended to foster greater economic growth, enhance competitiveness, and promote sustainable development across the region. Through targeted interventions aimed at reducing trade barriers, harmonizing regulatory frameworks, and enhancing productive capacities, we aim to unlock the full potential of intra-regional trade and capitalize on the opportunities presented by the AfCFTA.

More specifically, the targeted interventions to be pursued in this strategy include enhancing the effectiveness of the regional integration framework of ECOWAS, enhancing the productive capacities of the region, streamlining access to the AfCFTA markets, promoting women's economic empowerment and youth involvement, and supporting national AfCFTA implementation strategies across Member States.

The timing of the AfCFTA coincides with significant strides in our regional integration efforts. Now, it is imperative to capitalize on our unified economic bloc to harness the opportunities presented by the larger continental market.

In the spirit of determination, I call for the effective implementation of this strategy, particularly by the private sector. This document will serve as a roadmap for advancing our shared goal of integrating ECOWAS Member States into the continental market and unlocking the full potential of our region. I wish to extend my gratitude to our partners for their invaluable contribution to the development of this strategy document, with special recognition to the UN Economic Commission for Africa (UNECA).



**Massandjé TOURE-LITSE**  
Commissioner for Economic Affairs  
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## LIST OF ACRONYMS

AFCAC	AFRICAN CIVIL AVIATION COMMISSION
AfCFTA	AFRICAN CONTINENTAL FREE TRADE AREA
AfDB	AFRICAN DEVELOPMENT BANK
AGOA	AFRICAN GROWTH AND OPPORTUNITIES ACT
AIA	ALLIANCE FOR THE INDUSTRIALIZATION OF AFRICA
AMU	UNION DU MAGHREB ARABE
ASCRW	AFRICAN STRATEGY FOR THE CREATION AND RETENTION OF WEALTH (UNECA)
ATPC	AFRICAN TRADE POLICY CENTER (UNECA)
AU	AFRICAN UNION
CAADP	COMPREHENSIVE AFRICA AGRICULTURE DEVELOPMENT PROGRAM
CET	COMMON EXTERNAL TARIFF
COMESA	COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA
COMTRADE	COMMODITY TRADE STATISTICS (UN)
COVID-19	CORONAVIRUS DISEASE (2019)
EAC	EAST AFRICAN COMMUNITY
EBA	EVERYTHING-BUT-ARMS
ECCAS	ECONOMIC COMMUNITY OF CENTRAL AFRICAN STATE
ECOWAP	ECOWAS AGRICULTURAL POLICY
ECOWAQ	ECOWAS REGIONAL QUALITY POLICY
ECOWAS	ECONOMIC COMMUNITY OF WEST AFRICAN STATES
ECREEE	ECOWAS CENTRE FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY
EEEP	ECOWAS ENERGY EFFICIENCY POLICY
EGDC	ECOWAS GENDER DEVELOPMENT CENTRE
EMCP	ECOWAS MONETARY AND COOPERATION PROGRAMME
ERERA	ECOWAS REGIONAL ELECTRICITY REGULATORY AUTHORITY
ETLS	ECOWAS TRADE LIBERALIZATION SCHEME
EU	EUROPEAN UNION
EYSDC	ECOWAS YOUTH AND SPORTS DEVELOPMENT CENTRE
FDI	FOREIGN DIRECT INVESTMENT
GIABA	INTERGOVERNMENTAL ACTION GROUP AGAINST MONEY LAUNDERING AND TERRORIST FINANCING IN WEST AFRICA

## LIST OF ACRONYMS

GVC	GLOBAL VALUE CHAINS
ICT	INFORMATION AND COMMUNICATION TECHNOLOGIES
IDDA	INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA
IDI	ICT DEVELOPMENT INDEX
IFRS	INTERNATIONAL FINANCIAL REPORTING STANDARDS
IOM	UNITED-NATIONS INTERNATIONAL MIGRATION ORGANIZATION
LDCS	LEAST DEVELOPED COUNTRIES
LPI	LOGISTICS PERFORMANCE INDEX (WORLD BANK)
MDGS	MILLENNIUM DEVELOPMENT GOALS
MFN	MOST FAVORED NATIONS
NAC	NATIONAL ZLECAF COMMITTEE
NAIP	NATIONAL AGRICULTURAL INVESTMENT PLAN
NEPAD	NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT
NGO	NON-GOVERNMENTAL ORGANIZATION
NTBS	NON-TARIFF BARRIERS
OVOP	ONE VILLAGE, ONE PRODUCT
PAPSS	PAN-AFRICAN PAYMENT AND SETTLEMENT SYSTEM
PPDU	ECOWAS PROJECT PREPARATION AND DEVELOPMENT UNIT
PTA	PREFERENTIAL TRADE AGREEMENT
RAAF	REGIONAL AGENCY FOR AGRICULTURE AND FOOD
RAC	REGIONAL AfCFTA COMMITTEE
RAIP	REGIONAL AGRICULTURAL INVESTMENT PLAN
RCA	REVEALED COMPARATIVE ADVANTAGE
REC	REGIONAL ECONOMIC COMMUNITY
REII	REGIONAL ECONOMIC INTEGRATION INDEX
ROO	RULES OF ORIGINS
SACU	SOUTHERN AFRICAN CUSTOMS UNION
SDGS	SUSTAINABLE DEVELOPMENT GOALS
SIGMAT	INTERCONNECTED SYSTEM FOR THE MANAGEMENT OF GOODS IN TRANSIT
SMES	SMALL AND MEDIUM ENTERPRISES

## LIST OF ACRONYMS

SWOT	STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS
UBA	UNITED BANK FOR AFRICA
UN	UNITED-NATIONS
UNCTAD	UNITED-NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
UNECA	UNITED-NATIONS ECONOMIC COMMISSION FOR AFRICA
UNIDO	UNITED-NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
WACIP	WEST AFRICA COMMON INDUSTRIAL POLICY
WACOMP	WEST AFRICAN COMPETITIVENESS PROGRAM
WAEMU	WEST AFRICAN ECONOMIC AND MONETARY UNION
WAHO	WEST AFRICAN HEALTH ORGANIZATION
WAMA	WEST AFRICAN MONETARY AGENCY
WAMI	WEST AFRICAN MONETARY INSTITUTION WAPP WEST AFRICAN POWER POOL
WAQSP	WEST AFRICA QUALITY SYSTEM PROGRAM
WDI	WORLD DEVELOPMENT INDICATORS (WORLD BANK)
WEF	WORLD ECONOMIC FORUM
WGI	WORLD GOVERNANCE INDICATORS (WORLD BANK)
WRMC	ECOWAS WATER RESOURCES MANAGEMENT CENTRE
WTO	WORLD TRADE ORGANIZATION

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## THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA) PROVIDES OPPORTUNITIES FOR GROWTH AND ECONOMIC DEVELOPMENT IN AFRICA.

Through trade liberalization in goods and services, as well as free movement of people and capital, fair competition rule sand technology and innovation development and diffusion, the Agreement, which was effectively kicked o ffon January 1st, 2021, is expected to increase trade both within Africa and with the rest of world, promote diversification of production and trade, improve the pace of economic transformation, and contribute to income generation and improved livelihoods.

Materializing the benefits, while reducing the risks mostly associated with short-run adjustment costs, requires an implementation strategy that builds on the strength sand weaknesses of national and regional economies. In addition, it requires a coherent institutional mechanism that not only harmonizes heterogeneous member countries' profiles and priorities, but also provides support in areas where there are common interests.

The overall objective of the ECOWAS regional strategy for AfCFTA implementation is the integration of ECOWAS Member States into the continental market. More specifically, the strategy seeks to (i) guide the ECOWAS Commission in the implementation of the AfCFTA in the region as a building block with supporting mechanisms to Member States, and (ii) guarantee a coordinated, integrated and coherent implementation of the regional AfCFTA strategy while complementing existing regional-policy initiatives.

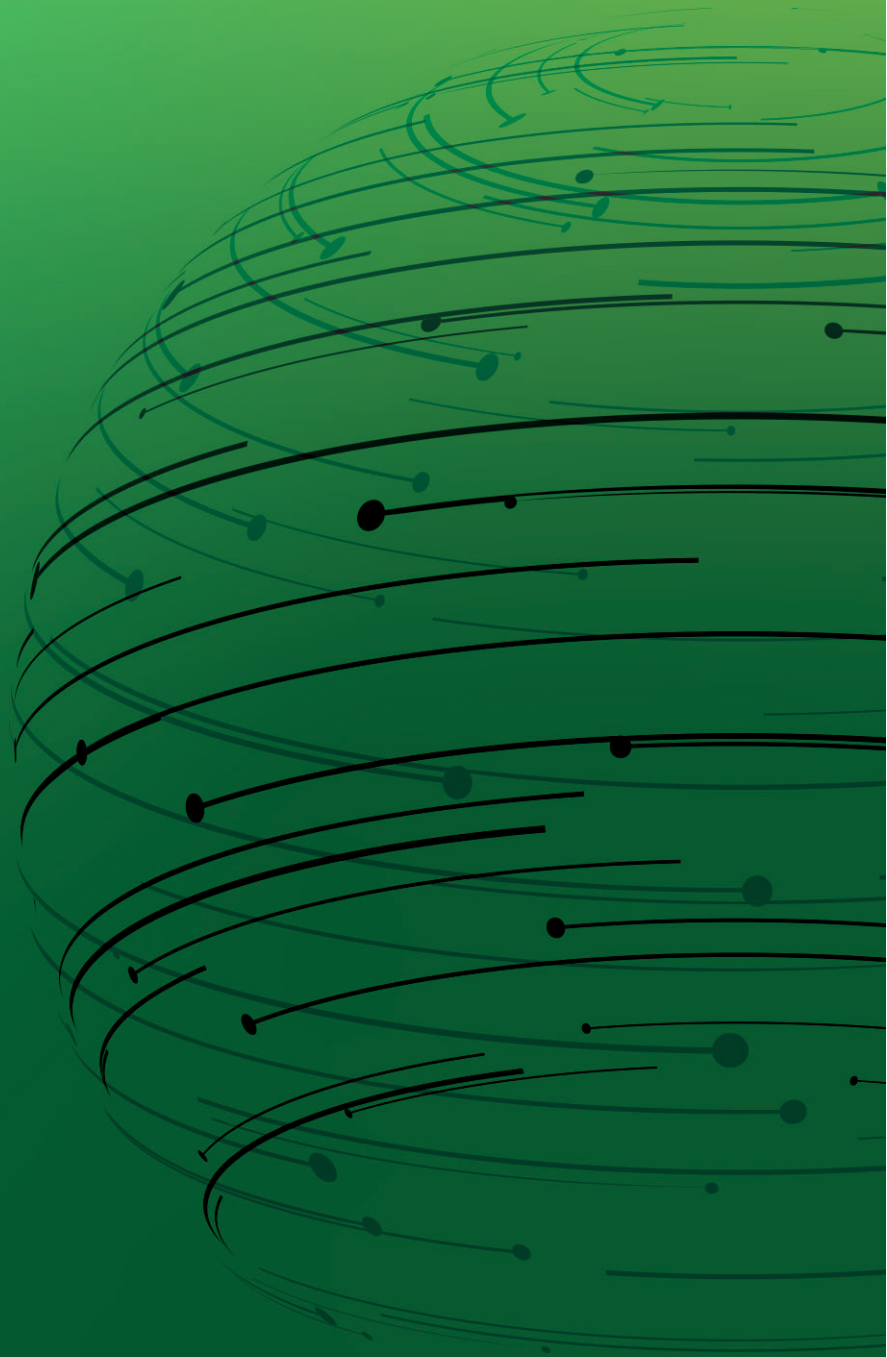
Building upon existing national AfCFTA implementation strategies, which tend to exhibit common priority issues given the proximity of economic structures and institutional underpinnings, the development of the regional strategy assesses the ECOWAS macroeconomic, regulatory, production and trade frame works, from the perspective of the AfCFTA. The resulting outcomes provide a clear indication of the regional strengths (such as strong political commitment, solid experience in economic and political integration, strong economic dynamism, harmonized macroeconomic framework, existing initiatives to promote competitiveness, investment

and cross-border trade, among others), as well as the weaknesses (unavailability of national AfCFTA strategies in many Member States, persistent impediments to conducting business, high incidence of informal activities, and heightened insecurity). They also point to perceived opportunities (such as access to a larger African market and possibilities for economies of scale, growth and industrialization, diversification of production and trade, continental value chain creation and development, access to foreign technology and capital, and employment and income generation) and some threats (fragilization of less competitive industries and economies, loss of fiscal revenues, increased inequality within and among national economies, and risk of exacerbation of insecurity and violence). As a coordinating mechanism of national AfCFTA implementation strategies, the regional strategy that seeks to optimize these expected impacts for the benefits of regional and national economies as well as people is based on the following strategic objectives that tend to align with national ones:

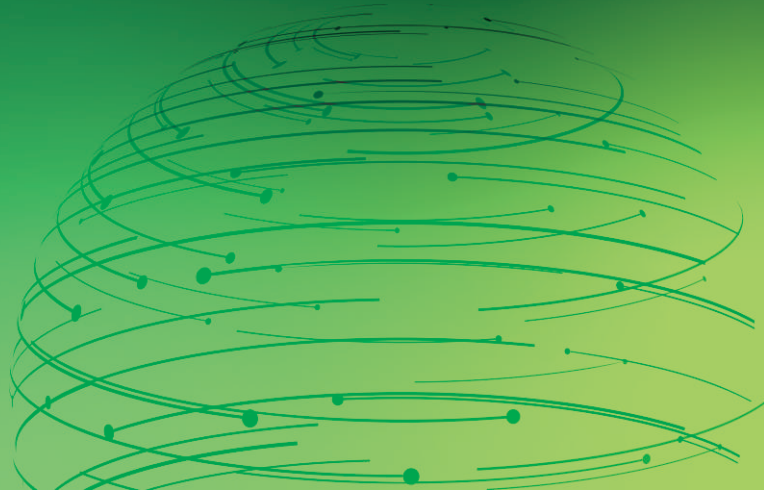
- Improve the effectiveness of various components of the regional integration framework;
- Harmonize and coordinate Member States' national AfCFTA implementation strategies;
- Strengthen productive of the region under the general framework of WACIP;
- Facilitate access to AfCFTA export markets; and
- Make the AfCFTA a genuine opportunity for women's economic empowerment and youth.

With an appropriate level of institutional coordination among and harmonization of national strategies, and with effective communication strategy, monitoring and evaluation mechanism and resource mobilization plan, the regional strategy will provide valuable contribution to the success of the implementation of the AfCFTA. It will undoubtedly not only deliver on the promise of "transforming Africa (and the West African region) into the global powerhouse of the future", and contribute to the realization of the collective "desire for unity, self-determination, freedom, progress and collective prosperity" pursued by the African people's Agenda 2063, but also help materialize the ECOWAS Vision2050 of "a community of peoples fully integrated in a peaceful, prosperous region, with strong institutions that respect fundamental freedoms and work for inclusive and sustainable development."

# INTRODUCTION



## I.1. BACKGROUND AND JUSTIFICATION



The Economic Community of West African States (ECOWAS) is among the first blocs in Africa to embark on economic integration, and the largest with close to one-third of the African population.

Established on May 28, 1975 via the Treaty of Lagos, ECOWAS has a mandate to promote economic integration in all fields of activity of the 15 member States. Nearly half-a-century on, the region has mostly succeeded in fulfilling its integration agenda by;

- Liberalizing trade through the ECOWAS Trade Liberalization Scheme (ETLS),
- Harmonizing customs duties through a Common External Tariff (CET).
- Guaranteeing free movement of people with common ID card and right of establishment, and
- Implementing various regional initiatives such as the West Africa Common Industrial Policy (WACIP) and the Private Sector Development Strategy, to name a few, with the aim to develop productive and trade capacities as well as regional value chains.

The Preamble to the African Continental Free Trade Area (AfCFTA) Agreement states that existing Regional Economic Communities (RECs) constitute building blocks towards the establishment of a liberalized continental market.

As such, the Agreement is principally a way of promoting trade among RECs, while the latter will continue to govern intra-regional trade and promote regional agendas where intra-REC trade is more advanced than the AfCFTA.

With the advent of AfCFTA, which entered into force in May 2019 after the 22nd ratification, with actual trade under the new liberalization scheme starting on January 1st, 2021, ECOWAS Member States are embarking on a larger-scale, continent-wide economic integration.

AfCFTA is viewed as a game changer for African economies as its scope covers trade in goods and services, investment, competition policy, intellectual property rights, and e-commerce. Relatively small national markets at present will give way to a unified liberalized market of more than 1.3 billion consumers and a combined GDP of over USD 3.5 trillion.

In implementing the AfCFTA most African countries and regions have developed or are in the process of developing their AfCFTA national/regional strategies. In the ECOWAS region all the 15 Member countries have signed the Agreement. As of February 2023 12 have ratified the Agreement effectively becoming State parties and the region as a whole (ECOWAS) has deposited its schedules of tariff concessions and specific commitments on the 90-percent category of tariff lines that corresponds to goods to be liberalized in shorter time horizon and on trade in services in five sectors.

A majority of Member States have already developed and validated their national AfCFTA implementation strategy and they have started actual implementation to various degree.

With the view of preserving the various acquis and achievements and to take full advantage of the benefits of the AfCFTA there is a need to develop a joint framework that will serve not only as a

coordination and harmonization mechanism among Member States' national implementation strategies but also as a complement to regional policy initiatives on various fronts (trade, industrialization, agriculture, private sector etc.).

Such a mechanism is the regional AfCFTA implementation strategy. Its formulation starts with the existing national and regional strategies policy regulatory and institutional frameworks by recognizing key shared components as well as elements of divergence that owe to national specificities.

By serving as a stepping stone " the regional grouping will bring harmonization into national efforts" with the general understanding that the regional strategy will:

- Contribute to an effective implementation of the AfCFTA
- Build on acquis as well as on shortcomings of the actual integration process and
- Improve regional integration which is a key ingredient to the success of the continental integration.

## I.2. OBJECTIVES OF THE AfCFTA REGIONAL STRATEGY

The overall objective of the regional strategy for AfCFTA implementation in ECOWAS is to integrate the region into the continental market.

As such, it seeks to complement Member States national implementation plans where there is a clear value added to adopting a common position or framework, on the one hand and reconcile positions where there is divergence in national interests, on the other hand.

More specifically, by focusing on coordinating national priorities and approaches to extra-regional trade (i.e., with non-ECOWAS African countries) as well as further boosting intra-regional trade, the regional framework aims to:

- 1 Reinforce the implementation of ECOWAS mandate in strengthening intraregional trade,
- 2 Guide its contribution to the implementation of the AfCFTA at regional level, as a building block for the AfCFTA,

- 3 Guide the ECOWAS Commission in supporting its Member States in implementing their national AfCFTA strategies in a profitable way, and
- 4 Ensure coordinated, integrated and coherent implementation of the regional AfCFTA strategy.

### The elaboration of the regional strategy builds upon various analyses of the following key aspects



## I.3. METHODOLOGY

The development of the regional AfCFTA strategy is mainly based on consultations with various stakeholders. They include policymakers, NGOs, private sector, etc. at national and regional levels.<sup>5</sup> The guidelines developed by ECA for drafting national implementation strategies level is considered, with some adaptation to match the regional context.

These key components are developed into a questionnaire to guide the actual consultations, mostly in the form of online meetings. While the questionnaire contains all of these various aspects, some variations are included in order to reflect and match the professional focus of the stakeholders to be interviewed. In addition, a regional technical meeting was held on November 23-25, 2021 in Abidjan (Cote d'Ivoire) to get insights mainly from experts involved in the development and implementation of national implementation strategies.

These activities, coupled with desk reviews of various policy documents and data analyses that mostly rely on key trade indices (such as revealed comparative advantages and value chain participation), constitute key inputs into the analyses. The latter provide a detailed look into the strengths, weaknesses, opportunities, and threats (SWOT) from the perspective of a full implementation of the AfCFTA. The corresponding elements, along with a pragmatic multi-year priority action plan, represent the core components of the strategy document for the implementation of the continental Agreement in the ECOWAS region.

## I.4. OVERVIEW OF AfCFTA

### I.4.1. AfCFTA OBJECTIVES AND SCOPE

The overarching goal of the AfCFTA is to create a liberalized and unified continental market for goods and services, facilitated by movement of persons and capital, with a view to better integrate African economies, in support of the continental, regional, and national development Agendas. Table 1. provides the general and specific objectives of the Agreement.

The wide range of topics to be covered includes:



Table 1. General and Specific Objectives of the AfCFTA

General Objectives	
1.	Create a single market for goods and services, facilitated by movement of persons in order to deepen economic integration
2.	Create a liberalized market for goods and services through successive rounds of negotiations
3.	Contribute to the movement of capital and natural persons and facilitate investments building on the initiatives and developments in the State Parties and RECs
4.	Lay the foundation for the establishment of a Continental Customs Union at a later stage
5.	Promote and attain sustainable and inclusive socioeconomic development, gender equality and structural transformation of state parties
6.	Enhance competitiveness of the economies of State Parties within the continent
7.	Promote industrial development through diversification and regional value chain development, agricultural development and food security
8.	Resolve the challenges of multiple and overlapping membership and expedite the regional and continental integration process
Specific Objectives	
1.	Progressively eliminate tariffs and non-tariff barriers to trade in goods
2.	Progressively liberalize trade in services
3.	Cooperate on investment, intellectual property rights and competition policy
4.	Cooperate on all trade related policies
5.	Cooperate on customs matters and the implementation of trade facilitation measures
6.	Establish a mechanism for the settlement of disputes concerning their rights and obligations
7.	Establish and maintain an institutional framework for the implementation and administration of the AfCFTA

When it comes to the scope of the AfCFTA, Phase I of the negotiations covers the Protocols on trade in goods and services as well as on dispute settlement. Phase II (now combined with Phase III) is dedicated to investment, competition policy and intellectual property rights matters, digital trade (e-commerce) as well as gender and youth issues. Table 2. below provides the key features of these negotiations.

Table 2. AfCFTA Architecture and Key Features

<b>Framework of the Agreement Establishing the African Continental Free Trade Area</b>	Protocol on Trade in Goods	Annex1: Schedules of Tariff Concessions Annex 2: Rules of Origin Annex 3: Customs Cooperation and Mutual Administrative Assistance Annex 4: Trade Facilitation Annex 5: Non-Tariff Barriers Annex 6: Technical Barriers to Trade Annex 7: Sanitary and Phytosanitary Measures Annex 8: Transit Annex 9: Trade Remedies	<ul style="list-style-type: none"> <li>• Elimination of duties and quantitative restrictions on imports</li> <li>• Imports shall be treated no less favorably than domestic products</li> <li>• Elimination of non-tariff barriers</li> <li>• Cooperation of customs authorities</li> <li>• Trade facilitation and transit</li> <li>• Trade remedies, protections for infant industries and general exceptions</li> <li>• Cooperation over product standards and regulations</li> <li>• Technical assistance, capacity-building and cooperation</li> </ul>
	Protocol on Trade in Services	Schedules of Specific Commitments MFN Exemption Annex on Air Transport	<ul style="list-style-type: none"> <li>• Transparency of service regulations</li> <li>• Mutual recognition of standards, licensing and certification of services suppliers</li> <li>• Progressive liberalization of services sectors</li> <li>• Service suppliers shall be treated no less favorably than domestic suppliers in liberalized sectors</li> <li>• Provision for general and security exceptions</li> </ul>
	Protocol on Dispute Settlement	Annex 1: Working Procedures of the Panel Annex 2: Expert Review Groups Annex 3: Code of conduct for Arbitrators and Panelists	Rule-based avenue for the resolution of any disputes that may arise between State Parties in the application of the AfCFTA Agreement
	Protocol on Customs and Trade Facilitation	Customs Cooperation and Mutual Administrative Arrangements Trade Facilitation Transit Capacity Building Agreed instruments on cross-border movement of goods	<ul style="list-style-type: none"> <li>• Effective implementation of the agreed tariff offers, rules of origin, and proper management of the borders</li> <li>• Simplification and harmonization of customs laws and procedures, and</li> <li>• The supervision of transshipment Customs cooperation</li> </ul>
	Protocol on Intellectual Property Rights (IPRs)		Ongoing negotiations
	Protocol on Competition Policy		
Protocol on Investment			
Protocol on digital trade (e-commerce)			
Protocol on women and youth in trade			

The modalities of tariff reduction and elimination under the AfCFTA require that 90% of tariff lines to be fully liberalized over a 10-year period for Least Developed Countries (LDCs) and over a 5-year period for non-LDCs. Up to 7% of tariff lines ascribed to sensitive products to be fully liberalized over a 13-year period for LDCs and 10 years for non-LDCs.

The remaining 3%, will be excluded from tariff liberalization, conditional on not accounting for more than 10% of total trade.

The scope of the Protocol on Trade in Services under the AfCFTA, distinguishes between 4-modes of supplying services, as shown in Table 3. Five sectors have been identified as priority sectors for the negotiations: business services (including professional services), communication, financial, tourism and transport services. Negotiations around other services sectors will be conducted at a later stage.

Table 3. Modes of supply of services

Mode 1: Cross-border trade	Service flows that move from the territory of one State party to the Agreement into the territory of another state party	Example: Banking or accounting services provided from a country A via digital tools to residents in country B
Mode 2: Consumption abroad	Service consumer moves into another State party's territory to obtain a service	Example: Tourist from country A traveling to country B to enjoy hospitality services
Mode 3: Commercial presence	Service supplier of one State party establishing territorial presence through ownership or lease of premises in another State party's territory to provide a service	Example: Service provided in country A by domestic subsidiary of foreign hotel chain headquartered in country B
Mode 4: Presence of natural persons	Consists of a person of one State party entering the territory of another State party to supply a service	Accountants, doctors or teachers from a country A entering to a country B to supply their services.

### 1.4.2. OPERATIONAL INSTRUMENTS OF THE AfCFTA

The operational phase of the AfCFTA is governed by five operational instruments. They are shown in Table 4.

Table 4. Operational instruments of the AfCFTA

Instruments	Brief Description
Rules of origin (RoO)	Criteria which confer to a specific product "an economic nationality". AfCFTA RoO determine the minimum level of processing of a product on the continent so that it benefits advantages provided by the Agreement
Online Tariff Negotiation Portal	This tool includes list of products from each State party that will be open to liberalization, in accordance with the tariff liberalization schedule of the AfCFTA. Information on tariffs schedules are compiled in the AfCFTA e-tariffbook.
Non-Tariff Barriers (NTBs) mechanism	Online mechanism for notification, monitoring and elimination of NTBs under the AfCFTA. The tool is accessible at <a href="https://tradebarriers.africa/">https://tradebarriers.africa/</a>
Pan-African Payment and Settlement System (PAPSS)	Digital payment system that will help companies to clear and settle intra-African trade transactions for goods and services in their local currencies
AfCFTA Adjustment Fund	To be established by Afrexim Bank and the AfCFTA Secretariat, it consists of a Base Fund, a General Fund and a Credit Fund, and provides support to African countries and private sector to effectively participate in the continental market, as well as to implement various provisions of the AfCFTA Agreement, its Protocols and Annexes.
African Trade Observatory	Online platform that collects, processes and analyzes intra-Africa trade data and other related information.

Source: ATPC And AfCFTA Secretariat (<https://au-afcfta.org/trade-areas/>)

60-The Application Of Tariff Liberalization In A Customs Union (E.G. ECOWAS) With LDC And Non-LDC Members Remains Still Outstanding At The Time This Document Was Drafted

61-See <https://au.int/en/articles/operational-phase-african-continental-free-trade-area-launched>

Source: Adapted From The World Trade Organization (WTO).

## I.5. THE CASE FOR AN AfCFTA REGIONAL STRATEGY

As a customs union, ECOWAS Member States have to join the continental framework as a single bloc. This helps preserve the acquis of the CET which rules out differentiated national treatment of external parties, in addition to being a requirement set forth by the African Union (AU) in implementing the AfCFTA. The regional strategy offers a common framework when dealing with other African partners.

The actual process of implementing the AfCFTA has led to the design of national AfCFTA implementation strategies. The latter build on the state of the productive and trade capacities of national economies, as well as the friendliness and effectiveness of domestic policy and regulatory frameworks. Based on the strengths and weaknesses identified by the analyses, in conjunction with the strategic policy orientations of the country, a national strategic action plan has been developed.

It tells how a country should go about optimizing the expected impacts of the integration. Beyond the strategic objectives, which remain fairly similar across countries in the region (such as streamlining the regulatory and institutional framework for better implementation of the agreement, building productive and trade capacity, and promoting women's empowerment and youth employment and entrepreneurship), there is significant heterogeneity across countries. For example, the priority sectors tend to be different, and other issues may arise differently (e.g., the priority level of infrastructure development between landlocked, coastal and island nations).

The ECOWAS regional strategy aims to bring some harmonization among national strategies, while complementing existing regional policy initiatives. By bringing together national priorities, this framework provides strength and ensures greater effectiveness to the region as a bloc, particularly on issues of infrastructure development, cross-border trade facilitation initiatives, etc. Harmonization between national specificities would create cooperation allowing for joint initiatives that serve the interest of the community. Finally, the strong push for greater economic and political integration is indicative of the strong belief in a shared goal of collective prosperity.

Such a goal is best translated into a coordinated march towards a unique historical experiment in continental unification.

Coordination mechanisms have already been developed at the regional level, although without any formalized framework. In the process of implementing AfCFTA, countries have already harmonized their positions on the liberalization of trade in goods, and common schedules of tariff concessions have been submitted to the AU as well as specific commitments on trade in services in 5 sectors. The development of the regional AfCFTA strategy will contribute to better formalize the integration process through greater harmonization, cohesion and consistency among national objectives and actions plans.

Additionally, as part of its guiding principles, AfCFTA recognizes the preservation of the acquis and best practices of RECs. This indicates that the continental integration process should come as a complement to the efforts already made by ECOWAS towards greater harmonization in institutional and policy frameworks, especially in sectors that are of primary interest to the AfCFTA.

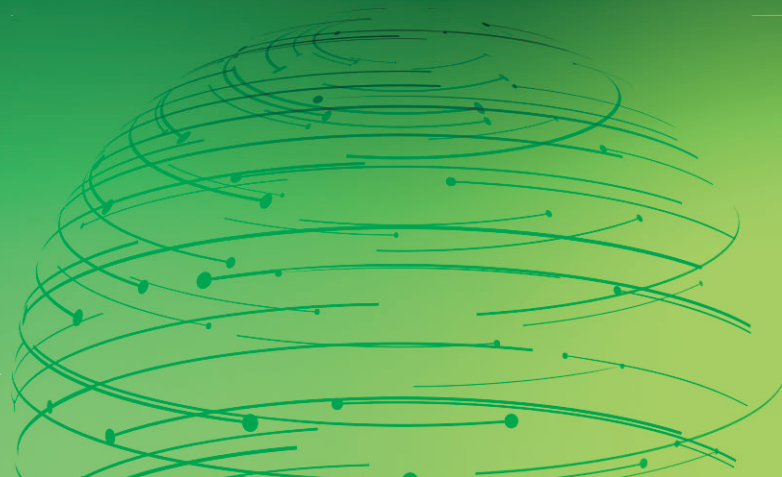
### They include:

- 01 Each of the 9 Annexes of the Protocol on trade in Goods (TiG) and the 3 appendices,
- 02 Each of the 11 sectors of Trade in Services (TIS),
- 03 Disputes settlement,
- 04 Investment,
- 05 Competition Policy,
- 06 Intellectual Property Rights (IPR),
- 07 E-Commerce, as well as,
- 08 the 5 operational tools

An abstract graphic of a globe with several curved lines representing orbits or paths around it. Small dots are scattered along these lines, suggesting a network or data points. The lines and dots are in various shades of green and black, set against a light green background.

