



SERVICES POLICY REVIEW



ECOWAS (I)



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The publication is in two volumes. Volume I contains an overview of ECOWAS economy and its services sector. It also contains sectorial reviews of the following services: Banking and other financial services; Insurance and insurance-related services; Telecommunications services; Road transport services; Air transport services; and Tourism services. Volume II contains sectorial reviews of the following services: Energy services; Accounting services; Legal services; Architectural services; and Trade in education services. It also summarizes conclusions and recommendations for advancing development of key priority services sectors in ECOWAS Member States.

Values are presented in short scale and references to dollars are United States of America dollars, unless otherwise stated.

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ABBREVIATIONS AND ACRONYMS

AABWA	Association of Accounting Bodies in West Africa
ACP	African, Caribbean and Pacific
AEC	African Economic Community
AfDB	African Development Bank
AFCAC	African Civil Aviation Commission
AIO	African Insurance Organization
ASAs	air service agreements
AU	African Union
AVSEC	aviation security
BAGASOO	Banjul Accord Aviation Safety Oversight Organization
BASAs	bilateral air service agreements
BCEAO	Banque Central des Etats de L'Afrique de L'ouest
BPO	business processing outsourcing
CET	common external tariff
CIMA	Conference of Insurance Market
CPC	Central Product Classification
CREPM	Regional Council for Public Saving and Financial Markets
CTP	common trade policy
EAC	East African Community
EBID	ECOWAS Bank for Investment and Development
ECIM	ECOWAS Common Investment Market
ECOWAS	Economic Community of West African States
EEEP	ECOWAS Energy Efficiency Policy
EMCP	ECOWAS Monetary and Cooperation Programme
EPA	economic partnership agreement
EPSS	ECOWAS Payments and Settlements System
EREP	ECOWAS Renewable Energy Policy
ERERA	ECOWAS Regional Electricity Regulatory Authority
ERPSS	ECOWAS Regional Payments and Settlements System
ETLS	ECOWAS Trade Liberalization Scheme
FDI	foreign direct investment
FPI	foreign portfolio investment
FSPs	financial services providers
FTA	free trade agreement
GATS	General Agreement on Trade in Services
GATT	General Agreement on Trade and Tariff
GDP	gross domestic product
GSR	Global Symposium for Regulators
ICAO	International Civil Aviation Organization
ICT	information and communication technology
IIP	international investment position
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
JBP	joint border post
LMT	labour market test
MANPADs	man portable air defence systems
MFN	most favoured nation
MTN	mobile telephone network
MTS	multilateral trading system
NAB	National Accounting Board
NEPAD	New Partnership for Africa's Development
NIPA	national investment promotion agency
ODA	official development assistance
OECD	Organization for Economic Co-operation and Development
PPIAF	Public-Private Infrastructure Advisory Facility

R&D	research and development
RCH	regional clearing house
RIA	regional integration arrangement
RTA	regional trade agreement
RTGS	Real-Time Gross Settlement System
SADC	Southern African Development Community
SAFA	Satellite in Africa
SDGs	Sustainable Development Goals
SME	small and medium-sized enterprise
SPR	Services Policy Review
TEVET	Technical and Vocational Education and Training
TNC	trans-national corporation
UEMOA	West African Economic and Monetary Union
UIA	<i>Union Internationale des Architectes</i>
UNCPC	United Nations Central Product Classification
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Educational, Scientific and Cultural Organization
USAID	United States Agency for International Development
WAEC	West African Examination Council
WAEMU	West African Economic and Monetary Union
WAGP	West African Gas Pipeline
WAMA	West African Monetary Agency
WAMI	West African Monetary Institute
WAMZ	West African Monetary Zone
WAPP	West African Power Pool
WARTU	West African Road Transporters Union
WFP	World Food Programme
WTO	World Trade Organization
YD	Yamoussoukro Decision

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Chapter I. Introduction

Trade in services has become a dominant driver of economic growth and development in both developed and developing economies. Since the 1980s, evidence has shown that a stronger correlation exists between trade in services growth and gross domestic product (GDP) than is the case for merchandised growth and GDP. Services account for more than 70 per cent of GDP in developed countries and more than 50 per cent in developing countries. On average, trade in services account for more than 70 per cent of employment in developed countries, and more than 80 per cent of female employment. Evidence also shows a higher correlation exists between services growth and poverty reduction, largely because the services sector generally employs more women.

Trade in services sectors are essential to the efficient functioning of all economies. They strengthen countries' productive capacity and have the potential to induce structural transformation in support of the 2030 Agenda for Sustainable Development. The quality of policies, regulations and institutional frameworks is a key determinant of services performance. Because services are increasingly subject to liberalization under multilateral, plurilateral and regional trade agreements it is important that countries develop coherent approaches to domestic regulation and trade liberalization in the services sector, prior or at least in parallel to engaging in such negotiations. Instituting effective coordination mechanisms between trade negotiators, policymakers and regulators will be an essential tool for the development of such coherent approaches.

ECOWAS Member States are engaged in trade in services at many levels. They are Members of the World Trade Organisation (WTO) and as such have already negotiated liberalization of trade in services. Despite the current stall in the market access negotiations, ECOWAS Member States – as Members of the World Trade Organization (WTO) – are also involved at the multilateral level in the ongoing work of various bodies on services issues (e.g. the Working Party on Domestic Regulation). At regional level, despite an initial focus of the ECOWAS Trade Liberalization Scheme (ETLS) on agricultural products, handicrafts and crude products, followed by industrial products and a Common External Tariff (CET) that defines Member States external trade relations, there is growing recognition of the importance of services for regional integration.

Preferential trade in services is an essential component of Revised ECOWAS 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 regional rules for the establishment of enterprises in goods and services: the Free Movement Protocols on the right of entry, residence and of the right of establishment. Whereas liberalization of trade in services according to the WTO General Agreement on Trade in Services (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), the right of establishment in ECOWAS rules entails permanent installation in a Member State in order to pursue an economic activity in that State. 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 liberalisation of specific sectors.

With this in mind, ECOWAS Member States – through the ECOWAS Commission's Department for Trade, Customs and Free Movement – with the assistance of UNCTAD, initiated the ECOWAS Services Policy Review (hereinafter ECOWAS SPR), the outcome of which is this report. The report has been developed in close communication and collaboration with the ECOWAS Commission and the Member States and a broad range of national government, business and civil stakeholders.

The ECOWAS SPR is envisioned to:

- Assess – in general terms – the current state of development in the services sector;
- Identify achievements, weaknesses, opportunities and challenges in specific services subsectors;
- Identify or determine policy options, including regulatory, institutional and sector-specific trade policy reform measures that can enhance the contribution of services to the advancement of national/regional developmental objectives;

- Articulate ways to ensure the sustainability of the development gains occasioned by services sector reforms, including in their contribution to the achievement of the Sustainable Development Goals (SDGs); and
- Identify specific measures aimed at strengthening capacities to engage effectively in services trade and services trade negotiations such as the African Continental Free Trade Area (AfCFTA) and other future external trade in services negotiations.

A. METHODOLOGY

Discussions between the ECOWAS and the UNCTAD constituted the groundwork for the ECOWAS SPR, thereafter, followed by introductory desk study by consultants with support from donor agencies. The introductory desk study provided a first, comprehensive overview of the services economy at the ECOWAS level as well as an in-depth analysis of the impacts of the regulatory, institutional and trade reforms undertaken to date. The introductory study identified and analysed the development and trade-related opportunities and challenges in each of the priority services sectors. A regional stakeholder workshop was organized to seek inputs and guidance from the ECOWAS Commission and Member States on the study and next steps of the SPR process. UNCTAD presented the SPR methodology and examples from other countries' SPRs.

A national team of experts embarked on a research process that involved using extensive statistical data of key stakeholders in the ECOWAS region, the content of the UNCTAD SPRs and country examples, together with previous studies undertaken for individual Member States and regional agreements.

The ECOWAS Commission, working in close collaboration with regional consultants ensured the prompt completion of the SPR reports. The SPR became the basis for discussion at the Regional Validation Workshop in Accra, Ghana, from 8 to 10 October 2018. The validation workshop provided an opportunity for consultants to make presentations and receive feedback from Member States. The feedback was used to revise the draft reports, thereafter, amalgamated and redrafted for quality assurance by another consultant.

B. SECTORAL COVERAGE

The ECOWAS SPR was launched at a Training for ECOWAS Trade in Services Experts from Across The region in Abuja, Nigeria, in July 2016. At that training session, Member States requested the ECOWAS Commission to compile a list of selected sectors on the basis of the following criteria:

- Importance of the sector to the regional economy;
- Existence of meaningful restrictions on trade in services;
- Commitments undertaken by Member States at the WTO;
- Economic importance from a development perspective (export, employment, linkage with non-services sector, etc.);
- Existence of meaningful regulatory externalities from the jurisdiction of the exporter country to the jurisdiction of importer country; and
- Feasibility of collecting relevant policy data;

Reference documents considered to guide this process were:

- Revised ECOWAS Treaty;
- ECOWAS Member States Commitments at the WTO;
- Sectors referenced in the African Union (AU) Boosting Intra-Africa Trade;
- Sectors referenced in the UEMOA Common Trade Policy (CTP);
- Sectors mentioned in the Abuja Treaty Establishing the African Economic Communities;
- Sectors under consideration in the ECOWAS Trade in Services Technical Working Group; and

- Revised national positions/plans.

As the initiators of this process, ECOWAS Member States suggested 12 services sectors/subsectors to form the focus of the SPR that are of particular interest to the region:

- Banking and other financial services;
- Insurance and insurance-related services
- Telecommunications services;
- Road transport services;
- Air transport services;
- Tourism services;
- Energy services;
- Accounting services;
- Legal services;
- Architectural services;
- Cultural services;
- Education services; and
- Construction and related engineering services;

These are the focus sectors of the ECOWAS SPR that are of special interest to the region and, in particular, which possess the potential to significantly contribute to the future growth and development of ECOWAS Member States' economies.

Chapter II: Economic panorama

A. ECONOMIC GROWTH AND DEVELOPEMENT

With a rapidly growing and mainly young population (Table 1), ECOWAS is faced with a number of challenges which have economic, political, social and security impact, in particular. In this respect, wealth creation (estimated by the GDP) and its quantitative growth are essential if the region is to make appreciable economic and social progress.

Table 1: Some socio-economic indicators of ECOWAS in 2017 compared with sub-Saharan Africa

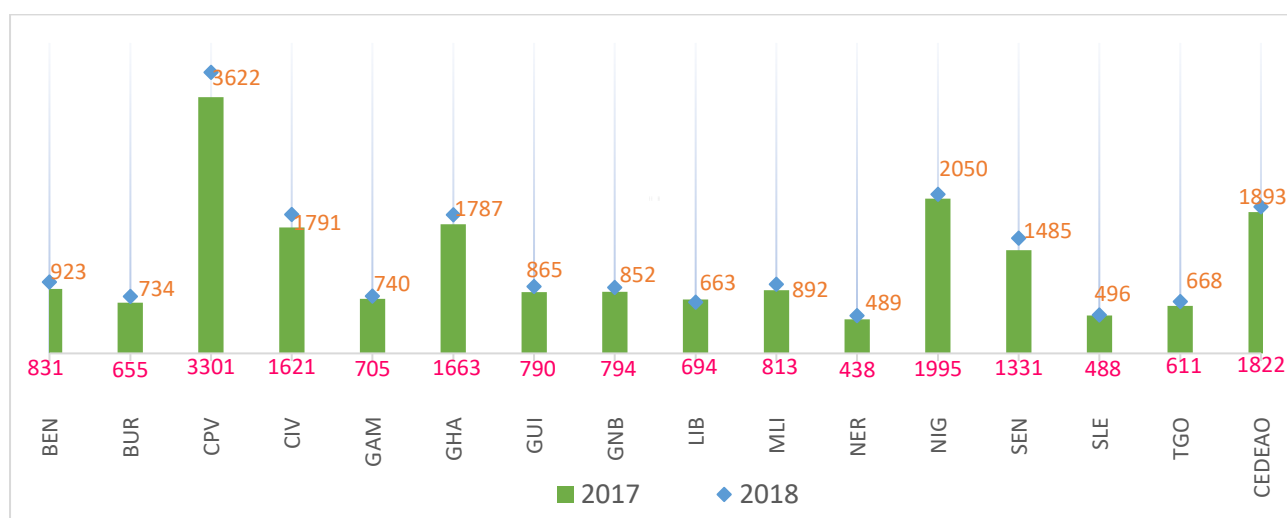
Indicators	ECOWAS	Sub-Saharan Africa
GDP at current prices (in billion dollars)	556.9	1 594.8
GDP per inhabitant (in dollars)	1 822.1	1 572.3
Total external trade (in billion dollars)	155.5	635.4
Intra-regional trade (in percentage of total trade)	10.6	18.5
Total population (million)	367.6	1 014.3
Less than 25 years (in percentage of total population)	62.9	62.5
Total birth rate (live birth per women)	5.3	4.8
Mortality rate of less than 5 years (for 1,000 live births)	85.2	75.5
Neonatal mortality rate (for 1,000 live births)	29.2	27.2

Source: ECOWAS Commission/World Bank.

ECOWAS GDP, at current prices, was estimated at \$556.9 billion in 2017 that is about 35 per cent of the GDP of Sub-Saharan Africa, with forecasts for 2018 and 2019 estimated at \$600 billion and \$665.4 billion respectively. GDP per capita slightly increased to \$1,892.6 in 2018, from \$1,822.1 in 2017. Expected GDP per capita in 2019 is estimated to be \$2,059 (Figure 1).

Nevertheless, the region's wealth remains inadequate in relation to the persistent social and demographic challenges linked with fertility, mortality (both maternal and child mortality) which are among the highest in the world. The situation in the individual countries highlights the disparities in income per capita, a situation that calls for the need for convergence of living standards in the countries involved in the integration process.

Figure 1: Gross domestic product per inhabitant of ECOWAS Member States



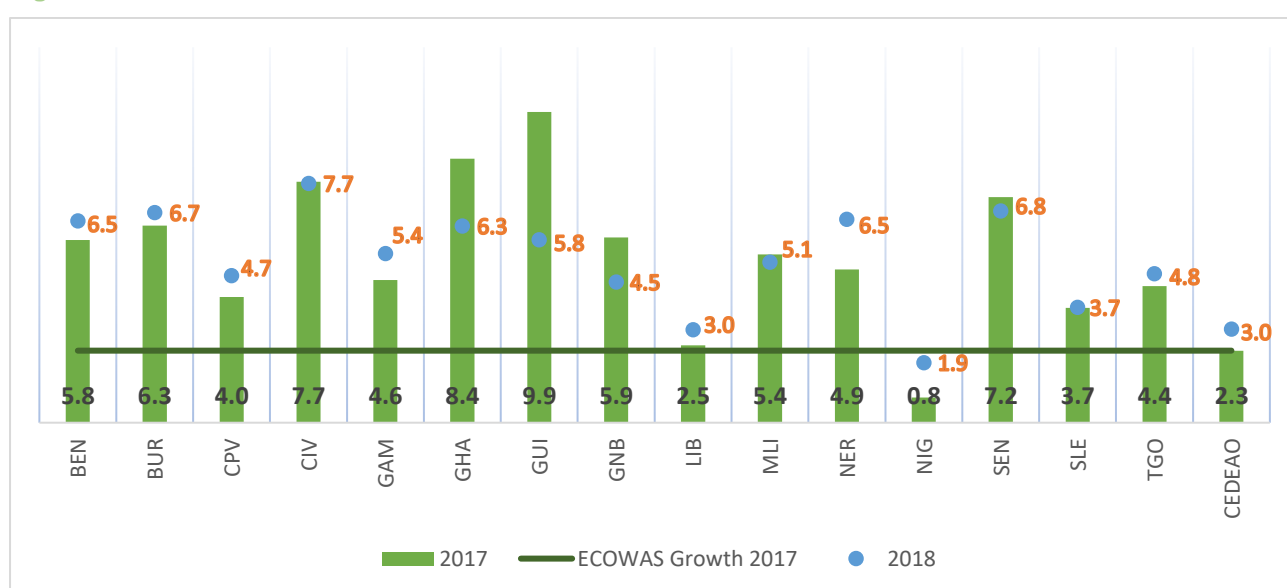
Source: ECOWAS Commission.

ECOWAS GDP growth prospects, presented below, indicate a relatively slow pace of wealth creation. Since 2015, the region's real GDP growth has slowed down considerably and is down at least 3 percentage points compared to the historical trend.

The region's growth prospects are driven, on the one hand, by the gradual recovery of the Nigerian economy and, on the other hand, by strong and sustained growth in economic activity in some countries (Figure 2). Nigeria's GDP is expected to improve from 0.8 per cent in 2017 to 1.9 per cent in 2018, due to the strong performance of the oil sector, whose average price is expected to rise by 31.4 per cent in 2018. The positive momentum in the Nigerian economy is expected to continue in 2019 in view of the positive short-term outlook for the oil sector.

In addition, economic growth is projected to remain strong in several countries in the region, buoyed by agricultural production, public investment and services. In particular, six countries are expected to record growth rates above 6 per cent in 2018, although with different dynamics. These are primarily Côte d'Ivoire, with a steady growth rate of 7.7 per cent, followed by Burkina Faso (6.7%), Benin (6.5%) and Niger (6.5%) with an acceleration in activity and finally Senegal (6.8%) and Ghana (6.3%) with a slowdown in their GDP growth rate, compared to 2017.

Figure 2: Growth rates of ECOWAS and Member States



Source: ECOWAS Commission.

In addition to the above-mentioned countries, Gambia (5.4%), Guinea (5.8%) and Mali (5.1%) are expected to grow by more than 5 per cent, even though growth in the last two countries is likely to slow down compared to 2017. Apart from Nigeria, Liberia and Sierra Leone are projected to have the lowest economic growth in 2018, with a slight rise of 3 per cent and a stable rate of 3.7 per cent respectively. This mixed result is linked to the contraction of the mining sector on which these countries are heavily dependent.

The outlook for 2019 confirms the gradual acceleration in the pace of ECOWAS economic activity, with a projected growth rate of 3.4 per cent. Forecasts suggest a consolidation of the performance of all countries, with only Nigeria (2.3%) and Liberia (4.5%) posting growth of less than 5 per cent. Côte d'Ivoire (7.8%), Ghana (7.6%) and Burkina Faso (7%) are expected to grow by at least 7 per cent.

B. TRADE STRUCTURE AND PERFORMANCE

ECOWAS trade performance strengthened in the last two decades following the adoption and implementation of the ECOWAS Trade Liberalisation Scheme (ETLS). In this period, there was a marked increase measured either in value or volume of exports, or in the share of exports and imports in GDP or in trade ratio. The total value of ECOWAS trade in goods (sum of exports and imports) is estimated at \$155 billion in 2017 whilst the regional trade represented only \$16 billion, i.e., about 11 per cent of total trade (Tables 2 and 3).

Table 2: Trend of intra-regional trade in value (in million dollars and in percentage)

Flows / Years	2013	2014	2015	2016	2017	Average
Intra Trade Exports (in million dollars)	14 004	13 314	10 229	9 166	9 154	11 173
Intra Trade Imports (in million dollars)	12 762	10 429	9 104	6 515	7 281	9 218
Total Intra Trade (in million dollars)	26 766	23 743	19 333	15 682	16 435	20 392
Share of Intra Trade Exports (in percentage)	11.8	10.1	13.0	14.9	11.5	12.2
Share of Intra Trade Imports (in percentage)	13.8	10.7	11.1	8.0	9.6	10.7
Share of Total Intra Trade (in percentage)	12.7	10.4	12.0	11.0	10.6	11.3
Variation of Intra Trade Exports (in percentage)		-4.9	-23.2	-10.4	-0.1	-9.7
Variation of Intra Trade Imports (in percentage)		-18.3	-12.7	-28.4	11.8	-11.9

Source: ECOWAS Commission.

Table 3: Trend of ECOWAS external trade (in million dollars)

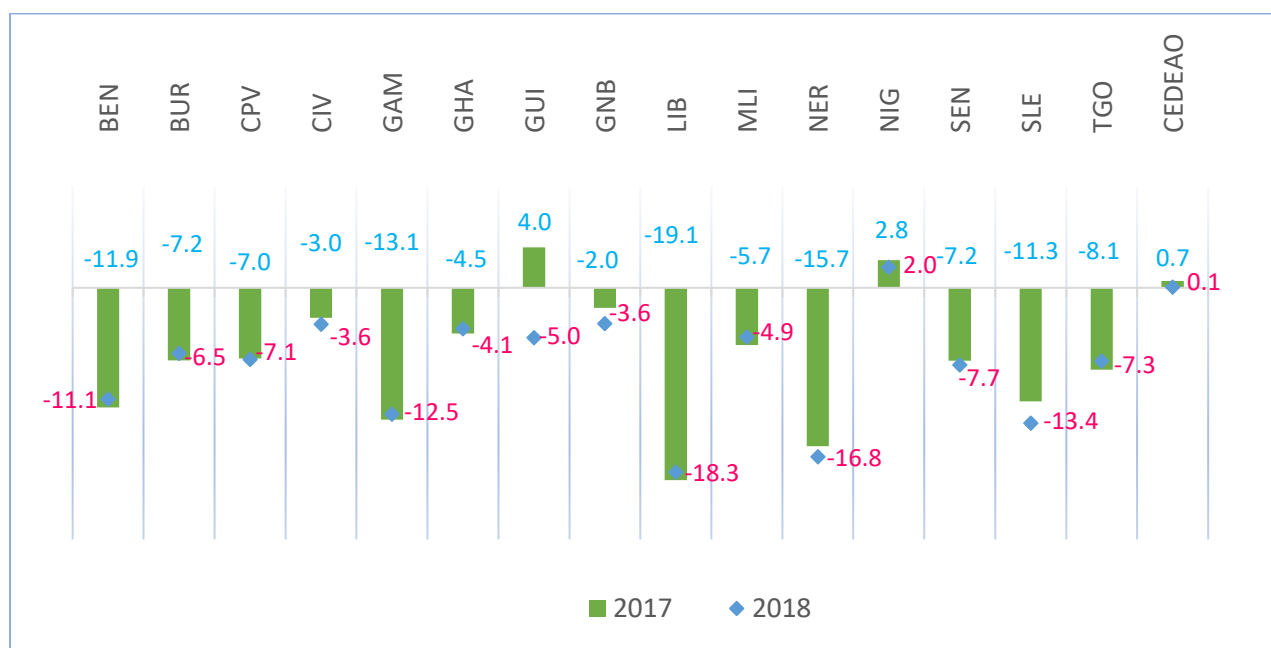
Description	2013	2014	2015	2016	2017	Average (2013-2017)
Exports (in million dollars)	118 792.9	131 959.7	78 876.8	61 616.2	79 554.9	94 160.1
Imports (in million dollars)	92 503.1	97 042.3	81 784.7	81 042.6	75 991.3	85 672.8
Total Trade (in million dollars)	211 296.0	229 002.0	160 661.5	142 658.8	155 546.2	179 832.9
Trade Balance (in million dollars)	26 289.9	34 917.4	-2 907.9	-19 426.3	3 563.7	8 487.4
Variation Export (in percentage)		11.1	-40.2	-21.9	29.1	-5.5
Variation Import (in percentage)		4.9	-15.7	-0.9	-6.2	-4.5
Variation Total Trade (in percentage)		8.4	-29.8	-11.2	9.0	-5.9

Source: ECOWAS Commission.

The region's positive balance is mainly linked to Nigeria's current account surplus (+2%), with other countries remaining in deficit, of varying degrees. Only Côte d'Ivoire (3.6%), Ghana (4.1%), Guinea- Bissau (3.6%) and Mali (4.9%) are expected to post a deficit of less than 5 per cent% in 2018. On the contrary, the current account deficit is projected to remain relatively high in Benin (11.1%), Gambia (12.5%), Liberia (18.3%), Niger (16.8%) and Sierra Leone (13.4%) in 2018 (Figure 3).

However, certain internal and external factors could hinder the projected positive outlook. These include international trade tensions and uncertainties related to commodity prices, mainly oil, which fell significantly (by approximately 25 per cent) in October 2018.

Figure 3: Current account balances of ECOWAS and its Member States



Source: ECOWAS Commission.

Out of the 15 ECOWAS Member States, 4 countries, namely, Nigeria, Côte d'Ivoire, Ghana and Senegal, capture the significant share of intra-ECOWAS trade. Combined, these 4 countries account for on average over 86 per cent of ECOWAS trade with external partners (Table 4).

Table 4: Trend of the contribution of ECOWAS Member States in intra-regional trade (in percentage)

Intra-ECOWAS trade	Average 2013–2017 (%)		
Country / Flow	Exports	Imports	Average %
Benin	1.3	4.2	2.6
Burkina Faso	2.8	8.6	5.5
Cabo Verde	0.1	0.7	0.3
Côte d'Ivoire	26.7	23.2	25.1
Gambia	0.6	1.5	1.0
Ghana	11.0	5.7	8.6
Guinea	3.1	2.7	2.9
Guinea-Bissau	0.0	0.2	0.1
Liberia	0.3	4.0	1.9
Mali	3.2	15.4	8.7
Niger	3.2	3.7	3.4
Nigeria	32.2	9.3	21.8
Senegal	9.3	7.7	8.6
SL: Sierra Leone	1.1	11.0	5.6
Togo	5.1	2.2	3.8
Total ECOWAS	100.0	100.0	100.0

Source: ECOWAS Commission.

As in the case of total ECOWAS trade, intra-ECOWAS trade includes limited range of products such as mineral products, products of food industries, chemicals, transport equipment, live animals, and vegetables. Petroleum products alone account for 41.5 per cent of intra-ECOWAS exports and 62.9 per cent of intra-ECOWAS imports in 2017 (Tables 5 and 6).

Table 5: Top 10 Intra-ECOWAS exports (in million dollars)

CET HS2012 / Years	2015	2016	2017	Average (2015–2017)	Share (%)
Mineral products	3 950,5	3 793,1	4 112,4	3 952,0	41,5
Products of the food industries	871,7	797,9	844,9	838,1	8,8
Chemicals and related products	739,7	710,0	752,3	734,0	7,7
Transport equipment	935,0	448,6	532,2	638,6	6,7
Plastics and rubber	490,3	524,1	511,0	508,5	5,3
Precious stones and metals	662,9	322,3	318,3	434,5	4,6
Machines and appliances	359,6	663,0	269,9	430,8	4,5
Common metals and structures	434,8	356,5	423,2	404,8	4,3
Live animals	427,4	409,8	321,0	386,0	4,1
Fats and oils	337,8	393,3	338,9	356,7	3,7

Source: ECOWAS Commission.

Table 6: Top 10 intra-ECOWAS imports (in million dollars)

CET HS2012 / Years	2015	2016	2017	Average (2015–2017)	Share (%)
Mineral products	6 383.1	3 690.5	4 324.6	4 799.4	62.9
Products of the food industries	512.8	564.1	586.8	554.6	7.3
Transport equipment	615.7	451.2	554.9	540.6	7.1
Chemicals and related products	323.2	360.2	326.5	336.7	4.4
Fats and oils	187.5	220.4	290.4	232.8	3.0
Live animals	211.7	216.5	212.0	213.4	2.8
Machines and appliances	124.4	270.4	209.1	201.3	2.6
Common metals and structures	174.5	171.7	194.0	180.1	2.4
Plastics and rubber	147.1	137.0	154.9	146.3	1.9
Vegetable products	126.0	121.3	122.4	123.2	1.6

Source: ECOWAS Commission.

Europe continues to be the main trading partner of ECOWAS. On average, between 2015 and 2017, it absorbed nearly 41.4 per cent of the goods of the region, while ECOWAS depends on it for about 41.9 per cent for its external supplies. The Asian continent follows with an average of 32.5 per cent of exports and 40.2 per cent of ECOWAS imports.

It is worth noting that estimates of informal cross border trade could represent 20 per cent of GDP in Nigeria and 75 per cent of GDP in Benin, according to the World Bank Global Economic Prospect Report (2016), which highlights a strong informal cross border trade links between Nigeria and neighbouring countries. According to Journal of African

Economies (January 2019), the ratio of informal trade to formal trade between Benin and its major trading partner Nigeria is about 1 for imports and 5.1 for exports, signalling that informal trade is significant.

C. ECOWAS COMMON TRADE POLICY

ECOWAS' strategy to promote regional integration and foster deeper cooperation among Member States is described in its Vision 2020: "from an ECOWAS of States to an ECOWAS of People". The aim is to create a sound and borderless regional environment, where resources are available and easily accessible to the people. Emphasis is placed on the development of human capital (women, children and youth); good governance; integrated economic and monetary zone; regional peace and security and the promotion of the private sector. The Regional Strategic Action Plan sets the direction and establishes a strategy for the fulfilment of the ECOWAS Vision 2020.

The implementation of the ECOWAS Vision 2020 has been substantially achieved in, among others, eliminating tariffs and facilitating trade; advancing services trade liberalization through regulatory frameworks; development of regional frameworks on competition and consumer protection; narrowing the development gap and strengthening ECOWAS' relationship with external partners.

ECOWAS recognizes that regional economic integration is a dynamic, on-going process as economies as well as domestic and external environments are constantly evolving. In this context, the ECOWAS Commission initiated a region-wide process towards the formulation of a Common Trade Policy (CTP) that will reflect the aspirations of all Member States. The ECOWAS CTP (which is yet to be adopted) has been developed taking into account the recommendations from Member States' Stakeholder Consultations and the study into the formulation of the CTP, as well as inputs from other stakeholders. The measures taken have to lead in creating a networked, competitive, innovative and single and productive ECOWAS market.

The ECOWAS CTP is built on five interrelated and mutually reinforcing characteristics:

1. A single market and productive ECOWAS;
2. A competitive, innovative and dynamic ECOWAS;
3. Enhanced connectivity and sectoral cooperation;
4. An inclusive and people-centered ECOWAS; and
5. A fully integrated and global ECOWAS.

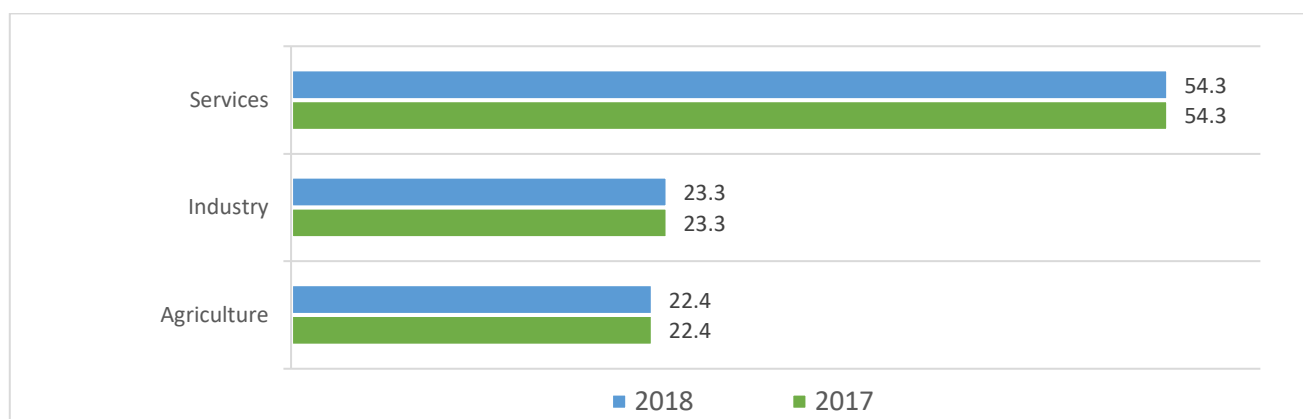
The first CTP characteristic seeks to create a single market and productive ECOWAS through the free movement of goods, services, investment and freer movement of skilled labour and businesspersons for the purposes of the aforementioned. The second characteristic helps to create a business-friendly and innovation-supporting regional environment through the adoption of common frameworks, standards and mutual co-operation across many areas such as competition policy, intellectual property rights, and consumer protection. The third characteristic supports improvements in transport connectivity and other infrastructure networks. The fourth characteristic seeks to achieve equitable economic development through creative initiatives that encourage small and medium enterprises to participate in regional and global value chains. The fifth characteristic envisages ECOWAS' full integration into the global economy pursued through a more coherent approach towards external economic relations, and with enhanced participation in global supply networks.

D. OVERVIEW OF THE SERVICES SECTOR

I. The role of services in ECOWAS

The expected improvement in real GDP growth to 3 per cent in 2018, from 2.3 per cent in 2017, can be attributed to the dynamism of the service sector on the production side, as well as to household consumption and public investment on the demand side. Forecasts suggest a steady rise in the contribution of the tertiary sector, with a projected growth of 3 per cent in 2018, reflecting the GDP growth (Figure 4). Final consumption remains the main driver of ECOWAS economic growth, contributing nearly 85 per cent of GDP demand (Table 7).

Figure 4: Sector contribution to GDP (in percentage)



Source: ECOWAS Commission/IMF.

Table 7: Final use of GDP (in percentage)

Use	Percentage
Final consumption (private + public)	85,1
Investment	14,3
Trade balance	0,6

Source: ECOWAS Commission.

2. Trade in services in ECOWAS

Preferential trade in services is an essential component of Revised ECOWAS 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), 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/SP.2/5/90 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 liberalisation of specific sectors.

ECOWAS Member States individually undertook various horizontal and sector-specific commitments under the GATS.

3. Level of services integration, cooperation and harmonization achieved

To exploit the economies of scale of services market, ECOWAS worked to reduce the regulatory heterogeneity among Member States in the following areas:

i. Pro-competitive regulations

- Supplementary Act A/SP.6/02/12 relating to the common rules on tariffs applicable to passengers, freight and mail within, from and to ECOWAS Member States;
- Supplementary Act on the establishment, duties and functions of the Regional Authority trade in digital services and free data flows;
- Supplementary Act A/SA.1/01/10 on personal data protection within ECOWAS;
- Supplementary Act A/SA.1/12/08 Adopting Community Competition Rules and the Modalities of their Application within ECOWAS; and
- Supplementary Act A/SA.3/12/08 Adopting Community Rules on Investment and the Modalities of their Implementation within ECOWAS.

ii. Infrastructure-related regulations

- ECOWAS Energy Protocol A/P4/1/03;
- West African Power Pool, Articles of Agreement, 2005;
- Supplementary Act A/SA.2/01/08 establishing the ECOWAS Regional Electricity Regulatory Authority (ERERA); and
- Directive C/DIR.1/06/13 on the Organization of the Regional Electricity Market.

iii. Telecommunications network services

- Supplementary Act A/SA.1/01/07 on the harmonization of policies and the regulatory framework for the ICT sector;
- Supplementary Act A/SA.2/01/07 on access and interconnection in respect of ICT sector networks and services;
- Supplementary Act A/SA.3/01/07 on the legal regime applicable to network operators and service providers;
- Supplementary Act A/SA.4/01/07 on numbering plan management; and
- Supplementary Act A/SA.5/01/07 on the management of the radio-frequency spectrum.

iv. Diplomas, certificates and other qualifications

- Convention 2003 A/C.1/1/03 on recognition of equivalence of diplomas, certificates and other qualifications in ECOWAS Educational; and
- Supplementary Act A/SA.6/01/07 on universal access/service.

v. Educational services

- Protocol A/P3/1/03 on education and training.

vi. Insurance

- Protocol A/P1/5/82 on ECOWAS brown card.

vii. Financial services

- Supplementary Act A/SA.4/06/12 on Macroeconomic Stability and Convergence Pact among ECOWAS Member States;
- Decision A/DEC/6 /5/83;
- Decision A/DEC.2/7/87;

- Decision A/DEC.17/12/01 establishing a mechanism for the multilateral surveillance of financial and economic policies of ECOWAS Member States; and
- Supplementary Act A/SA.1/12/15.

