



ECONOMIC COMMUNITY OF WEST AFRICAN STATES

WACIP

**THE WEST AFRICAN COMMON
INDUSTRIAL POLICY**

**STRATEGY AND
IMPLEMENTATION
FOR 2014-2017**





European Union

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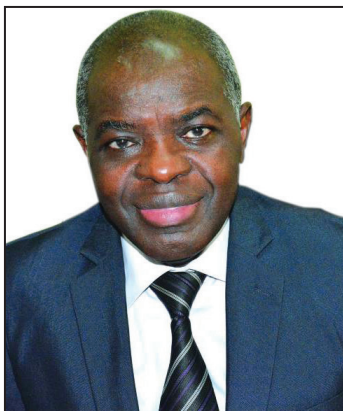
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MESSAGE OF H.MR. MARCEL A. DE SOUZA

ECOWAS COMMISSION PRESIDENT

The ECOWAS Commission's ambition is to build a competitive, viable, secure and business-friendly regional economic union, and finally to promote strong economic growth, job creation and sustainable development within the ECOWAS region. ■



MESSAGE OF Mr. KALILOU TRAORE

ECOWAS COMMISSIONER IN CHARGE OF INDUSTRY AND PRIVATE SECTOR PROMOTION

The ECOWAS consumer market, with more than 360 million people, represents important opportunities for investment and industrial development.

In addition, the transformation of our abundant natural resources is becoming a must because of the better level of competitiveness of enterprises and the availability of qualified human resources. The industrial prospects of the region are therefore very bright.

WACIP provides a framework for cooperation to strengthen the confidence of regional and international investors and manufacturers.

We thank all our partners who actively support us to achieve the economic transformation of the region by putting in place the structures and infrastructures necessary for the industrial development of the Region. ■

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I. INTRODUCTION

1. WEST AFRICA'S INDUSTRIAL CONTEXT

Since its creation in 1975, ECOWAS has taken many unsuccessful initiatives to promote industrialization with the support of the international community (DDIA, LPA, AIA, NEPAD). As a result, each country continued to implement its own industrial development policy without regional consultation.

This has led to the following limitations:

- over-dependence on imported manufactured goods;
- the disproportionate export of unprocessed raw materials whose prices were generally attractive worldwide until 1980;
- the low level of investment in industry in general and in the manufacturing industry in particular. The latter barely represents 8% of regional GDP. ■

Chart 1: Share of the manufacturing industry (% of regional GDP)

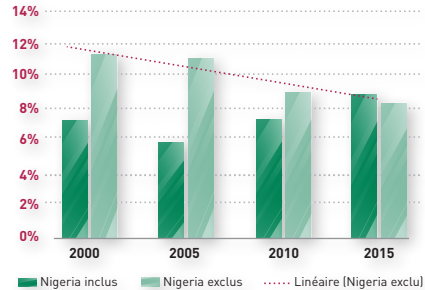
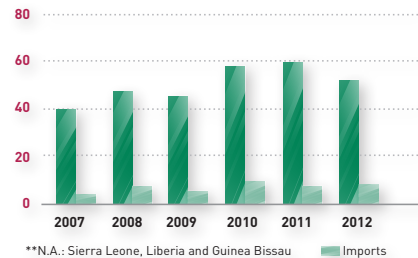


Chart 2: Trade balance of manufactured goods between West African countries* and the rest of the world (in billions of US dollars)



2. INSTITUTIONAL FRAMEWORK FOR REGIONAL INDUSTRIAL COOPERATION

The mandate of ECOWAS, with regard to industrial cooperation, is set forth inter alia in ARTICLE 3 (GOALS AND OBJECTIVES) of the Revised Treaty and in Article 26.

