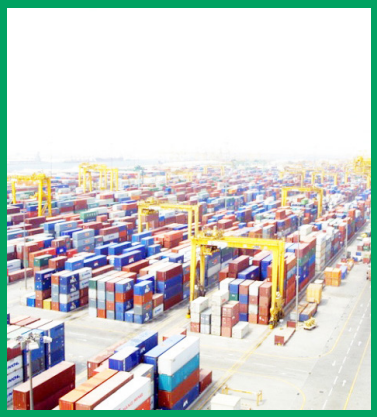
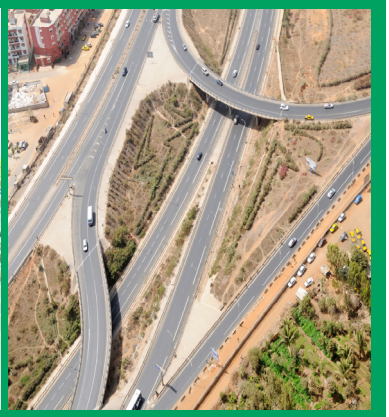
Regional Integration in West Africa :

Challenges and Opportunities for Senegal





Final Report Summary

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Angle des Avenues du Ghana et des Rues

Pierre de Coubertin et Hédi Nouira

P. O Box 323-1002 Tunis Belvédère (Tunisia)

Tel: +216 71 333 511/ 71 103 450

Fax: +216 71 351 933

E-mail:afdb@afdb.org

This document may be obtained from:

The Knowledge and Virtual Resource Center (KVRC)

African Development Bank

Address: P. O. Box 323-1002 Tunis Belvédère (Tunisia)

Telephone: +216 71 103 402

Fax: +216 71 833 248

E-mail: b.abdul-karim@afdb.org

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Warnings

FOREWORD

The West African region is an extension of the same fragmentation that characterizes the African continent. It is made up of countries whose domestic markets are too small to achieve the economies of scale that could allow them to have the robust and equitable growth likely to create sustainable jobs. Under these conditions, regional economic integration, which fosters free movement of goods, services, persons and capital between national markets, is essential for achieving the aforementioned growth and job-creation objectives.

In this regard, the 2020 Vision of the Economic Community of West African States (ECOWAS) aims to "create a borderless, peaceful, prosperous and cohesive region...." The pillars of the regional strategic plan derived from this vision include, (i) deepening economic and monetary integration; and (ii) strengthening mechanisms for integration into the global market.

Despite the wide range of opportunities offered by the ECOWAS single market and the institutional progress achieved in terms of regional integration within the zone (free trade area, adoption of a Common External Tariff in 2013, prospects of a single currency in 2020); there are persistent constraints that severely limit the benefits which the countries could derive from regional integration to boost their competitiveness.

This flagship study, entitled "Regional Integration in West Africa: Challenges and Opportunities for Senegal", financed by the Canadian Trust Fund and the Bank, analyses the challenges facing the country and the conditions under which it could better take advantage of the ECOWAS market and more effectively capitalize on its comparative advantages in the region. This is one of the studies identified by the Regional Integration Strategy Paper for West Africa (RISP 2011-2015), as one of the knowledge products that will help to highlight Senegal's role in furthering the ECOWAS integration agenda.

The main objective of the study is to identify the opportunities and advantages that could transform economic integration in West Africa (ECOWAS) into a more effective lever for the economic development of the region in general and Senegal in particular, in a context fraught with economic challenges. It also aims to identify the constraints and barriers to Senegal's utilisation of these strengths and opportunities offered by integration to achieve a more sustained pace of development.

The outcomes and conclusions of the study were reviewed and validated at a workshop held in Dakar, on 11 and 12 June 2013, with public, private and civil society actors. The interest shown indicates that, in addition to its being used by the Bank to sustain dialogue with the countries, the study will be widely utilized by stakeholders.

Zondo Sakala

Vice-President, in Charge of Country

and Regional Programmes

PREFACE

Senegal enjoys great political stability, and exemplary democracy in Africa, which are fundamental conditions for promotion of regional integration. With such visibility, Senegal has sponsored several regional and African initiatives. However, the country is not able to fully exploit its economic potential within West Africa owing, among other factors, to infrastructure constraints and its geographic location, both of which undermine its regional and international competitiveness.

Although Senegal is geographically well- positioned in term of the links between West Africa, Europe, North and South America, and South Africa (intersection of maritime links between ECOWAS and these zones) the country's geographical location is a disadvantage with regard to intra-ECOWAS trade. Indeed, it is located to the extreme west of the ECOWAS zone, unlike several other competitors that are more to the centre. In addition, the country is somehow "isolated" from ECOWAS (with the Rosso Bridge and the Trans-Gambian Bridge rather linking the country with Mauritania and Gambia, respectively). Therefore, Senegal needs to invest in infrastructure and integrate regional programmes to reduce the costs associated with intra-ECOWAS trade.