4. Free movement of persons, right of residence and establishment

The Protocol on Free Movement of Persons stipulates the right of ECOWAS citizens to enter, reside and establish economic activities in the territory of other Member States. The implementation of the Protocol was in three phases with a roadmap of five years each, covering cumulative implementation of 15 years. **Phase 1** was the right of visa-free entry, **phase two** was the right of residency, and **phase three** concerns the right of establishment in another Member State. The first and the second phases have been fully implemented, given that ECOWAS citizens have free entry into any of the Member States without visa as stipulated; and obtained an ECOWAS residence card or permit as stipulated in the Protocol. The third phase, the right of establishment, is being implemented in most Member States.

The Free Movement Protocol is considered as one of the significant achievements of ECOWAS, having introduced and implemented the following measures:

- ECOWAS Member States, since 1980 do not require visas from its citizens;
- Existence of a Community Identity with the ECOWAS travel document and ECOWAS passport, nationals enjoy a right of residence and access to jobs in other Member States;
- Introduction of harmonized immigration forms; a measure adopted by all Member States;
- Adoption of a Biometric Identity Card as travel document, to replace the ECOWAS travel certificate;
- Introduction of the ECOWAS brown insurance card: adopted by all Member States countries except Cabo Verde; and
- Free access to employment in Member States.

Furthermore, after consultation with technical partners, the ECOWAS Commission is working toward establishing an electronic registration system at the borders (entry and exit points) with the new ECOWAS Biometric Identity Cards that will, eventually replace national identity cards. ECOWAS has also implemented measures to ease the movement of persons transported in private and commercial vehicles by harmonizing policies that enable vehicles to enter and temporarily reside in a Member State for up to ninety and fifteen days respectively.

However, there are still significant obstacles to the free movement of persons. These include:

- selective implementation of the Free Movement Protocol and related relevant texts;
- proliferation of unauthorized roadblocks;
- Harassment at border crossings; and
- Inadequate sensitization of Community citizens and security agents on the rights set out in the Free Movement Protocol.

To address these problems in recent times, the ECOWAS Commission in collaboration with some development partners have instituted a project “Support to Free Movement of Persons and Migration in West Africa” (FMM West Africa) to develop a monitoring mechanism to facilitate regular assessments of the status of implementation of the Protocols and provide advocacy and sensitization in Member States, especially the law enforcement agents.

The Commission has also developed a programme on cross-border cooperation and dialogue to settle trade disputes and address other free movement issues.

5. ECOWAS monetary cooperation

Following the conception of a single currency in the ECOWAS region in 1983, (Decision A/DEC/6 /5/83), the Authority of ECOWAS Heads of States and Government adopted the ECOWAS Monetary Cooperation Programme (EMCP) by Decision A/DEC.2/7/87 of 9 July 1987.

The Programme, which was to lead to the creation of the ECOWAS Monetary Union in 2000, is a combination of consistent programmes aimed at harmonizing the national monetary systems and creating a stable macroeconomic environment ideal for the establishment of the monetary union and the introduction of a common currency. The review of the implementation of the EMCP, carried out in 1999, revealed that some level of progress has been made in macroeconomic convergence; however, the progress remained inadequate for the launch of the Monetary Union in 2000.

Besides the challenges inherent in maintaining macroeconomic stability due to exogenous shocks, the problem of political instability in some countries was one of the factors responsible for the modest results. Also, the level of performance of Member States in terms of meeting the convergence criteria differs significantly.

In this regard, the Authorities of the Community were made to reconsider the overall convergence strategy and opted for a fast-track approach for monetary integration. The fast-track approach led to the creation of the second monetary zone, the West African Monetary Zone (WAMZ) in December 2000, which today comprises Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone. Subsequently, the West African Monetary Institute (WAMI) was established in January 2001 to oversee the implementation of the WAMZ Single Currency with a deadline of 2003. The ECOWAS Single Currency was to be the outcome of the merger of WAMZ and West African Economic and Monetary Union (WAEMU).

In 2001, the ECOWAS Authority of Heads of State and Government adopted Decision A/DEC.17/12/01, establishing a mechanism for the multilateral surveillance of financial and economic policies of ECOWAS Member States. The decision led to the adoption of the ECOWAS Macroeconomic Convergence Criteria.

In 2012, the Decision 2001 was amended to strengthen the institutional frameworks. Thus, the Authority adopted *Supplementary Act A/SA.4/06/12 on Macroeconomic Stability and Convergence Pact among ECOWAS Member States*. The Pact enshrines the establishment of the convergence criteria, 11 in all, consisting of 4 primary criteria and 7 secondary criteria as well as a convergence target. The Pact was subsequently amended in December 2015 by *Supplementary Act A/SA.1/12/15* reducing the number of convergence criteria to 6 of which four primary criteria and two secondary criteria.

The low macroeconomic performance of WAMZ Member States and delays in the effective implementation of various integration projects on the other hand, led the Heads of State and Government of WAMZ to decide to modify the timetable for the launch of the second monetary union. The deadline was moved from December 2003 to December 2005 and from December 2005 to December 2009. This was to enable Member States attain a sufficient level of progress across all aspects of the programme. The deadline was once again postponed to January 2015, thanks to the adoption, in May 2009, of the roadmap of the ECOWAS single currency.

In June 2007, the Council of Ministers requested for the review of the monetary integration process with a view to fast tracking the creation of the ECOWAS Monetary Union. In response, the Convergence Council formulated and adopted the Roadmap for the ECOWAS Single Currency programme on 25 May 2009, with key deadlines of 2015 and 2020 for the common currency in the WAMZ Member Countries and the ECOWAS Single Currency, respectively.

In October 2013, due to significant delays in the implementation of the Roadmap for the creation of the WAMZ Single Currency by 2015, the ECOWAS Authority decided to appoint Presidents of Niger and of Ghana to monitor the creation of the common currency within the expected timeframe of 2020. It was tag, the Presidential Task Force on the ECOWAS Single Currency. In 2016, the Presidential Task Force was expanded to include the presidents of Côte d'Ivoire and Nigeria.

In February 2014, three approaches for the creation of the Single Currency were presented and discussed the ECOWAS Authorities: i) the Big Bang approach; ii) the gradual approach; iii) the critical mass approach. At the end, ECOWAS Authority opted for the gradual approach.

As a result of the challenges faced in the introduction of the WAMZ common currency by the 2015 deadline, an Extraordinary Summit of the ECOWAS Authority held in Dakar, Senegal, on 25 October 2013, entrusted the Ghanaian and Nigerian Heads of State with the task of supervising the process aimed at introducing the single currency by the scheduled deadline. The Summit also solicited the assistance of the Presidents of Nigeria and Côte d'Ivoire.

In 2017, ECOWAS Member States took a decision to launch the ECOWAS Single Currency in the form of "Unit of Account" in 2020 and the effective date for the circulation of the ECOWAS Single Currency (paper money) is scheduled for 2022. It was agreed that only countries that have actually fulfilled all the integration requirements will be fully-fledged Member of the ECOWAS Monetary Union.

In February 2018, a revised roadmap for the effective introduction of the Single Currency in 2020 was adopted. The on-going critical projects for the realization of the ECOWAS Single Currency include:

- Efforts toward the rationalisation of institutions is underway with the decision to transform WAMA to perform the role of the ECOWAS Monetary Institute;
- Establishment of a special fund for funding of the roadmap activities of the ECOWAS Single Currency Programme. Three Central banks have agreed to provide \$6.00 million required for the implementation of the roadmap, bank account is already open;
- The Name of the Currency and the Central Bank Model, proposals have already been received and the result expected January 2019;
- Harmonization Monetary Policies and Exchange Rate Regimes; discussion is ongoing, and result expected in the first quarter of 2019; and
- Procedure for selection of qualified countries and launch of the Monetary Union.

6. Negotiations on trade in services

ECOWAS is continuing to make steady progress towards integrating the region into the global economy through FTAs such as the African Continental Free Trade Area (AfCFTA) and the Economic Partnership Agreement (EPA) with the European Union as well as engagements at the multilateral level through the WTO. ECOWAS Member States also have bilateral agreements with a number of third countries. A number of third countries have also approached ECOWAS for FTA arrangements.¹

ECOWAS considers trade negotiations and trade agreements as a way to improve socioeconomic opportunities for Member States, via increased trade and investment. For Member States, trade negotiations and agreements provide opportunities to improve supply capacity, correct distortions in global markets, account for economic asymmetries and provide infrastructure through aid for trade. The negotiations and agreements are strengthening ECOWAS' position as an open and inclusive economic region and laying the foundation for ECOWAS to retain its centrality in global and regional engagements, where possible.

Under the Revised ECOWAS Treaty, Member States are obliged to formulate and adopt common positions within the Community on issues relating to international negotiations with third parties in order to promote and safeguard the interests of the region. In this regard, the ECOWAS Commission is mandated to prepare studies and reports designed to help Member States to better harmonize their positions on the said issues.

All ECOWAS Member States are Members of the African Union (AU). Negotiations for the AfCFTA were launched in June 2015, and a consolidated text (the Protocol on Trade in Goods; the Protocol on Trade in Services; the Protocol on Rules and the Procedures on the Settlement of Disputes) was adopted in March 2018. As at July 2019, all ECOWAS Member States had signed the AfCFTA, and 10, including list the countries had ratified it. The remainder of the Member States have taken steps to ratify the AfCFTA Agreement.

All ECOWAS Member States are also Members of the WTO. ECOWAS was notified to the WTO in 2005 under the Enabling Clause. All ECOWAS Member States except Cabo Verde, Côte d'Ivoire, Ghana and Nigeria have LDC status and are therefore eligible for the WTO's Enhanced Integrated Framework (EIF) initiative. None of the ECOWAS Member States are either a signatory or an observer to any of the WTO plurilateral agreements.

At the WTO, ECOWAS Member States participate in, and align their positions with, those of the following negotiating groups: African, Caribbean and Pacific (ACP) countries; the African Group; and the G-90.

ECOWAS Member States made GATS commitments in 1 to 11 of the 12 main services sectors, and 2 to 102 of the 160 subsectors. There are common elements in the schedules: all ECOWAS Member States made commitments in tourism and travel-related services. Most scheduled commitments for transport services and financial services. In their GATS Schedules, ECOWAS Member States included horizontal commitments on the movement of natural persons and the provision of services through commercial presence. Employment of foreign natural persons is subject to work permit regulations and labour and immigration laws.

Chapter III: Banking and other financial services

A. INTRODUCTION

The financial services sector of most countries 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.

The broad objectives of the banking services include to:

- Enhance competition among the various participants is expected to improve efficiency, leading to lower costs, better quality, and more choice of financial services;
- Improve financial intermediation and investment opportunities through better resource allocation across sectors in Member States, and through better means of managing risks and absorbing shocks;
- To encourage Member States' governments to improve macroeconomic policy, as well as financial sector regulation and supervision; and
- Address the limitations associated with market fragmentation.

In the WTO Services Sectoral Classification List (W/120) banking and other financial services include about 15 subsectors ranging from acceptance of deposits and other repayable funds from the public, and lending of all types, to guarantees and commitments, money broking, asset management, and advisory and other financial services in between.

B. PERFORMANCE OF THE SECTOR

Financial services are governed by two distinct regimes in the ECOWAS region, one by WAEMU,² and the other by different mechanisms in individual non-WAEMU countries. In the WAEMU area, broad money grew by about 12 per cent per year on average over 2012–2017, mostly reflective of increase in personal and corporate deposits. Gross assets of commercial banks reached 56 per cent of the regional GDP at end–2016 as compared with 43 per cent at end–2013. Over the same period, the number of clients' accounts in the banks increased from 7.8 million to 10.3 million. The estimated share of households with a bank account more than doubled from about 7 per cent in 2007 to 16 per cent in 2016. There were 140 credit institutions in WAEMU banking sector in 2017, comprised of 125 banks (including 17 bank branches) and 15 non-bank credit institutions (including 4 branches). There were 94 foreign-owned, 12 public, and 13 privately owned regional credit institutions. Thirty-one of the credit institutions are large (accounting for more than 10 per cent of banking sector assets in their country of operation), while 25 are of average size (more than 5 per cent of assets), and the remaining 63 being relatively small.

As of end-2017, commercial banks in WAEMU zone attracted household deposits of about 11.3 per cent of regional GDP and returned 6.6 per cent of GDP as credits to the households. Banks attracted deposits of about 15.4 per cent of GDP from private companies while providing credits of about 18.7 per cent of GDP in return to them, which resulted in net claims on the private non-financial companies of about 3.4 per cent of GDP. Banks' credit to public non-financial companies of 2.1 per cent of GDP slightly exceeded their deposits of 1.7 per cent of GDP.

Commercial banks have accumulated net claims of 10.2 per cent of GDP on the central governments of the zone. Commercial banks' net claims on the governments was partly made possible by the net liquidity support from BCEAO of about 4.7 per cent of GDP, which was provided largely under collateral of government debt securities (IMF, 2018).

Member States of the WAMZ³ aimed to develop a second monetary zone in the region to facilitate progress towards a common market in financial services by harmonizing legal and regulatory frameworks. This is, however, are hindered by the heterogeneous nature of WAMZ Member States.

The banking sector dominates the WAMZ's financial system, accounting for over 70 per cent of total financial sector assets. The size of the banking sector continues to expand rapidly both in terms of assets, number of banks and bank branch penetration. The increase in bank assets was mainly funded by the growth in deposit. Nonbank financial institutions (NBFIs) including insurance companies, pension funds, finance houses and micro finance institutions (MFIs) are nonetheless steadily emerging and making remarkable strides in Member States. Money market operations are now fully developed in all Member States while debt and capital markets are generally underdeveloped except in Nigeria and Ghana, where there are fairly well developed and vibrant capital markets. In addition, both Nigeria and Ghana issue long tenured debt instruments.

The banking market of the zone is dominated by Ghana and Nigeria with the combined banking systems of Gambia, Guinea, and Sierra Leone amounting to about 0.37 per cent of WAMZ's total banking assets, 0.45 per cent of WAMZ's total deposits and short term funding, and 0.29 per cent of WAMZ's total loans (Musuku, *et al.*, 2011).

The most powerful banks in this zone are mostly Nigerian. This is due to the relative size of the country's financial sector with over 30 banks, 866 microfinance institutions, 73 insurance companies, 108 financial companies, and 1959 foreign exchange offices. Two of the country's biggest banks (e.g. United Bank for Africa (UBA), First Bank Plc) operate on many parts of the continent. The financial system in ECOWAS is composed of 232 commercial banks, 309 insurance companies and 1818 microfinance institutions and 5 stock exchanges. In 2016, the financial systems remained relatively stable, as macroeconomic stability was threatened by falling commodity prices and depreciation pressures on the exchange rates which further burdens government fiscal position (Table 8).

Table 8: Overview of financial Institutions in ECOWAS, 2016 (in units)

Member States	Banks	Insurance	Microfinance institution	Stock exchanges
Benin	15	20	81	NA
Burkina	13	10	74	NA
Cabo Verde	8	2	NA	1
Côte d'Ivoire	27	28	64	1
Gambia	12	13	71	NA
Ghana	30	50	65	1
Guinea	16	11	20	NA
Guinea Bissau	5	1	18	NA
Liberia	9	20	122	NA
Mali	13	18	127	NA
Niger	12	20	42	NA
Nigeria	22	58	825	1
Senegal	24	27	208	NA
Sierra Leone	13	12	13	1
Togo	13	18	88	NA
UEMOA	122	142	702	1
ECOWAS	232	309	1 818	5

Source: ECOWAS Central Banks and WAMA.

Financial stability indicators contained in Table 9 suggests a relatively stable status as at end 2016. Sierra Leone has the highest non-performing loan of about 22.6 per cent, even after falling from 33.4 per cent in 2014. Guinea-Bissau has the least value of about 8 per cent. The highest and lowest value of capital adequacy ratio are 35 per cent and 4.4 per cent for the Gambia and Togo respectively. The highest value of return on equity and return on assets are 22 per cent and 3.8 per cent for Côte d'Ivoire 22 per cent and Ghana respectively, in the year 2016.

Table 9: Key financial stability indicators in ECOWAS Member States/zone (in percentage)

		2014	2016	2014	2016	2014	2016	2014	2016
		NPL≤10%		CAR≥8%		ROE		ROA	
WAMZ	Gambia	7.0	9.3	30.0	35.0	77.0	11.1	11.0	1.8
	Ghana	11.3	17.4	17.9	17.8	32.3	18.0	6.4	3.8
	Guinea	4.9	9.4	18.2	13.5	21.2	13.3	0.02	0.01
	Liberia	19.2	14.8	20.6	23.8	-4.5	-7	-0.6	-0.9
	Nigeria	2.9	14.0	17.2	13.9	21.2	1.8	2.5	0.16
	Sierra Leone	33.4	22.6	30.2	30.7	14.9	18.3	2.7	3.2
WAEMU	Benin	21.5	21.8	7.1	8.5	14.4	7.2	0.9	0.4
	Burkina	8.6	9.7	9.8	10.8	19.4	21	1.5	1.6
	Côte d'Ivoire	10.6	10.9	8.7	7.2	24.4	22.1	1.5	1.4
	Guinea Bissau	43.4	8.0	18.0	19.7	-13.6	9.9	-1.4	1.5
	Mali	17.0	16.6	11.7	13.1	19.7	16.9	1.5	1.4
	Niger	17.6	17.2	14.4	14.4	20.5	20.8	1.8	2.0
	Senegal	18.6	19.0	16.4	14.3	3.6	8.4	0.3	0.8
	Togo	15.6	20.2	12.5	4.4	11.9	12.7	0.7	0.8
	WAEMU	15.1	15.2	12.6	10.3	12.8	15.5	1.14	1.17
	Cabo Verde	18.7	15.5	14.4	15.5	3.47	3.4	0.3	0.2

Source: ECOWAS Central Banks and WAMA.

Note: CAR = Capital Adequacy Ratio; NPL = Non-Performing Loans; ROE = Return on Equity; ROA = Return on Assets.

In 2011, eight major groups dominated the WAEMU banking landscape. These are: ECOBANK Transnational Incorporated (ETI), Société Générale, Bank of Africa (BOA Group), Attijariwafa Bank, BNP Paribas, Atlantic Financial Group (AFG), United Bank for Africa (UBA) and the Sahel-Saharan Bank for Investment and Trade (BSIC). Their influence extends to almost all the WAEMU countries. They represent 64 per cent of total assets, 59 per cent of branches, employ 60 per cent of total agents, hold 49 per cent of customer accounts and control 69 per cent of ATMs. (IMF, 2013).

It would appear that Nigeria accounted for the bulk of inflows of financial services into the region in 2015. Cabo Verde was the other prominent country to have also received inflows of financial services (Table 10).

Table 10. Financial services trade in ECOWAS Member States, 2010 to 2015 (in millions of dollars)

Member State	2010		2012		2014		2015	
	Export	Import	Export	Import	Export	Import	Export	Import
Benin	7.1	5.1	41.3	11.8	17.6	2.8	-	-
Burkina Faso	10.8	3.4	108.9	121.3	75.1	103.4	-	-
Cabo Verde	-	-	2.1	2.4	0.6	12.1	2.1	5.5
Côte d'Ivoire	62.2	128.9	51.2	131.2	-	-	-	-
Gambia	-	-	-	-	-	-	-	-
Ghana	-	-	-	-	-	-	-	-
Guinea-Bissau	4.5	0.2	0.3	0.0	1.1	0.4	-	-
Guinea	-	-	-	-	-	-	-	-
Liberia	-	-	-	35.7	18.1	22.8	-	-
Mali	5.4	4.8	9.1	0.5	6.5	18.7	-	-
Niger	4.9	19.3	4.2	2.0	2.9	2.6	-	-

Member State	2010		2012		2014		2015	
	Export	Import	Export	Import	Export	Import	Export	Import
Nigeria	-	-	11.3	430.5	14.0	1 231.3	258.5	1149.5
Senegal	4.0	8.4	11.3	16.0	12.8	13.6	-	-
Sierra Leone	0.4	0.2	0.6	1.2	0.8	12.8	-	-
Togo	10.7	2.9	17.9	0.9	8.6	1.5	-	-
TOTAL	110.0	173.2	258.2	753.5	158.1	1 422	260.6	1 155.0

Source: WTO.

Table 11 shows the distribution of the three most important banks in the region that are engaged in cross-border activities. They are: ECOBANK, Guaranty Trust Bank (GTBank) and the UBA. As at 2014, ECOBANK operated in all 15 ECOWAS Member States with 600 branches in Nigeria alone out of the total 935 branches in the region; UBA maintained 583 branches in Nigeria and the remaining 72 branches spread across the other 14 Member States; while GTBank, with a total of 308 branches in the region has 231 of them in Nigeria alone.

Table 11: Branches of ECOBANK, UBA and GTBank in the ECOWAS region, 2014

Member States	ECOBANK	UBA	GTBank
Benin	31	13	0
Burkina Faso	13	26	0
Cabo Verde	17	0	0
Côte d'Ivoire	55	2	4
Ghana	79	16	34
Gambia, The	5	0	17
Guinea	21	2	0
Guinea-Bissau	0	0	0
Liberia	18	4	8
Mali	33	1	0
Niger	19	0	0
Nigeria	600	583	231
Senegal	37	4	0
Sierra Leone	3	4	14
Togo	4	0	0
Total	935	655	308

Source: WAMA.

C. LINKAGE WITH OTHER SECTORS

By their nature, banks have linkages with various sectors of the economy through financial intermediation, pooling savings and demand deposits from the public which they make available for economically and socially desirable purposes. Banks receive savings deposits from farmers, pay small interest but allow occasional withdrawal using their savings account passbooks. This has improved farmers savings habit, while making possible prompt payments and settlements and financing of agricultural, commercial and industrial activities of ECOWAS Member States. More than 90 per cent of the WAEMU's bank loans go to the private sector, unlike in other ECOWAS Member States. The Union's private credit increased from 28.5 per cent in 2015 to 28.7 per cent in 2016 in relation to GDP. Credit to the government remains low (11.0 per cent of GDP against 8.3 per cent of GDP in 2015).

D. INSTITUTIONAL FRAMEWORK AND MAIN ACTORS

There are two types of institutional framework for the ECOWAS region, the Single Regulator within WAEMU and WAMZ institutional framework. Within the single regulator concept is embedded the supervisory framework which is organized around several community institutions, namely: Central Bank of the States of West Africa (*Banque centrale des Etats de l'Afrique de l'Ouest* – (BCEAO), WAEMU Banking Commission, Regional Council for Public Saving and Financial Markets (CREPMF), Inter-African Conference of Insurance Markets (CIMA), and Inter-African Conference on Social Security (CIPRES). BCEAO and Ministries of Finance of the Member States are represented at varying degrees in each of these institutions. In addition, these ministries are also mainly responsible for the supervision of the micro-finance sector, with especially the support of BCEAO and the Banking Commission. The core objective of the framework in the WAEMU is to ensure the soundness and stability of the banking system.

Banking regulation and supervision in the WAEMU zone is the responsibility of a single Banking Commission, a regional body established by a convention signed by Member countries of the Union on 24 April 1990, which replaced the national commissions that supervised banks and financial institutions in each country. The arrangement established a single banking law in the WAEMU zone and a single set of prudential norms. In effect, a single banking license is sufficient to set up banking operations in the WAEMU. The General Secretariat of the Banking Commission is headquartered in Abidjan, Côte d'Ivoire and collaborates with the National Agency of BCEAO in each Member State for the on-site and off-site inspections. The Banking Commission issues instructions to banks and other financial institutions, defines accounting standards and prudential rules, and conducts on-site and off-site supervision of financial institutions licensed to operate in the region.

Unlike in the WAEMU zone, the banking systems in the West African Monetary Zone (WAMZ) are not uniform. Each country in the WAMZ has its own banking system, a major cause of the weak financial sector integration in this zone, even though its country level banking sub-sector continues to significantly grow, manifesting in increased number of banks, with foreign correspondent banks, and performing all kinds of banking transactions. The most powerful banks in this zone are mostly Nigerian, due to its relative financial sector development, having over 30 banks, 866 microfinance institutions, 73 insurance companies, 108 financial companies, and 1959 foreign exchange offices.

Banking supervision in all WAMZ countries is the responsibility of national central banks which also bear responsibility for licensing and supervising community and microfinance banks, including licensing and supervision of foreign exchange bureaus. In Nigeria, the Nigeria Deposit Insurance Corporation (NDIC) also supervises commercial banks.

WAMZ has adopted a framework for bringing supervision under a common authority in a West African Financial Supervisory Authority (WAFSA). However, such developments – along with the legal instruments supporting the common central bank – will require ratification by all WAMZ Member States.

The West African Monetary Agency (WAMA), an autonomous and specialized agency of the ECOWAS, was established in 1996, as a result of the transformation of the West African Clearing House (WACH), which was established in 1975 to serve as a multilateral payment facility to promote trade among ECOWAS Member States. The Agency's objective is to promote the use of national currencies in trade and non-trade transactions within the sub-region bringing about savings in the use of Member States' foreign reserves; encourage and promote trade and exchange liberalization and enhance monetary cooperation and consultation among them; facilitate the harmonization of and coordination of monetary, fiscal and structural adjustment policies/programmes. WAMA is responsible for monitoring, coordinating and implementing the ECOWAS Monetary Cooperation Programme (EMCP), geared towards the creation of the ECOWAS single currency, the ECO.

WAMA is placed under the authority of the Committee of Governors of ECOWAS Member States' Central Banks and maintains close collaboration with the West African Bankers' Association (WABA), the International Monetary Fund (IMF), African Development Bank (ADB), Association of African Central Banks (AACB) and the World Bank.

WAMA also collaborates with a number of financial services professional bodies in the ECOWAS region towards financial market integration of the region, among which are:

- West African Bankers Association;
- West African Insurance Companies Association (WAICA);
- Association of African Central Banks;
- West African Capital Market Integration Council; and

- West Africa Security Regulations Association.

E. POLICY FRAMEWORK

As mentioned earlier, the EMCP adopted in 1987 called for the creation of a single monetary zone in the sub-region. As part of regional efforts to implement the programme, the Heads of State and Government of WAMZ have been working since the year 2000 to establish a second monetary zone in the sub-region, the West African Monetary Zone (WAMZ). WAMZ comprises Sierra Leone, Gambia, Ghana, Guinea, Liberia, and Nigeria and is due to be in place in 2020 after it was postponed several times.

WAMA, in collaboration with relevant stakeholders in the community is working on the following programmes in the ECOWAS Monetary and Cooperation Programme (EMCP, 2012):

- **Harmonization of Regulations Capital Account Regulations:** Following the development and validation of the harmonization matrix in 2013, the relevant institutions are expected to implement the various aspects of the harmonization scheme assigned to them.
- **Harmonization of Regulatory and Supervisory Frameworks:** Following development of an action plan outlining the steps for the harmonization process of regulatory and supervisory frameworks of banks and non-bank financial institutions, WAMA conducted a study on harmonization of regulatory and supervisory frameworks in ECOWAS. The study also facilitated development of a transition mechanism, detailing the activities as well as steps to be taken by each country or zone in order to achieve the desired harmonization.
- **Harmonization of Accounting and Financial Reporting Standards:** Work carried out by WAMA facilitated the adoption of International Financial Reporting Standards (IFRS) as a basis for harmonization of accounting and financial reporting frameworks of banks and nonbank financial institutions in the ECOWAS area. The assessment conducted by WAMA revealed that ECOWAS countries were at different levels with respect to the migration to IFRS.
- **Harmonization of Balance of Payments Statistics:** The implementation of this project, carried out in collaboration with the ECOWAS Commission, is being pursued. Following the finalization and validation of the Regional Methodological Guide for Compilation of Balance of Payments and International Investment Position (IIP) in ECOWAS Member Countries in 2014, efforts are now focused on the adoption of the institutional framework, preparing the framework for compilation of regional external accounts and capacity building.

In pursuance of the EMCP objective, ECOWAS Payments and Settlements System (EPSS) intervention within the framework of the ECIM programme aims to facilitate the development of payments systems in the region. Its components include to:

- Speed up the exchange and settlement of funds;
- Prevent and or contain risks in payment, clearing and settlement systems;
- Improve access, efficiency and convenience to user;
- Improve upon the central bank's monetary management activities;
- Deepen financial intermediation; and
- Develop an integrated electronic payment infrastructure that will enhance interoperability of payment and securities infrastructures.

The payment arrangements will provide banks in ECOWAS region with a multi-currency cross-border mechanism and thus allows them to provide real-time foreign-currency money-transfer and settlement services to their customers with no time difference. It will increase the efficiency of cross-border multi-currency payments and reduces settlement risks and costs. It will also satisfy the need for same-day payments arising from financial and business activities in the region.

WAMA has strengthened its collaboration with the Industry and Private Sector Department, ECOWAS Commission on the EPSS project, comprising a regional Real-Time Gross Settlement System (RTGS), a Regional Clearing House

(RCH) System and a Regional Switch. WAMA is the role of regulator and supervisor of the EPSS and responsible for coordinating work relating to the harmonization of regulations.

While there appears to be a lack of a coherent finance policy for SMEs in the ECOWAS region, unfriendly business environment, poor funding, low managerial skills and lack of access to modern technology led Nigeria to establish a N200 billion (\$653.5 million) Small and Medium Enterprises Credit Guarantee Scheme (SMECGS), for promoting access to credit by SMEs in Nigeria. Wholly financed by the Central Bank of Nigeria (CBN), its objectives are to provide guarantee for credit from banks to SMEs and manufacturers; increase the access of promoters of SMEs and manufacturers to credit, and set the pace for industrialization of the Nigerian economy; with an overall goal to increase output, generate employment, diversify the revenue base, increase foreign exchange earnings and provide inputs for the industrial sector on a sustainable basis.

Due to the economic and empowerment strategy adopted in the mid-2000s in Nigeria, Nigerian banking system was consolidated through an increase in the minimum capital requirement, with the sole objective to strengthen the Nigerian banking system and improve the quality of bank governance in the country.

F. REGULATORY FRAMEWORK

Coordination of the supervision of banks are undertaken separately within the two sub-regions rather than at the level of ECOWAS requiring harmonization of banking supervision which will be crucial to further integration within the region for ensuring good cross-border activities greater confidence in the stability of financial markets.

All Member countries of the WAEMU have the same legislation and have established a regional banking commission which has been entrusted with the responsibility to supervise banking activities within its purview. Indeed, financial institutions established in the WAEMU region operate within a harmonized regulatory framework. In this regard, legal and regulatory instruments are implemented by regional supervisory bodies. These instruments, which are largely based on international regulations in force, aim to ensure the stability of the financial system.

WAMZ has adopted a framework for bringing supervision under a common authority in a West African Financial Supervisory Authority (WAFSA). A WAFSA statute has been drafted and work is also in progress on a common Banking Statute and Non-Bank Financial Institution Statute. However, progress has been slowed by the failure of some states to formally ratify the relevant legal documents. A Committee of WAMZ bank supervisors currently discusses supervisory issues and the agenda of convergence of supervisory approaches in the interim.

WAMA (2011) revealed that progress towards the integration of ECOWAS financial systems has been slow and that, there was a need to take stock of the various challenges facing such an undertaking.

First, the major challenge is for the financial system to be at the forefront of ensuring financial integrity in order to minimize the potential effects of the risk of contagion as well as reduce systemic risks. Thus, there is the compelling need to strengthen the regulatory framework and enhance corporate governance which are the cornerstones for promoting investor confidence as well as the sustained long-term growth of the financial system.

Second, there is the challenge of urgently developing a vibrant bonds market to allow the private sector to access a larger number of debt instruments in order to enhance the management of their liabilities. As government securities become active in many ECOWAS Member States, the capital market would be in a position to play a crucial role in the pricing of credit risks, reducing the heavy concentration of credit risks in the banking sector.

Third, there is need to canvass for self-regulation of financial institutions as well as the cooperation and full commitment by operators towards the challenge of employing professionalism and maintaining high ethical management standards. In this regard, the challenge to severely sanction market participants by the regulatory authorities of the financial system would be a commendable practice.

Fourth, there is need to eliminate all the existing legal barriers: Removal of capital and exchange controls could increase cross-border capital flows and competition which will enable investors and firms to exploit regional markets and opportunities thus of achieving minimum cost of capital as well as reducing eminent risks.

Finally, differences in laws, regulations, and tax treatment continue to prevent the building of pan-African portfolios of banks. Within a global perspective, it would also be necessary to move towards attainment of global standards/norms and best practices.

G. TRADE COMMITMENTS AFFECTING THE SECTOR

The transformation of the banking sector within WAMZ is being driven by three main factors: (a) liberalization of cross-border banking activities, primarily in the form of the willingness of Member States to permit the establishment of subsidiaries of banks domiciled in other African countries; (b) a dramatic increase in the capitalization of Nigerian banks (reinforced by increases in the minimum capital of Ghanaian banks) which has encouraged these banks to seek additional markets within West Africa; and, (c) the growth of pan-African banking groups (such as ECOBANK and United Bank of Africa) which have moved quickly to establish subsidiaries in countries across West Africa and the rest of the continent.

Cross-border expansion of banks is driven by the direction of trade - for example, Ghanaian banks planned to expand into Niger (following Ghana's trans-shipment trade from the coast to the interior) - or by the perception of market opportunities and the need to service corporate clients expanding abroad, as in the case of Nigerian banks expanding into Ghana.

In the WAMZ, many local banks have correspondents with financial institutions around the world. These banks and other financial institutions perform almost all kinds of banking transactions. In the entire region, despite the non-conclusion of the EMCP, cross-border banking has become a major feature of the banking system in West Africa.

9 of the 15 ECOWAS Member States have scheduled varied levels of commitments in relation to financial services under the GATS. These Member states are: Benin, Cabo Verde, Côte d'Ivoire, Gambia, Ghana, Liberia, Nigeria, Senegal and Sierra Leone. The remaining six (Burkina Faso, Guinea, Guinea Bissau, Mali, Niger and Togo) have not scheduled any commitments. A further breakdown of the commitments by segments shows as follows:

i) Acceptance of deposits and other repayable funds from the public (UNCPC 81115-81119)

Benin maintains no limitations on market access for modes 1 and 2 and on national treatment for all the modes. Market access through Mode 3 is subject to the following conditions: approval of the Ministry of Finance, Law No. 90-018 of 27 July 1990 on the regulation of banking sector; banks must be established in the form of public limited companies with fixed share capital and having their principal place of business in the Republic of Benin or, in the form of cooperative or mutual societies with variable share capital. The cooperatives or mutual societies form is only possible by special authorization of the Minister of Finance after consulting the Banking Commission. Mode four is subject to the domestic labour law, with the further requirement that only a person possessing Benin nationality may "administer" or "manage" a bank, unless the agreement for the establishment of the bank provides for assimilation of Benin nationals.

Cabo Verde maintains the same commitments across all the sub-sectors listed under a) to j) above. Market access for modes 1 and 4 are unbound, with Mode 4 subject to horizontal commitments. There are no limitations on market access in Mode 2. With respect to Mode 3, Cabo Verde requires commercial presence in the form of a limited liability company but states that it will permit the establishment of branches within ten years of Cabo Verde's accession to the WTO. Cabo Verde maintains no limitations on national treatment for all the modes, except mode four, which is unbound except as indicated in its horizontal commitments.

Under this sub-sector, *Côte d'Ivoire* has no limitations on market access in respect of mode 1 but requires prior authorization from the Ministry of Finance for deposits in countries outside the franc zone for Mode 2. The Central Bank of West African States regulates deposits by banks and other financial institutions. Commercial presence (Mode 3) by a foreign bank is dependent on authorization being given by the Minister of Finance with the assent of the Banking Commission to exercise a banking activity. The decision to grant an authorisation is dependent on a number of conditions, one of which is that Banks must be set up as closed-end joint stock companies with their Head Office in Côte d'Ivoire. Under Mode 4, a person may only administer or manage a bank or financial institution or an agency thereof, if he or she is a national of a Member country of the West African Monetary Union; or, under an establishment agreement, provision is made for the assimilation of such nationals. Individual exemptions may be granted by the Ministry of Finance, with the assent of the Banking Commission. Natural persons are not allowed to accept deposits from the public. Côte d'Ivoire maintains no limitations on national treatment for all the modes.