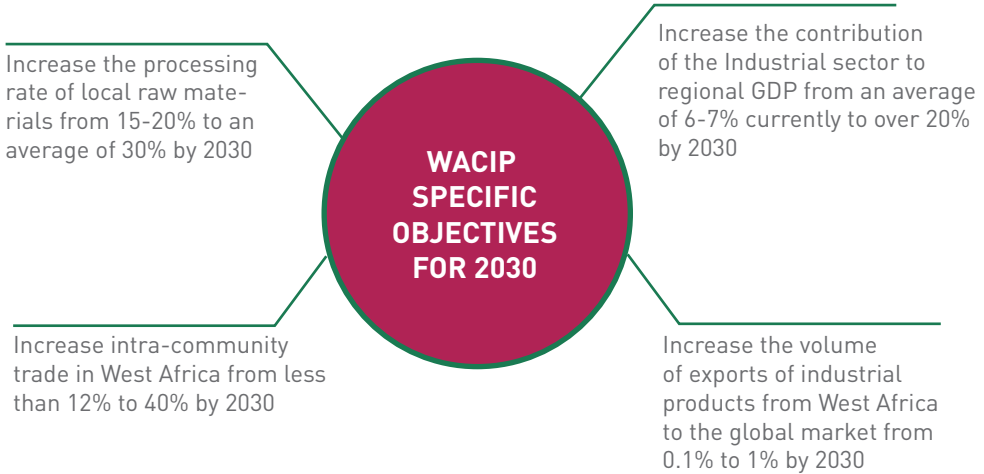
ARTICLE 26 (INDUSTRY) more specifically stipulates that: «States, for the purposes of promoting the industrial development of Member States and the integration of their economies, Member States need to harmonize their industrialization policies».

The Common Industrial Policy of West Africa (WACIP) was therefore formulated by the Commission and adopted in 2010 by the Heads of State in application of the ECOWAS Revised Treaty. ■



II. PRESENTATION OF WACIP

The general objective of WACIP is to accelerate the industrialization of West Africa. The specific objectives for 2030 are:



THE 10 PRIORITY AXES OF WACIP

1. Development of micro-enterprises, SMEs/SMLs and major industries
2. Industrial Research and Development Programme (IR&D)
3. Development of Regional Intellectual Property Rights (IPR)
4. Development of regional financing
5. Business Opportunity Information Exchange System - ECO-BIZ
6. Creation of the regional industrial partnership network
7. Infrastructure development
8. Standardization, Quality Assurance, Accreditation and Metrology Programme (SQAM)
9. Programme the development of managerial skills and abilities
10. Industry Restructuring and Upgrading Programme

III. IMPLEMENTATION OF WACIP



1. SITUATION AND CONSTRAINTS

Since its adoption, WACIP has not been able to build on appropriate resources which limited the full implementation of these programmes.

Programme 8 on quality, however, benefited from regular support from the European Union, which enabled significant progress in this area.■

2. MAJOR CHALLENGES

The main concerns of manufacturers are:

- Numerous barriers to market access in ECOWAS countries,
- Difficulties related to the logistics and transportation of goods,
- Weak market protection from fraudulent imports and counterfeit products.

The problems at the State level are as follows:

- Weak industrial governance (industrial vision and policy, industrial plan, adequate regulation, etc.),
- Weak resources for industrial investments (industrial zones, competitiveness programmes, quality, capacity building,
- Weak regional cooperation,
- Weak institutional quality control.

III. IMPLEMENTATION OF WACIP

The problems at the value chains level are as follows:

- Lack of bankable project feasibility studies,
- Difficulties of access to financing,
- Weak local entrepreneurship in the processing sector,
- Difficulties of access to industrial zones
- Difficulties of access to technologies.

3. REVISION OF WACIP STRATEGY

The WACIP strategy was revised in 2015 in accordance with its provisions in order to take into account the various challenges described above.

In addition, some of the WACIP programmes were already covered by other existing programmes: this is the case for infrastructure, SMEs, etc.