The study is a knowledge product identified by the Bank in the Country Strategy Paper (CSP 2010-2015), as revised at mid-term, and the West Africa Regional Integration Strategy Paper (RISP 2010-2015). It explores the challenges facing Senegal as it strives to optimally properly exploit the opportunities offered it the country by the ECOWAS market, including the investment in infrastructure (mainly energy and transport), which it requires to fully benefit from its comparative advantages and achieve the equitable and robust growth that creates sustainable employment.

This key study, which in more ways than one contributes to promoting regional integration in West Africa, draws from consultations with the ECOWAS and WAEMU Commissions and actors in Senegal, Ghana, Nigeria and Burkina Faso, among others. It also takes into account the comments of several experts from various departments within and outside the Bank, as well as contributions and comments from stakeholders at the validation workshop held in Dakar, on 11 and 12 June 2013.

The report is divided into five (5) chapters. Chapter 1 analyses the institutions for and governance of integration in West Africa, with a focus on the achievements and limitations. Chapter 2 assesses the impact of regional integration in West Africa as a whole and Senegal in particular. Chapter 3 discusses the five competitiveness clusters of the Senegalese economy, namely "agriculture and agro-industry", "sea products", "tourism and handicrafts", "textiles-clothing" and "ICT-teleservices", as well as the exchange opportunities that these clusters offer the country within ECOWAS, based on the calculation of Revealed Comparative Advantages. Chapter 4 shows how transport is a key factor for Senegal's competitiveness in the region. Chapter 5 highlights the major role that energy plays in the competitiveness and economic positioning of Senegal in West Africa. The outcomes of the diagnosis conducted in this study have been used to formulate a set of recommendations to strengthen Senegal's positioning within the region.

Franck Perrault

Regional Director,

West Africa Department

ACKNOWLEDGEMENTS

The African Development Bank would like to express its gratitude to the Government of Canada which co-financed this study through the Canadian Trust Fund. This report has been prepared by a team of professionals from the African Development Bank, with the assistance of the IDEACONSULT INTERNATIONAL Firm. The study has been coordinated by Toussaint Houeninvo, Principal Country Economist, and Khadidiatou Gassama, Country Economist based at the Bank's Office in Senegal. The team from IDEACONSULT INTERNATIONAL is composed of: Abderraouf Naïli, Economist (Economic Sectors); Lotfi Bouzaiane (Macroeconomics and Prospects); Bernard Chatelin (Transport Economist); Chokri Ben Makhlouf, Engineer (Energy); and Farhat Horchani, Legal Expert (Institutional Analyst).

The team was headed by Franck Perrault (Director, West Africa Regional Department) and Leila Mokaddem (Resident Representative, Senegal Regional Office).

On the government side, the Ministry of Economy and Finance and the Ministry of Foreign Affairs played a key role in facilitating the conduct of the field work, including the two-day validation workshop held in Dakar on 11 and 12 June 2012. Special thanks to Mr El Hadji Magatte Seye, Director, Inter-African Organizations and Communities (DOCI), Mr Camara, Head of Division (DOCI), Ministry of Foreign Affairs; Mr Abdul Khadre Dieylani Niang, Technical Adviser to the Minister of Economy and Finance, Coordinator of the Regional Integration Monitoring Unit (CSIR); and Ms Oumy Ndiaye Sarr, Head of the Multilateral Surveillance Division (CSI).

The country offices visited outside Senegal (Burkina Faso, Nigeria and Ghana) facilitated the conduct of the missions to WAEMU and ECOWAS, as well as the relevant national agencies in Burkina Faso, Nigeria and Ghana. So too did all the persons met, a list of whom is provided in Annex.

The report was enriched by comments received from peer reviewers within and outside the Bank. The in-house peer reviewers include: Victorien Gabriel Mougani, Chief Regional Integration Economist, (Department of NEPAD and Regional Integration); Thierry Kangoye, Research Economist (Research Department), Thierry Urbain Yogo, Consultant (Research Department); Emanuele Santi, Chief Regional Economist (West Africa Regional Department). Other contributors were Philip English, Lead Economist and Sector Leader at the World Bank Regional Office in Dakar, and the Senegal Country Team.