**DIAGNOSTIC OF REGIONAL  
MACROECONOMIC, TRADE,  
PRODUCTION AND  
COMPETITIVENESS FRAMEWORKS**

## II.1. MACRO ECONOMICS FRAME WORK



The set of rules known as macroeconomic convergence targets constitutes an essential pillar of the macroeconomic framework that governs national growth paths and promotes economic integration by ensuring effective discipline in the conduct of economic policies. They focus on price stability, low budget deficit, and maintenance of adequate levels of gross external reserves, in addition to low public debt, restrictions on central bank financing of the budget deficit and exchange rate stability.

Additionally, it is well recognized that the effectiveness of the integration process that will benefit the economies and the people rests on an institutional setting that promotes good governance and peace and security. The ECOWAS Policy Framework for Security Sector Reform and Governance shares the principles of the ECOWAS Vision 2020 which “aimed at setting a clear direction and goal to significantly raise the standard of living of the people through conscious and inclusive programs that will guarantee a bright future for West Africa and shape the destiny of the region for many years to come”. However, the region, particularly on its northern frontiers, has been experiencing pressures resulting from both internal conflicts and cross-border crimes (drugs, arms and human trafficking, terrorism, piracy and illicit maritime activities among others), as well as political instability that has marred recent elections.

Overall stabilization of macroeconomic policy framework has undoubtedly contributed to the strong growth dynamics of the region, which averages 4.8% between 2010 and 2019 (the highest among the African RECs), and a stable macroeconomic environment, as suggested by a relatively low inflation rates (3.4% in 2019, second only to the Union du Maghreb Arabe - UMA). It has also contributed to create a relatively healthy financial climate that attracts cross-border investments in the

region. According to the ECA integration assessment, financial and macroeconomic integration, and free movement of people, represent the areas where ECOWAS scores best compared to the rest of the African RECs.

This is due to the greater convertibility of national currencies, low inflation rates and differentials, and a relatively larger number of bilateral investment treaties.

The COVID-19 pandemic that adversely impacted the region has generated renewed efforts for greater cooperation and increased pace of the economic and political integration of national economies. From a 3.9% real growth in 2019, the regional economy has contracted by 0.78% in 2020, as a result of the pandemic, but has more than recovered in 2021 with an average growth of 4.2%.

The drive to revive the national economies as well as accelerating the integration process in this unique context of global health and economic crisis has led to a renewed commitment to further strengthening the integration process among Member States and with the rest of the continent. There has been a formal and collective recognition to:

- further accelerate the creation of the regional single currency, with the drafting of the new Convergence and Macroeconomic Stability Pact among ECOWAS Member States, with January 1<sup>st</sup>, 2022 expected to be the start date of the convergence phase, on the one hand, and the new roadmap for the ECOWAS Single Currency Program, on the other hand,
- expedite the work for the rapid interconnection of ECOWAS payments systems, and
- promote the continental integration process through the AfCFTA by harmonizing trade liberalization in the region and maintain the integrity of the ECOWAS CET with the view to optimizing the benefits of the region's membership.

62Source: UNECA ([https://Arii.Uneca.Org/#:~:Text=About%20the%20Af-Rica%20Regional%20Integration%20Index%20Platform%20\(ARIIP\),-Welcome%20to%20The&Text=The%20African%20continent,-Regional%20Integration%20is%20a%20complex%20concept%20that%20englobes%20The%20trade,Whole%20to%20foster%20region-All%20integration](https://Arii.Uneca.Org/#:~:Text=About%20the%20Af-Rica%20Regional%20Integration%20Index%20Platform%20(ARIIP),-Welcome%20to%20The&Text=The%20African%20continent,-Regional%20Integration%20is%20a%20complex%20concept%20that%20englobes%20The%20trade,Whole%20to%20foster%20region-All%20integration)).  
63Source: Calculations From The World Bank's World Development Indicators.

64Source: Communique Of The 58th Ordinary (Online) Session On 23 January 2021. [https://Unowas.Unmissions.Org/Sites/Default/Files/Communique\\_final\\_58th\\_ahsg\\_vf\\_0.Pdf](https://Unowas.Unmissions.Org/Sites/Default/Files/Communique_final_58th_ahsg_vf_0.Pdf)

The citizens of the community can do business and live-in dignity and peace, according to the principles of the rule of law and good governance. Despite the obstacles (poor road conditions, language barriers, collection of duties and taxes at borders), West African integration is being built, based not only on trade and the mobility of citizens but also on infrastructure and private sector development.

**VARIOUS PROGRAMS HAVE BEEN DEVELOPED TO FURTHER TRANSLATE THE MEDIUM AND LONG TERM POLICY ORIENTATIONS OF THE REGION. THEY INCLUDE, AMONG OTHERS:**

The West African Common Industrial Policy (WACIP) builds on past initiatives in the area of industrial development, both at the regional and continental levels. They include the Industrial Development Decade for Africa (IDDA), the Lagos Plan for Action (LPA) or the Alliance for the Industrialization of Africa (AIA). It also seeks to better capitalize on existing schemes such as the African Growth and Opportunities Act (AGOA), the “Everything But Arms” (EBA) Initiative, the Millennium Development Goals (MDGs), the “One village, One product” (OVOP) Initiative, and the UNECA’s African Strategy for the Creation and Retention of Wealth (ASCRW); its general vision is to “ensure the maintenance of an industrial fabric that is competitive on the international market, respectful of the environment and conducive to a significant improvement in the standard of living of the populations by 2030;”

The ECOWAS Regional Quality Policy (ECOWAQ) that took over the West Africa Quality System Program (WAQSP), and is part of the Regional Quality Infrastructure Scheme of ECOWAS; the aim is to “support the technical and operational implementation of policies defined at the regional level in the areas of Standardization, Certification, Accreditation, Technical Regulation, Conformity Assessment, Promotion of Quality and Metrology”

The ECOWAS Private Sector Development Strategy, a framework for promoting inclusive growth, innovation, competitiveness as well as development cooperation.

On the agricultural front that constitutes the basis of the national economies, the ECOWAS Agricultural Policy (ECOWAP), which is part of the continent-wide Comprehensive African Agriculture Development Program (CAADP) in the context of New Partnership for Africa's Development (NEPAD), and as laid out in the 2025 Strategic Policy Framework, seeks to “contribute, in a sustainable manner, to meeting the food needs of the people, economic and social development and poverty reduction in the Member States;” through:

- Increasing productivity and competitiveness of agriculture,
- The implementation of an intra-community trade regime, and
- The adaptation of the external trade regime. The actual implementation of this regional agricultural policy implementation is based on 15 National Agricultural Investment Plans (NAIPs), which reflect national priorities and covers the subsectors of agriculture, livestock, fisheries and forestry, on one hand, and on the Regional Agricultural Investment Plan (RAIP), on the other hand.

Additional cooperation schemes that aim to promote the conduciveness of the macroeconomic environment towards effective competitiveness relate to the following two areas, among others:

**TRADE: INITIATIVES TO PROMOTE BOTH INTRA- AND EXTRA-REGIONAL TRADE AS WELL AS IMPROVING THE OVERALL BUSINESS ENVIRONMENT INCLUDE:**

- The ECOWAS Trade Liberalization Scheme (ETLS) that seeks to liberalize trade by removing customs duties levied on imports and exports and eliminate non-tariff barriers among Member States, with the overall aim to establish a free trade area;
- The Common External Tariff (CET),

65Source: <https://wacomp.projects.ecowas.int/Wp-Con-Tent/uploads/2020/03/WACIP-ENGLISH.Pdf> (Accessed On May 8, 2021)

66Source: <http://www.waqsp.org/en/content/context> (Accessed On May 8, 2021)

67Source: <http://araa.org/sites/default/files/media/ecowap%202025%20strategic%20policy%20framework%20eng.pdf> (Accessed On May 8, 2021)

- The WTO trade facilitation scheme aiming a reducing trade transaction costs
- The ECOWAS Common Investment Market which rationalizes national incentive scheme,
- The World Market Information System (ECOBiz),and
- The development of the Interconnected System for the Management of Goods in Transit(SIGMAT);

### INFRASTRUCTURE DEVELOPMENT AROUND THREE KEY AREAS:

- Transport sector, with the ECOWAS Regional Road Transport and Transit Facilitation Program, which have developed the ECOWAS Joint Border Posts Program, the Axle Load Harmonization Policy, and various cross-border corridors (such as Nigeria-Cameroon, Abidjan-Lagos and the Trans-Gambia),
- Telecommunication with the goal to develop a reliable and modern regional Telecoms broadband infrastructure through, for instance, alternative broadband infrastructures and sub marine cables and the establishment of single liberalized telecoms market, and
- Energy sector promoted by the ECOWAS Protocol A/P4/1/03 that “establishes a legal framework in order to promote long-term cooperation in the energy field, based on complementarities and mutual benefits, with a view to achieving increased investment in the energy sector, and increased energy trade in the West Africa region.” The ECOWAS Regional Infrastructure Master Plan, which is based on future needs up to 2045 and on existing regional and national development plans and strategies (including the 2019-2033 ECOWAS Master Plan for the Development of Regional Power Generation and Transmission Infrastructure), is the foundation of the regional vision to improve infrastructure services in four sectors: transport (road, rail, air, maritime and river and lake), energy, water, and ICT

These policy orientations illustrate the desire of the region to have a common industrialization with a view to “becoming an important player in the globalization process within the framework of sustainable industrial development”.

But various challenges remain, and they tell about the extent to which the region is capable of fully benefitting from the many opportunities associated with greater access to the liberalized African market.

Many ECOWAS Member States cannot take advantage of the simplest Preferential Trade Agreement (PTA),let alone the large-scale liberalization scheme under the AfCFTA. There are indeed some conditions to satisfy in order to access ETLS markets, in terms of RoOs, technical and sanitary norms. In addition, the list of targeted products under ELTS coincided with those from Member States, suggesting some consistency. But the still weak intra-regional trade is suggestive of the extent of the challenge of making ETLS more attractive to businesses. Meeting that challenge should be part of the restructuring of the trade framework in the leadup to full implementation of AfCFTA.

Additional challenges include the prevalence of non-tariff barriers to trade especially along the regional corridors, the predominance of informal activities (production and trade) that limit the scope of any national and regional policy initiative, the lack of reliable and affordable energy and transportation systems, the level and diversity of skill sets that would match the need for improved productive efficiency and competitiveness, an institutional coordination between industrial and trade policies, the level of harmonization of national innovation systems and the extent to which they help nurture creative industries, the extent of national institutional coordination of industrial governance (among relevant ministries and stakeholders), the political will that should drive the extent to which policies are implemented on the ground, the absorptive capacity at national level of regional initiatives, among others.

All of these limitations clearly undermine the scope and effectiveness of the liberalization of the region under the framework of the ETLS.

Furthermore, as most of these challenges are better dealt with at the regional level, there is a need for greater coherence among national policies that should better reflect and translate the regional policies, for instance through the creation of enabling legal and financial framework and resource allocation that matches high level of policy prioritization.

One of the fundamental questions is how to create more wealth through the endogenous transformation of local raw materials and make industrial units sufficiently competitive in the context of increasing globalization and more respect of the rules of free competition.

A major objective of the ECOWAS Commission under the Revised ECOWAS Treaty is to promote regional cooperation and integration that can propel the establishment of an economic union in West Africa.

The purpose of this economic union is to raise the standards of living of the people of West Africa, maintain and enhance economic, social, and political stability in the region, foster stronger commercial relationships amongst all of the Member States, and contribute to the economic, social, and political progress and development of the African continent. To these ends, the ECOWAS Commission has adopted, among other initiatives, the ETLS that applies to agricultural products, handicrafts, raw materials, and industrial articles of commerce. In addition, effective January 1, 2015, the ECOWAS Commission has commenced overseeing the implementation of the ECOWAS Common External Tariff (CET) with regard to international trade with third countries; that is, non-Member States.

Other notable regional instruments that have been adopted to meet the goals envisaged by the Revised ECOWAS Treaty include the Protocol A/P1/5/79 Relating to the Free Movement of Persons, Residence and Establishment, adopted in May 29, 1979, in Dakar, Senegal (ECOWAS Protocol on the Free Movement of Persons, Residence and Establishment).

Yet, despite its natural endowments, the region as a whole still lacks an effective cross-border legal, regulatory, and institutional framework to harness its vast and diverse economic potential.

Thus, there exists a real need to bridge the existing gap between the relatively abundant economic and human resources of the region, on the one hand, and the necessary investment climate framework, on the other hand. This process is essential in order to develop the natural endowments of the region and, thereby, improve the standards of living for all Community citizens in an efficient, equitable, and inclusive manner.

In the context of AfCFTA, the regional industrial policy will have to address this key question and be a dynamic integrating instrument in line with its vision, missions and specific objectives in order to address the main challenges,

namely capacity building and industrial base; and competitiveness. Developing a proactive industrial policy within the AfCFTA that will facilitate the adoption of skills and technology, improve public-private partnerships and expand industrial knowledge is key. The policy must also recognize the context in which firms operate and its associated challenges and constraints. It should focus primarily on structural features related to trade, industry and labour market transformation.

Agriculture, is a major contributor to intra-African trade. It should therefore be embraced in industrial policy in the context of building productive capacity. The main agricultural commodities and agri-food products exported within ECOWAS should receive new regional policy attention, increased investment and technological and industrial upgrading. A new generation of agricultural policies should improve agricultural production, agribusiness and value chain advancement and be aligned with AfCFTA opportunities. For instance, cotton may serve the textile industry, while palm oil can be incorporated into agri-food products (UNCTAD, 2016b).

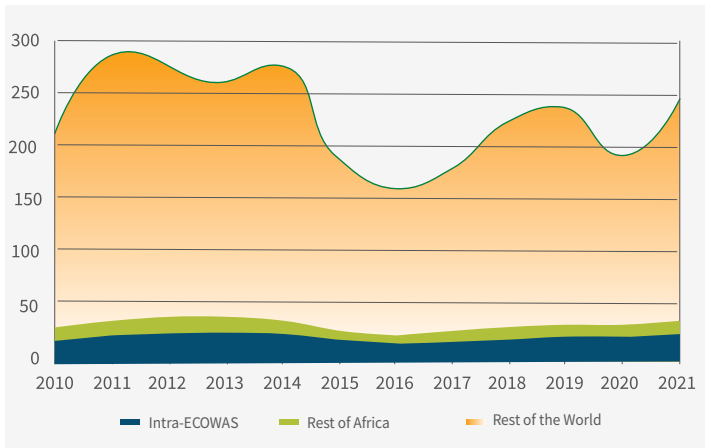
## II.2.2 RECENT TRENDS IN THE GOODS SECTORS

One of the main features of cross-border trade in the region, and the overall economic activity, is the high incidence of informality. This leads to a systematic underestimation of actual intra-African trade in official statistics. Nonetheless, from what is known and recorded, it is possible to generate key facts about the extent of cross-border trade, with the recognition that an improvement in the trade environment (hard and soft infrastructure), will increasingly reduce the propensity to engage in informal cross-border transactions.

Figure 1 shows the recent evolution of total merchandise trade (exports plus imports) across trading partners. By far, despite the existing liberalization scheme in the region, and the proximity of the African partners, the region trade less with itself and the continent, and more with the rest of the world.

In effect, over the past decade, intra-regional trade has accounted for less than 10% of total regional trade and continental trade for less than 7%, while trade with the rest of world (mainly the EU and China) has represented more than 85%. This main feature of the regional trade profile (and that of the continent as whole) is indicative of relatively weak regional productive and trade capacities and incentive structure that underlies them.

Figure 1. Merchandise trade structure (partners) and evolution (bln USD)



In ECOWAS, trade integration is governed by the ECOWAS Trade Liberalization Scheme (ETLS).

All Member States have implemented the ECOWAS CET, moving the region towards being a customs union. Other trade integration programs include a task force for enhanced implementation of the ETLS, the single currency program and the protocol on free movement of persons. In 2017, only 17.2% of the total imports into ECOWAS countries were from African countries. Of these, 68% were intra-ECOWAS imports to which the ETLS arrangements would have been available.

External trade of ECOWAS is dominated by a number of products and generates local value added due to the preponderance of fuel coming from extractive industries.

These represent three-quarters (75%) of exports(excluding re-exports) and are provided mainly by Nigeria (73%). Cocoa and cocoa food preparations (5% of exports), precious stones (3%) and secondarily cotton, edible fruit, rubber, plastics, wood and wood products, fish and shellfish (about 1% each), form together with fuel, the major export products of the West African Economic Community.

As for regional imports, they are dominated by about ten products. Fuels still hold a leading position in this list. They represent 24% of total imports. They are followed by motor vehicles, tractors, cycles and other vehicles, machinery and electrical appliances, cereals, plastics, works in iron, iron and steel, iron, cast iron, steel, pharmaceuticals, and fish and seafood.

As for the exports, Nigeria appears here also in a dominant position by making alone 41% of transactions, against 18%

for Ghana, and 10% each for Senegal and Côte d'Ivoire. Nigeria and Ghana together account for 59% of the Community exports, against 36% for the 8 countries that make up of the West African Economic and Monetary Union (WAEMU).

In the context of the AfCFTA, the continent needs to focus on preferential agreements with key strategic partners around the world in order to take advantage of the a greater presence in the global trade arena. On the export side, the bulk of the continent's exports are to the European Union.

As a net exporter of raw materials, Africa must, within the framework of AfCFTA, put in place a process of industrialization and structural transformation to transform its raw materials into finished products and support nascent industries to be competitive internationally.

### II.2.3 RECENT TRENDS IN THE SERVICE SECTORS

Preferential trade in services is an essential component of ECOWAS Revised Treaty. Paragraph 2(d)(iii) of Article 3 of the 1993 ECOWAS Revised Treaty states the trade objective of ECOWAS as "(...) the establishment of a common market through the removal, between Member States, of obstacles to the free movement of persons, goods, services and capital, and to the right of residence and establishment." On the one hand, there is no full specific services protocol or services-only agreement in ECOWAS preferential trade. On the other hand, ECOWAS has some relevant preferential rules that establish disciplines for establishment in goods and services:

The Protocol relating to the Free Movement of Persons, Residence and Establishment. Whereas liberalization of trade in services according to the WTO GATS model includes the right of non-establishment (the pursuit of an economic activity by a person in another Member State without having the principal or secondary place of business in that State, i.e., Mode 1, previously described in Table 1), the right of establishment in ECOWAS rules entails permanent installation in a Member State in order to pursue an economic activity in that State.

While Protocol A/SP2/5/90 may cover the situation of the person (natural or legal) who establishes himself by creating a permanent link with the country of establishment, it does not cover the situation of the person who provides services in a country other than that of his permanent establishment. For the treatment of the right

of non-establishment in services, ECOWAS has adopted a sector-specific approach. For example, under this approach ECOWAS created specific rules for the regional liberalization of specific sectors. ECOWAS Member States individually undertook various horizontal and sector-specific commitments under the GATS.

## THE FINANCIAL SECTOR

The financial services sector is typically composed of banks, trust and loan companies, credit unions, life and health insurance companies, property and casualty insurance companies, securities traders and exchanges, investment fund companies, pension funds, finance and leasing companies, and a myriad of auxiliary service providers, such as independent financial advisors, actuaries, and intermediaries.

In playing the critical role of enabling the smooth running of any modern economy, the financial sector facilitates transactions amongst households, firms and governments; mobilizes savings; allocates capital funds to finance productive investment in the form of secured and unsecured loans and revolving credit facilities; monitors managers to appropriately spend allocated funds and

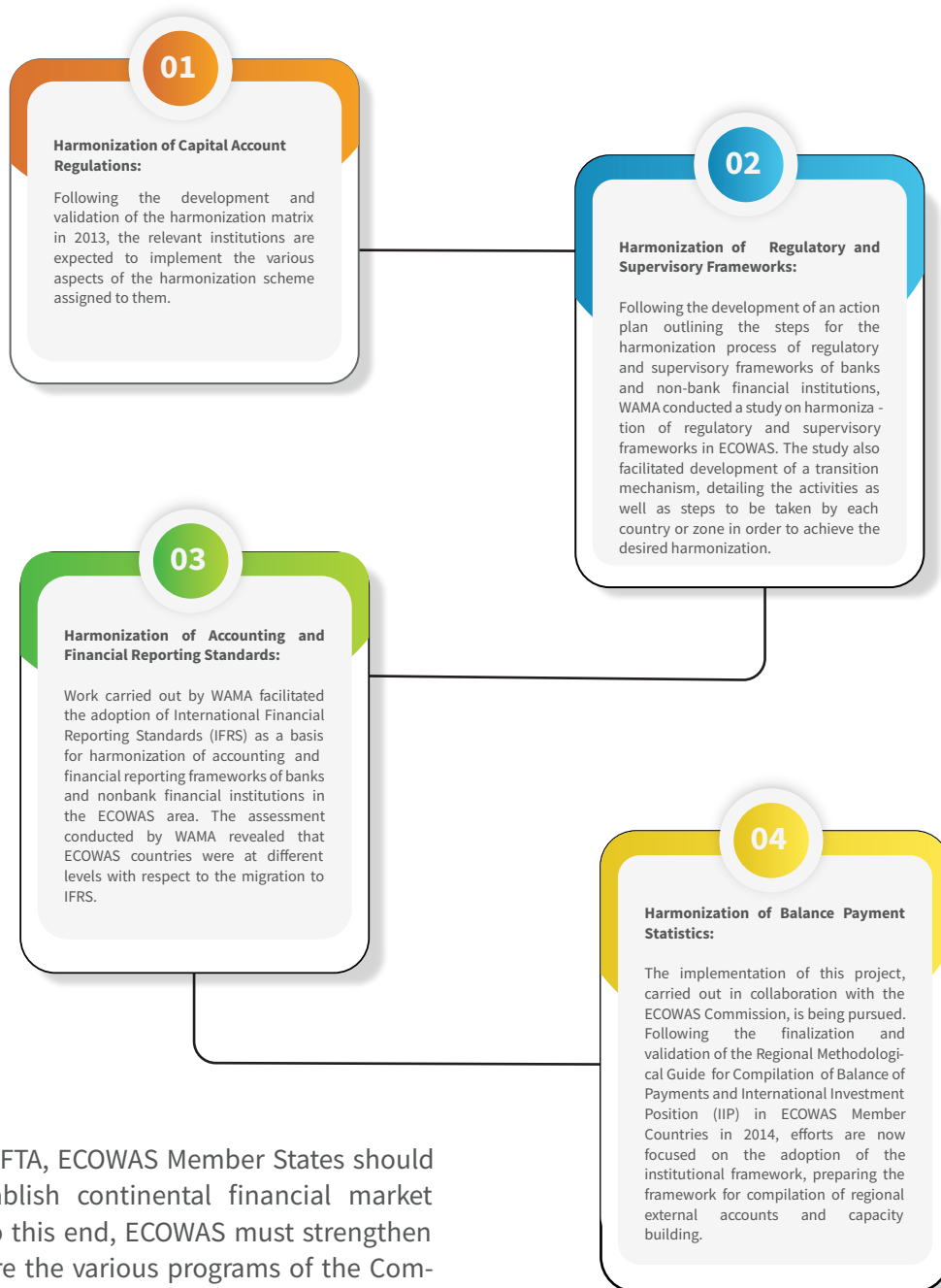
transforms risks by aggregating and spreading same toward risk lovers.

A report in 2018 indicated that the financial system in ECOWAS was made up of 232 commercial banks, 309 insurance companies and 1,818 microfinance institutions and 5 stock exchanges. The dynamism of the sector, with the advent of new financial institutions, suggests that the current figures are indeed larger. The biggest banks in this zone are mostly Nigerian. United Bank for Africa (UBA) and First Bank of Nigeria operate in efforts to implement the program, the Heads of States and Governments outside WAEMU have been working since the year 2000 to establish a second monetary zone many parts of the continent. This is due to the relatively big size of the country's financial sector with over 20 banks, 825 microfinance institutions and 58 insurance companies.

The ECOWAS Monetary and Cooperation Programme (EMCP), adopted in 1987, called for the creation of a single monetary zone in the region (ECO). As part of regional in the region: the West African Monetary Zone (WAMZ). It comprises Sierra Leone, The Gambia, Ghana, Guinea, Liberia, and Nigeria.



## The West African Monetary Authority (WAMA), in collaboration with relevant stakeholders in the community, is working on the following programs within the framework of the ECMP:



Under the AfCFTA, ECOWAS Member States should strive to establish continental financial market integration. To this end, ECOWAS must strengthen and restructure the various programs of the Commission to meet the aspirations of the AfCFTA. Given the dominant importance of the banking sector in ECOWAS financial markets, harmonization of banking supervision will be important for further continental integration, both by creating a more level playing field for banks and thereby encouraging banks to engage in cross-border activities and instilling greater confidence in the stability of financial markets.

In order to reap the full benefits of the AfCFTA, ECOWAS has a compelling need to strengthen the regulatory framework and improve corporate governance which are cornerstones for promoting investor confidence and long-term sustained growth of the financial system.

Finally, it is imperative to develop a vibrant bond market in ECOWAS to enable the private sector to access a wider range of debt instruments to improve the management of their liabilities.

Like banking markets, insurance markets in most ECOWAS Member States are still very small, both in comparison to developed and other developing countries' markets. In fact, insurance services penetration across all ECOWAS Member States had remained very low.

The level of insurance inclusion in ECOWAS has been rather low. For instance, in Nigeria, approximately only 1.5 percent of all Nigerian adults are currently covered by insurance. The low insurance penetration in West Africa is, in part, a consequence of the lack of trust and confidence in insurance companies. It is therefore not surprising that the level of import and export of insurance in the region is still very low.

In order to guarantee the security and safety of citizens that are moving, the need for an insurance cover was established through the ECOWAS common insurance-liability scheme for transit and transport operations in 1982.

This system, known as the ECOWAS Brown Card, makes it possible to manage cross-border claims in connection with the third-party motor insurance of engine-propelled land vehicles. Specifically, this instrument was established by Protocol A/P1/5/82 signed by the Authority of Heads of States and Governments. The main objective of the Scheme is to guarantee to the victims of road accident a prompt and fair compensation of damages caused by non-resident motorist from ECOWAS Member states visiting their territory. It functions through a network of national bureaus disseminated in each of the ECOWAS countries. Each national bureau performs two main tasks:

- The National Bureau performs as an issuing bureau. In Nigeria, National Insurance Corporation was acting as the handling bureau but currently any major insurance company that is a Member of the Nigerian Insurance Association can operate the Brown Card.
- Carry out investigations and settlements of claims arising from accidents incurred by Brown Card holders. This can be described as a handling Bureau.

To exploit the potential of the AfCFTA, ECOWAS Member States need to strengthen their language skills, understand the culture of the target market, comply with standards (e.g., confidentiality requirements) and develop the necessary infrastructure.

Provision of insurance services through Mode 4 (e.g., movement of local insurance specialists to other countries within and outside the ECOWAS region) and Mode 3 (e.g., establishment of insurance companies in other ECOWAS Member States).

Distribution of insurance services and insurance intermediation: The distribution of insurance services is extremely vital for successful insurance penetration. It is important to have effective and efficient access to existing channels for insurance distribution.

## TELECOMMUNICATIONS SERVICES

To monitor and compare developments in ICT between countries and over time, we use the ICT Development Index (IDI). The Index is designed to be global and reflect changes taking place in countries at different levels of ICT development. Four countries (Burkina Faso, Côte d'Ivoire, The Gambia, and Togo) out of 12 ECOWAS Member States available in the IDI ranking, have improved their position between 2016 and 2017. Togo and Côte d'Ivoire achieved the largest improvement with 3 places won in the ranking. It should be noted that the Cabo Verde, which is the highest ranked of ECOWAS, has dropped in ranking; in addition, it is still poorly ranked against the best African performer, Mauritius, which is ranked 72nd in the world.

The worst ranked country in 2017 in ECOWAS is Guinea-Bissau. The weakest components of IDI for ECOWAS lie particularly in the intensity of use and the skill in terms of ICT. The ECOWAS countries are very poorly ranked compared to the LDC average. Thus, ECOWAS efforts should be made in terms of fixed (wired)-broadband subscriptions per 100 inhabitants where all ECOWAS countries except Cabo Verde (3.03) have indices below the average for all LDCs (0.90).

Over the past years, ICT infrastructure in West Africa, particularly with the mobile telecommunications, has increased despite the low population density, low incomes and large rural populations challenges. Mobile phones in Côte d'Ivoire, Ghana and Nigeria surpassed the region's average subscribers of 11 million, 17 million and 21 million as at the end 2010, 2013 and 2017 respectively.

To take advantage of this market opportunity provided by the AfCFTA, regulatory policies need to be implemented to improve the performance of the telecommunications sector. To achieve this, ECOWAS and individual Member State governments should have better data on actual regulatory practices. The West African Telecommunications Regulators Assembly could engage more with regulators in other countries or regions where the telecommunications sector has been more successful. In addition to regulation, ECOWAS Member States should put in place a framework to develop data sets for telecommunication and other ICT services that would assist in robust research in the field.

There is a need for ECOWAS to generate more research that will help inform policy dialogue and more effective advisory services in the area of trade in telecommunication services and trade agreements/negotiations to generate more benefits from the African Continental Free Trade Area.

The ICT environment is changing rapidly and keeping the policy and regulatory frameworks in line with the

constant evolution of technologies, applications and services is a challenge for governments and regulators around the world. The regional ICT policy framework is geared towards the promotion of the development of economic and technological infrastructure.

The framework must promote rather than hinder the development of these key technologies. Such a framework is defined in a policy, which looks at the realities of the market and defines the vision and the enabling factors for the development of the sector. To this end, the regional ICT policy framework is meant not only to bring about a harmonized but also a standardize ICT infrastructure across the region. In addition to this is the creation of a uniform operations procedure and frameworks for all ECOWAS institutions and the Commission. The harmonized ICT regulatory decisions adopted by the 6th Meeting of the ECOWAS Ministers in charge of Telecommunications and ICT, held in Abuja Nigeria on 11 May 2006, were developed within the spirit of addressing this ICT challenge and providing for an ICT enabling environment for the region.”



## ROAD TRANSPORT SERVICES

About 80 to 90 percent of passenger and freight traffic in Africa are estimated to be undertaken by the road mode of transportation. It is on the backdrop of this importance that ECOWAS has a strategic regional plan that covers infrastructural development, including transport infrastructure.

Of all the West African countries, Nigeria has the longest road network in the whole of the West Africa region with

158,608km. The country also turns out to be one with the most road network maintenance needs in ECOWAS. This could be explained by the population growth in Nigeria, the most populated nation in Africa. Ghana comes a distant second with 42,623 km length of road network, and Côte d'Ivoire comes third with 26,074 km length of road. Benin has the least length of road network among the selected ECOWAS Member States with just 7,368 km length of road network.

However, vehicle utilization rate is high on paved roads within the West African region with Burkina Faso being the least to the tune of 75 percent vehicle utilization rate. Mali and Niger have the least developed transportation sectors while Ghana, which is closely followed by The Gambia, has the most improved transportation sector.

All other countries exhibit a similar trend of decline in their respective transportation sector. Côte d'Ivoire, Guinea-Bissau and The Gambia have relatively consistent development in their transportation sectors as the development indexes for these 3 countries averaged 7.0, 5.0 and 4.0 points respectively. Furthermore, Nigeria, Senegal and Sierra Leone have consistent transportation development (UNCTAD, 2020).

The quality of the road transportation system in West Africa is marred with an excessive number of check points, especially along inter-state roads. This effectively constitutes a significant barrier to the flows of goods and people, despite the regional initiative of joint border brigades. The latter needs to be generalized at all frontiers and made more effective. The prospect of greater integration therefore commands a better streamlining of the administrative control processes that would definitely contribute to the effective realization of free movement of goods and people.

