FRAMEWORK FOR ENGAGING THE PRIVATE SECTOR

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ECOWAS DEVELOPMENT CONTEXT

- The Financial crisis, Food crisis and Natural catastrophes linked to climate have reduced growth in the region from 4-5% in the 2004-2008 period to around 3% in 2008-2009,
- Oil exports accounting for 75% of total exports, Agricultural commodities (cocoa, coffee, banana, cotton...) for 15% and intra-regional trade for 11% are a sign of low diversification and high vulnerability of region’s trade to external shocks,
- Fragmentation of markets, uneven quality of trade support services, high transaction costs and unavailability of reliable integrated market data for the region are also serious impediments to sustainable growth and achievement of MDGs in the region,
- There is an urgent need to intensify investment on trade enabling sectors (infrastructure and productive sectors), to compensate the gap of public resources earmarked for that purpose have been diverted to emergency and social crisis mitigation.
- THERE IS A HIGH RELEVANCE OF AID FOR TRADE IN THIS REGIONAL CONTEXT
CHALLENGES TO BE ADDRESSED THROUGH AID FOR TRADE

- Insufficient energy supply and rising costs impact negatively on the competitiveness of the productive sector in a region where industry accounts only for 20% of GDP,
- The productivity of the agricultural sector (which accounts for 65% of jobs and 33% of GDP) of the region is not enough to ensure a sustainable food security in the region and to significantly boost revenue from export oriented sub-sectors,
- Public-Private dialogue on policies and collaboration for implementing growth generating strategies have to improve to effectively remove bottlenecks and find solutions in this fast evolving context
- Efficient services and appropriate capacities need to be developed and further integrated to reduce transaction costs and anticipate and analyze global trade trends impacting on the region
- Alternative and better adapted finance has to be provided to trade development to fill the gap created by the reduction of public funding.

ECOWAS STRATEGY FOR ENGAGING THE PRIVATE SECTOR

THE PRIVATE SECTOR HAS A DUAL ROLE IN ADDRESSING CHALLENGES THROUGH AID FOR TRADE:

- Beneficiary of trade enabling conditions created by the upgrading of infrastructure (hard and soft),
- Partner in added value generation from trade flows created by the efficient use of that infrastructure

THE ECOWAS COMMISSION ENGAGES THE PRIVATE SECTOR IN BOTH CAPACITIES IN A STRATEGY INVOLVING:

- Public-Private Partnership platforms and
- A Capacity Building platform
ECOWAS PROVIDES A PPP PLATFORM

- ECOWAS Commission facilitates partnerships with other regions of the world through ECOWAS-CHINA, ECOWAS-INDIA Forum... involving public & private sectors in trade enabling ventures/projects for the region.
- ECOWAS BUSINESS FORUM coupled with ECOWAS TRADE FAIR offers a platform for discussing key issues and opportunities with the private sector and promoting the region's products,
- ECOWAS BUSINESS COUNCIL is being constituted for all business constituencies in the region to articulate constraints faced by the private sector and advise policy and decision makers of ECOWAS on the best strategies to address priority issues in view of global trends.

ECOWAS IS BUILDING CAPACITIES FOR TRADE

- In partnership with ITC, and support of CIDA the ECOWAS Commission is strengthening SMEs competitiveness and Trade Support Services in the region for regional and global trade through PACT II (Programme for building African Capacity for Trade)
- PACT II aims at equipping the ECOWAS with a sustainable and effective regional networks and platform to service the private sector on trade development and trade promotion issues,
- The ECOWAS Resource Facility for Trade Development will tap into specialized capacities built in the region to deliver appropriate technical and operational assistance for export strategies, enterprise/institution development, quality assurance, market analysis, access and promotion...
THE PRIVATE SECTOR CONTRIBUTION TO THE FUNDING OF ECOWAS STRATEGY

- ECOWAS own resources and donor funding constitute the bulk of funding,
- However, in view of the importance of needs and nature of projects involving the private sector, appropriate mechanisms and specific funding tools have to be designed,
- Trade finance platforms, as well as mechanisms for mobilizing FDI in support of PPP for trade enabling projects in infrastructure and productive sectors (energy, communications, transport, research...) have to be developed,
- The Implementation of the ECOWAS Common Investment Market facilitated by the Common Investment Code should open the way to FDI to contribute effectively in funding regional integration in West Africa,

PRIORITIES FOR AID FOR TRADE

- Mobilize donors, finance institutions and banks to support and contribute to ECOWAS SME Fund and to the designing of its trade finance and PPP funding schemes,
- Engage the multinational private sector operating in the region to increase the level of implication of local SMEs in global supply chains and contribute to capacity building strategies to improve the quality of products and services in the region,
- Strengthen the institutional and operational capacities of PPP tools and platforms in the region to improve the analytic and consultative capacity of local private sector in regional trade policies and strategies.
- Improve the consistency and connectivity of communication networks in the region contributing to intra and inter-regional trade facilitation.