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# WEST AFRICA INSTITUTIONAL ASSESSMENT ECOWAS AND RELATED INSTITUTIONS

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# WEST AFRICA INSTITUTIONAL ASSESSMENT

## ECOWAS AND RELATED INSTITUTIONS



600 Water Street, SW, Washington, DC 20024, USA  
Tel: +1.202.484.7170 | Fax: +1.202.488.0754  
[www.msiworldwide.com](http://www.msiworldwide.com)

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Africa Leadership Training and Capacity Building Program

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## **Terminology and Abbreviations**

<b>Abbreviation</b>	<b>Meaning</b>
ABREF	African Biofuels and Renewable Energy Fund
AFD	French Development Agency
AfDB	African Development Bank
Africa LEAD	Africa Leadership Training and Capacity Building Program
AfT	Aid for Trade
AGRIS	Agricultural Information System
ATP	Agribusiness and Trade Promotion
AU	African Union
CAADP	Comprehensive Africa Agriculture Development Program
CDP	Community Development Program
CET	Common External Tariff
CIDA	Canadian International Development Agency
CIGF	Cultural Industries Guarantee Fund
CILSS	Permanent Interstate Committee for Drought Control in the Sahel
CMA/AOC	Conference of Ministers of Agriculture of West and Central Africa
COMESA	Common Market for East and Southern Africa
CORAF	West and Central African Council for Agricultural Research and Development
DARD	Department of Agriculture and Rural Development
DFID	Department for International Development
E-ATP	Expanded Agribusiness and Trade Promotion
EBID	ECOWAS Bank for Investment and Development
EC	European Commission
ECCAS	Economic Community of West African States
ECOWADF	ECOWAS Regional Fund for Agriculture and Food
ECOWAP	ECOWAS Regional Agricultural Policy
ECOWAS	Economic Community of West African States
EDF	European Development Fund
ERDF	ECOWAS Regional Development Fund
ERIB	ECOWAS Regional Investment Bank
ETI	Ecobank Transnational, Inc.
EU	European Union
FAO	Food and Agricultural Organization

## Terminology and Abbreviations

<b>Abbreviation</b>	<b>Meaning</b>
FTF	Feed the Future
GAFFSP	Global Agriculture and Food Security Program
GIZ	German Development Agency
ICT	Information, Communication, and Technology
IEHA	Initiative to End Hunger in Africa
IITA	International Institute for Tropical Agriculture
ITC	International Trade Center
M&E	Monitoring and Evaluation
NAIP	National Agricultural Investment Plan
NEPAD	New Partnership for Africa's Development
NGO	Non-Government Organization
OUA	Organization of African Unity
OFID	OPEC Fund for International Development
OIF	Organization of French Speaking Countries
OPEC	Organization of the Petroleum Exporting Countries
PDDAA	Detailed Program for the Development of African Agriculture (French)
PPDU	Project Preparation and Development Unit
RAAF	Regional Agency for Agriculture and Food
RAIP	Regional Agricultural Investment Plan
ReSAKSS	Regional Strategic Analysis and Knowledge Support System
SADC	Southern Africa Development Community
SAKSS	Strategic Analysis and Knowledge Support System
SFT	Special Fund for Telecommunications
SMEs	Small and Medium Enterprises
SPS	Sanitary and Phytosanitary Measures
SWARIP	Support to West African Regional Integration Program
SWIFT	Society for Worldwide Interbank Financial Telecommunication
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TBTs	Technical Barriers to Trade
TOT	Training of Trainers
UA	Unit of Account
UEMOA	Union Economique et Monétaire Ouest Africaine (West African Economic and

## **Terminology and Abbreviations**

<b>Abbreviation</b>	<b>Meaning</b>
	Monetary Union—WAEMU)
UA	Unit of Account
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
USAID	US Agency for Regional Development
USAID/WA	USAID Regional Development Mission for West Africa
WAAPP	West Africa Agricultural Productivity Program
WAEMU	West Africa Economic and Monetary Union
WARDA	Africa Rice Center
WATH	West Africa Trade Hub

## EXECUTIVE SUMMARY

The analysis contained in this the report responds to USAID/West Africa's requirement to assess the key organizational functions and capabilities of ECOWAS and its related organizations, and to provide recommendations for ways to strengthen their organizational performance to implement the ECOWAS regional agricultural policy (ECOWAP). The ECOWAS Department of Agriculture and Rural Development (DARD), a body within the ECOWAS Commission, has overall responsibility for implementing the regional agricultural policy. DARD is in the process of creating two new organizations that will work to carry out the mobilizing programs that were designed under the Regional Agricultural Investment Plan, which form part of ECOWAP. A new Regional Agency for Agriculture and Food (RAAF) will implement the corresponding programs, whereas a new funding mechanism, the ECOWAS Fund for Agriculture and Food (ECOWADF), will finance these programs. The fund will be managed by the ECOWAS Bank for Investment and Development (EBID), located in Lomé, Togo.

The assessment covers the Department of Agriculture and Rural Development at the ECOWAS Commission, as well as the ECOWAS Bank for Investment and Development. Furthermore, it provides an in-depth review of the proposed operations of the Regional Agency for Agriculture and Food, and of the proposed ECOWAS Fund for Agriculture and Food. It also describes the planned activities to be carried out under the ECOWAP and provides a cautionary note on the policy framework for the consideration of USAID, since it supports the implementation of the ECOWAP.

The Regional Agricultural Investment Plan is focused on three main programs, to be carried out by the RAAF from 2011–2015. These are (1) the promotion of strategic products for food security by supporting their respective value chains, (2) the promotion of a business environment favorable to regional agricultural development, and (3) the reduction of food vulnerability and the promotion of sustainable access to food. The estimated cost of the investment plan for the five-year period is US \$900 million, to be provided through the ECOWADF. The ECOWAS Commission will contribute US \$150 million over a five-year period, whereas the international donor community and international finance organizations are expected to provide the remaining amount.

The five-year operating budget for the RAAF is US \$10.4 million, or slightly more than US \$2 million per year. The agency is being partially funded by a €3 million grant from the Spanish government. These funds are flowing through the Food and Agricultural Organization (FAO), which is charged with completing the initial work to create the agency.

Key findings on the institutional capacity of the ECOWAS Department of Agriculture and Rural Development to implement the RAIP include the following:

- 1) Due to a hiring freeze within ECOWAS, the DARD is severely understaffed, and three of its five present employees are scheduled to retire within a year.
- 2) The recruitment and appointments process within ECOWAS is political rather than merit-based, which has resulted in a generally weak management capability across the Commission, including in the Department of Agriculture.

- 3) Poor internal and external communication severely affects the department's ability to perform its functions. There is no ICT infrastructure in place that would enable the DARD team to interface with other ECOWAS departments, specialized agencies (including EBID), and CAADP focal teams in the member countries. In addition, the department does not have a robust strategy or the internal capabilities to implement a communications strategy.
- 4) In general, the ECOWAS Commission is burdened by bureaucracy and is exceedingly slow to respond. It also has major challenges associated with measurement and evaluation, strategic planning, research, knowledge management, ICT, and administration—including accounting and procurement—which limits its efficiency and effectiveness. These commission-wide challenges affect the DARD, and will further constrain its ability to implement the RAIP.

Key findings on the institutional capacity of the ECOWAS Bank for Investment and Development to manage the ECOWADF fund are the following:

- 1) The experience of EBID's management team in managing agricultural projects—public, as well as private—is extremely limited.
- 2) In almost all cases, EBID partially finances projects that are much larger than its financing limitations, which means that EBID plays a secondary role to other banking institutions for due diligence and conducting the analyses required to complete the project cycle for the larger project.
- 3) The total number of financial interventions the bank made during its first six years of operation (2004–2009) is fewer than 100, which seems to be quite limited.
- 4) The bank's technical staff that would be involved in the financial management of agricultural projects through the ECOWADF will require substantial training to effectively perform their new functions. EBID will also need to hire an experienced agribusiness specialist to oversee the management of the new fund.
- 5) The bank's information technology systems are outmoded. EBID's project management, monitoring, and control are based on simple Excel spreadsheets. EBID's international funds transfer information system is managed by the Ecobank (a private, commercial bank) network; in terms of its information capability, EBID is equivalent to one of Ecobank's branch banks.

Based on consultations with a wide range of stakeholders, including the employees at ECOWAS, EBID, and development and nonprofit partners across the region, the assessment team generated a list of over 20 potential interventions for USAID to consider. The team then utilized four major criteria for prioritizing the potential interventions for USAID:

- 1) The alignment of the intervention with USAID's goals under its Feed the Future program
- 2) The potential impact of the intervention on the implementation of the Regional Agricultural Investment Plan
- 3) The engagement of other development partners
- 4) ECOWAS' ability to fill the gap without external support

Based on these criteria, the team identified the six potential interventions, listed below in order of priority.

## Recommended USAID Support to ECOWAS and its Related Institutions

Priority	Intervention	Estimated cost for five years, in thousands of US\$
1	Provide core funding support for the Regional Agency for Agriculture and Food (in coordination with existing Spanish aid assistance).	6,000
2	Establish the M&E unit within the ECOWAS Department of Agriculture—including funding the staff, software, and equipment required for the implementation of comprehensive M&E and the launch of AGRIS.	1,000
3	Support focused training and training of trainer (TOT) efforts at ECOWAS Department of Agriculture, the Regional Agency for Agriculture and Food, and the ECOWAS Bank for Investment and Development.	500
4	Invest in ICT infrastructure, software, and training to improve the communication between the department, the commission, RAAF, EBID, and CAADP focal points in the countries.	500
5	Support the development and implementation of grant and loan management software and training on software usage for RAAF and EBID.	200
	<b>Total</b>	<b>8,200</b>

# I. INTRODUCTION

The USAID Regional Development Mission for West Africa (USAID/WA) is engaged in the process of preparing its operating strategy for its Feed the Future (FTF) initiative for the period 2011–2015. Under its global FTF initiative, USAID works with its development partners to enhance food security by eliminating the root causes of poverty and hunger. Furthermore, since USAID/WA is a regional Mission, its strategy seeks to address problems that are significant for the region, have world-wide implications, align with US strategic interests, and can be most effectively addressed from a regional platform.

For purposes of USAID/WA's regional strategy, food security is defined as *the condition where all people at all times have both physical and economic access to sufficient, safe, and nutritious food required for their dietary needs and food preferences for an active and healthy life* (as defined by the World Food Summit, 1996).

USAID believes that goals and strategic choices with regard to food security must be based on country- and community-led planning, including the participation of key groups. Furthermore, a comprehensive approach to food security must address and advance the following principal objectives:

- 1) Improved agricultural productivity—yet increases in food production must be done in ways that protect our natural resources and the environment.
- 2) Expanded markets and trade—food security can be enhanced not only by increasing food stocks through increased productivity and reduced losses, but also through trading surplus commodities.
- 3) Enhanced abilities of women and the very poor to drive agricultural growth—by providing equal access by these groups to agricultural resources.
- 4) Prevention and treatment for under-nutrition, particularly in children—while recognizing that solutions to under-nutrition must address the underlying reasons for chronic hunger.
- 5) Ensuring an increased impact of humanitarian food assistance and safety nets to protect livelihoods, supplies, and assets that might otherwise be lost.

USAID's Feed the Future initiative is closely aligned with the goals of the Comprehensive Africa Agriculture Development Program (CAADP), the highest policy level framework for agricultural development in Africa. It was established by the African Union's New Partnership for Africa's Development (AU/NEPAD) in July 2003. The overall goal of CAADP is to *help African countries reach a higher path of economic growth through agriculture-led development, which eliminates hunger, reduces poverty and food insecurity, and enables expansion of exports.*

The Economic Community of West African States (ECOWAS) has the mandate to implement the CAADP agenda in West Africa. ECOWAS is presently implementing the CAADP program under its Regional Agricultural Policy, known as ECOWAP. ECOWAS has devised a regional agricultural investment plan under ECOWAP that contains the following program elements:

- 1) Promotion of strategic products conducive to food security and food security;
- 2) Promotion of a global environment conducive to regional agricultural development; and
- 3) Reduction of vulnerability and the promotion of sustainable access to food by the people of West Africa.

Clearly, the ECOWAS regional policy for agricultural development under the CAADP agenda is aligned with USAID’s global Feed the Future initiative. Consequently, USAID/WA requested that this study be conducted to assess the current institutional capacities of those ECOWAS organizations that will be involved in implementing the regional agricultural policy, ECOWAP, and to recommend specific interventions that the USAID Mission could support to improve their institutional capabilities.