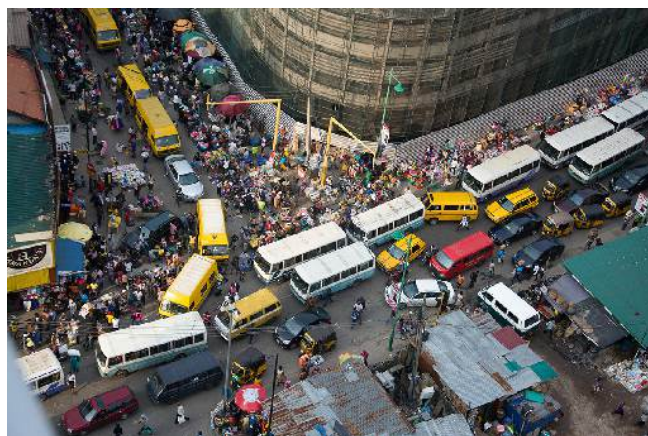
Documented evidence shows that 10 legal frameworks for transit transport cooperation exist across the ECOWAS region. They are the following:

- Supplementary Act/SA. 1/07/13 relates to the establishment and implementation of the Joint Border Posts Concept within Member States of ECOWAS was approved and signed in June 2013.
- ECOWAS Supplementary Act/SP. 1/02/12 relates to the Harmonization of Standards and Procedures for the Control of Dimensions, Weight and Axle Load of Goods Vehicle within Member States of the ECOWAS.
- Decision C/DEC. 13/01/03 establishes a Regional Road Transport and Transit Facilitation Programme in support of Inter-Community Trade and Cross-Border Movements (joint border posts, Observatories, ISRT Awareness).
- Convention A/P.1/7/92 of 29 July 1992 relating to mutual assistance in criminal matters.
- Resolution C/RES/.4/5/90 of 27 May 1990 on the resolution of the number of road check points in ECOWAS Member States.

- ECOWAS Convention No A/P2/5/82 of 29 May 1982 Regulation Inter-State Road Transportation between-ECOWAS Member States.
- Convention A/P4/5/82 concerning inter-State transit of goods by road comprises economic or suspensive arrangements which allow goods to be transported by road, with all duties, taxes and restrictions suspended by the customs service of a given Member State, to the customs agency of another Member state, under cover of a single document, without any unloading.
- Protocol A/P1/5/82 established the ECOWAS brown card for the purposes of third-party civil liability motoring insurance. In addition to the ECOWAS brown card, the CIMA Code has now also come into effect in the French-speaking West and Central African countries. The CIMA Code's advantage over the brown card is that it provides simultaneous cover for vehicle, drivers and passengers.
- Convention A/P5/5/82 of 29 May 1982 for mutual administrative assistance on custom matters.
- ECOWAS Protocols A/P.1/5/79 of 29 May 1979 as amended relating to free movement of persons, residence and establishment.

To achieve the benefits of the African continental free trade area, ECOWAS Member States should build efficient and smooth road networks to facilitate the movement of goods, materials and people within the region.

This will further reduce transport costs as well as production costs. Private investment, including investment, should be encouraged through appropriate incentives.



In the context of the AfCFTA, ECOWAS should strengthen its monitoring of the implementation by its Member States of the various decisions and programs they have adopted to facilitate road transport in the region. Countries with a high number of roadblocks and checkpoints should facilitate road transport by eliminating or reducing the number of such entry barriers. ECOWAS should use the information gathered by the Border Enforcement Monitoring Centre to address road transport facilitation issues and possibly establish a regional governance structure for road transport facilitation, which will have a significant impact on trade in the region.

Furthermore, joint infrastructure projects with neighboring RECs, such as ECCAS in the east or AMU in the north could be developed to allow greater inter-regional movement of goods and persons along the spirit of AfCFTA. The rationale of these cross-REC projects lies on the limited national and regional budgets which warrant a pooling of resources. Existing regional corridors can then be expanded and interlinked to further reduce cross-border trade transaction costs.

## **AIR TRANSPORT SERVICES**

ECOWAS Member States are not numerically short of airports, but the problem is that many of the airports tend to be of extremely poor quality that can, at best, provide very rudimentary commercial air transportation services. Many do not have good concrete runways or recognizable terminal buildings and have no or very limited tower control or landing aids.

Larger airports, often the national hub for domestic services and international operations, vary in quality between countries. Some are quite sophisticated with modern infrastructure that can handle significant flows of tourist traffic, but many more are equipped with outdated and poorly maintained equipment. National ownership of air transportation infrastructure is still the norm in most ECOWAS Member States meaning that in most of these airports, facilities are not run on a commercial basis but rather to meet wider social/ public objectives.

Air transport services are composed of services which prevent collisions and maintain traffic (e.g., flight information services; alerting services). Commercial air transport services are divided into passenger (CPC 731 includes scheduled and unscheduled flight services) and freight (CPC 732 includes mail, containerized freight and other freight). Other components are rental of aircraft with crew (CPC 734 includes rental and leasing services of aircraft); maintenance and repair (CPC 8868 is the overhaul, repair, inspection or modification of an aircraft or aircraft components) and supporting services for air transport (CPC 746 includes passenger air terminal services and ground services, aircraft cleaning and disinfecting, firefighting and hangar and towing services).

As the specialized agency of the African Union responsible for civil aviation matters in Africa, the African Civil Aviation Commission (AFCAC) was established to facilitate cooperation and coordination among African States towards the development of an integrated and sustainable air transport system. It is also responsible for fostering the implementation of ICAO rules as well as to develop harmonized rules and regulations consistent with best international practices in civil aviation for the continent. AFCAC works with the 8 regional economic communities (RECs) in Africa to execute its programs. To implement the vision, AFCAC had established 5 strategic objectives for the period 2011–2016 as follows: Air transport, Safety, Security, Human Resources Development, and Rule of Law. A Steering Committee of ECOWAS Airlines was established in 2012 in Bamako, Mali. It was mandated to work out the modalities for airlines cooperation aimed at facilitating air transportation in the region as well as ensuring optimal operations by the airlines. The committee is composed of Air Burkina, Aero Contractors, Asky, Fly540, and Arik Air. The Champion Air Transport Steering Committee, held in Abidjan, Côte d'Ivoire, from 11–12 February 2014, proposed the Roadmap and Action Plan to implement the Heads of State and Government decision. The roadmap identifies barriers to air services between Member States: air traffic rights, unfair competition, high operation costs (such as fuel, handling, navigation charges), governmental charges/fees and interference, Conditions for smooth cooperation among airlines (recruitment of an air transport coordinator to assist airlines).

From the perspective of the AfCFTA, consideration should be given to easing restrictions on traffic rights on the frequency and destinations that airlines can serve,



as well as reducing the high cost of overflying West Africa and ground handling operations. ECOWAS could consider developing a regional air transport infrastructure to make better use of the region's airport resources and benefit from the productivity gains under the AfCFTA.

ECOWAS could also develop a transport plan for the region that takes into account air transport and other means of transport in an integrated manner to achieve efficiency and cost-effectiveness. Safety and security should be enhanced and the quality of air transport should be better by improving the national airport infrastructure. The technical competence of pilots and other technical staff needs to be enhanced through structured and regular training to reduce negligence and accidents on runways.

Redundancy in most countries should be significantly reduced given the utilization rate of their airports. This would reduce the maintenance costs associated with

having these aircraft on the tarmac and allow ECOWAS to take full advantage of the opening under the AfCFTA.

ECOWAS has made some steps into the elaboration of a master plan for the development of airport infrastructure in West Africa, with the objectives of strengthening the safety performance of airports through the improvement and upgrading of equipment and infrastructures to international norms. Through the ECOWAS Project Preparation and Development Unit (PPDU), a feasibility study was conducted in 2016 (and more recently in 2021) which laid out the challenges faced by airports in the region, the gaps, the requirements for the development of integrated network, the financing needs and ways to attract the private sector, but also the selection criteria for airports to be renovated.

In the face of AfCFTA, the full implementation of this regional initiative will undoubtedly contribute to remove the hurdles and provides faster, safer, and cheaper route

to connect businesses and persons to the rest of Africa.

## MARITIME TRANSPORT

Analysis of the data in Table 5 shows that The Gambia, Liberia and Nigeria have relatively high median time in the region, while Cabo Verde and Guinea have relatively

low scores. In terms of average vessel size, the ports of Togo, Benin, Nigeria, Ghana and Sierra Leone have large vessels in the region; these same countries have high container carrying capacity per container ship in ECOWAS.

Table 5: Port calls and performance data: time in port, age and size of vessels, semi-annual 2020.

ECONOMIES	Median time in port (days)	Average size (GT) of vessels	Average cargo carrying capacity (dwt) per vessel	Average container carrying capacity (TEU) per container ship
Benin	1.16	38691	28235	4107
Cabo Verde	0.67	7500	10617	1341
Côte d'Ivoire	2.01	28544	25734	3692
The Gambia	5.29	18582	29415	1774
Ghana	1.39	30978	26293	4550
Guinea	0.36	15573	22194	2441
Guinea-Bissau	2.32	5332	7170	NA
Liberia	3.22	22895	37792	2264
Nigeria	3.39	33208	36944	3721
Senegal	1.70	25643	23438	3483
Sierra Leone	1.19	30451	39338	2782
Togo	1.47	36632	28818	3878

Source: UNCTAD, 2021.

Figure 2 presents the overall evolution of container port throughout the ECOWAS coastal countries. In general, there is an upward trend in container port throughout the region. Nigeria dominates the other countries, which could be explained by its performance in the field of maritime transport and its markets for export products (cola as an example, which is the largest market in the region).

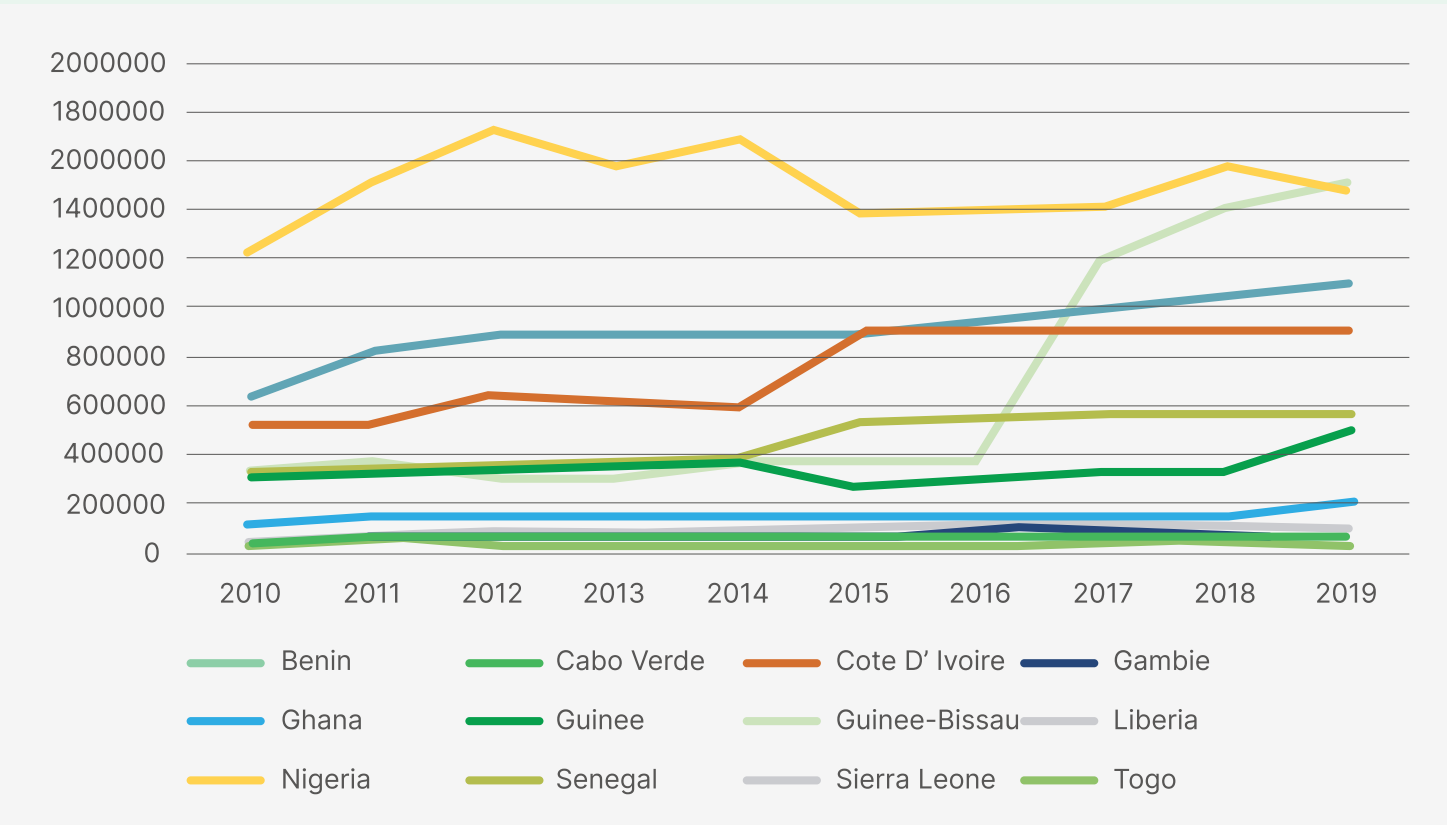
On the other hand, countries such as Togo, Ghana, Côte d'Ivoire, Senegal, Benin and Guinea have evolved through their investments in the port sector and exports.

The strategy of ECOWAS countries, most of which have access to the sea, would be to develop maritime transport infrastructures and to equip themselves with vessels flying the ECOWAS flag. This should allow them to practice fishing on an industrial scale and the products resulting from this fishing should respect the rules of origin specified by the new agreement.

Furthermore, to achieve this, ECOWAS countries should take this objective into account in the liberalization of Mode 3 (foreign direct investment) for maritime transport services. As a result, there is a real need to train the workforce capable of working in fishing vessels on the high seas. In doing so, the agreement will provide employment opportunities and allow coastal countries to supply seafood products with the preferences granted under the AfCFTA liberalization scheme and rules of origin flexibilities.

Finally, the increase in investment in maritime transport,

one of the weaknesses of the African continent, should strategically allow the flow of products from ECOWAS countries to other regions and countries of the continent, for instance by improving the connectivity among the regional ports and with those in other parts of Africa. This would help reduce transport costs, make the continental market more accessible, and improve West African countries' position in the continental and global shipping networks. In addition, these investments will promote the development of the tourism sector and hotel services. This aspect should be taken into account in the offers of liberalization of trade in services, particularly Mode 3 and Mode 4.



### TOURISM SERVICES

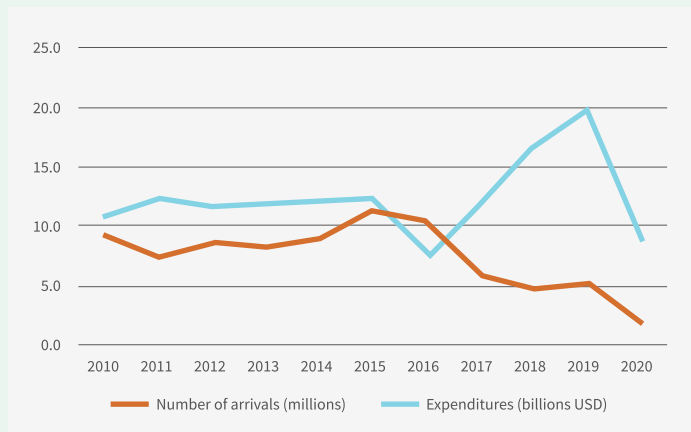
Although tourism has been acknowledged as a driver of socio-economic development and growth in Africa, as evidenced in the 2018 edition of African Tourism Monitor of the Annual Report on Competitiveness in Travel and Tourism, released by the World Economic Forum, West Africa is behind when it comes to the travel sector.

Even though the fact that ECOWAS Member States are blessed with vast resources, the lack of significant investment has hindered its travel and tourism competitiveness. While tourism in the region is mainly driven by natural tourism, there is ample room for improvement in

protecting, valuing and communicating cultural richness. In several countries in the region, there are numerous cultural sites and intangible expressions that could be better leveraged and combined with the rich natural capital available.

At regional level, as shown in Figure 3, the number of arrivals has remained relatively steady until 2016 when it reached 10.4 millions (14.4 % of total arrivals on the continent). It then decreased sharply to 1.6 million in 2020, as a combined result of a worsening security climate and the global pandemic. Revenue-wise, the sector has generated 19.7 billions USD in 2019, before declining to 9.0 billion USD in 2020 during the peak of the COVID crisis.

Figure 3. International tourism arrivals and expenditures in West Africa, 2010-2019. Note: Missing data for some countries and for some years suggest that actual figures are higher. Source: authors from World Bank's World Development Indicators. " right below the graph.



In December 2018, the Authority of ECOWAS Heads of States and Governments adopted the regional tourism policy ECOTOUR 2019–2029, together with operational instruments, to boost the tourism sector.

To achieve this objective, the regional tourism policy approach focuses on heritage protection and preservation, making the most of them through tourism products, ensuring professionalization of the stakeholders, harmonization and compliance with technical specifications by the private operators, creation of an intra-regional market and promotion of the ECOWAS destination.

In accordance with the revised ECOWAS Treaty, the overall objective of the Regional Tourism Policy is to ensure a harmonious and viable development of tourism to create jobs for young people, increase private sector participation through the development of successful and sustainable businesses and thus contribute to the ECOWAS region's economic development.

More specifically, it aims at: creating and promoting an integrated tourism region to pave way for “ECOWAS destination”; developing interstate tourism products; and improving the performances of the tourist private sector and the competitiveness of the private sector. It is also expected that the roll-out and deployment of the regional visa (ECOVISA), a Schengen-type visa for the region, in addition to the development of data exchange/registration platform for migrants amongst Member States' consular services, host country immigration services and ECOWAS itself, will also contribute to the emergence of

an enabling regional environment for a free movement of people and benefit the tourism sector.

Within the framework of the AfCFTA, ECOWAS economic decision makers and other tourism stakeholders in Member States need to take appropriate measures to improve the regulatory framework to influence and sustain the growth of the sector, including adequate measures to ensure the safety of tourists, to collect data on tourist visits and to manage waste and disposal at tourist sites. To ensure the development of the tourism industry, ECOWAS needs to take policy measures on the legislative framework for transport and tourism operations, particularly in developing regions. Foreign ownership and foreign direct investment (FDI), property rights and visitor restrictions. Public spending on the tourism sector, including training of tourism workers, destination marketing campaigns and the country's presence at major international tourism fairs, should be strengthened. The business environment as well as infrastructure needs to be improved to meet the needs of tourists (including clean sanitation facilities) and encourage private sector investment (e.g., through tax incentives, special credit schemes). Governments should raise awareness of the need for tourism stakeholders to comply with quality assurance standards and provide assistance to improve compliance with these standards. Local governments with tourism assets need to engage in the development of tourism areas for ECOWAS to reap the full benefits of the AfCFTA.

More generally, trade in services that ought to promote growth in West Africa is hampered by institutional, regulatory and infrastructural constraints. In addition to the lack of visibility and data for the potential of the service sector at the regional level, various constraints are undermining its competitiveness.

These constraints include fiscal pressure, unfair competition from the informal sector, difficulty accessing credit and inadequacy of the financing mechanisms for the export of services, poor quality of performance (poor compliance with ISO Quality Assurance Standards 9001 2000 Version), energy deficit, lack of transparency and good governance, execution of a substantial part of public contracts by foreign companies in many countries, inadequacy of service infrastructure, high cost of trade transactions (factors of production, administrative bottlenecks), etc.

In order to optimize the expected benefits from AfCFTA for the region, efforts are indeed currently on to ensure that there is no longer a lack of information on foreign markets, obstacles to free movement, mutual recognition of qualifications and diplomas, relatively high costs of the establishment of businesses abroad and the situation of land-locked countries, among others.

## II.2.4 REGIONAL INTEGRATION AND VALUE CHAIN PARTICIPATION OF ECOWAS

### Extent of regional integration

According to the most recent UNECA's Africa Regional Integration Index (ARII) that provides a measurement of strength of economic ties among countries that make up a given community, the ECOWAS region appears fairly integrated in the African context .

As shown in Table 6, the region scores 0.425 out of 1 which is above the continental average of 0.327, and Cote d'Ivoire and Burkina Faso, with the highest scores, appear to be

driving the regional integration process. The region comes fifth among the 8 ranked African RECs, behind the East African Community(EAC, with an overall score of 0.537), the Economic Community of Central African States (ECCAS, 0.442), the Intergovernmental Authority on Development (IGAD, 0.438), and the Arab Maghreb Union (AMU, 0.488).

The regional overall score of less than half of the maximum of one corresponding to “complete” integration is also suggestive that the regional integration process has a very long way to go. Potentials for further integrating the region indicated by dimensions where the region appears to be lagging the most and vis-à-vis the rest of continent. They include (i) productive integration, or “involvement in the regional supply and value chains” and (iii) infrastructural integration, which “accounts for development in electricity, transport, ICT, and water and sanitation and the proportion of flight connections in the region that captures cross-border connectivity.”

Table 6. Extent of Economic Integration among ECOWAS countries in the African context, 2019

	Trade	Production	Macroeconomy	Infrastructure	Free movement of people	Overall score
<b>ECOWAS</b>	<b>0.44</b>	<b>0.22</b>	<b>0.47</b>	<b>0.30</b>	<b>0.73</b>	<b>0.425</b>
<i>Benin</i>	0.47	0.17	0.40	0.24	0.67	0.391
<i>Burkina Faso</i>	0.53	0.27	0.83	0.28	0.99	0.561
<i>Cape Verde</i>	0.21	0.09	0.42	0.50	0.67	0.363
<i>Cote d'Ivoire</i>	0.77	0.72	0.45	0.66	0.67	0.667
<i>The Gambia</i>	0.44	0.06	0.54	0.29	0.67	0.386
<i>Ghana</i>	0.47	0.27	0.25	0.47	0.67	0.434
<i>Guinea</i>	0.30	0.06	0.86	0.21	0.67	0.389
<i>Guinea-Bissau</i>	0.31	0.09	0.45	0.11	0.67	0.314
<i>Liberia</i>	0.20	0.25	0.29	0.10	0.67	0.298
<i>Mali</i>	0.52	0.10	0.38	0.29	0.99	0.454
<i>Niger</i>	0.47	0.00	0.45	0.80	0.67	0.321
<i>Nigeria</i>	0.46	0.54	0.25	0.35	0.67	0.464
<i>Senegal</i>	0.57	0.39	0.45	0.50	0.67	0.516
<i>Sierra Leone</i>	0.27	0.06	0.55	0.12	0.67	0.316
<i>Togo</i>	0.58	0.23	0.45	0.28	0.99	0.504
<b>AMU</b>	<b>0.48</b>	<b>0.45</b>	<b>0.57</b>	<b>0.51</b>	<b>0.44</b>	<b>0.488</b>
<b>EAC</b>	<b>0.44</b>	<b>0.43</b>	<b>0.66</b>	<b>0.56</b>	<b>0.66</b>	<b>0.537</b>
<b>COMESA</b>	<b>0.45</b>	<b>0.33</b>	<b>0.37</b>	<b>0.32</b>	<b>0.39</b>	<b>0.367</b>
<b>SADC</b>	<b>0.34</b>	<b>0.24</b>	<b>0.42</b>	<b>0.21</b>	<b>0.49</b>	<b>0.337</b>
<b>Continent</b>	<b>0.38</b>	<b>0.20</b>	<b>0.40</b>	<b>0.22</b>	<b>0.40</b>	<b>0.327</b>

## PARTICIPATION IN GLOBAL VALUE CHAINS

ECOWAS trade composition reveals that the extent of value chain participation is relatively limited. The region systematically imports more from the global market than it exports to the global market, and the composition of trade in terms of intermediates and final consumption, whether primary, processed, capital, generic, or specific goods tends to be relatively stable.

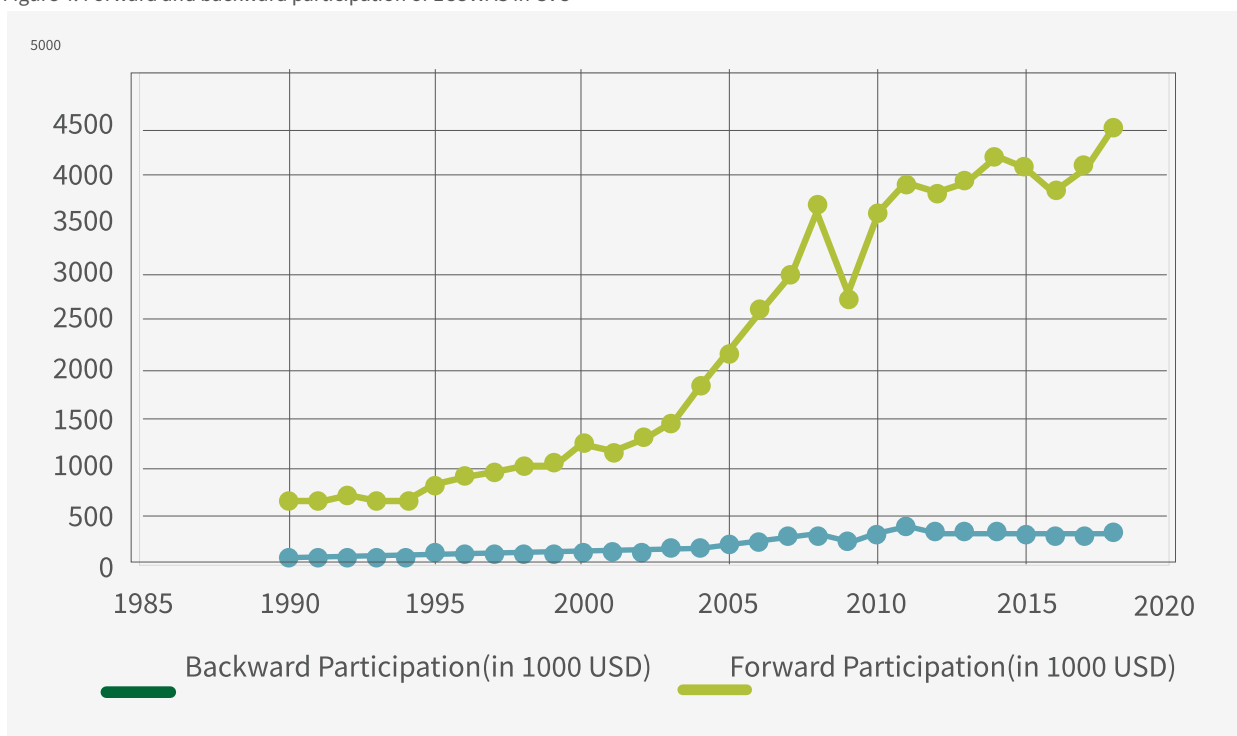
For instance in 2019, a year prior to the global COVID-19 crisis total imports were 22.2% larger than total exports. Intermediate goods (mostly capital and generic goods) makes the bulk of imports, with 61%, while final consumption goods (mostly primary) make up the rest. On the export side, intermediate consumption (primary and generic) also represents the largest share, with 86.7%. Figure 4 shows the dynamics of participation in backward and forward value chains in 11 ECOWAS countries, namely: Cabo Verde, Côte d'Ivoire, The Gambia, Ghana, Liberia, Niger, Nigeria, Mali, Sierra Leone, Senegal and Togo. Over the period of 1990- 2018, it emerges that the participation of ECOWAS countries in backward value chains is very high compared to that in forward value chains. Indeed, insertion in the forward value chains requires very high skills with advanced technologies compared to the participation of countries in the backward value chains. As ECOWAS countries are developing countries, it is probably reasonable that they participate more in back-ward value chains.

Overall, the insertion of countries in backward value chains has increased significantly from 1990 to 2018 with a sharp decrease in 2009. This decrease is believed to be due to the financial crisis of 2008. On the other hand, the insertion of ECOWAS countries in forward value chains has hardly changed significantly between 1990 and 2018.

An analysis by country shows that Nigeria, which is the economic leader of West Africa, confirms its position in the participation of countries in both forward and backward value chains (Figure 5). This is followed by Côte d'Ivoire, Ghana and Senegal, respectively. The remaining seven countries are almost at the beginning of participation in global value chains.

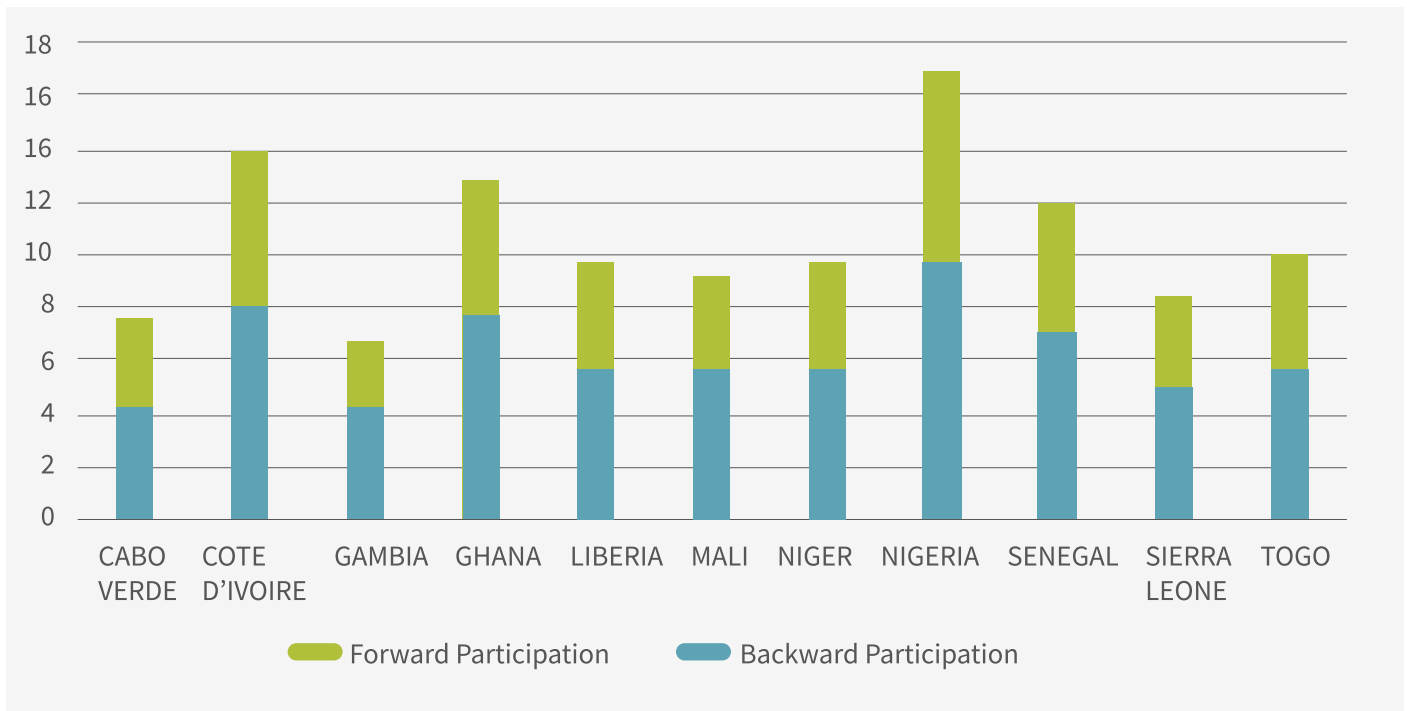
Actual products involved in value chains represent however most of the trade flows of the region, with 58.3%. This is suggestive of the region's drive to engage in external productive linkages. These products pertain mostly to "other fabricated metal products n.e.c." (ISIC Rev.3 IV-digit industry code 2899, representing 16.6% of total trade), "refined petroleum products" (2320, with 16.5%), "basic iron and steel" (2710, with 9.7%), "repairing of ships" (3511, with 4.2%), "vegetable and animal oils and fats" (1514, with 3.1%), "plastics products" (2514, with 3%), "soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations" (2424, with 2.9%), and "other food products n.e.c." (1549, with 2.4%).

Figure 4. Forward and backward participation of ECOWAS in GVC



Notes: This widely used dataset that comprises information for a larger number of countries across the world (including West Africa) does not provide data for the most recent years.  
Source: authors' calculations based on UNCTAD/EORA Database (<https://worldmrio.com/unctadgvc/>).