The Gambia has uniform commitments for all the sub-sectors of banking and other financial services. It has no limitations on market access for modes 1 and 2, while leaving modes three and four unbound, except as

indicated in the horizontal commitments. There are no limitations for national treatment commitments for all the modes, except mode four which refers to the horizontal section.

Ghana maintains uniform commitments across all the sub-sectors of banking and other financial services. There is no limitation on market access through all the modes, except for Mode 3 which is subject to a licensing requirement based on prudential requirements and Mode 4 which is unbound, except as indicated in the horizontal section. National treatment is without limitation for Modes 1 and 2. Under Mode 3, the government may extend support for companies locating in rural areas. Ghana also requires a higher paid-up capital for Foreign Service suppliers as compared to domestic suppliers. National treatment commitment is unbound for mode four, except as indicated under the horizontal commitments.

Liberia maintains uniform commitments across all the subsectors of banking and other financial services. Liberia's commitment on market access under Modes 1 and 4 are unbound, with Mode 4 referring to the horizontal section. Modes 2 and 3 are free of any market access limitations. National treatment commitments follow the same pattern – unbound for one and four, with Mode 4 referring to the horizontal section. Modes two and three are free of limitations.

Nigeria's commitments are uniform across sub-sectors a) to i). Market access commitments are without limitations for Modes 1 and 3 and unbound for Modes 2 and 4. National treatment commitments follow the same pattern – no limitations for Modes 1 and 3 and unbound for Modes 2 and 4.

Senegal left its commitments unbound for market access and national treatment for Modes 1, 2 and 4. For Mode 3, it scheduled some regulatory requirements under market access which include: banks having to set up as limited liability companies, but may be set up as cooperative or mutual open stock companies in exceptional cases. Also, financial institutions other than banks may only accept deposits from the public within the framework of their activities and provided they have been authorized to do so by decree and under conditions laid down therein. Approvals are granted on a non-discriminatory basis. For Mode 3, national treatment is left unbound.

Sierra Leone has uniform commitments across all the sub-sectors of banking and other financial services. It has no limitations on market access for Modes 1 and 2. Mode four is unbound, except as indicated in its horizontal commitments. For Mode 3, Sierra Leone has scheduled regulatory requirements as follows: foreign banks must incorporate subsidiaries in Sierra Leone to undertake the business of banking; branches of foreign incorporated banks seeking entry into Sierra Leone are required to hold a minimum assigned capital at a level twice that of minimum paid-up capital prescribed for locally incorporated banks; and lastly "letters of comfort" may be requested from the parent supervisory authority to the effect that any shortfalls in solvency or liquidity of the branch/subsidiary in Sierra Leone would be restored by remittances of funds from the home country if called upon to do so. For national treatment, Sierra Leone has no limitations for Modes 1 and 2. For Mode 3, there is a requirement of assurance from the parent supervisory authority of reciprocal treatment of request for establishment of a branch or subsidiary in that country by a Sierra Leonean bank in future. Mode 4 is left unbound except as indicated in the horizontal commitments.

ii) Lending of all types (CPC 8113)

Benin allows residents to take loan from abroad (under Modes 1 and 2) after obtaining the authorisation of the Minister of Finance in conformity with the exchange control regulations for loans of over CFAF 50 million. Mode three is left unbound. Benin's Mode 4 commitment allows for the entry and temporary employment of directors, senior executives, and specialists who possess knowledge that is essential to the provision of the service. It is a requirement that these natural persons must be employees of the parent company and transferred to a company incorporated in Benin, belonging to, controlled by or a subsidiary of the former. There are no limitations on national treatment for all the modes except, Mode 3, which is unbound.

Côte d'Ivoire has left its commitments on market access and national treatment unbound for modes 1 and 2. For Modes 3 and market access it has scheduled specific regulatory requirements while there are no limitations for national treatment on Mode 3 and national treatment for mode 4 is left unbound.

Senegal has left all its market access unbound for Modes 1, 2, and 4 and national treatment unbound for all four modes. Under market access for Mode 3, Senegal has scheduled a specific requirement that operations may only be carried out by approved banks or financial establishments. Furthermore, foreign currency loans by banks are subject to authorization by the Minister of Finance.

For Cabo Verde, the Gambia, Ghana, Liberia, Nigeria, and Sierra Leone see the description of the commitments under point i) above.

iii) Financial leasing (UNCPC 8112)

For Cabo Verde, the Gambia, Ghana, Liberia, Nigeria, and Sierra Leone see the description of the commitments under point i) above.

iv) All payment and money transmission services (CPC 81339)

Benin's market access commitment under this segment is unbound for all the modes, except mode 3 where the schedule simply reflects a regulatory requirement that apart from approval as a bank, a foreign company intending to operate in this segment must also obtain approval as an intermediary from the authorities. Under Mode 4, the entry and temporary employment of directors, senior executives, and specialists who possess knowledge that is essential to the provision of the service is allowed. There is the further condition that these natural persons must be employees of the parent company and transferred to a company incorporated in Benin, belonging to, controlled by or a subsidiary of the former.

For Cabo Verde, Gambia, Ghana, Liberia, Nigeria and Sierra Leone see the description of the commitments under point i) above.

v) Guarantees and commitments (UNCPC 81199**)

For Cabo Verde, the Gambia, Ghana, Liberia, Nigeria, and Sierra Leone see the description of the commitments under point i) above.

vi) Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise the following: money market instruments (cheques, bills, certificate of deposits, etc.) (UNCPC 81339**) Foreign exchange (UNCPC 81333); derivative products included, but not limited to, futures and options (UNCPC 81339**); exchange rate and interest rate instruments, including products such as swaps, forward rate agreements, etc. (UNCPC 81339**); transferable securities (UNCPC 81321*); other negotiable instruments and financial assets, including bullion (UNCPC 81339**)

For Cabo Verde, Gambia, Ghana, Liberia, Nigeria, and Sierra Leone see the description of the commitments under point i) above.

vii) Participation in issues of all kinds of securities, including under-writing and placement as agent (whether publicly or privately) and provision of service related to such issues (UNCPC 8132)

For Cabo Verde, Gambia, Ghana, Liberia, Nigeria, and Sierra Leone see the description of the commitments under point i) above.

viii) Money broking (UNCPC 81339**)

For Cabo Verde, Gambia, Ghana, Liberia, Nigeria, and Sierra Leone see the description of the commitments under point i) above.

ix) Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services (UNCPC 8119+** 81323*)

For Nigeria, there are no limitations on market access and national treatment for modes 1 and 3, while modes 2 and 4 are unbound.

For Cabo Verde, Gambia, Ghana, Liberia, Nigeria, and Sierra Leone see the description of the commitments under point i) above.

- x) Settlement and clearing services for financial assets, including securities, derivative products, or and other negotiable instruments (UNCPC 81339** 81319**)

For Cabo Verde, Gambia, Ghana, Liberia, Nigeria, and Sierra Leone see the description of the commitments under point i) above.

- xi) Advisory and other auxiliary financial services on all the activities listed in Article 1B of MTN.TNC/W/50, incl. credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy (UNCPC 8131 or 8133)

For advisory and other auxiliary financial services Cabo Verde has taken a commitment with no limitations to either market access or national treatment for modes 1, 2 and 4. For Mode 4, the schedule, is left unbound for both market access and national treatment, except as provided for in the horizontal section.

For Gambia, Ghana, Liberia, Nigeria, and Sierra Leone see the description of the commitments under point i) above.

- xii) Provision and transfer of financial information, and financial data processing and related software by providers of other financial services (UNCPC 8131)

Under this sub-sector, Cabo Verde has taken a commitment with no limitations to either market access or national treatment for Modes 1, 2 and 4. For Mode 4, the schedule is left unbound for both market access and national treatment, except as provided for in the horizontal section.

For the Gambia, Ghana, Liberia, Nigeria, and Sierra Leone see the description of the commitments under point i) above.

H. BANKING AND OTHER FINANCIAL SERVICES: STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

WAMA (2011) revealed that progress towards the integration of ECOWAS financial systems has been slow and that, there was a need to take stock of the various challenges facing such an undertaking. First is how ensure financial integrity and minimize the risk of contagion and systemic risks. Thus, the need to strengthen the regulatory framework and enhance corporate governance which are the cornerstones for promoting investor confidence as well as the sustained long-term growth of the financial system.

Second, there is the challenge of urgently developing a vibrant bonds market to allow the private sector to access a larger number of debt instruments in order to enhance the management of their liabilities. As government securities become active in many ECOWAS Member States, the capital market would be in a position to play a crucial role in the pricing of credit risks, reducing the heavy concentration of credit risks in the banking sector.

Third, there is need to canvass for self-regulation of financial institutions as well as the cooperation and full commitment by operators towards the challenge of employing professionalism and maintaining high ethical management standards. In this regard, the challenge to severely sanction market participants by the regulatory authorities of the financial system would be a commendable practice.

Fourth, there is need to eliminate all the existing legal barriers: removal of capital and exchange controls could increase cross-border capital flows and competition which will enable investors and firms to exploit regional markets and opportunities thus of achieving minimum cost of capital as well as reducing eminent risks.

Finally, are the differences in laws, regulations, and tax treatment which continue to prevent the building of pan-African portfolios? Within a global perspective, it would also be necessary to move towards attainment of global standards/norms and best practices.

The SWOT Analysis of Banking and Other Financial Services is given below:

Strengths

- The emerging policy and regulatory framework under the EMCP in the Multilateral Directorate of the ECOWAS Commission coupled with the Capital Market Integration and the Regional Payment System in

the Private Sector Directorate of the ECOWAS Commission are all expected to enhance productive capacities and competitiveness; and

- The activities of the African Development Bank (AfDB) in the region would foster credit availability. As a continental public entity, credit would be provided in accordance with the needs of the entire continent, thus providing for more policy space.

Weaknesses

- The administrative efficiency level of most financial services providers in the region is still low because the business model in some Member States relies heavily on manual handling of payment systems and other banking operations. The absence of relevant documentation discourages tasks automation and other efficiency-improving measures;
- Financial intermediation margins among the economic actors in the region are still very high, which prevent access to finance for SMEs as well as rural populations, thus making the level of financial inclusion to be low compared to other developing regions; and
- Regional regulation is lacking regarding credit and savings cooperatives as the EMCP is yet to be concluded.

Opportunities

- Enhanced financial services in the ECOWAS region can result in an improvement in the living standards of people, as they can get access to cutting edge services at affordable rates;
- Developing the ECOWAS financial sector through the various programmes of ECOWAS Commission would strengthen other services sectors, particularly the transport and tourism sectors, where important spill-over effects would be created;
- Regional integration of ECOWAS financial system would allow for economies of scale in the region and streamlining of processes by offering a fairly broad portfolio and complementary businesses;
- The current insolvency of the banking system would be reversed as financial resources would now move to financial scarce economies from financial abundant ones profitable and liquid; and currently, a larger number of suitable financial products from Nigerian economy, compared with the rest of the region would be mobile across the entire region;
- Financial inclusion, efficiency and service standards in the sector would be enhanced to ensure that it contributes more to the socioeconomic welfare of ECOWAS individuals and corporate citizens; and
- The introduction of measures to reduce market credit risks through collaboration between ECOWAS Commissions and Member States would facilitate access to credit for SMEs and individuals.

Threats

- In spite of the various economic integration efforts of the ECOWAS Commission, the new rules and new capital requirements arising from implementation of the Basel III recommendations may imply higher operational costs for financial institutions in the region. Considering that the ECOWAS region is considered high risk, banks operating in the region are scrutinized very carefully by external creditors making cross-border operations difficult.

I. SPECIFIC RECOMMENDATIONS

In the common market that ECOWAS Member States are striving to establish, integration of financial markets is important. To that effect, the following recommendations are proposed:

- The political will of Member States need to be strengthened in order to move forward with the various integration projects;
- There is urgent need for restructuring the various programmes of the Commission to make them respond to the Community's aspirations;
- Given the dominant importance of banking to the financial markets in ECOWAS, harmonization of banking supervision will be important for further integration within the region both in creating a more level playing field for banks and thereby encouraging banks to engage in cross-border activities and in instilling greater confidence in the stability of financial markets. As of now, most of the efforts to coordinate the supervision of banks are undertaken separately within the two sub-regions rather than at the level of ECOWAS. But, this ought to be at the regional level;
- There is the compelling need to strengthen the regulatory framework and enhance corporate governance which are the cornerstones for promoting investor confidence as well as the sustained long-term growth of the financial system;
- It is imperative to develop a vibrant bonds market to allow the private sector to access a larger number of debt instruments in order to enhance the management of their liabilities. As government securities become active in many ECOWAS Member States, the capital market would be in a position to play a crucial role in the pricing of credit risks, reducing the heavy concentration of credit risks in the banking sector;
- It is essential to canvass for self-regulation of financial institutions as well as the cooperation and full commitment by operators towards the challenge of employing professionalism and maintaining high ethical management standard. Severely sanctioning market participants by the regulatory authorities of the financial system would be a commendable practice;
- Banks could be facilitated in their operations through eliminating unnecessary existing legal barriers. For example, removal of capital and exchange controls could increase cross-border capital flows and competition which will enable investors and firms to exploit regional markets and opportunities thus of achieving minimum cost of capital as well as reducing eminent risks; and
- Differences in laws, regulations, and tax treatment should be harmonized in order to promote banks to build pan-African portfolios of banks. Within a global perspective, it would also be necessary to move towards attainment of global standards/norms and best practices.

Chapter IV: Insurance and insurance-related services

A. INTRODUCTION

Insurance services often develop in the process of safeguarding the interest of people or entities from loss and uncertainty. It may be described as a social device to reduce or eliminate risk of loss to life and property. It is an arrangement by which an insurance company gives customers a financial protection or alleviation against loss or harm such as theft, illness, or accident in return for payment of premium. With globalization enabling Transnational Corporations (TNCs) to operate in virtually every sovereign state, the activities of the insurance industry is expanding to include globalization risk-induced protection products and risk management services.

Essentially, there are three types of stakeholders in the insurance process: (a) the insured (the consumer), (b) the insurer (the provider of a service) and (c) the regulator (generally the Government or an independent authority). Other stakeholders in the sector include actuaries and auditors.

The specialized financial services provided by insurance companies range from the underwriting of risks inherent in economic entities and the mobilization of huge amount of funds through premiums for long-term investments. Insurance contributes significantly to the general economic wellbeing of society by providing stability to the functioning of process. Insurance industries have stakes in financial institutions and reduce uncertainties by making available financial resources. Thus, insurance is important to the extent that it provides safety and security by ensuring financial support and reducing uncertainties in the event of sudden loss due to death, fire, accidents, and natural calamities.

Secondly, insurance generates financial resources by collecting premiums eventually invested in government securities and stocks contributing to capital formation and economic growth. Thirdly, medical insurance provide essential medical support to manage health risks and fund unexpected illnesses and associated high medical costs, thereby spreading of risk among a large number of people through insurance policies and attracted premiums paid to the insurer, and contributing to the economy both directly or indirectly via direct job provision and investment generation, as well as enabling other commercial (and non-commercial) activities by providing a cover against risk. The increasing global interconnectedness is creating cross-border contagion of risks thus making the need for insurance cover inevitable.

The buffer function of insurance is important for a modern economy because it allows the filtering out of sudden surges in financial needs linked to a disaster for all insured players that might otherwise be pushed into bankruptcy. The existence of insurance gives the opportunity to plan ahead with more certainty, avoiding or mitigating specific risks that are deemed to be threatening to the general business process. Insurance has a doubly positive impact on the savings of an economy. Firstly, it increases the general savings rate (especially through the existence of life insurance products) thus creating deeper markets and allowing for more investments. Secondly, it decreases the level of unnecessary precautionary savings (savings often not available to capital markets) and stimulates investment and consumption by reducing bound (and therefore unproductive or less productive) capital. Insurance mechanisms transform dormant capital into free capital (Liedtke, 2007).

B. PERFORMANCE OF THE SECTOR

The insurance market in the WAEMU region remains modest, largely because of its population's lack of purchasing power, but it is growing strongly in some Member States, in particular thanks to “mobile” bancassurance. It mainly consists of majority foreign-owned insurance groups, either European (AXA, Allianz) or African (NSIA, SAHAM SUNU, SAAR). As at December 2016, the Membership of the Federation of African National Insurance Companies (FANAF), established in 1973, consisted of 194 insurance companies, including 51 life, 119 non-life and 18 reinsurance companies, four motor-vehicle guarantee funds and one surety company, operating in 29 countries.

The West Africa Insurance Companies Association (WAICA) Re Company⁴ recorded a 47 per cent growth in gross premium income from \$33.5 million in 2015 to \$49.2 million in 2016. In the WAICA Re Company Member States, Sierra Leone recorded the highest level of growth of 153 per cent, followed by Liberia 60 per cent, then the Gambia 26 per cent, Ghana 23 per cent and Nigeria 8 per cent (Table 12). WAICA Re Company recorded a 26 per cent growth in gross premium income from \$49.2 million in 2016 to \$62.1 million in 2017. In the WAICA Re Member States, the Gambia recorded the highest level of growth of 30 per cent, followed by Nigeria 19 per cent and Ghana 15 per cent.

Sadly, however, the Corporation recorded negative growth of 36 per cent and 8 per cent in Sierra Leone and Liberia respectively. We are working hard to improve on this performance in the coming years.

Table 12: Premium income by WAMZ country

Country	(\$ million)			Growth (%) 2016	Growth (%) 2017
	2015	2016	2017		
Nigeria	10.8	11.7	13.9	8	19
Ghana	9.9	12.2	14.0	23	15
Sierra Leone	0.53	1.3	0.85	153	-36
Liberia	0.14	0.23	0.21	60	-8
Gambia	0.14	0.17	0.23	26	30

Source: WAICA Reinsurance Corporation PLC, Annual Report, 2016 and 2017.

Like banking markets, insurance markets in most ECOWAS Member States are still very small, both in comparison to developed- and other developing-country markets in other regions of the world. 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 per cent of all Nigerian adults are currently covered by insurance (PWC, 2015). 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 (Table 13). The highest insurance exports of about \$153.8 million was recorded in the year 2012, while, the least exports of about \$48.9 million was recorded in the year 2015. Though, insurance services import was a bit higher than exports as it reduced from highest value of \$1.4 billion in the year 2012 to about \$550.6 million in the year 2015.

Table 13: Insurance services in ECOWAS Member States, 2010–2015 (in millions dollars)

Year	2010		2011		2012		2013		2014		2015	
Member States	EX	IM	EX	IM	EX	IM	EX	IM	EX	IM	EX	IM
Benin	0.7	19.2	3.3	23.7	5.2	31.4	0.8	21.7	0.3	18.4	-	-
Burkina Faso	2.6	96.9	2.9	135.0	4.0	128.7	4.9	140.1	5.5	136.2	-	-
Cabo Verde	-	-	7.3	20.5	3.7	18.2	5.4	13.9	7.9	12.4	3.7	12.0
Côte d'Ivoire	39.2	89.4	35.2	77.6	39.5	94.6	1.3	101.9	-	-	-	-
Gambia	0.4	5.5	0.6	7.2	9.1	17.4	5.2	10.9	-	-	-	-
Ghana	-	-	28.3	113.4	39.0	151.7	36.3	149.9	34.9	117.7	-	-
Guinea-Bissau	-	4.5	13.0	5.7	-	1.2	-	4.7	-	5.3	-	-
Guinea	9.6	27.5	8.2	42.2	24.3	47.5	5.4	47.8	-	-	-	-
Liberia	-	-	-	-	-	1.0	-	90.1	-	91.8	1.0	195.1
Mali	2.3	41.3	6.0	34.1	7.5	36.6	6.0	38.5	0.4	20.2	-	-
Niger	1.3	24.1	19	9.1	1.5	3.4	1.9	2.3	0.2	11.9	-	-
Nigeria	-	-	1.6	703.4	1.8	727.5	4.1	220.9	21.8	332.4	44.2	343.5
Senegal	10.3	114.9	14.9	116.9	16.7	133.2	9.7	129.5	13.7	131.9	-	-
Sierra Leone	0.4	6.7	0.2	17.2	0.5	21.7	0.2	37.4	0.6	36.0	-	-
Togo	2.3	40.4	3.5	46.6	1.0	42.0	2.3	42.7	2.4	43.2	-	-
Total	69.1	470.4	144.0	1 352.6	153.8	1 456.1	83.5	1 052.3	87.7	957.4	48.9	550.6

Source: WTO.

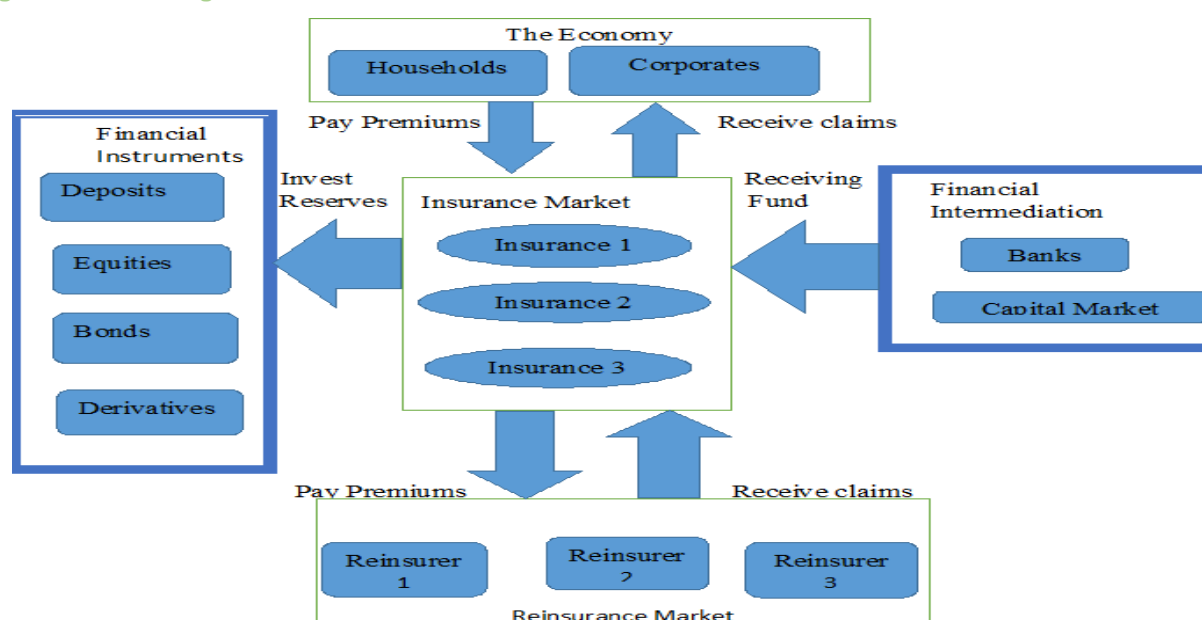
Note: EX: export, IM: import; “-” = not available.

C. LINKAGES WITH OTHER SECTORS

Though, it is difficult to quantify the full welfare benefit resulting from the insurance sector, in part because some of the benefit comes in the form of higher welfare (i.e. lower disutility of risk) rather than higher GDP, and in part because some benefits accrue to others. Some academic studies provide estimates of consumer and producer surpluses associated with particular insurance products.

The ties between insurance companies (insurers) and banks have increased, either through a combination of banks and insurers or conglomerates (broader financial groups). In Nigeria, for example, many banks and insurers have joined forces, motivated by expected synergies, economies of scale and higher revenues from cross-selling each other's products. While the extent of actual synergies in Nigeria remains to be seen, such financial conglomerates could pose challenges for regulators (i.e. between the Central Bank of Nigeria (CBN) and the National Insurance Commission (NAICOM)). Though as insurers diversify into banking and asset management products, it may pose challenges for regulation and supervision in terms of understanding them, identifying their precise impacts and deciding on the most appropriate supervisory approach. The linkages between Insurance and financial sectors are explained in Figure 5.

Figure 5: The linkages between insurance and financial sectors



Adapted from: Vucetich, et al. (2014)

D. INSTITUTIONAL FRAMEWORK AND MAIN ACTORS

The insurance services sector in ECOWAS composed of national and sub-regional institutions that supervise the activities of insurance companies.

i) Conférence Interafricaine des Marchés d'Assurances (CIMA)

CIMA has supervised insurance activities in the WAEMU region since February 1995. It brings together Member States and those of the Central African Economic and Monetary Union (CEMAC). Within this framework, the applicable legislation, known as "CIMA Code", regulates the organization, operations and supervision of the insurance sector.

ii) The Regional Commission of Insurance Control (CRCA)

This is the body responsible for market surveillance and has the powers to carry out on-the-spot and records-based audits of insurance companies. The supra-national character of this mechanism is an additional element

of autonomy required to ensure actions taken by these bodies are effective. Consequently, the implementation of control procedures and sanctions has contributed significantly to the reorganization of the insurance sector within the CIMA space.

iii) The insurance regulators of the WAMZ countries

The regulators are at various stages of development across all the Member States in the zone, with the Ghanaian and Nigerian supervisors best staffed and equipped. Consequently, the degree to which the industry is supervised varies significantly across the WAMZ countries. The zone's regulators share little information amongst each other. There is no formal memorandum of understanding (MoU) whereby information could be shared even within the zone. The relatively high levels of capital requirements in Nigeria constitute a significant barrier to entering the Nigerian insurance market from other countries in the zone and from WAEMU zone as well.

In Ghana and Nigeria regulations of insurance services are under National Insurance Commissions. While in The Gambia and Guinea, the regulators and supervision are in a department within the national central banks, but in Liberia, the insurance regulator is situated within the ministry of transport. There are no formal arrangements in place between the insurance regulators of the various WAMZ countries, for such purposes as information sharing like in the WAEMU. The only formal cross border agreement currently in place is the Brown Card Scheme. Presently, companies operating in more than one WAMZ country have not yet established functions which are centralized across all countries, such as claims handling or underwriting.

iv) West African Insurance Companies Association

This is a sub-regional association of insurance companies from the five English Speaking West African Countries (WAICA) (i.e. Sierra Leone, Nigeria, Ghana, Gambia and Liberia). It exerted great efforts to conclude a Mouvement of Understanding (MoU) with the ECOWAS Commission so as to have a uniform regulatory system in the entire ECOWAS region, but this has not been successful. This should be re-visited with a view to concluding the MoU as soon as possible. It will not be advisable for ECOWAS Member States to conclude either the EPA or AfCFTA without a regional position on services including insurance.

v) West African Insurance Supervisors Association

The association was established following the signing of a multilateral memorandum of understanding on the establishment of "The West African Insurance Supervisors Association" (WAISA) by national insurance supervisors of Ghana, Liberia, Nigeria, Sierra Leone and the Gambia at the office of National Insurance Commission (NAICOM) in Abuja (WAISA, 2015). This was to establish a mutually acceptable basis for cooperation and to achieve the following common strategic objectives of: enhancing exchange of information; developing standards and guidelines; encouraging implementation and application of guidelines; conducting peer review of companies with IAIS standards; enhancing micro economic development/stability; creating better crisis management system; supporting effective supervision; facilitating the pooling of expertise; helping to understand supervisory practice of each other country; reducing regulatory burden; enhancing coordinated supervisory review; collaborating in cycle of licensing and supervision; enhancing effective oversight; enhancing macro-prudential analysis; monitoring systemic risk and collaborating in insurance access facilitation (WAISA, 2015). The establishment of this association facilitates the exchange of information between the English-speaking West African Insurance Supervisors and helps harmonize markets in this sub-region (IAIS, 2015).

The independence of the regulatory body is required to ensure the following:

- First, it is a priority for governments to seek to regulate entry requirements to ensure that financially weak or non-credible insurance companies are not admitted into the domestic market. These restrictions can take the form of licensing requirements, specified organizational requirements, ownership restrictions, restrictions on operating in areas other than insurance such as banking or securities and separation of activities in different insurance subsectors;
- Second, well-functioning financial reporting and monitoring ensures compliance and timely intervention in case of mismanagement/non-compliance thereby minimizing the risk of insolvency. Third, corporate governance requirements presuppose the existence of efficient internal control by management over

procedures and policies followed in the insurance company. It includes the use and supervision of qualified accountants and actuaries, who play an important role in providing an accurate picture to the supervisor, consumer and shareholder of the financial health of the company; and

- Fourth, prudential regulations ensure compliance by an insurer with the relevant regulatory measures in order to continue its operations within a given market. Prudential laws and regulations cover a broad range of aspects related to the operations of insurers ranging from consumer protection to establishment of reasonable solvency standards. The objective of prudential regulation is to ensure the security and solvency of the market and protect policyholders, should insurers fail. In that context, prudential regulation also ensures the integrity and stability of the financial system. Prudential regulations cover the following:
 - Adequate entry requirements, capital adequacy and solvency margins, which insurance companies are required to maintain as a hedge against unexpected changes, as well as asset quality, requirements for business operating plans and estimates, and requirements for actuarial and auditing;
 - A system to monitor operations (effective reporting and accounting practices; continuous monitoring of capital adequacy, solvency, reserves and investment);
 - Technical provisions, which serve the purpose of meeting arising liabilities – an inaccurate estimation may lead to financial difficulties, insolvency or loss of credibility;
 - Regulations pertaining to the investments of insurance companies, which are generally focused on the investment of premium money and the need to ensure reasonable rates of return on investments made; and
 - Finally, prudential regulations for consumer protection are complemented by a host of other measures, such as public complaints processing, consumer education and information and adequate policyholder protection solutions.

E. POLICY FRAMEWORK

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, the ECOWAS brown card scheme 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 14 (fourteen) National Bureau disseminated in each of the fourteen countries. Each National Bureau performs two main tasks:

- Make the brown card available to resident motorist; 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 (NIA) can operate the brown card; and
- Carry out investigations and settlements of claims arising from accidents incurred by Brown Card holders. This can be described as a handling Bureau.

F. REGULATORY FRAMEWORK

An insurance company or other insurance entity (including agents and brokers) conducting an insurance business in the territory of any ECOWAS Member State or if it is domiciled or licensed there, is subject to that country's insurance legislation and insurance regulations implemented by its state insurance department which is mandated to ensure compliance with the relevant legislation. The regulatory authorities of insurance services in many ECOWAS Member States are the Central Banks.

With globalization interconnecting financial markets across the world, the insurance sector must be well structured to avoid from broader crises arising from the bankruptcy of a large insurer. This could have severe ramifications in a less well-regulated country. By acceding to the African Trade Insurance Agency (ATI) Treaty, many ECOWAS Member States (Benin, Côte d'Ivoire, Ghana and Nigeria) believe that they have taken steps against credit risk and investment failures (ECOWAS, 2013).

A well-functioning and efficient insurance services sector in any part of the world requires legislation which provides for the role, functions and powers of an independent supervisory authority. Insurance legislative measures regulate the insurance industry and those engaged in the industry. Such laws are primarily enforced through regulations, rules and directives by state insurance departments, or Commissions as authorized and directed by statutory law enacted by a country's legislature.

However, federal law, court decisions and administrative adjudications also play an important role as well. The activities of participants in insurance industry are subject to a wide variety of insurance and other laws and regulations. Such laws and regulations are generally designed to ensure financial solvency of insurance companies, as well as fair and adequate service and treatment for policy holders.

G. TRADE COMMITMENTS AFFECTING THE SECTOR

Seven out of the fifteen ECOWAS Member States have made varying levels of commitments on insurance and insurance-related services. These are: Cabo Verde, Côte d'Ivoire, Gambia, Ghana, Liberia, Nigeria and Sierra Leone. As is the case in almost all the sectors, The Gambia has the most liberal GATS commitments. The country has the same commitment across the different segments of insurance services. It has no restrictions on market access and national treatment across the different modes except mode 4, which is unbound though subject to the horizontal commitments.

Insurance in the WAEMU Member States are open to foreign presence. Only Benin, Côte d'Ivoire and Senegal among WAEMU countries have undertaken commitments in respect of insurance under the GATS. These commitments reflect the provisions of the Insurance Code of the Member States of the Inter-African Conference on Insurance Markets (CIMA), created in 1992 within the franc zone, which establishes the framework regulations for all direct non-marine insurance activities in 14 African countries, including the Member States. By and large, the Member States have not undertaken to open up insurance services for risks located in their respective countries, either to international competition or even to competition from insurers situated in other Member States (WTO, 2017). Among recent developments was the simultaneous transposition of the regulatory provisions of "Basel II" and "Basel III" in 2016. Moreover, since 2016, any reinsurance contract assigned abroad concerning over 50% (75% prior to 2016) of a risk required authorization. In addition, 15% and 5% of the amounts reinsured must be assigned in priority to CICA-RE and Africa-Re, respectively, two multilateral reinsurance companies (WTO, 2017).

i) Life insurance and non-life insurance (8121 and 8129)

Cabo Verde maintains no restriction on market access via modes 2 and 3 (subject to the foreign company registering as a limited liability company). It has, however, left modes 1 unbound and 4 unbound, subject to the horizontal commitments. It accords national treatment across all the modes, except mode 4, which is subject to its horizontal commitments.

For Côte d'Ivoire, market access via mode 1 follows the rules of the *Conférence Interafricaine des Marchés d'Assurances* (CIMA), which requires that insurance contracts concerning persons, property or liabilities within Côte d'Ivoire may only be concluded with entities that have been approved for such purpose in Côte d'Ivoire. Mode 2 is unbound, while mode 3 is subject to authorisation. Mode 4 is unbound, with an exception for those employed by an insurance company. Côte d'Ivoire maintains no restriction on national treatment on modes one and three in the life and non-life insurance segment. However, mode 2 is unbound and mode 4 is subject to the CIMA Insurance Code, which requires that the general agent of a branch office of a foreign insurance company must be domiciled and must have resided in Côte d'Ivoire for six months.

The Gambia took commitments for of all insurance services, inscribing Insurance (including reinsurance) and pension fund services, except compulsory social security services; Life insurance and pension fund services; and Non-life insurance services in its schedule. For these sectors and for both market access and national treatment Modes 1, 2 and 3 are committed without any limitations and Mode 4 is unbound except as in the

horizontal commitments which allow for the entry and stay of natural persons in management and expert jobs for the implementation of foreign investment.

Ghana allows market access for life and non-life insurance through modes 1 and 2 only in respect of personal effects. Market access through mode three requires that at least 40 per cent of the capital or other proprietary interest in the insurance business be held by a Ghanaian national while the parent company may hold managerial control of the local company. Mode 4 is unbound and subject to its horizontal commitments. Ghana grants national treatment on life and non-life insurance for all the modes, except Mode 4, which is subject to its horizontal commitments that allow for automatic entry and work permit for up to 4 expatriate senior executives and specialized skill personnel.

In the case of Liberia, market access through mode 1 for life and non-insurance services is generally unbound with exceptions for: insuring international property of foreign nationals; insurance of risks relating to maritime shipping, commercial aviation, space launching and freight (including satellites). The insurance coverage contemplated under this exception includes any or all of the following: the goods being transported, the vehicles transporting the goods and any liability arising therefrom, and goods in transit. There are no limitations on market access through Modes 2 and 3; while Mode 4 is unbound and subject to its horizontal commitments. National treatment commitments follow the same pattern as market access with Mode 1 unbound but subject to the same exception; Modes 2 and 3 have no limitations, while Mode 4 is unbound but subject to the horizontal commitments, especially in relation to the residency requirement of Directors.

Nigeria's market access commitments for life and non-life insurance is unbound for all the modes except Mode 3. There are no limitations on national treatment for Modes 1 and 3; but national treatment for Modes 2 and 4 are unbound.