Those organizations involved in the implementation of ECOWAS’ regional policy include the ECOWAS Commission—in particular the Commission for Agriculture, Environment, and Water Resources,—and a new agency known as the Regional Agency for Agriculture and Food (RAAF) that is being created to carry out the Regional Agricultural Investment Plan (RAIP) under ECOWAP. In addition to the creation of this new agency, ECOWAS is also in the process of establishing a Regional Fund for Agriculture and Food, known as ECOWADF. This fund will be established from internal resources provided by the ECOWAS Commission, as well as by anticipated contributions from the international donor community. ECOWAS has named its Bank for Investment and Development (EBID), located in Lomé, Togo, as the organization to manage the ECOWADF fund. Consequently, this report also provides an assessment of EBID’s strengths and weaknesses and of its capacity to manage ECOWADF.

This report was prepared by a two-person team of international consultants: One consultant with expertise in agribusiness development and international trade policy, and a second consultant with expertise in institutional development and recent experience in policy support to ECOWAS. Over the course of their consultancy, the team members met with senior executives at the ECOWAS Bank for Investment and Development in Lomé, Togo; senior members of the ECOWAS Commission in Abuja, Nigeria; USAID Missions and their development partners in Ghana and Nigeria; members of the donor community involved in ECOWAP; and representatives of member governments involved in the National Agricultural Investment Plans in Ghana, Togo, and Nigeria. This chapter of the report was completed over approximately a six-week period between March and May 2011. A list of the people interviewed during this consultancy is included in the Annex to this report.

## II. BACKGROUND

Over the past 10 years, key organizations and initiatives have shaped West Africa’s agricultural development and the emergence of ECOWAP. They include the following:

- **African Union (AU):** The AU was established in 2002 as a pan-African organization representing all African states, with the sole exception of Morocco. The AU was formed as a successor to the Organization of African Unity (OAU). Its most important decision-making body is the Assembly of the African Union, a semi-annual meeting of the heads of state and government of its member states. The AU’s secretariat, the African Union Commission, is based in Addis Ababa, Ethiopia.
- **The New Partnership for Africa’s Development (NEPAD)** was established in 2001 at the 37th Summit of the OAU by five prominent African heads of state (from Algeria, Egypt, Nigeria, Senegal, and South Africa). NEPAD is a strategic framework for the socio-economic development of the entire African continent. As an implementing agency of the African Union, NEPAD is responsible for driving economic integration throughout Africa. Since its beginning, addressing the challenges facing African agriculture has been central to achieving NEPAD’s goals. The transformation of agriculture is a key requirement for

eradicating poverty, achieving sustainable growth and development, integrating Africa fully and beneficially into the global economy, and accelerating the empowerment of women. NEPAD's Agency for Planning and Coordination, which was previously the NEPAD Secretariat, is located in Johannesburg, South Africa.

- **Comprehensive African Agricultural Development Program (CAADP):** In an effort to accelerate agricultural growth in Africa, in 2003 the AU and NEPAD launched the Comprehensive African Agricultural Development Program (CAADP). This initiative is now recognized as the highest-level policy reform for the development of agriculture in Africa. The overall goal of CAADP is to help African countries reach a higher path of economic growth through agriculture-led development, leading to the elimination of hunger and a reduction in poverty and food insecurity, as well as to expanded exports. In the Maputo Declaration in 2003, African Heads of State committed themselves to this goal by agreeing to allocate at least 10% of national budgets to agriculture. The aim is to achieve at least the 6% annual rate of growth in the agricultural sector, which is required for African nations to achieve their Millennium Development Goals and to impact poverty and hunger. In this regard, CAADP is the most ambitious and comprehensive agricultural reform effort ever undertaken across Africa, addressing policy and capacity issues and improving the effectiveness of development assistance.

The CAADP agenda is presently being implemented in collaboration with international donors and the international financial community throughout three regional economic communities (RECs) within Africa—the Economic Community of West African States (ECOWAS), the Common Market for East and Southern Africa (COMESA), and the Southern Africa Development Community (SADC). The CAADP process works through these regional economic communities to reach individual countries to help them formulate their respective strategies for agricultural development, and to create their unique National Agricultural Investment Plans (NAIPs). CAADP helps these countries undergo a thorough consultative process with national stakeholders, which culminates in a national roundtable and with the creation of a national compact for agricultural development. The corresponding National Agricultural Investment Plan specifies the agricultural investments that are to be made over a period of several (i.e., three to five) years, and their budgeted costs.

In addition to supporting the planning and investment process within individual countries, the CAADP agenda also supports the implementation of regional agricultural policies within the different regional agricultural communities. Similar to the process for developing the country investment plans, CAADP supports the formulation of partnership compacts at the regional level, as well as the development of their corresponding Regional Agricultural Investment Plans (RAIPs). These regional plans complement and reinforce the country plans.

### III. THE ECOWAS REGIONAL AGRICULTURAL POLICY<sup>1</sup>

In January 2005, the heads of state and government of ECOWAS adopted the Agricultural Policy for the West African Community. This policy has evolved to become the regional political framework for West Africa as well as the mechanism for implementing the CAADP program within ECOWAS.

The ECOWAS policy document established the principles and objectives for agricultural development in the West Africa region, the direction that it was expected to take, and the main lines of intervention throughout the sub-region. Its formulation was based on detailed assessments of agriculture across West Africa, its development potential, the strengths and weaknesses of agriculture in the different countries of the region, and the agricultural and food security issues and challenges facing these countries.

ECOWAP sets out a vision of a modern, sustainable agricultural sector based on family farms and private agribusinesses. Its general objective is to help meet the food needs of the region's people; to contribute to their economic and social development; and to reduce poverty and economic inequality across the region. Implementation of ECOWAP is organized around three priority areas, or axes: (1) increased food production, (2) facilitating market exchange, and (3) increased food access for vulnerable populations.

The implementation of ECOWAP is the responsibility of the ECOWAS Commission, on behalf of the heads of state and the government. Implementation is carried out by the Department of Agriculture, Environment, and Water Resources, under this department's commissioner. All the executive bodies of ECOWAP are under the direct responsibility of this department. The department reports to the commissioner for Agriculture, Environment, and Water Resources, who in turn reports to the president of the commission, the Council of Ministers, and the Heads of State and Government.

Since the adoption of ECOWAP, the ECOWAS Commission and the NEPAD Secretariat have worked together and also jointly with the ECOWAS member states to elaborate and adopt an action plan for the implementation of the regional agricultural policy. This provides the member countries with a single, unified framework for planning and intervention in the agricultural sector. In this regard, at the November 2009 Abuja Conference on Financing Regional Agricultural Policy in West Africa, the ECOWAS Commission, along with other stakeholders, adopted the Regional Partnership Compact for the Implementation of ECOWAP. This established ECOWAP as the framework for programming activities in the agricultural sector, and for coordinating international donor initiatives.

Implementation of ECOWAP is based, on the one hand, on policy reforms in the areas of external and internal trade, taxation, investment codes, regulatory frameworks, industrial and monetary policies, and information; and on the other hand, on its investment programs. The investments to be carried out under the regional compact are those specified in the Regional Agricultural Investment Plan (RAIP). Implementation of these investments will be carried out through action programs targeting six themes: (1) water management, (2) management of other shared natural resources, (3) sustainable development of farms, (4) markets and supply chains, (5) prevention and management of food crises and other natural disasters, and (6) institutional strengthening. These themes will be complemented by a new program under development that will provide an Agricultural Information System (AGRIS) to measure progress toward macro-level goals.

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<sup>1</sup> The information provided in this sections draws heavily from the ECOWAS Commission's *Detailed Note on the Institutional and Financial Mechanism for the Implementation of ECOWAP/PDDAA*, dated October 22, 2010

At the national level, the ECOWAS Commission is coordinating the preparation of National Agricultural Investment Programs (NAIPs) in all 15 member countries through the organization of national roundtables for the adoption of the investment proposals. The NAIPs are a complementary process to the establishment of the RAIP. Presently, all 15 ECOWAS member countries have completed their roundtable processes and have formulated their NAIPs. As a result, ECOWAS is considered a leader within the CAADP landscape, as the other regions have not been able to achieve similar results.

## A. Mobilizing Programs

The implementation of ECOWAP is based on the implementation of investment programs at the regional level as well as supporting certain programs carried out at the national level, across several countries. At the regional level, the mobilizing programs combine agricultural investments and public policy reforms. The regional programs complement the national agricultural investment programs.

Three main mobilizing programs were developed under the Regional Agricultural Investment Plan (RAIP). These are described as follows:

- 1) **Promotion of strategic products for food security:** The objective of this program is to support the value chains for critical products to bring about improved production systems, greater food production and rural incomes, and enhanced food security. This program is structured around two components that will be carried out sequentially:
  - a) The promotion of food commodities that contribute to food security, including millet, sorghum, maize, rice, roots and tubers, fruit and vegetables, and animal products.
  - b) The promotion of livestock production, along with their meat and milk value chains.
- 2) **Promotion of an environment favorable to regional agricultural development:** This mobilizing program works to create a business environment supportive of value chain development and improved production systems in West Africa. It has four main components:
  - a) Improving and promoting intra-regional trade in food products; support for the development of trade infrastructure for food products, and enhanced cross-border trade flows for these products throughout the ECOWAS region.
  - b) Adapting to climate change by strengthening regional research on climate change and its impacts on production systems, and by strengthening the capacity for the integrated management of shared water resources throughout the region.
  - c) Implementing and strengthening regional information systems suitable for monitoring the macroeconomic environment and agricultural policies, monitoring production systems and the food and nutritional situation, and monitoring markets and trade opportunities.
  - d) Strengthening institutional and human capacities throughout the region by supporting capacity strengthening initiatives; improving the coherence of regional policies, and improving the management of ECOWAP.
- 3) **Reduction of food vulnerability and the promotion of sustainable access to food:** The overall objective of this mobilizing program is to help ensure the supply of food to vulnerable populations and to reduce the structural vulnerability of populations in both rural and urban areas. This program is structured around five components:

- a) Defining regional safety nets for vulnerable populations, related to food access for the poorest residents in urban as well as rural areas.
- b) Developing vulnerability- and food-crisis-prevention monitoring systems; improved information and management of food risk factors; improved decision-making for crisis prevention and for targeting of interventions; strengthening the consultation and coordination mechanism for food and nutrition availability.
- c) Providing safety nets for vulnerable urban populations.
- d) Providing targeted safety nets for poor and vulnerable rural populations.
- e) Promoting regional instruments for food security.

The planned institutional framework and financing mechanism for the mobilizing programs to be carried out under the Regional Agricultural Investment Plan were adopted by the Extraordinary Session of the Council of ECOWAS ministers in charge of regional integration, agriculture, trade, economy, and finance held in Yamoussoukro, Ivory Coast on October 22, 2009. The creation of the following entities was authorized at this meeting:

- The creation of the Regional Agency for Agriculture and Food
- The creation of the Regional Fund for Agriculture and Food
- The establishment of the Inter-Departmental Committee for Agriculture and Food within the ECOWAS Commission to ensure the coherence of sectoral policies
- The strengthening of the capacities of the ECOWAS Commission's Agriculture Department to lead ECOWAP
- The establishment of an Advisory Committee for Agriculture and Food as a forum for stakeholder discussions whose members include the ECOWAS Commission, representatives of member states, the ECOWAS Parliament, professional organizations, regional cooperation organizations, and representatives of ECOWAS' technical and financial partners.

## **B. The Regional Agricultural Investment Plan**

The mobilizing programs described in the previous section will be implemented through the ECOWAP Regional Agricultural Investment Plan. The investment plan seeks to overcome the main obstacles to economic growth and food security by taking up the production challenges, the commercial challenges, and the general environment of the agricultural sector, while simultaneously confronting those challenges related to access to food. In other words, the investment plan aims to undertake structural reforms opening the way to a far-reaching transformation of agriculture in West Africa while coordinating the short-term investments needed to respond to food emergencies.

The general aim of the Regional Agricultural Investment Plan is to modernize agriculture to achieve food security and regional integration. Its main goal is to accelerate economic growth as a means for poverty reduction and a more equitable distribution of wealth, while preserving natural resources and protecting the environment. The investment plan is focused on the three following objectives: (1) the promotion of strategic products for food security and food security, (2) the promotion of an enabling environment conducive to regional agricultural development, and (3) to reduce food insecurity and promote sustainable access to food.