Figure 5. Forward/backward participation of ECOWAS in GVC (log of averages, 1990-2017)



Source: authors' calculations based on UNCTAD/EORA Database (<https://worldmrio.com/unctadgvc/>).

### PERSPECTIVES FOR POST-COVID-19

The disruptions caused by COVID-19 have highlighted the urgent need to strengthen regional coordination to ensure the proper functioning of supply chains particularly food, medical supplies and other essential goods. While the COVID-19 crisis poses immense challenges for policymakers, it can also serve as a catalyst to raise awareness of the need for a territorial approach to more resilient food systems and sustainable development strategies more generally.

One sector that attracts particular attention is that of MSMEs and their role in boosting production. MSMEs are virtually the economic lifeblood of the continent, both because of their representativeness and their employment footprint. There is no doubt that containment measures, with their corollary of reduced domestic and international demand, have caused damage to West African SMEs, which are often not very resilient to shocks. In this post-epidemic context, West Africa will need a bold strategy to support SMEs, which is important for sustainable and inclusive development and the wide diffusion of innovation.

The measures taken by ECOWAS central banks, direct monetary interventions show that they are all concerned with supporting the national private sectors, especially MSMEs. However, the scenario that seems to be emerging

is that at the end of the health crisis, governments and large companies (national and transnational) will have significant financing needs and may then capture most of the available capital to the detriment of smaller companies.

In addition to lowering policy rates and providing special windows for SME refinancing, it would be useful to put in place quantified disbursement targets for MSMEs. A mechanism that would allow banks that have granted a certain amount of credit to MSMEs to benefit from a preferential refinancing rate. These measures are intended to create a sufficiently attractive environment to ensure that the most fragile enterprises are not the collateral victims of a crowding-out effect.

Another impact of the current crisis will certainly be on employment and the employability of the workforce. In this context, and to strengthen the employability of the active population, governments should increase the budgets dedicated to vocational and continuing training. This would not only maintain a flow of skilled labor for the economy but also be a softer way of stimulating demand without much risk of a surge in inflation.

The Heads of State and Government during their extraordinary session held on 23 April 2020, reaffirmed their firm commitment to continue their joint and coordinated efforts in the determined fight against COVID-19 and to take the appropriate measures to contain the impact and revive the economies, such as:

- Develop jointly a response plan taking into account the fight against the spread of the pandemic and a post-pandemic economic recovery plan;
- Issue long-term treasury bills and bonds to finance critical investment needs, to support the private sector and revive economies;
- Provide substantial support to the social sectors (distance learning tools, strengthening of health systems and facilities, easy Internet access, etc.) and for the most disadvantaged segments of society (social safety nets);
- Deploy through the Central Banks, tools, means and significant liquidity to support: the financial sector, in particular banks and financial institutions, in providing assistance to the private sector, especially small and medium-scale enterprises (SMEs); microfinance institutions in providing support to the informal sector;
- Mobilize additional resources from the international community to address the economic and social challenges confronting Member States;
- Support the African Union's initiative to negotiate with partners for cancellation of public debt and restructuring of private debt of African countries;
- Implement urgent measures to support the local production of consumer goods, including agricultural products, thereby reducing the import bill for these goods;
- Set up a support program for the pharmaceutical and health protection equipment manufacturing sector, whose output covers barely 20% of the region's current consumption needs;
- Avoid the imposition of import restrictions on other ECOWAS countries, particularly with regard to essential goods (drugs, food, etc.);
- Convene a meeting of the Convergence Council to consider the impact of the COVID-19 pandemic and

its implications on macroeconomic convergence performance in 2020 and beyond.

The AfCFTA is expected to play a significant role in the revival of African economies. The AfCFTA is expected to cushion the negative effects of COVID-19 by supporting regional trade and value chains through the reduction of trade costs, allowing the movement of essential goods such as medical supplies, and food. The AfCFTA would replace the patchwork of regional agreements and streamline border procedures by prioritizing trade reforms and would reshape the region's markets and economies, creating new industries and expanding key sectors. According to economist Jeffrey Gable, Africa should be supported and applauded for choosing collaboration when the rest of the world chooses isolationism. Reducing these trade costs, therefore, requires proactive action by all the countries concerned, and highlights the need for synergy between actors.

Therefore, while local resilience plays a crucial role in the fight against insecurity, hunger and drought, transnational cooperation is nevertheless essential. In a post COVID-19 world with dramatic social and economic consequences, it is vital to rethink regional policy to meet the needs of populations, at a time when resources are becoming scarce and the danger of isolationism looms.

## II.3. COMPETITIVENESS ANALYSIS FROM THE AfCFTA PERSPECTIVE

The ECOWAS region is home to 6 of the 10 fastest growing economies in Africa, and as a whole, the region grew by 4.7% of GDP between 2010 and 2019, the largest compared to other African RECs.

This growth performance is indicative of the level of competitiveness of the region and the national economies which rests on various factors, such as a strong drive for business environment reforms, high quality-governance (corruption, rule of law, and regulatory quality), as suggested in Table 7. Although the COVID-19 crisis and its aftermath have revealed a relatively strong adaptation and fairly good resilience to foreign shocks, important challenges still persist. As indicated in Table 7, these challenges relate to low innovation drive, insecurity (terrorism), and relatively low quality of infrastructure. These current constraints and potential impediments undermine the scope of regional and national competitiveness. Table 8 reveals significant heterogeneity among Member States, which tells about the extent of these challenges at nation-

Those Fastest Growing West African Countries Include Cote D'Ivoire, Ghana, Guinea, Niger, Burkina Faso And Togo, With Growth Rates Averaging Between 6.6 And 6.7% (Source: World Bank's World Development Indicators)

The limited diversification of ECOWAS economies reflects the weakness of the industrial sector in the region, and consequently, the extent of their participation in value chains. The rapid transformation of developing economies in Asia into high-tech and knowledge-intensive sectors explain the good industrial performance of these countries. It is because the West African industrial sector is underdeveloped that many ECOWAS countries are at the bottom of the MVCs. Other factors that explain this low ranking include poor transport, energy and telecommunications infrastructure, cumbersome border procedures and a poor business environment. These elements are location determinants that act as preconditions for countries' access to MVCs. Foreign direct investment (FDI) also plays a major role in MVC activities and enhances value-added growth. Due to their poor business environment, ECOWAS countries are less attractive for FDI.

al levels. In the face of stiff competition under the continental Agreement, these challenges need to be resolutely

addressed in order to improve the ability to harness the AfCFTA opportunities.

Table 7. ECOWAS competitiveness in the context of Africa.

	ECOWAS	UMA	COMESA	ECCAS	SADC
Competitiveness (WEF) - score, 0-100	47.3	53.4	48.6	37.0	48.2
Doing Business 2020 – score, 0-100	53.4	54.9	54.9	44.5	58.2
Change since 2010	12.6	4.9	6.6	4.7	5.0
Dealing with construction permits	58.7	58.6	56.9	57.4	65.0
Getting electricity	49.9	70.0	54.4	46.8	59.7
Registering property - score	53.4	58.8	60.6	50.0	56.7
Getting credit - score	47.3	29.0	51.3	37.7	53.7
Protecting minority investors - score	40.5	40.4	46.4	27.8	47.3
Paying taxes - score	56.2	63.3	67.5	45.0	70.6
Trading across borders - score	56.7	64.7	55.7	39.0	61.1
Enforcing contracts - score	50.1	58.3	51.4	41.1	49.2
Resolving insolvency - score	38.5	52.1	45.6	36.4	44.6
Global Innovation Index - score 0-100	20.2	26	23	22.6	24.5
Political Stability/No Violence - score 0-100	37.5	28.7	35.0	32.8	43.6
Rule of Law - score 0-100	38.3	36.7	35.4	27.6	38.4
Control of Corruption - score 0-100	40.4	36.2	34.6	29.7	40.0
Regulatory Quality - score 0-100	38.3	29.8	33.0	29.5	38.0
Index of Economic Freedom (score: 0-100)	55.8	55.3	54.8	52.6	57.5
Logistics performance index: score, 0-100	48.9	48.0	49.7	47.8	50.0
Ability to track and trace consignments	51.4	48.3	49.5	46.5	50.7
Competence and quality of logistics services	46.7	45.7	49.7	47.4	49.4
Ease of arranging competitively priced shipments	50.4	46.6	49.6	50.9	49.5
Efficiency of customs clearance process	44.1	44.0	46.4	43.6	46.9
Frequency with which shipments reach consignee within scheduled or expected time	56.3	57.3	56.3	54.0	57.5
African Infrastructure Development Index	20.6	58.5	34.0	18.2	33.3
Transport	6.9	16.8	15.7	6.1	13.9
Electricity	17.0	32.5	19.7	13.0	25.0
ICT	17.0	32.5	19.7	13.0	25.0
Water and sanitation system	63.1	90.2	66.5	61.3	67.0

Notes: Most Recent Data Are Shown.

Sources: Authors' Calculations, From World Economic Forum - WEF (<http://Reports.Weforum.Org/>), Global Innovation Index Project (<https://www.globalinnovationindex.org/Home>), African Development Bank (<https://www.afdb.org/En/Documents/Economic-Brief-Africa-Infrastructure-Development-Index-Aidi-2020-July-2020>), And World Bank's World Development Indicators, World Governance Indicators, And Doing Business.

Table 8. Competitiveness of ECOWAS member countries.

	BEN	BFA	CPV	CIV	GMB	GHA	GIN	GNB	LBR	MLI	NER	NGA	SEN	SLE	TGO
Competitiveness (WEF) - 0-100	45.8	43.4	50.8	48.1	45.9	51.2	46.1	--	--	43.6	--	48.3	49.7	--	--
Doing Business 2020 - 0-100	52.4	51.4	55.0	60.7	50.3	60	49.4	43.2	43.2	52.9	56.8	56.9	59.3	47.5	62.3
Change since 2010	12.6	9.8	2.1	19.5	3.9	1.8	10.7	9.8	2.7	8.5	18.9	11.8	16.3	8.5	22.9
Starting a business	90.6	88.2	84.5	93.7	84.6	85	84.5	75.5	88.9	84.3	91.5	86.2	91.2	91.3	95.1
Dealing with construction permits	70.5	68.7	74.6	57.4	59.4	67.6	65.9	45.2	28.9	61.4	44.1	73.6	62.1	38.4	64.1
Getting electricity	3.8	29.7	54.7	59.2	49.6	77.4	55.3	29.7	39.1	51.8	52.7	47.4	65.2	31.6	72.6
Registering property - score	56.3	51.4	68.8	58.6	50.9	59.4	56.9	54.5	31.9	51.6	58.3	29.5	58.3	42.8	72.0
Getting credit - score	30.0	30.0	35.0	70.0	30.0	60.0	30.0	30.0	50.0	30.0	70.0	85.0	65.0	25.0	70.0
Protecting minority investors - score	42.0	42.0	24.0	42.0	24.0	60.0	26.0	44.0	22.0	42.0	42.0	72.0	44.0	40.0	42.0
Paying taxes score	49.3	55.9	74.8	68.0	49.0	56.0	35.5	55.2	76.4	48.9	49.4	53.7	51.2	73.0	47.3
Trading across borders - score	68.9	66.6	69.1	52.4	67.8	54.8	47.8	59.6	19.2	73.3	65.4	29.2	60.9	51.9	63.7
Enforcing contracts - score	41.5	41.1	64.8	57.6	50.9	54.0	53.9	38.6	35.2	42.8	57.7	61.5	50.6	55.9	49.0
Resolving insolvency - score	41.0	40.8	--	47.9	36.8	25.4	38.6	--	40.6	43.4	39.3	30.6	44.3	24.7	47.0
Global Innovation Index - 0-100	18.1	20.0	23.9	21.2	--	22.3	17.3	--	--	19.2	17.8	20.1	23.7	--	18.5
Political Stability/No Violence - 0-100	43.0	26.2	67.6	30.8	52.2	52.0	33.4	38.7	45.4	6.9	21.9	11.3	51.1	48.0	33.9
Rule of Law - score 0-100	36.7	41.5	60.3	38.7	42.6	50.9	25.8	24.7	30.1	33.3	39.3	32	46.2	34.7	38.2
Control of Corruption - 0-100	43.54	46.2	67.4	39.5	44.3	48.4	31.9	20.9	32.4	36.1	38.9	28.1	50.9	41.8	35.0
Regulatory Quality - 0-100	2.5	42.5	45.5	45.1	36.7	47.8	34.6	25.3	30.4	38.9	36.6	32.8	47.8	32.4	36.4
Index of Economic Freedom - 0-100	55.2	56.7	63.6	59.7	56.3	59.8	56.5	53.3	49.0	55.9	54.7	57.2	58.0	48.0	54.1
Logistics performance index - 0-100	55.0	52.4	--	61.6	48.0	51.4	44.0	47.8	44.6	51.8	41.4	50.6	45.0	41.6	49.0
Ability to track and trace consignments	55.0	48.0	--	62.8	56.2	51.4	54.0	55.6	41.0	61.6	44.4	53.6	42.2	45.4	49.0
Competence and quality of logistics services	50.0	49.2	--	64.6	44.2	50.2	41.4	45.6	42.6	49.0	42.0	48.0	42.2	40.0	45.0
Ease of arranging competitively priced Shipments	54.6	58.4	--	64.2	54.2	50.6	46.4	50.6	41.6	54.0	40.0	50.4	47.2	43.6	50.4
Efficiency of customs clearance process	51.2	48.2	--	55.6	41.6	49.0	49.0	40.2	38.2	43.0	35.4	39.4	43.4	36.4	46.2
Frequency with which shipments reach consignee within scheduled or expected time	68.4	60.8	--	64.6	54.2	57.4	40.8	57.2	65	56.6	46.6	61.4	50.4	46.8	57.6
African Infrastructure Development Index (0-100)	16.5	18.5	48.9	24.2	29.3	30.1	16.7	14.1	14.5	16.7	6.4	23.3	29.2	11.5	14.1
Transport	5.2	11.0	25.7	6.2	7.6	11.5	4.8	5.3	2.9	2.4	1.8	5.7	3.4	4.1	5.9
Electricity	13.8	15.6	34.3	28.9	22.5	26.6	14.0	10.1	9.1	17.9	7.8	17.9	21.3	14	13.4
ICT	13.8	15.6	34.2	28.9	22.5	26.6	14.0	10.1	9.1	17.9	7.8	17.9	21.3	14	13.4
Water and sanitation system	54.6	58.5	66.6	64.5	75.7	79.0	64.5	52.3	61.6	67.4	40.3	65.6	73.6	54.9	52.9

Notes: Most Recent Data Are Shown.

Sources: Authors' Calculations, From World Economic Forum -WEF (<http://reports.weforum.org/>), Global Innovation Index Project (<https://www.globo-linnovationindex.org/home>), African Development Bank (<https://www.afdb.org/en/documents/economic-brief-africa-infrastructure-development-in-dex-aidi-2020-july-2020>), And World Bank's World Development Indicators, World Governance Indicators, And Doing Business.



**AfCFTA SITUATIONAL  
ANALYSIS, MARKET  
OPPORTUNITIES AND  
POTENTIAL CHALLENGES**



### III. AfCFTA SITUATIONAL ANALYSIS, MARKET OPPORTUNITIES AND POTENTIAL CHALLENGES

#### I.4.1. TRADE-RELATED INSTITUTIONAL, REGULATORY, AND POLICY ENVIRONMENT

##### I.4.1.1. The legal framework

Following the restructuring of the Community Institutions in 2006, a new Legal regime was developed to promote the rapid application of Community legal texts and also to promote the principle of supranational jurisdiction within the legal framework of the Community.

The highest form of Legal Instrument within the Community was termed “Supplementary Acts” which could only be enacted by the ECOWAS Authority of Heads of State and Government in place of the erstwhile Conventions and Protocols. Supplementary Acts in ECOWAS require no international Ratification and deposit of instruments of ratification at the regional level and unlike the Conventions and Protocols, entered into force solely upon the signature of the State Parties.

The result as stated earlier was to promote rapid application and compliance of these Acts. Member States of course are still naturally obliged to discharge all internal constitutional procedures at the national levels for the domestication of these Acts. Enforcement at the regional level was dependent solely upon the signature of the States.

Additionally, the powers and authority of the ECOWAS Commission were strengthened as it was granted the authority to enact “Rules” for the execution of the “Acts” of the “Authority” and the “Council of Ministers” and which had the same legal force as those “Acts”. The Commission thus assumed a supranational status, though Acts enacted by it were limited to subject matter already legislated upon by the Authority and the Council, whilst implementation was within the parameters existing under the primary Acts.

The ECOWAS Legal framework that underpins its macro-economic policy include the following:

- The Revised ECOWAS Treaty 1993 (Cotonou 24 July 1993);
- Decision A/DEC.6/5/83 establishing the ECOWAS single monetary zone;
- Decision A/DEC.2/7/87 establishing the ECOWAS Monetary Cooperation Program (Abuja, July 1987);
- Protocol A/P.1/7/93 on WAMA (Cotonou 24 July 1993);
- Decision A/DEC.17/12/99 adopted the convergence criteria under the CFCP (10 December 1999);
- Decision A/DEC. 17/12/01 establishing a mechanism for multilateral surveillance of the economic and financial policies of the Member States (Dakar, 21 December 2001);
- Additional Act on the Convergence Pact and of Macroeconomic Stability between the Member States of the ECOWAS, further strengthened by Additional Act A/SA.4/06/06/12 adopted on 29 June 2012, and Additional Act A/ SA.01/12/15 adopted in Dakar on 16 December 2015 that streamline the convergence criteria to four primary and two secondary criteria and also set the deadline for macroeconomic convergence on 31 December 2019.

Strengthening the legal system is a challenge ECOWAS has been grappling with for very long. Although each Member State has pledged to abide by the overall guiding principles, community rulings are not always strictly followed by national parties. This undermines the credibility of the regional institutions, to the extent that their effectiveness and actual usefulness are questioned. More coercive actions coupled would contribute to a well-functioning and credible legal institutions in charge of implementing collective rules. Additionally as a short-measure, the Commission has to closely monitor Community acts that require an urgent application to ensure that the Member States operating a dual system initiate the internal legal processes required to give effect to Community acts.

### III.1.2. THE INSTITUTIONAL FRAMEWORK

ECOWAS is composed of eight main institutions: The Conference of Heads of State and Government; the Council of Ministers; the Parliament of the Community; the Court of Justice of the Community; the Commission; the ECOWAS Bank for Investment and Development; the West African Health Organization (WAHO); and the Inter-governmental Action Group against Money Laundering and Terrorist Financing in West Africa (GIABA).

The Economic community is made up of a number of specialized institutions, such as West African Monetary Agency (WAMA); Regional Agency for Agriculture and Food (RAAF); ECOWAS Regional Electricity Regulatory Authority (ERERA); ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE); West African Power Pool (WAPP); Water Resources Management Centre (WRMC); ECOWAS Gender Development Centre (EGDC); ECOWAS Youth and Sports Development Centre (EYSDC); West African Monetary Institution (WAMI); and ECOWAS Infrastructure Project Preparation and Development Unit (PPDU).

Although the multiplicity of regional bodies is a translation of the complexity of the many national and regional issues as far as political and economic integration is concerned, their effectiveness as well as the institutional linkages among them are not always guaranteed, despite the missions and objectives being clearly laid out. In addition, full cooperation mechanisms, with national entities, if any, are not always effective, and there is a clear need to develop and strengthen them, with the recognition by all parties that well-functioning institutions are key to the success of this collective desire to fully integrate the region and with the continent, especially from the perspective of the AfCFTA that requires greater institutional capacity to allow national economies to fully benefit from market opportunities while reducing the associated risks.

### III.1.3. DEALING WITH THE REGULATORY AND POLICY CHALLENGES IN THE FACE OF AfCFTA

In the context of AfCFTA, it is important to implement some relevant recommendations aimed at promoting trade in West Africa, in particular:

- Ensure the implementation and uniform application of the Community Customs Code in all Member States;
- Take into account the requirements of the AfCFTA in all future legislative and administrative proposals;

- Initiate the implementation of the customs and trade modernization provisions set out in the EBA that are beneficial to trade within the region and to importers and exporters in the Member States;
- Create an appropriate structure at ECOWAS and country level that can deal with legislative proposals, their implementation and discrepancies in the application;
- Empower the Community Court to offer advisory opinions and interpret trade and customs rules at the request of the ECOWAS Commission, a Member State and a national court to ensure uniform application, in line with Protocol A/P.1/7/91 and Supplementary Protocol A/SP.1/01.05 on Jurisdiction and powers of the Court.

## III.2. AfCFTA POTENTIAL IMPACTS AND RELATED RISKS

In theory, the removal of tariff and non-tariff barriers within the framework of regional integration has the potential to increase trade with partners.

The corresponding market expansion beyond the often-narrow domestic setting is synonymous with greater opportunities for economies of scale, production increase and diversification, opportunities to engage in regional and global value chains, employment and income generation and improved well-being, to the extent that trade creation (more trade with member countries) is greater than trade diversion (reduced trade from third parties).

If the trade liberalization scheme is accompanied by additional measures such as those included in the continental Agreement (competition policy, free movement of people and capital, property rights), the benefits are likely to get larger.

In addition to these benefits, the willingness of countries to engage in such arrangements is based on the perceived risks, as it is well known that trade liberalization and openness generate both winners and losers.

Losses pertain to reduced fiscal income from forgone tariffs (which could be large in the case of African governments which budget relies heavily on external tariffs), a fragilization of the domestic (or regional) industrial base in the face of increased foreign competition (especially for nascent and less competitive industries), and the

corresponding loss of employment and income and increased poverty.

The decision to go ahead with trade liberalization is suggestive of the extent to which the gains outweigh the losses, and most empirical evidence point to positive net impacts from the full implementation of the AfCFTA provisions.

Following implementation of the AfCFTA Agreement, and compared to a baseline of no AfCFTA, Africa's GDP, exports, imports, output and welfare would increase by 0.5 percent (or about US\$55 billion), 5.1 percent (US\$ 110 billion), 4.7 percent (US\$ 110 billion), 0.2 percent (US\$ 17 billion) and 0.4 percent (US\$ 3 billion), respectively, in 2045, as shown in Figure 6. For ECOWAS as a whole, expected increases are 0.3 percent (US\$ 18 billion), 4.4 percent (US\$ 34 billion), 3.9 percent (US\$ 29 billion), 0.2 percent (US\$ 16 billion) and 0.2 percent (US\$ 1 billion) for GDP, exports, imports, output and welfare, respectively. It is also worth noting that exports would increase more than imports, in both relative and absolute terms, for Africa globally and for ECOWAS, which is synonymous with improved trade balance.

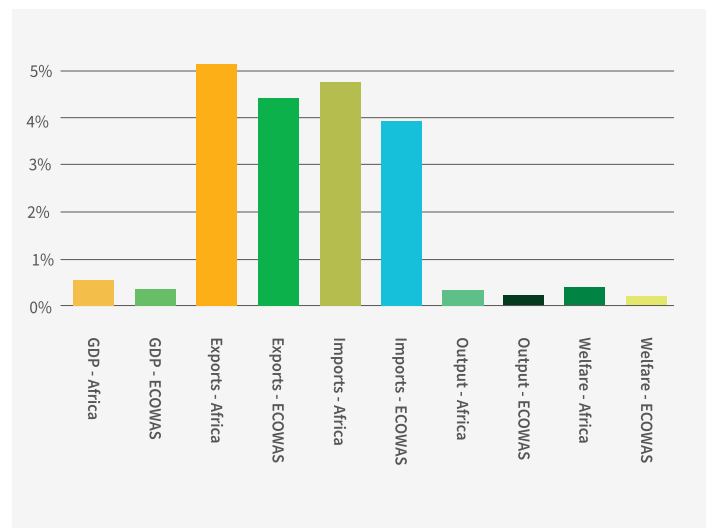
In relative terms, the overall gains are modest which should not be surprising. Indeed, the establishment of a free trade area can only be modest in terms of impact on GDP, output and welfare. The main benefit of the AfCFTA is trade creation within Africa at the expense of some trade between Africa and the rest of the world.

Comparing ECOWAS with Africa total, relative increases would be slightly lower for all five economic aggregates in the case of ECOWAS, suggesting that relative increases in some other African RECs may be slightly greater. However, in absolute terms, the proportion of the gains for ECOWAS in Africa's total accounts for more of the current share of ECOWAS in the total; with 32.2 percent of Africa's total gains in GDP from AfCFTA going to ECOWAS (in 2020, ECOWAS' GDP accounted for 31.5 percent of Africa's global GDP), 30.2 percent of Africa's total gains in exports to be for ECOWAS (in 2020, ECOWAS' exports represented 23.8 percent Africa's total exports), 26.4 percent of Africa's total gains in imports would be for ECOWAS (in 2020, ECOWAS' imports amounted 22.0 percent Africa's total imports), and 29.5 percent of Africa's total gains in output would go for ECOWAS (in 2020, ECOWAS' output accounted for 24.5 percent of Africa's total output) (ECA, 2020). In other words, the implementation of the AfCFTA would contribute to the expansion of the shares of ECOWAS in Africa's total GDP, exports, imports and output which are

Africa's total GDP, exports, imports and output which are anticipated to become 50 percent, 34.6 percent, 31.7 percent and 43 percent, respectively, in 2045, and based on the combination of the forecasted trend and additional gains created by the AfCFTA.

It is also positive to see that trade creation driven by the AfCFTA will lead to an increase in Africa and ECOWAS' overall output/production. The modest increase in relative terms should not be alarming either since both Africa as a whole and ECOWAS currently export less than 15 percent of their total respective outputs; and the objective of the AfCFTA is precisely to boost intra- African trade which itself accounts for a relatively comparable and modest share of Africa's total trade.

Figure 6. Changes in Africa vs. ECOWAS GDP, exports and imports following implementation of AfCFTA as compared to baseline (i.e. without AfCFTA) - % - 2045



The IMF (2019) also suggests that the continental Agreement has important macroeconomic and distributional effects. It shows that integrating national economies under the AfCFTA framework can significantly boost intra- African trade, particularly if countries tackle non-tariff bottlenecks to trade, including physical infrastructure and logistical hurdles.

It also indicates a great deal of heterogeneity across countries, with more diversified economies and those with better logistics and infrastructure benefiting the most from trade integration. In addition, fiscal revenue losses from tariff reductions are likely to be limited on average, with a few exceptions.

Furthermore, deeper trade integration is found to be associated with a temporary increase in income inequality, as a result of some losing and others gaining from the implied reforms. Additionally, it has been shown that the AfCFTA will potentially reduce poverty and improve living standards. The World Bank (2020) suggests that real income throughout the continent could increase by as much as 7% or nearly US\$450 billion by 2035, two countries in the region (Cote d'Ivoire and Burkina Faso) making the top ten earners. This comes partly from the increase in employment opportunities and the rise in wages, the latter benefitting female more so than their male counterparts, effectively reducing or closing the gender wage gap.

Moreover, the Agreement has the potential to lift an additional 30 million people from extreme poverty (or 1.5 percent of the continent's population) and 68 million people from moderate poverty in Africa. In West Africa, 12 million people can escape poverty as a result of full implementation of the AfCFTA.

Overall, the positive net impacts contribute to make AfCFTA a "game changer" for the continent and explain the political enthusiasm it has generated among African leaders and organizations. However, the heterogeneous impacts on national economies, especially on the welfare front, are likely to add to the complexity of the development of a common regional strategy supposed to bring harmonization and coherence of national AfCFTA implementation strategy.

### III.3. IDENTIFICATION AND PRIORITIZATION OF PRODUCTION AND TRADE OPPORTUNITIES UNDER AfCFTA

Identifying products and markets on the one hand, & prioritizing among them, on the other, are key ingredients to an effective trade integration strategy.

Revealed comparative advantages are used to determine the level of competitiveness of productive goods and services in the African context. In essence, if a country is competitive in a given sector, then the relative ease with which it produces and trades should show in the greater weight of the product in its total export basket than the African exports, all else being equal (such as trade costs and the business climate).

Both the level of and change in the index are considered not only to capture the current state of product competitiveness, but also to assess the dynamism of the sectors, owing to the changing structure of production and trade.

#### III.3.1. GOODS CATEGORIES

Table 9 provides the listing of products in which the region is (among) the most competitive in the African context. Of these 10 product categories, seven are agricultural commodities, further indicating the predominance of the sector (in its large sense), and the relatively weak contribution of industrial sectors into the regional trade. For each one of the listed products, except for "Cocoa and cocoa preparation", the region is home to the most competitive sectors throughout the continent, often the two or three most competitive ones. These products would certainly constitute the main focus of any strategy to conquer the continental markets.

However, it is worth noting that most of these products are traded as raw, with no transformation. From the perspective of continental value chain creation and development, the region, as it stands, would certainly be confined into the lower end of the distribution of market values. All of these are indicators that the region is not reaping all the benefits from its international trade, which tends to better value processed commodities as opposed to those at their primary, raw stage. An industrialization strategy, based for instance on agro-processing, would not only generate greater exports revenues, but also provide great opportunities for structural transformation, employment and economic growth and development.

To the extent that access to the AfCFTA is synonymous with access to the larger output market as well as opportunities for investment and value chain participation, materializing the full benefits of the Agreement for ECOWAS economies and people would require a more proactive industrialization strategy that accompanies market liberalization.

Table 9. ECOWAS competitiveness in goods trade in the African context (10 most)

Commodities	Competitiveness of ECOWAS countries (RCA>1)	Most competitive in the rest of Africa
Fruit and nuts, edible; peel of citrus fruit or melons	Benin (5.7); Cote d'Ivoire (4.9); The Gambia (4.1); Burkina Faso (2.3); Ghana (1.4); Senegal (1.2)	Egypt (2.9); Morocco (2.8); Malawi (2.2)
Animal or vegetable fats and oils and their cleavage products; prepared animal fats; animal or vegetable waxes	The Gambia (17.5); Benin (10.3); Togo (5.5); Cote d'Ivoire (4.7); Mauritania (4.7); Ghana (3.0); Burkina Faso (2.9)	Kenya (6.2); Tunisia (5.1); Rwanda (4.5)
Wood and articles of wood; wood charcoal	The Gambia (35.4); Nigeria (10.22); Benin (9.6); Senegal (6.6); Togo (4.1); Cote d'Ivoire (3.0); Ghana (2.4)	Zimbabwe (22.1); Congo (19.4); Eswatini (17.4)
Cotton	Togo (88.8); Benin (78.9); Burkina Faso (15.7); Cote d'Ivoire (4.4); Senegal (4.0)	Zimbabwe (13.4); Zambia (5.7); Mauritius (4.5)
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit, industrial or medicinal plants; straw and fodder	Benin (19.4); Senegal (16.8); Burkina Faso (11.4); Togo (5.3); Nigeria (2.0); Nigeria (1.23)	Malawi (17.7); Egypt (2.7); Morocco (1.6)
Fish and crustaceans, mollusks and other aquatic invertebrates	Mauritania (38.1); Senegal (23.5); Cabo Verde (14.6); The Gambia (3.0)	Seychelles (48.3); Namibia (9.5); Mauritius (5.9)
Food industries, residues and wastes thereof; prepared animal fodder	Mauritania (8.9); Cabo Verde (4.3); Benin (2.8); The Gambia (1.3)	Rwanda (5.0); Malawi (4.3); Seychelles (4.0)
Footwear; gaiters and the like; parts of such articles	Cabo Verde (18.1); The Gambia (3.5); Ghana (2.1); Cote d'Ivoire (1.3)	Tunisia (14.8); Morocco (3.5); Rwanda (2.3)
Preparations of cereals, flour, starch or milk; pastry cooks' products	The Gambia (4.1); Senegal (2.0); Cabo Verde (1.4); Cote d'Ivoire (1.2)	Egypt (2.4); Rwanda (2.1); Mauritius (2.0)
Cocoa and cocoa preparations	Cote d'Ivoire (13.8); Nigeria (10.96); Ghana (5.7); Togo (4.0); Nigeria (2.3)	Sao Tome and Principe (283.9)

Notes: Values between parentheses are the revealed comparative advantages (RCA). Values greater than 1 are indicative of the existence and extent of competitiveness.  
Source: Authors' calculations from COMTRADE data.