Various regional integration actors in Senegal from the public, private and civil society sectors contributed to the report by way of comments at the validation workshop held in Dakar on 11 and 12 June 2013. These include: Abdul Khader Niang, Ousmane Sambe, Oumy Ndiaye Sarr, Moustapha Ngom (Regional Integration Monitoring Unit); Babacar Ba, Head of Division at DOCI (Ministry of Foreign Affairs and Senegalese Abroad); Nouhoum Diop (Dakar Port Authority); Youssoupha Diop (Senegal National Council of Employers); Assane Diop (Senegalese Shippers' Council); Mbaye Chimera Ndiaye (Chamber of Commerce, Industry and Agriculture, Dakar); Moussa Diop (Professional Association of Banks and Financial Institutions of Senegal); Dior Sene (Investment and Major Projects Promotion Agency); Assane Seck (High Authority of the Leopold Sedar Senghor Airport); Mamadou Ly and Martinlio Nancabi (Gambia River Development Authority); Mamadou Ndao (Road Management Agency); El Hadj Diakhate (Electricity Sector Regulatory Commission); Mustafa Kemal Kebe (Council of Non-Governmental Organizations for Development Support); Khady Falltall and Abdou Lat Fall (West African Women's Association); Ndèye Ngom and Marie Brigitte Sambou (Ministry of Agriculture and Rural Equipment); Ms. Ndiaye (Directorate of Economic Research, Ministry of Economy and Finance); Madiaw Dibo (National Agency of Statistics and Demography); Fatimata Sawadogo (WAEMU Resident Representative in Senegal); Aliou Faye (Centre for Development Policy Studies); Makhtar Diop, Abdoulaye Diallo and Yaye Mame Fofana (Ministry of Commerce, Industry and the Informal Sector); Papa Ndiaye (Central Bank of West Africa States, National Branch); Fanta Sakho Seck (Directorate of Economic and Financial Cooperation, Ministry of Economy and Finance).

SUMMARY

EXECUTIVE SUMMARY

LIST OF ACRONYMS AND ABBREVIATIONS

ERERA	ECOWAS Regional Electricity Sector Regulatory Authority
ASER	Senegalese Agency for Rural Electrification
BOT	Build, Operate& Transfer
ECA	Economic Commission for Africa
ECOWAS	Economic Community of West African States
REC	Regional Economic Communities
DOCI	Directorate of Inter-African Organizations and Communities
LPDSE	Energy Sector Letter of Development Policy
NEPAD	New Partnership for Africa's Development
OHADA	Organisation for Harmonization of Business Law in Africa
OMVG	Gambia River Development Organization
OMVS	Senegal River Development Organization
PCD	Community Development Programme
PCJ	Juxtaposed Checkpoint
PPER	Rural Electrification Priority Programme
PRRSE	Energy Sector Recovery and Restructuring Plan
SAR	African Refining Company
SENELEC	National Electricity Corporation
WAEMU	West African Economic and Monetary Union
WAPP	West African Power Pool

EXECUTIVE SUMMARY

I- Background and Objectives of the Study

The objective of the study is to identify the opportunities and advantages that could transform economic integration in West Africa (ECOWAS) into a more effective lever for the economic development of the region in general and Senegal in particular, in a regional context fraught with economic challenges. It also aims to identify the constraints and barriers to Senegal's utilization of the strengths and opportunities offered by integration in achieving a more sustained pace of development. The report, which will be used to enhance dialogue with the country, also looks at conditions that would allow Senegal to strengthen its competitiveness and economic position in the region.

To achieve these objectives, the report examines the status of integration and the outcomes obtained so far, the progress made by Senegal and the constraints facing the country. It also deals with key factors that Senegal could draw on, in order to strengthen its strategic positioning within the region and derive greater benefit from integration to enhance its development. In each case, appropriate recommendations are made.

The outcomes of the diagnosis conducted in this study have been used to formulate a set of recommendations to strengthen the positioning of Senegal within the region. An action plan and a prospectus have been prepared from the study outcomes.

II- Main Findings and Outcomes of the Study

- Peace and political stability are key factors for regional integration. The instability that has prevailed in several West African countries for many years and its socio-economic consequences (destruction of socio-economic infrastructure, destruction of human capacities, loss of qualified professionals, etc.) have adversely impacted integration within the region.

- The progress of trade and the impact on economic growth are still timid. Countries that are seen as the powerhouses of the region are either little involved in trade within ECOWAS (Nigeria, Ghana and Cape Verde) or have a moderate economic growth rate (Senegal).

- The region's foreign trade has enough potential in terms of diversification of comparative advantages, especially Senegal which has the greatest number of products with comparative advantages in ECOWAS. Out of the 97 listed products traded within ECOWAS, Senegal has comparative advantages for the greatest number, which is 27 (see Table 1 in annex).

- In terms of geographical location, Senegal is well positioned with respect to links between the West Africa region, Europe, North and South America, and South Africa (as an intersection of maritime links between ECOWAS and these areas), but is disadvantaged as far for intra-ECOWAS trade is concerned. This is because the country is located at the extreme west of the ECOWAS zone, unlike several other competitor countries that are more to the centre of the zone. In addition, the country is somehow "isolated" in relation to ECOWAS (with the Rosso Bridge and the Trans-Gambian Bridge rather linking the country with Mauritania and Gambia respectively). Therefore, Senegal needs to invest in infrastructure that would aid its integration into regional programmes in order to reduce the costs associated with intra-ECOWAS trade.

- Senegal enjoys great political stability and exemplary democracy in Africa, and these are integration-promoting factors. However, this advantage is undermined by the aforementioned constraints of infrastructure and geographical location.

- Despite this geographical disadvantage compared to countries such as Côte d'Ivoire and Ghana, Senegal's trade position in the region has improved over the past decade. Indeed, over the period 2008-2011, the country's exports to other ECOWAS countries surpassed its imports from the zone, reflecting a relatively good intra-regional trade performance.