Senegal has slightly different commitments for life and non-life insurance. Life and non-life insurance market access through Mode 1 for certain insurance services is limited to only entities that have been approved for such purpose in Senegal. The services include: insurance contracts for persons having resident status in Senegal, for property located in Senegalese territory, and liability insurance contracts. The same limitations apply to Mode 3 in the case of life insurance. However, Mode 3 commitment for non-life insurance requires that all imports of goods and merchandise directly for trade or industrial purposes must be insured with one of the entities approved for such purpose in Senegal. Commercial presence, therefore, is a prerequisite for any foreign firm that wishes to operate in this market. Market access through Mode 2 is unbound for both life and non-life insurance. Also, for both life and non-life insurance, commitment under mode 4 allows for the entry of managers and directors, who must be of good repute and have the necessary professional qualifications. This is without prejudice to the cases of incompatibility set forth in the CIMA code. Commitments on national treatment are unbound across all the modes for both life and non-life insurance services.

Sierra Leone maintains the same commitment across all segments of the insurance and insurance related services sector. Market access through all the modes are unbound, except for Mode 3 where foreign investors seeking to establish an insurance institution in Sierra Leone are subject to the following conditions: the investor shall be a foreign insurance company with more than 10 years of experience; hold minimum assigned capital at a level twice that of minimum paid-up capital prescribed for locally incorporated insurance companies; a "letter of comfort" from the parent supervising authority may be requested to the effect that any shortfalls in solvency or liquidity of the foreign insurance company operating in Sierra Leone would be restored by remittances of funds from the home country if called upon to do so. National treatment is unbound for all the modes, with foreign insurance institutions required to make their own arrangements for reinsurance.

ii) Reinsurance and retrocession services (81299*)

While Cabo Verde, Nigeria and Senegal maintain different sets of commitments from what they have for life and non-life insurance, the Gambia, Ghana, Liberia and Sierra Leone maintain the same commitments as in life and non-life insurance services segment. Côte d'Ivoire has scheduled reinsurance and retrocession services as unbound across all modes and for both market access and national treatment.

Cabo Verde maintains no limitations on market access and national treatment for all the modes, except mode 4 where commitment is unbound and subject to its horizontal commitments. In addition, commercial presence must take the form of a limited liability company, or as provided for in the financial services headnote.

Nigeria maintains no limitations on market access through Modes 1 and 2. For Mode 3, the establishment of a reinsurance company in Nigeria is subject to the approval of the Minister of Finance, who shall have regard of the need to control the number of reinsurance companies operating in the country. Insurers are required by law to cede 20 per cent of their business compulsorily to Nigeria Reinsurance Corporation, which has the right of First Refusal before the ceding of any reinsurance business outside Nigeria. Market access through Mode 4 is unbound. There is no limitation on national treatment for all the modes, except for Mode 4, which is unbound.

Senegal has left market access and national treatment on reinsurance and retrocession services unbound for Modes 1, 2, and 4. For Mode 3 market access, it has stipulated conditions for the commercial presence of foreign firms in this segment. Insurance companies incorporated in Senegal and foreign insurance companies operating in the country must cede 20 per cent of the premiums charged by them and 20 per cent on their reinsurance treaties to SEMRE (*Société sénégalaise de réassurance*). National treatment for Mode 3 is left unbound.

iii) Services auxiliary to insurance (including brokerage and agency services 8140)

The Gambia, and Ghana made no commitments in this segment. Liberia and Sierra Leone maintain the same commitments as in the life and non-life insurance services segment.

The schedule of Cabo Verde for this segment (services auxiliary to insurance) is unique in that it contains sub-headings such as consultancy, actuarial risk assessment and claim settlement services. For these sub-sectors, Cabo Verde maintains no limitations on market access and national treatment for all the modes, except Mode 4, which is unbound. The more common subheadings (brokerage and agency services) are listed under a separate heading: "Insurance intermediation, such as brokerage and agency". Under this latter category, market access is unbound for Modes 1 and 4, while Modes 2 and 3 are free of any limitations. Similarly, there are no limitations on national treatment for all the modes, except Mode 4, which is unbound and subject to its horizontal commitments.

Côte d'Ivoire's commitments for brokerage and agency services include an obligation under mode 1 market access for brokers to obtain authorization from the Minister in charge of the insurance sector in relation to establishment in the country. No limitation is put on national treatment for Mode 1. For Mode 3, the schedule outlines under market access the conditions for authorization while national treatment is without limitations. Modes 2 and 4 are left unbound.

Nigeria maintains no limitations on market access and national treatment for all the modes, except mode 4, which is unbound both for market access and national treatment. However, Nigeria's commitment for this subsector must be read jointly with the head note for the insurance services sector which sets conditions for the sector, including the requirement that an insurance broker has to obtain approval before entering into contract with foreign insurers.

Senegal has left market access unbound for Modes 1 and 2, while placing conditions for Modes 3 and 4. For market access under Mode 3, brokers and brokerage firms must be approved and established in Senegal in accordance with the regulations in force, having fulfilled the necessary administrative formalities. Under Mode 4, the condition is same for other segments discussed above. Senegal has also left national treatment unbound for all the modes.

H. INSURANCE AND INSURANCE-RELATED SERVICES: STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

The WAEMU zone's insurance sector entered a phase of full growth after the implementation of streamlining measures from the mid-1990s. However, its share in the economies of Member States of the Union remained relatively low due mainly to low incomes, lack of insurance culture among the population and inadequate coverage of important segments like the informal and agricultural sectors.

The insurance markets of the WAMZ countries are not efficient. With the possible exception of Nigeria, there seems to be a relatively small base of an educated, trained and experienced workforce for the insurance industry and the insurance regulators. WAICA exerted great efforts to conclude a MoU with the ECOWAS Commission so as to have a uniform regulatory system in the entire ECOWAS region, but this has not been successful. This should be re-visited

with a view to concluding the MoU as soon as possible. It will not be advisable for ECOWAS Member States to conclude either the EPA or AfCFTA without a regional position on services including insurance.

Beyond national and regional insurance professional bodies are other broader business groups which can support the insurance services sector in specific advocacy efforts as well as other issues of interest to insurance business in ECOWAS community. For instance, there are international insurance standard-setting organizations, such as the International Association of Insurance Supervisors (IAIS, 2009), which is comprised of national insurance regulators and supervisors of over 180 countries.

The Insurance sector in the ECOWAS region have some special features including smaller size, underdeveloped and highly uncompetitive insurance market with limited actuarial capacity; poor regulatory environment and inadequate supervision that hinder portfolio diversification, barriers to foreign entry such as outright bans, limits on ownership and/or requirements for joint ventures only, and limited scope to use international reinsurance companies, prevalence of state-owned insurance companies, and poor management and accounting techniques and accounting standards; limited room for reinsurance: this means that risk remains with domestic insurers; high contingent liabilities for the government from need bail out and recapitalize state-owned insurers and underdeveloped capital markets

Given these features, ECOWAS faces a series of specific challenges deriving from, among others, the important infrastructural role of insurance services, the rapid evolution of the global financial and insurance markets, and the trend towards liberalization in the insurance services sector, as well as from the lack of human capital and skilled personnel.

The **first** of these challenges relates to the importance of developing national/regional strategies and policies, with due account being taken of national/regional development objectives. The discussion emphasized the importance of developing a coherent strategy, particularly since in many of the Member States, the insurance sector is not yet considered a key component of the financial architecture. This has led to a lack of public awareness of the benefits and uses of insurance products, a lack of demand for such products, and ultimately an inadequately and scarcely diversified insurance sector.

The **second** relates to the importance of setting up effective regulatory, supervisory and legislative structures as a prerequisite for liberalization of the industry in ECOWAS Member States.

A **third** area of concern across Member States relates to challenges with regard to liberalizing insurance services and admitting foreign players into the domestic market. While opening up might lead to increased competition, which could be favourable since it forces insurers to become more efficient and cost-effective, it is equally important that such competition should necessarily take place on a level playing field. In sum, opening up, at the current level of insurance activities in ECOWAS region could bring benefits and challenges. On the one hand, the admission of foreign insurance companies can be beneficial in that it contributes substantial financial strength; transfer of technical, managerial and technological knowledge; global market credibility; and risk and asset liability management. On another hand, the operation of foreign insurance companies can lead to anti-competitive practices; selective marketing to high-value clients; potential employment losses; and the need to carefully manage any balance-of-payments difficulties that arise.

One of the key issues as regards FDI in the insurance sector into ECOWAS region relates to the nature of the FDI regime for the sector in the areas of: (a) regulatory transparency (and the equal application of regulations); (b) adherence to IAIS (International Association of Insurance Supervisors) standards; protection of FDI; (c) freedom to invest (within prudential limits), including by allowing realistic foreign capital levels and not requiring uneconomic cross-subsidization; and (d) freedom to reinsure if necessary in global reinsurance.

A **fourth** area of challenge for ECOWAS Member States relate to the need to overcome supply-side constraints and promote the operations of domestic insurance suppliers and nascent industries. This is an area where the Member States governments can and should play an important role. The specific supply-side constraints which Member States face are a lack of diversified insurance products within their insurance markets. This weakness derives from, inter alia, a weak supervisory and regulatory environment in the region, a lack of sufficiently well-developed distribution networks, and, more broadly, a lack of public awareness about insurance products and their usefulness (often linked to social and cultural aspects in terms of attitudes towards risk, which has resulted in constraints on the demand side). Also, infrastructure constraints play a major role; in fact, there is, inter alia, a lack of technical skills, particularly human skills; a lack of well-developed institutional mechanisms (e.g. for information and data collection); and insufficient use of information technology (e.g. as a tool to facilitate insurance operations and risk assessment). There is, therefore,

a need to strengthen the regulatory environment of the region in the insurance sector so as to include appropriate legislation, taxation policies and effective enforcement mechanisms, as well as to effectively build human capital.

The SWOT Analysis of ECOWAS insurance services sector are:

Strengths

- With a population of 367 million people in 2017, there is a vast untapped potential for life insurance products;
- Millions of people in the region can be encouraged to subscribe to cross-border insurance instruments as well as take out overseas medical claim and travel insurance policies;
- ECOWAS provides international insurance companies with the middle market segment that is of interest to them;
- There is an increasing pool of skilled professionals in the region, particularly in Nigeria and Ghana;
- WAICA, as a regional body supported by the ECOWAS Commission, should work towards establishing an enabling environment for integrating insurance activities of Member States;
- There is also great scope for deepening research and development to create new products across Member States; and
- The ECOWAS Regional integration process can allow for economies of scale in the region and streamlining of processes among Member States.

Weaknesses

- Across Member States, the degree of implementation of regulatory standards in the insurance sector varies. The low level of compliance by ECOWAS Member States may be attributed to weaknesses in: corporate governance or internal controls; assets or investments; and organization of the supervisors;
- Supervisory agencies need to be strengthened in many Member States considering that in some cases, the insurance regulators are incorporated into the Ministries of Finance (like in Nigeria and Ghana), where insufficient resources and unclear budgetary autonomy have proved to be problematic; and
- In many Member States, risk management with regard to asset portfolio is still not adequately supervised. Other areas of concern relate to market conduct across borders due to lack of a regional agreement on exchange of information with other supervisors.

Opportunities

- A range of new products are being introduced into the ECOWAS market to cater to the specific needs of certain groups. At the same time, traditional agents are being supplemented through other mediums, including the internet and bank branches;
- ECOWAS' middle income populace is rapidly growing emerging as a profitable market;
- ECOWAS' improving economic fundamentals will support faster growth in per capita income in the coming years, which will translate into stronger demand for insurance products;
- There is a rise in personal accident, health and other liability classes that call for Insurance; and
- Rising household income and risk awareness will be the key catalysts to spurring more demand for these lines of business in the future. Health insurance could potentially have an important role in driving forward insurance market development.

Threats

- ECOWAS Member States are among the lowest-spending nations in the world with respect to the purchasing of insurance;
- Even after the liberalization of the insurance sector, public sector insurance companies have continued to dominate the insurance market in many of the Member States;
- A key challenge for ECOWAS' non-life insurance sector will be to reform the existing tariff structure;
- The share of foreign companies in the insurance market is low; and
- Strong growth prospects pose pressure on the industry, and the economy at large, to better manage the exposure to natural perils.

I. SPECIFIC RECOMMENDATIONS

While developed countries' insurance sectors usually include life insurers, non-life insurers and reinsurers among other auxiliary insurance-related services providers, many ECOWAS Member States' insurance providers, being smaller in size and operations, generally do not engage in major activities like those enumerated above.

In the same vein, while the governments' key role in developed countries is to act as a regulator to ensure security and stability of the sector, in least-developed and developing countries like those in the ECOWAS region, governments do have the role of providing insurance services as a public good. In many of ECOWAS Member States, apart from Nigeria and Ghana, insurance markets depend extensively (technically and financially) on international services.

The reasons for this include structural, financial and technical constraints such as the small size of markets, under-capitalization of insurance companies and insufficient experience and know-how. In addition, there is shortage of skilled personnel, as well as dependence on foreign reinsurance, which has implications for the contribution of the insurance industry to national development, in particular with respect to savings promotion and mobilization. The following could be considered with a view to strengthening the insurance sector in the ECOWAS region:

- *Outsourcing and offshoring* (of insurance claims, call centre work related to insurance queries, marketing and claim settlements), provision of insurance advisory services through Mode 1 (e.g. the cross-border supply of auxiliary services, such as actuarial and risk assessment services, which require specialized knowledge) and development of offshore insurance centres. To capture this potential, ECOWAS Member States need to build language skills; understand the culture of the target market; comply with standards (e.g. privacy 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 ECOWAS region) *and through Mode 3* (e.g. establishment of insurance firms in other ECOWAS Member States, particularly by Nigerian and Ghanaian firms);
- *Distribution of insurance services and insurance intermediation*: Distribution of insurance services is extremely vital for successful insurance penetration. Effective and efficient access to existing channels for insurance distribution is important. Insurance intermediation is a sector where ECOWAS Member States can benefit by providing local knowledge of domestic markets to foreign suppliers and international knowledge of foreign markets to domestic suppliers as well;
- *Local knowledge*: Since the marketing of insurance products requires a thorough understanding of the domestic market, including consumers' lifestyles and consumption patterns, acquiring such knowledge requires partnerships of local insurance with other firms in other countries within and outside the region. Such firms could also offer distribution channels, effective marketing strategies and niche areas of operation;
- *Portability of insurance*: As ECOWAS Member States build up niche areas of services exports (such as health services), insurance services linked to them could be promoted domestically;
- *Development of software services related to the insurance sector*: Developing insurance-friendly software systems for use domestically in Member States of ECOWAS is becoming important for better services

inclusion at the national, regional and global levels. Certain insurance activities such as claim settlements, actuarial services and risk assessment could benefit from the use of specially designed software. With advances in ICT for marketing and promotion, there is great potential export interest in the insurance services sector in the region as well as greater level of services inclusion in the entire region;

- *WAICA should finalize its collaboration with ECOWAS Commission:* This will allow all the 15 Member States to participate in all of its activities. The association should consider developing a strategic plan to help position the industry to meet its long-term goals for the entire region. To best represent the interests of the industry as a whole, and maintain the support of Members, WAICA should have a well-developed policy formulation and implementation structure. The ECOWAS Commission, in collaboration with Member States' insurance regulatory agencies, should permit WAICA to develop free of regulatory pressure, so as to maintain a proper balance of opinion and to avoid any bureaucratic self-interest;
- The IAIS can provide assistance in governmental policy development on prudential, regulatory and governance matters. Lists of insurance associations around the world and contact points can be found at the IAIS website, which is accessible by most national regulators and multilateral institutions. Membership of IAIS would strengthen the national insurance commissions of ECOWAS Member States;
- It is necessary for ECOWAS Member States to include the insurance sector in their financial architecture. This will lead to increasing public awareness of the benefits and uses of insurance products and inducing demand for such products, and ultimately, to diversifying the insurance sector; and
- It is important to set up effective regulatory, supervisory and legislative structures as a prerequisite for liberalization of the industry in ECOWAS Member States to ensure a level playing field between ECOWAS and foreign insurers and to bring benefits of liberalization to ECOWAS people and businesses.

Chapter V: Telecommunications services

A. INTRODUCTION

Critical to the growth and development of all aspects of a nation's economy is access to telecommunication services. *Basic telecommunications services* are public and private telecommunications services that involve end-to-end transmission of customer supplier information. These include voice telephone services, packet-switched data transmission services, circuit-switched data transmission services, telex services, telegraph services, facsimile services, and private leased circuit services (Andrew and Sykes, 2008). A modern telecommunication infrastructure is not only important for domestic growth but also critical for connecting the domestic market of commodities as well as credit with international commodity and financial markets (Wilson, *et al.*, 2014). Paragraph 3(a) of The Annex on Telecommunications defines telecommunications as "the transmission and reception of signals by any electromagnetic means". Services commonly known as "basic"⁵ telecommunications are strictly designated by "public telecommunication transport networks and services" in the Annex and are defined there.

The role of telecommunication infrastructure in enhancing economic growth has been a subject for discourse in recent time in the economic literature. It is argued that the development of a modern nation to its full potential in contemporary world can never be attained without adequate telecommunications infrastructure (Teller *et al.*, 2007). Rapid technological progress, especially in mobile wireless technology, has made greater coordination and harmonization of telecommunications policy more attractive. Information communication technology (ICT) has been adjudged has having the potential in reducing poverty through extensional services in health, education, agriculture, and social systems especially in rural and disadvantage areas and groups; enhancing intra and inter country trade for economic expansion as well as improving efficiency, ensuring reduced transaction costs and attracting private investments and foreign direct investment. However, the advantage of ICT in developing countries has not found a much stronger relationship with growth unlike the advanced countries where substantial improvements in the telecommunications infrastructure had facilitated massive increases in the use of information technology in other industries, and has led to many cautious statements by researchers about the wisdom of emphasizing ICT development as a growth strategy.

Generally, telecommunication and its ancillaries contribute to economic growth through: Increasing productivity across all sectors; facilitating market expansion beyond borders to harvest economies of scale; lowering costs of and facilitating access to services, notably in administration, education, health and banking; providing access to research; development of ICT products and services; contributing to better governance, a prerequisite to growth, through increased participation, accountability and transparency.

While telecommunications reform generally leads to rapid and socially beneficial growth in telecommunications services, many countries including ECOWAS have not captured the spillover benefits in other industries, and so have not experienced a large increase in long-term economic growth as it has occurred in other countries that have pursued a broader array of policy reforms.

B. DESCRIPTION AND PERFORMANCE OF THE SECTOR

To monitor and compare developments in information and communication technology (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, Gambia, and Togo) out of 12 ECOWAS Member States available in the IDI ranking have improved their position between 2016 and 2017. Togo 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 achieved a drop in the 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) (Table 14).

Table 14: Information and communication technology development in the ECOWAS Member States

	Developing	LDC	Iceland	Mauritius	Benin	Burkina Faso	Cabo Verde	Côte d'Ivoire	Gambia	Ghana	Guinea	Guinea-Bissau	Mali	Nigeria	Senegal	Togo
IDI 2017 Rank	-	-	1	72	161	162	93	131	144	116	166	173	155	143	142	156
IDI 2016 Rank	-	-	2	75	157	163	91	134	145	113	166	173	153	143	142	159
IDI 2017 Value	4.26	2.20	8.98	5.88	1.94	1.90	4.92	3.14	2.59	4.05	1.78	1.48	2.16	2.60	2.66	2.15
IDI 2016 Value	4.07	2.07	8.78	5.51	1.92	1.74	4.83	2.84	2.43	3.88	1.71	1.38	2.05	2.44	2.48	1.86
IDI ACCESS SUB-INDEX	4.80	2.82	9.38	7.04	2.63	2.82	5.76	3.92	3.77	4.36	2.51	2.43	3.16	3.16	3.57	2.71
Fixed-telephone subscriptions per 100 inhabitants	8.54	0.90	48.36	30.65	1.12	0.35	11.65	1.33	1.87	0.91	0.00	0.00	1.20	0.08	1.86	0.46
Mobile-cellular telephone subscriptions per 100 inhabitants	96.25	67.67	118.01	144.24	79.65	83.63	122.02	126.01	139.63	139.13	85.33	70.26	120.31	81.82	98.68	74.91
International internet bandwidth per Internet user (Bit/s)	53 000	6 000	997 829	63 490	1 655	2 810	23 356	6 825	13 296	9 850	589	4 706	598	11256	4976	4489
Percentage of households with computer	34.35	7.64	98.50	61.23	5.81	5.82	37.39	10.40	9.26	20.84	2.84	2.78	3.18	10.56	15.10	6.81
Percentage of households with Internet access	40.43	12.88	96.96	63.80	6.61	10.59	62.00	22.65	11.21	32.51	7.65	2.20	8.95	15.23	19.93	7.74
IDI USE SUB-INDEX	3.32	1.27	8.70	4.44	0.63	1.13	4.11	2.50	1.34	3.55	0.83	0.36	1.19	1.58	1.76	1.06
Percentage of individuals using the Internet	38.98	15.62	98.24	53.23	11.99	13.96	48.17	26.53	18.50	34.67	9.80	3.76	11.11	25.67	25.66	11.31
Fixed (wired)-broadband subscriptions per 100 inhabitants	8.71	0.90	37.62	16.90	0.81	0.05	3.03	0.63	0.18	0.31	0.01	0.04	0.03	0.01	0.64	0.61
Active mobile-broadband subscriptions per 100 inhabitants	43.58	19.10	103.99	51.75	5.58	19.87	70.01	47.53	21.26	71.34	15.01	6.89	24.40	21.80	26.08	19.55
IDI SKILLS SUB-INDEX	5.05	2.82	8.75	6.43	3.18	1.59	4.89	2.88	2.75	4.43	2.23	1.82	2.12	3.53	2.62	3.22
Mean years of schooling	7.40	4.38	12.20	9.10	3.50	1.40	4.80	5.00	3.30	6.90	2.60	2.90	2.30	6.00	2.80	4.70
Secondary gross enrolment ratio	74.88	47.35	118.56	95.70	56.81	33.67	92.90	43.87	57.45	71.04	38.82	32.64	41.31	55.70	49.65	54.71
Tertiary gross enrolment ratio	28.25	8.62	81.26	36.67	15.36	4.78	21.71	9.16	3.10	15.94	10.85	2.50	6.87	10.07	10.39	10.63

Source: ITU Development Index, 2017⁶.

Note: The data aren't available for Sierra Leone, Liberia, and Niger.

Over the past years, ICT infrastructure in West Africa has increased in spite of the low population density, low incomes and large rural populations challenges particularly with the mobile telecommunication. Of note is the virtual explosion of mobile phones in Côte d'Ivoire, Ghana and Nigeria which surpassed the region's average subscribers of 11 million, 17 million and 21 million as at the end 2010, 2013 and 2017 respectively (Table 14).

According to the Table 15, it is obvious that the Nigerian market has proved to be the fastest growing mobile-cellular telephone market in West Africa with about 87,000 subscribers in year 2010 to over 144 million subscribers as at the end of 2017 representing over 65 per cent subscriber increment. Ghana as at year 2010 had about 17.4 million subscribers which have increased to 36.7 million as at end of 2017, while Côte d'Ivoire experience show that cellular telephone subscriber increased from about 15.5 million subscribers to 31 million subscribers. The smallest country in terms of mobile cellular phone subscribers is Cabo Verde, with 371,871 subscribers by 2010 and increased to 499,458 subscribers at the end of 2017. The values of mobile cellular subscriptions increased massively overtime and virtually all other ECOWAS Members have experienced the increase.

Table 15: Information and communication technology infrastructure and access indicators

	Mobile-cellular telephone subscriptions (in millions dollars)			Mobile-cellular telephone subscriptions (per 100 inhabitants)			Fixed telephone subscription (per 100 inhabitants)			Percentage of individuals using the internet		
	2010	2013	2017	2010	2013	2017	2010	2013	2017	2010	2013	2017
Benin	7.07	9.63	8.77	76.91	82.08	86.42	1.45	1.61	1.61	3.13	4.9	14.12
Burkina Faso	5.71	11.24	17.95	36.58	47.77	60.20	0.92	0.88	0.85	2.4	9.1	15.88
Cabo Verde	0.37	0.50	0.61	74.02	78.03	82.75	14.33	14.66	13.66	30	37.5	57.16
Côte d'Ivoire	15.60	19.39	31.75	76.46	83.01	84.50	1.39	1.32	1.29	2.7	12	43.84
Gambia	1.48	1.85	2.97	87.37	80.23	84.69	2.88	2.89	3.56	9.2	14	19.84
Ghana	17.44	28.03	36.75	71.14	84.25	99.55	1.13	1.13	1.11	7.8	15	37.88
Guinea	4.00	7.44	11.70	37.06	44.05	49.50	0.17	0.16	0.00	1	4.5	11.4
Guinea-Bissau	0.68	0.94	1.43	43.54	45.90	64.05	0.00	0.00	0.00	2.45	3.1	3.93
Liberia	1.57	2.55	2.66	39.80	49.65	56.91	0.15	0.23	0.33	2.3	3.2	7.98
Mali	7.44	19.75	22.03	49.36	69.63	91.29	0.76	0.67	0.70	2	3.5	12.72
Niger	3.67	7.01	8.78	22.33	27.79	30.43	0.51	0.50	0.57	0.83	1.15	10.22
Nigeria	87.30	127.25	144.92	55.05	58.43	67.41	0.66	0.44	0.25	11.5	19.1	27.68
Senegal	8.34	13.13	15.76	64.60	70.32	83.71	2.65	2.60	2.48	8	13.1	29.64
Sierra Leone	2.00	4.00	6.63	30.97	32.32	32.66	0.22	0.24	0.27	0.58	4	13.24
Togo	2.60	4.26	6.07	40.02	40.35	48.29	0.92	0.90	0.90	3	4.5	12.36
Total	165.27	256.96	318.78	805	894	1,022	28	28	28	87	149	318
Average	11.02	17.13	21.25	54	60	68	2	2	2	6	10	21

Source: ITU Statistics <http://www.itu.int/ict/statistics>.

Ghana recorded highest mobile teledensity of 99.55 per cent followed by Mali at 91.29 per cent, Burkina Faso at 86.42 per cent, the Gambia at 84.69 per cent, Côte d'Ivoire at 84.50 per cent and Niger closing the trend at 30.43 per cent.

While the mobile telecommunication teledensity has enjoyed a steady growth in the last decade for visually all ECOWAS Member States (with the exception of the Gambia), the fixed telephone teledensity has been on the decline for countries like Burkina Faso, Cabo Verde, Côte d'Ivoire, Ghana, Guinea, Nigeria; stagnated for some countries (Benin, Guinea-Bissau, Togo) while it increases in few others. Table 15 reveals that as at 2017, Cabo Verde has the highest fixed telephone teledensity 13.66 per cent followed from a distance by the Gambia at 3.56 per cent while Guinea-Bissau has no fixed telephone teledensity.

Although internet usage came late to West Africa, the statistics show that as at 2017, Cabo Verde, Côte d'Ivoire, Ghana, Senegal and Nigeria are leading in terms of percentage of individuals using the Internet posting 57.16 per cent, 43.84 per cent, 37.88 per cent, 29.64 per cent and 27.68 per cent in that order respectively. The lowest percentage of internet users is recorded for Guinea-Bissau (3.93%). With the rapid development of wireless broad band, mobile communications are evolving from simple voice communication services and text messaging to a more sophisticated offering with a wide range of applications in locations where conventional services are not available. "Smart" wireless phones, for example, now allow users to also browse the Internet, download music, and access information services (Qiang, 2009).

C. LINKAGES WITH OTHER SECTORS

There is surprisingly little reliable ICT statistics and other information regarding Africa. It is even more difficult to obtain information in West Africa, particularly information organized to give an overview of the ICT sector link with other sectors. ICT have been linked to the growth of many sectors like education, energy, transportation, insurance and so on but data to support these beliefs are still limited in West Africa. For the purpose of this document, country specific ICT-Power linkage of Nigeria and Ghana for ECOWAS is examined. The document is adapted from the Green Power for Mobile, a joint IFC and GSMA Mobile for Development programme (GSMA, 2013).

Power and telecoms in Nigeria and Ghana

The growth and expansion of mobile telecom networks depends on key support infrastructure including power and transportation. Power supply infrastructure plays a major role in running the mobile network with a benchmark network uptime of 99.98 per cent in order to maintain the reliability and quality of services. An unreliable and poor power supply to the telecom tower sites hampers the efficient running of mobile telecom network's operations. The key power sectors indicators and their impact on telecom operations in Nigeria and Ghana are presented in below sections.

The reach and expansion of power infrastructure has impacted the growth of the telecom sector in Ghana and Nigeria. Ghana's telecom infrastructure sector has experienced a decrease in the reliability of grid power supply owing to an unbalanced growing grid infrastructure and stagnating power generation capacities. The graph below shows the trend in the usage of diesel generator power between 2011 and 2012 for the grid-connected telecom tower sites (Figure 6).

Figure 6: The impact of reduced availability of grid power supply on Telecoms in Ghana

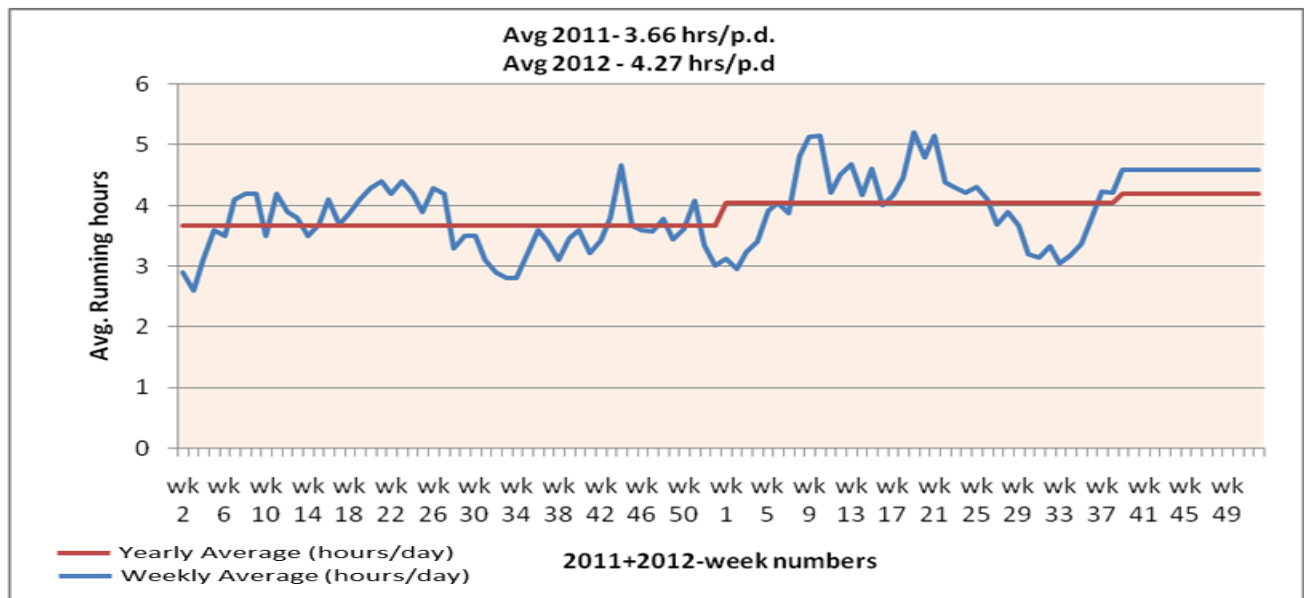
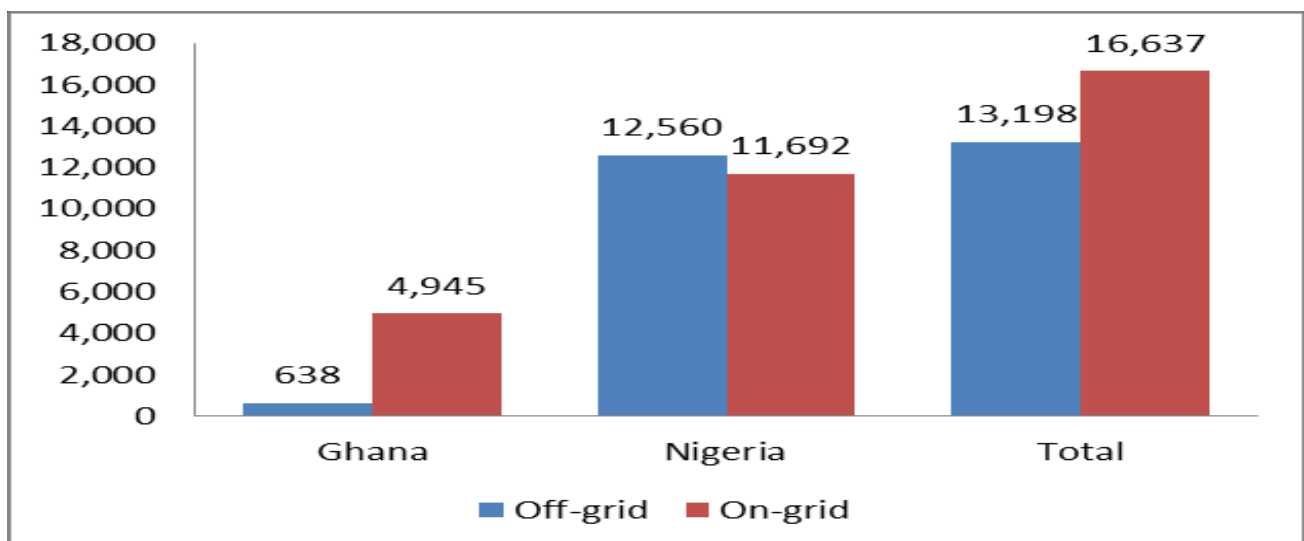


Figure 6 shows that the usage of diesel generator has increased from an average of 3.66 hours/day in 2011 to 4.27 hours/day in 2012. This increased dependence on diesel generator can be attributed to reduced availability of grid power supply and to the deterioration in the quality of grid power supply.

On the other hand, Nigeria telecom infrastructure sector has long been challenged by poor grid power infrastructure. Despite a reasonable electrification rate, the grid power availability is a concern due to acute shortages in supply. The supply shortages in Nigeria can be attributed to dwindling investments in power generation despite huge resource potential.

The expansion in power infrastructure and supply has fallen short of the tremendous expansion of telecoms infrastructure across Ghana and Nigeria. This has led to mobile network growth in regions without access to grid power supply. The breakup of telecom tower sites in terms of their grid power connection status is presented in figure 7.

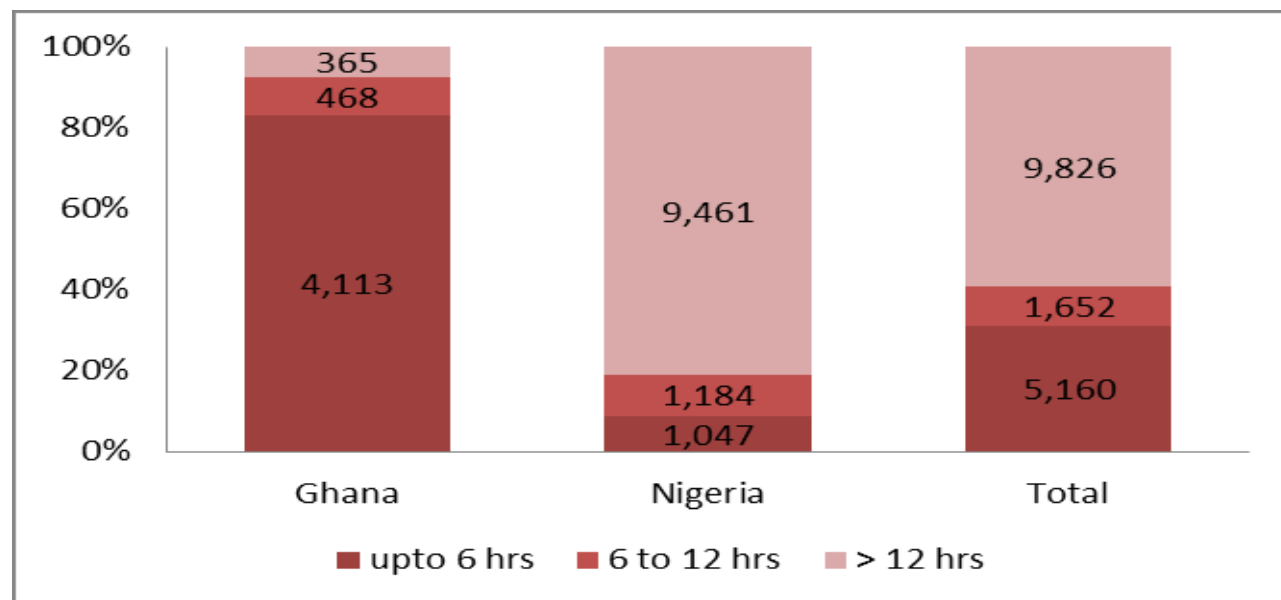
Figure 7: Sites by on/off grid (in numbers)



Nigeria has a total of 12,560 sites deployed in off-grid locations constituting about 52 per cent of the total (Figure 8). Ghana, with a network of 5,583 tower sites, has 638 sites (~11% of the network) deployed in locations without access to grid power supply.