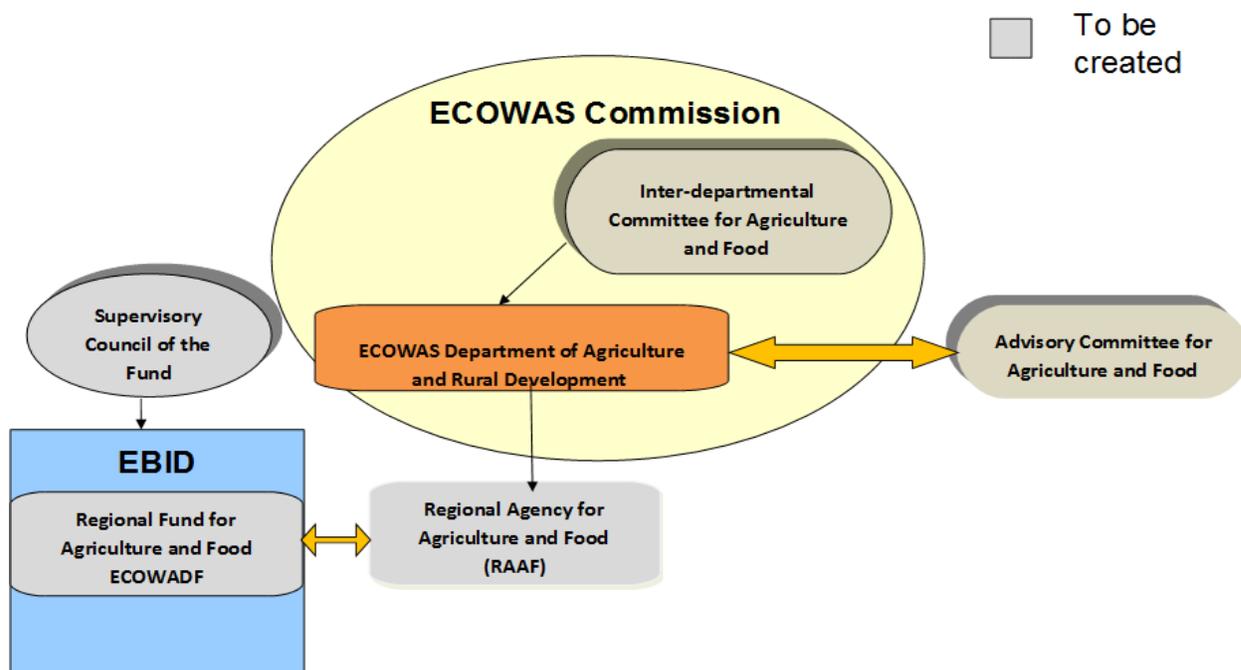
Programs that are now being developed to achieve these objectives include the following:

- 1) The promotion of strategic products for food security and food security:
  - a) Achieve sustainable improvement to agricultural productivity of family farms through subsidies for fertilizer and small equipment; establish guarantee mechanisms for input credit; strengthen input distribution networks; provide improved seed; facilitate improved crop irrigation; encourage local fertilizer production; and support policies for more secure land tenure.
  - b) Support targeted value chains for food crops by supporting networks of producer and professional associations; support intra-regional trade in food products.
  - c) Promote agro-processing and value addition of agricultural products within the region by disseminating new processing technologies and supporting product standardization and certification.
  - d) Expand the production and marketing of livestock and animal products by promoting the efficient production of livestock and the development of meat chains and by facilitating the conflict-free movement of herds through countries and across borders.
  - e) Achieve the sustainable management of marine and continental fisheries resources through improved productivity of fish farming; the sustainable management of streams and bodies of water; by securing fisheries resources; and helping to organize stakeholders to contribute to the professionalism of the industry.
- 2) The promotion of an enabling environment conducive to regional agricultural development:
  - a) Promote intra-regional trade of agricultural and food products by facilitating cross-border trade finance; help to manage the currency risk associated with cross-border trade; develop and implement regional marketing standards for agricultural and food products; carry out activities to dampen price volatility; help create regional commodity exchanges for agricultural products; work to expand regional trade flows.
  - b) Develop trade infrastructure needed for agricultural products by promoting and equipping cross-border markets.
  - c) Establish effective instruments to stimulate cross-border trade by helping to harmonize customs systems and training of customs agents; reform the Management Committee for the Common External Tariff (CET) and create a consultation mechanism for trade negotiations.
  - d) Strengthen regional research and enhance information to adapt crop production to climate change; develop methods to mitigate and adapt to the effects of climate change; develop a monitoring and information system to track the effects of climate change.
  - e) Develop insurance schemes to mitigate climate and environmental risks through feasibility studies of insurance products and pilot projects for crop insurance.
  - f) Strengthen mechanisms to monitor production systems that affect food availability and nutrition; analyze production trends for primary food items; develop a regional early warning system for food and water shortages.
  - g) Strengthen mechanisms to monitor regional trade in agricultural products by greater dissemination of information on markets and trade opportunities; analyze the performance of value chains that have regional importance.

- h) Build capacity for integrated management of shared natural resources, including cross-border forest ecosystems and water resources in major river basins.
- 3) Reduce food insecurity and promote sustainable access to food:
- a) Define intervention methods to improve access to food by the very poor, through the formulation of national strategies to promote access to food and to reduce vulnerability, and the integration of food security safety nets into national poverty reduction strategies.
  - b) Strengthen food crisis prevention and crisis management systems through better analyses of vulnerability based on household economies; consolidate nutritional monitoring systems and build national and regional capacities to capture and process primary data.
  - c) Improve crisis response skills at the national and regional levels and improve the communications between national information systems and ECOWAS decision-makers.
  - d) Support the formulation of national and regional contingency plans for managing food crises; reinforce national food stocks and create a regional emergency food stock.
  - e) Support national initiatives to create social safety nets through co-financing, harmonized eligibility criteria, and implementation protocols.
  - f) Harmonize methodologies to assess the impact of social safety nets throughout the region to capitalize on lessons learned.

### C. Operating Mechanisms for the Implementation of RAIP

As discussed above, there are a range of organizations that will be engaged in the implementation of the RAIP. However, as outlined in the chart below, at least five of these institutions are yet to be created.



## D. Five-Year Operating Cost Estimate

The cost budget for implementing ECOWAP for the first five years is shown in the following table. The total estimated cost for the five-year period is US \$898 million.

<b>Regional Agricultural Investment Plan Five-Year Operating Cost Budget</b>	
<b>Item</b>	<b>Cost, in US\$ millions</b>
<b>1. Promotion of strategic products for food security and food sovereignty</b>	
Production systems—rice, maize and cassava value chains	247.0
Livestock, meat and milk value chains	92.0
Support for the sustainable management of fisheries resources	60.0
Subtotal—Promotion of strategic products	399.0
<b>2. Promotion of an enabling environment</b>	
The business environment for agri-food	95.4
Mechanisms to help adapt to climate variability and climate change.	64.5
Information and decision support system (AGRIS)	63.9
Capacity building for regional stakeholders and institutions	59.0
Subtotal—Promotion of an enabling environment	282.8
<b>3. Reduce food insecurity and promote sustainable access to food</b>	
Harmonized framework for analyzing the structural causes of food insecurity	12.3
Systems for monitoring food insecurity and preventing food crises	53.5
Regional mechanisms to prevent food crises and reduce food insecurity	113.4
Subtotal—Reduce food insecurity and promote sustainable access to food	179.2
Management, Funding Mechanism, Monitoring and Evaluation	40.0
<b>Total Amount</b>	<b>\$898.0</b>

Source: ECOWAS Commission *ECOWAP/PDDAA Process—Regional Investment Plan for the Implementation of the Mobilizing Programs* (In-depth document) Undated

ECOWAS plans to contribute, at minimum, 15% of the cost of implementing the ECOWAP. It has budgeted an annual contribution amount of US \$30 million for this purpose, or a total contribution of US \$150 million for the first five-year period. ECOWAS anticipates that its technical and financial partners, as well as private foundations, will also make substantial contributions to the cost of implementing the ECOWAP. It has outlined three options that donors and others can use to make their contributions: (1) pooled contributions in the regional fund; (2) contributions included in the fund that are not pooled, but are managed in accordance with the principles of the regional fund; and (3) contributions mobilized outside the channel of the regional fund, as required by specific policies of the donor organizations. ECOWAS also anticipates that some of its technical and financial partners, foundations, and financial institutions will make their contributions in the form of guarantee funds.

**A word of caution:** The productivity-enhancement measures contained within the ECOWAP mobilizing programs include an incentives package that facilitates access to farm inputs and small equipment. They include (1) mechanisms for the region to co-finance national subsidy programs for inputs and equipment, (2) measures to promote input and equipment distribution channels, and (3) measures to facilitate access to finance through subsidized credit and guarantee funds designed to offset default risk, targeting producer organizations. These measures require public and private sectors, and agricultural professional organizations to coordinate their activities at regional and national levels. While ECOWAS makes a good case for providing these subsidies to the region's small farmers as a means to quickly increase agricultural productivity, there are ample lessons from past experience with agricultural subsidies throughout the region, and throughout Africa. The high cost of the subsidies—estimated to be US \$400 million over five years, shared equally between ECOWAS and the member countries—is good reason to tread carefully. USAID/WA, as an important financial and technical partner of ECOWAS, could provide a valuable service by encouraging ECOWAS to carry out the necessary analyses beforehand to determine the most effective ways to implement these policies. A misguided approach to their implementation could have disastrous consequences in terms of encouraging waste and corruption, and in suppressing private sector involvement in agricultural input supply chains.

Other regulatory instruments such as emergency food stocks are being considered as a means to enhance food security. The Regional Agricultural Investment Plan calls for the establishment of a regional stock of 50,000 tons of cereals. This stock would be amassed by tender, owned by the Community, and managed under contract by companies and the national offices responsible for managing national food stocks. In view of the substantial cost associated with establishing, maintaining, and rotating a grain reserve—as well as the skills required for technical oversight and management of the reserve (a task that ECOWAS is ill suited to perform)—USAID/WA might well consider advising ECOWAS to explore other alternatives. One option could be to encourage the construction and use of large numbers of smaller warehouses located within the grains producing areas to be owned and operated by associations of small farmers. Not only would the smaller warehouses provide *de facto* grain reserves, they would reduce post-harvest crop losses and furthermore, would enable small farmers to store their crops for sale during the counter-season and thereby realize better prices for their farm products. Furthermore, with an appropriate policy environment, these smaller warehouses could facilitate the creation of a warehouse receipts financing scheme for grains throughout the region.

A third intervention being considered under the Regional Agricultural Investment Plan calls for as-yet-undetermined measures to ameliorate the effects of excessive agricultural commodity price movement. This is yet another area where ECOWAS should exercise caution, since heavy-handed market intervention practices can become extremely costly in short order, and are often futile.

Finally, given the nature of the programs planned for implementation under ECOWAP, it appears that its primary implementing partners will be the governments of the ECOWAS member states. Despite the vision set out by ECOWAP of a modern, sustainable agricultural sector based on family farms and private agribusinesses, the role of the private sector in implementing the Regional Agricultural Investment Plan appears to be considerably muted. A careful reading of the fine print of the investment plan states that a private-sector credit facility is not contemplated under the ECOWAP; instead, commercial banks are expected to fulfill the credit needs of the small farmers. It appears that ECOWAS is missing an opportunity to use ECOWAP as an instrument to increase the availability of rural credit in West Africa.

## **E. ECOWAP Monitoring and Evaluation Facility<sup>2</sup>**

ECOWAS is now in the process of developing a comprehensive monitoring and evaluation (M&E) system for agricultural development and food security for the entire West Africa region. Its goal is to track the results of 15 National Agriculture Investment Plans (NAIPs), the Regional Agriculture Investment Plan (RAIP), and CAADP macro-level indicators. It is now planned that an apex body for M&E will be created within the ECOWAS Commission, under the Directorate of Agriculture, as a parallel organization to the proposed Regional Agency for Agriculture and Food. The new M&E unit will serve as a repository for all the M&E data that will be available from all sources. Furthermore, as the apex M&E body, this unit will consolidate and report the comprehensive performance data to all interested parties, including the Advisory Committee for Agriculture, whose members include stakeholder representatives from the ECOWAS member states.

Each country program (NAIP) will have a unique M&E system that will monitor its results and will report certain indicators to the apex unit. Similarly, monitoring and evaluation of the programs and projects directly carried out under the Regional Agricultural Investment Plan will be the responsibility of the implementing agency, the Regional Agency for Agriculture and Food. It, too, will report some of its indicators to the apex unit.