- In terms of the impact of integration on GDP per capita, the relative demographic weight and the weak economic growth in recent years limit the contribution of integration to Senegal's GDP per capita growth , which is a prerequisite a for the improvement of living standards. Senegal may be overtaken by competitors in the region (Ghana in particular) if it fails to take the necessary steps to boost growth. In this regard, under the Plan for an Emerging Senegal (2035), the Government aims to achieve a substantial growth rate of 7.5% per year from 2017, compared with 3.5% in 2013.

- With regard to Foreign Direct Investment (FDI) flows to ECOWAS, the most attractive countries are Nigeria (over 60% of ECOWAS FDI) and Ghana (18.3%) at the end of the decade. Côte d'Ivoire, which received about 15% of ECOWAS FDI over the 1995-2000 period, witnessed a sharp drop in FDI inflows over the second half of the 2000's, mainly due to the protracted political instability it experienced. This was to the advantage of Ghana, whose FDI inflows doubled over the same period. Senegal's share of FDI stood at 2.8% at the end of the period, down from 4% at the beginning (see Table 2 in annex).

- With regard to intra-regional FDI, in terms of number of countries (not the volume), Côte d'Ivoire seems to be the main source of FDI in ECOWAS, according to data from Trademap and a recent Bank study. Senegal ranks as the second highest FDI provider in the region, in terms of number of countries of destination. As regards intra-regional investment providers in Senegal, the main countries are Côte d'Ivoire and Nigeria. This result paves the way for further intra-regional FDI analyses, with special focus on volume. The joint West African Monetary Agency (WAMA) and ECOWAS initiative to conduct a study in 2014 on intra-and extra-regional FDI flows as part of the effort to harmonize the balance of payments presentation is thus very timely. Such a study will provide more comprehensive information on intra-regional FDI (see Tables 3 and 4 in annex).

- The limited outcomes of integration in West Africa and, as a result, for Senegal, may also be attributed to poor implementation of trade liberalization measures (prohibitive lists, unjustified request for documents at border crossings, slow and cumbersome procedures for transferring funds between countries, lack of rules, etc.). Such practices are due to the lack of a shared vision centred on the ultimate image of the region, concerns about macroeconomic stability, attempts to protect infant industries or the perceived lack of complementarities between countries in the region. In addition to the constraints and barriers to implementation of liberalization measures, there is a lack of the key development factors that would have made integration more productive.

- Poor competitiveness diminishes Senegal's capacity to take advantage of new opportunities in West Africa and the rest of the world. This lack of competitiveness is due to the weak infrastructure (particularly transport and energy), unavailability of skills (technical and managerial), lack of accumulated capital invested in productive enterprises over several decades (the region has six times less investment per capita than the rest of the world), credit access difficulties faced by small and medium-sized enterprises (SMEs), lack of non-project guarantees, and the cost of credit for large enterprises because the margins are still high despite the plethora of banks. To these factors should be added the relatively sparse entrepreneurial fabric (five to ten times fewer businesses per capita in Senegal relative to its comparators).

- The poor connection of regions within Senegal to the network of cross-country corridors makes it difficult for products from the northern and southern parts of the country to access regional markets

- From the business environment perspective, the reforms have not been sufficient to improve the ease of doing business and the country's image among national and foreign operators and investors. Despite Senegal's positive aspects and strengths, and particularly its long tradition of political stability, peace and democracy, international indicators all point to the country's lack of a conducive business environment. Senegal is poorly ranked on many indicators, including registering property, protecting investors, paying taxes and enforcing contracts. Similarly, the pressure on the land reserved for professional use, especially in Dakar, limits the development of service activities with high export potential in the region.

- Senegal has an unexploited margin for unilateral initiatives for improving access to its markets and promoting regional integration by playing a greater role in that regard.

- Moreover, concerning opportunities with countries surrounding Senegal (ECOWAS countries and Mauritania), two groups may be distinguished. The first group (Ghana, Benin, Cape Verde, Burkina Faso and Mauritania) is made up of countries that are relatively advanced from an economic standpoint. Trade with Senegal could deepen as a result of specialization and sector-based complementarity on account of several factors (living standards, infrastructure development, etc.). The second group of countries (Guinea, Guinea Bissau and the rest of ECOWAS countries) could also offer Senegal better market opportunities, but currently lacks the appropriate infrastructure and conducive politico-economic conditions for intense trade with Senegal. The fact that Senegal's economy is more advanced should enable it to come up with more sophisticated formulas for exchanges with these countries other than trade alone (transfer of know-how, for instance).

- Analysis of Senegal's sector-based export opportunities shows that several dozens of products have export potential that is as yet unsaturated within ECOWAS, if we consider each country's trade firstly with Senegal and secondly with the world. Forty-five out of a total of 250 products traded by Senegal with the region are identified in the study as such, with each product concerning four or more countries of the region (ECOWAS and Mauritania). These products relate mainly to the metal, electrical and chemical industries, etc. (see Table 5 in annex).