Table 10 takes a more dynamic stance and looks at the change in the competitiveness profile of production and trade for the region as a whole. In addition to products in which the region currently holds significant competitive advantages, products that are gaining in terms of competitiveness also need the focus of any trade and industrialization strategies.

This is the case for instance for livestock products, such as meat, fats from animals and vegetables, as well as wood and minerals. Again, these products tend to be unprocessed, suggesting ample room for further expansion of the industrial and trade opportunities.

As far as commodities that are losing competitiveness are concerned, they also deserve some attention, although not to the same extent of their booming counterparts, to some extent, they are still significant contributors to overall production and trade and employment, especially in the context of low labour mobility which suggests that capital and labour get stuck in these fading sectors as competition is expected to intensify under the AfCFTA. Understanding the nature of their decline (whether temporally or permanently) and the driving factors can help revitalize them through targeted industrial policies (improvement in specific elements of the business environment) and trade policies (safeguard or support mechanisms).

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Table 10. Change in comparative advantages in goods trade, regional averages: 2015-19.

Commodities	2019 RCA	2015 RCA	Change
<b>Top 5 increases</b>	-	-	-
Meat and edible meat offal	10.2	0.1	+10.2
Wood and articles of wood; wood charcoal	5.1	1.8	+3.3
Ores, slag and ash	4.0	1.3	+2.7
Stone, plaster, cement, asbestos, mica or similar materials; articles thereof	2.5	0.0	+2.5
Animal or vegetable fats and oils and their cleavage products; prepared animal fats; animal or vegetable waxes	4.9	3.0	+1.9
<b>Top 5 decreases</b>	-	-	-
Salt; sulphur; earths, stone; plastering materials, lime and cement	0.7	3.7	-3.0
Fish and crustaceans, mollusks and other aquatic invertebrates	5.6	8.6	-3.0
Manufactures of straw, esparto or other plaiting materials; bakeware and wickerwork	1.4	15.3	-13.9
Feathers and down, prepared; and articles made of feather or of down; artificial flowers; articles of human hair	0.2	14.6	-14.4
Man-made filaments; strip and the like of man-made textile materials	11.3	111.3	-100.0

Source: Authors' calculations from COMTRADE data.

### III.3.2. Services categories

Table 11 shows the regional competitiveness level in services sectors. In almost all sectors, at least one Member country has a competitive advantage, as revealed by its relative trade structure. In services sectors such as constructions (either abroad or in the compiling economy), insurance (such as life insurance and pension funding, freight insurance, reinsurances, and auxiliary services), finance and royalties and license fees, the region host the most competitive economies, as suggested by their relative trade structure.

A regional strategy geared at promoting trade in services in the context of free trade under AfCFTA would be based on these services, with the recognition of the competitiveness of the potential competitors in the unified African market.

Such a regional strategy should also consider the dynamic nature of the various services, especially those that are gaining momentum, competitiveness-wise. As suggested in Table 12, they include financial services and royalties and license fees which posted the largest increase across the region, in addition to being the most competitive sectors. In the opposite spectrum, loss of competitiveness in sectors such as computer and information services and other business services (merchandising and other trade-related services, operational leasing services, legal, accounting and the likes) should warrant a careful examination of the underlying drivers value chains at the level dictated by the nature of the services.

Table 11. ECOWAS competitiveness in services trade in the African context

Services	Competitive ECOWAS (RCA>1)	Most competitive in the rest of Africa
Transportation	Cote d'Ivoire (1.0)	Ethiopia (2.7); Mozambique (2.5); Libya (1.6)
Construction services	Burkina Faso (10.7); Senegal(3.4); Cote d'Ivoire (1.1)	Tunisia (3.8); Uganda (1.8); Morocco (1.4)
Insurance services	Liberia (125.8);Burkina Faso (1.9);Senegal (1.6)	Libya (54.2); Malawi (17.5); Cameroon (4.0)
Financial services	Burkina Faso (14.2); Sierra Leone (4.4); Cote d'Ivoire (1.7); Senegal (1.1)	Malawi (8.6); Cameroon (5.3); Mauritius (3.8)
Computer and information services	Cote d'Ivoire (3.5); Senegal (3.4);Sierra Leone (3.1); Burki-na Faso (2.4)	Libya (4.6); Tunisia (1.6); Cameroon (1.6); Angola (3.7)
Royalties and license fees	Sierra Leone(14.4); Senegal (1.1)	South Africa (2.4); Lesotho (1.9);Tunisia (1.8)
Other businessservices	Sierra Leone (1.1)	South Sudan (6.3); Seychelles (3.6); Mauritius (1.1)

Note: Values Between Parentheses Represents The Revealed Comparative Advantage: The Larger It Gets, The More Competitive The Country Over The Given Services.

Source: Authors' Calculations From COMTRADE Data.

Table 12. Change in comparative advantages in services trade, regional average(2015-18)

Services categories	2018 RCA	2015 RCA	Change
Transportation	0.7	0.6	0.09
Travel	0.7	0.6	0.05
Communications services	0.0	0.0	0.00
Construction services	3.8	2.5	1.36
Insurance services	1.0	0.4	0.56
Financial services	5.3	3.7	1.64
Computer and information services	3.1	9.5	-6.40
Royalties and license fees	4.1	2.8	1.34
Other business services	0.7	1.0	-0.34
Personal, cultural, and recreational services	0.3	0.2	0.12
Government services	2.4	1.1	1.31

Source: Authors' Calculations From COMTRADE Data.

In the context of the AfCFTA, in addition to the five priority services sectors and the two others added at the AU January 2020 summit, namely the health and education services sectors, the regional strategy will

consist of making offers based on the comparative advantages of the region's economies in accordance with the strategic sectors identified in the AfCFTA national implementation strategies. In this regard, the harmonization of

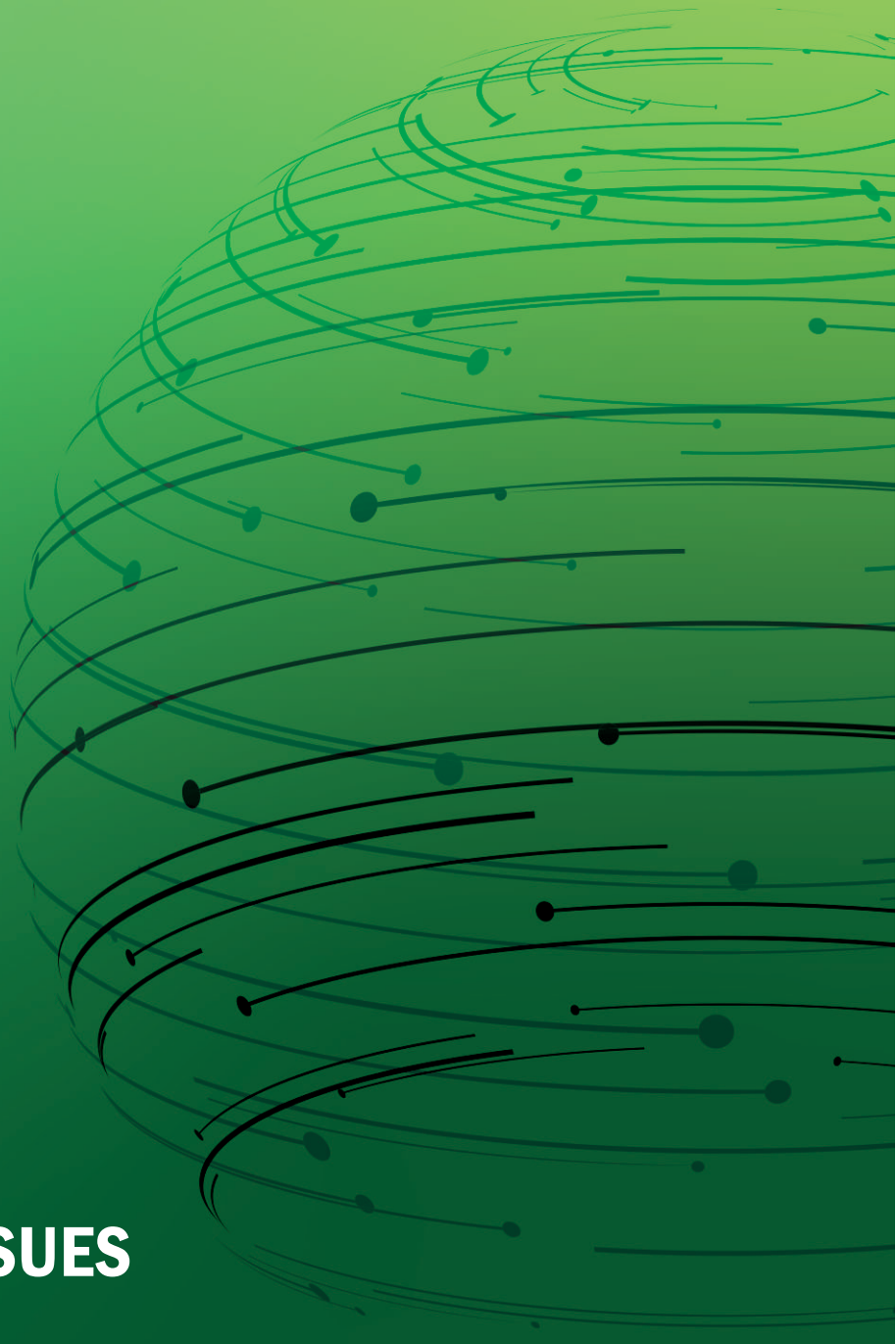
offers for trade in services should be done with a view to defining regional services value chains, as well as with a vision of insertion into continental services value chains. By prioritizing services in which the region is competitive, trade expansion will therefore be synonymous to better positioning of the sectors in the value chains at the level dictated by the nature of the services.

An additional dimension to consider is the fact that services are inputs that make the industrial fabric more competitive. The definition of the strategy must be done in terms of taking into account the offensive and defensive interests for better access to markets for both services and goods on the African continent.

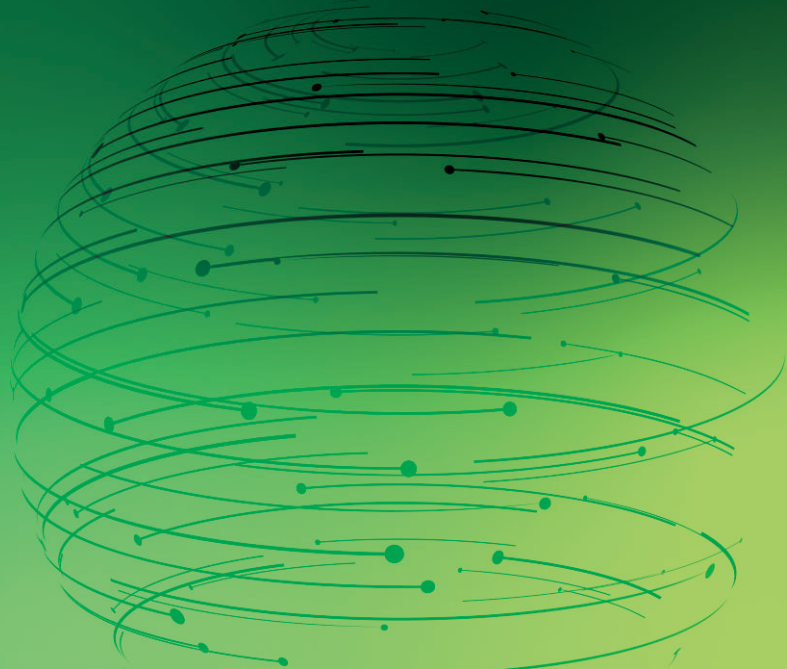
It is important to note that liberalization of trade in services through the AfCFTA could bring formal, skill-inte-

nsive jobs for highly skilled women. Yet on average, women tend to be less educated and skilled than men. Women are disproportionately impacted by several gender-distinct barriers, which often result in confining women to services subsectors, that include inter alia the female-dominated, lower-paid sub-sectors of tourism, retail, restaurants, and hospitality.

As ECOWAS countries embark on negotiations to open trade in services in priority services sectors, offers made in the context of liberalization should concern those services sectors where women workers and entrepreneurs are most active and with strong potential for employment. To this end, deliberate efforts should be made by ECOWAS countries to remove barriers confronting women in priority services sectors through sector-specific commitments and more inclusive regulatory frameworks.



# CROSS-CUTTING ISSUES



## IV. CROSS-CUTTING ISSUES

The broad and far-reaching reforms needed to fully implement the Agreement suggest that additional issues need to be accounted for. Furthermore, as a result of the redistributive impacts and the continuous emergence of new challenges, issues such as inclusivity, gender, technology, e-commerce, climate change or rapid urbanization should be dealt not only to make the process inclusive and sustainable, but also to further optimize the expected impacts.

### IV.1. INCLUSIVITY, WOMEN AND YOUTH IN THE AfCFTA

AfCFTA could potentially bring direct benefits to West African women, as one of the most important vulnerable groups in the region and, at the same time, as an important engine of growth.

Although several provisions in the Agreement establishing the AfCFTA can increase women's capacity to seize economic and trade opportunities, the benefits of the AfCFTA Agreement for women are not automatic.

There is a need to strengthen women's economic participation as a whole and help them to integrate more fully into the high-paying sectors of the ECOWAS economies. Gender mainstreaming is therefore a necessary tool to advance the goal of gender equality in the AfCFTA. Successful implementation of the AfCFTA can advance gender equality by increasing the economic opportunities and entrepreneurship of women-owned small and medium-sized enterprises (SMEs) as well as microenterprises in the informal sector, by stimulating demand for manufactured goods. Through the AfCFTA, these enterprises will be better positioned to exploit regional export

destinations. Likewise, through the creation of regional value chains, large export-oriented industries can find suppliers from small women-owned enterprises across borders. AfCFTA can also serve as a platform to promote inclusive trade. Under the AfCFTA, women in informal cross-border trade (WICBT) may have greater opportunities due to the tariff reductions promised under the Protocol on Trade in Goods. If AfCFTA is to achieve its goal of “leaving no one behind”, further consideration should be given to improving the productive and trade capacities of all economic actors and sectors, noting that the informal sector represents a significant component of the economies of ECOWAS Member states. So far, women are in the minority when it comes to overall entrepreneurship (formal and informal), as less than a third of firms in the region (28.6%) are owned by them, as suggested by Table 13.

The latter also suggests that on average, those female-owned firms has a lower propensity to participate in cross-border trade: they represent 30.1% of exporting firms in the region.

These regional averages however hide a great deal of cross-country heterogeneity, with for instance female entrepreneurs being in the majority in Burkina Faso and Cabo Verde, and dominating the exports markets in Niger and Nigeria.

When it comes employment, figures tend to show that women are less represented in the overall workforce, as suggested by Table 14. This is more pronounced at the higher end of the job distribution, such as the top management or skilled employment, providing some evidence for the much popular “glass ceiling” hypothesis. Once more, national contexts are very heterogeneous.

<sup>60</sup>UN Women (2020), Opportunities For Women Entrepreneurs In The Context Of The African Continental Free Trade Area.

<sup>61</sup>ECOWAS Plan of Action on Gender and Trade, 2015-2020

<sup>62</sup>This refers to difficulties for women to reaching the top positions, as if there is a set of invisible barriers preventing them to move up the ladder.

Table 13. Female participation in firms' ownership and exports in the ECOWAS zone.

Countries	Female-owned firms (%)	Exporting firms (% of female-owned)
Benin (2016)	34.0	37.3
Burkina Faso (2009)	67.0	6.4
Cabo Verde (2009)	64.7	5.0
Côte d'Ivoire (2016)	26.0	37.2
The Gambia (2018)	22.5	41.2
Ghana (2013)	30.4	26.9
Guinea (2016)	12.0	22.2
Guinea-Bissau (2006)	18.9	16.7
Liberia (2017)	31.1	21.3
Mali (2016)	18.9	10.3
Niger (2017)	16.6	52.0
Nigeria (2014)	20.7	83.4
Senegal (2014)	18.8	39.8
Sierra Leone (2017)	19.7	16.7
Togo (2016)	28.0	11.2
ECOWAS (average)	28.6	30.1

Source: Authors' calculations From WorldBank Enterprise Surveys.

Table 14. Female employment status in the ECOWAS zone.

Countries	Top management (%)	Full-time workers (%)	Full-time production workers (%)	Full-time non-production workers (%)
Benin	25.9	30.4	10.4	32.5
Burkina Faso	11.3	21.6	12.1	23.4
Cabo Verde	16.7	49.7	NA	NA
Côte d'Ivoire	14.3	22.7	17.1	26.0
The Gambia	9.6	19.8	13.4	17.6
Ghana	14.9	24.7	18.0	32.8
Guinea	5.8	14.8	6.3	17.3
Guinea- Bissau	NA	5.1	3.9	13.5
Liberia	20.4	21.0	21.3	20.9
Mali	11.6	19.1	8.3	14.4
Niger	10.6	13.1	6.7	12.7
Nigeria	13.9	24.3	24.2	19.3
Senegal	14.1	20.7	9.3	25.3
Sierra Leone	15.9	23.3	23.6	33.4
Togo	11.4	20.6	15.3	26.0
ECOWAS (average)	14.0	22.1	13.6	22.5

Source: Authors' calculations From WorldBank Enterprise Surveys.

As with such large-scale reforms that are expected to change the structural underpinning of the national economies, it is rightly expected that not all will benefit from the AfCFTA.

The latter will generate losers and gainers, and the identification of each group and sector and the extent to which they stand to lose or gain is crucial to guarantee equitable reforms, and reduce the incidence of adverse effects.

Of particular interest are micro and small enterprises, as opposed to their larger counterparts. It is very much the case that most of them lack the strength and experience, especially infant ones, to cope with increased competition from most likely very large and advanced foreign firms.

As a result, they face existential risk of being evicted from the market all together. Safeguard mechanisms under AfCFTA can then be invoked to provide them with the assistance needed. Moreover, the strategic nature of their activities could lead countries and RECs to shield them from foreign competition by including them into the 3-percent list not to be liberalized, or to provide them with the necessary support that aims to improve their competitiveness over time, by including them into the 7-percent list of products to be liberalize at later stages.

When considering employment by sector, the ECOWAS Plan of Action on Gender and Trade points out that West African women actively participate in agriculture – typically small-scale – and especially in the production and processing of food crops, fisheries and raising poultry.

Depending on the country, women can produce between 40 and 70 percent of food products, and are responsible for the entire food chain, namely production, processing and preparation of food.

While active in the trading of processed and un-processed agricultural products, gender inequalities in access to and control over factors of production, including land, agricultural inputs, credit, farming equipment/machinery and technologies prevent women from leveraging the benefits of agricultural trade as a key determinant of growth in Africa. These inequalities are reinforced by cultural norms and traditional systems. Women's employment in the industrial sector is low, while economic activities that tend to employ more women are those in services.

The ECOWAS Plan of Action on Gender and Trade notes

that women and men engage in cross border trade differently. While more men are involved in formal cross border trade, informal cross-border trade is largely conducted by individual traders who are more likely to be women engaged in micro and small businesses, trading in small consignments operated outside the formal economy. Women cross border traders are not a homogenous group and are differentiated by socio-economic and cultural variables, volume and value of business, types of buying and selling activities, travel destinations and types of markets operated in. In identifying women engaged in cross border trade, the Gender and Trade Plan of Action notes that women informal cross border traders comprise of large numbers of small-scale traders with little working capital, limited literacy and numeracy skills and a very small group with substantial capital involved in regional and international trade.

To the extent that female entrepreneurs do participate in production and trade, these business tend to be concentrated among small, and informal and/or low productivity activities. This is the result of a number of gender - distinct challenges.

ECOWAS Gender Development Centre recognizes that the growth of women's business activities is impeded by various factors, including numerous taxes on goods, women's reproductive roles (time spent taking care of family members, household chores and social obligations towards the family of their husband), limited access to markets, including within ECOWAS and to market information, including legal texts for the sector in which they are operating.

Female cross-border traders, in particular, face disproportionate challenges related to gender-insensitive trade infrastructure, corruption and bribery, arbitrary taxation of goods and tariff barriers, sexual harassment and other forms of abuse as well as insecurity and violence along trade corridors.

Table 15. Main obstacles affecting female entrepreneurs in the ECOWASzone.

	Female-owned firms	Female-managed firms	All (female & male)
Electricity	58.9	59.4	52.7
Telecom (Internet/telephone)	13.5	13.3	13.7
Transportation	17.8	17.2	20.7
Customs and trade regulations	15.1	14.9	16.2
Informal competition	32.1	30.2	30.5
Access to land	27.4	28.2	26.8
Crime/theft/disorder	16.9	15.7	14.6
Access to finance	38.1	39.0	37.8
Tax rates	34.2	32.8	30.0
Tax administration	25.9	25.5	23.9
Business licensing and permits	13.4	13.0	12.1
Political instability	25.1	22.9	25.8
Corruption	37.0	34.6	38.4
Courts	10.2	9.4	9.6
Labor regulations	7.2	6.9	6.9
Inadequately educated workforce	13.2	13.1	12.4

Source: Authors' Calculations From World Bank Enterprise Surveys.

Additional gender-distinct constraints confronting women involved in business activities in general, with significant implications for their involvement in cross border trade, include access to productive resources (finance, energy, land, adequately educated workforce), crime/theft/disorder, tax administration and rates, business licensing and permits.

As suggested by Table 15, these constraints disproportionately affected females entrepreneurs or traders in the region more than their male counterparts.

Women-led activities in the agricultural sector may not benefit from trade liberalization as a result of their low level of integration in regional value chains.

Even though women farmers in Africa account for 70 percent of the labour force in the agriculture sector, their participation in regional value chains and intra-regional trade is low, partly due to a number of constraints, including: lack of access to land, finance and other productive assets, lack of skills, and limited access to markets as well as socio-cultural barriers.

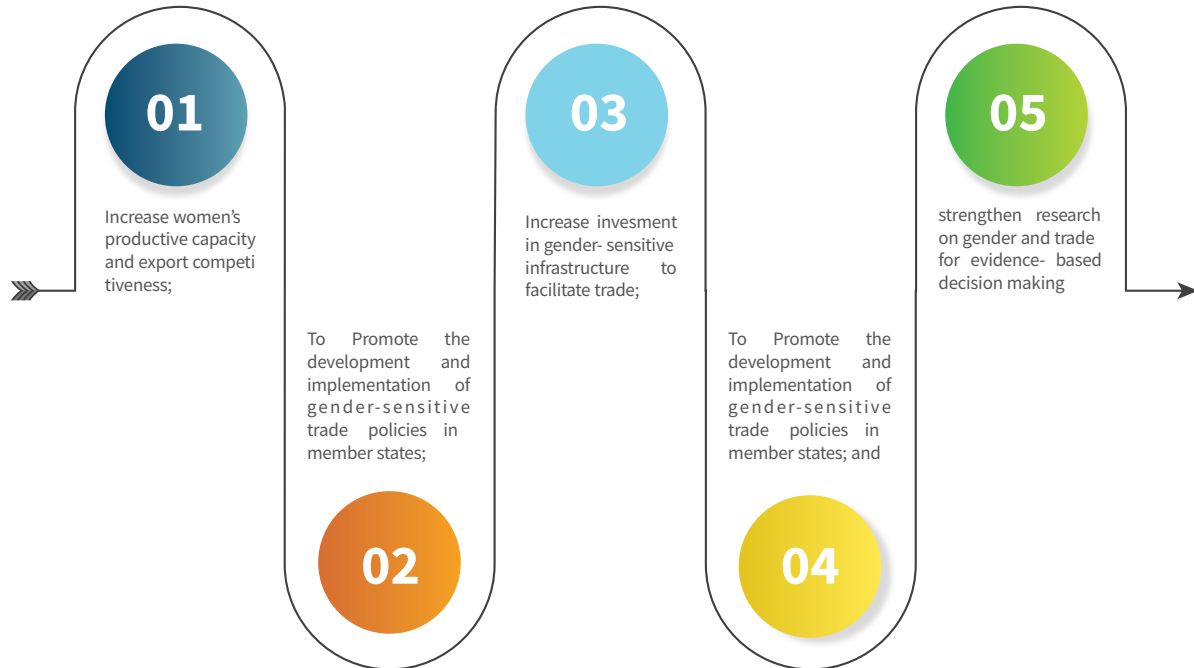
These, in turn, further exacerbate gender-based inequalities,

and unless the priority needs and concerns of this groups are addressed, a large segment of the population that depends directly or indirectly from informal trade could be left out.

In the ECOWAS region, a number of initiatives have been developed to strengthen women's economic empowerment and their involvement in the agricultural processing sector. These include the technical and financial support program for women involved in the processing of agricultural products in West Africa initiated by the EGDC since 2010. The implementation of these programs and initiatives is justified by the considerable efforts made by women in the area of food security in ECOWAS Member States.

Following the approval of the global roadmap for the SDGs, the ECOWAS Gender Development Centre (EGDC) decided to examine from all angles the impact of MDG 2 "End Hunger, security, improve nutrition and promote sustainable agriculture" (now SDG 2 "No Hunger"), on development programs dedicated to women's empowerment in West Africa, particularly the one dedicated to women involved in the processing of agricultural, fishery and artisanal products.

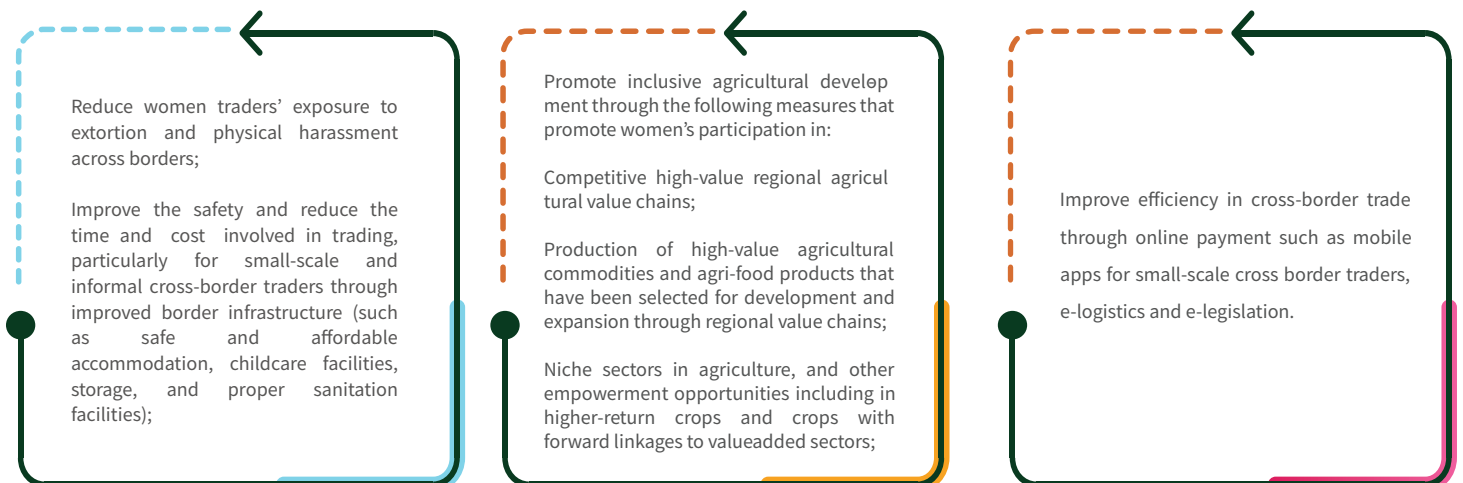
## In this strategic plan, the main strategic objectives translated into actions are:



The following specific actions could be considered to improve women's participation in the AfCFTA:

- Promote inclusive agricultural development through the following measures that promote women's participation in:
- Introduce offers in services sectors where women - workers and entrepreneurs are most active and with strong potential for employment;

- Build the capacity of women-led businesses to access new export markets through the design of AfCFTA export and entrepreneurship capacity development and training programmes.
- Identify and implement trade facilitation mechanisms that will:



- Implement a simplified trade regime to address the challenges confronting small-scale traders, including through the simplification of customs documentation for small consignments;
- Support countries capacity to collect sex-disaggregated data on the impact of trade on women to conduct periodic/regular analysis on how the application of AfCFTA is impacting women's employment across sectors;
- Establish a specialized Gender and Trade Committee or related institutional mechanism to monitor the gender impact of the implementation of the Agreement;
- Protect public expenditure for basic services;
- Strengthen social protection mechanisms adapted to women workers needs in key sectors of women's employment that may incur in net employment losses;
- Create within each State Party, a mechanism (perhaps a fund) to redistribute trade gains and/or compensate Loss of Revenue for women workers, women-led business, women traders and women consumers due to the implementation of the AfCFTA;
- Undertake reforms to recognize, reduce and redistribute the unequal burden of unpaid care;
- Take into consideration, when designating sensitive products and exclusion lists, restrictive trade liberalization measures on specific products deemed essential for women's needs – such as reproductive health products or sanitary requirements.

The discussions on gender and entrepreneurship also pertains to youth, as they are also underrepresented in the business world, despite their larger share in the general population.

Overall the ECOWAS youth policy seeks to “harness the potentials of its youth in its integration drive and to reposition this mobilized force for effective economic, social and cultural integration of the region”, so as to ensure effective contribution to economic, social and cultural development and integration of the region.

This is in line with the institutional framework which is made of Recommendation A/REC.1/5/83 on the mobilization of the various sections of the population in the integration process,

- i. Article 6, on Social Affairs of the Revised Treaty, which focuses on the promotion of women, youth organizations and professional associations as a means of ensuring mass involvement in the activities of the Community, as well as;
- ii. The Abuja Youth Development and Empowerment Strategy Communiqué adopted by Youths of the First ECOWAS Youth Forum, 10-16 August, 2003.

The vast potentials of youth can rightly be approached from the perspectives of entrepreneurship, employment, and innovation and technology development, diffusion and adoption.

But the difficulty of access to finance by young entrepreneurs (who behind most start-up enterprises) and the still large unemployment and inactivity among young people are suggestive of not only the limited efficacy of the national education system, but also the inefficacy of exiting national strategies (in the absence of articulated regional one).

A coordinated regional strategy is needed for the regional and national economies to fully reap the benefits of demographic dividend, under the leadership of the Youth Centre. The strategy would better articulate the ECOWAS Youth Programme and ECOWAS Child Development Programme on one hand, and with national initiatives on youth entrepreneurship and labour market transition, on the other hand.

## IV.2. TECHNOLOGY AND INNOVATION

Technology and innovation are a cross-cutting issue that supports a system of innovation and industrial technology.

Technology and innovation should foster the creation of dynamic local economic ecosystems that directly or indirectly contribute to the achievement of sustainable development goals (SDGs).

However, the lack of a regional framework that would bring coherence among existing national initiatives is an impediment to the emergence of a thriving regional technology and innovation ecosystems, not only from the perspective of creation and diffusion of new ideas that would feed into the business activities, but also the possibility of absorbing new technologies that the AfCFTA would help better flow across the continent.

Applying technology to the challenge of achieving SDGs as well as the emergence of innovation-driven business and national and regional clusters requires building local capacity, developing policies and creating an enabling environment - in conjunction with unprecedented resource mobilization, partnership building and multilateral collaboration at the global level - to

- I. Fund research and development (R&D) projects relevant to the achievement of SD goals;
- II. Build networks;
- III. Strengthen the science-policy interface;
- IV. Transfer technologies; and
- V. Support capacity development in developing countries.

To be fully effective in the context of AfCFTA, technology and innovation policies must be coherent in themselves and fully aligned with national development plans. The first criterion can be promoted by designing and implementing strategies and instruments at the most appropriate level, while the second requires a holistic policy approach, facilitating cooperation between ministries and other bodies responsible for different policy areas. Coherence is needed in areas such as industrial policies and policies related to science, technology and innovation,

foreign direct investment, trade, education and competition, as well as macroeconomic policies, including monetary policies.