The grid power supply scenarios in Ghana and Nigeria are completely different in terms of grid power reliability and average power availability. For instance, Ghana has a more reliable grid power supply than Nigeria has. The availability of grid power supply to on-grid sites also varies greatly across those two countries. The number of on-grid sites, along with the average daily power outage scenario, is presented in Figure 8.

Figure 8: Sites by grid power outage (on-grid)

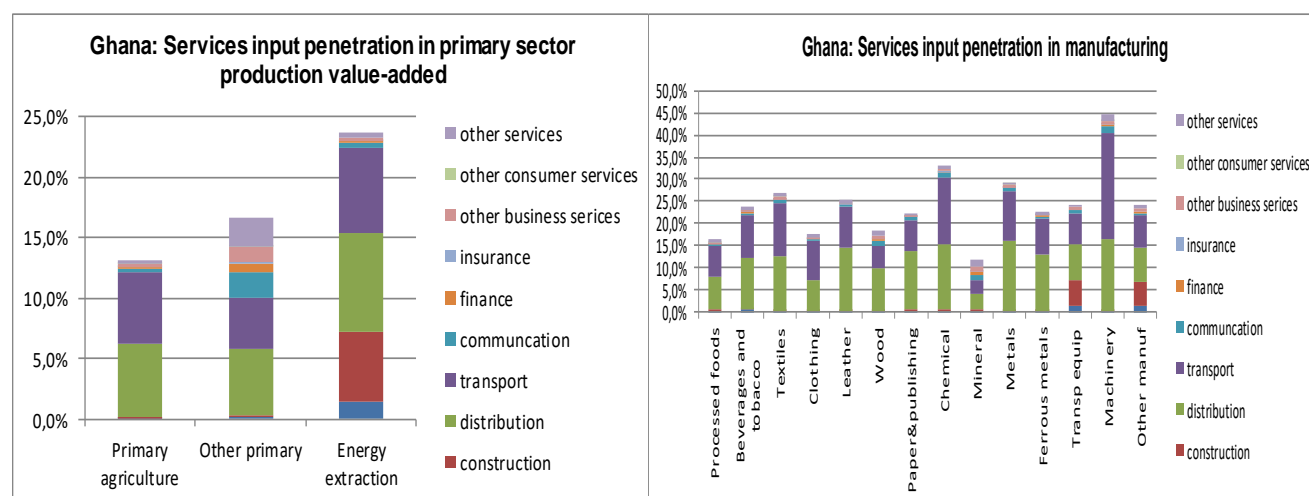


Power outages are commonly up to 6 hours a day, minimum. Therefore, Ghana, with 83% of the grid-connected sites experiencing 6-hour power outages per day are better off than in Nigeria, where 81% of sites experience power outages that last more than 6 hours. The unreliable grid power supply in Nigeria has forced the telecom operators and Tower Companies to heavily rely on diesel power as a backup power source to run the network.

Many people consider communications and ICT services as a development engine and an unavoidable tool for economic growth. According to a 2009 World Bank report, "digital platforms are more and more multipurpose and use large band technology with the effect of changing economic development".⁷ A study carried out by Katz et al. (2012)⁸ indicated that during the period 2004 to 2011, every increase of 10 per cent of mobile phone penetration rate in Senegal was equivalent to economic growth rate increase of about 0.44 per cent in the country.⁹ Like many services, ICT are inputs into the production of other services and goods. As a result, their cost and quality impacts on the growth performance of the economy (Francois and Hoekman, 2010).¹⁰ Lower cost and higher quality telecommunications will generate economy-wide benefits, as this service is both an intermediate input and a "transport" mechanism for information services and other products that can be digitized (Bernard Hoekman and Ben Shepherd, 2015).¹¹

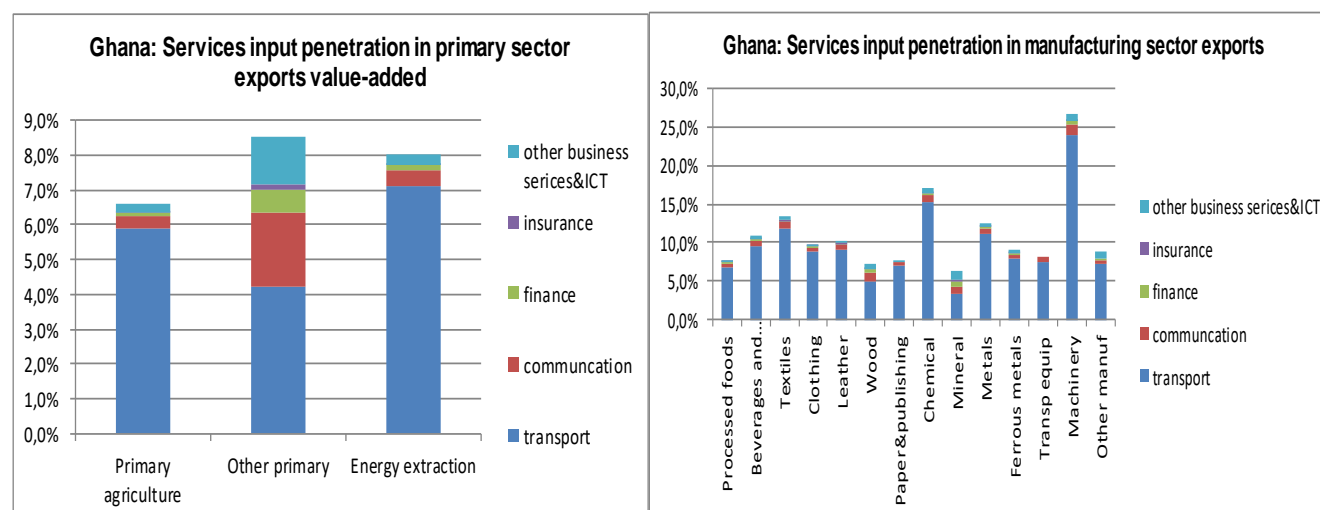
Figures 9 and 10 plot the 2011 World Bank Export Value Added data for Ghana on forward linkages – the value added generated by a sector, such as, other business services & ICT or communication services, as an intermediate input into the value-added and the exports of all industries. These illustrate that different services, particularly business services & ICT and communication services play an important input role in Ghana. This confirms the findings of Njinkeu and Doumbouya (2016) that services dependency is not unique to OECD countries.

Figure 9: Service value added in domestic production in Ghana, 2011



Source: 2011 World Bank Export Value Added data.

Figure 10: Service value added in exports in Ghana, 2011



Source: 2011 World Bank Export Value Added data.

D. INSTITUTIONAL FRAMEWORK AND MAIN ACTORS

A number of ECOWAS Member States currently operate multiple (at least two) cellular telephone operators, regardless of per capita GDP and access to main lines (Table 16). With multiple operators, some degree of competition is certain, not only among cellular providers but also between incumbent firms and cellular providers. In what follows, we present some of the major private and public institutions as well as the regional and international organizations that have become the main actors and at the same time constitute the institutional framework for telecommunication sector.

Table 16: List of Telecom operators in ECOWAS Member States

S/N	Member State	Operator name	Type of operator
1	Benin	GLO MOBILE BENIN (GLOBACOM)	MB
2	Benin	MOOV (ETISALAT MOOV)	MB
3	Benin	LIBERCOM	MB
4	Benin	BBCOM (BELL BENIN COMMUNICATIONS)	MB
5	Benin	BE. TELECOMS	FB
6	Benin	MTN (SPACETEL-BENIN, AREEBA)	MB
7	Burkina Faso	TELECEL FASO S.A.	MB
8	Burkina Faso	ONATEL S.A.	MB
9	Burkina Faso	ORANGE BURKINA FASO S.A (FORMER AIRTEL)	MB
10	Cabo Verde	UNITEL T+	MB
11	Cabo Verde	CVMULTIMEDIA	FB
12	Cabo Verde	CVMOVEL	MB
13	Cabo Verde	CVTELECOM	FB
14	Côte d'Ivoire	ORANGE	MB
15	Côte d'Ivoire	MTN FIXED	FB
16	Côte d'Ivoire	CÔTE D'IVOIRE TELECOM	FB
17	Côte d'Ivoire	MOOV	MB
18	Côte d'Ivoire	MTN MOBILE	MB
19	Gambia	GAMCEL	MB
20	Gambia	QCELL	MB
21	Gambia	COMIUM	MB
22	Gambia	AFRICELL	MB
23	Gambia	GAMBIA TELECOMMUNICATIONS COMPANY	FB
24	Ghana	GLO MOBILE	MB
25	Ghana	AIRTELIGO	MB
26	Ghana	VODAFONE (GHANA TELECOM)	MB
27	Ghana	MTN	MB
28	Guinea	MTN GUINEE	MB
29	Guinea	CELLCOM GUINEE	MB
30	Guinea	ORANGE GUINEA (FORMERLY SPACETEL GUINEE)	MB
31	Guinea-Bissau	ORANGE BISSAU	MB
32	Guinea-Bissau	GUINETEL	MB
33	Guinea-Bissau	MTN (SPACETEL GUINEE-BISSAU)	MB
34	Liberia	MTN LIBERIA (LONESTAR)	MB
35	Liberia	ORANGE	MB
36	Liberia	NOVAFONE GSM (COMIUM)	MB
37	Liberia	LIBERIA TELECOMMUNICATION CORPORATION	FB
38	Mali	ATEL-MALI	MB
39	Mali	MALITEL S.A.	MB
40	Mali	ORANGE MALI	MB
41	Niger	SAHELCOM	MB

S/N	Member State	Operator name	Type of operator
42	Niger	AIRTEL	MB
43	Niger	ORANGE	MB
44	Niger	MOOV	MB
45	Nigeria	9MOBILE NIGERIA	MB
46	Nigeria	NTEL	MB
47	Nigeria	MTN	MB
48	Nigeria	GLO	MB
49	Nigeria	AIRTEL	MB
50	Senegal	ORANGE	MB
51	Senegal	TIGO	MB
52	Senegal	EXPRESSO	MB
53	Senegal	HAYO TELECOM	MB
54	Senegal	KIRENE AVEC ORANGE	MB
55	Sierra Leone	SIERRATEL	MB
56	Sierra Leone	AFRICELL	MB
57	Sierra Leone	ORANGE	MB
58	Sierra Leone	QCELL	MB
59	Togo	TOGO CELLULAIRE	MB
60	Togo	MOOV	MB
61	Togo	TOGO TELECOM	FB

Note: MB = Mobile Broadband, FB = Fixed Broadband.

Private GSM Services Providers

These include the MTN Group Limited, based in South Africa, and a leading mobile telecommunications company providing different communication services including mobile telephony, cellular network access, internet access, fixed wired/wireless satellite connections, digital TV service, microwave-and-fibre-optics transmission-network and other business solutions. Africell Ltd, Airtel Africa, Glo World, second largest Mobile Network Operator in Nigeria; and Orange, the largest operators of mobile and internet services in Europe and Africa and a global leader in corporate telecommunication services, present in 27 countries.

West Africa Telecommunications Regulators' Association

The West Africa Telecommunication Regulators Assembly (WATRA) was established in November 2004. Its current membership is fifteen (15) countries with headquarters in Abuja, Nigeria. WATRA consists of independent National Regulatory Authorities (NRAs) and departments for regulation of Telecommunications services established by governments of Member states in the Economic Community of West African States (ECOWAS) sub-region and Mauritania.

WATRA focuses on the need for West Africa to evolve a harmonised regulatory identity to boost investment and investor-confidence and to more effectively regulate and monitor telecommunications service. WATRA also facilitates information exchange, offers non-binding advice on procedural issues (such as dispute resolution), and makes substantive recommendations on policy matters (such as standardization, interconnection, and methods for estimating costs and setting prices). WATRA equally aims at benefiting more countries from the limited resources available in the region for the development of regulatory frameworks for the promotion of ICT development.

WATRA comprises of three (3) institutions namely: The Conference of Regulators, The Executive Committee and The Secretariat. The Secretariat is the Administrative organ of WATRA.

Internet Governance Forum

IGF is a forum for multi-stakeholder dialogue on public policy issues related to key elements of Internet governance. The IGF was mandated by paragraphs 72 and 80 of the Tunis Agenda on the Information Society adopted during the second phase of the World Summit on the Information Society (WSIS). Its main aim is to facilitate inclusive, productive discussions on Internet related public policy issues from a general perspective, while keeping all stakeholders involved.

The African Internet Governance Forum

This is an offshoot of IGF. The African Internet Governance Forum (AfIGF) aims to be a platform for an inclusive multilateral, multi-stakeholder and multilingual discussion on issues pertinent to the Internet in Africa in general and Internet Governance issues in particular. It aimed at increasing awareness and build capacity on Internet Governance for African users to ensure that all stakeholders are well prepared for contribution and interaction and to ensure that the concerns of Africa are taken into account in the IGF process.

The forum has five sub-regional initiatives of which West Africa is one. Specifically, the five regional initiatives are- West Africa Internet Governance Forum (WAIGF) – East Africa Internet Governance Forum (EAIGF) – *Forum de Gouvernance de l'Internet en Afrique Centrale* (FGI-CA) – North Africa Internet Governance Forum (NAIGF) – Southern Africa Internet Governance Forum (SAIGF). The AfIGF Secretariat is hosted by the African Union Commission (AUC) and supported by the United Nations Economic Commission for Africa (UNECA), in accordance with the Joint AUC and UNECA Communiqué on the Secretariat of the African IGF, dated 3 September 2014.

International Telecommunication Union

The International Telecommunication Union is a specialised agency of the United Nations for ICT and has become the global forum within which parties work together to reach consensus on a wide range of issues affecting the future direction of the ICT industry. The ITU and ECOWAS signed a cooperation agreement in June 2015 to allow ITU provide technical assistance and project implementation to improve cybersecurity capabilities of Member States. While ECOWAS helps in initiating the National CIRT/CERT programme whereby national CIRT/CERT assessments and regional cyber drills are undertaken, ITU uses the shared best practices on legal, organization, capacity building and cooperation from the ECOWAS initiatives within the region. Further, ECOWAS facilitates the interaction between ITU and ECOWAS Member States to enable more effective cooperation on Cybersecurity initiatives.

E. POLICY FRAMEWORK

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 ECOWAS 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, ECOWAS 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 11th May 2006, were developed within the spirit of addressing this ICT challenge and providing for an ICT enabling environment for the Region.

Information and communication technology policy

ECOWAS has adopted the following guidelines relating to a model ICT Policy:

- ICT policy must give prime focus to the sector;
- ICT policy should address the following objectives:
 - Increasing the benefits from information technology for the country;
 - Building and contributing to a competitive national and regional ICT sector respectively;
 - Providing affordable, ubiquitous and high-quality services;
 - Creating an enabling environment for sustainable ICT diffusion and development;
 - Providing wide-spread access to ICT, including broadband through relevant universal access policies and programs;
 - Encouraging innovations in technology development and use of technology;
 - Promoting information sharing, transparency and accountability and reducing bureaucracy within and between organizations, and towards the public at large;
 - Attaining a specified minimum level of information technology resources for educational institutions and government agencies;
 - Providing individuals and organizations with a minimum level of ICT knowledge, and the ability to keep it up to date;
 - Helping to understand information technology, its development and its cross-disciplinary impact.

F. REGULATORY FRAMEWORK

The existence and independence of the regulatory authority, the right to appeal and the possibility of prior observations in telecom sector are important elements of the quality of the telecom regulatory institutions. The database of the World Bank on restrictions to trade services with respect to sampled ECOWAS Member States is shown in Table 17.

Table 17: Institutional framework in the telecommunication sector in ECOWAS Member States

Country Sectors/sub-sectors	Existence of regulatory authority	Independence of regulatory authority	Right to appeal	Prior observations
Côte d'Ivoire				
Fixed-Line	Yes	No	Yes	Non
Mobile	Yes	No	Yes	Non
Ghana				
Landphone	Yes	...	Yes	Yes
Mobile	Yes	Yes	Yes	Yes

Country Sectors/sub-sectors	Existence of regulatory authority	Independence of regulatory authority	Right to appeal	Prior observations
Mali				
Fixed-Line	Yes	No	Yes	Non
Mobile	Yes	No	Yes	Non
Nigeria				
Fixed-Line	Yes	Yes	Yes	Yes
Mobile	Yes	Yes	Yes	Yes
Senegal				
Fixed-Line	Yes	No	No	No
Mobile	Yes	No	No	No
Guinea				
Fixed-Line	Yes	No	Yes	No
Mobile	Yes	No	Yes	No

Source: World Bank Services Trade Restrictions Database (for Côte d'Ivoire, Ghana, Mali, Nigeria, Senegal) and Doumbouya (2013).

There is homogeneity in telecom regulatory institutions in the region regarding the existence of sectoral regulatory authority. But the heterogeneity of telecom regulatory institutions is persistent concerning other criteria of governance such as the independence of the regulator, the right to appeal and the possibility of prior observations for law changes (Table 18).

Table 18: Telecommunication trade restrictiveness in some ECOWAS Member States in Mode 3

					Africa's IDI best performer		ECOWAS Member States	
Label	European Union	United States	Mauritius	Côte d'Ivoire	Ghana	Mali	Nigeria	Senegal
Telecommunication	0	0	0	25	25	50	25	25
Fixed-line telecommunications	0	0	0	25	25	50	25	25
Mobile telecommunications	0	0	0	25	25	50	25	25

Source: World Bank's services trade restrictions database.

The structure of regulatory framework in ECOWAS is determined, in part, by the legal and constitutional system of each Member State. Despite the countries having different legal traditions, regulatory models of Member States have been patterned in line with the internationally recognized best practices based on WTO Reference Paper and West Africa Telecommunications Regulators Assembly (WATRA).

The Reference Paper, which consists of six principles that serve as a “checklist of ‘success’ of telecommunications reform in many countries, was conceived as a necessary instrument for the removal of regulatory barriers to market access, and its implementation is aimed at preventing anticompetitive practices by major suppliers.³¹ Members may adopt the Reference Paper in whole or in part, and by doing so, they commit to

maintain appropriate regulatory measures to ensure a competitive marketplace, as well as transparent and fair regulatory procedures. The six Reference Paper principles are:

1. *Competitive safeguards*: Members are required to establish competitive safeguards preventing major suppliers from engaging in anticompetitive conduct. The Reference Paper does not define competitive safeguards or anticompetitive practices; this is left for each Member to determine in its national legislation. However, the Reference Paper lists certain examples of anticompetitive practices including: anticompetitive cross-subsidization; use of information obtained from competitors with anticompetitive results; and withholding technical data;
2. *Interconnection*: Major suppliers (i.e., those with the ability to materially affect the terms of price and supply in the market by exploiting their control over “essential facilities” or their position in the market) of Members are required to provide interconnection upon request, under non-discriminatory terms and conditions, and at cost-orientated rates that are transparent and feasible.
3. *Universal service*: Members have the right to define the kind of universal service obligation they wish to maintain, provided such obligations are not anticompetitive per se, and are administered in a transparent, non-discriminatory and competitively neutral manner. Universal service obligations may not create unnecessary burdens on service suppliers;
4. *Public availability of licensing criteria*: To the extent a licence is required, Members should make publicly available: (i) the licensing criteria and the time it will take to decide on a licence application; and (ii) the terms and conditions of individual licences;
5. *Independent regulators*: Members should ensure that the regulatory authority is separate from, and not accountable to, any supplier of basic telecommunications services, and that their decisions are impartial with respect to market participants. This requirement seeks equal, transparent and objective treatment of all operators in the market; and
6. *Allocation and use of scarce resources*: Allocation and use of scarce resources (i.e., frequencies, numbers, and rights of way) should be carried out in an objective, timely, transparent and non-discriminatory manner, and the allocation of frequency bands should be made publicly available. Details of government-use frequencies do not have to be made publicly available.

The West African Telecommunications Regulation Association (now Assembly) was formed in 2002 to serve as a vehicle for harmonizing policies and integrating telecom development in the region with the primary purpose of ensuring cooperation among West African States in the field of telecommunications regulation. Specifically, WATRA is charged with the following roles:

- To encourage the establishment of modern legal and regulatory structures for telecommunications service; and to encourage the separation of policy, regulation, and operations, and the establishment of distinct, independent and adequately empowered National telecommunications regulatory agencies;
- To seek the development and harmonization of regulations;
- To promote the establishment and operation of efficient, adequate, and cost-effective telecommunications networks and services;
- To encourage increased liberalization and competition initiatives in networks development and to enhance efficiency in telecommunications service delivery;
- To contribute to the development of policies to enhance universal access and telecommunication penetration in rural and underserved areas in the sub-region;
- To facilitate the exchange of ideas, views and experiences among Members on all aspects of regulation of the telecommunications sector.

G. TRADE COMMITMENTS AFFECTING THE SECTOR

Telecommunications operate more efficiently if their networks are organized according to the patterns of transactions, and trade liberalization has made these patterns increasingly international (World Bank, 2007). In West Africa, like most of developing countries in Africa, privatization and liberalization initiatives were undertaken in the context of structural adjustment programs by the IMF and World Bank. Some of these developments even led to a coordination of efforts at the sub-regional level, like in the case of ECOWAS. ECOWAS Member States have moved away from state monopolies to a more liberal market environment in the telecommunications sector for both fixed and mobile telephony.

Liberalization commitments have been made in different service sectors with some being more or less ambitious. In the telecommunication sector, of the 15 ECOWAS Member States, only seven have made GATS commitments and the two recently acceded Members (Cabo Verde and Liberia) take deeper commitments. The overview of ECOWAS Member States took telecommunication commitments are provided in Table 19.

Table 19: Overview of the telecommunication commitments of ECOWAS Member States at the WTO, 2017

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	Total
Cabo Verde	X	X	X			X	X	X	X	X	X		X		X	X	12
Côte d'Ivoire	X	X	X	X	X	X	X								X	X	9
Gambia	X	X	X	X		X	X	X	X	X	X	X					11
Ghana	X	X	X	X	X	X	X								X	X	9
Liberia	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	16
Nigeria																	
Senegal	X	X	X	X		X	X	X					X		X	X	10
Total	6	6	6	5	3	6	6	4	3	3	3	2	3	1	5	5	

Source: WTO.

Legend:

- a. Telephone services;
- b. Data transmission services with packet switching;
- c. Data transmission services with circuit switching;
- d. Telex services
- e. Telegraph services;
- f. Telefax services;
- g. Private hired circuit services;
- h. E-mail services;
- i. Telephone audio message services;
- j. Direct services for permanent information research and data base server;
- k. Electronic data exchange services;
- l. Added value / improved telefax services, including recording and broadcasting, recording and research;
- m. Codes and protocols conversion services;
- n. Live information processing services and/or data (including transactions processing);
- o. Other services, land mobile services;
- p. Other services, satellite mobile services

Commitments in telecommunications services were first made during the Uruguay Round (1986-94), mostly in value-added services. In post-Uruguay Round negotiations (1994-97), WTO Members negotiated on basic telecommunications services. Since then, commitments have been made by new Members, upon accession to the WTO, or unilaterally at any time. Most African governments including ECOWAS undertook to liberalize the sector well after the WTO talks ended in early 1997. This explains why WTO commitments on telecommunications services do not reflect the liberalization efforts African countries have made to date. Nigeria

was the only ECOWAS Member State that made commitments during the Uruguay Round (1986–94) to open its market for mobile telephony and in value added services. Only three ECOWAS Member States (Côte d'Ivoire, Ghana, Senegal) out of seven African countries made commitments in post-Uruguay Round negotiations (1994 – 97).

Like other developing countries, they mostly made the so-called “phased-in” commitments to liberalize their telecommunication sector on a given date, in line with their reform plan. Côte d'Ivoire, Ghana and Senegal equally added the Reference Paper to their commitments, that is, a multilateral obligation to introduce a procompetitive regulatory regime. Further, at the launch of Doha Round in 2001 which includes negotiation of telecommunications services and audiovisual services, African countries made no offers in the telecommunications sector, despite the liberalization efforts in many Member States. This may not change to any major extent and pursuant to the LDC modalities (WTO, 2003), which are applicable to most African countries, LDCs are given maximum flexibility in making commitments if they so choose (Djiofack-Zebaze and Keck, 2009). Table 20 sets out the highlights of the basic telecommunication commitments and exemptions on a country by country basis.

Table 20: Basic Telecommunication services commitments in ECOWAS Member States

Countries /Sectors	Mode 3
Côte d'Ivoire	Voice telephone service over fixed network infrastructure and telex are reserved to monopoly provision for 10 years but will thereafter be opened to unrestricted competition. Open market access (without phase-in) is offered for all other basic telecom services including data transmission, all mobile networks and services, video transmission services and satellite services, links, capacity, and earth stations. Commits to the Reference Paper on regulatory principles
Ghana	Commits to maintain two facilities-based suppliers providing local, long distance and international public voice telephone services and private leased circuit services. Offers to licence additional suppliers of local voice services to underserved population centres and to undertake a policy review possibly allowing new entrants to supply voice telephony once the five-year exclusivity of the duopoly operators have expired. Offers full competition in data transmission, internet and internet access (excluding voice) and teleconferencing. Undertakes a commitment on mobile services (terrestrial and satellite-based) including mobile data services, fixed satellite services, paging and cellular with the reservation that cross-border voice services can only be supplied through commercial arrangements with the duopoly operators. Commits to the Reference Paper on regulatory principles.
Mali	There are no restrictions, except that the government (the Control Committee) determines the need for granting a license. If the government determines there is a need, licenses are allocated through a competitive tender.
Nigeria	The number of licenses is determined by the regulator; the regulator is independent from the sector Ministry. IG: entry

Countries /Sectors	Mode 3
	is allowed, for a fee of \$210,000 (25 million Naira). VOIP: allowed
Senegal	There is no limit on foreign ownership. The number of licenses is not fixed, it is allocated on a discretionary basis. Licensing criteria are not publicly available. The regulator is not independent from the sector Ministry. IG: entry is allowed; the government decides on the entry of an operator in the IG only if it considers that there is a need. PC-to-PC VoIP is allowed, but official routing by telecom operators is neither directly regulated nor subject to general ICT laws.
Guinea	There's no restriction

Source: World Bank's Services Trade Restrictions Database, Doumbouya (2013).

With the exception of the Gambia, five ECOWAS Member States have undertaken commitments in relation to the WTO Reference Paper on Telecommunications, which is a set of regulatory principles that is legally binding for those WTO governments which have committed to it by appending the document, in whole or in part, to their schedules of commitments. Senegal did a small deviation to adopt the Reference Paper document fully as the country indicated that his commitments on interconnection are conditional on the approval of the authorities. The other 4 countries adopted the document fully.

H. TELECOMMUNICATION SERVICES: STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

The SWOT analysis of the telecom industry illustrates the planning aspects in ECOWAS and internal and external environmental factors. The key elements of SWOT common to ECOWAS are analyzed.

Strengths

- Growth and telecom revolution in many countries as a result of liberalization of the sector, the extension of services by multinational conglomerates and the active competition currently in place in the sector;
- High-tech telecommunications services demand and huge telecoms market arising from large population and abundant supply of cheap (albeit unskilled) labour, are expected to increase total ITC spending;
- Restructuring of telecommunications administrations from the traditional monopolistic structure to independent commercial entities has eased a number of institutional constraints on operators;
- Financing options, such as equity participation from local companies, have become realities;
- Attraction of significant investments from new entrants and from the incumbent leading to upgraded infrastructure in preparation for competition;
- Rapid expansion of the market for mobile telephony as a result of liberalization of the telecommunication sectors of many Member States;
- The growth in mobile data services arising from smartphone adoption will increase the total telecom service revenue; and
- Telecom revolution resulting from extension of services by multinational conglomerates and the active competition currently in place in the sector.

Weaknesses

- Slow growth in fixed teledensity as a result of rapid increases in population in some countries;
- Limited access to technology and telecommunications infrastructure;
- Inadequate access to affordable telephones, broadcasting services, computers and the Internet due to the poor state of West Africa's ICT infrastructure;
- The weak and disparate policy and regulatory frameworks and the limited human resource capacity in these countries;
- New equipment technologies and deregulation are contributing to a rapid breakdown of service segmentation; and
- A decline of GSM mobile subscribers as the market grapples with shifts in product options.

Threats

- Inability to deploy, harness and exploit the developmental opportunities of ICTs to advance their socio-economic development;
- The roll-out and exploitation process in a number of areas has constrained Member to countries with the least capacity in ICT served by telecommunication and other communications facilities;
- Poor grid power supply could challenge telecom infrastructure and cause breakup of telecom tower sites;
- Lack of financial support to the ICT sector;
- Political instability and geopolitical situation; and
- The threat of competition may be enough to give the incumbent the initiative to improve service.

Opportunities

- Mobile phone subscriptions are expected to grow;
- Penetration of internet in households and business is increasing; and
- The telco landscape will continue to become more competitive as service providers seek to expand and diversify their offerings.

I. SPECIFIC RECOMMENDATIONS

Overall, this document shows that regulation seems to be a key factor affecting the performance of the telecommunications sector. Therefore, the ECOWAS region and government of individual Member States should have better data on actual regulatory practices. Countries can have in place a regulatory apparatus that has all the “trappings” of good practice elsewhere and adapt same for the growth of the sector.

ECOWAS Member States should put in place a framework for developing robust data set for telecom and other ICT services that would assist robust research in the area.

There is a need to generate more research that will help inform policy dialogue and more effective advisory services in the area of trade in telecom services and trade agreements/trade negotiations:

- Analysis of the interaction effects between the quality of economic governance and telecom services trade policies with a view to identifying the channels through which telecom services trade policies impact in ECOWAS countries;
- What type of ECOWAS countries commitments should be considered in trade integration agreements such as the ECOWAS Common Trade Policy or an Africa - wide Continental Free Trade Area to help support welfare-enhancing structural transformation?
- Build dialogue between trade department and telecom department in ECOWAS Commission and in each ECOWAS country on these issues is highly recommended. The developments of telecom policies and institutions in another region should also be considered.

Chapter VI: Road transport services

A. INTRODUCTION

Transportation, which primarily convey people and materials, from one place to another, has been known to be indispensable to economic growth and development. Road transport services provide access to consumer markets and connects raw materials to beneficiation markets. Furthermore, it has a direct impact on a country's capacity to handle imports and exports, the development of distribution routes, frequency of shipments, and the cost of freight handling, storage, distribution and related services. This sums up why it is vital to the development of any country, especially for developing countries, where many businesses rely upon it, particularly those in the agricultural and manufacturing sectors. One of the major factors that impact the competitiveness of businesses in the global market is the efficiency level of transport services. Road transportation, as one of the modes of transportation, usually involves the use of motor vehicles such as cars, lorries, buses, trucks, tricycle or even bicycle and sometimes animals can be used as the means of road transportation.

At the WTO, road transport includes subsectors such as (a) passenger transportation, (b) freight transportation, (c) rental of commercial vehicles with operator, (d) maintenance and repair of road equipment, and (e) supporting services for road transport services.

According to Gwilliam (2011), about 80 per cent to 90 per cent of passenger and freight traffic in Africa were 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. The idea is to enhance competitive business environment and enhance veritable investment capabilities (see Goal 2 of the ECOWAS Strategic Plan). Particularly, Ranganathan and Foster (2011) posited that there are two corridors that are central to efficient intra-regional trade within the West African sub-region. One of these two corridors is Coastal (i.e. the Trans Coastal Dakar-Lagos Corridor) while the other is Sahelian (i.e. the Trans-Sahelian Dakar-Niamey-N'Djamena Multimodal Corridor). An addition of five other arteries, along the sea corridors, are provided for the three landlocked countries of Burkina Faso, Niger and Mali, within the ECOWAS sub-region. These landlocked countries relied heavily on road network of Member States to access the regional markets. The efforts towards road transportation are long-run programme. There are other complementary short-run programmes around the conventions, road legislations, controls and usual project evaluations and insurance of the two highways.

B. PERFORMANCE OF THE SECTOR

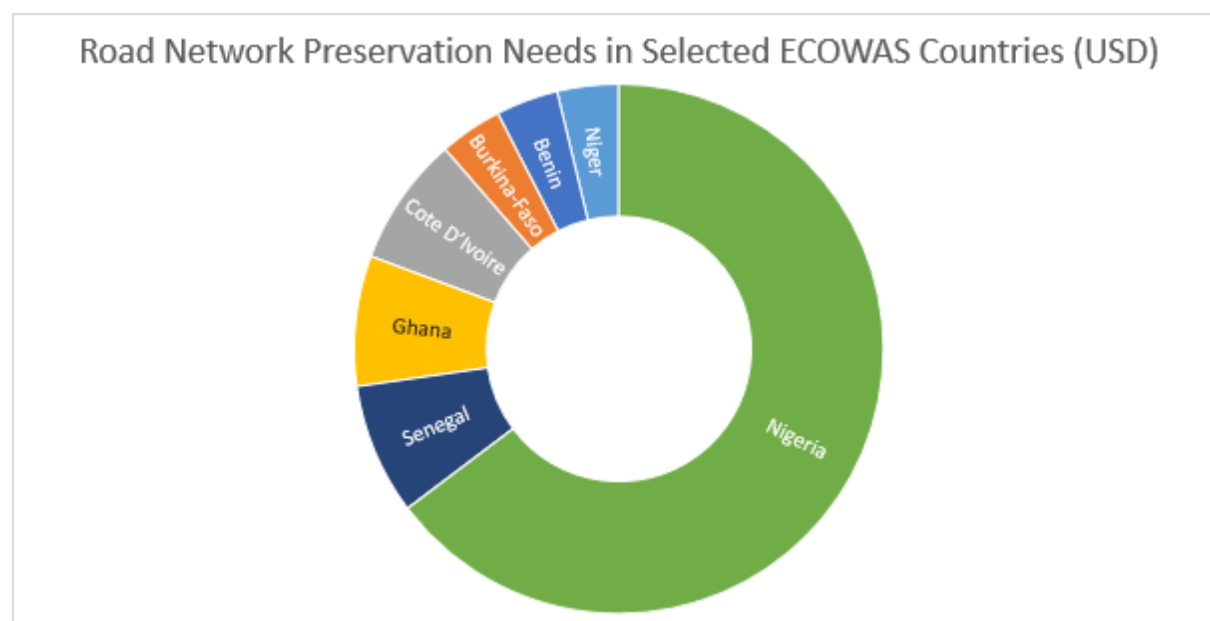
Road transport still appears relevant in the movement of people despite improvements in other modes of transportation (air, rail, inland waterways and shipping) across the world (KPMG, 2016). According to OECD (2018), road freight transport of less than 2 years old in 2017 dominated the European market in the last 5 years in terms of tonne-kilometers. Within the same year, also, 86 per cent of European Union-28 road freight transport was done by vehicles with a maximum permissible laden weight of over 30 tonnes which account for over one-third of total inland freight transport (on rail, road, inland waterways and pipelines, measured in tonnes kilometres), a slightly lower share than that for rail transport. For the 51 countries that are Members of the International Transport Forum (ITF), for instance, in 2007 the share of road transport stood at over 36 per cent and that of rail transport at nearly 43 per cent, while pipelines accounted for around 16 per cent and inland waterways for the remaining 5 per cent (measured in tonne-kilometres). However, data from the International Road Federation (IRF, 2009) provides a comprehensive and comparable information on the modal split of inland freight transport (on road, rail and inland waterways only) across several countries of the world.