- The key outcomes of the economic sector analysis point to recurrent problems that make it impossible to seize the opportunities in this area. These are, in particular, the problems of energy, transport, access to land, access to credit, access to technology and the pre-eminence of informal activities. At the industrial level, Senegal needs to work to expand and consolidate the Upgrade Programme through the introduction of bridging programmes.

- Transport appears to be another area at the heart of all of these development difficulties and is regarded by the Government as a key priority. Inefficient transport services along the corridors are cited as a major cause of the slow pace of regional integration in West Africa. It is true that thanks to the efforts undertaken over the past few years at the West African regional level and then in Senegal in particular, transport services have improved, but there is no denying that the services are very expensive and extremely inefficient. The challenges are many. One of them, with regard to roads, is the sub-optimal state of corridors in West Africa. In other words, unlike the East African corridors, no economic activities have developed along West African corridors. The problems are compounded by difficulties related to the maintenance and sustainable management of roads along the corridors, the non-liberalization of the trucking industry, the age of the vehicle fleet, abnormal practices along the corridors, overloaded trucks, etc. With regard to ports, the major challenges are the need for additional port capacity to meet future demand, reducing maritime transport costs and improving service efficiency. As for rail infrastructure, the tracks now obsolete and have often not been rehabilitated. Modern locomotives allow the use of much more direct tracks with larger ramps.

- The poor state of the network limits transport capacity and, despite the commendable efforts of private operators, rail traffic remains very marginal. Air transport, for its part, has considerably improved in recent years, but the quality of services is not satisfactory, especially for intra-regional links, and the fares are abnormally high (for both for regional services and services for the rest of the world). The limited frequencies and high costs are major obstacles to regional integration. The absence of major regional airports (like Nairobi or Johannesburg) in the region and the difficulty faced by large international carriers in obtaining traffic rights between capitals of the region make it easier to operate services from each of these capitals to the rest of the world than between West African countries.

- In the transport sector, Senegal faces the same challenges as other states of the region, particularly with regard to the improvement of corridors, namely the maintenance of roads along these corridors, the liberalization of road transport and the establishment of effective regional air transport systems.

- With regard to the energy sector, regional integration has, over the last decade, enjoyed special attention from the Government, resulting in the establishment of a highly developed institutional framework. Despite the efforts, however, West Africa's energy consumption indicators are alarming: low consumption per capita, low electrification rate, predominance of biomass, high cost of production in most countries, mediocre performance and quality of services, etc.

- The study identified as explanatory and future constraining factors delays in interconnections, lack of funding or, where connections are possible, the limited production capacity of some poor countries. The situation is more critical in the B-zone countries (Mali, Liberia, Guinea, Sierra Leone, Guinea Bissau, Senegal and Gambia) than in those of the A zone (Nigeria, Niger, Benin, Togo, Burkina Faso, Ghana and Côte d'Ivoire), where the countries are already interconnected. The OMVG Energy Project to which the Bank contributes will help improve interconnections in the B zone in which Senegal is located (see Chapter 5 for details). A number of new opportunities have, however, opened up in the gas sector (Nigeria and Mauritania).

- Senegal is experiencing an acute energy crisis, which is hampering its growth and impeding its development and economic integration. Regarding electricity service, the lack of investment to cope with the ever-growing demand, poor maintenance, an aging and saturated network and inefficient fuel supply lead to recurrent load shedding. Production is too expensive, since it relies for the most part (about 90%) on petroleum imports. The coal plant project which has been in the works for so long is about to start. The levels of technical and commercial losses are well above the standards for the sector. Electricity rates, though heavily subsidized, remain among the highest in the region and the reform of the National Electricity Company (SENELEC) is not easy to carry out. As regards rural electrification, electricity access rates, estimated at 24% in 2012, remains low and is still a far cry from the target of 50% by 2017. Significant delays have been recorded in the establishment of concessions for the Rural Electrification Priority Programme (PPER). Regarding the hydrocarbons sub-sector, the situation and prospects of the African Refining Company (SAR) are of concern. On the other hand, Senegal could benefit from the huge hydroelectric potential that exists at regional level.

III- Recommendations and Action Plans

The study analyses each of the areas (institutional, business climate, economic conditions, drive sectors, transport, energy, etc.) and makes strategic recommendations in some cases and recommendations on operational aspects in others. The detailed version discussed with the relevant stakeholders is available. The summary of recommendations is as follows:

- For institutional aspects, it is recommended that harmonization between the two regional organizations be enhanced; that the community commitments be transposed to the Member States ; and, particularly in the case of Senegal, that coordination between integration monitoring bodies be improved.