## IV.3. E-COMMERCE AND DIGITALIZATION

Digitalization is a megatrend reshaping economic and state-society relations. It is rightly associated with great opportunities to boost trade, especially in the current context of the global COVID-19 pandemic.

Digital considerations cut across many aspects of trade in goods and services. E-commerce will specifically be negotiated under Phase 3 (now combined with Phase 2) and plans are underway for a continental Protocol on E-commerce.

This process will likely contribute to the AU Digital Trade and Transformation Strategy 2020-2030 (launched in February 2021), which seeks to;

- “Support the development and implementation of national, regional and continental digital transformation strategies to stimulate demand, supply and enable scaling up of digital initiatives to address developmental challenges affecting the African continent”;
- “Establish harmonized policy, legal and regulatory frameworks”;
- “Integrate the provision of e-services, developed by both the public and private sector, with adequate legal acts and regulation at all levels, ensuring that data needed to provide e-services for the community is hosted by countries in Africa and openly available upon request while fully respecting data protection principles”; and
- “Strengthen collaboration between African Institutions and regulators in charge of digitalization and the protection of personal data.”

The digital economy indeed offers opportunities for increased productivity, entrepreneurship promotion, innovation development, job creation and access to new markets (Solomon and vanKlyton 2020).

At the continental level, however, various constraints prevent countries to tap into these potentials. They range

from poor infrastructure and connectivity, costly electronic transactions, inefficient payment systems, weak intellectual property rights, among others.

Data from OECD and ECA based on a sample of 29 African countries in 2021 (of which 7 are in West Africa) suggest that infrastructure and connectivity are by far the most important constraint (with 52%). This tells about the limited “extent to which best practice regulations on interconnections among network operators are applied to ensure seamless communication”, or “measures limiting or blocking the use of communications services, including Virtual Private Networks (VPN) or leased lines”, or “policies that affect connectivity such as measures on cross-border data flows and data localization”.

Electronic transactions come as the second most important constraints (with 16%). This area is about “discriminatory conditions for issuing licenses for e-commerce activities, the possibility for online tax registration and declaration for non-resident firms, deviation from internationally accepted rules on electronic contracts, measures inhibiting the use of electronic authentication (such as electronic signature), and the lack of effective dispute settlement mechanisms”.

One would rightly expect African countries to vary in their readiness to engage in and benefit from the digital economy, with many facing challenges such as: provision of ICT infrastructure; education and skills development; the labour market; competition; issues relating to science, technology and innovation, and taxation; trade and industrial policies and effective cross-sectoral cooperation within governments and with other stakeholders.

In addition, concerns exist regarding the use of virtual systems, especially regarding infrastructure reliability, security and confidentiality.

From the perspective of West African countries, as a preliminary step toward an ECOWAS E-commerce Strategy, an e-Trade Readiness Assessment for the Member States has shown that despite a relatively strong commitment of Member States towards digitalization, E-commerce is being held back by a double digital divide within between ECOWAS Member States. Moreover, it has been documented that;

- I. E-commerce remains largely confined to a technological project and not associated with an industrial project, despite the objectives and visions associated with existing digital strategies, and
- II. The development of e-commerce in the ECOWAS region is constrained by its environment.

An assessment of the prerequisites for the development of e-commerce, based on the eTrade for All initiative’s seven (7) pillars largely indicates that, the region is far from being ready to fully benefit from e-commerce, with a significant heterogeneity across member countries.

For instance;

- I. Only Senegal has in place an e-commerce strategy which it adopted in 2019,
- II. Access to electricity also poses a structural challenge to internet connectivity, with the median level of access to electricity within ECOWAS at 48 percent (10.5 percent in rural areas),
- III. There is low adoption of digital payment methods in ECOWAS countries, with the median rate for bank account and debit card penetration amongst at 21 percent and around 5 percent, respectively,
- IV. The national legal regimes for e-commerce ECOWAS are very different, and the regional legal framework is relatively outdated (it dates from 2010 and 2011),
- V. The development of e-commerce skills in ECOWAS countries is held back by the overall low literacy rate in the region, with the median literacy rate at 49 percent, 37 percent for women, and
- VI. Digital start-up in the e-commerce sector typically faces difficulties in accessing financing due to the frequent absence of collateral in their activities.

As far as gender is concerned, E-commerce holds distinct opportunities for women. According to the International Finance Corporation’s (IFC) “Women and E-commerce in Africa presents an opportunity to close gender gaps by opening more markets to women-owned enterprises.

The report notes that between 2014 and 2020, the number of online shoppers in the region grew annually by an average of 18 percent, compared to the global average of 12%.

If the gap in sales between female and male vendors was closed, over US\$14.5 billion could be added to the value of the African e-commerce market between 2025 and 2030 - again that would continue to accumulate in future decades.

That is, for every year that gender gaps go unaddressed, just under US\$3 billion in market value is lost. In the context of AfCFTA, policies are needed to address the lack of ICT connectivity which is an obstacle for many enterprises, especially MSMEs, to compete effectively online.

There is a risk that digitalization trends make inequalities even more entrenched, fostering discrimination and creating new development problems, especially for marginalized groups such as women (Banga et al. 2020).

Africa has the lowest Internet penetration rate, and a wide digital gender gap with only 22.6% of women using the Internet, compared with 33.8% of men (ITU 2019).

Improving digital connectivity is also crucial for boosting intra-African trade under the AfCFTA, especially given the increased attention on e-commerce in Africa. Digital tools like cloud services and online platforms can enable e-commerce and facilitate trade in services, both of which have become increasingly crucial drivers of economic activity since the onset of COVID-19.

Digital tools can also drive trade facilitation in Africa, reducing transaction costs and barriers to cross-border trade. The use of online information portals, single windows, digital documentation, electronic payments, electronic certificates (e.g., certificates of origin) and signatures and automated processing of trade declarations can help simplify, streamline and expedite trade-related procedures at borders (Hartzenberg et al. 2020). Shifting from paper to digital customs procedures has the added advantage that such procedures are more transparent to traders, less susceptible to petty corruption

and require less physical contact- an important consideration during a global pandemic.

Digital tools can also facilitate information sharing between different border agencies. Beyond streamlining customs procedures, digital tools like electronic cargo tracking can help improve trade logistics, while digital payment platforms such as PAPSS, can make trade-related cross border financial transactions easier.

Mobile applications can help such informal cross border traders to get information on trade related activities and procedures, while mobile payment applications can enable them to make cashless financial transactions. Most African countries currently lack the infrastructure, to fully take advantage of these digital opportunities.

For trade opportunities under the AfCFTA to be fully realized, the digital divides that exist between Africa and the rest of the world, as well as between and within African countries need to be addressed (Ibidem). Major investment in physical information and communication technology (ICT) and digital infrastructure is needed, as is an enabling regulatory environment like that being promoted through the Digital Free Trade Area (DFTA) initiative of the COMESA.

The ECA's ongoing initiative on Regional Digital Trade Integration, to be added to the ECA-AUC-AfDB Africa Regional Integration Index, will provide valuable policy orientations along the lines of the corresponding 11 pillars. In addition to contributing to building national datasets on

- I. Digital Services trade restrictions and
- II. Digital trade integration and country profiles, the initiative could provide a policy framework for assessing the readiness of African countries, especially those in West Africa, to effectively engage in digital trade and e-commerce, particularly in AfCFTA context.

A large part of the gender digital divide in Africa is attributed to the cost of the Internet, including that accessed on mobile devices, as well as to poor digital literacy and a lack of digital skills as one of the main drivers of the gender digital divide, and as a particular constraint to women's participation in e-commerce.

Digital skills training is also needed to ensure that Africa's citizens are able to take advantage of digital trade opportunities. This could greatly benefit from an ECOWAS E-Commerce Strategy which foundations could be built on the results of the eTrade Readiness Assessment. The latter call for strategic orientation of

- Strengthening and coordinating actions of trade directorates of Member States to make e-commerce an industrial strategy,
- Enhancing trust and adhesion of potential e-commerce actors through the harmonization and update of the legal framework,
- Monitoring, following-up and accompanying the e-commerce sector, and
- Adapting the strategic framework to priorities, objectives and targeted actors.

#### IV.4. ENVIRONMENTAL CONSIDERATIONS AND CLIMATE CHANGE

The environment is a key part of the regional integration process, to the same extent the major related challenges are persistent through the region, although in varying degrees from one geographical part to another. They include;

- Land degradation, Erosion, and desertification, Loss of biodiversity through deforestation,
- Loss of tree resources, Pasture land and Trivialization of landscapes,
- River and lake water resources degradation,
- Coastal ecosystems degradation,
- Degradation processes brought about by the development of mineral resources,
- Urban and industrial pollution and nuisances, as well as
- Global environmental problems and nuisances of the likes of green-house gas emission and destruction of the ozone layer in the general context of climate change.

It is also recognized that these challenges are made more severe by the specific regional context of poverty, persistence of conflicts, ineffective collaboration, linkages and coordination among institutions tasked with environmental management, and inadequate human, technological and financial capacities.

The race towards more economic gains from production and trade opportunities under the AfCFTA could jeopardize the extent of these very long-term gains, as the true economic and social costs of environmental degradation could materialize in the reduction of the productive capacity of the economies. It is believed that "75% of the population are affected at least once every two years by natural phenomena that are increasingly violent and devastating due to climate change."

Reconciling the economic and natural processes have guided various initiatives in the region. There are ongoing process to develop an overall regional climate change strategy. It is believed that this regional strategy will share some broad lines with the continental climate change strategy, which is also under finalization, with the goal to guide Africa's interventions when it comes to reducing greenhouse emissions, building resilience, boosting adaptation and enhancing mitigation measures to contain adverse climate change impacts. The overall regional strategy will also offer a coherent policy platform for harmonizing national strategies, especially in the case where the regional dimension constitute the most efficient scale. It will also streamline the various interventions at the regional level to deal separately with specific challenges associated with climate change.

The Scientific and Technical Consultative Group on Climate Change (STCGCC) has been tasked to develop a comprehensive regional program on climate change and coordinate a study, in 2018 that looked into its impacts and adaptation costs in agriculture, water resources and the coastal zones in West Africa. This is under the overall framework of the ECOWAS Environmental Policy.

Developed in 2008, it constitutes the reference document that lays out the vision for 2025, as well as the associated guiding principles, objectives and strategic lines of interventions at regional and national level.

The stated objective is "to reverse environmental degradation and depletion of natural resources, ameliorate the quality of the living environment, conserve biological diversity, with a view to ensuring a healthy and productive environment; thereby improving the well-being of the ecosystem and the population of the sub region."

Achieving such an overall objective is expected to benefit from ;

- The ongoing process and progress towards political and economic integration within the region and peaceful coexistence of the states despite conflicts which are mostly of domestic nature,
- The progressive ease of communicating and trading across the borders within the region,
- The progressive decentralization underway in the ECOWAS Member States, and
- The existence of common natural resources which constitute the basis of cooperation for their sustainable management.

In the face of AfCFTA, there is a need to better coordinate with other regions of the continent, given the wider spatial scope and similarities of environmental challenges. Harmonization at continental level will therefore require revamping the policy tools, especially as the pace of economic growth is expected to accelerate with AfCFTA.

Furthermore, given the high level of vulnerability for the African agricultural sector to climate change and the risk of further degradation of the environment and natural resources, such a regional strategy should include explicit exemptions safeguarding climate policies from AfCFTA trade obligations.

The AfCFTA and complementary measures outside the Agreement must take into consideration the environmental and sustainability impact of different policy options with regards to agricultural practices, transport infrastructure investment and other matters.

Additionally, specific policies should be geared towards the promotion of renewable energy and energy efficiency, within the framework of the ECOWAS Energy Efficiency Policy (EEEP). Revamping such a framework is warranted, and member countries' goals of greater share of renewable energy need to be renewed, especially in the face of costly, limited and unreliable supply of energy in most member countries.

Sustainable agricultural practices should also be an important piece of policy reforms, as organic farming stands at the cross-roads of environment, agriculture, food and public health.

Moreover, the need to reduce air pollution and improve air quality and public health have led to various national initiatives, mostly from gas and exhaust particle emission for vehicles.

This takes the form, for instance, of age limitation of imported vehicles (8 years in Senegal since 2012, up from the previous cap of 5 years).

In 2020, with the objective of bringing more effectiveness, ECOWAS has issued a directive "relating to the harmonization of the limits gas and exhaust particle emission for light and heavy vehicles, two-wheel vehicles, tricycles and quadricycle within the ECOWAS region."

The advent of AfCFTA would require an update of this policy initiative at the continental level, which will then require agreed limits for imported or registered vehicles on the continent, with a gradual implementation scheme that accounts for relevant country specifics.

By then, full implementation of the regional directive is required, and lessons from the collective experience will guide the continent-wide harmonization. It is also expected that the drive towards cleaner air will also encompass a similar directive that targets emission by industries, which is a significant source of air pollution, and is likely to worsen as the increased production and industrialization occur under AfCFTA.

When it comes to the protection of biodiversity, the same treatment should apply to the West Africa Strategy on Combating Wildlife Crime. Better coordination at continental level would bring greater effectiveness of specific policies aimed at, for instance, combatting poaching and trade in corresponding products (such as animal horns, skins, and meats).

Overall, whenever that is the case, the strategic action plan needs to be adjusted for two reasons: firstly, because of the evolving contours of the corresponding environmental issues and as we gain more and more

insights into the ecological and economic processes that underlie climate change; secondly, because of the expected environmental challenges in the form of an increased pace of degradation and pollution associated with more production and trade under AfCFTA. All of these challenges are now a significant part of the public policy discourse at the continental level, as there is an ongoing talk of “Green AfCFTA Strategies”

This project, which is a collaboration between ECA and UNCTAD, aims to develop green components in national AfCFTA implementation strategies. The expected output are;

- A Green Value Chain Analysis, highlighting challenges and opportunities for the development of regional value chains in the context of the AfCFTA (largely building on UNCTAD-NGER), and
- National Action Plans to promote green trade and climate change adaptation in related sectors. So far, 20 African countries in five regions have been covered, including four in West Africa (Senegal, Burkina Faso, Togo, and The Gambia).

No doubt that ECOWAS needs to get involved in this project and similar ones and expand the benefits to all Member countries.

## IV.5. URBANIZATION

It is generally the case that African metropolitan cities, especially capital cities, are geographical places that concentrate a large share of economic activities, in addition to being consumption hubs and epicenters of innovation and economic and social transformation for the whole economy.

As such, integrating African economies boils down to connecting African cities, with the recognition that geography matters for trade and that the mechanisms underlying urban dynamics are key contributors to the relative success of the economic integration and key factors driving foreign direct investment, either Africa- or world-originated.

As shown in Table 16, the region’s urban population is growing at a larger pace than the African average. In 2021, nearly half of the population (48.2%) in the region live in urban areas, up by 7-percentage points over the last decade.

As more and more people live in urban areas, 199.6 millions, West Africa accounts for close to one-third (32.6%) of the continental urban population.

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The region is in fact home to the most populous country in Africa, namely Nigeria, with more than half (51.6%) the region’s total population, and 15.3% of the continent’s in 2021. Consequently, many countries in the region are among the smallest in Africa, population-wise. Six have a total of no more than 4 million, and only three have an urban population above 10 million.

Table 16. Urbanization and Population Dynamics in ECOWAS in the African Context

		2010	2021
ECOWAS	Population: total (mln)	309.2	413.9
-	Urban population: total (mln)	127.1	199.6
-	Urban population: share (%)	41.1	48.2
Africa	Population: total (mln)	1053.7	1391.8
-	Urban population: total (mln)	410.5	612.4
-	Urban population: share (%)	39.0	44.0

Source: Authors' Calculations, Based On World Bank's WDI.

Challenges faced by rapidly urban cities are enormous, and the continental integration could worsen some of the associated issues if not dealt with adequately.

They range from an increasing pressure on existing soft and physical infrastructure (water, electricity, health, education, transportation, etc.) and on the environment to growing tensions in various markets (such as labour), intra-country and cross-border migration, in the context of relatively low extent to which the economic gains spill over to the rest of the country and the region and constraint municipal financing and urban planning.

All of these could exacerbate spatial disparities and threaten the very foundations of the integration process.

So far, policies at both national and regional level have not successfully met these challenges, and further integration at the continental level is very likely to make these challenges more severe. Some benchmark rankings indeed offer an assessment of how West African cities are faring when it comes to their ability to spur economic transformation and be engines for structural transformation at both national and regional levels.

For instance, according to the Global Urban Competitiveness Report (2019-2020), none of the West African metropolises is ranked as "Global Cities" (category A), "International Hub Cities" (B), or "International Gateway Cities" (C). But cities such as Lagos, Abidjan, Cotonou, Lomé, and Monrovia are graded as "Regional Hub Cities" (D), while Freetown, Niamey, Ibadan, Abomey-Calavi, Ouagadougou, Conakry, Kumasi, Bamako, Bouake, Sekondi, and Wari are classified as "Regional Gateway Cities" (E).

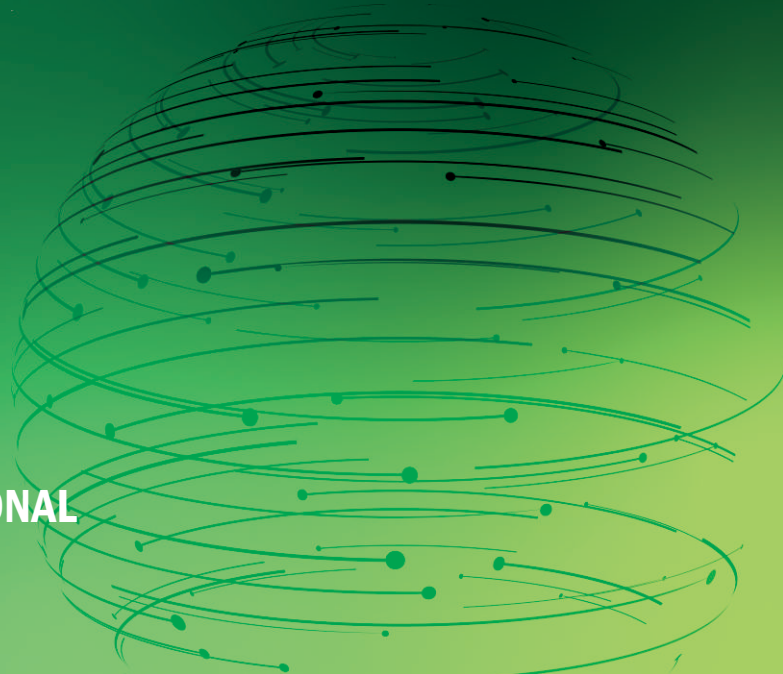
This tells about their degree of agglomeration (industrial and high income concentration and innovation drive) and their degree of connectivity (international flights, multinational company contractions, information and knowledge connection).

In the context of the AfCFTA, ECOWAS needs to develop certain priorities to take advantage of the Agreement. A focus on cities as vectors of economic integration has to be one of the guiding principles of integrating the continental market. This should be based on a clear mapping of the spatial potentials of each city, based on its strategic location and economic structures. The priority should also be to regularize land markets, clarify property rights and institute effective urban planning policies to bring territories together.

Additionally, early and coordinated investment in infrastructure, is needed to link together all elements of urban development: residential, commercial and industrial at all levels: national (Member States), regional (ECOWAS) and continental (among RECs). This requires for instance the development of continental corridors that would expand regional corridors.



**STRATEGIC FRAMEWORK  
FOR REGIONAL AfCFTA  
IMPLEMENTATION**



## V. STRATEGIC FRAMEWORK FOR REGIONAL AfCFTA IMPLEMENTATION

### ■ V.1. SWOT ANALYSIS

Based on the above analyses, Table 17 provides a summary of the regional strengths and weaknesses from the perspective of the continental integration, in addition to the opportunities and the threats associated with the Agreement.

Table 17. Elements of a SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Strong (collective and national) political commitment towards AfCFTA</li> <li>• Long experience of economic and political cooperation under regional integration frameworks</li> <li>• Strong economic dynamism and growth and resilient economies</li> <li>• Existence of a harmonized macroeconomic framework for the conduct of economic policies</li> <li>• Existing and upcoming currency union (CFA and Eco)</li> <li>• Existence of economic sectors with strong competitive advantages</li> <li>• Existing regional investment code and effective movement of capital</li> <li>• Relatively stable banking and financial systems</li> <li>• Existing initiatives to promote cross-border trade (corridors, joint border brigades, trade facilitation initiatives, etc.)</li> <li>• Favorable trade and business environment</li> <li>• Advantageous geographical position at crossroads between Europe, Latin and North America, and the rest of Africa.</li> <li>• Existence of metropolitan cities as regional hubs and with potentials for greater integration (e.g., Abuja, Abidjan, Dakar, etc.)</li> <li>• Youth population (demographic dividend)</li> </ul>	<ul style="list-style-type: none"> <li>• Non-ratification of the AfCFTA by some Member States (Benin, Liberia)</li> <li>• Unavailability of national AfCFTA strategies in a number of Member States</li> <li>• Limited effectiveness of regional dispute resolution mechanisms and limited scope of the supranational jurisdiction of community rulings</li> <li>• Limited appropriation of the AfCFTA by Member States and private sector.</li> <li>• Lack of harmonization between regional bodies and national entities and frequent misalignment between national and regional priorities</li> <li>• Low implementation rate of key regional initiatives (road corridors, joint border brigades, etc.)</li> <li>• Heterogeneous national productive and trade capacities</li> <li>• Still high incidence of unilateral national decisions violating community rules</li> <li>• Weak pace of effective liberalization of priority sectors.</li> <li>• Limited cooperation among Member States' customs administrations</li> <li>• Existence of trade agreement between State Parties and third parties, jeopardizing the continental integration process</li> <li>• Still large incidence of informal barriers to free movement of goods and persons in the region</li> <li>• Limited number of competitive industries</li> <li>• Relatively narrow industrial base, low extent of product-processing and transformation, and less diversified export portfolio</li> <li>• Heterogeneous productive and trade capacities among Member States</li> <li>• Lack of timely, reliable statistics on trade and production at regional and national levels, as well as on key economic and social indicators on firms, technology, innovation, etc.</li> <li>• Low propensity to invest in R&amp;D and innovation</li> <li>• Lack of regional policy framework on innovation</li> </ul>

60 UN Women (2020), Opportunities For Women Entrepreneurs In The Context Of The African Continental Free Trade Area.

61 ECOWAS Plan Of Action On Gender And Trade, 2015-2020

62 This Refers To Difficulties For Women To Reaching The Top Positions, As If There Is A Set Of Invisible Barriers Preventing Them To Move Up The Ladder.

## Strengths

## Weaknesses

- Limited effectiveness of the trade liberalization experience - through the ETLS (still low intra-relational trade and low ratio of approved products)
- Persistence of non-tariff barriers to trade and impediments to free movement of people
- High incidence of informal production and trade
- Relatively low quality/quantity of hard infrastructure (roads, railways)
- Relatively low labour skills (human capital)
- Limited knowledge of foreign market requirements (norms, certification, etc.)
- Persistent impediments to doing business, especially against women businesses and traders
- Relatively weak women's economic participation
- Gender-insensitive trade infrastructure (limited security along cross-border corridors, ill-designed rest areas, if any, gender imbalances within border agencies)
- Heightened insecurity, high level of violence and political and social instability in parts of the region
- Weak capacity to participate into and benefit from e-commerce
- Lack of a Regional e-commerce strategy.

Opportunities	Threats
<ul style="list-style-type: none"> <li>• Access to the larger continental market and possibilities for economies of scale and improved productive efficiency</li> <li>• Diversification and expansion of production and trade</li> <li>• Access to foreign technology, capital and finance</li> <li>• Economic growth, industrialization and structural transformation</li> <li>• Integration into new or existing value chains</li> <li>• Employment and income generation</li> <li>• Improved living conditions (poverty alleviation)</li> <li>• Increased integration within ECOWAS and increased pace of economic and institutional reforms (regional and national levels)</li> <li>• E-Commerce development</li> <li>• Freer movement of people (abolition of visa fees on the African-continent)</li> </ul>	<ul style="list-style-type: none"> <li>• Fragilization of less competitive national economies and industries</li> <li>• Increased inequality within and among national economies, as well as across gender</li> <li>• Risk of political instability</li> <li>• Loss of fiscal revenues(import duties) and fragilization of public finances</li> <li>• Ongoing COVID-19 pandemic which could limit the scope of reforms</li> <li>• Risk of exacerbation of insecurity and violence (with free movement of people)</li> </ul>

## ■ V.2. STRATEGIC OBJECTIVES AND REGIONAL PRIORITY ACTION PLAN

The ECOWAS AfCFTA implementation strategy aims to effectively integrate the region into the liberalized continental market, by complementing existing regional trade, industry and agricultural strategies, as well as national AfCFTA implementation strategies of Member States in the same area. It also brings harmonization and coordination among the different existing and upcoming national strategies.

In all of the 10 countries with existing national AfCFTA strategies (as of February 2023), a national committee or secretariat, with varying institutional settings, has been set up, either ad hoc as a new body (in most of the cases), or an existing one with extended mandates (as in Senegal). The twin missions of negotiating the AfCFTA on behalf of all national actors and implementing the Agreement in the country.

Such implementation follows a specific national priority action plan which lays out the strategic objectives and

translation into specific objectives and measures or activities.

Despite some significant differences in the economic structures of the countries, the main orientations of the national implementation strategies tend to focus on four key pillars, as suggested by Table 18 below:

- Effective communication that would contribute to a greater appropriation of all domestic actors, including private sectors;
- Strengthening of national productive and trade capacities to allow active involvement in continental trade and value chains;
- Improvement of the policy framework to make the production and trade environment more friendly; and
- More inclusiveness with the promotion of youth and woman's participation in employment and cross-country trade.

Table 18. Key components of national AfCFTA implementation strategies in ECOWAS

Key strategic objectives or pillars	Communication and national ownership of AfCFTA	Trade and productive capacity development	Improved policy framework for production and trade	Women/Youth promotion (trade and employment)
Burkina Faso	X	X	X	X
Cote d'Ivoire	X	X	X	X
Ghana	X	X	X	X
Guinea	X	X	X	X
Niger		X	X	
Nigeria	X	X	X	X
Senegal	X	X	X	X
Sierra Leone	X	X	X	
The Gambia	X	X	X	X
Togo	X	X	X	X

Source: Authors' compilation From National AfCFTA Strategy Documents.

The proximity of the national economic structures is such that broad national priorities tend to intersect, which explain why national AfCFTA implementation strategies share key strategic objectives. However, going beyond the some what common fundamentals would reveal some heterogeneity in the detailed actions to be undertaken in order to achieve these objectives.

This owes in large part to the differentiated national political economy contexts and institutional capacities to undertake the necessary adjustments.

By going into the continental market as a group, ECOWAS, through the regional strategy of AfCFTA implementation, should ensure effective harmonization among national strategies and complementarity between AfCFTA provisions and with existing regional strategies and policies.

The regional strategy would then bring specific interventions along the following directions with the general aims that:

**01** Member states are moving at the same pace in terms of reforms implementation with institutional capacity developments werrd need

**03** Divergent national policies are somewhat reconciled so as to preserve common regional achievement; and

**02** Actions that falls within shared strategic priorities are developed by Member States in a harmonious way, that is, in areas of convergence of national interests and where effectiveness relies on greater scale;

**04** Necessary adjustments are made to regional strategies to better accommodate AfCFTA provisions.

Given that national boundaries tend to be too narrow to constitute an appropriate or optimal scale for greater efficiency for some activities (such as infrastructure development, climate change challenges or capacity building), the possibility of pooling efforts and resources together at the regional level becomes an option all the more viable and relevant.

The regional AfCFTA strategy has the overarching goal of integrating West African economies into the continental market.

It aligns with and contributes in various ways to the newly developed ECOWAS Vision 2050 of “a community of people fully integrated in a peaceful, prosperous region,

with strong institutions that respect fundamental freedoms and work for inclusive and sustainable development”, with the slogan of “The ECOWAS of Peoples: Peace and Prosperity for All”. More specifically, the regional strategy pursues the following five strategic objectives, with corresponding specific objectives:

1

### Improve The Effectiveness Of Various Components Of The Regional Integration Framework

- Increase the pace of ongoing regional reforms and program implementation and strengthen the regional integration framework
- Adapt the institutional regulatory and policy frameworks according to AfCFTA provisions
- Put greater focus on cities as integration nodes

2

### Harmonize And Coordinate Member State's National AfCFTA Implementation Strategies

- Establish and operationalize the ECOWAS regional AfCFTA Committee
- Support the development and implementation of national AfCFTA strategies
- Lead the remaining phases of AfCFTA negotiations and assist national adaptation to the rules of the AfCFTA
- Further popularize the AfCFTA provisions
- Monitor and evaluate the regional implementation

3

### Strengthen Productive Capacities Of The Region

- Improve the regional business environment
- Support competitive sectors in the region and promote exports of high value added products
- Identify uncompetitive sectors and help develop their productive capacities
- Contribute to promote innovation and technology adoption ;
- Contribute to improve agricultural productivity and to promote a green regional economy

4

### Make The AfCFTA An Opportunity For Women's Economic Empowerment And Youth

- Contribute to positive gender and youth impact of AfCFTA through women and youth led businesses activities
- Contribute to positive gender and youth impact of AfCFTA through women and youth employment and Social Protection
- Contribute to positive gender and youth impact of AfCFTA through informal cross-border traders

5

### Facilitate Access To The AfCFTA Markets

- Improve knowledge of African export markets
- Engage in strategic African trade policy

In implementing the regional AfCFTA strategy, it is crucial to articulate activities of regional scope with those developed at national levels (as indicated in existing national strategies). This is a guarantee of greater coherence. Therefore, an intimate working structure should be developed between regional and national committees, as the region needs to speak in one voice in order to preserve all the valuable acquis.

Table 19 indicates the actions or activities that contribute into each strategic and specific objective, as well as the corresponding indicators, means of verification, and time horizon.