Transportation by road is the most utilized mode of transport within the ECOWAS region. Of all the West African countries, both Burkina Faso and Cabo Verde have the most developed transportation sector for the period 200–2018. However, this transportation development for Cabo Verde; though still the highest for the whole sub-region,

reduced marginally and consistently from 28.27 point to 26.56 point from 2003 to 2018. Also, there is a reduction in transportation development for Benin from 17.36 points in 2003 to 11.82 points in 2018. This reduction showed a more substantial decline in the level of transportation development for Burkina Faso as compared to Cabo Verde. 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 Gabon have relatively consistent development in their transportation sectors as the development indexes for these three countries averaged 7.0, 5.0 and 4.0 points respectively (Table 21). The trend depicted in Figure 11 suggests that Nigeria has the most road network preservation needs among the selected ECOWAS Member States. This could be explained for by the increasing population growth in that country. Nigeria is the most populated black nation in the world.

Also, Nigeria, Senegal and Sierra Leone have consistent transportation development for the period under review. As depicted in Figure 14, four years of 2006, 2011, 2016 and 2017 stood out; in terms of high level of transportation development for the whole of ECOWAS sub-region. Altogether, 120 points of the transportation development index was obtained for all the West African countries in 2018, 118 points in 2017 and 116 points in 2011. The year 2006 has the least aggregate index with 114 points. For the years 2004–2005, 2007–2010 and 2014–2016, the aggregate level of transportation development was relatively stable for the ECOWAS Member States (Figure 12).

Figure 11: Road network preservation needs in selected ECOWAS Member States



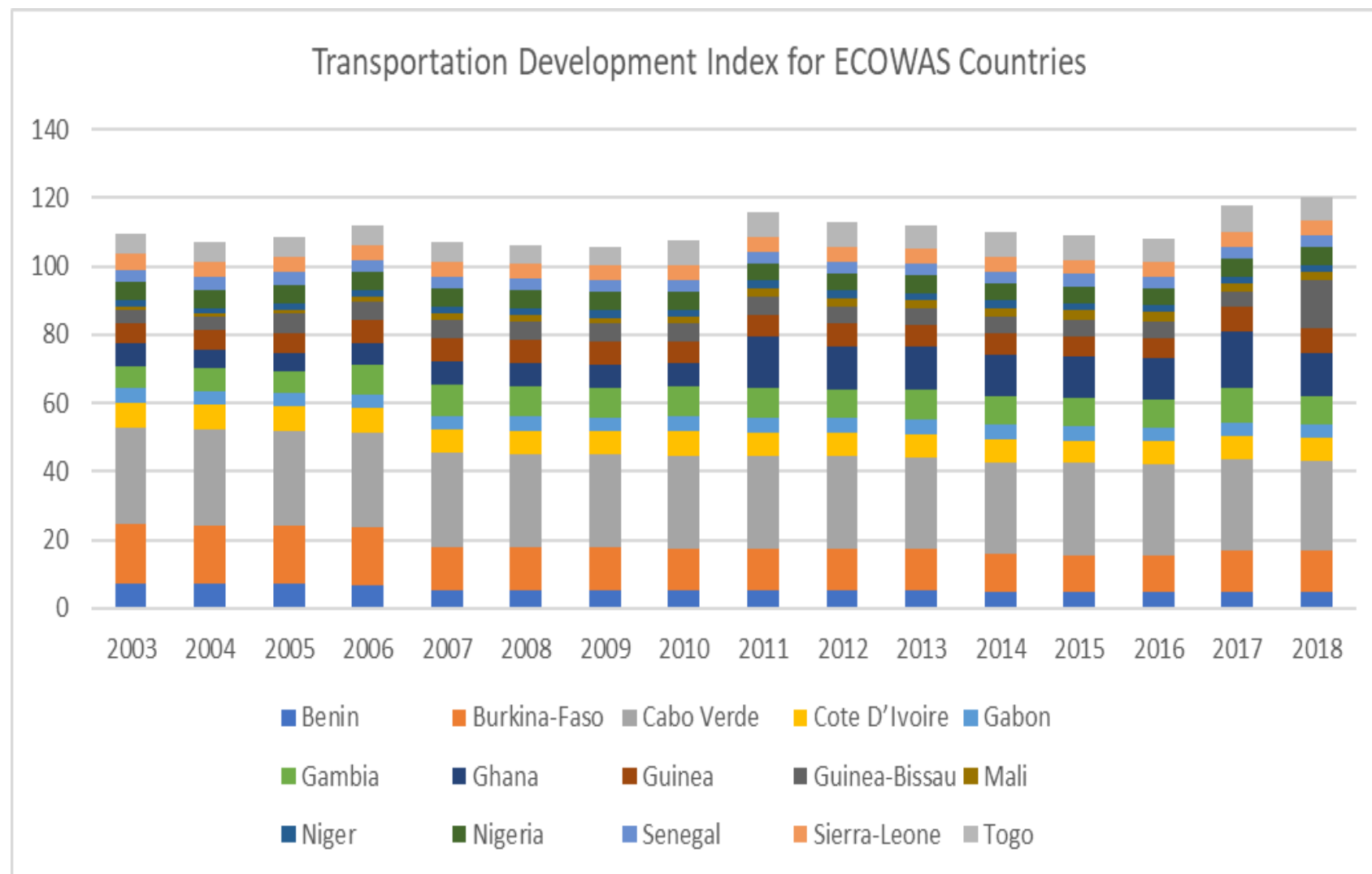
Source: Authors with AIDI data sourced from AfDB (2018).

Table 21: Transport infrastructure development index for ECOWAS sub-region, 2003–2018

Member State	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Benin	7.22	7.13	7.04	6.94	5.41	5.37	5.33	5.29	5.26	5.23	5.19	5.02	4.98	4.95	5.01	4.94
Burkina Faso	17.36	17.18	17.00	16.83	12.41	12.37	12.33	12.28	12.24	12.20	12.17	10.75	10.70	10.66	11.69	11.82
Cabo Verde	28.27	28.07	27.88	27.70	27.55	27.41	27.29	27.19	27.09	27.01	26.92	26.81	26.71	26.59	26.67	26.56
Côte d'Ivoire	7.36	7.31	7.27	7.23	6.82	6.78	6.75	6.85	6.81	6.78	6.75	6.70	6.64	6.59	7.09	6.66
Gabon	3.99	3.91	3.83	3.76	4.14	4.06	3.99	4.54	4.46	4.39	4.31	4.32	4.24	4.16	4.01	3.93
Gambia	6.53	6.47	6.41	8.90	8.82	8.74	8.67	8.60	8.53	8.47	8.41	8.30	8.21	8.12	9.93	8.22
Ghana	6.54	5.26	5.21	6.26	7.08	7.04	6.99	6.94	15.08	12.67	12.60	12.33	12.24	12.15	16.25	12.41
Guinea	5.87	5.82	5.77	6.62	6.57	6.53	6.49	6.44	6.39	6.34	6.29	5.98	5.92	5.86	7.37	7.29
Guinea-Bissau	4.06	4.02	5.61	5.53	5.45	5.38	5.30	5.23	5.15	5.08	5.01	4.92	4.84	4.78	4.59	14.25
Mali	1.15	1.13	1.10	1.08	1.83	1.89	1.84	1.80	2.52	2.53	2.47	2.74	2.68	2.63	2.42	2.36
Niger	1.52	1.48	2.20	2.17	2.28	2.24	2.19	2.20	2.15	2.10	2.05	2.08	2.03	1.99	1.93	1.88
Nigeria	5.38	5.35	5.32	5.29	5.23	5.20	5.17	5.14	5.12	5.09	5.07	4.96	4.92	4.89	5.10	5.08
Senegal	3.71	3.65	3.59	3.27	3.21	3.16	3.41	3.35	3.30	3.43	3.38	3.59	3.53	3.47	3.41	3.36
Sierra-Leone	4.73	4.68	4.63	4.58	4.54	4.50	4.47	4.44	4.42	4.40	4.39	4.33	4.31	4.28	4.46	4.45
Togo	5.75	5.68	5.61	5.55	5.50	5.45	5.39	7.25	7.20	7.15	7.11	6.90	6.83	6.77	7.87	6.87

Source: African Infrastructure Development Index (AIDI, 2018); obtained from <http://dataportal.opendataforafrica.org/AIDI>.

Figure 12: Trend of ECOWAS transportation development, 2003–2018



Source: Author with AIDI (2018) data obtained from <http://dataportal.opendataforafrica.org/AIDI>.

The parameters in Table 22 are more instructive for the selected ECOWAS Member States. These parameters are length of road, paved road network in poor condition unpaved road network in poor condition, daily traffic (in terms of vehicles) for paved and unpaved roads. Also, vehicle utilization for paved and unpaved roads. Nigeria has the longest road network in the whole of West Africa sub-region with 158,608 km. Ghana came a distant second with 42,623 km length of road network while Côte d'Ivoire came 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 sub-region with Burkina Faso being the least to the tune of 75 per cent vehicle utilization rate. This contrasts sharply with the vehicle utilization rate for unpaved road; with Burkina Faso being the best with approximately 25 per cent rate.

Table 22: Current parameters on road infrastructure in selected ECOWAS Member States, 2008

Parameters	Benin	Burkina Faso	Côte d'Ivoire	Ghana	Niger	Nigeria	Senegal
Length of Road (in km)	7 368.06	22 310.00	26 074.00	42 623.00	16 945.00	158 607.00	18 063.00
Paved Road Network in Poor Condition (in percentage)	49.97	3.89	20.09	5.01	10.94	32.64	18.50
Unpaved Road Network in Poor Condition (in percentage)	27.40	9.71	27.61	18.87	41.52	37.27	47.51
Daily Traffic Paved Road (Vehicles)	2 035.5	722.02	843.21	1 313.65	387.36	1 772.44	944.93
Daily Traffic Unpaved Road (Vehicles)	9.77	28.44	14.358	28.40	28.31	20.16	34.29
Vehicle Utilization (Paved Road) (in percentages)	90.95	74.61	83.810	86.47	79.12	93.80	90.54
Vehicle Utilization (Unpaved Road) (in percentages)	9.05	25.39	16.19	13.53	20.88	6.20	9.46

Source: ADB (2017). Downloaded from <http://infrastructureafrica.opendataforafrica.org/wdstmmf/national-infrastructure-database-2017>.

Besides, the excessive number of checkpoints along inter-state roads in West Africa has been, and still is, an important barrier to the free movement of goods and people. WAEMU, with the support of USAID's West Africa Trade Hub, established an *Observatoire des pratiques anormales* ("observatory of bad practices") in 2006 to document this widespread practice, hoping that monitoring and advocacy would solve the problem. But the problem has not been solved and in early 2015, the number of checkpoints in Ghana on the Tema-Ouagadougou corridor, for example, had mushroomed to about 50 (Table 23).

Table 23: Checkpoints on selected west African highways

Corridors	Number of checkpoints per corridor		Ratio of checkpoints per 100 km	
	27/05/07 to 31/12 /07	1/01/08 to 15/06/08	27/05/07 to 31/12 /07	1/01/08 to 15/06/08
Tema-Ouagadougou	29	25	2.40	2.4
Ghana	23	21	2.50	2.41
Burkina Faso	6	40	3.30	2.39
Ouagadougou-Bamako	24	19	2.70	2.09
Burkina Faso	4	6	0.80	1.27
Mali	20	13	4.80	3.01
Lomé-Ouagadougou	17	23	1.7	2.22
Togo	11	18	1.50	2.35
Burkina Faso	6	5	2.20	1.84

Source: Report of Observatory of Abnormal Practices, WAEMU (June 2008).

The existence of roadblocks and numerous checkpoints on African corridors has created a serious challenge to transport facilitation and trade in the region. It leads to excessive traffic delays thus resulting in substantial increase in transport costs. As can be seen in Table 24, in 2008 the major corridors in West Africa had 1.7 to 2.40 roadblocks on every 100 km route. The Tema Ouagadougou corridor had the most frequent check points, with 2.40 per 100 km (World Bank, 2008). In a study eight years after, Borderless Alliance (2016), conducted a verification trip on the Abidjan-Ouagadougou to assess the level of harassment and implementation of some ECOWAS/WAEMU protocols on free movement of goods was conducted to ascertain the level of road governance along this. The report emerged with the fact that road harassments and high cost of transport in the region make transport activities unattractive and uncompetitive. There were too many checkpoints, bribes and delays along the corridor.

Also, in 2016, road transport stakeholders (customs, police, traders, government officials, border users, financial institutions, civil society organizations, etc.) took part in a sensitization workshop organized in Abuja and Seme, Nigeria, by the National Association of Nigerian Trader (NANTS), in collaboration with Borderless Alliance. Among the major outcome of the workshops were:

- Removal of trade barriers to pave way for free implementation of the Protocol on free movement of persons and goods as adopted by ECOWAS Member States;
- Effective involvement of civil society organizations and other smaller business groups in national programs and activities being developed to promote regional economic integration, particularly the free movement of agro products across borders; and
- The need for continuous advocacy/sensitization workshops to influence policies and change behaviours so the desired impact of the various initiatives on road transport would be felt.

Table 24: Checkpoints observed, 2016

Data sheet 20-30 January 2016	Type of checkpoint	Number of checkpoints	Bribes (CFA)	Delays (mn)
Côte d'Ivoire	Customs	3	4 000	100
	Gendarmerie	13	17 000	200
	Police	5	3 000	0
	Other	4	2 000	20
	Total	25	26 000	320
Burkina Faso	Customs	8	0	280
	Gendarmerie	5	2 000	30
	Police	3	2 000	
	Other	2	0	
	Total	18	4 000	310

Source: Borderless Alliance Annual Report, 2016.

In both studies, it was discovered that the value of bribes paid at checkpoints is relatively low for “legal” trucks – trucks meeting all regulatory requirements, carrying cargo properly documented, and driven by drivers with all papers in order. Most informal payments for a given consignment were usually paid at ports or inland terminals where goods were cleared, and money changed hands.

C. LINKAGES WITH OTHER SECTORS

Road transportation has both forward and backward linkages to the economy. As an engine of growth and economic development, the transportation sector is well linked to the real sector of the economy. In principle, the inherent benefits from access to roads network permeates every aspects of an economy and revolutionizes the industrial sector to bring about social change. Road network creates value for the general public and the link-ping to regional

integration and development, as well as investment catalyst for regional territorial cohesion, reducing regional economic disparities.

Regional road transportation enhances efficient service delivery, timely arrival and distribution of materials and products at every stage of the production process. More so, it facilitates the finished goods to get to the final consumers; thereby, increasing the living standard. The transmission linkages of road transportation to other sectors prepare an economy for global competition through a wide-ranging chain of benefits. These are reduced product prices, elimination of internal trade barriers, speed and efficiency of materials and products transportation, making transport infrastructure central to the vision of economic development.

Specifically, the lack of efficient road transport services is a major constraint to agriculture and rural development, stunting growth of agrarian communities due to unreliable road transport system for internal transportation and of linking rural communities to market centers. Further, the availability of an effective and efficient road transport system facilitates industrial production by increasing accessibility and mobility through low transportation costs, connecting raw materials to beneficiation markets, and directly impacting capacity to handle imports and exports, distribution routes, frequency of shipments, freight handling, and storage. Poor road networks and the use of obsolete vehicles are major constraints to agriculture and manufacturing development.

D. INSTITUTIONAL FRAMEWORK AND MAIN ACTORS

With the existence of abundant institutional arrangements and various ECOWAS decisions and protocols, it is necessary to have professional associations of road transporters before the implementation of these initiatives in the subsector. A body of political, administrative and operational structures has been set up to facilitate transport coordination. These include:

- The Higher Committee on Surface Transport by Decision C/Dec 7/12/88 of 6 December 1988, the CSTT was made a part of the ECOWAS executive secretariat. The CSTT is a decision-making body at ministerial level, responsible for road legislation and the regulation of surface transport.
- The West African Road Transporters Union (WARTU) / *Union des transporteurs routiers de l'Afrique de l'Ouest* (UTRAO) founded by the road hauliers' unions, this body plays an important role in promoting free movement of people and goods. The pressure it has been able to apply has led to the adoption of the Resolution C/RES/4/5/90 concerning the reduction of control posts in Member states.
- With institutional and material support from the Member States, the Professional body of road transporters can: initiate actions of common interest (training, fleet improvement, forming of associations, search for markets, etc.); follow the activities of their Members; and provide themselves with the means to defend their interest against the State and end users and thereby actively participate in the activities of the sector, the preparation and implementation of transport policies.
- Though road transporters across the Member States have been collaborating on a range of issues to further their common interests, they need to create organized cells at every level of government comprising technicians, who shall operate under the responsibility of transporters. The duty of these cells would be to provide administrative and technical support to their members in order to enable them to realise their objectives across the entire region. The cell system approach will equally provide a feedback mechanism to the governments of the various countries, as they implement ECOWAS' transport and transit facilitation programmes.
- Road transit transport is still entangled by the activities of so many uncoordinated interest groups across ECOWAS Member States. The ECOWAS Commission should try to forge links between any such existing organizations and to help to strengthen them. Efforts made to strike a balance of interests in the transportation sector likely to be a pivotal factor in facilitating effective implementation of the various road transport initiatives of Member States. The WARTU (2017) on its own accord has indicated that it will review road transport agreements ECOWAS Member States with a view to facilitating the transportation of cargo along the ECOWAS corridor.

Facilitation Institutions were also established for the implementation of the road facilitation programme. They include: National Facilitation Committees; Cross Border Corridor Management Committees; and a Regional Inter-State Road Transport and Transit Facilitation Committee.

E. POLICY FRAMEWORK

Regional transport policy first emerged in the ECOWAS Treaty of 1975, where a declaration was made as follows:

“Member States undertake to evolve gradually common transport and communications policies through the improvement and expansion of their existing transport and communications links and the establishment of new ones as a means of furthering the physical cohesion of the Member States and the promotion of greater movements of persons, goods and services within the Community”.

The protocol on ECOWAS transport programme (A/DEC.20/5/80) was adopted on 28 May 1980, and regarding road, it stated that the region will harmonize road legislation, harmonize road controls, conduct a transport cost study and feasibility studies for the trans-coastal and trans-Sahel highways, as well as establish a motor insurance scheme. The aim of this protocol was to promote the development and integration of transport infrastructures, harmonize regulations, eliminate physical and non-physical barriers between ECOWAS Member States, and open up landlocked countries.

On the basis of *Article 3 (2) of the Revised Treaty of 1993*, the following needs were identified: (a) Streamlining and harmonization of road transport and transit regulation and procedures (implementation of the revised regulation on axle load control, assessment and correction of the differences between regional and national regulation); (b) Facilitating the transit along regional corridors (joint border posts, implementation of the regional bond guarantee system, creation in ports of one-stop windows for customs and other formalities, sealing of trucks used for international transit); (c) Improving information systems (monitoring of corridor performance, electronic monitoring of truck movements, electronic data interchange); (d) Improvement of transit infrastructure (road rehabilitation and maintenance, port security); (e) Instituting the needed reform and capacity building; and (f) Mitigating the impact for corridor neighbouring population (road safety, environment, among others). Also, in the Revised Treaty, special case of the landlocked countries was addressed.

The ECOWAS transport programme was expanded by the decision C/DEC.8/12/88 adopted on 6 December 1998, with the addition of a second phase of road connections, particularly aiming at opening-up landlocked countries. Earlier, the resolution C/RES.6/5/90 was adopted on 27 May 1990, for the completion of the remaining sections of the Trans-African highway network. These protocols, among others reaffirmed the priority to be given to roads facilitation in the entire region.

To facilitate the regional transport and transit, the following programs emerged:

- **Inter-State Road Transport:** The Protocol A/P.2/5/82 on Inter-State Road Transport (also known as “Convention ISRT”) to regulate the conditions of transport by road between Member States.
- **Brown Card Insurance Scheme:** The final main facilitation instrument is the Protocol A/P.1/5/82, establishing the ECOWAS Brown Card, a third-party motor vehicle insurance. The Protocol is supplemented by the Decision C/DEC.2/5/83 relating to the implementation of the Brown Card scheme.
- **Joint Border Posts:** The lead for the establishment of joint border posts has been taken by WAEMU, and later absorbed by the ECOWAS. The European Union support to the ECOWAS regional facilitation programme includes the creation of Joint Border Posts.
- **Integrated Facilitation Programme:** The Heads of State and Government issued Decision A/DEC.13/01/03 dated January 31, 2003, relating to the establishment of a Regional road transport and transit facilitation programme in support of intra-community trade and cross-border movements. The main components of the Programme are: (a) harmonization and simplification of regulations and procedures; (b) Construction of “joint border posts”; (c) Improvement of information system by implementing the ACIS model (Advance Cargo information System with Road Tracker and Port Tracker modules) and by creating observatories of abnormal practices along the inter-States roads; and (d) Implementation of actions related to road safety, HIV/AIDS, environment and gender awareness.

F. REGULATORY FRAMEWORK

Documented evidence shows that eleven points legal framework for transit transport cooperation exist across the ECOWAS region. These legal frameworks entail 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 (JBPs, 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 May 27th, 1990 on the resolution of the number of road check points in ECOWAS Member States;
- ECOWAS Convention No A/P2/5/82 of 29th May 1982 Regulation Inter-State Road Transportation between ECOWAS Member States;
- Convention A/P4/5/82 concerning inter-State transit of goods by road (TRIE) 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 *Carte Brune* for the purposes of third-party civil liability motoring insurance. In addition to the ECOWAS *Carte Brune*, 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 *Carte Brune* is that it provides simultaneous cover for vehicle, drivers and passengers;
- Convention A/P5/5/82 of May 29th, 1982 for mutual administrative assistance on custom matters; and
- ECOWAS Protocols A/P.1/5/79 of 29th May 1979 as amended relating to free movement of persons, residence and establishment.

G. TRADE COMMITMENTS AFFECTING THE SECTOR

Basically, trade commitments revolve around five sub-sectors of road transport such as passenger transport, freight transport, rental of commercial vehicles with operator, maintenance and repair of transport equipment, and supporting services for road transport services. ECOWAS Member States have different levels of commitments on trade in transport services under the GATS. Six out of fifteen Member States have undertaken market access and national treatment commitments in this sector (Cabo Verde, Côte d'Ivoire, Gambia, Guinea, Liberia and Niger) while Sierra Leone has included the sector in its MFN exemption list and the eight remaining have not made any commitments (Benin, Burkina Faso, Ghana, Guinea-Bissau, Mali, Nigeria, Senegal and Togo). Commitments were undertaken across all five subsectors, namely passenger transport, freight transport, rental of commercial vehicles with operator, maintenance and repair of transport equipment, and supporting services for road transport services.

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Table 25: Trade commitments on road transportation in selected ECOWAS Member States

Member States	Mode 1	Model 2	Model 3	Mode 4
Cabo Verde	+ a,b,c,d,e	+ a,b,c,d,e	+ a,b,c,d,e	+/- a,b,c,d,e
Côte d'Ivoire	- a,b,d	+ a,b,d	+/- a,b,d	+ a,b,d
Gambia	+ a,b,c,d,e	+ a,b,c,d,e	+ a,b,c,d,e	+/- a,b,c,d,e
Guinea	+ a,b,d	- a,b,d	+ a,b,d	+/- a,b ; -d
Liberia	+ a,b,c,d,e	+ a,b,c,d,e	+/- a,b,c,d,e	+/- a,b,c,d,e
Niger	- b	+/- b	+/- b	+/- b
Sierra Leone	+ a,b	+ a,b	+ a,b	+ a,b

Note: + denotes full commitment; +/- partial commitment; - no commitment.

Legend:

- a* namely passenger transport
- b* Freight transport,
- c* Rental of commercial vehicles with operator
- d* Maintenance and repair of transport equipment
- e* Supporting services for road transport services.

Looking at the applied regimes of road transport services within some ECOWAS Member States, there is a remarkable difference between the scheduled commitments on road transportation and what is obtainable on the ground. For instance, in all WAEMU/UEMOA Member States, cabotage (i.e., carriage of cargo between two points within a country by a vessel or vehicle registered in another country) is reserved to local suppliers for passenger and freight transportation. Road transport of goods among WAEMU Member States continue to be governed by bi-lateral agreements between the states, which generally provides for the distribution of freight by truckers' councils. This system, which discourages competition by keeping underperforming carriers in operation, is being revised as part of the regional road transport and transit facilitation programme (WAEMU, 2013).

Other non-Member states of WAEMU that have not scheduled any commitments under GATS apply various regimes to their road transportation sector. Ghana does not maintain restrictions on access to road transport services, including cabotage, and in particular does not maintain bilateral agreements with neighbouring countries that attempt to restrict traffic rights; foreign transport companies that establish themselves as legal entities in Ghana are subject to the same regulations as domestic companies (WTO, 2014). In addition, there is provision for expatriate staff (Mode 4) but the applicable immigrant quota depends on the amount of paid-up capital invested. Nigeria allows entry for foreign investors (Mode 3) without limitations. However, the use of expatriate staff is subject to general regulations on expatriate quota at Ministry of Interior.

The full commitment suggests any form of barrier or restriction is not allowed for the movement of passenger along the sub-region; especially for Modes 1–3 for most of the countries. Most countries have partial (in the form of horizontal) commitment for Mode 4 (temporary movement of natural persons). This partial commitment is mainly temporary visa stay subject to the approval of the Presidency for a limited number of time duration; usually a period of 3 months or 90 days; whichever is earlier. More so, the commitment to temporary movement of natural persons is sometimes limited to individual's expatriate and at the strategic levels in specific areas of disciplines that are central to national developments of the country in concern. The most favoured expert discipline is the ICT. This is the case for Niger under freight transportation for Mode 4. It is only Côte d'Ivoire and Guinea that has no commitment on cross border trade and consumption abroad; termed Mode 1 and 2 respectively. Partial commitments under Mode 3 (commercial presence), indicates no limitations to market access but limited under national treatment with prior approval of the Ministry of Transport. Sierra Leone, Cabo Verde, Côte d'Ivoire, Gambia, Guinea and Liberia maintained the same commitment to freight transportation and rental of commercial vehicles with operator as did to passenger transportation. The same commitment for these Member States was observed under maintenance and repair of transport equipment except for Guinea which has no commitment for the temporary movement of natural persons (Mode 4).

H. ROAD TRANSPORT SERVICES: STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

Road transport activities are a prime integrating force in the context of ECOWAS economic integration agenda. Member States are expected to approach road transport policy and activities in a community-wide fashion at all levels. A welcome development in this regard is the creation of the West African Forum, which created the Observation Centre on Unfair Practices at Border Crossings (USAID, 2011).

The proliferation of decisions and recommendations on the various programs affecting road transport and transit in West Africa has not significantly improve the road transport situation in the region, due to ineffective implementation. There remains the need for appropriate governance structure for road facilitation issues, as well as increased coordination between ECOWAS and WAEMU. The current situation regarding road transport in the ECOWAS region is as follows:

Strengths

- Short and medium-term road transport policies and strategies in place, at national and regional levels;
- Member States governments are collaborating with development partners in support of the sub-sector, particularly on trade facilitation aspects of road transport;
- Road networks across the region are being developed to connect main production and consumption centres;
- Roads acts in place are in existence in some countries in collaboration with private sector financing of public roads;
- Reasonable level of trained professional staff available in the road subsector of transport; and
- Road network connected to regional transport corridors are being put in place.

Opportunities

- Professional expertise and experience are available in the region for road infrastructure development;
- Multi-lateral partners support development of roads of regional importance, particularly to support trade facilitation through cross-border financing;
- There are innovative maintenance practices, like multi-year maintenance contracts and labour-intensive methods are well-developed across the region;
- Adequate labour and local road construction materials available in abundance;
- Institutions of higher learning in the area of road engineering and transport economics are available in the region for training engineers and economists in the roads specialised areas, particularly towards inter-modal allocation of traffic for landlocked economies of the region; and
- Opportunities for on-the-job training of road construction staff are available in ongoing projects, across ECOWAS Member States.

Weaknesses

- There are many unpaved road networks in deteriorated condition due to inadequate maintenance and low investment leading to low levels of service and continuity;
- Prioritization of road maintenance based on current classification does not adequately consider functions, construction materials and level of usage of each link;
- Across ECOWAS Member States, there is deterioration of the road pavement due to overloaded trucks; and
- There are varieties of problems with respect to quality control and assurance of road infrastructure inadequate due to application of differing standards, guidelines and specifications; and based on the magnitude of needs, Member States governments and development partners' current funding is not sufficient for roads infrastructure maintenance and development.

Threats

- Inadequate professional staff to support the development of local expertise; low quality construction and maintenance by local contractors; and heavy axle loads causing rapid deterioration of road infrastructure.

I. SPECIFIC RECOMMENDATIONS

- Efficient and smooth road networks should be constructed by Member States in order to facilitate movement of goods, materials and persons across the region. More so, this will further reduce the costs of transportation as well as cost of production. In the end, the price of goods produced become competitive;
- Trade commitments should be made to create a win-win situation for all Members. Particularly, the Member States should concentrate on, specialize in and export goods of comparative advantage and, also buy from regional markets; goods that Member States have comparative advantage;
- Members of ECOWAS should be more committed to the various regional agreements entered by synchronizing it into their national policies and agenda. It is presumed that the partial commitment by some members on commercial presence has this orientation;
- Most Member States have partial commitment to temporary movement of natural persons; as limited to expatriates and professional persons and for specific time duration. While this is fair enough, it is expected that stringent visa requirements should be relaxed, and undue visa delays should be eliminated to ensuring that visitors do not miss the opportunities of the visit;
- The regulatory framework guiding road transportation within the ECOWAS region should address the problems of porous borders across the sub-region. This will allow for effective regional economic policies such that smuggling across borders would be drastically reduced; and
- Multiple regional commitments have been found to be counterproductive. Members should ensure commitment to ECOWAS blueprints be prioritized.

Chapter VII: Air transport services

A. INTRODUCTION

Air transport services provide transportation to passengers and/or cargo using aircraft, such as airplanes and helicopters. Air transport services have experienced dynamic growth across the world during the past decade and have become vital to international trade. Air transport is traded not only in its own right but also as an intermediate service for other kinds of trade. In particular, international air passenger transport is considered a prerequisite for the development of the tourism industry accounting for nearly 80 per cent of international tourist arrivals in developing countries (UNESCAP, 2005). The contribution of tourism to economic growth and social development in the region is well recognized by policymakers.

The major sub-sectors that will enhance the operations in the air transport services sub-sector to perform its critical role as driver of economic and social development, connecting people to jobs, education, and health services; enabling the supply of goods and services around the world and allowing people to interact and generating the knowledge and solutions that foster long-term growth.

In terms of definition, air transport services are composed of services which prevent collisions between aircraft and expediting and maintaining an orderly flow of air traffic; flight information services; alerting services; commercial air transport services involving transport of passengers, cargo or mail divided into passenger transportation by air (UNCPC 731 includes scheduled and unscheduled flight services) and freight transportation by Air (UNCPC 732 includes mail, containerized freight and other freight). Other components are rental of aircraft with crew (UNCPC 734 i.e. rental and leasing services of aircraft (including helicopters) and spacecraft); maintenance and repair of aircraft (UNCPC 8868** is the overhaul, repair, inspection or modification of an aircraft or aircraft components) and supporting services for air transport (UNCPC 746: passenger air terminal services and ground services on air fields, runway operating services, aircraft cleaning and disinfecting, firefighting and fire-prevention, and hangar and towing).

B. PERFORMANCE OF THE SECTOR

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 (Table 26). Larger airports, often the national hub for domestic services and international operations, vary in quality between countries (WABI, 2005). 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 commercial basis but rather to meet wider social/public objectives.

Many airports serve only smaller aircrafts for domestic services. A significant number of Africa's airports do not meet the standards and recommended practices of the International Civil Aviation Organization (ICAO). Runways, taxiways, parking spaces, passenger and freight terminals as well as cargo handling and electro-mechanical equipment are in such a poor condition that they require major rehabilitation and upgrading. Against this background, many of the so-called international airports in ECOWAS Member States do not merit to be called as such (USAID, 2010). These issues in the air transport services sector are areas where ECOWAS need to focus on if it is to improve the sector and enable it to compete effectively with other countries around the world.

Table 26: Number of airports and airfields with paved runways, 2013

Member States	Number of airports and airfields with paved runways
Gambia, Sierra Leone	1
Benin, Burkina Faso, Guinea Bissau, Liberia, Togo	2
Guinea	4
Côte d'Ivoire, Ghana	7
Mali	8
Cabo Verde, Senegal	9
Niger	10
Nigeria	40
Sub-Saharan average	11.88

Source: <http://www.nationmaster.com/country-info/stats/Transport/Airports/With-paved-runways/Total>

ECOWAS has focused less on modernizing airports than on establishing safe and reliable air transport system to connect Member States, with equal access to airlines that meet air transport market conditions in West Africa (UNECA 2016). The capacity building programme for institutions in charge of aviation safety in Member States within the framework of the Cooperative Development of Operational Safety and Continued Airworthiness Programmes (COSCAP) has made significant progress, with the creation of a sub-regional aviation safety oversight organisation (BAGASOO) in 2010 among seven Member States. Majority of the passengers in the air services industry is concentrated in a few key cities such as Lagos, Abidjan, Accra, and Dakar. Of the 120 possible routes linking the 16 national capitals in the region, only 10 have a yearly traffic in excess of 20,000 passengers, or 25 passengers a day for every destination. Kotoka International is Ghana's largest and most important airport by a significant margin. In recent years, the airport achieved a substantial increase in passenger traffic from 1.4 million in 2010 to 1.8 million in 2011; 1.6 million international passengers and 0.2 million domestic passengers. Other commercial airports are located at Tamale, Kumasi and Sunyani. Eagle Atlantic Airlines is the first wholly Ghana-owned flag carrier after the demise of Ghana Airways and Ghana International Airlines. The air carrier focuses on providing low cost airline service to West African countries through its main hub at Kotoka International (Inter Vistas Consulting, 2014).

Sedar Senghor International is Senegal's primary airport, serving over 1.7 million passengers in 2011, the vast majority of whom were international passengers. Senegal Airlines is the country's predominant carrier, operating a scheduled domestic network and regional flights to neighbouring countries. The airline was launched after Air Senegal International ceased operations in 2009. It made its first flight on 25 January 2011. Over 14.9 million passengers transited through Nigeria's airports in 2011 – 11.3 million international passengers and 3.6 million domestic passengers. The airports in Lagos (6.7 million passengers), Abuja (4.2 million passengers), and Port Harcourt (1.3 million passengers) accounted for over 80 per cent of the country's air traffic flows. Murtala Muhammed International in Lagos is Nigeria's predominant international airport and is operated by the Federal Airports Authority of Nigeria. It serves as a hub for domestic carriers Aero and Arik Air. Nnamdi Azikiwe International in Abuja also serves as a hub for Arik Air, as well as IRS Airlines. Air Nigeria was also a notable domestic player until the company announced the closure of its worldwide operations in September 2012, due, in-part, to non-compliance with tax obligations (Inter Vista Consulting, 2014).