- Regarding the business climate, for the region and Senegal, the main recommendation relates to the continuation of reforms and, in a number of cases, the adoption of radical procedural reforms. These reforms suggested by some international organizations for a number of countries (e.g., Tunisia) concern the streamlining of administrative procedures and the outright abolition of certain tax and customs formalities.[1]

- Concerning macroeconomic aspects, the study recommends that the source of implementation delays and structural deficits in competitiveness be addressed. These recommendations are valid for almost all countries of the region and more particularly for Senegal where the high cost of energy and energy subsidies, which accounted, in 2012, for approximately 2.5 % of GDP (in direct and indirect subsidies), including 1.5% for electricity price compensation paid to the Electricity Company (SENELEC). It is thus recommended that the measures of the energy sector letter of development policy adopted by the Government in October 2012, be diligently implemented, including the aspects relating to the energy mix and new plants.

- Concerning freedom of movement and the elimination of non-tariff measures, it is recommended that regional solidarity and compensation be strengthened by means of a new approach relating to customs levies, allowing all goods entering the space total freedom of movement without any further control, as would be expected with the establishment of a common external tariff entailing free circulation

- With respect to the upgrade of corridors, it is recommended to implement regional initiatives in the form of incentives for the development of economic activities along the corridors and in surrounding areas; improve the resources and means of guarantee funds; consolidate support for the private sector by providing technical centres with greater resources; initiate a vigorous policy of promoting entrepreneurship, etc. Another recommendation is to promote communication concerning the region and networking to attract FDI, with the aim of stimulating technology transfer and enhancing the region's resources and the opportunities offered by a market without borders.

- Concerning driver sectors, the recommendations made are along the same lines as those for the macroeconomic component, specifically for Senegal, based on the calculation of the comparative advantage achieved for the five clusters of the Accelerated Growth Strategy (SCA). On the basis of the results showing that Senegal has the largest number of products, the country is encouraged to strengthen this position by enhancing its specialization in products with strong comparative advantage and by de-specializing in products in which it has a comparative disadvantage. Thus, the country is encouraged to enhance the products in which it has a comfortable comparative

[1] These are known as "guillotine" reforms, see OECD, OECD Investment Policy Reviews: Tunisia 2012, page 57
http://www.keepeek.com/Digital-Asset-Management/oecd/finance-and-investment/examens-de-l-ocde-des-politiques-de-l-investissement-tunisie-2012_9789264179431-fr

advantage (for example, "octopus or squid differently presented" and "other fresh or refrigerated whole fish"), and take appropriate steps to reverse the trend where the comparative advantage is on the decline. It is recommended that the country divest from products in which it has a comparative disadvantage (for example, "Other maize", "Semi or wholly milled rice, whether or not polished or glazed".

- In the transport sector, the recommendations at the regional level are the following: increase port capacity over the next decade; modernize and develop the rail network; modernize the layout of roads along the corridors; entrust the maintenance of the road network along the corridors to private companies through concessions; eliminate abnormal practices along all corridors; further the establishment of "smart corridors"; accelerate the introduction of Juxtaposed Checkpoints and improve air transport in the region.

- With regard to transport, the recommendations for Senegal are particularly the following: carry out the programme for modernization of the road network along the corridors, improve road maintenance along the corridors, especially ensure periodic maintenance and continue the process for establishing the axle-load control system; implement programmes to improve and modernize the fleet of trucks and participate in regional studies on the liberalization of the trucking industry; develop the use of containers for transit traffic; accelerate the restructuring of railway management and continue the study on the construction of a new line with standard tracks, to serve Mali and the Falémé iron mine; continue the expansion of the Dakar Port and accelerate the study on the construction of an ore port; ensure that cabotage from the Dakar Port to other ports in the region is efficient and competitive and possibly participate in the establishment of a regional cabotage company; speed up the commissioning of the new airport and participate in regional efforts to improve air services within the region and with the rest of the world.

- In the energy domain, the regional recommendations are centred on the following thrusts: improve the financial situation of national electricity companies; pursue institutional reforms in the electricity sector; accelerating the implementation of the WAPP Master Plan projects and particularly those relating to the OMVS and OMVG; harmonize and standardize operating rules and contractual arrangements for the emergence of a regional electricity market; diversify energy supply sources and funding sources by seeking innovative alternatives; develop and implement a common regional policy for the hydrocarbons sub-sector; establish a regional energy information system.
- For Senegal, the policy and strategies stated in LPDSE 2012 address the issue of timely implementation of strategies and priorities. The country should assume leadership of the Senegal River Development Organization (OMVS) and the Gambia River Development Organisation (OMVG), improve the business climate, strengthen the capacity of the Senegalese Rural Electrification Agency (ASER) and develop and implement a plan for overcoming the crisis and a development strategy for the African Refining Company (SAR).

Table 1. Positioning of Countries of the Region in Terms of Regional Trade Agreements (RTAs)

Total number of products considered (97)	Senegal	Gambia	Togo	Côte d'Ivoire	Benin	Ghana	Sierra Leone	Guinea	Guinea Bissau	Mali	Burkina Faso	Niger	Liberia	Cape Verde	Nigeria
Number of products with RTAs	27	23	23	18	17	15	13	12	10	10	9	9	6	6	4
Presence with RTAs (%)	27.8	23.7	23.7	18.6	17.5	15.5	13.4	12.4	10.3	10.3	9.3	9.3	6.2	6.2	4.1

Source: Calculations based on data from the Trademap (nomenclature 6).