The new strategy has been identified as follows:

TRANSVERSAL ACTIONS

1. Strengthening and harmonizing national policies and regional cooperation
2. Promotion of opportunities and access to markets
3. Promotion of quality and competitiveness
4. Mobilization of resources

PRIORITY INDUSTRIAL SECTORS

1. Food industry and agro industries
2. Pharmaceutical industry
3. Construction industry
4. Automotive industry and machinery

IV. IMPLEMENTATION OF THE MAIN PROGRAMMES

1. INDUSTRIAL GOVERNANCE PROMOTION

The new mandate given to UNIDO for the implementation of ISID, together with its new responsibilities for overseeing the implementation of the Third Decade for Industrial Development in Africa, brought UNIDO to start this technical assistance programme in two pilot countries, Senegal and Ethiopia.

The ECOWAS Commission and UNIDO participated in the Fifth Forum on Inclusive and Sustainable Industrial Development (ISID), organized by the Government of Senegal, in cooperation with UNIDO, on 14 and 15 November 2016 in Dakar.

On this occasion, a joint statement was made by UNIDO and ECOWAS to extend UNIDO's technical assistance to all countries of the Region in the field of policy and industrial planning. ■

2. WACIP FORUM ORGANIZATION

As recommended by the Industry Ministers' Meeting in April 2015, the main objective of this forum is to promote investment and industrial partnership at the West African level by providing a platform for investment and an opportunity for business meeting between regional, African and international manufacturers.

The organization of the Forum scheduled for 2017 attracted strong interest from industry partners and investors.

Unfortunately, the Forum could not be organized in 2017 as planned due to several constraints.

Discussions are underway to reschedule it. ■



IV. IMPLEMENTATION OF THE MAIN PROGRAMMES

3. IMPLEMENTATION OF THE QUALITY POLICY

The ECOWAS Quality Policy was adopted by the Heads of State and Government in 2013. It aims at establishing the regional quality infrastructure, essential for the competitiveness of enterprises, to facilitate regional trade, facilitate access to international markets and protect consumers.

A. THE WEST AFRICA QUALITY SYSTEM PROGRAMME WAQSP ECOWAS/EU/UNIDO

The current WAQSP programme is funded by the European Union for a total amount of € 12 million and implemented by UNIDO, and covers the period 2015-2018. It constitutes the follow-up of two other programmes also funded by the European Union and implemented by UNIDO.

The Quality Programme aims to strengthen the region's regulatory, institutional and operational framework for quality.

The main achievements and actions in progress are:

- Development of the regional ECOQUAL Quality Policy and support for the development of national quality policies,
- Support of several laboratories towards accreditation and training of several technicians,
- Establishment of the following institutions:
 - Community Council on Quality
 - Community technical committee for the harmonization of standards,
 - Community technical committee for metrology
 - Community technical committee for conformity assessment
 - Community technical committee for technical regulations
 - Community system of cooperation for accreditation

- The establishment of the regional quality agency
- The development of a regional database on quality,
- The development of a directory of accredited bodies in West Africa,
- The organization of the first edition of the ECOWAS Quality Awards,

B. THE STANDARD HARMONIZATION PROGRAMME (ECOSHAM)

The ECOSHAM programme was adopted by the Heads of State in 2013. It defines the modalities for the harmonization of standards at regional level.

Six technical committees for harmonization have been set up to date in the areas of agricultural products, food products, chemicals, building products and building materials, electrical equipment and tourism.

The work of these Committees is validated by the Management Technical Committee, which brings together all the national standardization bodies, and submitted to the ministers in charge of quality.

ECOSHAM is currently supported by the WAQSP for the organization of workshops following the public consultation of the six technical committees.

To date, some 100 standards have been harmonized and validated by the ECOWAS Council of Ministers.

C. ECOWAS-PTB METROLOGY PROGRAMME SUPPORTED BY THE GERMAN GOVERNMENT

This programme, launched in 2010, actually started in 2014. It aims to strengthen regional capabilities in metrology.