**Table 19. ECOWAS regional AfCFTA priority action plan**

Specific Objectives	Actions (measures/activities)	Indicators	Means of verification	Time frame				
				2023	2024	2025	2026	2027
STRATEGIC OBJECTIVE 1: Improve the effectiveness of the various components of the regional integration framework								
1.1. Increase the pace of ongoing regional reforms and program implementation and strengthen the regional integration framework in light of AfCFTA provisions	1.1.1. Popularize the 2050 ECOWAS vision	Awareness campaign	Reports of activities	X	X			
	1.1.2. Renew the regional framework for private sector development (the 2015-2020 one having expired), with alignment to the AfCFTA	New framework developed	Legal text on official adoption	X				
	1.1.3. Finalize ongoing infrastructure development projects (such as road corridors) and develop new ones	Investment and work implementation programs	Site visit reports	X	X	X	X	X
	1.1.4. Streamline existing cooperation mechanisms with development partners (such as the WACOMP with the EU)	Project implementation	Realizations and achievements	X	X			
	1.1.5. Strengthen the regional trade dispute settlement mechanisms: align with the AfCFTA provisions and develop effective sanction mechanisms to be effectively applied	Updated mechanisms	New mechanisms	X	X	X	X	X
	1.1.6. Update any existing regional strategies, where necessary (e.g. WACIP), to align with AfCFTA provisions	Updated regional policy and strategy documents	Study reports	X	X	X		
	1.1.7. Improve the political strength of the ECOWAS Court of Justice and other decisional bodies: fully and systematically apply any rulings	Number of decisions actually applied	Court activity reports	X	X			

Specific Objectives	Actions (measures/activities)	Indicators	Means of verification	Time frame				
				2023	2024	2025	2026	2027
	1.1.8. Expedite the creation of the regional common currency (Eco)	Actual steps towards creation	Advent of the Eco	X	X	X		
	1.1.9. Strengthen regional financial integration with the development of a region-wide stock market (similar to the existing WAEMU market)	Financial integration index	Advent of regional market	X	X	X		
	1.1.10. Popularize the various instruments promoting regional integration (ETLS provisions, travelers' cheque etc.)	Number of sessions organized	Sessions' reports	X				
	1.1.11. Assist Member States develop or strengthen national frameworks/strategies for fighting against corruption and money laundering (where non-available), and coordinate with a coherent regional framework	Number of activities held	Activities' reports	X	X	X		
	1.1.12. Better assist in the prevention of conflicts and reduction in insecurity and terrorism: help develop joint missions of security national security forces for cross-border threats	Incidence of conflicts and insecurity/violence	Computations from some databases (World Bank)	X	X	X	X	X
1.2. Adapt the institutional, regulatory, and policy frameworks to align with all AfCFTA provisions	1.2.1. Assess the scope for adjustments of regional and national frameworks, in line with AfCFTA provisions.	ToRs of the assessment mission	Report on the validation workshop	X	X			
	1.2.2. Adapt the regional frameworks (CET, ETLS, competition, etc.) to match the new AfCFTA framework, and facilitate and harmonize the adaptation of trade-related national instruments in line with AfCFTA provisions	Number of corresponding sessions held	Activity reports	X	X	X	X	X

Specific Objectives	Actions (measures/activities)	Indicators	Means of verification	Time frame				
				2023	2024	2025	2026	2027
1.3. Put greater focus on cities as integration on vectors and sources of spatial gains	1.3.1. Assess specific integration potentials of West African metropolitan cities as well as medium-size cities (including those closer to borders) and prioritize accordingly when developing and implementing AfCFTA-related reforms	ToRs of the assessment mission	Report on the validation workshop	X	X			
	1.3.2. Develop institutional cooperation mechanisms among those prioritized cities	Number of cooperation instruments	Formal texts adopted (reports)	X	X			
<b>STRATEGIC OBJECTIVE 2: Harmonize and coordinate Member States' national AfCFTA implementation strategies</b>								
2.1. Establish and operationalize the ECOWAS regional AfCFTA committee, with a focus on AfCFTA-related topics	2.1.1. Create the regional AfCFTA Committee, with indication of its objectives, missions and composition	Directive establishing the Committee and ToRs	Functioning of the Committee	X				
	2.1.2. Create an AfCFTA regional Secretariat tasked with piloting the work of the Committee	Directive establishing the Committee and ToRs	Functioning of the Secretariat	X				
	2.1.3. Include into the Committee membership members from the national AfCFTA committee and private sector organizations (Regional Business Associations)	List of memberships	Actual contributions into the working of the Committee	X				
	2.1.4. Articulate the Committee with existing, relevant entities: national AfCFTA committees, regional Committee on Trade Facilitation, etc.	Directive establishing the Committee and ToRs	Functioning of the Committee	X				

Specific Objectives	Actions (measures/activities)	Indicators	Means of verification	Time frame				
				2023	2024	2025	2026	2027
	2.1.5. Provide annual funding for the regular administrative activities	Directive establishing the Committee and ToRs	Funding amount an allocation	X	X	X	X	X
	2.1.6. Develop a plan for external resource mobilization	Plaidoyer document	Validation workshop report	X				
	2.1.7. Keep Committee members updated on any trade-and AfCFTA-related developments	Number of information sessions organized	Sessions' reports	X	X	X	X	X
	2.1.8. Develop technical capacities of Members in areas needed	Number of technical sessions organized	Workshops' reports	X	X			
	2.1.9. Set up an adhoc platform for the Committee to recourse to regional expertise on specific AfCFTA-related issues	Number of meetings	Reports of meetings	X	X			
2.2. Support the development and implementation of national AfCFTA strategies	2.2.1. Encourage and assist last Member States to ratify the AfCFTA Agreement and submit the instruments to the AU Commission	Ratification by all remaining Member States	Instruments submitted	X				
	2.2.2. Encourage countries to initiate the development of national implementation strategies (if needed, with technical assistance from UNECA and other development partners), and effectively contribute to the development process (ensuring that regional accounted for)	Availability of national strategy documents	National consultation workshops' reports	X	X			
	2.2.3. Expand membership of the RAC to new national committees once set up.	Share of countries' representatives in the RAC	Membership structure of RAC		X			

Specific Objectives	Actions (measures/activities)	Indicators	Means of verification	Time frame				
				2023	2024	2025	2026	2027
2.3. Lead the remaining phases of AfCFTA negotiations and assist national adaptation to the rules of the AfCFTA	2.3.1. Encourage and assist countries to engage the national consultations on Phase II of the negotiations and set deadlines	Number of national activities held and degree of involvement of ECOWAS	National consultations reports	X	X			
	2.3.2. Harmonize national positions on the associated topics (investment, competition, etc.)	Regional positions developed	Regional meetings reports	X	X			
	2.3.3. Assess the needs and help develop capacities of national AfCFTA committee members	Regional workshops	Reports on workshops	X	X			
	2.3.4. Require regular updates on implementation of national AfCFTA priority action plans.	Regular regional meetings	Meeting reports	X	X	X	X	X
	2.3.5. Assist and coordinate the adjustment of national institutional frameworks in line with AfCFTA rules (new tariff codes, list of concessions on trade in services, rules of origins, competition policies, investment promotion, etc.)	Adjusted policy documents	Activity reports	X	X	X	X	X
2.4. Further popularize the AfCFTA provisions	2.4.1. Share AfCFTA RoOs and encourage their utilization	Level of utilization in MS	Actual implementation	X				
	2.4.2. Develop and implement a regional communication plan, articulated around national plans	Communication strategy document	Report on the validation workshop	X	X	X		
	2.4.3. Provide training to strategic actors of regional scope (policymakers, economic actors, academia, etc.) and raise awareness on the institutional framework of the AfCFTA	Number of workshops held	Activity reports	X	X	X		
	2.4.4. Establish an annual “Regional AfCFTA days” forum to showcase the Agreement	Number of events organized	Events’ reports		X	X	X	X
	2.4.5. Widely disseminate the ECOWAS-UNDP-produced “Understanding the AfCFTA: Guide for Small and Medium-Sized Enterprises in the ECOWAS Region”	Number of copies distributed	Dissemination report		X	X	X	X

Specific Objectives	Actions (measures/activities)	Indicators	Means of verification	Time frame				
				2023	2024	2025	2026	2027
2.5. Monitor and evaluate the regional implementation	2.5.1. Set up the instruments for implementing the monitoring-evaluation mechanism	Number of instruments set up	Activity reports	X	X			
	2.5.2. Adapt the M&E mechanisms developed for ETLS to the AfCFTA, once adopted by Member States	Validated monitoring-evaluation system	Mission reports and validation report	X				
	2.5.3. Conduct and monitor the implementation activities	Number of activities	Activity reports	X	X	X	X	X
	2.5.4. Assess the effectiveness of the implementation strategy by an external entity and make necessary adjustments	Number of activities	Activity reports	X	X	X	X	X
STRATEGIC OBJECTIVE 3: Strengthen productive of the region								
3.1. Improve the regional business environment	3.1.1. Develop a study looking into the actual costs of doing business in the region and feed into an updated WACIP document to include the continental market	New regional framework document for private sector development and WACIP	Activity reports	X	X			
	3.1.2. Better facilitate energy cooperation among Member States	Share of energy from neighboring countries	Actual cross-country transactions	X	X			
	3.1.3. Promote the development of special economic zones (SEZs), especially cross-border ones (like the one between Cote d'Ivoire, Mali and Burkina Faso, which has yet to be fully operationalized) and develop	Effectiveness of existing and creation of regional federation; Number of cross-border SEZs created	Actual cooperation schemes among existing SEZs and functioning cross-border SEZs	X	X	X	X	X

Specific Objectives	Actions (measures/activities)	Indicators	Means of verification	Time frame				
				2023	2024	2025	2026	2027
	mechanisms for cooperation based on complementarities							
	3.1.4. Better streamline the implementation of the ECOWAS Regional Infrastructure Master Plan	Level of regional infrastructure development	Computations from database (e.g., AfDB) on infrastructure quality	X	X	X	X	X
	3.1.5. Develop joint infrastructure projects with neighboring RECs (ECCAS, UMA)	Number of projects developed	Activity reports	X	X	X	X	X
3.2. Support competitive sectors in the region and promote exports of high value-added products	3.2.1. Identify sectors with strong competitive advantages and value added potentials	Listing of sectors	Study report	X	X			
	3.2.2. Identify opportunities for existing and emerging continental value chain development	Listing value chain opportunities	Study report	X	X			
	3.2.3. Raise awareness on existing financing and payment mechanisms under AfCFTA (such as with AFREXIMBANK)	Awareness campaigns	Activity reports	X	X			
	3.2.4. Advocate for greater involvement of private banking of region into trade financing	Advocacy missions	Mission reports	X	X			
3.3. Identify uncompetitive sectors and help develop their productive capacities	3.3.1. Identify constraints faced by each sector (from competitiveness perspective) and the extent of threat from African competition (reduction in activities, market exit, etc.)	Listing of constraints	Study report	X	X			
	3.3.2 Better use the safeguard mechanisms under AfCFTA provisions to provide protection to vulnerable groups and sectors (such as the list of products not to be liberalized); communicate around those mechanisms with	Listing of mechanisms put in place	Report	X	X	X		

Specific Objectives	Actions (measures/activities)	Indicators	Means of verification	Time frame				
				2023	2024	2025	2026	2027
	relevant actors 3.3.3. Sensitize relevant actors over these mechanisms in place 3.3.4. Contribute to improving productive capacities of these actors (possibility of regional training program)	Number of Sensitization sessions Number of training sessions	Activity reports Activity reports	X X	X X			
3.4. Contribute to promote innovation and technology adoption	3.4.1. Develop a regional strategy for Innovation 3.4.2. Encourage governments to devote the agreed share of domestic income for innovation and technology 3.4.3. Set up regional innovation forum, and create Prizes/Awards	ECOWAS strategy Share of national budget Private sector's propensity for innovation	Report on elaboration mission National budget allocation Events' reports and firm-level data	X X X	X X X	X X X	X X X	X X X
3.5. Contribute to improve agricultural productivity and to promote a green regional economy.	3.5.1. Encourage Member States to devote agreed share of national budgets on agriculture (with a focus on productive spending) 3.5.2. Help popularize agricultural innovation: develop/strengthen institutional cooperation among national agricultural research systems 3.5.3. Develop and help organize regional agricultural fora in member countries 3.5.4. Assess attitudes towards and the profitability of organic farming and produces 3.5.5. Provide institutional support to regional and national organic farming organizations	Share of allocated national budget Number of regional innovation outcomes Number of fora held Policy document Operationalization of organizations	National governments' budget allocation Number of promotion activities Activity reports Report on elaboration mission Report on activities	X X X X X	X X X X X	X X X X X	X X X X X	X X X X X

Specific Objectives	Actions (measures/activities)	Indicators	Means of verification	Time frame				
				2023	2024	2025	2026	2027
	3.5.6. Develop a harmonized, regional labeling and organic certification, in partnership with relevant national entities	Traceability of food	Report on activities	X	X			
	3.5.7. Revamp the regional framework for renewable energy and renew the regional and national commitments towards greater use and efficiency	Updated framework, and share of renewable energies in total energy use	Strategy document	X	X			
	3.5.8. Develop and harmonize national initiatives to limit gas and exhaust particle emission for motor vehicles imported to or registered in the region, as per the corresponding ECOWAS Directive C/DIR.2/09/20	National age limits for imported vehicles	National legislative texts	X	X			
	3.5.9 Assist each country to adopt the West Africa Strategy on Combating Wildlife Crime: develop local capacities to fight against poaching and increase the sanctions related to trade in wildlife products (horns, skins, furs, etc.)	Joint regional trainings of local brigades in charge of wildlife protection; laws criminalizing poaching and wildlife trade	Training sessions held; punishment by national laws	X	X			
	3.5.10. Effectively implement the ECOWAS Environmental Policy: assess the achievement and adjust and adjust the tools to account for the evolving natures of the challenges and the need for continental harmonization.	Renewed and adjusted framework for the ECOWAS Environmental Policy	Study commissioned and report	X	X			

STRATEGIC OBJECTIVE 4: Facilitate access to the AfCFTA markets

Specific Objectives	Actions (measures/activities)	Indicators	Means of verification	Time frame				
				2023	2024	2025	2026	2027
4.1. Improve knowledge of African export markets	4.1.1. Better develop the trade information system: regularly provide up-to-date information and share widely with various actors	Effectiveness of the information system	Functioning official website	X	X			
	4.1.2. Develop and disseminate a guide explaining trade procedures under AfCFTA (Guide for Trading under AfCFTA ») in partnership with national agencies for investment and trade promotion	Number of brochure distributed	Activity report	X	X			
	4.1.3. Contribute to raising awareness of AfCFTA provisions on RoOs and other exports requirements (label, norms, quality standards, certification, etc.)	Awareness of AfCFTA provisions	Reports on information activities	X	X			
	4.1.4. Develop/better operationalize the regional framework for product certification and normalization and assist in the development of technical capacities of national quality control and certification agencies	Regional framework document and national capacity	Study report and workshop reports	X	X	X		
	4.1.5. Accelerate the implementation of Trade Facilitation reforms (under the agreement with WTO)	Level of implementation	Number of reforms	X	X	X	X	X
	4.1.6. Assist Member countries in the creation of joint brigades where not yet available, and further operationalize existing ones	Number of joint brigades	Field mission report	X	X	X	X	X
	4.1.7. Make more effective the denunciation mechanisms of NTBs, by using the AfCFTA mechanisms for BTBs as well	Level of effectiveness	Number of cases	X	X			

Specific Objectives	Actions (measures/activities)	Indicators	Means of verification	Time frame				
				2023	2024	2025	2026	2027
	4.1.8. At national ports of regional scope, help in the provision of preferential treatment to incoming goods from Africa	Transit time	Field mission report	X	X			
4.2. Engage in strategic African trade policy	4.2.1. Identify and target “ideal” African trading partners, based on the proximity of the trade structures	Listing of niche markets	Study report	X	X			
	4.2.2. Identify and prioritized strategic sectors trade and value chain development at regional, continental, and global levels	Listing of strategic sectors	Study report	X	X			
	4.1.3. Develop and implement a regional strategy for economic diplomacy based on the previous studies	Draft document	Study report	X	X			
	4.2.4. Organize trade fairs in targeted markets	Visibility of ECOWAS products across Africa	Number of organized events and markets	X	X	X	X	X
	4.2.2. Partner with ECOWAS Member countries’ diplomatic and economic missions	Effectiveness of the strategy	MoUs with diplomatic missions	X	X	X	X	X
	4.2.5. Strengthen existing regional cooperation mechanisms with institutional partners	Level of institutional cooperation	Number of new programs	X	X	X	X	X
<b>STRATEGIC OBJECTIVE 5: Make the AfCFTA an opportunity for women’s economic empowerment and youth</b>								
5.1. Contribute to positive gender and youth impact of AfCFTA through women and youth-led businesses activities	5.1.1. Improve women and youth participation at various decision-making levels, such as the regional AfCFTA Committee, by establishing quotas	Share of women and youth in relevant bodies	Membership listing	X				

Specific Objectives	Actions (measures/activities)	Indicators	Means of verification	Time frame				
				2023	2024	2025	2026	2027
	5.1.2. Strengthen the regional institutional framework in charge of gender and youth; e.g., raise the ECOWAS Gender and Development Center to the level of a Specialized Institution (with greater autonomy and more budget)	Improved institutional setting of relevant bodies	Renewed framework documents	X	X	X	X	X
	5.1.3. Promote cooperation at national, regional and continental levels: develop relevant platforms for various interventions (build on experiences with COMESA, ECA, and ECCAS)	Effective and functioning platforms	Existence of such platforms	X	X	X	X	X
	5.1.4. Assist Member States in developing national gender and youth policies (national action plans), and align with AfCFTA priorities, and help in national implementation	Actual policies developed for each	Policy documents	X	X			
	5.1.5. Improve women's and youth's knowledge of the trade rules and procedures under AfCFTA	Number of workshops with the private sector	Activity reports	X	X			
	5.1.6. Aggregate women- and youth-led businesses networks and federations to facilitate access to markets	Number of networks and federations created	Reports	X	X			
	5.1.7. Develop programs to strengthen capacity of women- and youth-led businesses and women and young entrepreneurs in business management, skills, standards, to facilitate integration in national and regional value chains.	Number of workshops with the private sector	Activity reports	X	X	X		

Specific Objectives	Actions (measures/activities)	Indicators	Means of verification	Time frame				
				2023	2024	2025	2026	2027
	5.1.8. Establish mechanisms (e.g. guarantees) to support women-and youth-led businesses access to finance and support development of financial services adapted to the needs of women-led businesses.	Number of support mechanisms implemented	Report on the development of financial services to Women	X	X			
	5.1.9. Establish affirmative action targets for women-and youth-led businesses access to preferential trade schemes as well as public procurement.	Implementation of preferential trade schemes and public procurement	M&E Reports	X				
	5.1.10. Better popularize the digital platform “50 Million African Women Speak” (50MAWS): organize information sessions, training on how to use the app via the web or mobile devices	Number of operational Platforms	M&E Reports	X				
	5.1.11. Systematically include gender and youth dimension in all aspects of trade and business reforms (such as Trade Facilitation as well as any reform under the AfCFTA)	Share in membership	Actual listing of members	X	X	X	X	X
5.2. Contribute to positive gender and youth impact of AfCFTA through Women and Youth Employment and Social Protection	5.2.1. Support Member countries’ capacity to collect and disseminate gender- and age-disaggregated data on the impact of trade on women to conduct periodic/regular analysis on how the application of AfCFTA is impacting women’s and youth’s employment and entrepreneurship across sectors	Implementation of gender- and age-disaggregated data collection systems	M&E Reports	X	X			

Specific Objectives	Actions (measures/activities)	Indicators	Means of verification	Time frame				
				2023	2024	2025	2026	2027
	<p>5.2.2. Strengthen social protection mechanisms adapted to women and young workers needs in key sectors of women's employment that are likely to incur in net employment losses</p> <p>5.2.3. Create within each State Party, a mechanism/ Fund to redistribute trade gains and/or compensate Loss of Revenue for women and young workers, women- and youth-led businesses, and women and young traders due to the implementation of the AfCFTA</p>	<p>Implementation of Projects on the adapted women's employment under AfCFTA</p> <p>Development of Operational Redistributive Fund</p>	<p>Reports</p> <p>Official texts</p>	X	X			
5.3. Contribute to positive gender and youth impact of AfCFTA through informal cross-border traders	<p>5.3.1. Set up mechanisms to reduce women and young traders' exposure to extortion and physical harassment across borders</p> <p>5.3.2. Improve gender- and youth-sensitive sensitiveness of cross-border infrastructure (such as safe and affordable accommodation, childcare facilities, storage, proper sanitation facilities, and female officers at border posts) to cater to the specific needs of female and young traders.</p>	<p>Incidence of extortions and physical harassments across borders</p> <p>Level of awareness</p>	<p>Study reports</p> <p>Awareness campaign reports, field mission reports</p>	X	X	X		

## ■ V.3. INSTITUTIONAL MECHANISM IN SUPPORT OF AfCFTA IMPLEMENTATION AND MONITORING

### V.3.1. Regional AfCFTA Committee and articulation with national and other regional committees

The regional AfCFTA framework primarily serves as a platform for harmonizing and coordinating national strategies for implementing the AfCFTA. The various tasks involved should be devoted to the ECOWAS Regional AfCFTA Committee (RAC). This organ is to be formally set up with specific details about its missions, composition, and financing mechanisms.

The core missions of the Committee could follow the instructions by the Heads of States and Government to the ECOWAS Commission expressed during the 58<sup>th</sup> Ordinary Session early in 2021. In line with “the view to maximizing the benefits of the region’s membership of the AfCFTA”, the Regional Committee will therefore:

- Assist “Member States that are yet to ratify the agreement to accelerate the process of ratification in order to promote harmonious trade liberalization in the region and maintain the integrity of the ECOWAS Common External Tariff”;
- Provide “support to Member States in the development and implementation of national strategies for adaptation to the rules of the AfCFTA, while ensuring their consistency with the regional strategy”;
- Develop “advocacy campaigns in Member States to ensure greater involvement of all stakeholders (governments, private sector and civil society)”;
- Ensure greater “coordination of the positions and approaches of Member States in negotiations under the AfCFTA.”

It is crucial to develop clear and articulated institutional linkages between the regional committee and the national committees.

The regional body should clearly be viewed as an initiative that brings coherence and harmonization in the functioning of the national committees, as an effective and successful integration of member countries and the region into the continental framework remains the collective overarching goal, which is then translated in various forms into the national contexts.

The RAC would basically offer as a platform for National AfCFTA Committees' representatives to do the following:

- (i) Reporting on the progress of the implementation of their respective strategies,
- (ii) Problem solving and sharing of best practices; and
- (iii) Initiating joint activities.

When it comes to the composition of the RAC, key members should primarily include representatives of national AfCFTA committees, possibly two: one from the negotiations team, and one from the implementation team, whenever relevant. They are indeed well positioned to not only relay national interests and priorities into the regional framework, but also, in return, translate the collective objectives and decisions into their national settings, thereby contributing to a greater consistency between national and regional strategies.

The private sector should also be represented, as they are the actual producers and traders that make the integration. Regional Business Association, such as FEWACCI, its quasi-equivalence in WAEMU countries (*Chambre Consulaire Regionale – CCR/UEMOA*), as well as FEBWE (Federation of Business Women and Entrepreneurs) can indeed represent the private sector.

The ECOWAS Commission is also part of the Committee, and it could designate relevant directorates and specialized institutions to take part of the deliberations. In addition to the legal text that will formally establish the RAC, specific terms of references (ToRs) should be developed to indicate the tasks of representatives, in addition to the details of their membership (tenure, renewal), governance structure, annual program, finances, and monitoring and evaluation.

A Secretariat can also be set up as part of the Regional Committee. It is tasked with administrative and technical aspects. As such, it coordinates the work of the Committee, for instance by preparing and organizing meetings, and drafting reports on the state of implementation of the regional and national strategies.

Furthermore, it could be developed a platform that would allow (regional) experts to meet and discuss specific AfCFTA-related issues. Such issues can be brought by the Committee and expert will provide detailed understanding and indicate the policy implications that will guide the decisions of the Committee.

The Committee should also work closely with the business support organizations who would help the actors to effectively engage in cross-border trade and benefit from market opportunities associated with the AfCFTA. Such organizations indeed provide business-to-business linkages that, for instance, help access to valuable market information or contribute to the creation or development of regional value chains.

To guarantee optimal results from the perspective of the continent as a whole, all African RECs that undoubtedly pursue the same objective of greater continental economic integration will definitely have to collaborate.

An institutional framework for such formal collaboration needs to be developed, under the leadership, for instance, of the AfCFTA Secretariat. Regional committees, with their regional implementation strategies, will then have to develop common activities of continental scope, with the general view of bringing harmonization and coordination, whenever possible.

### **V.3.2. Implementation risks and mitigation strategies**

The implementation of the AfCFTA at the regional level entails potential risks that could limit its scope. Table 20 provide their description, an assessment of the likelihood of occurrence and impacts, as well as proposed mitigation actions.

### **V.3.3. Monitoring and evaluation**

Monitoring and evaluation represent a crucial exercise that guarantees an effective and successful implementation of the regional AfCFTA strategy. The modalities should mainly draw on result-based management approach and collection of accurate statistics, in addition to the general PANEL principles: participation, accountability, non-discrimination, empowerment and legality.

The strategic action plan lays out not only the activities to be undertaken by the regional implementation committee, but also the indicator variables as well as the means of verification. They represent the main tools needed to assess the implementation of the regional strategy. Of particular interest, the AfCFTA Country Business index being develop by the ECA can also be of help in monitoring the implementation.

Moreover, to the extent that the success of the regional strategy rests in large part on the effectiveness of the implementation of national strategies, elements developed in the monitoring and evaluation of the latter can also serve as inputs into the process of monitoring and evaluating the regional strategy.

The monitoring can be conducted on a continuous basis by the Secretariat of the Regional Committee. The evaluation can be done at two different levels: internal and external, both overseen by the Regional Committee. The internal evaluation can be done regularly, for instance every three years, by independent experts within ECOWAS. Its outcome will be crucial when deciding on the necessary adjustments to the implementation trajectory. The external evaluation can be considered at the end of the implementation phase, preferably by an independent, external body (consultants).

Overall, the experience of the ECOWAS Commission regarding program implementation and monitoring and evaluation should also help. For instance, the Commission has recently developed a monitoring and evaluation mechanism of the implementation of ETLs by the Member States.

**Table 20. AfCFTA regional implementation risks and mitigations measures**

Description of risks	Likelihood	Impacts	Mitigation measures
Weak collective interest: no ratification or unavailability of national strategies in some Member States	++	+++	Advocate for the ratification and assist in the development of national strategies
Fading political interest and enthusiasm (fatigue over time)	++	+++	Maintain the momentum and constantly communicate about the Agreement
Weaknesses of institutional relays in member countries (national AfCFTA committees)	++	+++	Get regular updates on national implementations and provide appropriate support whenever needed
Lack of involvement of non-government actors in the implementation of AfCFTA	++	++	Include key private sector organizations of regional scope (such as the FEWACCI) in the regional AfCFTA Committee
Significant difference in the pace of national implementation	+++	++	Set timeline for major milestones in the AfCFTA implementation (tariff schedules, etc.)
Limited financial resources	++	++	Develop an effective plaidoyer and get the private sector involved in the development of activities
Limited scope of proposed activities due to the COVID-19 pandemic	++	++	Always factor in the health risk and develop activities accord to the proven safety protocols; use communication platforms whenever necessary
Limited scope of proposed activities due to insecurity and violence	++	++	Have a clear assessment of the level of security threat and adjust accordingly (i.e., make use of local relays whenever possible and appropriate communication means)
Lack of involvement of key stakeholders: governments, private sector, civil society, and development partners	+++	++	Advocacy and communication campaigns
Dispute around the interpretation of trade and customs rules under the AfCFTA framework	+++	++	Clearly task regional AfCFTA Committee to take up such missions
Absence or ineffectiveness of an appropriate structure at ECOWAS and country-level that can deal with legislative proposals, their implementation and discrepancies in the application	+++	++	Envision the creation of an appropriate structure at ECOWAS and country-level, or extend the mandate of existing national or regional bodies

Notes: +++ denotes “Very high”, ++ “High”, + “Moderate”, and 0 “Insignificant”.

When this tool will be adopted by the statutory organs of ECOWAS, it could be also adapted to AfCFTA. Further consideration should be given to mainstreaming gender considerations in the monitoring and evaluation mechanism. This will inform a better understanding of the gender, inclusion and AfCFTA linkages, while helping to track the evolution of gender inequalities, before and after AfCFTA implementation. As part of this process, it will be necessary to strengthen the capacity of countries to collect and compile gender-focused trade statistics and sex-disaggregated data to support evidence-informed AfCFTA policies.

All indicators should include accurate gender-disaggregated data to measure the overall impact of the Agreement on women and men, as well as to allow for a gender analysis of specific interventions. The establishment of a specialized Gender and Trade Committee can further assist in processing empirical evidence on the gender impact of the AfCFTA.

#### **V.3.4. Communication and visibility plan**

A communication strategy that ensures greater visibility of the Agreements and its instruments, is key to the success of the implementation of both regional and national strategies. The regional communication and visibility plan should complement national communication plan by raising awareness and understanding of AfCFTA and leveraging the benefits of the Agreement for stakeholders, which include Governments, the private sector, the civil society, the academia, etc.

More specifically, the design and the implementation of the strategic communication and visibility plan, which is one the tasks of the regional committee, should consider the following component elements:

- (i) the actual message,
- (ii) the targeted audience,
- (iii) the communication tools and activities,
- (iv) the duration of the implementation of the communication plan, and
- (v) control of the efficacy of the communication plan.

Each one of these components element of a full-fledge communication plan could be developed prior to the implementation of this regional strategy.

#### **V.3.5. Financing**

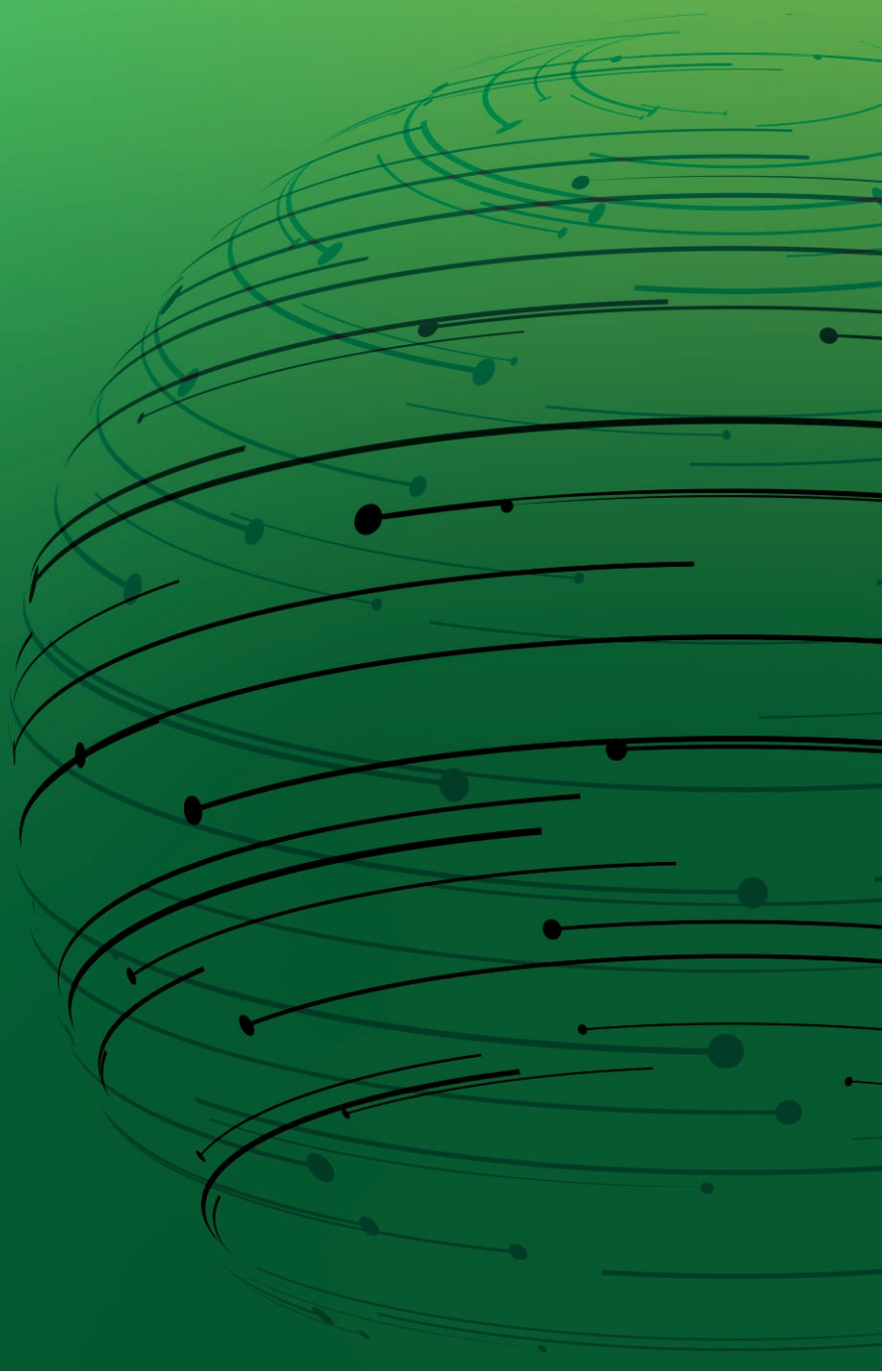
Appropriate mechanisms aimed at mobilizing necessary financial resources are crucial to the effective functioning of the regional committee and the success of the implementation of the regional strategy. Although the primary source of funding could be ECOWAS itself, external sources should be considered, chief among them being development partners and private sectors (regional business associations that could sponsor some activities).