The M&E units located at the national levels as well as the regional level are planned to be supported by two technical partners: these are the Africa-wide knowledge support network with ties to the regional (ReSAKSS) and the national levels (SAKSS), and the federating network of national and regional agricultural information systems, known as AGRIS. Their contributions to the M&E process will be to help track macro-level sector performance, welfare indicators, and impact goals for the society at large. Logically, the data and information provided by the local M&E units and those sourced from the technical partners will be different in terms of aggregation and the types of indicators covered. The M&E units will track, collect, and report program-specific data on inputs, outputs, and outcomes, whereas data sourced from the two partners will be higher level and sourced from secondary sources, such as national Departments of Agriculture, the FAO, and the World Bank.

## **IV. ECOWAS AND RELATED ORGANIZATIONS**

### **A. ECOWAS**

The Economic Community Of West African States (ECOWAS) was founded in 1975 as a regional group of 15 countries to promote economic integration in all fields of economic activity, particularly industry, transport, telecommunications, energy, agriculture, natural resources, commerce, monetary and financial questions, social and cultural matters.

Since its inception, ECOWAS' activities, though broad in scope, have been limited to large extent by a lack of political will, poor management capacity, and limited funding. In addition, ECOWAS has struggled to gain legitimacy, especially among the francophone African countries that were historically more actively engaged in the West African Economic and Monetary Union (UEMOA), given their shared currency. Notable exceptions to this trend has been ECOWAS' role in peace-keeping operations within the region, especially during the protracted wars in Liberia and Sierra Leone and, more recently, its engagement in drug and arms control initiatives and agriculture.

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<sup>2</sup> This section draws heavily from the ECOWAS Commission report entitled *The Monitoring and Evaluation Framework for ECOWAP/CAADP*, dated December 2010.

In 2007, ECOWAS evolved from a secretariat to a commission with the mandate to drive regional integration at both the political and economic level. Today, there is a renewed effort and enthusiasm within ECOWAS, which is being propelled by the growing global importance of regional institutions, and large multilateral donors, who have decided to channel their funding through regional institutions to allow for more large scale impact and knowledge sharing.

## I. Structure of ECOWAS

ECOWAS is a relatively complex organization. It consists of the following layers:

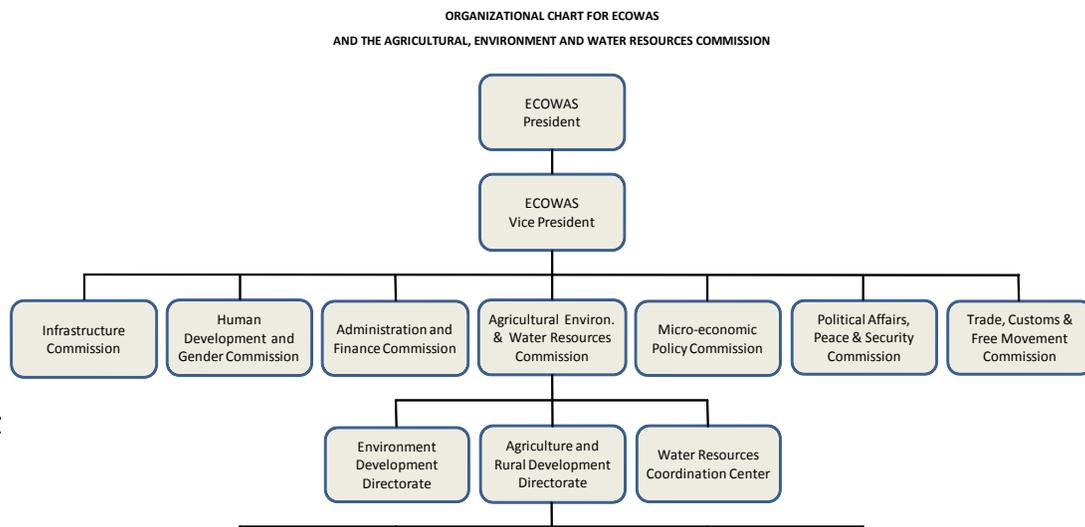
- **Conference of Heads of State and Government:** the supreme decision-making authority that meets once a year and may also hold extraordinary summits. The presidency rotates among the heads of states.
- **Council of Ministers:** The council is composed of ministers appointed by the member countries and designated in charge of ECOWAS Affairs. It is responsible for the functioning and development of the Community.
- **The Parliament:** also known as the Community Parliament, this body provides a forum for dialogue, consultation, and consensus for representatives of the people of West Africa with the aim of promoting integration.
- **The Court of Justice:** This court serves as the principal judicial organ of the Community. It ensures the respect of law and adherence to the principles of equity in the interpretation and application of the Treaty. Judgments of the court are binding on member countries.
- **Specialized Technical Committees:** these include committees on food, industry, science, technology, and energy; environment and natural resources; transport, communication, and tourism; trade, customs, taxation, statistics, currency, and payments; political, judicial, and legal matters; regional security and immigration; human resources, information, social and cultural affairs; and administration and finance.
- **ECOWAS Commission:** The commission is headed by a president appointed by the Conference of Heads of State and Government. The president of the commission is the chief executive of the Community. He/she serves for a five-year, non-renewable term and is responsible for the preparation and implementation of the decisions of the Conference of Heads of State and Government and the rules of the Council of Ministers. The president is aided by a vice-president and seven commissioners.
- **Specialized institutions:** Over the years, ECOWAS has created 12 specialized institutions. These institutions were created to implement components of the policies and frameworks agreed upon by the member states. However, the evolution of some of these centers and the choice of their locations was often unsystematic. According to a director within ECOWAS, “some of the institutions were created to fill a gap that was required at the time; some are still filling this gap, while others might have outlived their usefulness.” A list of these specialized institutions is provided in the following table:

ECOWAS Specialized Institutions	
Name of Institution	Location
ECOWAS Bank for Investment and Development (EBID)	Togo
ECOBANK	Togo
ECOWAS BROWN CARD	Togo
West African Health Organization (WAHO)	Burkina Faso
ECOWAS Youth and Sports Development Center (EYSDC)	Burkina Faso
Water Resources Coordination Unit (WRCU)	Burkina Faso
ECOWAS Gender Development Center (EGDC)	Senegal
The Inter-Governmental Action Group against Money Laundering and Terrorism Financing in West Africa (GIABA)	Senegal
The West African Power Pool (WAPP)	Benin
West African Regional Health Program (PRSAO)	Benin
West African Monetary Agency (WAMA)	Sierra Leone
West African Monetary Institute (WAMI)	Ghana

Article 80 of the ECOWAS Treaty, which outlines the relationships between ECOWAS and these institutions, defines the following boundaries of these relationships: “1) The Community shall determine the global integration policies and strategies to be adopted and define the integration objectives and programs of all the institutions of the Community. 2) The Executive Secretariat shall be responsible for harmonizing and coordinating all activities and programs of the institutions of the Community within the context of regional integration.

## 2. The ECOWAS Department of Agriculture and Rural Development

This department is charged with developing the policy framework and monitoring this framework to ensure its effective execution. This department, as shown by the following organizational chart, reports to the Commissioner of Agriculture, Environment, and Water Resources, who in turn reports to the President of the Commission. The Department is only staffed with five full-time members, and three out of these five are scheduled to retire within the year.





### 3. SWOT Analysis

The Department of Agriculture and Rural Development has considerable strengths, but, as described in the next table, is not as strong of an institution as is desirable. This table summarizes the strengths, weaknesses, opportunities, and threats (SWOT) of the Department of Agriculture and Rural Development.

<b>SWOT Analysis of ECOWAS' Department of Agriculture &amp; Rural Development</b>			
<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
History as one of the oldest RECs	Weak management capacity linked to: <ul style="list-style-type: none"> <li>• Process for appointing staff, which is more tied to politics and country-rotation systems than merit</li> </ul>	Growing interest and engagement with ECOWAP from a range of stakeholders, especially donors and international finance organizations	Donor impatience with ECOWAS' pace of implementation
ECOWAS is 82% self-funded by 5% custom-duty generated from member states; it could easily become self-sufficient and has the capacity to sustain initiatives after donor funding has dried up	<ul style="list-style-type: none"> <li>• Understaffing—with only five full-time employees and three scheduled to retire within the year</li> <li>• Limited training</li> </ul>	M&E, strategic planning, and ICT reforms have been initiated at ECOWAS Commission, with support from the development community, and has the potential to accelerate the RAIP implementation process	Continued presence of other regional groups within West Africa, especially UEMOA, CILSS, and CORAF, with diverse agendas and a desire to implement components of the RAIP
Has already committed \$30m per year over the year five years—\$150m in total—to the ECOWAP Fund	Outside of meetings, there is limited communication between departments within the commission and between the commission and institutions/member countries; no ICT infrastructure is in place to ease barriers; there is no clear communications strategy		
Evidence of momentum with progress in specific countries, via the NAIPs	No clear M&E, knowledge management, research, or strategic planning process		Continued political crises in Cote D'Ivoire, and fragile status of Guinea Bissau, Sierra Leone, Liberia, and Niger
	Limited donor and partner coordination minimizes impact of efforts		

SWOT Analysis of ECOWAS' Department of Agriculture & Rural Development			
Strengths	Weaknesses	Opportunities	Threats
	Burdened by bureaucracy and the slow pace of reforms within ECOWAS		Emergence of other agriculture funds focused on the region that target similar donors

It is important to recognize that some of the issues raised in the above table are unique to the department, although the vast majority reflects the widespread challenges facing the ECOWAS Commission and its specialized institutions. However, for the purposes of this institutional capacity assessment, we have identified five major issues that may limit this department's ability to effectively support the implementation of the RAIP as outlined below.

#### 4. Key Findings

##### **Institutional Capacity of the ECOWAS Department of Agriculture and Rural Development to Implement the RAIP**

- **Understaffed**—with only five full-time positions, and with three people set to retire within the year, the Department for Agriculture and Rural Development is severely understaffed. Unfortunately, due to the hiring freeze within ECOWAS, no new full-time employees have been recruited over the past two years. Instead, the department has opted for consultants, which has generated mixed results. Interviews with the leadership and management team indicate an urgent need to fill critical staff positions, especially in the areas of information and communications, strategic analysis/planning, bidding, procurement, project tracking, and fundraising. These positions could be at the program officer level. In addition, the two program officers in the department indicated a need to have at least two program staff in each of their units.
- **Weak capacity and limited training:** The recruitment and appointments process within ECOWAS is typically political and not merit-based, resulting in a generally weak management capability across the commission, including the Department of Agriculture. Furthermore, interviews with the staff of the department and external stakeholders revealed training needs in a range of areas, including leadership and organizational development, project design and management, proposal writing, evidence-based monitoring, evaluation and decision making, knowledge management, research and strategic planning skills, as well as critical life skills such as communications, time management, and negotiations. Within this daunting list, knowledge management and M&E appeared to be the two most pressing training needs.

Unfortunately, it appears that the ECOWAS Commission is not currently equipped to provide training via in-house systems and resources. In fact, two program officers indicated that they had not benefited from training since they joined the ECOWAS Commission in 2008.

- **Poor internal and external communications:** The Department of Agriculture and Rural Development is located in the Central Business District of Abuja, while the

ECOWAS Commission is based in the Asokoro district of Abuja. Given this physical distance and the absence of ITC infrastructure such as an intranet, communications is often difficult. Staff are often forced to physically drive to the ECOWAS Commission to attend meetings or to process administrative requests. Similarly, communications across the different commissions are constrained—especially communications with Trade, Macroeconomics, and Gender, which all have an important roles to play in the implementation of ECOWAP in general and RAIP in particular. The department also faces inordinate challenges as it attempts to interface with the CAADP focal teams engaged in the implementation of the NAIPs in the 15 ECOWAS countries. This severely affects the department's ability to provide efficient and effective support to these NAIP teams, and limits the accessibility of the team to that of only periodic in person meetings. It is important to recognize that this problem of poor communications has the potential to derail the formal implementation of RAIP, since implementation will involve cross-border communications with the Regional Agency and the Regional Fund in Lomé, as well as the 15 member countries. Furthermore, future progress on key issues such as M&E will be limited by poor communications.

