

**ECOWAS AID FOR TRADE MEETING  
ECOWAS Commission, Abuja 27 – 28 January 2010**

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**AID FOR TRADE: THE ROLE OF THE PRIVATE SECTOR IN POLICY MAKING AND  
THE CHALLENGES OF ACCESSING TRADE FINANCE IN THE CURRENT  
ECONOMIC AND FINANCIAL CLIMATE:**

**Aid for trade has become a topical issue since the days of the Multilateral Trade negotiations including the Uruguay Round which culminated in the establishment of the World Trade Organization (WTO) in 1995.**

**Since then there has been a growing stream of support for Trade Adjustment and Integration which is commonly referred to as “Aid for Trade”. However, there are lots of complications in both the conception, the design and the implementation strategies of Aid for Trade which needs to be addressed. This underscores the importance for this meeting, for which ECOWAS Commission must be commended.**

Session 5 in my view is very important because events globally indicate that while the politicians sign the Agreements, **the private sector and bureaucrats will have to make it work for the benefit of the society.**

**We need to empower the private sector operators** who are the engine of growth and progress in Africa. Partnering means that the two sides or parties must bring something on the table and it is this collaboration that can lead to synergy – added value. **In a nutshell we must formalize and possibly legalize true and effective Public Private Partnership.**

Knowledge transfer, education and understanding the necessary trade principles and conditions are very important. **Trade has become a profession it is therefore imperative that the trade related activities and projects should be funded.** In this regard people should be able to ***benefit from short courses on understanding the language and terms of trade, trade initiatives, Aid for trade and others.*** **The better understanding of these will lead to trade facilitation and increase in volume.**

On the **challenges of accessing trade finance** there is the need to look at the **cost of capital, the repayment terms and the nature of the business.** The banking culture needs to be revisited. One of the critical issues with trade is the condition attached to the facilities especially with current economic, financial and political uncertainties within our region. Financing is usually short term, **we must develop the concept of sustainability – long term financing as this will ensure continuity and availability of funds.** The tenor should be between short and medium term.

**Lack of basic infrastructure and industrial capacity remains one of Africa's biggest problems.** Transport costs for sub-regional trade are double that of other developing regions and high energy costs contribute significantly to the prohibitive cost of doing business. **Africa needs substantial investments to correct these short falls.**

**Africa must have a policy on development – oriented banking that involves the proactive creation and management of infrastructure including industrial sectors: power, transport, infrastructure, telecoms, oil and gas, mining and heavy industries.** These areas offer the greatest development impact and the most attractive returns on investment.

But the challenges to regional trade and integration range from integrated approach to infrastructure planning and implementation of Transit corridors and development

corridors; free movement of goods, people and services; harmonization of trade laws (along OHADA), standards and investment code; early macro economic convergence to facilitate common External tariff, customs union, single currency, economic union;

Early implementation of Country Single Window and automated customs Import/Export System; Custom reform

Transport facilitation and support in building joint border posts, authorized Traders/Transport scheme (ISRT) and cross-border management agency

Alternative Dispute Resolution mechanisms are being explored between cross border law enforcement agencies and community traders interpretations of community rules.

### **INCREASED PRIVATE SECTOR MANAGEMENT**

More private sector engagement is needed via dialogue Mechanisms and increased advocacy on trade policy formulation and trade reform, implementation and review/monitoring. The same is required on measures to improve investment climate and lowering the cost of doing business.

**The private sector in many developing countries is a huge reservoir of talents.** Very often the public sector lacks the capacity to utilize some forms of aid, but rather than route these to the private sector, they allow the funds to remain stagnant through lack of capacity. **There must be a willingness to share information in public sector domain with their private sector counterparts in a timely manner.**

### **CAPACITY STRENGTHENING OF ECOWAS PROGRAMME DELIVERY CAPABILITIES**

There is a clear need to strengthen ECOWAS Secretariat capacities using experience private sector operators in some areas;

- Program Management within ECOWAS
- Programme co-ordination between development partners funders
- Donor fund management.