A strategic plan for resource mobilization should be developed. It will include:

- i. A clear indication of the needs of the committee based on its multi-year action plan,
- ii. The listing of various external sources, and
- iii. A well-crafted plaidoyer geared towards clearly identified targets.

Available resources will cover the actual expenses associated with the administrative working of the committee, but also activities related to communication, training and capacity development on issues related to the Agreement. In addition to financial support, technical will also be needed from strategic partners or organizations with relevant expertise.

# ANNEXES



**Table A21. Key components of the regional implementation strategy**

Components	Brief Description - Key Elements
<p>Macroeconomic framework, production and trade</p>	<ul style="list-style-type: none"> <li>• Analysis of regional macroeconomic context and overview of enabling conditions for structural transformation</li> <li>• Identification of key cross-country macroeconomic challenges and risks</li> <li>• Regional trends and structure in production and trade (including sectoral analysis);</li> <li>• Specific impacts of the COVID-19 crisis and implications for building back stronger and better production and trade schemes</li> </ul>
<p>AfCFTA situational analysis</p>	<ul style="list-style-type: none"> <li>• Analysis of existing relevant policy, regulatory and institutional frameworks at regional level, and assessment of their alignment with AfCFTA</li> <li>• Capacity needs to ensure effective implementation of the Agreement establishing the AfCFTA.</li> <li>• Review of instruments provided by the Agreement of relevance to the regional strategy, including a non-tariff barrier mechanism, trade facilitation arrangements, trade remedy requirements, and offers of market access.</li> </ul>
<p>AfCFTA-related risks and mitigation actions</p>	<ul style="list-style-type: none"> <li>• Identification of potential impacts, risks and cost adjustments resulting from the implementation of the Agreement, at national and regional levels</li> <li>• Regional and national capacity assessment to identify threatening import competition, monitor sensitive sectors, take remedial actions in cases in which such sectors experience any adverse effect.</li> <li>• Required mitigation actions to be developed and enacted at regional level, covering the wide spectrum of identified potential risks and cost adjustments, if any.</li> </ul>
<p>Identification and prioritization of production and trade opportunities</p>	<ul style="list-style-type: none"> <li>• Identification of market opportunities and prioritization of sectors and products for value addition trade and regional value chains development, taking into account a number of indicators: existing revealed comparative advantages, economic risks and market size, competitiveness, trade complementarity and similarity, trade facilitation measures, degree of market concentration and specialization; potential for sectoral linkages and alignment between national and regional priorities, among others</li> </ul>
<p>Identification and prioritization of production and trade opportunities</p>	<ul style="list-style-type: none"> <li>• Current constraints and potential impediments, including those linked to non-tariff barriers, investments, competition, intellectual property rights, digitalization, etc., that can undermine countries' competitiveness and their ability to make the most of AfCFTA, with regard to the priority sectors and products.</li> <li>• Regional level trade-related constraints under ECOWAS mandate, such as infrastructure (energy, transport, ICT, road, trade corridors, etc.).</li> <li>• Identification of actions to address identified constraints at regional level</li> <li>• Identification of institutional and policy weaknesses and skills gaps needed to boost priority sectors .</li> <li>• Identification of actions required to address existing and potential constraints, enhance productive capabilities, foster an enabling macroeconomic environment, boost competitiveness, promote value chains within the community and at continental level, and accelerate value addition and industrialization, among others.</li> </ul>

Components	Brief Description - Key Elements
Strategic objectives, action plan and monitoring and evaluation framework	<ul style="list-style-type: none"> <li>• Mapping of strategic objectives at regional level to increase trade performance, in particular that of intra-African trade of goods and services.</li> <li>• Development of indicators of achievements, baselines and targets</li> <li>• Development of a robust monitoring and evaluation framework with appropriate tools and instruments to support decision-making and the taking of corrective actions.</li> <li>• Relevance and working of a regional framework for the harmonization of Member States' national implementation strategies: Regional Implementation Committee of the AfCFTA,</li> </ul>
Financing the implementation of the Agreement	<ul style="list-style-type: none"> <li>• Rationale for financing of AfCFTA implementation.</li> <li>• Review and identify potential sources of funding to support the effective functioning budget of the national AfCFTA implementation committee.</li> </ul>
Communication and visibility plan	<ul style="list-style-type: none"> <li>• Awareness-raising mechanism for a better understanding of the Agreement among the stakeholders.</li> <li>• Strategic engagement of key regional groups and stakeholders.</li> </ul>
Cross-cutting issues (accounted for in each of the previous components)	<ul style="list-style-type: none"> <li>• Inclusivity</li> <li>• Gender equality and empowerment</li> <li>• Youth employment</li> <li>• Technology, innovation and e-commerce</li> <li>• Urbanization</li> </ul>

Source: UNECA (for national strategy development), adapted by the authors (for regional strategy).

**Table A22. ECOWAS competitiveness in goods trade in the African context (detailed)**

Components	Competitive ECOWAS (RCA>1)	Most Competitive in the rest of Africa
Animal or vegetable fats and oils and their cleavage products; prepared animal fats; animal or vegetable waxes	The Gambia (17.5), Benin (10.3): Togo (5.5): Cote d'Ivoire (4.7): Mauritania (4.7): Ghana (3.0): Burkina Faso (2.9)	Kenya (6.2): Tunisia (5.1): Rwanda (4.5)
Apparel and clothing accessories; knitted or crocheted	Cabo Verde (8.7)	Mauritius (20.9); Madagascar (12.3); Morocco (4.0)
Arms and ammunition; parts and accessories thereof	Cote d'Ivoire (13.4) Burkina Faso (3.0)	Dem. Rep. of the Congo (2.5)
Beverages, spirits and vinegar	Togo (4.5): Cabo Verde (1.6)	Burundi (7.3); Eswatini (6.5); Namibia (4.9)
Carpets and other textile floor coverings	The Gambia (8.6); Senegal (4.5): Burkina Faso (1.8)	Egypt (7.8); South africa (1.6) Rwanda(9.9)
Cococa and cocoa preparations	Cote d'Ivoire (13.8): Ghana (5.7): Togo (4.0): Nigeria (2.3)	Sao Tome and Principe (283.9)
Coffee, tea, matte and spices	Togo (6.2)	Sao Tome and Principe (9.7): Awanda (102.7); Burundi (16.1)

Components	Competitive ECOWAS (RCA>1)	Most Competitive in the rest of Africa
Cotton	Togo (88.8); Benin (78.9); Burkina Faso (15.7); Cote d'Ivoire(4.4); Senegal (4.0)	Zimbabwe (13.4); Zambia (5.7); Mauritius (4.5)
Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	Togo (13.4)	Egypt (2.0); Rwanda (1.7); South Africa (1.6)
Essential oils and resinoids; perfumery, cosmetic or toilet preparations	Togo (16.0); Senegal (3.9); Cote d'Ivoire (2.7)	Madagascar (3.6); Egypt  (3.0); Tunisia (1.7)
Fabrics; special woven fabrics, tufted textile fabrics, lace, tapestries, trimmings, embroidery	Togo (2.7)	Madagascar (7.0); Tunisia (6.2); Mauritius (4.0)
Feathers and down, prepared; and articles made of feather or of down; artificial flowers: articles of human hair	Togo (18.1); Senegal (6.8)	Kenya (25.4)
Fertilizers	Senegal (3.5); Togo (1.5)	Morocco (6.4); Tunisia (4.6); Egypt (2.8)
Fish and crustaceans, mollusks and other aquatic invertebrates	Mauritania (38.1); Senegal (23.5); Cabo Verde (14.6); Gambia (3.0)	Seychelles (48.3); Namibia (9.5); Mauritius (5.9)
Food industries, residues and wastes thereof; prepared animal fodder	Mauritania (8.9); Cabo Verde (4.3); Benin (2.8); Gambia (1.3)	Rwanda (5.0); Malawi (4.3); Seychelles (4.0)
Footwear; gaiters and the like: parts of such articles	Cabo Verde (18.1); Gambia (3.5); Ghana (2.1); Cote d'Ivoire (1.3)	Tunisia (14.8); Morocco (3.5); Rwanda (2.3)
Fruit and nuts, edible; peel of citrus fruit or melons	Benin (5.7); Cote d'Ivoire (4.9); The Gambia (4.1); Burkina Faso (2.3); Ghana (1.4); Senegal (1.2)	Egypt (2.9); Morocco (2.8);  Malawi (2.2)
Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings. n.e.c.; illuminated signs, illuminated name-plates and the like; prefabricated buildings	Togo (1.9)	Tunisia (7.1); Morocco (5.2); Egypt (3.1)
Inorganic chemicals; organic and inorganic compounds of precious metals; of rare earth metals, of radio-active elements and of isotopes	Senegal (11.2)	Tunisia (3.5); Zambia (3.3); South Africa (1.7)
Iron and steel	Senegal (1.2)	South Africa (2.9); Zimbabwe (2.6)
Lac; gums, resins and other vegetable saps and extracts	Senegal (2.0)	Madagascar (5.1); Rwanda (1.4); South Africa (1.2)

Components	Competitive ECOWAS (RCA>1)	Most Competitive in the rest of Africa
Lead and articles thereof	Senegal (1.3)	Rwanda (65.2); Zambia (2.2)
Man-made filaments; strip and the like of man-made textile materials	The Gambia (24.2); Senegal (8.1)	Egypt (4.6); Mauritius (2.2); Tunisia (1.8)
Manufactures of straw, esparto or other plaiting materials; basketware and wickerwork	Togo (150.1); Senegal (9.4); Cote d'Ivoire (2.9)	Madagascar (17.0); Rwanda (2.7); Morocco (1.5)
Meat and edible meat offal	Benin (14.9)	Namibia (9.5); Kenya (7.6); Botswana (7.5)
Meat, fish or crustaceans, mollusks or other aquatic invertebrates; preparations thereof	Cabo Verde (82.9); Senegal (2.9); Ghana (1.2)	Seychelles (48.5); Mauritius (18.6); Morocco (3.8)
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	Nigeria (4.3); Gambia (4.1); Ghana (2.8); Cote d'Ivoire (1.5)	Seychelles (59.0); Congo (7.4); Egypt (2.3)
Miscellaneous edible preparations	Senegal (11.0); Cote d'Ivoire (2.5); Togo (1.5)	Rwanda (13.3); Kenya (4.3); Egypt (1.8)
Natural, cultured pearls; precious, semi-precious stones; precious metals, metals clad with precious metal, and articles thereof; imitation jewelry; coin	Burkina Faso (11.6); Ghana (6.2); Senegal (2.6); Cote d'Ivoire (1.4)	Botswana (15.2); Burundi (6.2); Zimbabwe (5.5)
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit, industrial or medicinal plants; straw and fodder	Benin (19.4); Senegal (16.8); Burkina Faso (11.4); Togo (5.3); Nigeria (2.0)	
Ores, slag and ash	Mauritania (26.3); Ghana (1.3)	Malawi (17.7); Egypt (2.7); Morocco (1.6)
Paper and paperboard; Articles of paper pulp of paper or pztaperboard	Cote d'Ivoire (1.7); Senegal (1.3)	Namibia (7.4; Dem. Rep. of the Congo (5.2); Burundi (4.0)
Preparations of cereals, flour, starch or milk; pastry cooks products	Gambia (4.1); Senegal (2.0); Cabo Verde (1.4); Cote d'Ivoire (1.2)	Tunisia (3.3); Kenya (3.1); Egypt (2.6)
Preparations of vegetables, fruit, nuts or other parts of plants	Benin (4.3); Gambia (4.2)	Egypt (2.4); Rwanda (2.1); Mauritius (2.0)
Products of the milling industry; malt, starches, inulin, wheat gluten	Gambia (3.2)	Kenya (5.1); Eswatini (4.1); Egypt (3.2)
Pulp of wood or other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard	Gambia (37.6)	Burundi (20.2); Rwanda (9.0); Egypt (3.0); Mauritius (6.0); Eswatini (3.3); Namibia (2.7)

Components	Competitive ECOWAS (RCA>1)	Most Competitive in the rest of Africa
Raw hides and skins (other than furskins) and leather Rubber and articles thereof	Senegal (1.4) Cote d'Ivoire (6.6)	Zimbabwe (6.7); Burundi (2.6); Kenya (2.4) South Africa (2.3)
Salt; sulphur; earths, stone; Plastering materials, lime and cement	Togo (9.0); Benin (3.0); Senegal (2.5); Gambia (1.6)	Morocco (3.5); Zambia (1.8)
Ships, boats and floating structures	Nigeria (4.8); Cote d'Ivoire (2.7)	Seychelles (16.5); Congo (9.5); Namibia (6.5)
Soap, organic surface-active agents; Washing lubricating, polishing or Scouring preparations; artificial or prepared waxes, candles and similar articles and dental preparations with a basis of plaster	Togo (3.3); Senegal (2.7); Cote d'Ivoire (1.7)	Kenya (4.0); Zambia (4.0); Rwanda (3.9)
Textiles, made up articles; Sets worn clothing and worn textile Articles; rags	Togo (3.4)	Rwanda (5.8); Tunisia (5.2); Eswatini (1.2)
Tobacco and manufactured tobacco substitutes	Senegal (1.8); Cote d'Ivoire (1.3)	Zimbabwe (19.7); Burundi (5.1); Kenya (5.0)
Vegetable plaiting materials: vegetable products not else where specified or included.	Benin (11.8); Gambia (5.3); Cote d'Ivoire (2.1)	Kenya (15.4); Madagascar (12.0)
Vegetables and certain roots and tubers; edible	Senegal (1.0)	Morocco (5.0); Malawi (4.8); Kenya (4.2)
Vehicles; other than railway or tramway rolling stock, and parts and accessories thereof	Gambia (2.8); Togo (1.4)	Morocco (9.2); South Africa (3.1); Burundi (1.1)
Wadding, felt and nonwovens, special yarns; twine, cordage ropes and cables and articles thereof	Togo (17.0)	Egypt (4.7) Madagascar (3.2) Tunisia (1.3)
Wood and articles of wood; wood charcoal	Gambia (35.4); Benin (9.6); Senegal (6.6); Togo (4.1); Cote d'Ivoire (3.0); Ghana (2.4)	Zimbabwe (22.1); Congo (19.4); Eswatini (17.4)
Works of art; collectors' pieces and antiques	Gambia (14.2)	Sao Tome and Principe (66.4); South Africa (3.2); Seychelles (2.8)
Zinc and articles thereof	Burkina Faso (33.4)	Namibia (19.6)

Source: Authors' calculations, from COMTRADE data.

**Table A23. Change in comparative advantages in goods trade, regional averages: 2015-19 (detailed)**

Commodity	2019 RCA	2015 RCA	Change
Pulp of wood or other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard	19.8	0.0	19.8
Meat and edible meat offal	10.2	0.1	10.2
Wood and articles of wood; wood charcoal	5.1	1.8	3.3
Ores, slag and ash	4.0	1.3	2.7
Stone, plaster, cement, asbestos, mica or similar materials; articles thereof	2.5	0.0	2.5
Animal or vegetable fats and oils and their cleavage products; prepared animal fats; animal or vegetable waxes	4.9	3.0	1.9
Vegetable plaiting materials; vegetable products not elsewhere specified or included	2.1	0.3	1.8
Soap, organic surface-active agents; washing, lubricating, polishing or scouring preparations; artificial or prepared waxes, candles and similar articles, Modelling pastes, dental waxes and dental preparations with a basis of plaster	2.2	0.5	1.8
Fabrics; special woven fabrics, tufted textile fabrics, lace, tapestries, trimmings, embroidery	1.7	0.0	1.7
Lac; gums, resins and other vegetable saps and extracts	1.9	0.2	1.7
Animal originated products; not elsewhere specified or included	1.5	0.0	1.5
Arms and ammunition; parts and accessories thereof	1.7	0.2	1.5
Toys, games and sports requisites; parts and accessories thereof	1.4	0.0	1.4
Works of art; collectors' pieces and antiques	1.5	0.3	1.2
Organic chemicals	1.1	0.1	1.1
Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	1.2	0.3	1.0
Carpets and other textile floor coverings	0.9	0.1	0.8
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit, Industrial or medicinal plants; straw and fodder	3.5	2.7	0.8
Footwear; gaiters and the like; parts of such articles	2.9	2.2	0.7
Preparations of vegetables, fruit, nuts or other parts of plants	1.2	0.5	0.6
Beverages, spirits and vinegar	1.6	1.0	0.6
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	0.9	0.4	0.5
Natural, cultured pearls; precious, semi-precious stones; precious metals, metals clad with precious metal, and articles thereof; imitation jewelry; coin	1.9	1.4	0.5
Rubber and articles thereof	1.7	1.2	0.5

Commodity	2019 RCA	2015 RCA	Change
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	0.9	0.5	0.4
Vegetable textile fibers; paper yarn and woven fabrics of paper yarn	0.4	0.0	0.4
Apparel and clothing accessories; knitted or crocheted	0.9	0.5	0.4
Products of the milling industry; malt, starches, inulin, wheat gluten	1.0	0.7	0.4
Optical, photographic, cinematographic, measuring, checking, medical or surgical instruments and apparatus; parts and accessories	0.5	0.2	0.3
Sugars and sugar confectionery	0.7	0.4	0.2
Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other coloring matter; paints, varnishes; putty, other mastics; inks	0.7	0.5	0.2
Inorganic chemicals; organic and inorganic compounds of precious metals; of rare earth metals, of radio-active elements and of isotopes	0.6	0.4	0.2
Fruit and nuts, edible; peel of citrus fruit or melons	1.9	1.8	0.2
Textile fabrics; impregnated, coated, covered or laminated; textile			
Articles of a kind suitable for industrial use	0.3	0.2	0.2
Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut)	0.2	0.1	0.1
Cereals	1.0	0.9	0.1
Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	0.3	0.2	0.1
Vehicles; other than railway or tramway rolling stock, and parts and accessories thereof	0.4	0.3	0.1
Albuminoidal substances; modified starches; glues; enzymes	0.3	0.3	0.0
Meat, fish or crustaceans, mollusks or other aquatic invertebrates; preparations thereof	9.3	9.3	0.0
Wadding, felt and nonwovens, special yarns; twine, cordage, ropes and cables and articles thereof	0.8	0.8	0.0
Ceramic products	0.1	0.1	0.0
Trees and other plants, live; bulbs, roots and the like; cut flowers and ornamental foliage	0.0	0.1	0.0
Metal; miscellaneous products of base metal	0.1	0.1	0.0
Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and Reproducers, parts and accessories of such articles	0.1	0.1	0.0
Silk	0.0	0.1	0.0
Paper and paperboard; articles of paper pulp, of paper or paperboard	0.3	0.3	-0.1
Animals; live	0.1	0.1	-0.1
Zinc and articles thereof	3.6	3.7	-0.1
Umbrellas, sun umbrellas, walking-sticks, seat sticks, whips, riding crops; and parts thereof	0.0	0.1	-0.1
Coffee, tea, mate and spices	0.3	0.4	-0.1

Commodity	2019 RCA	2015 RCA	Change
Chemical products n.e.c.	0.2	0.4	-0.1
Glass and glassware	0.0	0.2	-0.1
Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, n.e.c.; illuminated signs, illuminated name-plates and the like; prefabricated buildings	0.2	0.3	-0.2
Fertilizers	0.1	0.2	-0.2
Iron or steel articles	0.3	0.5	-0.2
Raw hides and skins (other than furskins) and leather	0.2	0.4	-0.2
Aircraft, spacecraft and parts thereof	0.2	0.4	-0.2
Vegetables and certain roots and tubers; edible	0.0	0.2	-0.2
Dairy produce; birds' eggs; natural honey; edible products of animal origin, not else where specified or included	2.5	2.7	-0.3
Iron and steel	0.3	0.6	-0.3
Pharmaceutical products	0.2	0.4	-0.3
Preparations of cereals, flour, starch or milk; pastry cooks' products	1.5	1.8	-0.3
Headgear and parts thereof	0.1	0.4	-0.3
Railway, tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signaling equipment of all kinds	0.0	0.4	-0.3
Ships, boats and floating structures	0.5	0.8	-0.4
Cocoa and cocoa preparations	2.0	2.4	-0.4
Photographic or cinematographic goods	0.1	0.5	-0.4
Musical instruments; parts and accessories of such articles	0.1	0.5	-0.4
Food industries, residues and wastes thereof; prepared animal fodder	2.3	2.7	-0.5
Tobacco and manufactured tobacco substitutes	0.2	0.7	-0.5
Tools, implements, cutlery, spoons and forks, of base metal; parts thereof, of base metal	0.2	0.7	-0.6
Tin; articles thereof	0.0	0.7	-0.7
Lead and articles thereof	0.0	0.8	-0.7
Textiles, made up articles; sets; worn clothing and worn textile articles; rags	0.1	1.1	-1.0
Plastics and articles thereof	0.3	1.5	-1.2
Essential oils and resinoids; perfumery, cosmetic or toilet preparations	0.3	1.6	-1.3
Miscellaneous edible preparations	0.4	2.3	-1.9
Man-made staple fibers	0.1	2.0	-1.9
Cotton	9.9	12.7	-2.8

Commodity	2019 RCA	2015 RCA	Change
Salt; sulphur; earths, stone; plastering materials, lime and cement	0.7	3.7	-3.0
Fish and crustaceans, mollusks and other aquatic invertebrates	5.6	8.6	-3.0
Manufactures of straw, esparto or other plaiting materials; bakeware and wickerwork	1.4	15.3	-13.9
Feathers and down, prepared; and articles made of feather or of down; artificial flowers; articles of human hair	0.2	14.6	-14.4
Man-made filaments; strip and the like of man-made textile materials	11.3	111.3	-100.0

Source: Authors' calculations, from COMTRADE data.

Table A24. Potentials for value chain development for ECOWAS

Agricultural Commodities	Total production, 2017 ('000 tons)	West Africa's share of world production (%)	Number of countries in the world's top 20
Fonio	671.4	99.9	9
Unshelled cashew nuts	1410.5	35.5	9
Shea nuts	548.2	99.9	7
Yams	67309.3	92.2	7
Mills	9128.0	32.1	7
Okra	2722.4	28.2	7
Unshelled peanuts	6006.6	12.8	7
Kola nuts	228.4	84.0	5
Dry beans (niebe)	6177.9	83.5	5
Cocoa beans	3302.3	63.5	5
Cassava	96223.9	33.0	5
Natural rubber	849.6	6.0	5
Oil, palm nut	14789.0	4.7	5

Source: FAOStat, 2019.

Table A25. Strategic objectives (or pillars) of ECOWAS Member countries' national AfCFTA implementation strategies.

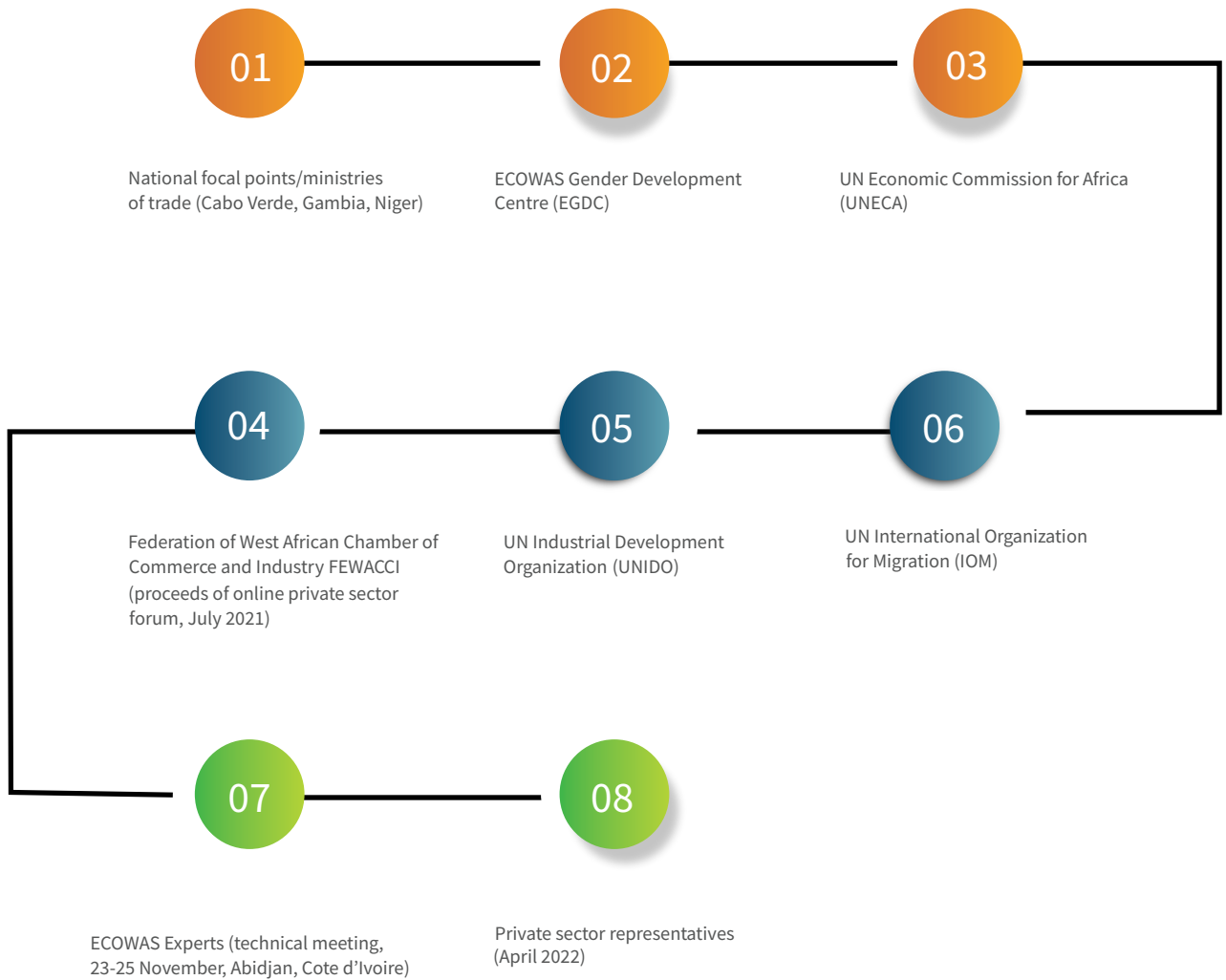
Countries	Strategic Objectives/Pillars/Axis/Components of AfCFTA Implementation
- Burkina Faso	<ul style="list-style-type: none"> <li>- vulgarisation de l'Accord auprès de toutes les parties prenantes</li> <li>- renforcement du niveau de compétitivité des PME/PMI</li> <li>- amélioration de l'offre d'exportation pour mieux répondre aux offres d'accès de marchés</li> <li>- amélioration des capacités des femmes et des jeunes à mieux saisir les opportunités de la ZLECAf</li> <li>- renforcement du dispositif institutionnel et réglementaire et pilotage effectif de la Stratégie nationale</li> </ul>
- Côte d'Ivoire	<ul style="list-style-type: none"> <li>- meilleure appropriation du contenu de l'Accord par tous les acteurs</li> <li>- rationalisation du dispositif institutionnel et réglementaire de promotion du commerce et application effective des dispositions prévues par l'Accord</li> <li>- renforcement du cadre de référence des stratégies publiques et amélioration de la compétitivité des filières</li> <li>- développement et mise en œuvre de stratégies sectorielles commerciales offensives</li> <li>- mise à niveau des producteurs (en particulier les TPE/PME/PMI) et des produits</li> <li>- promotion de la participation des femmes au commerce transfrontalier</li> </ul>
- Ghana	<ul style="list-style-type: none"> <li>- AfCFTA trade policy</li> <li>- Trade facilitation</li> <li>- Trade-related infrastructure</li> <li>- Enhancing productive capacity</li> <li>- Trade information</li> <li>- Trade and development finance</li> </ul>
- Guinea	<ul style="list-style-type: none"> <li>- meilleure appropriation du contenu de la ZLECAf par tous les acteurs</li> <li>- rationalisation du dispositif de promotion et d'appui du commerce extérieur, application des dispositions de l'Accord de la ZLECAf et renforcement du cadre de référence des politiques publiques</li> <li>- réduction des coûts de transaction associés au commerce et facilitation des échanges</li> <li>- amélioration de l'environnement des affaires et développement et mise en œuvre de stratégies sectorielles offensives dans le domaine du commerce intra-régional</li> <li>- mise à niveau des producteurs (en particulier PME/PMI et agriculteurs) et des produits</li> <li>- promotion de la participation des femmes et de l'informel au commerce transfrontalier</li> </ul>
- Niger	<ul style="list-style-type: none"> <li>- réduire le plus possible les effets défavorables de la mise en œuvre de la ZLECAf</li> <li>- renforcer la gouvernance économique et faciliter le développement des infrastructures de base</li> <li>- renforcer les capacités du secteur privé et poursuivre l'amélioration du climat des affaires</li> <li>- renforcer les capacités de production nationale et promouvoir l'offre exportable vers les marchés africains, notamment les chaînes de valeur régionales</li> </ul>
- Nigeria	<ul style="list-style-type: none"> <li>- Grow production and export capacity of every state to a minimum of \$1.25bn per annum by developing Industry/service cluster(s), value chain(s) and ecosystem(s) around specific products and/or services</li> <li>- Grow skills and productivity of the Nigerian workforce to become the preferred human resources of Nigerian and African businesses in order to earn premium wages and grow remittances</li> <li>- Engender friendly business environment, leveraging technology, and predictable operating environment to reduce cost and time of doing business and ensuring security of people, assets, and investment</li> </ul>

## Strategic Objectives/Pillars/Axis/Components of AfCFTA Implementation

	<ul style="list-style-type: none"> <li>- Grow domestic demand to grow local content, consolidate the domestic market share of Nigerian businesses and provide a solid foundation for exports of products and services and expansion of Nigerian businesses to Africa</li> <li>- Develop critical trade infrastructure- focusing on power, inter-modal transportation, common production and storage facilities</li> <li>- Secure access to African markets by focusing on security of supply chains, strong national brand, compliance to import requirements of destination countries and actively building partnerships</li> <li>- Establish an efficient AfCFTA trading arrangement by domesticating the agreement, operationalizing an effective coordination, safeguard arrangements and trade process</li> </ul>
- Senegal	<ul style="list-style-type: none"> <li>- Renforcer l'offre exportable et diversifier les marchés d'exportation de marchandises et de services</li> <li>- Améliorer la compétitivité des entreprises</li> <li>- Favoriser la participation des femmes et des jeunes au commerce intra africain et réduire l'impact environnemental de la ZLECAf</li> <li>- Renforcer les capacités institutionnelles</li> </ul>
- Sierra Leone (pillars)	<ul style="list-style-type: none"> <li>- African Continental Free Trade Area (rules and provisions)</li> <li>- Trade Support</li> <li>- Industrial Development</li> <li>- Institutional Capacities for Policy Formulation and Implementation</li> </ul>
- The Gambia (pillars)	<ul style="list-style-type: none"> <li>- Dynamic between The Gambia and Senegal</li> <li>- The Groundnut &amp; Agricultural sector</li> <li>- Trade Facilitation</li> <li>- Investment Promotion</li> <li>- Service Sector Promotion</li> <li>- Private Sector Development</li> <li>- Gender Mainstreaming</li> <li>- Coordination mechanisms.</li> </ul>
- Togo	<ul style="list-style-type: none"> <li>- Rationalisation du dispositif institutionnel et réglementaire pour la mise en œuvre de la ZLECAf</li> <li>- Amélioration de la compétitivité des produits et des services commercialisés</li> <li>- Renforcement des capacités de l'initiative d'exportation</li> <li>- Réduction significative des coûts de production des entreprises</li> <li>- Promotion de la participation des femmes, des jeunes et du secteur informel au commerce intrarégional formel</li> <li>- Vulgarisation de la ZLECAf</li> <li>- Mise en place d'un système de suivi-évaluation susceptible d'assurer une gestion et une mise en œuvre effective de l'Accord</li> </ul>

Source: Authors' compilation, from national AfCFTA strategy documents.

## LIST OF CONSULTED STAKEHOLDERS





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