- **Poor M&E:** Currently, AGRIS is still at the inception stage, and few of the SAKSS country nodes actually exist. The Regional Strategic Analysis and Knowledge Support System (ReSAKSS), heavily supported by IFPRI, is presently housed at the International Institute for Tropical Agriculture in Abuja, Nigeria. In a recent interview with the ECOWAS Director for Agriculture, the team learned that ReSAKSS will be incorporated into the ECOWAS Commission later this year. While ReSAKSS has provided technical support to establishing SAKSS nodes in Togo, Ghana, and Nigeria, only the Togo office is actually functioning. The operation of the SAKSS offices in Ghana and Nigeria, as well as opening new SAKSS nodes in the other member states, will depend on budgetary support. Presently, this support does not exist.

The capacity of the current ECOWAS M&E Department is extremely limited. The department reports to the ECOWAS Vice President and has only one professional employee. As presently structured, the M&E Department will not be capable of assuming the responsibility for the required monitoring and evaluation of ECOWAP.

Interviews with a range of stakeholders during the project reveal the need for an apex M&E unit within the Agricultural Directorate at ECOWAS. To manage this complex undertaking, a three-person team composed of a supervisor, a database manager, and a field data coordinator will be required.

- **Burdened by bureaucracy and slow pace of reforms within the ECOWAS Commission:** Many of the weaknesses that were identified within the Department of Agriculture, Environment, and Water Resources are reflective of the wider capacity challenges that ECOWAS faces. In addition, interviews with development partners and international non-government organizations (NGOs) that work with ECOWAS reveal major challenges associated with procurement, human resources, finance and accounting, M&E, strategic planning, and ICT. It is important to note that the formal legal structure for the creation of the Regional Agency for Agriculture and Food has been delayed in the ECOWAS Legal Department since November 2009.

While a range of development partners—including the EU/EC, the German Development Agency (GIZ), the Canadian International Development Agency (CIDA) and the UK's Department for International Development (DFID)—are working to address these issues through their contributions to the pool fund and by the use of imbedded international

experts, results have been slow. There are few signs that the reforms are trickling down to the Department of Agriculture or the specialized institutions such as EBID.

## 5. Donor Support to ECOWAS

Development partners have actively supported ECOWAS from inception. However, stakeholder interviews conducted as part of this project revealed specific partner engagement in the area of institutional capacity building.

**European Union (EU):** The European Union (EU), through its European Development Fund (EDF), is one of the most important donors in the ECOWAS region. The 10th EDF is now in effect for the period 2008–2013. This fund helps to strengthen regional integration and cooperation between the countries of West Africa through the establishment of the customs union and the common market, including the implementation of the CET, trade facilitation, and the modernization of the customs administration. It also supports the implementation of rules on sanitary and phytosanitary measures (SPS), technical barriers to trade (TBT), intellectual property, competition, public procurement, investment, and services. Within the framework of the EU-Africa Infrastructure Trust Fund, the EU, together with the World Bank, supports the Abidjan-Lagos Trade and Transport Facilitation Project. Via the pool fund, the EU is also a strong supporter of broad-based ECOWAS reforms, especially in the areas of administration and finance, monitoring and evaluation, information and communications technology, and strategic planning. The EU also funds a full-time technical expert embedded in ECOWAS.

**Germany:** The German Development Agency (GIZ) has supported the ECOWAS Commission since 2005. Initial support focused on four sectoral activities: (1) public finance, (2) harmonization of tax rates within the member states, (3) Aid for Trade (AfT) and the development of a new trade policy, and (4) peace and security, through its support to the ECOWAS standby force. The GIZ interventions were carried out by organizing financing workshops, providing embedded financial consultants, and engaging the services of experts.

The German Development Agency program “Strengthening ECOWAS institutional capacity through strategic management advice and technical expertise” is a €10 million program that began in 2008. It supports the commission in several fields, including organizational development, monitoring and evaluation, capacity development, technical communication issues, knowledge management, the establishment of political institutions, and regional economic integration. However, its main focus has been on M&E: under the current project, the team has introduced a results based management approach and developed a procedures manual and a program management report that will be presented to the Council of Ministers in May 2011. Other GIZ support includes the elaboration of ECOWAS’ Strategic Plan for 2007–2010 and the formulation of its Community Development Program (CDP).<sup>3</sup>

**Spain:** Spain has been a substantial supporter of ECOWAS and the ECOWAP process. In June 2009, the Spanish government pledged to provide a total of €262 million to strengthen regional integration in West Africa. A substantial part of the donation—some €150 million—was channeled through the World Bank to support the National Agricultural Investment Plans at the country level. Another €90 million is still outstanding, and most of this amount is earmarked to facilitate the implementation of ECOWAP, including providing funds to the ECOWAS Regional Fund for Agriculture and Food (ECOWADF). Another €15 million will go towards infrastructure development, specifically to supporting various ECOWAS initiatives, particularly for technical

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<sup>3</sup> The ECOWAS CDP is a regional framework for the sustainable development of ECOWAS in line with its broader Strategic Vision 2020

support for its Project Preparation and Development Unit (PPDU) and the participation of the Spanish government in the ECOWAS Fund for Infrastructure.<sup>4</sup> The capacity of the ECOWAS Renewable Energy Center will also be bolstered, with €7 million of the total amount disbursed over five years to reinforce its operating capability and enable it to attract public- and private-sector participation.

Under its support to ECOWAP, earlier this year the Spanish government provided an amount of €3 million to the Regional Office of the Food and Agricultural Organization (FAO) in Accra, which will be used to fund the startup and initial operations of the Regional Agency for Agriculture and Food. The Regional FAO Office has already initiated the process of planning for this new agency.

**United Kingdom (UK):** Great Britain contributes into a multilateral pool fund to enhance the institutional capacity of the ECOWAS Commission to implement the ECOWAP. The UK's Department for International Development (DFID) supports ECOWAS in its negotiations with the European Union to help complete the Economic Partnership Agreement between these two organizations. DFID is also implementing its Support to West African Regional Integration Program (SWARIP) that seeks to improve West Africa's regional trade performance and competitiveness. This £11 million program, which is part of DFID's Africa-wide Aid for Trade initiative, began in January 2006 and will end in May 2014.

**Canada:** The Canadian government plans to invest in strengthening the capabilities of the ECOWAS Commission, as well as supporting administrative reforms, especially in the areas of procurement, human resource management, accounting and financial procedures, information and communications technology, monitoring and evaluation, and strategic planning. The Canadian International Development Agency (CIDA) is financing a C\$20 million trade-capacity-building program known as PACT II that is being implemented by the International Trade Center (ITC) within three of Africa's main economic communities: ECOWAS, the Common Market of East and Southern Africa (COMESA), and the Economic Community of Central African States (ECCAS). This four-year program that began in July 2009 strengthens regional and national institutions to enhance the market linkages, export competitiveness, and export revenues of African small and medium enterprises (SMEs) in high-potential sectors. It also works to build regional trade capacity, and aligns trade policy within the respective Communities.

**Sweden:** Sweden contributes to activities aimed at strengthening the negotiating capacity of ECOWAS in its ongoing trade negotiations with the EU. Capacity-building activities include negotiation training, workshops, and seminars as well as the provision of long-term consultants, equipment, and studies.

**France:** France is supporting ECOWAS capacity-building activities through the pool fund and the CAADP process. The French Development Agency (AFD) is planning to initiate a new €10 million project to support food security within the Commission for Agriculture, Environment, and Water Resources. Among other activities, this project would support a Food Security Unit (whose staff would be funded by ECOWAS) by providing a resident advisor and short-term technical assistance to this unit. This unit would be responsible for developing information systems related to food security and policy analysis and for defining the AGRIS Program. AFD also plans on placing a Food Security Advisor on the staff of the Commissioner for Agriculture, Environment, and Water Resources to support the implementation of food security policies within this department.

**United States Agency for International Development (USAID):** USAID/West Africa contributes to the pool fund for capacity building of the ECOWAS Commission. USAID/West Africa also funds the West Africa Trade Hub (WATH) based in Accra, Ghana, whose main

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<sup>4</sup> The PPDU is a unit set up by ECOWAS to prepare bankable infrastructure projects to facilitate private and public sector investments.

purpose is to promote intra-regional trade as well as trade with the United States and other international markets. The objectives of WATH are to build export competitiveness as a means to enhance trade, to address constraints to trade at the firm level as well as at the policy level, to reduce non-tariff trade barriers, and to support exports in specific growth sectors. The USAID/West Africa Mission also supports the Agribusiness and Trade Promotion (ATP) program, a four-year initiative to increase the volume and value of intra-regional agricultural trade in West Africa. Much of the funding for this program comes, directly or indirectly, through USAID's Initiative to End Hunger in Africa (IEHA). At the same time, USAID/West Africa is implementing the Expanded Agribusiness and Trade Promotion (E-ATP) project, which aims to increase the value and volume of intra-regional trade in rice, millet, sorghum, and poultry staple foods in West Africa. This program works to reduce the barriers to moving agricultural and related commodities throughout the region, with an emphasis on facilitating trade in staple foods from surplus to deficit areas.

**The World Bank:** Within the agricultural sector, the World Bank supports the West Africa Agricultural Productivity Program (WAAPP), which accelerates the adoption of improved agricultural technologies as outlined in the ECOWAP. It supports the development of specialized centers for technology generation and dissemination, which also serve as regional knowledge-sharing centers. This US \$119 million project presently covers twelve ECOWAS countries and will eventually expand to cover all 15 member countries. Together with the EU, the World Bank supports the US \$258 million Abidjan-Lagos Trade and Transport Facilitation Project, whose objective is to reduce trade and transport barriers in the ports and on the roads of the Abidjan-Lagos corridor in Ghana, Togo, and Benin.

In addition, the World Bank serves as Trustee for the Global Agriculture and Food Security Program (GAFSP), a multilateral mechanism to assist in the implementation of pledges made by the G8 countries at the L'Aquila Summit in July 2009 in response to the world food crisis. The GAFSP assists strategic country-led and regional programs that result from sector-wide country or regional consultations and planning exercises such as CAADP. Within the ECOWAS member states, the GAFSP supports productivity enhancement and food security initiatives in Niger, Sierra Leone, and Togo.

**African Development Bank (AfDB):** Under its Aid for Trade initiative, the African Development Bank has scaled up its investments in infrastructure, especially in the areas of transport, energy, and information technology. Within the West African region, the Bank has financed the construction, improvement, or maintenance of roads within the development corridors between Guinea, Mali, Senegal, Burkina-Faso, and Ghana at a cost of over US\$ 280 million. Moreover, in addition to several national power projects, the Bank has financed power interconnection networks between Ghana, Togo, and Benin; Nigeria, Togo, and Benin; and Mali, Mauritania, and Senegal. Also, AfDB has financed an ECOWAS-wide telecommunications network study that cost US\$ 645,000, and has supported the development of new and the enhancement of existing facilitation instruments; the harmonization of policies, regulatory frameworks, standards and practices; and the building of institutional capacity of regional economic communities. For example, trade and transport facilitation programs have been implemented along the Nigeria-Cameroon's Bamenda-Mamfe-Abakalliki-Enugu corridor, as well as along Ghana-Burkina Faso-Mali's Tema-Ouagadougou-Bamako corridor.

## **B. The Regional Agency for Agriculture and Food**

At a joint meeting of the ECOWAS Ministers of Agriculture, Regional Integration, Commerce, Economics, and Finance held at Yamoussoukro, Ivory Coast in October 2009, the ministers decided to create a Regional Agency for Agriculture and Food (RAAF) with responsibility for

implementing the different programs of ECOWAP. Also at this meeting, the ministers decided to create a fund for the regional agricultural development of ECOWAS, known as ECOWADF. This fund will be partially covered by the Community's own resources and supplemented by contributions from donors who wish to channel their resources into regional agricultural programs that reflect the priorities of ECOWAP.