Table2. Foreign Direct Investment Flows to ECOWAS Countries (in USD million except as otherwise indicated)

Country and Period	1995-2000 Average	2006-2011 Average	1995-2000 Average	2006-2011 Average	(2006-2011) Average / (1995-2000) Average	Share of region's goods exports (2005-20111average)
Benin	35.5	54.6	1.7%	0.5%	1.5	1.2%
Burkina Faso	11.9	39.5	0.6%	0.3%	3.3	1.0%
Cape Verde	27.0	143.2	1.3%	1.2%	5.3	0.0%
Côte d'Ivoire	305.7	393.1	14.8%	3.4%	1.3	9.6%
Gambia	10.0	58.6	0.5%	0.5%	5.8	0.0%
Ghana	147.6	2 142.7	7.1%	18.3%	14.5	6.3%
Guinea	22.2	166.4	1.1%	1.4%	7.5	1.2%
Guinea-Bissau	3.1	10.5	0.1%	0.1%	3.4	0.1%
Liberia	92.3	402.7	4.5%	3.4%	4.4	0.2%
Mali	52.1	62.5	2.5%	0.5%	1.2	1.8%
Niger	7.2	501.1	0.3%	4.3%	70.0	0.9%
Nigeria	1 234.8	7 088.6	59.6%	60.7%	5.7	74.6%
Senegal	83.9	330.9	4.0%	2.8%	3.9	1.9%
Sierra Leone	8.2	211.9	0.4%	1.8%	25.7	0.3%
Togo	29.9	71.5	1.4%	0.6%	2.4	0.8%
WAEMU	529	1 464	25.5%	12.5%	2.8	8.1%
Non WAEMU	1 542	10 214	74.5%	87.5%	6.6	91.9%
ECOWAS	2 071	11 678	100.0%	100.0%	5.6	
World	684 237	1 743 048			2.5	
WAEMU / ECOWAS	25.5%	12.5%			0.5	
ECOWAS /World	0.3%	0.7%			2.2	

Source: Calculations based on Trademap data (data available in first quarter of 2013)

Table 3. Number of Enterprises of the Region Located Outside the Country of Origin

Countries of origin (in rows)/ host countries (in columns)	Burkina Faso	Côte d'Ivoire	Ghana	Guinea	Niger	Nigeria	Grand Total
Côte d'Ivoire	4			2		1	7
Senegal	1	2		1	1		5
Togo		2	1				3
Grand Total	5	4	1	3	1	1	15

Source: Trademap (data available for the first quarter of 2013).

Table 4. Providers of Intra-Regional FDI within ECOWAS

Investors' Countries of Origin	1.1.1.1 Recipient Countries
1.1.1.2 Nigeria	Benin, Burkina Faso, Cote d'Ivoire, Gambia, Ghana, Liberia, Niger, Senegal, Togo
Cote d'Ivoire	Benin, Burkina Faso, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Nigeria, Senegal, Togo
Ghana	Gambia, Guinea, Nigeria
Sierra Leone	Ghana, Nigeria
Burkina Faso	Cote d'Ivoire, Niger
Togo	Ghana, Nigeria
Benin	Ghana
Guinea	Ghana
Liberia	Ghana
Mali	Ghana

Source: G. Mougani and K. Okafor, Survey on intra-regional investments in West Africa, draft_2, economic brief October 2013, page 16

Table 5. List of Products with Additional Potential for Export by Countries Surrounding Senegal[2]

Code	Product Description*	Mali	Guinea	Mauritania	Gambia	Togo	Guinea Bissau	Burkina Faso	Côte d'Ivoire	Sierra Leone	Benin	Ghana	Nigeria	Niger	Cape Verde	Liberia	Total number of countries to be targeted
'0303	Frozen fish, excluding fish fillets, etc. - 0304		1	1			1				1		1				5
'0402	Milk and cream, concentrated or with sugar or other sweeteners added	1		1		1		1		1							5
'1517	Margarine; preparations of animal or vegetable fat/ oil	1		1		1		1									4
1701	Cane or beet sugar, chemically pure sucrose in solid form	1				1		1	1		1	1					6
1902	Pasta, cooked or stuffed or otherwise prepared		1	1	1		1		1						1		6
2106	Food preparations not elsewhere specified or included		1		1	1	1				1						5
2202	Water, including mineral water and fizzy waters with sugar added …	1					1	1				1					4
2710	Petroleum oils and oils obtained from bituminous minerals (other than crude)		1	1	1		1				1	1	1		1		8
3004	Medicines, mixtures (excluding those under 3002, 3005 or 3006) not in dosage	1		1		1	1					1					5
3208	Paints and varnishes (including enamels and lacquers) in non-aqueous media	1	1			1	1										4
3214	Glaziers' putty, grafting putty, resin cements, caulking compounds and other mastics, etc.		1	1	1		1			1							5
3402	Organic surface active agents, (soap excluded) washing preparations, etc.					1		1	1	1	1				1		6

[2]This list is limited to 45 products whose export potential is not exhausted in 4 or more countries in the region (including Mauritania). Annex 4 provides a list of 232 products with additional export potential for at least one country of this region.