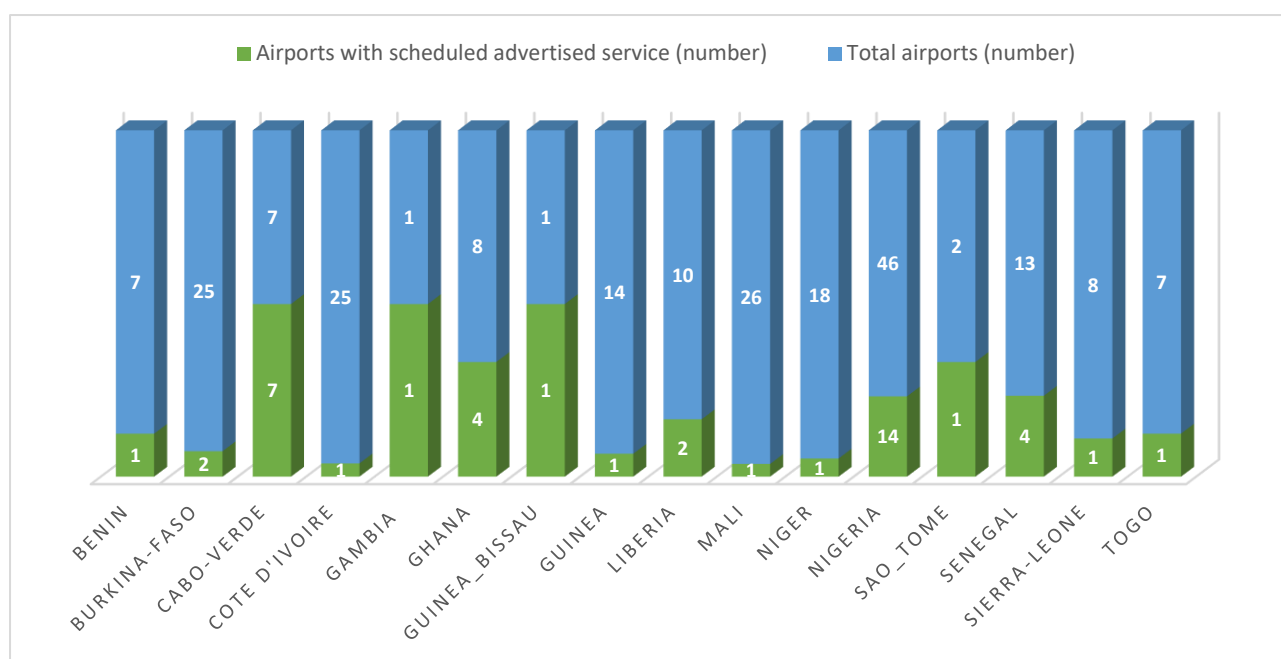
However, recent developments in the region have seen the emergence of new airports of international standards. A new terminal of the Gnassingbe Eyadema International Airport in Togo opened its doors to passengers in 2016. The ultramodern terminal is expected to handle about 2.5 million passengers per year while its annual freight handling capacity has been increased to 35,000 tons. There's also the construction of other infrastructure currently ongoing like that of a morgue. All these constitute the country's development projects, \$150 million from China's Exim Bank was sunk to facilitate the upgrade and the Togolese government says the terminal aims to make the country a transport hub in the west Africa region. A decade after construction began, Senegal opened a new airport in 2017, the centrepiece of an ambitious plan to try to catapult the nation to become a top economic player in ECOWAS Community. The new Blaise Diagne International Airport is part of Senegal's plan to position country towards its

steadily growing economy. With a currency guaranteed by the French treasury and – most important – its long-stable political environment, Senegal has huge potential, according to analysts. The new airport may give an edge to Senegal over many other ECOWAS Member States.

Ghana's Ministry of Transport and the Ghana Airport Company Limited (GACL) together with the Ghanaian government are seeking funds from China to construct an international airport at Pramgram in the Greater Accra region. The new airport will be constructed by China Airport Civil Construction (CACC), one of the biggest airport construction companies in the world, it has built over 150 airports across the globe. The airport will also include a terminal area of 45,000 sq. metres, cargo throughput of 30,000 tonnes, a cargo warehouse area of 7,000 sq metres and a car park area of 42,000 sq. metres. Accra's Kotoka International Airport currently serves 1,726,051 passengers annually of which 543,379 are domestic and 154,723 transit passengers. It is envisaged that the new airport will serve as an international airport while the Kotoka airport will be used as domestic airport in the future.

In whole, Figure 13 shows the total number of airports and scheduled advertised service in these airports. It is evident that Nigeria, with a total of 46, has the highest number of airports in the whole of West African countries. This is followed by Mali, Côte d'Ivoire and Burkina Faso with 26, 25 and 25 total number of airports respectively. The Gambia and Guinea-Bissau (with 1 airport each) have the least total number of airports in ECOWAS Member States. This is closely followed by Sao Tome with 2 airports. Benin, Cabo Verde and Togo have 7 airports each while Ghana and Sierra-Leone have 8 airports each. Liberia has 10 airports and Senegal has 13, while Guinea has 14 and Niger 18 airports.

Figure 13: Total airports and airports with scheduled advertised airport service in ECOWAS Member States



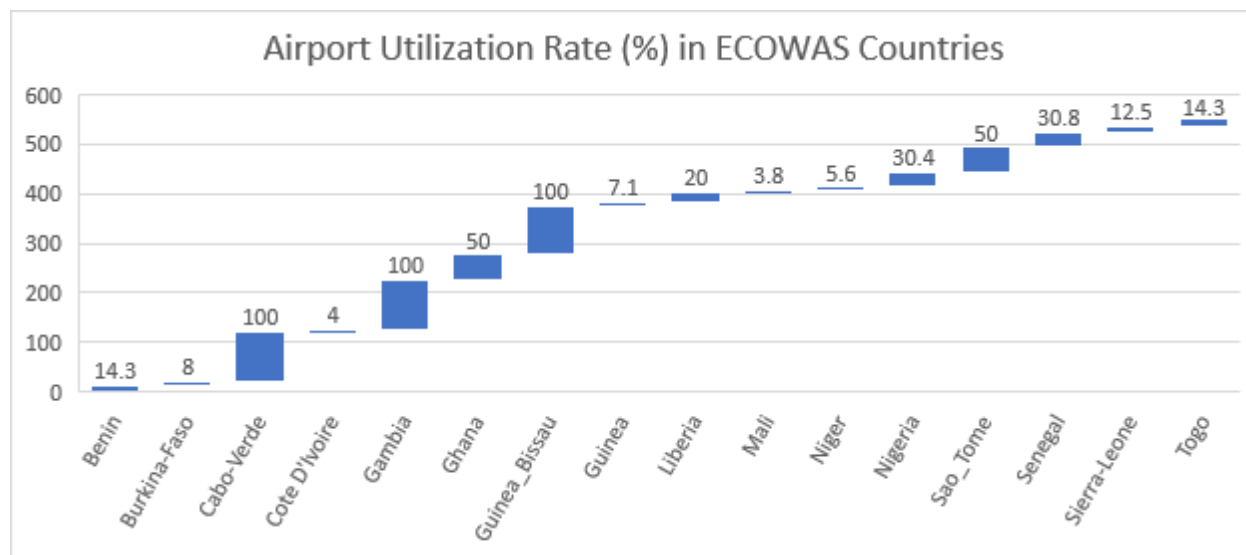
Source: Authors with Data from African Development Bank Group (2013).

In terms of utilization, however, Figure 14 is very instructive as it shows that most of the airports in ECOWAS Member States are under-utilized. The implication is that most of the airports would be redundant and are bound to impose high costs of maintenance on the economies. Only three Member States, namely, Cabo Verde, Gambia and Guinea-Bissau have utilization of their airport to full capacity. Figure 14 also indicates that the whole of 7, 1 and 1 airports respectively owned by these three countries. The full capacity utilization of airports in these countries is suspect as it could be that because there are few airports; precisely 1, except for Cabo Verde which fully utilized her total number of 7 airports. Ghana and Sao Tome have 50 per cent airport utilization as 4 out of 8 for the former and 1 out of 2 for the latter have their airports utilized.

Senegal and Nigeria have airports utilization rates of 30.8 and 30.4 per cent respectively (Figure 14). A host of countries have utilization rate less than ten 10 per cent. These countries are Burkina Faso with 8 per cent utilization

rate, Côte d'Ivoire with 4 per cent of utilization rate, Guinea has 7.1 per cent and Mali and Niger have 3.8 and 5.6 per cent of utilization rates respectively. Benin, Sierra Leone and Togo have 14.3, 12.5 and 14.3 per cent of utilization rates respectively.

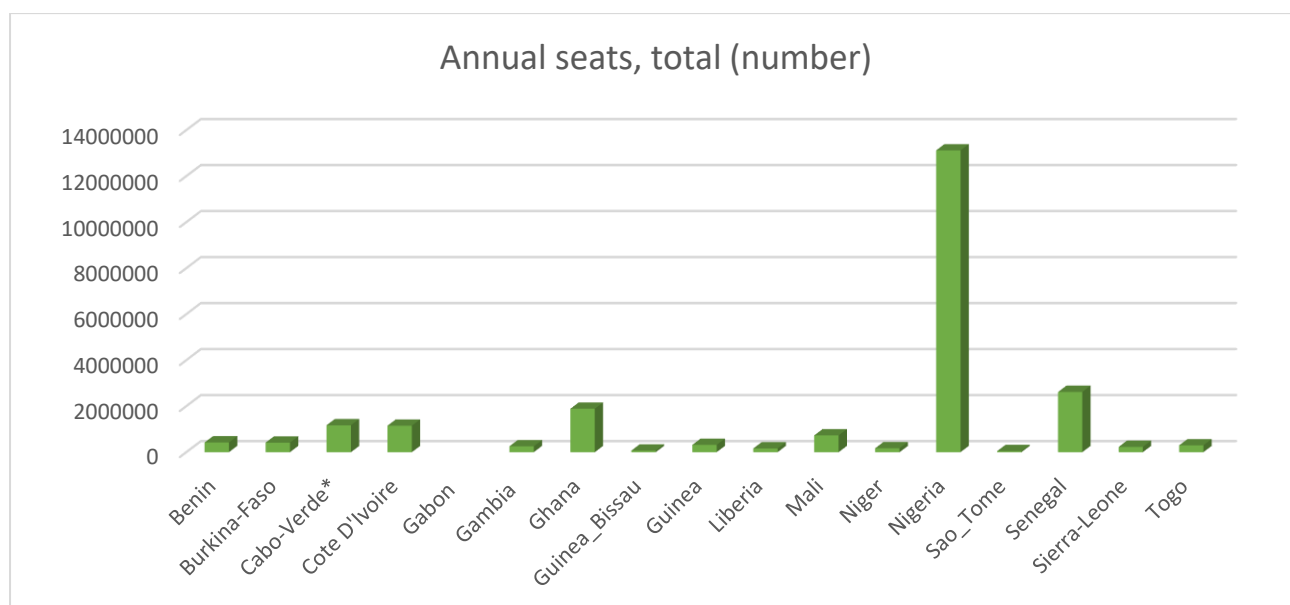
Figure 14: Airport utilization rate in ECOWAS Member States (in percentage)



Source: Authors with Data from African Development Bank Group (2013).

For these utilized airports, the total number of seats is less than 2,000,000 annually except for the case of Nigeria. The total annual seats for airports in Nigeria are appreciably more than 12,000,000. Senegal has seat capacity above 2,000,000 and while seat capacity for Ghana fall short a little below 2,000,000 seats. Total annual seats for air transport in all other countries are far less than 2,000,000 seats. Guinea-Bissau, Gambia, Liberia, Niger and Sao Tome have very low total number of seats for the airports. This is reasonable as the total number of scheduled advertised services in these countries is just 1 except for Liberia which is 2 (Figure 15).

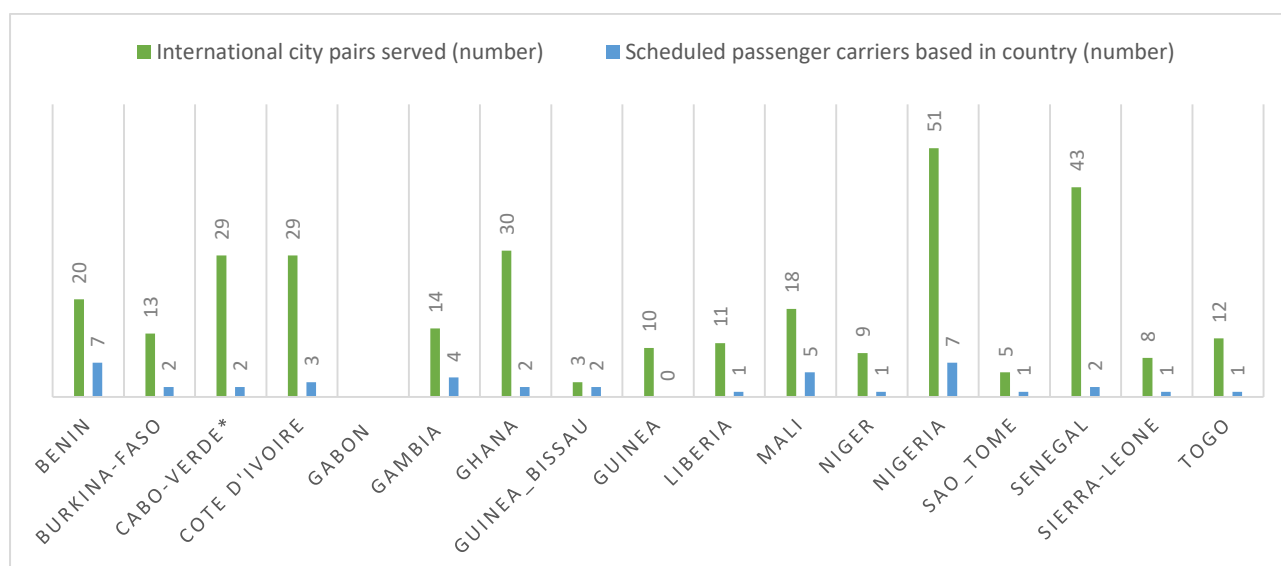
Figure 15: Total annual seats for air transport



Source: Authors with data sourced from African Development Bank Group (2013).

For these annual seats in airplanes, virtually all these countries served international destinations with less focused on domestic activities. The extreme case is that of Guinea with a total of ten 10 international city pairs being served by the airports. In relation to air transport quality, this implies that most of the ECOWAS Member States offer relatively high-quality air transport services to the world. This is more evident in Guinea. Nigeria has the highest number of international cities served by its airports and Sao Tome has the lowest. Nigeria still has an appreciable number of domestic scheduled passenger carriers of 7. This number is about the number of international city pairs served by Sierra Leone (8) and Niger (9) and more than Sao Tome (5) (Figure 16).

Figure 16: Air transport quality for ECOWAS Members States



Source: Authors with data sourced from African Development Bank Group (2013).

Table 27 details the technical indicator for airport services in ECOWAS Member States. There are six specific indicators such as seat-km in aircraft of unknown age), seat-km in aircraft of unknown size, seat-km in large aircraft, seat-km in medium-sized aircraft, seat-km in old craft and seat-km in recent aircraft.

Table 27: Technical indicators of air transportation in ECOWAS Member States (in percentage of total)

Parameters	Seat-km in aircraft of unknown age (% of total)	Seat-km in aircraft of unknown size (% of total)	Seat-km in large aircraft (% of total)	Seat-km in medium-sized aircraft (% of total)	Seat-km in old aircraft (% of total)	Seat-km in recent aircraft (% of total)
Benin	4.2	0.0	57.9	41.2	7.4	88.5
Burkina Faso	0.0	0.0	45.7	46.7	6.6	93.4
Cabo Verde	0.9	0.0	6.4	88.1	0.0	99.1
Côte d'Ivoire	0.5	0.0	47.7	46.8	8.7	90.8
Gambia	0.0	0.0	9.2	88.2	5.5	94.5
Ghana	0.6	0.0	84.3	14.4	2.6	96.8
Guinea-Bissau	0.0	0.0	78.7	0.0	0.0	100.0
Guinea	0.0	0.0	61.4	37.8	4.9	95.1
Liberia	0.0	0.0	8.4	90.0	67.1	32.9
Mali	0.7	0.0	45.9	51.8	3.7	95.6

Parameters	Seat-km in aircraft of unknown age (% of total)	Seat-km in aircraft of unknown size (% of total)	Seat-km in large aircraft (% of total)	Seat-km in medium-sized aircraft (% of total)	Seat-km in old aircraft (% of total)	Seat-km in recent aircraft (% of total)
Niger	0.0	0.0	49.4	44.9	5.7	94.3
Nigeria	8.6	0.0	70.4	27.6	20.0	71.4
Sao Tome	16.4	0.0	80.7	16.4	0.0	83.6
Senegal	0.3	0.0	60.7	38.1	1.4	98.3
Sierra Leone	0.0	0.0	30.5	67.1	45.1	54.9
Togo	0.2	0.0	58.9	40.7	0.4	99.5

None of the ECOWAS Member States have seat-km aircraft in unknown size while a negligible number of seat-km in aircraft of unknown age are available. This constitutes a maximum of 4 per cent of the total aircraft in Benin, 8.6 per cent of the total aircraft in Nigeria and 16.4 per cent of the total aircraft in Sao Tome. Other countries have seat-km in aircraft of unknown age to be less than 1 per cent of the available total. With the exceptional technical performance of Ghana, Guinea-Bissau, Guinea, Nigeria, Sao Tome and Senegal, the performance of other countries hovers around average on seat-km in large aircraft with Liberia being the only country having outstanding technical performance for seat-km in old aircraft. For medium-sized aircraft, Cabo Verde, Gambia, Liberia and Sierra Leone stood out. It is evident that all countries have recently developed its aircraft technical efficiency, except Liberia.

C. LINKAGES WITH OTHER SECTORS

The provision of air transport services is strongly linked and integrated with numerous other economic activities including, but not limited to, the distribution of many high value goods and the transportation of passengers. In fact, many activities relating to travel depends on air transport, but in addition other activities, such as telecommunications or electronic commerce are also related. In recent years, the World Bank (1997 and 2006) has stressed the poverty reduction potential of transport infrastructure in Africa and other developing regions. A key message of current research focusing on LDCs is that transport infrastructure is a necessary condition for economic growth and that, although in itself it cannot reduce poverty it has a key role to play as a facilitator of and complement to policies that improve living standards. Broadly speaking, the expansion of air services and other forms of transport infrastructure is expected to contribute poverty alleviation directly by improving access to services, increase personal mobility and lowering transport costs, and indirectly through its effects on economic growth, efficiency and employment creation. Improvement in transport facilities raise living standards, as access to basic infrastructure services (clean water, electricity, health and education) is an essential component of welfare.

The importance of air transport services to developing countries can be viewed from two perspectives. First, is the direct economic contribution of the sector in itself, and second is the multiplier effect created through catalytic and induced demand effects on other economic activities. While the direct economic contribution is measured in terms of the consolidated output of air carriers, other commercial operators and their affiliates, the multiplier or ripple effect of non-direct output is measured by combining what is referred to as catalytic and induced demand effects. The catalytic demand effects refer to “off-airport expenditures directly related to the use of air travel and shipment of freight and mail”. This includes travel and tourism businesses such as hotels and restaurants, travel agencies, tour operators and retailers; and freight businesses. Induced demand effects occur when employees spend their income derived from direct and catalytic activities and when governments spend from tax revenue accruing from those activities.

Although improving rural transport is a priority in the area of transport infrastructure in Africa, the contribution and potential of air transport to the continent’s economic and social development should not be under-estimated. The air service industry is particularly important for countries that adopt an outward-oriented development strategy, including the promotion of international tourism, and can support efforts to alleviate poverty. Moreover, in large countries with difficult geographical terrain and long distances, air infrastructure offers an effective way of linking such communities and making possible economic activity around the production of agricultural exports or tourism. The development of commercial aviation is instrumental in reducing the cost of trade and movement of goods and people, attracting new investments to locations with good air transport links to the rest of the world.

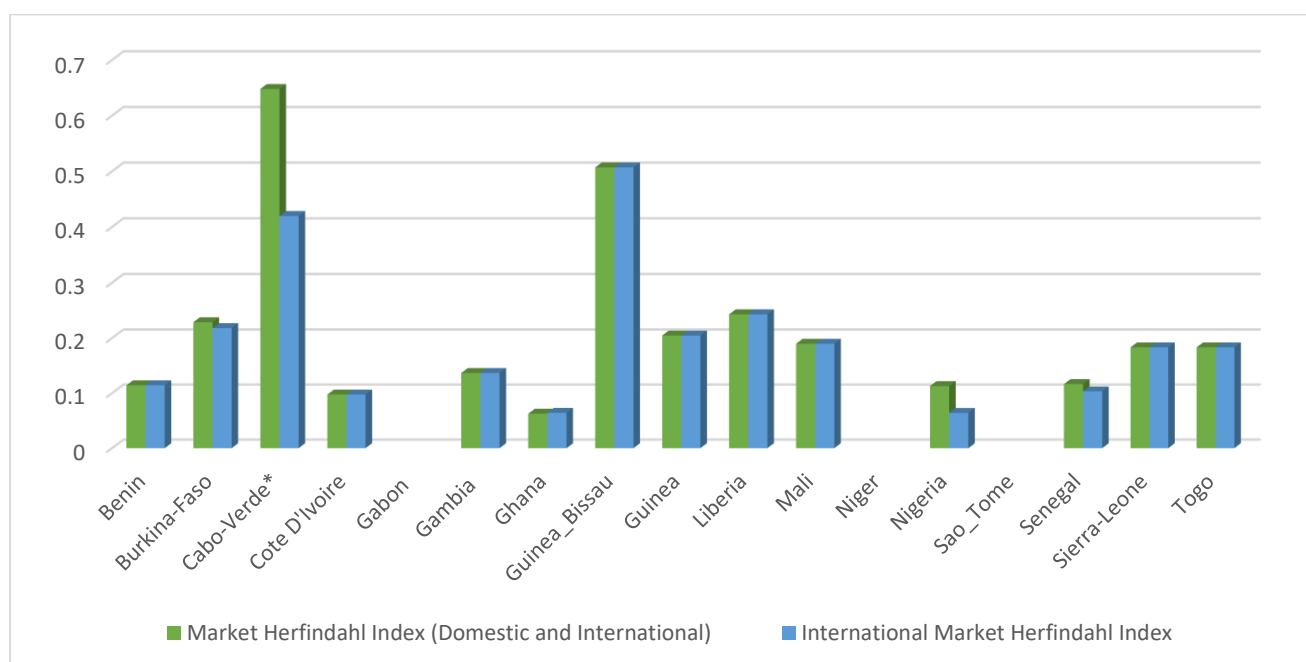
D. INSTITUTIONAL FRAMEWORK AND MAIN ACTORS

As the specialized agency of the African Union responsible for civil aviation matters in Africa (AfCAC) was established to facilitate cooperation and coordination among African States towards the development of an integrated and sustainable air transport system; and foster the implementation of International Civil Aviation Organization (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 eight RECs in Africa to execute its programmes. To implement the vision, AFCAC has established five strategic objectives for the period 2011-2016 as follows: strategic objective A-Air transport, strategic objective B-Safety, strategic objective C-Security, strategic objective D-Human Resources Development, and strategic objective E-Rule of Law

A Steering Committee of ECOWAS Airlines was established sequel to the Coordinating Meeting of ECOWAS Airlines held 12–15 March 2012 in Bamako, Mali. The Steering Committee was set up 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 Steering Committee is composed with the following Members: Air Burkina, Aero Contractors, Asky, Fly540, and Arik Air. Therefore, at the Forty-Third (43rd) Ordinary Session of the Authority of Heads of State and Government, on 17 and 18 July 2013, decided to: entrust coordination and driving role of transport infrastructure sector, notably air transport, to H.E. Alassane Ouattara, President of the Republic of Côte d'Ivoire; encourage pursuit of air transport liberalization measures, and urge Member States to ensure their effective implementation; and direct ECOWAS Commission to take all necessary steps to build institutional capacities for the attainment of this objective.

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. 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).

Figure 17: Institutional quality for air transportation in ECOWAS Member States



Source: Authors compilation with data sourced from African Development Bank Group (2013).

As depicted in Figure 17, the institutional quality of air transportation for countries in ECOWAS region are far below average; for Cabo Verde and Guinea-Bissau. On a scale of 0–1, Cabo Verde is well above 0.6 scale while Guinea-Bissau is barely 0.5 point of the 0–1 scale. However, only Guinea-Bissau is consistent on both Market Herfindahl Index (for both Domestic and International) and International Market Herfindahl measures of institutional quality. Cabo

Verde has 0.4 point in the latter measure. All the other countries have poor institutional quality of air transportation services. Ghana, Nigeria, Benin and Côte d'Ivoire perform the worst on this ladder of institutional quality in air transportation services across the ECOWAS sub-region.

E. POLICY FRAMEWORK

In the ECOWAS region, international air transport services are conducted under BASAs, with the exception being the “Horizontal Agreement” between the European Union and WAEMU which seeks to consolidate existing BASAs between European Union Member States and WAEMU Member States. The combination of the Yamoussoukro Decision (with respect to other African countries who are parties to the Declaration) and the ECOWAS Treaty (with respect to other ECOWAS Member States) underpins regional cooperation in air transport services. Article 32 of the ECOWAS Treaty covers cooperation on Transport and Communication. In respect of air transport services, it commits Member States to: (a) encourage co-operation in flight-scheduling, leasing of aircraft and granting and joint use of fifth freedom rights to airlines of the region; (b) promote the development of regional air transportation services and endeavour to bring about the merger of national airlines in order to promote their efficiency and profitability; (c) facilitate the development of human resources through the harmonization and coordination of their national training programmes and policies in the area of transportation in general and air transport in particular; and (d) endeavour to standardise equipment used in transport and communications and establish common facilities for production, maintenance and repair.

The ECOWAS Air Transport Action Plan 2009–2015 sets out the objectives of the Air Transport subsector, which is to implement the Yamoussoukro Decision (YD). The plan serves to promote air transport liberalization, strengthen aviation safety and security, enhance capacity building for the civil aviation authorities within the region, facilitate operation and cooperation of West African Airlines and other relevant stakeholders (airport, air navigation services providers, ground holding companies). In pursuance of these objectives, the Commission has taken a number of initiatives aimed at assisting Member States to develop a safe, reliable and coordinated air transport system that can provide regular air links among the Member States as well as promoting equitable access of eligible airlines to the West African air transport market. In summary, the initiatives include the following:

- fostering implementation of the Yamoussoukro Decision for air transport liberalization through the adoption of Supplementary Acts;
- strengthening of aviation safety and security through new regulations and capacity building initiatives;
- promotion of a viable airline industry in ECOWAS region by fostering cooperation (interline agreements, code sharing, consortium, joint venture, alliances, mergers, etc.) among airlines in the region;
- implementation of ECOWAS air transport flagship projects;
- negotiation of air services agreements with third parties;
- aeronautical cooperation; and
- financial resource mobilization.

One example of achievements to date in the area of air transport services is the implementation in Ghana (IEG, 2013) of the trade and investment gateway projects, sponsored by the World Bank to attract a critical mass of export-oriented investors and to place the country as a hub in ECOWAS region for trade and passengers flow, is beginning to yield positive results. The plan envisages, among other initiatives, the creation of a free trade zone with labour intensive export industries, deregulation of the air traffic sector and investment in the Kotoka international airport to improve efficiency, security and safety.

F. REGULATORY FRAMEWORK

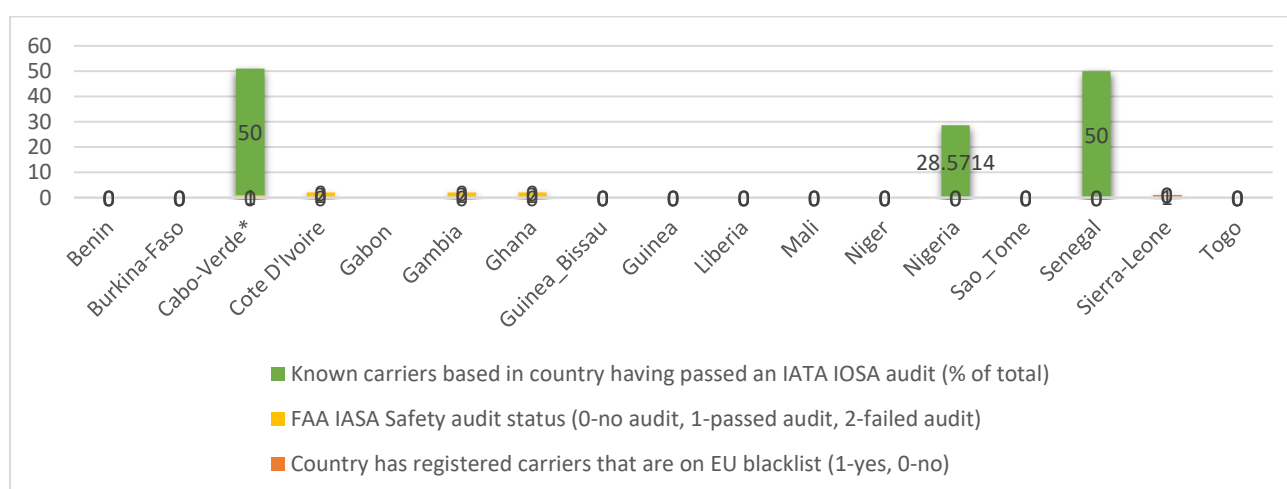
Trade in air transport services has been heavily restricted by governments around the world since the Chicago Conference of 1944. Market access is largely determined by a complex system of some 3,500 bilateral air service agreements (BASAs), which typically stipulate the traffic rights of airlines operating on bilateral routes, as well as the airlines allowed to operate such routes, the tariffs, and the number and frequency of flights. The elaborate structure of restrictions in bilateral ASAs effectively imposes country-specific quotas in each market, where markets are defined

as routes between two countries. Under pressure for change, the regulatory framework for air transport has become increasingly more liberal in recent years. Liberalization of international air transport has taken place through more open bilateral agreements. During the Uruguay Round, liberalization of the air transport industry was expressly excluded from the GATS, essentially because the bilateral air transport services regime is fundamentally inconsistent with the core principles of multilateralism. However, since such exclusion can be reviewed at least every five years with a view to considering further application of the GATS to the sector, there is still the possibility in theory of the sector coming under the purview of the GATS.

The first review in 2001 led to WTO Members submitting proposals for additions to the Annex on Air Transport Services, including ground-handling services, airport management services, leasing or rentals services of aircraft without operator and services auxiliary to all modes of transport when delivered in an air transport context. A second session of the Review mandated under paragraph 5 of the Annex on air transport services was held over the course of 2006–2007. In that context, several WTO Members submitted a proposal which suggested the possible inclusion of ground handling services and airport operation services to the other 3 services sectors explicitly mentioned in the Annex. Members remained divided on this proposal and on the amendment of the annex that would be required in order to extend the coverage of the GATS agreement to new sub-sectors of air transport services.

To quantify these regulatory efforts made by various countries on air transportation, three basic criteria, such as the known carriers based in country having passed an IATA IOSA audit (in percentage of total), the FAA IASA Safety Audit Status (0-no audit, 1-passed audit, 2-failed audit) and whether country has registered carriers that are on EU blacklist (1-yes, 0-no) – have been adopted. For ECOWAS, only 3 Member States have known carriers based in country having passed an IATA IOSA audit test to a varying degree. Fifty per cent each for Cabo Verde and Senegal but 28.57 per cent for Nigeria. For the two other criteria, none of these three countries, or any ECOWAS State member whatsoever, have recorded any regulatory success by the status of this criterion. More so, all other countries record no audit success in all three criteria (Figure 18).

Figure 18: Regulatory quality of air transportation of ECOWAS Member States



Source: Authors with data sourced from African Development Bank Group (2013).

The Supplementary Act No. A/SP.8/02/12 relating to Common Rules on the Conditions of Access to Air Transport Markets in ECOWAS Member States aims at opening up the air transport market within the ECOWAS region and develop intra community air links through operation of all air traffic rights including cabotage. To this end, the Act was expected to: fast track creation of a Common Air Transport Market for ECOWAS region; elimination of protectionism barriers; and facilitate implementation of public service obligations.

G. TRADE COMMITMENTS AFFECTING THE SECTOR

Only a small sub-set of the services listed in the introduction of this section are covered by the GATS as the Annex on Air Transport Services to the GATS states that the agreement does not apply to measures affecting traffic rights

or services directly related to the exercise of traffic rights. GATS commitments therefore usually only cover aircraft repair and maintenance services; the selling and marketing of air transport services; and computer reservation system services.¹² Notwithstanding this limited coverage of the GATS, the Services Sectoral Classification (W/120) includes under the heading of Air Transport Services the following sub-sectors: a. passenger transportation: 731; b. freight transportation: 732; c. rental of aircraft with crew: 734; d. maintenance and repair of aircraft: 8868**; and e. supporting services for air transport: 746.

Only two ECOWAS Member States (Gambia and Sierra Leone) have made commitments on air transport services under the GATS. However, it is noteworthy that they have gone beyond the sector explicitly listed by the Annex on Air Transport Services.

i) Commitments in air transport services by the Gambia

The Gambia took identical commitments for all five sub-sectors listed in the Services Sectoral Classification under air transport services, i.e. passenger transportation; freight transportation; rental of aircraft with crew; maintenance and repair of aircraft; and supporting services for air transport. For Modes 1, 2 and 3 for both market access and national treatment the Gambia took full liberalization commitments with no limitations. For Mode 4 it referred to its horizontal commitments, which allow for entry and stay of natural persons employed in management and expert jobs for the implementation of foreign investment. Such employment is subject to the approval by the office of the President and enterprises must provide for training in higher skills for Gambian nationals to enable them to assume specialized roles. Conditions for approval include the payment of payroll tax and minimum investment above a certain threshold and unavailability of qualified Gambian for the position.

ii) Commitments in air transport services by Sierra Leone

Sierra Leone took identical commitments for all five subsectors listed in the Services Sectoral Classification under air transport services, i.e. passenger transportation; freight transportation; rental of aircraft with crew; maintenance and repair of aircraft; and supporting services for air transport. For Modes 1, 2 and 3 for both market access and national treatment Sierra Leone took full liberalization commitments with no limitations. For Mode 4 it referred to its horizontal commitments which allow supply through the temporary movement of senior management personnel and technical experts not available in the local labour market. A work permit must, however, be obtained prior to a foreign natural person working in Sierra Leone.

H. AIR TRANSPORT SERVICES: STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

West African connectivity gaps still exist, mainly because of non-conducive aviation policy environment consisting of traffic rights restrictions on the frequency and destinations that airlines can fly as well as the prohibitive cost in the aviation environment. The cost of over-flying in West Africa is twice as expensive as in East Africa. Ground handling operations is 30–40 per cent more expensive and aircraft fuel costs 20–30 per cent more than rest of the world.

Strengths

- The emerging regional air transport network, which has spawned the construction or upgrading of airports in or near the main tourist destinations. The regional airports also contribute to the development of places where they are sited, as businesses tend to converge at such places; and
- Different airline companies operating domestic flights, with different traffic volumes, services and objectives. A few Member States have adopted a liberal skies policy to boost flights, especially to those countries with no direct flights to many places and for new airlines to connect with countries with a view to increasing trade and tourism.

Opportunities

- ECOWAS Member States are parties to a number of multilateral and regional agreements on aviation to assist them to increase passenger and cargo traffic, which can make a significant contribution to economic growth and development;

- The region is a top biodiversity and cultural destination, and home to more than 500 ethnic groups and 1,000 spoken languages offering a wide diversity of activities to fulfil the demands of sophisticated as well as ordinary tourists; Strategic plans for the development of the tourism sector provide additional rationale for the development of air transport services; and
- Many modern airports are being developed.

Weaknesses

- Many airports and airlines still lack adequate facilities, appropriate taxiways or defined aprons for aircrafts to park;
- Airports are usually located far from the cities they are meant to serve;
- The terrain in some cases make it would be impossible to install radio navigation aids which ensure the safety of flights, while the expansion of some of these airports would present difficult technical challenges and be very expensive (e.g. Lungi Airport in Freetown, Sierra Leone);
- There is no regional airport infrastructure plan in the region;
- Master Plans and aviation development projects are still nationally pursued in spite of the regional economic integration agenda; and
- The fleet of many airlines in the ECOWAS region are not modern and not regularly maintained and some fly obsolete airplanes increasing the risk of major accidents.