Following the request made by the Commission and the general guidance expressed by



the Programme Steering Committee, the German authorities have reaffirmed their willingness in supporting this programme for the next three years. The new phase will begin in 2018.

D. ECOWAS-ARSO-SIS CAPACITY BUILDING PROGRAMME

In order to improve the participation of ECOWAS experts in the international standardization process, this programme was setup with the support and funds of the Swedish Cooperation for an amount of 800 000 USD. The inception phase was carried out in June 2016 in Dakar for a period of 18 months.

E. ECOWAS-USAID COOPERATION PROGRAMME ON SANITARY AND PHYTOSANITARY MEASURES

As part of the cooperation between ECOWAS and USAID, a sanitary and phytosanitary (SPS) programme has been developed and signed.

The objective of this programme is to strengthen regional governance capacity in the area of trade policy and the harmonization of agri-food norms and standards.

Several actions have been undertaken, including:

- capacity building of SPS National Committees,

- regional consultation on SPS issues to enhance participation in international meetings,

- establishment of an institutional SPS regional working group to provide scientific advice and guidance on SPS issues to Member States.

- the creation of a regional working group for crop pest surveillance, prevention and control in order to manage and coordinate actions related to implementation,

- the organization of a regional meeting on food security and capacity building with a focus on Codex Alimentarius activities and border inspection in order to build capacity of Member States in various areas related to sanitary and phytosanitary issues.

F. ECOWAS-HKI COOPERATION PROGRAMME ON FORTIFICATION OF FOOD

ECOWAS has been supported by the Hellen Keller International Foundation to strengthen the regional nutritional situation, particularly for the harmonization of food fortification standards.

The design of a “Fortified Food” Logo is intended to support industries that have embarked on this path. ■

IV. IMPLEMENTATION OF THE MAIN PROGRAMMES

4. PROMOTION OF THE AGRO-INDUSTRY

The region faces a low level of processing of exported products and a high level of food imports. Regional cooperation aims to pool efforts of countries on the same products in order to remedy this situation.

CASHEW

With a production of 1,500,000 tonnes of ca-



shew nuts, Africa accounts for 60% of world production and 90% of supply.

Thirteen out of 15 ECOWAS countries are cashew producers.

West Africa is the largest exporter of raw cashew nuts. This export is routed to other countries for processing.

The region's dominant position in supply, coupled with preferential access from the European and US markets, are major advantages that can attract investment in the value chain.

The ECOWAS Council of Ministers validated the Resolution on the processing of cashew nuts of the Meeting of Ministers of Industry and Agriculture held on 20 April 2017 in Abidjan aiming to strengthen cooperation and harmonization of policies in the area.

COCOA

The world's leading producers of cocoa are



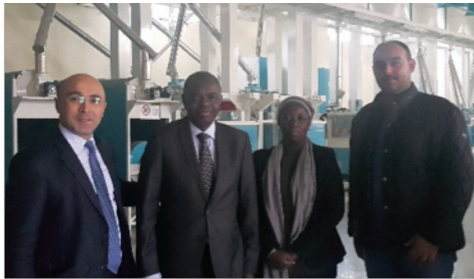
Côte d'Ivoire and Ghana, which accounted for 40% and 20% of total world production respectively, followed by Indonesia, Nigeria, Cameroon and Brazil.

Therefore, West Africa is the world's largest supplier of cocoa with more than 70% of the supply, but the majority of this production is exported without industrial value added and is affected by the price fluctuation of raw materials.

The reasons for this situation can be explained, inter alia, by the limited cooperation between countries.

Also this Resolution on the processing of cocoa has been validated by the ECOWAS Council of Ministers of the Meeting of Ministers of Industry and Agriculture held on 20 April 2017 in Abidjan.

RICE



The demand for West African rice by 2018-2020 will range between 21 and 24.5 million tonnes and an effort will be required in order to increase the production by about 3 million tonnes per year.

Regional production covers only 60% of the region's needs, making rice the most widely imported cereal in West Africa. Between 1990 and 2010, imports tripled to reach 5.5 to 6 million tonnes.