Code	Product Description*	Mali	Guinea	Mauritania	Gambia	Togo	Guinea Bissau	Burkina Faso	Côte d'Ivoire	Sierra Leone	Benin	Ghana	Nigeria	Niger	Cape Verde	Liberia	Total number of countries to be targeted
3901	Polymers of ethylene, in primary forms		1			1		1		1		1					5
3902	Polymers of propylene or of other olefins, in primary forms					1				1		1	1				4
3923	Articles for the conveyance or packing of goods, made of plastic; stoppers, caps, etc.		1			1	1	1		1	1	1	1	1	1		10
3926	Other articles of plastic	1	1	1	1						1						5
4810	Paper and paperboard, coated with kaolin or other inorganic substances, with or without a binder	1						1	1					1			4
4819	Cartons, boxes, cases, bags and other packing containers, of paper, paperboard.				1	1				1	1				1		5
6305	Sacks and bags of kind used for packing goods		1			1		1			1						4
7304	Tubes, pipes and other hollow fittings, seamless, of iron or steel.	1			1		1		1					1			5
7308	Structures and parts of structures (e.g. bridges), etc.		1	1	1				1	1							5
7616	Other articles of aluminium	1	1	1	1												4
8207	Interchangeable tools for hand tool work, whether or not power-operated, etc.	1	1	1	1			1	1								6
8311	Wire, rods, etc., for soldering, brazing, welding, etc., of base metal/metal carbides		1				1		1	1							4
8409	Parts suitable for use ... with the engines under heading Nos. 8407 or 8408	1		1			1			1	1						5

Code	Product Description*	Mali	Guinea	Mauritania	Gambia	Togo	Guinea Bissau	Burkina Faso	Côte d'Ivoire	Sierra Leone	Benin	Ghana	Nigeria	Niger	Cape Verde	Liberia	Total number of countries to be targeted
8413	Pumps for liquids, whether or not fitted with a measuring device;			1		1	1	1								1	5
8415	Air Conditioning Equipt.,, etc.	1	1						1				1	1		1	6
8421	Centrifuges, including centrifugal dryers, etc.			1	1	1					1						4
8431	Parts suitable for use ... with the machinery of headings No. 84.25 to 84.30.	1	1		1									1		1	5
8474	Machinery for sorting, screening, separating, washing, etc.	1	1	1						1							4
8501	Electric motors and generators, etc.	1	1		1			1									4
8502	Electric generating sets and rotary converters	1	1	1	1		1	1	1								7
8504	Electrical transformers, static converters	1	1	1	1				1	1							6
8517	Electrical apparatus for line telephony or line telegraphy, etc.	1				1	1	1	1		1	1		1			8
8544	Insulated wire, cables and other insulated electric conductors, etc.	1	1	1			1						1				5
8609	Containers (including for the transport of fluids), etc.	1	1					1		1		1				1	6
8701	Tractors (other than tractors of 8709)	1	1		1				1								4
8703	Motor cars and other motor vehicles principally designed for the transport of persons, for tourism, etc.	1				1		1				1			1		5

Code	Product Description*	Mali	Guinea	Mauritania	Gambia	Togo	Guinea Bissau	Burkina Faso	Côte d'Ivoire	Sierra Leone	Benin	Ghana	Nigeria	Niger	Cape Verde	Liberia	Total number of countries to be targeted
8704	Motor vehicles for the transport of goods							1	1		1	1					4
8711	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, etc.	1	1	1	1	1			1								6
8716	Trailers and semi-trailers for all vehicles; etc.	1	1				1		1								4
9032	Regulating or controlling instruments and apparatus, etc.	1	1	1					1								4
9401	Seats (other than those of heading No. 9402), whether or not convertible into beds, etc.			1	1	1					1	1					5
9403	Other furniture and parts thereof.	1		1	1					1		1					5
9405	Lamps and lighting fittings including spotlights and parts thereof, etc.		1				1	1					1				4
Number of products with additional export potential	45	27	27	22	19	18	18	18	17	14	14	13	7	6	6	4	

Source: Processed from Trademap (data consulted in August 2013)

*The figure 1 in a cell means that for the product in the row and the country in the column there are additional export opportunities.

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Groupe de la Banque Africaine de développement
Regional Office of Senegal (SNFO)

Immeuble Coumba
Route de Ngor
Zone 12, Quartier des Almadies, Dakar Senegal.
BP 50544 - CP 18524
RP Dakar, Sénégal

Tél. : (+221) 33.820.08 88 / (+221) 33.869.75.44
Fax : (+221) 33.820.09.99
Site web : www.afdb.org

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