Threats

- The cost of doing business in ECOWAS Member States is among the highest in Africa affecting the competitiveness of firms located in the ECOWAS region;
- Protracted political instability and insurgence across many Member States represent a clear obstacle in the development of the region; and
- Private airlines are usually reluctant to provide services to them as such routes can be unprofitable, unless the government provides some subsidies. Unlike other parts of the world, there is no common transport plan for the region that considers the different means of transportation in an integrated manner to achieve efficiency and cost effectiveness.

I. SPECIFIC RECOMMENDATIONS

- Safety and security should be beefed up and air transport quality should be improved upon;
- The regulatory and institutional qualities of most of these countries should be well emphasized upon; With these, the audit status by domestic, regional and international bodies should be well evaluated;
- The technical competence of pilots and other technical staff should be a matter of great concern in order to reduce negligence and accidents on the runways; and
- Redundancy should be drastically reduced as the bizarre airport utilization rate can be well addressed. This would reduce the maintenance costs of having these airplanes at the tarmac.

Chapter VIII: Tourism services

A. INTRODUCTION

Tourism is a multidimensional activity that involves not only the movement of people from one place to another, but also all of their direct and indirect activities that are interlinked towards the facilitation of this process (Smith, 1995; Cooper, *et al*, 1998). The sector has emerged as a driver not only for economic progress but also for social development. There are several reasons for considering tourism an important contributor to economic development. First, tourism has the capacity to significantly contribute to GDP, employment and export earnings (Salman and Hasim, 2012; Crouch, 2010). The sector can also offer a compelling case for prioritization for socioeconomic development in Africa. Further, it also helps revive declining urban areas, open up and develop remote rural areas, and promote the conservation of countries' environmental endowments and cultural heritages. The industry continues to be a force that provides unique opportunities for developing and emerging nations to move up the value chain. In 2017, the travel and tourism industry continues to make a real difference to the lives of millions of people by driving growth, creating jobs, reducing poverty and fostering development and tolerance (UNCTAD, 2017).

Due to the several advantages of tourism to nation's economy, destinations are constantly in competition with one another to acquire their share of the foreign exchange that international tourists bring into the country (Pavlic, Perurcic & Portolan, 2011). Hence, the competitive environment of Tourism continuously changing, and destinations need to adapt to the changes (Crouch, 2007). According to the Africa Tourism Monitor (2018), Africa international tourism arrivals increased slightly to 62.9 million in 2016 with an International tourism receipts totalling \$6.2 billion, which comprises 3 per cent of global tourism receipts. Some of the destinations with the strongest growth in international arrivals compared to 2015 were Sierra Leone (+30,000, a 126% increase), Nigeria (+634,000, a 50.5% increase), Burundi (+56,000, a 42.7% increase), Eritrea (+28,000, a 24.6% increase), Togo (+65,000, a 23.8% increase), and Madagascar (+49,000, a 20% increase). In addition, the direct travel and tourism employment in Africa in 2017 rose to 9.3 million (an 11.2% increase from 2016), with 2.5 million jobs in North Africa and 6.8 million jobs in Sub-Saharan Africa.

ECOWAS on aggregate has remain one of the least developed in the region in terms of travel and tourism (T&T) competitiveness. Although regional performance has increased, it has improved less compared to other parts of the region. Southern Africa remains the strongest sub-region, followed by Eastern Africa and then Western Africa. Yet, on average, Eastern Africa is the most improved region, while Southern Africa has experienced a slight decline (UNCTAD, 2017).

B. DESCRIPTION AND PERFORMANCE OF THE SECTOR

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 (WEF), West Africa lags behind when it comes to the travel sector. The ten West African countries assessed in the report all appear in the bottom half of the ranking. The top-ranked country from the region – Cabo Verde, ranks 83rd out of 136 (Table 28) The remaining eight West African countries are in the bottom quarter, among the least globally competitive countries in terms of tourism. Mali recorded the lowest score at 130th to secure the last position among West African countries in the overall ranking.

Table 28: Sub-saharan Africa top 10 most tourism-ready economies

Country/Economy	Global rank*
South Africa	53
Mauritius	55
Kenya	80
Namibia	82
Cabo Verde	83
Botswana	85

Country/Economy	Global rank*
United Republic of Tanzania	91
Rwanda	97
Uganda	106
Zambia	108
Other West Africa Countries	
Côte d'Ivoire	109
Senegal	111
Gambia	112
Ghana	120
Cameroon	126
Benin	127
Nigeria	129
Mali	130

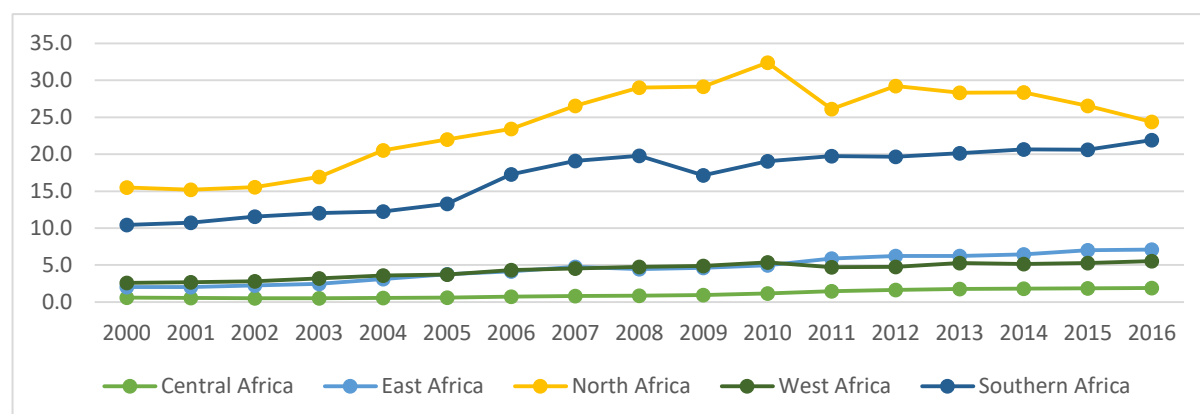
Source: World Economic Forum 2018.

* 2015 rank out of 141 economies. The Travel and Tourism Competitive report assesses the set of factors that enable the sustainable development of the Travel and Tourism Sector, which in turn contributes to the development and competitiveness of a country.

Although ECOWAS Member States are blessed with vast resources, the lack of significant improvement in the use of natural resources has hindered its T&T 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, while the international tourist arrivals on the whole of Africa continent increased by nearly 30 million between 2000 and 2016, North Africa has experienced the lion's share of this growth, followed by Southern Africa. For one thing, prior to the turn of the century, North Africa and Southern Africa already had a relatively well-developed tourism industry. The international tourism though has been increasing marginally in West Africa with in tight comparable position with the East Africa, the region was overtaken by the East Africa since 2011 (Figure 19). One of the reasons for this decline might be as a result of the perceptions of political instability and insecurity associated with the region particularly the threat of Boko-haram in Nigeria and Niger as well as other forms of terrorism.

Figure 19: International tourism arrivals in West Africa and other regions, 1995–2016



Source: Graphed from underlying data from African Bank Development database, 2018.

Table 29 also point to the level of attractiveness to West Africa as a destination for international tourism. In 2016, the region as a whole welcomed around 5.6 million tourists, which generated \$3.2 billion in revenue. These figures

represent respectively 9.1 per cent of international arrivals and 9.0 per cent of tourism revenues recorded in Africa in 2016. The figure is clearly below that of other regions in Africa except Central Africa. While West Africa share of tourist arrival and is about 4 times lower than Southern Africa, it is over 4 times less than what is obtainable in the North Africa.

Table 29: West Africa's position in West Africa as a destination for international tourism

	Number of arrivals	Share of arrivals in Africa	Revenues in millions dollars	Revenue share in Africa
Central Africa	1 901 994	3.12	599.6	1.66
East Africa	7 108 652	11.67	6 722.8	18.60
North Africa	24 407 735	40.07	13 043.5	36.09
West Africa	5 555 048	9.12	3 248.6	8.99
Southern Africa	21 933 500	36.01	12 526.7	34.66
Africa	60 906 929	100.00	36 141.2	100.00

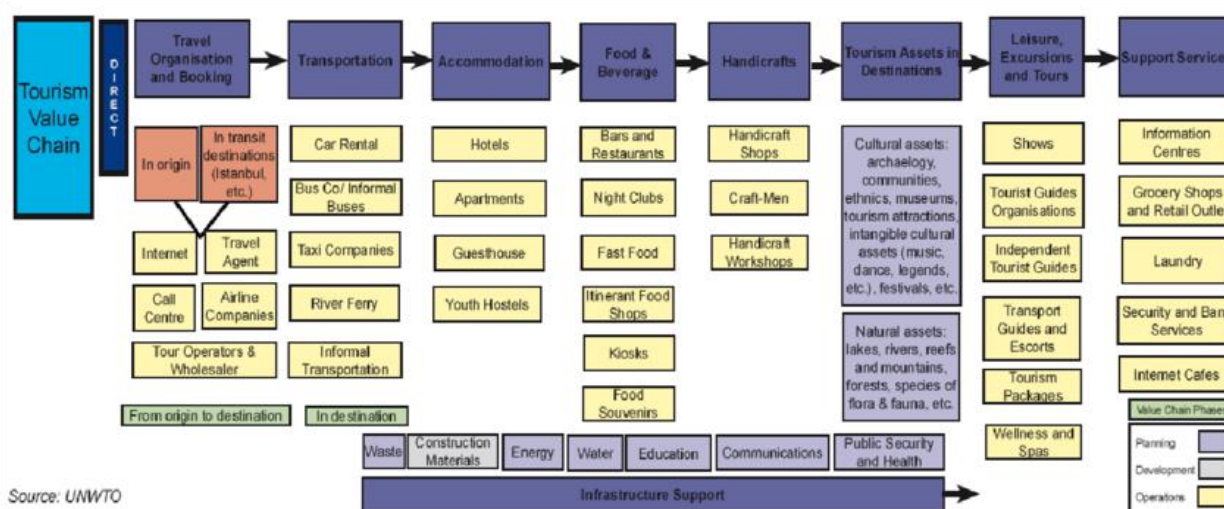
Source: Computed from Africn Development Bank Database, 2018.

C. LINKAGES WITH OTHER SECTORS

Tourism is an agglomeration of separate but related services. Apart from the direct and indirect effects of tourist expenditures on the economy, the ability to more broadly spread and share the benefits and opportunities in this sector is contingent upon the degree to which the tourism sector is integrated into national economies through intersectoral linkages that are strong and diverse and that have the potential to generate jobs, foster economic diversification and create export opportunities beyond the sector (UNCTAD, 2017). Linkages between tourism and other productive sectors can stimulate employment and address rising levels of unemployment, poverty and social exclusion, as well as intractable environmental challenges among ECOWAS Member States. Linkages between tourism and other productive sectors and market segments also have the potential to spur local entrepreneurship through new business opportunities.

Tourism creates deep and widespread linkages to other sectors of the economy – agriculture (food for hotels, restaurants and cruises), information technology (searching, booking, paying), banking (transfer of money, paying via credit cards, currency exchanges), insurance (travel insurance, medical insurance), entertainment (music, clubs, shows, theatre, concerts, festivals, etc.), police, transportation, medical services, health and wellness services and so much more. Tourism services go beyond hotels and includes everything that a traveller does on a trip – eat, sleep, drink, party, attend a music festival or conference, rent a car or take a taxi, swim, dive, watch birds, do business, shop, pay with credit cards, change foreign currency, buy real estate, pay VAT and departure taxes, etc. – it means that all of the economic activities and jobs that make these services possible (e.g. farmers, fishermen, cooks, shopkeepers, bar tenders, tour guides, bakers, butchers, banks, insurance companies, guest houses, hotels, rum and beer producers, bars, fashion designers, entertainers, etc.) are all part of the tourism value chain (Figure 20).

Figure 20: Tourism value chain



Worthy of note is the growth potential of local tourism enterprises (local suppliers and entrepreneurs) which could yield significant economic benefits in local communities as tourism enterprises comprise most businesses in key market segments such as accommodation, transport and tour operations most especially in developing regions (Rogerson, 2013). Tourism linkages can also generate multiplier effects in other economic sectors and in communities in which tourism-related activities are undertaken. As shown in Figure 20, the tourism value chain encompasses a variety of services based on country of origin, such as international travel booking, and on country of destination, such as transportation, accommodation, food and beverages, and handicrafts, among others, which can be further segmented into areas that have direct and indirect economic impacts (UNCTAD, 2017).

Despite multiple linkages with other productive sectors in the value chain, tourism in Africa is characterized by weak intersectoral linkages owing to limited productive capacities across sectors. Dominance by foreign-owned firms, such as airlines, tour operators, travel agencies and hotel chains, and importation of inputs for use in the sector contribute to high economic and structural leakages, which impede the development of viable linkages at tourism destinations (UNCTAD, 2017). To some extent, trade in Services in general and in Tourism in particular which 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 other internal and external constraints are undermining its competitiveness. Among the internal constraints are fiscal pressure, development of the informal sector, difficulty of access to 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. (ECOWAS, 2016).

D. INSTITUTIONAL FRAMEWORK AND MAIN ACTORS

Tourism is multidimensional and multi-sectoral in the sense that it is dependent on several sectors and requires coordination between many organisations to function effectively. Tourism therefore needs to be organised and sustainably managed if it must realize its full productive potential. In various ECOWAS Member States, tourism activities involve both the public and private sectors working together because of the limited financial resources.

This section discusses the institutional framework and roles of public sector and parastatal institutions, private sector in tourism, and Public Private Partnerships (PPP) that could facilitate productive tourism destinations.

I. Public sector and parastatal institutions

Several public sector institutions promote tourism in different capacities within the Member States under different nomenclature depending on each country. The common representatives of the public sector often come under the

name Ministry of Tourism, Metropolitan, Municipal and District Assemblies, Tourism development board etc. The vision of the Ministry is to realise the sector's full potential in contributing to economic wealth, poverty reduction, environmental conservation, national cohesion, and achieve greater GDP growth. In what is common to most ECOWAS Member states, the principle functions of the Ministry are:

- planning and development;
- promulgation of legislation and regulations;
- encouraging investment;
- developing human resources for the sector;
- intergovernmental and industry relations;
- international cooperation and relations;
- policy formulation;
- The regulation of tourism enterprises namely accommodation, catering, travel and charter operations through registration, inspection, licensing and classification;
- The promotion and marketing of tourism, both in within and outside, including the publication of tourism publicity and promotional materials, and participation in fairs and exhibitions;
- Carrying out research and studies on trends in the tourism industry both at home; and
- Facilitating the development of tourist facilities and products.

2. Private sector institutions

Private sector often participates in tourism promotion through formation of union and associations usually in the form of trade associations or under a single or different recognizable umbrella. The Membership composed of tourism business owners and managers who are being used more and more to fund the promotion and development of tourism.

The main benefits for Member are:

- Power of unity and affiliation;
- Recognition and enhanced prestige;
- Access to training and education;
- Advantages of collaboration; and
- Welfare matters.

3. Public private partnership

Public-Private Partnerships are essentially partnerships between public sector organizations and private sector investors and business for the purpose of designing, planning, financing, constructing, providing and/or operating infrastructure, facilities or related services. Public-Private Partnership provides opportunities for development co-operation to harness private enterprise as a locomotive of economic and social development in the interest of the countries involved. Co-operation between the private sector and development co-operation agencies enables both sides to achieve their respective goals better, faster, and at lower costs.

Areas where partnering can create PPP opportunities in tourism are summarized below:

- A. Technology
- B. Operations
- C. Advocacy
- D. Product development

- E. Human resources
- F. Research
- G. Marketing
- H. Financing

Witt and Moutinho (1995) claim that partnership through strategic alliances may constitute the key to the survival of small companies in the hotel and catering industry, in travel and other sectors of tourism. Alliances may be applied to small businesses, through the creation of partner networks. These alliances emerge in the light of trends to concentrate and internationalize, associated with the sector and the tourist industry. A project to establish a framework for PPP in the tourism sector is now being considered a viable option for successful tourism activities in ECOWAS Member States.

Traditional rulers and chiefs

Traditional rulers are important to tourism development as often they own or control land that may be appropriate for tourism development, have strong ideas and opinions about what should be developed in their jurisdiction and can strongly influence local communities. Tourism should always be developed with the acceptance participation of the local communities living in the area. Where there is conflict between local chiefs, this often affects tourism development and community participation.

E. POLICY FRAMEWORK

In December 2018, the Authority of ECOWAS Heads of State and Government 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 sector.

Quantitative outcomes expected from the implementation of the Regional Tourism Policy by 2029 are as follows:

- a. Number of tourists visiting the ECOWAS region reaching 20 million;
- b. Average length of stay increased to at least 7 days for international tourists;
- c. Average length of stay increased to at least 6 days for regional tourists;
- d. Average contribution of tourism to ECOWAS countries' GDP being at least 12 per cent;
- e. Total number of jobs created reaching 20 million including 08 million direct employment during the period; and
- f. Tourism income increased up to approximately \$20 billion.

For the purposes of ensuring the harmonious and viable development of tourism within the Community, Member States undertake to:

- a) Strengthen regional co-operation in tourism, particularly through:
 - i) The promotion of intra-Community tourism by facilitating movement of travellers and tourists;
 - ii) The harmonization and co-ordination of tourism development policies, plans and programmes;
 - iii) The harmonization of regulations governing tourism and hospitality management activities;

- iv) The institution of a Community reference framework for tourism statistics and;
 - v) The joint promotion of tourism products portraying the natural and socio-cultural values of the Region.
- b) Promote the establishment of efficient tourism enterprises to cater for the needs of the peoples of the region and foreign tourists through:
- i) The adoption of measures aimed at promoting investment in tourism and hotel management;
 - ii) The promotion of the establishment in Member States of professional tourism and hotel management associations;
 - iii) The development and optimum utilization of human resources for tourism in the region and;
 - iv) The strengthening or establishment of regional tourism training institutions where necessary.
- c) Eliminate all discriminating measures and practices against Community citizens in the area of tourist and hotel services.

In view of the various issues requiring that special emphasis be placed on tourism development in the ECOWAS region, Member States agree to identify five major areas of interventions, namely:

- 1) **Tourism heritage protection** to preserve nature-based tourism resources;
- 2) **Tourism heritage development** for diversified, authentic, qualitative and long-lasting tourism;
- 3) **Professionalization of stakeholders:** to give workers in the tourism sector all technical tools, transfer knowledge in tourism; and lastly make know-how and knowledge in tourism, hotel industry and catering available to workers in the sector, as well as local authorities and communities;
- 4) **Promoting ECOWAS destination** or how to showcase the 15 ECOWAS destinations on growth markets, create and disseminate information content to travels and tours agencies and make use of all available visibility platforms (trade shows, Internet, sales catalogues, etc.); and
- 5) **Development of standards and control systems:** to increase products competitiveness and build confidence in ECOWAS destination by updating and harmonizing regulations and standards as well as adopting effective control systems.

At the regional level, the policy frameworks of several regional economic communities highlight tourism's importance in supporting socioeconomic development. Apart from the regional policy and action plan, different policy framework has evolved in Member States National development plans. The National development plans outline the country's vision for its future and identify planned policy and tourism sector priorities and improve citizens' lives, and the likelihood of expansion of and investment in those sectors.

F. REGULATORY FRAMEWORK

The West Africa Economic and Monetary Union (WAEMU) Regional Tourism Development Programme (PRD TOUR) was launched in 2011, with the aim of harmonizing the regulatory framework for tourism activities and professions in the community area, adopting common rules for classifying tourist accommodation, building the capacity of the actors in the sector and supporting investment in tourism infrastructure. The decisions in this regard are meant to govern the tourism sector to ensure that ECOWAS's approach to tourism development is in line with the principles of sustainability and responsible tourism. This requires the formulation of laws, regulations and policies for the sector to ensure a coherent approach to tourism development. The government of many ECOWAS Member States have equally tolled the lines of formulating regulatory framework for the sustainable development and management of tourism, protection and conservation of natural and cultural resources; and, facilitation of the involvement of private sector and local communities in tourism development activities. Such framework is made to reflect the roles and responsibilities of all stakeholders; ensures the rights of international/local tourists; and, ensures the rights and obligations of participating businesses, inbound-outbound tour operators and all other concerned players in the tourism field. The regulatory framework of ECOWAS is at best narrowed to the industry specific regulations according to each individual country.

The industry specific regulation for tourism in Nigeria for instance is the Nigeria Tourism Development Corporation (NTDC) Act Cap N137, LFN 2004. The NTDC Act establishes the NTDC as the apex regulatory governance body for the tourism industry in Nigeria. The NTDC Act also provides for the establishment of a State Tourism Board in each State which is expected to assist the NTDC in implementing the provisions of the NTDC Act.

Ghana's Tourism Act 817, 2011 provides the sector with a framework to control and regulate the sector as well as empowering the administration with generating its own operational and investment funds, designating tourism sites in the country and formalising the Public Private Sector Forum.

G. TRADE COMMITMENTS AFFECTING THE SECTOR

ECOWAS particularly the West Africa Economic and Monetary Union (WAEMU) Members has made some far-reaching commitments in the tourism and travel-related services sub-sector in the GATS. Cross-border supply, consumption abroad, and commercial presence in tourism and travel-related services were fully bound and this requires that no limitation of any kind should be imposed on the market access opportunities of foreign services providers in tourism sector for the aforementioned mode of supply. The only types of restrictions are those contained in the horizontal commitments of some countries in the region.

In GATS, category 9 "tourism and travel related services" of the Services Sectoral Classification List (MTN.GNS/W/120) covers four sub-sectors:

- 1) Hotels and restaurants (incl. catering) CPC 641-643;
- 2) Travel agencies and tour operators services CPC 7471;
- 3) Tourist guides and services CPC 7472;
- 4) Other

Despite the significant amount of progress already accomplished in the tourism sector, a significant amount of limitations still remains. Around 13 ECOWAS Member States have made commitments in the tourism sector, more than in another services sector. Nonetheless, the complete liberalisation of the industry is far from being achieved, even at the level of the limited classification. WAEMU has made the development of tourism one of its stated priorities, having decided to work towards making the Union a major centre for tourism development in Africa. However, most countries in the region were committed to sub-sectors A and B (Table 30).

Table 30: ECOWAS Member States' GATS commitments on tourism

		Limitations on market access	Limitations on national treatment
Benin	A. Hotel and restaurant services	<ol style="list-style-type: none"> 1) None 2) None (but manager must have hotel management qualifications) 3) None 4) Unbound, except for measures affecting the entry and temporary stay of natural persons - who are employees of a company and transferred to a company incorporated in Benin belonging to, controlled by or a subsidiary of the former - in the following categories: - directors -senior executives -specialists who possess knowledge that is essential to the provision of the service 	<ol style="list-style-type: none"> 1) None 2) None 3) None 4) None
	B. Travel agencies and tour operators' services	<ol style="list-style-type: none"> 1) None 2) None (but manager must have hotel management qualifications) 	<ol style="list-style-type: none"> 1) Unbound 2) None 3) None

		Limitations on market access	Limitations on national treatment
		3) None 4) Unbound, except for measures affecting the entry and temporary stay of natural persons - who are employees of a company and transferred to a company incorporated in Benin belonging to, controlled by or a subsidiary of the former - in the following categories: - directors -senior executives -specialists who possess knowledge that is essential to the provision of the service	4) None
Burkina Faso	A. Hotel and restaurant services	1) Unbound* 2) None 3) None 4) Unbound, except for measures affecting the entry and temporary stay of natural persons in the following categories: managers, executives and specialists	1) Unbound* 2) None 3) None 4) Unbound, except for measures affecting the entry and temporary stay of natural persons in the following categories: managers, executives and specialists
	B. Travel agencies and tour operators' services	1) None 2) None 3) The number of foreign travel agencies may not exceed 1/3 of the national total 4) Unbound, except for measures affecting the entry and temporary stay of natural persons in the following categories: managers, executives and specialists	1) None 2) None 3) None 4) Unbound, except for measures affecting the entry and temporary stay of natural persons in the following categories: managers, executives and specialists
Côte d'Ivoire	A. Hotel and restaurant services	1) Unbound* except for catering services: none 2) None 3) None 4) Supervisors must be Côte d'Ivoire nationals	1) Unbound, except for catering services: none 2) None 3) None 4) None
	B. Travel agencies and tour operators' services	1) Unbound* except for catering services: none 2) None 3) None	1) None 2) None 3) None 4) None
Gambia, The	A. Hotel and restaurant services	1) None 2) None 3) None 4) Unbound except as indicated under horizontal measures	1) None 2) None 3) None 4) Unbound except as indicated under horizontal measures

		Limitations on market access	Limitations on national treatment
	B. Travel agencies and tour operators' services	1) None 2) None 3) None 4) Unbound except as indicated under horizontal measures	1) None 2) None 3) None 4) Unbound except as indicated under horizontal measures
Guinea	A. Hotel and restaurant services	1) None 2) None 3) None 4) Unbound except as indicated under horizontal measures	1) None 2) None 3) None 4) Unbound except as indicated under horizontal measures
	B. Travel agencies and tour operators' services	1) Unbound* 2) None 3) None 4) None	1) Unbound* 2) None 3) None 4) None
Mali ¹³	A. Hotel and restaurant services	1) Unbound* 2) None 3) None 4) None	1) Unbound* 2) None 3) None 4) None
	B. Travel agencies and tour operators' services	-	-
Nigeria	A. Hotel and restaurant services	1), 2), 3), 4) None	1), 2), 3), 4) None
	B. Travel agencies and tour operators' services	1), 2), 3), 4) None	1), 2), 3), 4) None
Senegal	A. Hotel and restaurant services	1) Unbound* 2) None 3) Licence required 4) Unbound	1) Unbound* 2) None 3) Licence required 4) Unbound
	B. Travel agencies and tour operators' services	1) None 2) None 3) None 4) Unbound	1) None 2) None 3) None 4) Unbound
Sierra Leone	A. Hotel and restaurant services	1) None 2) None 3) None 4) Unbound except as indicated under horizontal measures	1) None 2) None 3) None 4) Unbound except as indicated under horizontal measures
	B. Travel agencies and tour operators' services	1) None 2) None 3) None	1) None 2) None 3) None

		Limitations on market access	Limitations on national treatment
		4) Unbound except as indicated under horizontal measures	4) Unbound except as indicated under horizontal measures

Source: Compiled from the General Agreement on Trade in Services - Schedule of Specific Commitments of each Member state.

*1) Unbound due to lack of technical feasibility.

Modes of supply:

- 1) Cross-border supply;
- 2) Consumption abroad;
- 3) Commercial presence;
- 4) Presence of natural persons.

H. TOURISM SERVICES: STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

Regulatory Framework			
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> Revised ECOWAS Treaty (Article 3): Free Movement UEMOA Regional Tourism Development Programme (PRD TOUR) National legal instruments (provisions of Constitutions, Legislations and Regulations) 	<ul style="list-style-type: none"> Obsolete legal texts governing tourism Inadequate harmonization of national tourism regulatory frameworks Poor enforcement of standards governing classification facilities in the sector Lack and / or poor dissemination of codes of tourism ethics 	<ul style="list-style-type: none"> International instruments on tourism signed and ratified by ECOWAS Member States projects on UEMOA and ECOWAS VISAS ECOWAS single currency 	<ul style="list-style-type: none"> National Sovereignty on domestication of provisions of Community integration institutions
Tourism Offer Development and Management			
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> Rich and diverse heritage Ever-changing man-made tourism offer Existence of cultural events Holding of many meetings and international congresses ECOWAS region's geographical proximity to outbound markets Emergence of some forms of ecotourism, 	<ul style="list-style-type: none"> Poor management and protection of sites Poor development of interstate tourism products Poor development of products with significant impact on local economies Difficult access to some tourist sites High cost and poor connectivity of air service 	<ul style="list-style-type: none"> Sub-regional and regional for the provision of access infrastructure to isolated areas. ECOWAS Environmental Policy 	<ul style="list-style-type: none"> Recurrent health, security and socio-political crises in the ECOWAS region

community-based and solidarity tourism	<ul style="list-style-type: none"> Inadequate understanding and ownership of tourism issues by local governments 		
Promotion and marketing			
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> Existence of NTAs (National Tourism Administrations) and bodies in charge of tourism promotion Existence of national Tourism and hospitality shows 	<ul style="list-style-type: none"> Poor availability of transport services, prohibitive cost of air transport and cargo Inadequate use of opportunities offered by regional and international shows Inadequate use of ICTs in tourism promotion and marketing Inadequate marketing strategy Low return rate Difficulty in mobilizing budgets for the public and private sector Lack of tourism products tailored to national needs 	<ul style="list-style-type: none"> Growth of the tourism sector internationally Emergence of a middle-class consumers Availability of ICTs Predominantly young population Existence of financing bodies 	<ul style="list-style-type: none"> Recurrent health, security and socio-political crises in some ECOWAS countries Harassment at border posts Institutional instability of National Tourism Administrations (NTAs)

Source: ECOWAS Commission.

Example of Some Country Specific SWOT

Benin

Strengths

- Cultural proximity to regional markets; and
- Reputation for hospitality.

Weaknesses

- macroeconomic vision of development does not encourage Tourism promotion;
- Shrinking of technical and financial partners support;
- Weak ICT infrastructure; and
- Low levels of FDI in tourism.

Opportunities

- Improving existing and establishing new accommodation and hotels for tourism;
- A strong domestic tourism market;
- Opportunities from cultural rich heritage; and
- Untapped tourism potential e.g. ecotourism, culture, conference, and cruise.

Threats

- Insecurity in the region. Tourists and aid workers in this area face an elevated risk of kidnap; and
- Terrorism risks have risen in northern Benin as jihadist violence spreads in neighbouring Burkina Faso.

Senegal

Strengths

- Close distance to Europe equipment and infrastructure;
- Sun during the winter health conditions (vaccinations required);
- Flora, fauna, topography ground and air transportation (no domestic flights);
- Eco-tourism;
- A hospitalier population; and
- Few complaints by tourists.

Weaknesses

- Lack of local administration integrated tourist system;
- Lack of successful marketing strategy;
- Lack of security (Casamance Region);
- Poverty of the local population;
- Expensive air transport and lack of airlines;
- Warm weather all year; and
- No ports or modern medical facilities.

Opportunities

- Tourism can be boomed together with an architectonical rehabilitation of some of the historical buildings.

Threats

- Facing serious environmental impacts and having to compete with the tourists for the access to resources such as water.

Ghana

Strengths

- Strong cultural and Tourism heritage tourism products;
- Nature and ecotourism;
- Safe and secure;

- Friendly people;
- Well-connected flight network;
- Developing communication; and
- Political stability.

Weaknesses

- Lack of active promotion of Ghana as tourist destination;
- Poor online strategies;
- Limited international information offices;
- Infrastructural deficits;
- Lack of services and professional service orientation; and
- Poor condition of ICT and poorly developed fixed-line infrastructure.

Opportunities

- Increasing interest on the part of African-Americans in their heritage;
- Tourist potential from West African neighbours like Nigeria; and
- Attractive to business travellers due to location and safety i.e. potential market.

Threats

- Increasing competition from other African countries;
- High cost of travel to Ghana;
- Lack of appreciation of tourism's importance by government and society alike;
- Increasing worldwide security concerns about overseas travel; and
- Negative associations with qualities generally associated with Africa, eg. famine, poverty and instability.

Nigeria

Strengths

- Landscape, which gives the country a mild and temperate climate;
- Vast human and material resources;
- Cultural proximity to regional markets;
- The geographic position of the country, in the heart of West Africa;
- Exclusive access to high grade natural cultural resources;
- Lack of appropriate tourism policy and regulatory framework; and
- Weak institutional framework and structures for tourism development.

Weaknesses

- Seasonal nature of Tourism puts pressure on the environment during the peak period;
- The services of tour operators are very poor;
- Cultural heritage lacks exposure and commitment;
- A weak local private sector;

- Lack of skilled labour force; and
- Inadequate recording of tourism information e.g. arrivals, receipts, occupancy rates, etc.

Opportunities

- Expansion of air and water transportation;
- Tourism infrastructure and facility development; and
- Tourism product diversification, e.g. adventure, special interest, etc.

Threats

- High degree of environmental and forest degradation; and
- Degradation of the country's environmental resource endowment.

I. SPECIFIC RECOMMENDATION

- Government and other Tourism stakeholders in Member States should take appropriate measures to improve the regulatory framework in order to influence and sustain growth;
- To guarantee the development of the tourism industry, there needs to be a conducive policy and legislative framework facilitating foreign ownership and FDI, well-protected property rights and few visitor restrictions;
- Government expenditure on the Tourism sector, strong destination-marketing campaigns, and country-level presence at key international tourism fairs need to be equally enhanced; and
- The business environment as well as infrastructure need to be improved to service tourists' needs and encourages investment by the private sector.

ANNEXES

Annex 1. GATS Commitments of ECOWAS Member States

Member State	Services sectors											
	1	2	3	4	5	6	7	8	9	10	11	12
Benin	x						x		x		x	
Burkina Faso									x			
Cabo Verde	x	x	x	x	x	X	x		x	x	x	
Côte d'Ivoire	x	x	x				x		x		x	
Ghana		x	x		x		x		x		x	
Gambia	x	x	x	x	x	X	x	x	x	x	x	x
Guinea	x					X		x	x		x	
Guinea-Bissau									x	x		
Liberia	x	x	x	x	x	X	x	x	x	x	x	
Mali					x					x		
Niger									x		x	
Nigeria		x					x		x		x	
Senegal	x	x		x			x		x	x	x	
Sierra Leone	x	x	x		x	X	x	x	x	x	x	
Togo			x						x	x		
Total number of Members with commitments in the sector	8	8	7	4	6	5	9	4	14	8	11	1

Note: 1. = Business Services; 2. Communication Services; 3. Construction and Related Engineering Services; 4. Distribution Services; 5. Educational Services; 6. Environmental Services; 7. Financial Services; 8. Health Related & Social Services; 9. Tourism & Travel related Services; 10. Recreational, Cultural & Sporting Services; 11. Transport Services; 12. Other Services not Included Elsewhere

ENDNOTES

¹ China, Indonesia, Turkey and India.

² WAEMU Member States are Benin, Burkina-Faso, Guinea-Bissau, Mali, Niger, Senegal and Togo.

³ The WAMZ Member countries are Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone.

⁴ The Member States of WAICA Re Company are Gambia, Ghana, Nigeria, Liberia and Sierra Leone. Though, it later included French speaking countries in year 2017.

⁵ This term has been used by Ministers so as to define the scope of negotiations on previous telecommunications before Uruguay round.

⁶ <http://www.itu.int/net4/ITU-D/idi/2017/index.html#idi2017rank-tab>

⁷ Locksley, G, "The Media and Development: What's the Story?", Banque Mondiale, document de travail n° 158, 2009, page 9.

⁸ Katz, R. and Koutroumpis P (2012), The Economic Impact of Telecommunications in Senegal, Digiworld Economic Journal, n°. 86, 2nd Q.2012, p.21.

⁹ Mobile penetration rate increased from 10 per cent in the beginning of 2005 to 93.77 per cent in the third quarter of 2013.

¹⁰ Francois, J. and B. Hoekman (2010), 'Services Trade and Policy', Journal of Economic Literature, 48, 3, 642-92.

¹¹ Services Productivity, Trade Policy, and Manufacturing Exports, EUI Working Paper RSCAS 2015/07.

¹² WTO (1998). Air Transport Services, Background Note by the Secretariat. S/C/W/59.

¹³¹³ Sector Specific Commitments in Tourism do not make reference to the Horizontal Commitments.