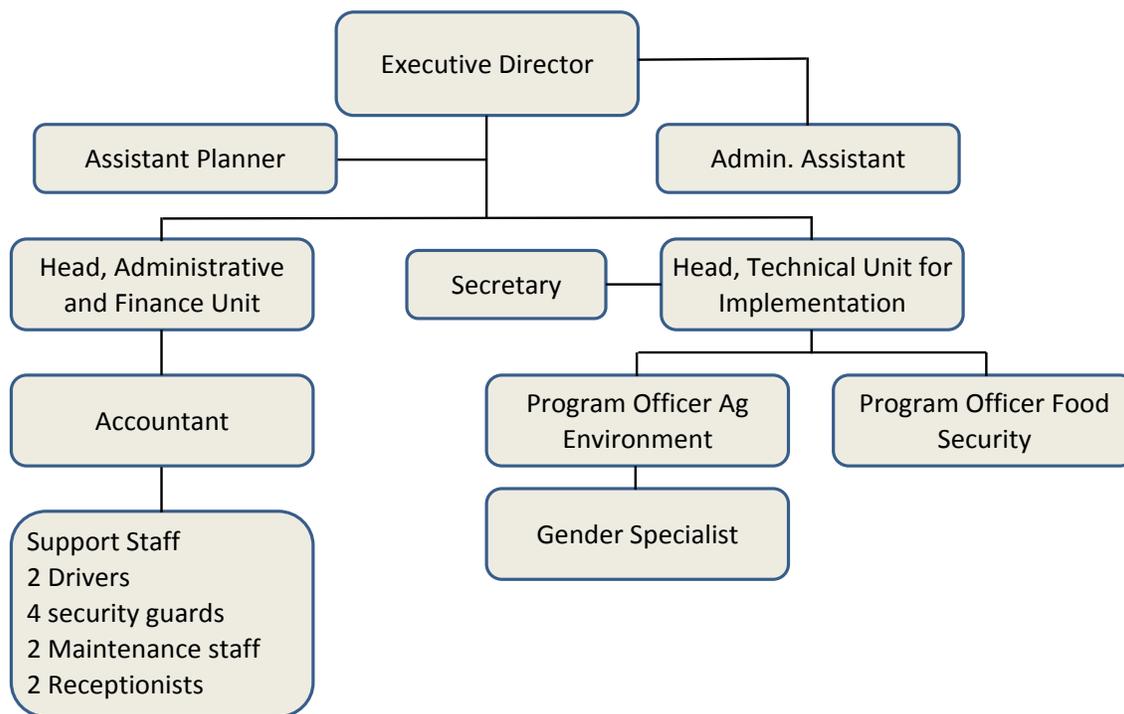
The Regional Agency for Agriculture and Food is currently being established as the means for implementing ECOWAP. It will be a technical agency, under the responsibility of the Commissioner for Agriculture, Environment, and Water Resources. It will be independent in terms of its administrative and financial management. In this role, RAFF will ensure the implementation of the Regional Investment Program that is being carried out under ECOWAP. Its legal status will be similar to that of other ECOWAS agencies: a technical agency specialized in agriculture and responsible for implementing agricultural policy. It will report to the decision-making bodies of ECOWAS through the commissioner, and ultimately to the president of the commission. It will be designed as an independent institution, housed outside the commission, but with legal, administrative, and financial procedures that conform to the requirements of ECOWAS.

The RAAF will be headed by an executive director and contain two management units: The first will be the Technical Unit for Program Implementation, and the second will be the Administrative and Financial Unit. The main function of the former unit is to coordinate the execution of investment programs under the RAIP, and to implement its policy incentives for agricultural production. The role of the Technical Unit will be to ensure the correct execution of planned activities. Its specific duties will be to ensure the sound preparation of program proposals and to monitor the activities implemented by the different service providers.

The main function of the Administrative and Financial Unit will be to administer the investment programs carried out under the responsibility of the agency and to ensure that its financial and administrative procedures comply with those of ECOWAS. The Administrative and Financial Unit will be responsible for the agency's contracting procedures and project accounting, and for compliance with the different protocols of partner institutions.

The following chart shows the planned organizational structure for the RAAF. It is noteworthy that while the agency will be responsible for monitoring and evaluation of the projects to be implemented under the RAIP, it does not appear to be adequately staffed to carry out this particular function.

## ORGANIZATIONAL CHART REGIONAL AGENCY FOR AGRICULTURE AND FOOD



### I. Operating Budget

Regional Agency for Agriculture and Food Five-Year Operating Budget		
Item	Amount, in \$US thousands	Percent of Total
Investments (vehicles and equipment)	625	6
Salaries	3,858	37
Programmatic, operating, and administrative costs	5,902	57
<b>Total</b>	<b>\$10,385</b>	<b>100%</b>

The operating budget for the Regional Agency for Agriculture and Food for its first five years is shown in the following table. Its total budget is nearly \$10.4 million, corresponding to an average cost of slightly more than US \$2 million per year.

## C. Regional Fund for Agriculture and Food

The Regional Fund for Agriculture and Food (ECOWADF) will fund the investment program to be carried out under the Regional Agricultural Investment Plan (RAIP). The ECOWAS Bank for Investment and Development (EBID) located in Lomé, Togo will manage the fund.

The creation of ECOWADF was confirmed during the international conference on the financing of agricultural policy in Abuja in November 2009, and the fund was included in the Regional Partnership Compact signed by the different parties concerned. As previously described, the current estimate of the amount of financing required to implement ECOWAP is US \$900 million over its first five-year period. Of this amount, the ECOWAS Commission has reportedly pledged to contribute US \$30 million per year to ECOWADF for the five-year period, for a total amount of US \$150 million. ECOWAS anticipates that international donors will provide the remaining amount of the required funding.

ECOWAS anticipates that most of the donor contributions will be pooled and considered as general funding for the RAIP. However, in case some of those contributing to financing the regional plan do not wish to channel their resources towards this basket fund due to their internal procedures, other means for contribution will be available. For example, funds can be earmarked for specific purposes such as infrastructure. Another funding method will be to target the funding source to specific projects to be carried out under the RAIP.

In any event, the main operating requirements of the ECOWADF are the following:

- 1) To facilitate the quick implementation of its available resources; and
- 2) To provide maximum guarantees concerning the transparency and good management of the financial resources.

ECOWADF will channel internal as well as external resources mobilized to finance regional programs under ECOWAP. It is a complementary funding mechanism to the National Agricultural Investment Programs (NAIPs) that are being established by the ECOWAS Member States.

### I. ECOWADF Supervisory Council

ECOWAS will create a Supervisory Council as the governing body of the ECOWADF fund. The council will be the main point of contact with international donors and other fund supporters, and will ensure that the use of funds is consistent with their intended purposes. The specific duties of the Supervisory Council are (1) to approve the granting of fund resources; (2) to monitor the use of funds to ensure their compliance with the rules governing ECOWADF; (3) to exercise financial oversight by appointing the auditor of the fund, and by calling for audits as required; and (4) to report on the functioning of the fund to ECOWAS' bodies, including EBID, and the fund's financial partners.

The Supervisory Council will be chaired by the Commissioner of Agriculture, Environment and Water Resources. Its members will include the following ECOWAS official and stakeholder representatives:

- a) The financial controller of the ECOWAS Commission
- b) The ECOWAS commissioner in charge of Administration and Finance
- c) The representative from the member country that holds the rotating chairperson position at ECOWAS
- d) A representative of the community of agricultural producers within ECOWAS

- e) A representative of the community of agro-processors within ECOWAS
- f) A representative of ECOWAS' technical and financial partners

## **D. ECOWAS Bank for Investment and Development**

The Community has designated the ECOWAS Bank for Investment and Development (EBID) as the financial institution to manage the regional economic development fund. EBID is the Community's regional bank for financing, investment, and development within West Africa, and its shareholders are the ECOWAS member states. EBID will manage the fund based on the policy and the priorities defined by ECOWAS. Fund management must fulfill two main requirements:

- 1) To meet the specific and diverse funding needs of regional agriculture, in a manner that complements national agricultural funding programs; and
- 2) To ensure proper funds management in a transparent manner, according to internationally recognized rules of management.

The ECOWAS Bank for Investment and Development is the financial arm of ECOWAS and has the status of an international financial institution. EBID supports the development objectives of the ECOWAS Community through public as well as private investment projects within the sub-region, and by financing special ECOWAS programs.

The treaty of May 1975 that created the Economic Community of West African States also instituted the ECOWAS Fund for Cooperation, Compensation, and Development as the financial instrument of the Community. The Fund became operational in 1979. In December 1999, the ECOWAS Heads of State and Government, its governing body, decided to transform the ECOWAS Fund into a regional holding company called ECOWAS Bank for Investment and Development (EBID) with two specialized subsidiaries: the ECOWAS Regional Development Fund (ERDF) and ECOWAS Regional Investment Bank (ERIB). The EBID Group became operational in 2003.

However, this structure proved unwieldy, stretched the management team to the limit of its capabilities, and impacted negatively on the fund's portfolio management. Consequently, in 2004 the holding company reported only a slight profit—610,000 Units of Account (UA)—and for the following two years (2005 and 2006), the group reported losses of UA 4.7 million and UA 3.9 million, respectively.<sup>5</sup> In June 2006, the Authority of Heads of State and Government decided to reorganize the bank back into a single structure. With this change in organizational structure, reinforced by internal administrative reforms, the bank has been profitable since 2007. In fact, for 2008 EBID reported extraordinary income amounting to UA 46.5 million, derived from the sale of shares in the commercial bank, Ecobank Transnational, Inc. (ETI), which EBID was instrumental in creating. The sale of shares helped to place EBID back on a sound financial footing.

Today, EBID is a single bank with two windows, one for the promotion of the private sector and the other for the development of the public sector. EBID's primary objective is to support the economic development of West Africa by financing programs and projects sponsored by ECOWAS and its member states. Its focus is on projects related to industry, energy, transport, and telecommunications, and on programs supporting poverty alleviation, limiting environmental degradation, and promoting the responsible use of natural resources. In the public sector it gives priority to basic economic infrastructure projects, while in the private sector its emphasis is on

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<sup>5</sup> A Unit of Account is equivalent to a Special Drawing Right (SDR) of the International Monetary Fund (IMF). As of December 31, 2009, UA 1.00 was equivalent to US \$1.568.

investments that improve quality and competitiveness, and the diversification of industry and services.

**Loan operations:** The bank’s loan policy specifies the following limits per loan operation:

- a) Minimum amount of UAI million;
- b) Maximum amount of UAI0 million for national projects;
- c) Maximum amount of UAI5 million for regional projects.

EBID charges interest rates that depend on the type of project and its projected profitability. Annual interest rates for public sector projects vary between 1.5% and 4%, whereas interest rates for private sector projects vary between 6.5% and 12% per annum. Additionally, EBID charges a loan commitment fee that varies between 0.5% and 0.75% per annum.<sup>6</sup> An additional charge, a “fee for commitment by signature” that varies from 1.2% to 3% per annum, is also required. Furthermore, a document processing fee of 1% flat rate is charged. Other fees are negotiated on a case-by-case basis.

**Organization:** The highest decision-making body at EBID is its Board of Governors, composed of the finance ministers of the ECOWAS member states. The Board of Directors is responsible for the general operations of the bank. It is composed of eight representatives from the fifteen member states. The president is responsible for the day-to-day management of the bank. Two vice presidents—one responsible for finance and corporate services and the other responsible for operations—report to the president. A copy of the EBID organizational chart is shown in Annex A.

**Capitalization:** The following table summarizes the bank’s capitalization as of December 31, 2009. The authorized capital of EBID is 603 million Units of Account, equivalent to US \$945.4 million. ECOWAS member states have subscribed to 70% of the authorized capital (US \$661.8 million), while 30% has been offered for subscription by non-regional members. However, as of the end of 2009, only regional shareholders had subscribed to EBID’s capital offering. Furthermore, as shown by the table below, as of December 31, 2009, only US \$193.6 million, or 29% of the subscribed capital amount, had actually been paid by the member states. The remaining amount of unpaid capital was either pending or in arrears by the member states on the indicated date.

<b>EBID’s Capital Situation as of December 31, 2009<sup>7</sup></b>	
<b>Share Capital</b>	<b>Amount, in \$US millions</b>
Authorized capital	945.4
Subscribed capital	661.8
Called up capital	231.6
Paid up capital	193.6
Amount in arrears	37.9
Callable capital	430.0

<sup>6</sup> Lenders normally charge a commitment fee (ranging generally from 0.5% to 2.5% of the loan amount) for giving a written commitment that a specified amount of loan will be made available to the named borrower at a certain interest rate, during a certain period and for a certain purpose.