Intensification of rice processing into quality products has been shown to be the main means of coping with the competition of massive rice imports and boosting production to achieve food self-sufficiency.

Redirecting investments to production and processing of agricultural products will require as assertive policy from policy makers at the national and regional levels, which will include tax incentives, state investment in infrastructure and public-private partnerships with financial institutions and investors.

The ECOWAS Commission has initiated pro-

jects to speed up the financing and installation of rice mills in the countries of the Region. Discussions are ongoing with several financial and technical partners to implement these projects. ■

5. PROMOTION OF THE REGIONAL PHARMACEUTICAL INDUSTRY



Regional pharmaceutical production is very low and the regional market does not have harmonized regulations. As a result, the costs of access to essential drugs remain high, leading to the massive importation of fake medicines.

The Commission is working with WAHO (West African Health Organization) and the West African Pharmaceutical Manufacturers Association (WAPMA) to promote pharmaceutical industrialization. To this end, several actions are in progress particularly by WAHO:

- Harmonization of registration procedures in collaboration with NEPAD,
- Revision of the CET for pharmaceuticals,
- Advocacy missions at country level,
- Advocacy missions at partner level,
- A capacity building programme for regional pharmaceutical industries on Good Manufacturing Practices (GMP). ■

IV. IMPLEMENTATION OF THE MAIN PROGRAMMES

6. PROMOTION OF THE REGIONAL AUTOMOTIVE INDUSTRY



Countries of the region are major importers of new and used vehicles. The important size of the regional market demands the development of a policy for better inclusion in the value chain as is done elsewhere.

The ECOWAS Commission, in cooperation with the African Development Bank, has launched a study for the development of the regional automobile policy.

This study will be submitted to the experts and ministers of the States and constitute the basis for harmonization of national policies, reinforcement of regional cooperation and reinforcement of local production. ■

7. THE PROGRAMME OF RESTRUCTURING AND UPGRADING INDUSTRIES

The ECOWAS Department of Industry and Private Sector Promotion, in collaboration with the United Nations Industrial Development Organization, has developed a regional upgrading programme.

This programme can provide support to Member States in strengthening national governance in industry, developing strategic business capabilities and funds mobilization. Discussions are ongoing with partners to fund it under the 11th EDF. ■

8. PROMOTION OF THE CONSTRUCTION MATERIALS INDUSTRY

The production and consumption of local building materials is essential for the performance of the construction sector.

A wide range of industries is involved in the production of these materials, including the cement, wood, chemicals, and metal products industries.

Materials such as sand, natural stones, wood and cement are produced locally.

Glass, iron and steel products, other metal products and electrical equipment and sanitation are materials that are widely imported. The central role of the construction sector in producing the infrastructure needed to support growth requires that its performance is treated as a priority in the ECOWAS industrialization strategy.

The competitiveness of the construction sector will continue to depend on measures taken to improve its performance and facilitate trade of key raw materials imported and/or traded in the region. ■

V. CONCLUSIONS AND PROSPECTS FOR INDUSTRIAL DEVELOPMENT IN THE REGION

The 15 ECOWAS countries are to date a market of more than 360 million people that continues to grow.

Stability and economic growth of more than 5% for more than one decade have increased per capita income and demand for consumer goods and services.

The regional consumer market therefore represents important opportunities for investment and industrial development.

In addition, the processing of abundant natural resources increasingly establishes itself as a reality as companies gain in competitiveness and the level of qualification of human resources rises.

The industrial prospects of the region are therefore very bright.

WACIP provides a framework for cooperation to build the confidence of regional and international investors and industry.

We reiterate our thanks to all our partners of the WACIP including: EU, UEMOA, AU, UNIDO, GIZ, PTB, USAID, HKI Foundation, SIS, ARSO, ADB, EBID, WAHO, WAPMA, FEWACCI, FEWAMA, ISO, IEC, etc.





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