<sup>7</sup>The authorized capital of a company is the maximum amount of share capital that the company is authorized by its constitutional documents to issue to shareholders. Subscribed capital is the value of shares for which investors have committed to purchase. Called-up capital is the value of the issued shares that have remained unpaid and whose holders have now been called upon to pay the balance. Paid-up capital is the amount of money that has been received by shareholders who have completely paid for their purchased shares. The amount in arrears refers to the part of a debt that is overdue after missing one or more required payments. Callable capital is that part of a company’s capital from the sale of stock for which the company has not yet received payment

## EBID's Capital Situation as of December 31, 2009<sup>7</sup>

Share Capital	Amount, in \$US millions
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Source: *EBID Financial Report*, January 1, 2004–December 31, 2009

**Loan portfolio:** During its first six years of operations, between January 1, 2004, and December 31, 2009, EBID's Board of Directors approved nearly 100 financial interventions amounting to US \$988 million. The different categories of these approved projects are shown below:

### Financial Interventions Approved by EBID's Board of Directors During its First Six Years 2004–2009

Type of Intervention	Area of Intervention	Quantity	Amount, in \$US millions
Loan	Infrastructure	45	525.8
Loan	Rural Development	2	5.3
Loan	Industry	15	142.3
Loan	Services	11	78.8
Loan	Social	4	48.1
<b>Total Loans</b>		<b>77</b>	<b>800.5</b>
<b>Equity</b>	<b>Services</b>	<b>9</b>	<b>22.0</b>
Guarantee	Infrastructure	7	115.4
Guarantee	Industry	4	50.7
<b>Total Guarantees</b>		<b>11</b>	<b>166.0</b>
<b>Total General</b>		<b>97</b>	<b>988.5</b>

Source: *EBID Financial Report*, 1 January 2004—31 December 2009

Although the above table does not identify projects that are related to the agricultural sector, a careful review of EBID's cumulative project portfolio reveals that only a limited number of the bank's financial interventions actually benefit private agricultural investments in the ECOWAS sub-region.<sup>8</sup> Of a cumulative portfolio of 124 projects valued at US \$1.14 billion, only eight loan projects valued at US \$68 million support private agriculture. These agricultural projects are shown in the following table:

### Portfolio of EBID's Private Sector Agricultural Projects as of May 31, 2010

Country	Type	Description	Amount, in US\$ millions
Benin	Loan	Partial financing palm oil extraction and refinery plant	11.0
Burkina Faso	Loan	Partial financing Liptato-Gourma livestock project	2.8
Ivory Coast	Loan	Partial financing of Dekel oil palm oil project	10.6
Ghana	Loan	AMASA agro-processing project	2.7
Ghana	Loan	Partial financing of the biodiesel, glycerin, and organic fertilizer project	32.5
Guinea	Loan	Partial financing of Famoila cattle development project	2.6
Mali	Loan	Partial financing Liptato-Gourma livestock project	2.8

<sup>8</sup>As described in the *Project portfolio of EBID as at 31 May 2010* available on the EBID Website at <http://www.bidc-ebid.org/en/index.php>

<b>Portfolio of EBID's Private Sector Agricultural Projects as of May 31, 2010</b>			
<b>Country</b>	<b>Type</b>	<b>Description</b>	<b>Amount, in US\$ millions</b>
Mali	Loan	Partial financing of Les Moulins du Sahel flour mill	3.2
<b>Total</b>			<b>\$ 68.2</b>

## **1. International Banking Relations**

Earlier this year, EBID and the OPEC Fund for International Development (OFID) signed a line of credit agreement for US \$10 million to support EBID's newly launched trade finance activities and to assist the bank in increasing its trade exposure. The line of credit will also increase the amount of funding available for private importers and exporters within ECOWAS member countries.

In addition, EBID has maintained a line of credit with Eximbank India since 2006. The first credit amount was for US \$250 million, which has enabled EBID to finance 13 large infrastructure projects in ECOWAS member states. In November 2010, the two banks agreed to increase the line of credit by an additional US \$250 million, which brings the total amount that India has made available to EBID to finance infrastructure in ECOWAS countries to US \$500 million.

## **2. International Fund Management**

EBID is presently managing three investment funds on behalf of international partners. These are the Special Fund for Telecommunications, the Cultural Industries Guarantee Fund, and the African Biofuels and Renewable Energy Fund.

EBID manages the Special Fund for Telecommunications (SFT), whose function is to support telecommunications infrastructure in member countries. At the end of 2009 (the latest data available) the value of this fund was UA 19.3 million. The 2009 income statement showed a profit for the year of UA 960,000.

The Cultural Industries Guarantee Fund (CIGF) was created in 2003 under the initiative of the Organization of French Speaking Countries (Organisation Internationale de la Francophonie—OIF). This fund provides loan guarantees up to 80% of loan value to cultural enterprises located in West African countries that are members of ECOWAS and OIF. This enables cultural industries such as film, print media, radio, and television to access financing from commercial banks. At the end of 2009, the CIGF had provided loan guarantees amounting to CFA Francs 390 million, or less than US \$1 million.

The African Biofuels and Renewable Energy Fund (ABREF) is a joint initiative between the United Nations Conference on Trade and Development (UNCTAD) and EBID. This fund focuses on financing renewable energy projects. It is composed of an investment fund and a technical assistance facility. EBID has invested US \$200,000 in the equity capital of ABREF. As of the end of 2009, the amount of subscribed capital with this fund amounted to US \$2 million. At the end of 2010, the amount of pledged capital was US \$100 million.

### 3. International Donor Support

In January 2011, the French Development Agency (AFD) approved a grant to EBID in the amount of €500,000 to strengthen EBID's capacity in risk management and monitoring, anti-money laundering and anti-terrorist financing, and socially and environmentally responsible banking practices. AFD and EBID are presently working out the details of this support.

### 4. Key Findings

A detailed review of EBID's loan portfolio, its equity investments, and its bank guarantees as described in its portfolio document leads to the following findings and conclusions:

- 1) The experience of EBID's management team in managing agricultural projects—public, as well as private—is extremely limited. Based on the information in the above table, less than 6% of its total portfolio amount is placed with private agricultural projects.
- 2) In almost all cases, EBID partially finances larger projects in collaboration with other financial institutions. This implies that EBID plays a secondary role to other banking institutions, thereby deferring the primary responsibility to others for due diligence and conducting the analyses required to complete the project cycle, including identification, preparation, approval, and implementation.
- 3) As described earlier, EBID's minimum loan amount is fairly small—only UA 1 million. This lower limit implies that EBID could make a substantial impact by financing large numbers of small- to medium-scale agribusiness projects throughout the ECOWAS region. However, as shown by the above table, the total number of financial interventions the bank made during its first six years of operation (2004–2009) is fewer than 100, which seems quite limited.

These observations were generally confirmed by the assessment team's visit to the bank in Lomé, where we interviewed senior officials in its Operations Department, as well as those from Corporate Services. Furthermore, the team interviewed two previous members of EBID's senior staff who are no longer employed by the bank. Our conclusions from these discussions are summarized as follows:

- 1) The bank's technical staff that would be involved in agricultural and agribusiness projects—including their identification, assessment, and monitoring—will require substantial training and strengthening of their capabilities to effectively perform their functions. In the meantime, while the required strengthening takes place, it will likely be necessary to bring in an experienced, senior agribusiness executive from outside the bank, and use this person for a specified period of time for fund management and to oversee staff training.
- 2) The bank's information technology (IT) systems are outmoded. The information processing systems now in place are 10–12 years old and are only capable of providing basic functions. For example, project management, monitoring, and control are based on simple Excel spreadsheets. EBID's SWIFT information system for funds transfers is part of the Ecobank (a private, commercial bank) network, and in terms of its information capability EBID is equivalent to one of Ecobank's branch banks.<sup>9</sup> In 2010, EBID's Board of Directors authorized a “gradual” upgrading of the bank's information network, but since its information system is fully integrated, a gradual improvement is not possible the entire information system must be

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<sup>9</sup> The Society for Worldwide Interbank Financial Telecommunication (“SWIFT”) operates a worldwide financial messaging network that exchanges messages and facilitates funds transfers among banks and other financial institutions.

changed at the same time. The bank's IT Department is now in the process of modernizing its computer hardware, but improvements to its software systems are lagging.

The previous employees whom the team interviewed expressed doubt as to the capabilities of the present bank staff to effectively manage the Regional Fund for Agriculture and Food. For example, they mentioned operating deficiencies in the bank's Special Fund for Telecommunications (SFT), which is tasked with financing the telecommunications infrastructure of member states. The SFT has apparently been relatively inactive little movement for a long period of time, and has suffered operating losses in the past. They recommend that EBID's role in fund management be limited to that of funds disbursement under the authorization and direction of a separate entity. In their opinion, if a limited management role for EBID is not suitable, then they strongly suggest that the capabilities of the bank staff be substantially reinforced.

## 5. EBID SWOT Analysis

The results of the team's analysis of the ECOWAS bank's strengths, weaknesses, opportunities, and threats (SWOT) are provided in the following table.

<b>ECOWAS Bank for Investment and Development</b>			
<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• EBID is an international financial institution created by ECOWAS and, as such, enjoys the support of the Community</li> <li>• EBID operates in the ECOWAS region, which encompasses the 15 ECOWAS member states. The ECOWAS market is expanding with enormous potential for development projects financing.</li> <li>• EBID operates in accordance with international norms and offers a suitable and safe framework for investments. It has significant traction with raising funds from diverse sources, including India and South Africa.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited management capacity</li> <li>• Limited experience with financing agricultural projects</li> <li>• Limited funds management and funds disbursement experience</li> <li>• No clear M&amp;E, knowledge management, research, or strategic planning process</li> <li>• Weak ICT facility</li> </ul>	<ul style="list-style-type: none"> <li>• Growing interest and engagement with EBID from a range of stakeholders, especially international donors and international financial organizations</li> <li>• Communications and ICT reforms have been initiated, which may benefit the ECOWAP implementation institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Success of other regional financial institutions, including BOAD and AfDB, and national financing agencies which can easily displace EBID</li> <li>• Emergence of international funds with similar mandates, including the World Bank's agriculture-focused funds</li> </ul>

## E. Advisory Committee on Agriculture and Food

The Advisory Committee on Agriculture and Food forms part of the institutional framework that was authorized at the October 2009 Yamoussoukro conference that laid the groundwork for the

Regional Agricultural Investment Plan. Its main purpose is to provide a forum and an operating structure for the partnership arrangements that were initiated during the process of developing the regional agriculture policy, ECOWAP. This committee will only act in an advisory capacity, without decision-making authority. It will serve as sounding board for stakeholders, and will channel advice and input from stakeholders to the ECOWAS commissioners related to ECOWAP implementation. Advice and comment will be provided by the committee on issues such as the RAAF agency's annual operating plans and budgets, ECOWADF's financial results, and the general monitoring of the RAIP. It is further planned that the committee will serve as a forum for dialogue on stakeholder initiatives.

Committee members will represent the following groups:

- 1) ECOWAS organizations—representatives of the ECOWAS Parliament, the commissioner for Agriculture, Environment, and Water Resources, and the director for Agriculture, Environment, and Water Resources
- 2) ECOWAS member states—representatives of the Ministries of Agriculture and other government organizations involved with CAADP and the National Agriculture Investment Plans.
- 3) Regional organizations—representatives from the Permanent Interstate Committee for drought control in the Sahel (CILSS); the West Africa Economic and Monetary Union (WAEMU); the West and Central African Council for Agricultural Research and Development (CORAF); the Africa Rice Center (WARDA); the International Institute for Tropical Agriculture (IITA); the Conference of Ministers of Agriculture of West and Central Africa (CMA/AOC); and the Rural Hub Organization.
- 4) Donors—representatives from the Donor's Coordination Group involved with ECOWAS
- 5) NGOs—representatives from NGOs engaged in agricultural development
- 6) Others—other organizations may receive special invitations to attend committee meetings on special issues

The advisory committee will meet at least once yearly or more frequently if called by the president.

## **F. The Inter-Departmental Committee for Agriculture and Food**

This committee was also created at the 2009 Yamoussoukro conference. It will serve as a liaison between the agricultural development activities within ECOWAS and those involved in other sectors, such as trade, import duties and taxes, infrastructure investments, and emergency responses to regional crises. The committee is being established to ensure consistency between agricultural policies and those of other sectors, and will serve to facilitate effective communications between agriculture and other interest groups.

This committee will be chaired by the vice president of the ECOWAS Commission. The Commission for Agriculture, Environment, and Water Resources will function as the Secretariat for the committee.

In addition to the vice president of the ECOWAS Commission, the committee members will include the following individuals:

- a) The commissioner in charge of agriculture
- b) The commissioner in charge of macro-economics

- c) The commissioner in charge of trade
- d) The commissioner in charge of infrastructure and energy
- e) The commissioner in charge of human development and gender

The committee will meet twice annually and more frequently if called by any member.

## V. SPECTRUM OF POTENTIAL USAID INTERVENTIONS

Based on extensive discussions with stakeholders within ECOWAS, EBID, and across the development community, the team generated a wide range of potential intervention opportunities for USAID to consider. These ideas attempt to fill the institutional capacity gaps that were identified in earlier sections of this document, as well as to increase the effectiveness and impact of the ECOWAP and RAIP implementation processes.

### A. ECOWAS Department of Agriculture and Rural Development

There are at least six potential intervention opportunities for USAID to consider as it evaluates the form of support that it could provide to the ECOWAS Department of Agriculture and Rural Development. These intervention opportunities range in cost from US \$100,000 to a US \$1 million for a five-year period.

<b>USAID Intervention Opportunities ECOWAS Department of Agriculture and Rural Development</b>		
<b>Potential USAID intervention</b>	<b>Rough estimates of average costs per year, in US\$</b>	<b>Cumulative cost—five years, in US\$</b>
Fund critical staff positions, especially information and communications, strategic analysis/planning, bidding, procurement, project tracking, and fundraising	\$70,000–\$80,000 per position	\$350,000–\$400,000 per position
Establish an M&E unit, including funding staff, software and equipment required for the implementation of comprehensive M&E and the launch of AGRIS	\$300,000–\$500,000—one-time cost for software, infrastructure and training; \$100,000 for staffing per year	\$800,000–\$1,000,000
Create and fund a pool of technical experts to support the department	\$200,000—will vary depending on whether they are local or international experts and the focus/duration of their engagement—assumes \$500 per day, 40 days per year	\$1,000,000
Invest in ICT infrastructure, software, and training to improve the communication between the	\$500,000 one-time; However, actual cost will depend on the ability to sync diverse systems, and	\$500,000

<b>USAID Intervention Opportunities ECOWAS Department of Agriculture and Rural Development</b>		
<b>Potential USAID intervention</b>	<b>Rough estimates of average costs per year, in US\$</b>	<b>Cumulative cost—five years, in US\$</b>
department, the commission, the agency, and CAADP focal points	the costs associated with developing an Intranet, and accessing the Internet in each of the locations	
Provide focused training on fundraising, project diagnostic, M&E, grants management, project management, asset management, communications, leadership and management, ICT, knowledge management, etc., and conduct TOT for local universities to ensure ongoing training capabilities (a training initiative could be offered across the three entities)	\$50,000—depending on ability to incorporate into Africa LEAD or to find local partners to provide the training	\$250,000
Support the creation of a research unit to inform policy making	\$100,000—one-time cost provides a consultant to establish knowledge management system and software for electronic library	\$100,000

It is important to recognize that during the team interviews, when encouraged to prioritize among the spectrum of intervention opportunities, Dr. Riu Silva, the director of the Department of Agriculture and Rural Development, prioritized the creation of two new program officer positions—Monitoring and Evaluation and Information/Communication, as the most important contribution that USAID could make in the short term.

## **B. Regional Agency for Agriculture and Food**

There are at least five potential intervention opportunities for USAID to consider as it evaluates the form of support that it could provide to the Regional Agency for Agriculture and Food. These intervention opportunities range in cost from \$116,000 to six million dollars for a five-year period. The two intervention opportunities listed below could be shared between agencies.

<b>USAID Intervention Opportunities Regional Agency for Agriculture and Food</b>		
<b>Potential USAID intervention</b>	<b>Rough estimates of average costs per year, in US\$</b>	<b>Cumulative cost—five years, in US\$</b>
Contribute core funding support—cash or in-kind—to enable the launch of the agency and to cover its operations for the first five years	\$1,200,000 per year based on budget estimates for RAAF	\$6,000,000.00

<b>USAID Intervention Opportunities Regional Agency for Agriculture and Food</b>		
<b>Potential USAID intervention</b>	<b>Rough estimates of average costs per year, in US\$</b>	<b>Cumulative cost—five years, in US\$</b>
Hire a respected regional firm to conduct a transparent recruitment process for the staff	\$116,000—assumes a one-time charge of 15% of total annual salaries	\$116,000.00
Support the development and implementation of grant and loan management software and training on software usage (could be shared with EBID/ECOWADF)	\$300,00—500,000 one-time cost for software, infrastructure and training; \$100,000 for staffing per year	\$800,000—\$1,000,000
Support the development and implementation of a strong communications strategy for the agency, including a website, publications etc.	\$125,000—one-time cost estimate	\$125,000
Provide focused training on fundraising, project diagnostic, M&E, grants management, project management, asset management, communications, leadership management, ICT, and knowledge management; conduct TOT for local universities to ensure ongoing training capabilities in the region (training initiative could be offered across the three entities).	\$50,000—depending on ability to incorporate into Africa LEAD or to find local partners to provide the training	\$250,000

### **C. ECOWAS Bank for Investment and Development**

There are at least five potential intervention opportunities for USAID to consider as it evaluates the form of support that it could provide to EBID to strengthen its capability to implement the ECOWADF. These intervention opportunities range in cost from \$50,000 to \$1 million for a five-year period.

<b>USAID Intervention Opportunities ECOWAS Bank for Investment and Development</b>		
<b>Potential USAID intervention</b>	<b>Rough estimates of average costs per year, in US\$</b>	<b>Cumulative cost—five years, in US\$</b>
Fund critical staff positions, including an agribusiness manager	\$150,000 per position	\$750,000

USAID Intervention Opportunities ECOWAS Bank for Investment and Development		
Potential USAID intervention	Rough estimates of average costs per year, in US\$	Cumulative cost—five years, in US\$
Support the development and implementation of grant and loan management software and training on software usage (could be shared with RAAF)	\$300,00–500,00—one-time cost for software, infrastructure and training; \$100,000 for staffing per year	\$800,000–\$1,000,000
Fund a short-term consultant to establish a knowledge management system within the Bank	\$50,000—one-time cost	\$50,000
Provide focused training on fundraising, project diagnostic, M&E, grants management, project management, asset management, communications, leadership and management, ICT, knowledge management, etc., and conduct TOT for local universities to ensure ongoing training capabilities in the region (training initiative could be offered across the three entities)	\$50,000—depending on ability to incorporate into Africa LEAD or to find local partners to provide the training	\$250,000

## VI. RECOMMENDATIONS

The team’s recommendations to USAID/WA for support to ECOWAS and its related institutions under its Feed the Future Initiative are outlined in this section. In light of the serious capacity gaps that exist within the different institutions that will be involved in implementing the ECOWAP, the team utilized four major criteria for assessing possible interventions by the USAID/West Africa Mission.

- **The alignment with USAID’s Feed the Future goals:** FTF’s focus on enhancing food security by eliminating the root causes of poverty and hunger is aligned with the RAIP. However, given FTF’s focus on direct impact on food security, there may be a stronger case for supporting implementation agencies such as the Regional Agency for Agriculture and Food and the ECOWADF ahead of the other related ECOWAS institutions.
- **The potential impact on the implementation of RAIP:** While it might be difficult to attempt to quantify the impact of each of the interventions outlined above on RAIP, our field interviews suggest some sense of urgency for the specific ideas and provide some indication as to which opportunities would generate more value for money. For example, the critical understaffing and succession challenges at the ECOWAS Department of Agriculture and Rural Development suggest an urgent need to support the launch of RAIP within the next three to four months. In addition, the department needs additional staff resources and tools, especially in the areas of monitoring and evaluation and information/communication, to effectively support the implementation of RAIP. Similarly, given that EBID staff currently use Microsoft Excel for managing their loans, it is clear that

the RAAF and ECOWADF cannot effectively function without loan/grant management software. These two examples suggest that targeted interventions could generate significant impact.

- **The engagement of other development partners:** As noted above, there are a growing number of international agencies that are committed to supporting the implementation of ECOWAP. To date, Spain and AFD have allocated funding for specific intervention approaches, whereas Spain is providing funding to FAO to launch the RAAF, and AFD is providing two technical experts to support the Department of Agriculture and Rural Development. In addition, EU/EC, CIDA, GIZ, and DFID are engaged in broad-based institutional strengthening initiatives across the ECOWAS Commission. In the spirit of donor cooperation, USAID should consider partnering with existing agencies such as Spain or entering a niche area, which no other donor currently plans on filling. Regardless of the selected approach, in order to ensure effective coordination and maximum impact it is imperative that USAID constantly engage other development partners and provide them with regular updates. It is also important to note that all the development partners contacted during this assessment expressed a strong desire to learn more about the outcome of the assessment and USAID's plans for the future.
- **ECOWAS' ability to fill the gap without external support:** As outlined above, ECOWAS is largely self-funded, and has the financial muscle to cover majority of its operating expenses. However, given the bureaucratic decision-making processes, approving and allocating funds is usually a prolonged process. For example, according to our field interviews, it sometimes takes up to two years to fill a vacant position within ECOWAS, in spite of available funding. As a result, USAID should only intervene in situations where an initiative is not already included within ECOWAS' operating budget, and where its intervention could expedite the implementation process or serve as a stopgap until ECOWAS is ready to step in. It is also important to note that all the external stakeholders that were consultant as part of this project underscored the importance of buy-in from ECOWAS in order to ensure long-term sustainability and continued funding, especially after USAID's engagement has formally ended.

Our recommendations in priority order are shown in the following table. The first recommendation is to complement the funding provided by the Spanish government to ensure the operation of the Regional Agency for Agriculture and Food for a full five-year period. The amount of US \$6 million will complement the amount provided to the FAO by the government of Spain.

Our recommendation for the second intervention is to fund the apex M&E Unit at the Department of Agriculture, Environment, and Water Resources. This is an integral part of ECOWAP, and ECOWAS does not have the capacity to fulfill this requirement alone. The M&E unit should be largely self-contained at the commission, and its operations should be quite responsive to USAID. A rough estimate of US \$1 million will be required to operate this unit for a five-year period.

The team's third recommendation is to provide professional and administrative skills training at all three organizational units: the Regional Agency, the ECOWAS Department of Agriculture, and the ECOWAS Bank. Suggested training topics include fundraising, monitoring and evaluation, grants management, project management, knowledge management, asset management, communications, leadership, and ICT services. The approximate cost of this training, including training of trainers, would amount to approximately US \$500,000 for a five-year period.

Our fourth recommendation is to support the required investment in ICT infrastructure, software, and training to ensure effective communications among all parties involved in

implementing the ECOWAP, including the regional and national agricultural investment plans. A rough cost estimate for this effort for the five-year period is US \$500,000

Our final recommendation is to support the development and implementation of grant and loan management software and training on software usage to be used jointly by the Regional Agency for Agriculture and Food, and the ECOWAS Bank for Investment and Development. The approximate cost of this intervention would be US \$200,000.

<b>Recommended USAID Support to ECOWAS and its Related Institutions</b>		
<b>Priority</b>	<b>Intervention</b>	<b>Estimated Cost (\$000)</b>
1	Provide core funding support for the Regional Agency for Agriculture and Food in partnership with Spain	6,000
2	Establish the M&E unit within the ECOWAS Department of Agriculture, including funding the staff, software, and equipment required for the implementation of comprehensive M&E and the launch of AGRIS	1,000
3	Support focused training and training of trainer (TOT) efforts at ECOWAS Department of Agriculture, the Regional Agency for Agriculture and Food, and the ECOWAS Bank for Investment and Development	500
4	Invest in ICT infrastructure, software, and training to improve the communication between the department, the commission, RAAF, EBID, and CAADP focal points in the countries	500
5	Support the development and implementation of grant- and loan-management software and training on software usage for RAAF and EBID	200
	Total	8,200

## **VII. AFTERWORD**

Given the objectives of USAID’s Feed the Future Initiative, ECOWAP/RAIP provides a highly strategic medium for engagement and impact. However, in light of the significant institutional capacity gaps within ECOWAS and its implementing agencies, as underscored throughout this document, USAID will need to purposefully ensure that its limited funds generate the most value.

The five recommended intervention opportunities for institutional capacity building, valued at \$8.2m would definitely increase the effectiveness and efficiency of the RAIP implementation process. More specifically, they would ensure the launch and implementation of the RAIP through the Regional Agency for Food and Agriculture, and would also enable effective measurement and evaluation, communications and ICT support as well as training for the ECOWAS Department of Agriculture, the Regional Agency for Food and Agriculture and EBID.

Regardless of whether USAID decides to support all five recommended interventions or fewer, it is imperative that the Agency fully engages other committed funding organizations to ensure

effective coordination, to generate internal buy-in within ECOWAS and EBID, and to build upon existing initiatives and structures to ensure local ownership and long-term sustainability.

## VIII.ANNEX

**ANNEX A. ORGANIZATIONAL CHART ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT**

ORGANIZATIONAL CHART FOR THE ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT

