

## Chapter 6

# Public policies for productive transformation in West Africa

This chapter examines the public policies for productive transformation in the 15 countries of West Africa. Despite sustained growth and progress in advancing regional integration, West African countries remain at a competitive disadvantage. The chapter starts by examining productive structures via the dynamics of macroeconomic aggregates as well as West Africa's integration into world markets. It highlights sectors in which these countries possess a latent or revealed specialisation advantage and it identifies opportunities for expanding the industrial and manufacturing sectors, to leverage better inter-state complementarities. Lastly, this chapter proposes public policy areas that could aid the region's productive transformation.

# BRIEF IN

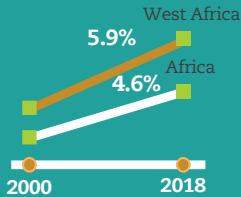
For over a decade, high GDP growth rates in West Africa have not translated into real productive transformation. The 15 countries of the region – large exporters of unprocessed raw materials – lag behind in terms of industrialisation, competitiveness and moving up the value chain. Despite having made progress on financial and macroeconomic integration, results in terms of **innovation** and overall **competitiveness** remain muted or even negative in the majority of countries. This also applies for other indicators such as industrialisation, the share of high and medium-tech products in overall manufacturing value added, or the share of manufactured products in total exports. An examination of revealed comparative advantage (RCA) confirms that the majority of West African countries specialise in primary resources that are exported unprocessed.

Five strategic policies are proposed to accelerate the productive transformation of raw materials in situ: a strengthening of **regional complementarities**, improving entrepreneurial innovation, facilitating **access to markets**, rationalising tax policy (national and regional), and ensuring better access to energy and land.

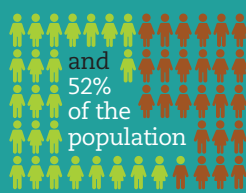
# Public policies for productive transformation in West Africa

## Growth

West Africa is the fastest growing region in the continent

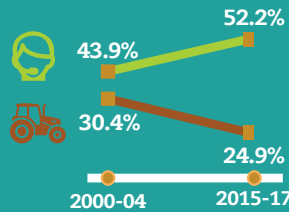


Nigeria represents 77% of the regional GDP

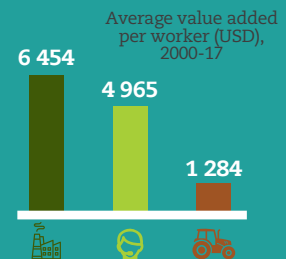


## Structure of the economy

The share of services in GDP has been rising, compared to agriculture



Worker productivity is highest in industry

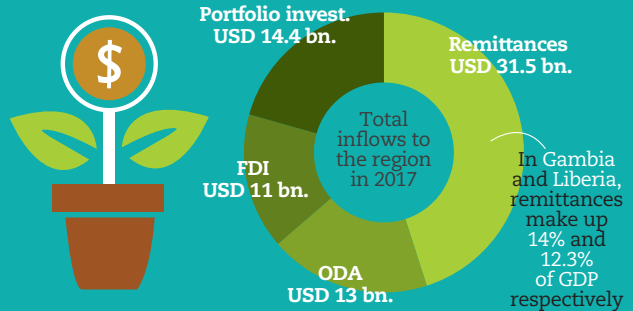


## Trade

Export diversification remains low

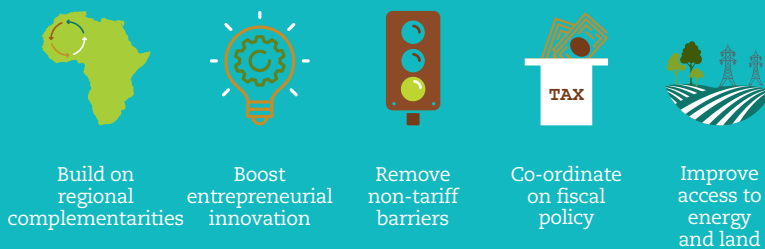


## Financial inflows



## Regional strategies for productive transformation

Five strategies for West Africa



Potential value chains in the region



## West Africa regional profile

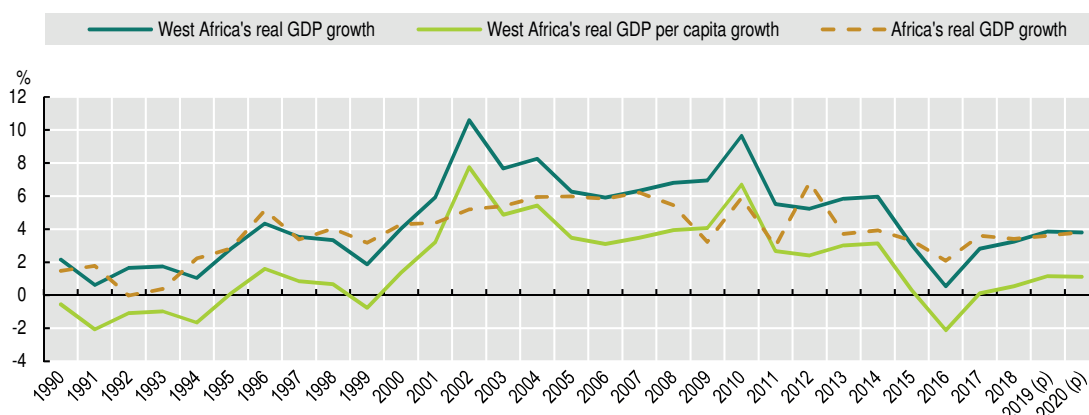
Table 6.1. Capabilities for productive transformation in West Africa

		Source	2000	2014	2015	2016	2017	2018
Production technology	Employers and paid employees as % of total employment	ILO	17.0	20.1	20.3	20.4	20.6	20.8
	Labour productivity as % of United States productivity	CB	6.5	7.3	7.3	7.4	7.6	7.7
	Private gross fixed capital formation as % of gross domestic product (GDP)	IMF	10.4	14.1	13.9	13.9	12.7	12.0
	Capacity for innovation, 0-100 (best)	WEF	-	-	-	-	23.3	28.1
Regional network	Intra-region as % of imports in intermediate goods	Comtrade	18.5	12.1	8.9	9.4	10.5	-
	Intra-Africa as % of greenfield foreign direct investment inflows	fDi markets	-	2.6	1.0	4.8	0.6	0.3
	Venture capital availability, 1-7 (best)	WEF	-	2.9	3.0	3.0	2.4	2.4
Capacity to meet demands	ISO9001 certification as % of Africa's total	ISO	1.0	5.6	5.4	5.1	7.2	-
	Fully- and semi-processed goods as % of region's total goods export	Comtrade	16.8	28.1	32.5	41.6	32.2	-
	Share of Africa's total consumption goods import (%)	Comtrade	24.0	25.8	25.1	23.4	25.3	-

Note: ILO – International Labour Organization, CB – The Conference Board, IMF – International Monetary Fund, WEF – World Economic Forum, ISO – International Standards Organization.

Sources: Authors' calculations based on data from The Conference Board (2019), Total Economy (database); fDi Markets (2019), fDi Markets (database); ILO (2019), Key Indicators of the Labour Market (database); IMF (2019), World Economic Outlook (database); ISO (2018), The ISO Survey of Management System Standard Certifications (database); United Nations Statistics Division (2018), UN Comtrade (database); and WEF (2018), Global Competitiveness Report.

Figure 6.1. Growth dynamics in West Africa and Africa, 1990-2020



Note: (p) = projections.

Source: Authors' calculations based on IMF (2019), World Economic Outlook (database).

StatLink <https://doi.org/10.1787/888933967625>

Table 6.2. Financial flows and tax revenues to West Africa and private savings (current USD, billion), 2000-17

		Average 2000-04	Average 2005-09	2010	2011	2012	2013	2014	2015	2016	2017
External financial inflows	Foreign direct investment	2.7	9.9	11.9	18.3	15.5	13.4	11.6	9.7	12.4	11.0
	Private Portfolio investments	0.1	1.8	5.0	6.5	18.9	14.1	7.9	5.5	4.3	14.4
	Remittances	2.6	20.2	23.6	27.3	27.4	27.7	28.5	31.7	28.5	31.5
	Public Official development assistance	4.6	12.3	12.2	12.1	13.6	12.2	12.4	12.4	11.5	13.0
<b>Total foreign inflows</b>		<b>10.0</b>	<b>44.2</b>	<b>52.7</b>	<b>64.3</b>	<b>75.3</b>	<b>67.4</b>	<b>60.5</b>	<b>59.2</b>	<b>56.7</b>	<b>69.9</b>
<b>Tax revenues</b>		<b>14.0</b>	<b>34.8</b>	<b>39.8</b>	<b>56.4</b>	<b>62.0</b>	<b>61.0</b>	<b>61.3</b>	<b>45.0</b>	<b>38.4</b>	<b>41.8</b>
<b>Private savings</b>		<b>21.7</b>	<b>69.2</b>	<b>95.8</b>	<b>78.7</b>	<b>88.3</b>	<b>113.7</b>	<b>109.0</b>	<b>83.8</b>	<b>93.7</b>	<b>100.1</b>

Sources: Authors' calculations based on IMF (2019), World Economic Outlook (database), OECD-DAC (2018a), International Development Statistics (database), OECD-DAC (2018b) Country Programmable Aid, and World Bank (2018a), World Development Indicators (database).

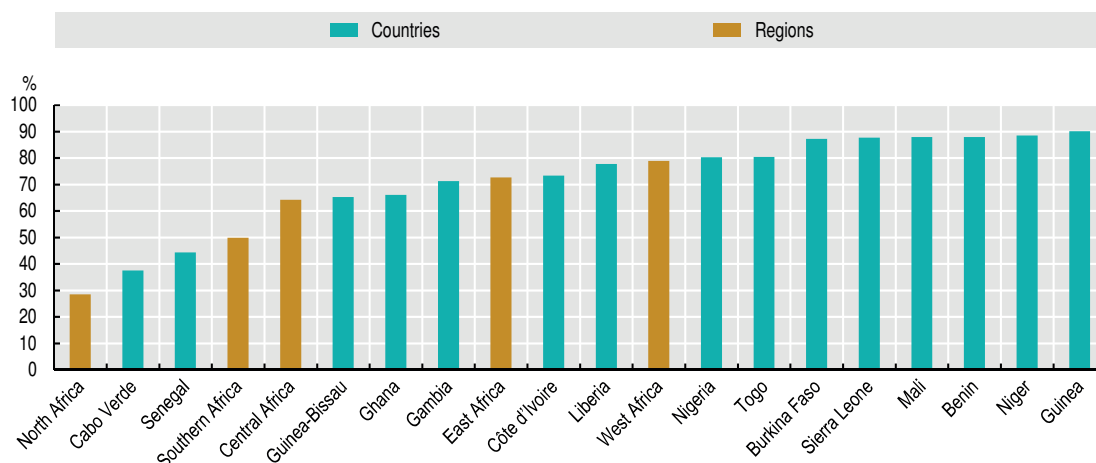
## Early moves toward productive transformation remain insufficient in West Africa


The countries of West Africa have been joined in a regional economic community since 1975. The 15 countries that make up the region (Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo) accounted for 24% of Africa's GDP in 2018. The UN counted 367 million inhabitants in the region in 2017 all of whom are members of ECOWAS, a regional economic community formed in 1975 with a view to creating an economic and monetary union, boosting trade and better integrating the region in global value chains.

Of all sectors, industry contributes least to GDP and employment, despite the value added of each worker in this sector being the highest. Worker productivity is the highest in industry, with an average value add per worker of USD 6 454.4 over the 2000-17 period. Services take second place with an average of USD 4 965.4, versus USD 1 283.7 for agriculture. Overall, total factor productivity has been falling, from 1.4 over the 2000-04 period to 0.8 over 2015-17. This fall is attributable to the low level of innovation and technological development, which is reflected in the performance of productive structures. Growth of value added in the agricultural sector remains volatile. Years of growth have been followed by contraction the next, or within a timeframe of around three years. Exports are primarily focused on raw materials (75%) while in 2016 65% of imports consisted of manufactured goods.

**Industry contributes on average just 20% to GDP.** The agricultural sector and services account for almost 80% of GDP in the majority of countries. The share of services in GDP has been rising, from 43.9% over the 2000-04 period to 52.2% in 2015-17, compared with a fall in agriculture's share (from 30.4% to 24.9%). The decline in the manufacturing sector is attributable to the absence or failure of industrial policies as well as to the closure of several factories over the period. The informal sector bolsters the performance of the tertiary sector. Agriculture remains the primary source of jobs, overwhelmingly informal. In all, over the past decade despite high GDP growth rates, the productive structures have failed to truly transform. As such, there is a lack of decent jobs (Figure 6.2), both poverty and inequality have remained difficult to reduce, and the diversification process has remained slow.

Figure 6.2. Percentage of workers in vulnerable employment in West African countries, most recent observation (2008-17)



Source: Authors' calculations based on ILO (2019), *Key Indicators of the Labour Market* (database).  
StatLink  <https://doi.org/10.1787/888933967644>

### The economic situation depends heavily on exports of raw materials

As the second largest regional economy on the continent after North Africa, West Africa has posted sustained growth although it remains exposed to external shocks. Between 2000 and 2014 growth was very strong although it slowed over the period. GDP per capita shrank between 2015 and 2016 due to the 2015 oil crisis. The region's economic growth fell to 0.5% in 2016, before bouncing back to 2.7% in 2017 and to 3.2% in 2018 (Figure 6.1). The various phases of growth since 2000 were marked by a rise in public spending while private investment, both national and foreign (see Table 6.A1.1 in the Annex), remains inadequate.

The region's largest economy is Nigeria (77% of total GDP and 52% of the population) and it was severely affected by the fall in the price of oil and ineffective counter-cyclical policies. Growth improved in Nigeria between 2017 and 2018 going from 0.8% to 1.9%, thanks to fewer disruptions to oil production and a recovery of the non-oil economy. The knock-on effect for growth in Benin and Niger is estimated at 0.5 and 0.33 of a percentage point (AfDB, 2018).

Broadly, the export baskets for West African countries remain poorly diversified. On average, five products comprised 75% of the total value of exports in 2017 and just 12 products account for 90%. The Herfindahl-Hirschman index, which is the only standardised measure used given the nature of the data, confirms the high concentration of exports. When diversification is highest, this takes the value of 0 (that is,  $n$  goods exported in equal quantities). When it tends towards 1, concentration becomes highest and a country's exports rely on a single (or very few) goods. The examination of this index shows that concentration has intensified in nine countries (Table 6.A1.2), while six others (Benin, Guinea, Liberia, Niger, Nigeria and Togo) have improved their diversification.

### Industrial competitiveness remains poor

Competitiveness indicators indicate poor progress or deterioration in the majority of countries. The region's competitiveness was assessed using three indicators: the Global Innovation Index (GII), the Global Competitiveness Index (GCI) and the Index of Industrial Competitiveness. The GII measures multidimensional aspects of innovation in the economy via changes in the political, environmental and business systems, governance, education, research and development (R&D), infrastructure, information and communication technologies (ICTs), market sophistication, trade, competition, investment, business sophistication, knowledge acquisition and dissemination, and technology, amongst others. The GII has been falling throughout the region with indexes reaching around 27.11 for Senegal and 6.1 for Liberia in 2017. West African countries also feature among the 26 poorest performing countries in the world in terms of innovation in all its dimensions. The gap between the region and the rest of the world is continuing to widen.

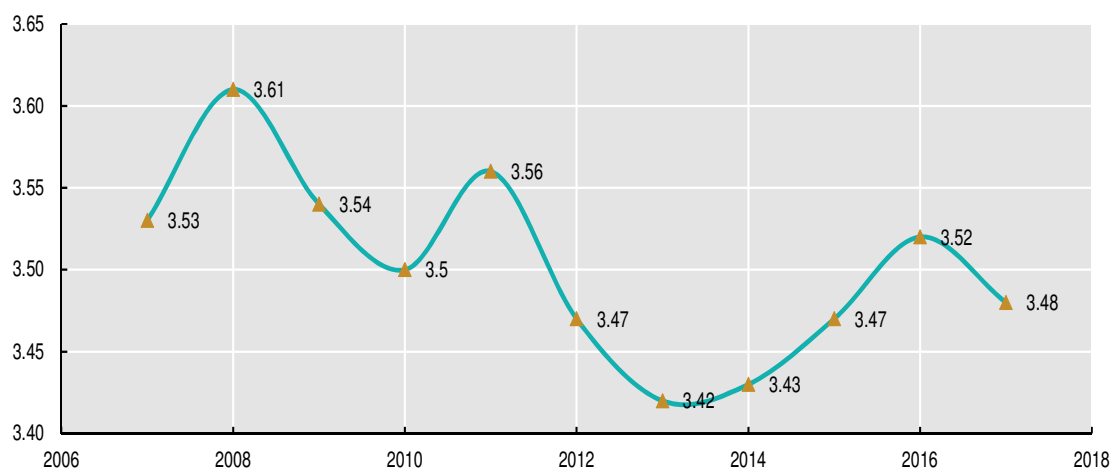
The GII per country comparison shows varied performances, with better results in Gambia and Senegal (Table 6.3). Senegal was ranked 106<sup>th</sup> in 2017 out of 126 countries having gained six points, and Gambia 117<sup>th</sup> with a similar gain of six points, thanks to good climactic conditions, an improved business environment and a rise in international prices for primary materials. Nigeria (ranked 118<sup>th</sup>) rose two points in 2017 despite an ongoing slump due to uncertainty in the business environment since 2012. The country is faced with enormous challenges to adapt to lower oil prices.

Table 6.3. Global Innovation Index (GII) scores for West Africa, 2013-18

	2013	2014	2015	2016	2017	2018	Rank in 2018 of 126 countries
Benin	25.1	24.21	-	22.20	23.04	20.61	121
Burkina Faso	27.03	28.18	28.7	21	21.86	18.96	124
Cabo Verde	26.9	27	28.6	28.6	27	-	
Côte d'Ivoire	23.42	27.02	27.2	25.8	23.96	19.96	123
Gambia	26.39	27	27.5	27.7	27.9		117
Ghana	31	30.26	28	26.7	26.8	24.52	107
Guinea	25.7	20.25	18.5	18.3	18.2	20.71	119
Guinea-Bissau	9.5	10.2	10.6	17.2	18	-	
Liberia	10	10.4	10.5	6	6.1	-	
Mali	28.84	26.18	28.4	24.8	22.48	23.32	112
Niger	24.03	24.27	21.2	20.4	21.18	20.57	122
Nigeria	26.57	27.79	23.7	23.1	21.92	22.37	118
Senegal	30.48	30.06	31	26.1	27.11	26.53	100
Togo	23.04	17.65	18.4	18.4	18.41	18.91	125
<b>ECOWAS</b>	<b>24.14</b>	<b>23.61</b>	<b>23.25</b>	<b>21.85</b>	<b>21.71</b>	-	

Source: Authors' calculations, based on Global Innovation Index (2018), Global Innovation Index (database).

Figure 6.3. Global Competitiveness Index (GCI) scores for West Africa, 2006-17



Source: Authors' calculations, based on WEF (2018), Global Competitiveness Report.

StatLink  <https://doi.org/10.1787/888933967663>

### Comparative advantages in exports are underexploited

Several primary products exported with a comparative advantage (RCA) remain fairly key in world trade. Overall, ECOWAS has a RCA on products that represented 24.2% of world trade between 2008 and 2011, versus 17.4% between 2001 and 2003 (AfDB, 2013). West Africa is highly specialised in the production and export of raw materials (cocoa, uranium, cotton). The disaggregated analysis of several flagship products of the leading countries in the region (Nigeria, Côte d'Ivoire, Ghana, Senegal and Burkina Faso) is also enlightening (Figure 6.4):

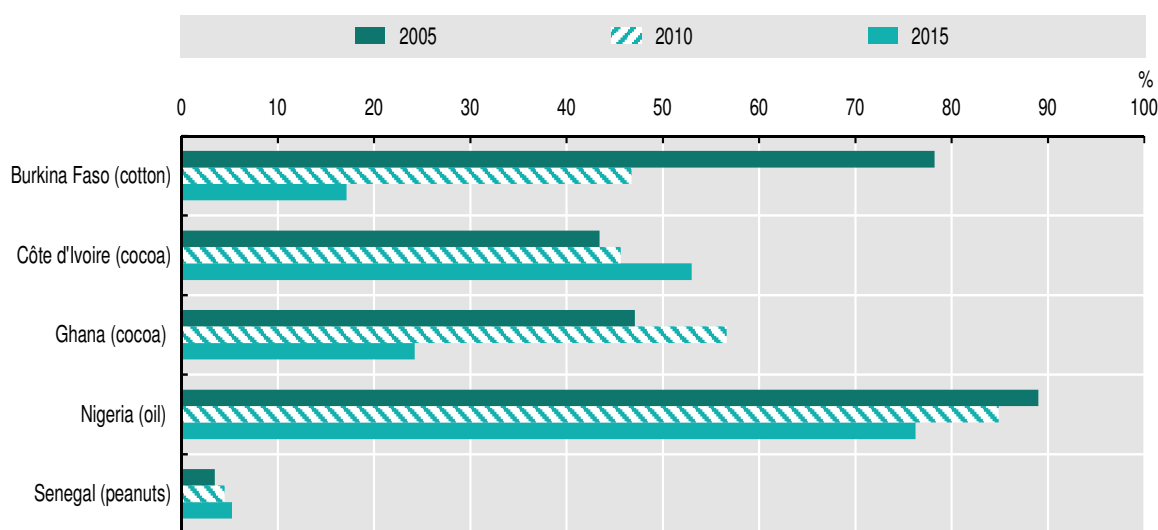
- Côte d'Ivoire is the leading world producer of cocoa, and its share in national exports remained significant over the two periods (more than 40% throughout 2005-15). Cocoa accounts for up to 10% of GDP and 15% of public revenue (World




Bank, 2017) and its production is driven by around 600 000 family farms, supporting approximately 6 million people.

- **Burkina Faso** has a very high competitive advantage in cotton (65.49). The high share of cotton in total exports (64% over 2005-10) fell dramatically to reach 25.3% in 2011-15, due to climatic conditions.
- **Ghana** also possesses high comparative advantage in cocoa beans, which account for a high share of exports (51.9% over 2005-10, and 25.3% over 2011-15).
- **Nigeria** has a low RCA in oil, which accounted for 86.5% and 81.5% of exports over the 2005-10 and 2011-15 periods. Nigeria is the 12<sup>th</sup> leading producer of oil in the world and the first in Africa and it drives economic growth. Regulatory uncertainty, military activities and the theft of oil in the Niger Delta deter investment however, to the point that Angola is about to displace Nigeria in its position as the leading African oil producer.
- In **Senegal**, peanuts contributed to comparative advantage over the 2005-10 and 2011-15 periods, despite accounting for only a small share of total exports. However, the discovery of large oil and gas deposits could make a difference.

Figure 6.4. Share of selected major export products with RCA in total exports for five ECOWAS countries

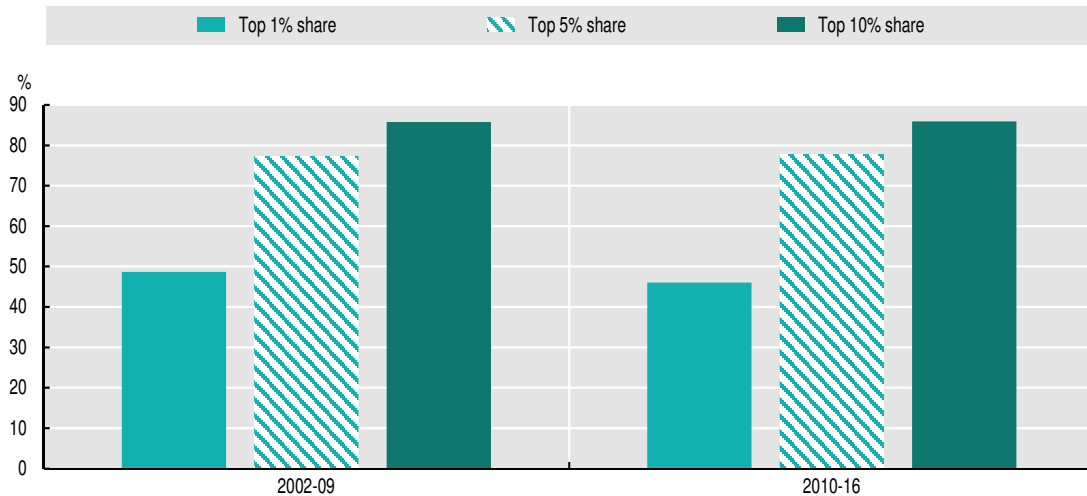



Source: Authors' calculations based on United Nations Statistics Division (2018), UN Comtrade (database).  
StatLink  <https://doi.org/10.1787/888933967682>

Exports are also concentrated with a small number of trading partners. Over the 2002-09 period, just 1% of the largest partners absorbed almost 46% of exports, down to 45% in 2010-16 (Figure 6.5). In 2016, the region's leading partners were: India (16% of exports), Switzerland and Liechtenstein (7.2%), the United States (6.6%), United Arab Emirates (6.1%), Netherlands (5.1%) and France (5%). The cumulated share of exports absorbed by 5% and 10% of partners, were 75% and 84%, respectively, over the 2002-09 period, then 77% and 86% over 2010-16.



Figure 6.5. Share of top trading partners in West Africa's total exports

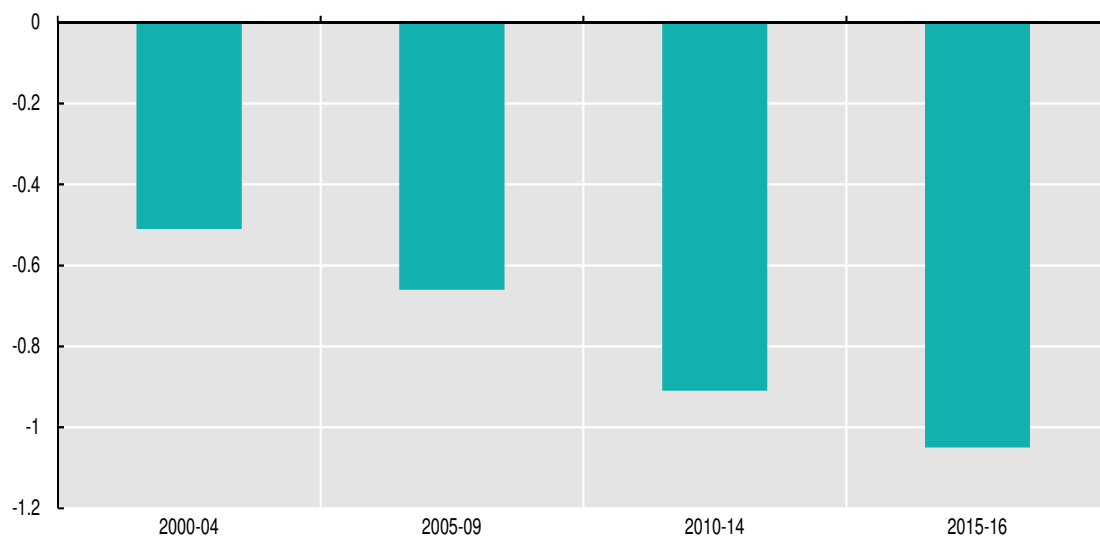



Source: Authors' calculations based on UNCTAD (2019), UNCTADStat (database).  
 StatLink  <https://doi.org/10.1787/888933967701>

### Exports contribute very little to productive growth

The economic complexity index and the export sophistication index shed light on the process of productive transformation and the move up market of these countries. The economic complexity of a country is calculated as a function of the diversity of exports and the number of countries capable of producing them. The complexity index of the region was negative over the study period in nearly all of the countries. It remains below the world average, and it has been falling broadly in the region. The index fell from -0.51 in 2000-04, to -1.05 in 2015-16 (Figure 6.6). The decline is largest in Nigeria, Guinea-Bissau, Niger, Burkina Faso, Guinea, Côte d'Ivoire, Gambia and Ghana. Only Cabo Verde reported positive indices over the period.

Figure 6.6. Economic Complexity Index in West Africa



Source: Authors' calculations, based on Center for International Development (2019), *The Atlas of Economic Complexity* (database).  
 StatLink  <https://doi.org/10.1787/888933967720>

The sophistication of exported products is both a key agent for the structural transformation of productive capacities as well as a driver of future economic growth. This applies irrespective of the profile of the exporting country. The sophistication of product  $k$ , obtained via  $PRODY_k$  represents an associated level of revenue/productivity (Hausmann, Hwang and Rodrik, 2007, Hausmann and Hidalgo, 2011). The continuous search for improved quality suggests that each country must be able to identify the variety of products for which it possesses comparative advantage and be able to respond to world demand. In 2013, the ten countries with the lowest level of sophistication in the world included Guinea-Bissau, Gambia and Mali.

#### Box 6.1. Increasing product sophistication: The case of Nigeria

The high share of oil in exports leaves little room for the specialisation of other Nigerian products (AfDB, 2013). The country's economy was better diversified in the 1960s, prior to the oil boom of the 1970s. Today it remains dominated by black gold and the Dutch disease effect on other sectors.

Oil products, which are the leading Nigerian exports to ECOWAS countries, account for more than 85% of exports since 1997, to the detriment of other products. Exports by value and revenues have risen considerably, but they remain volatile and make the economy both outward looking and vulnerable.

Nigeria has begun to benefit from increasing product sophistication. Boosted by strong demand from its population, Nigeria's domestic market offers significant opportunities for diversifying services (which accounted for 60% of GDP in 2016). This trend is supported by the filmmaking industry in Nollywood, which is the second largest source of employment after agriculture with almost one million direct and indirect jobs.

Table 6.4. Development of the Product Sophistication Index ( $PRODY_k$ ) in five key countries of West Africa (USD billion)

	2005-10	2011-15
Nigeria	4 370.40	5 596.76
Ghana	1 501.39	1 101.10
Côte d'Ivoire	1 242.83	1 707.85
Burkina Faso	813.40	408.09
Senegal	108.14	91.85

Source: Authors' calculations based on UNSD (2019), UN Comtrade (database).

## Strategies thus far have lacked overall consistency that would build on momentum for regional integration

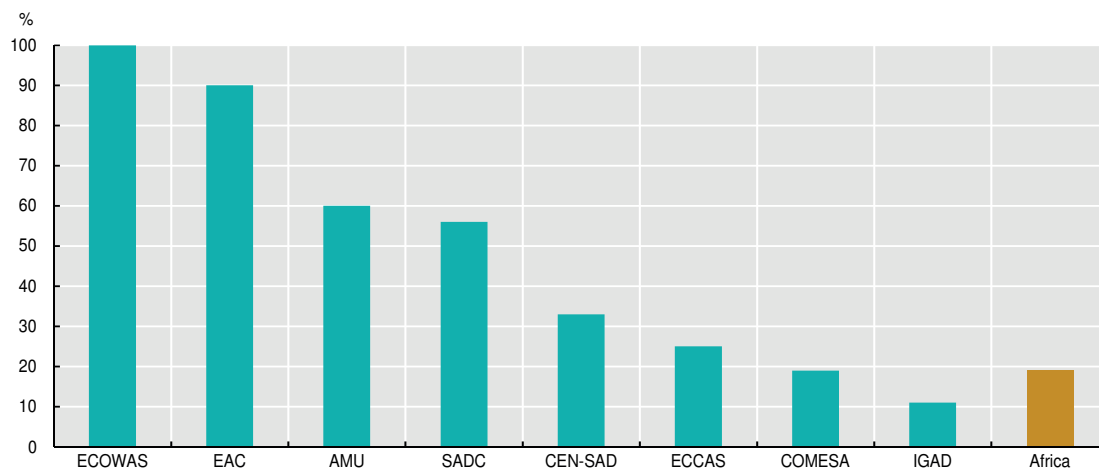
**Some good initiatives have been undertaken regionally, but with disappointing results**


In the 44 years since its founding, ECOWAS has achieved a great deal towards monetary and business harmonisation. A number of macroeconomic indicators that feature in the convergence criteria have performed well. Concrete measures have been initiated by ECOWAS, such as the harmonisation of monetary and business policy. For example, the West African Economic and Monetary Union (WAEMU) unites Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo. While the West African

Monetary Zone (WAMZ), created in 2000 by Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone, aims to prepare for the introduction of a common currency. The creation of a customs union with a common external tariff (CET) introduced in 2015 is also considered a significant step (Box 6.2). An important step towards regional integration in West Africa is the project of setting up a single currency for the 15 ECOWAS countries by 2020, whose name “ECO” was validated in June 2019.

The region is also cited as an example in terms of removing barriers to the free circulation of people and introducing rights of residence and establishment (ENDA/CACID, 2013). Citizens of Member States can travel visa-free within the ECOWAS area (Figure 6.7).

Figure 6.7. Share of countries in each regional economic community allowing visa-free travel for citizens of the same bloc, 2018



Source: Authors' calculations based on UNWTO (2019), 2019 Visa Openness Report for Africa.  
StatLink  <https://doi.org/10.1787/888933967739>

### Box 6.2. The Common External Tariff in West Africa

The Common External Tariff (CET) was adopted in 1997 and came into force on 1 January 2000 in the WAEMU zone. This measure was conceived as a dynamic instrument for trade policy aimed at combatting trade deflection, at harmonising and simplifying taxation systems of Member States, at offering businesses both protection and a tax system tailored for their competitiveness and optimised consumer goods supply for the population. Through strong growth and regular and sustained customs income, this instrument is intended to improve the public finances of countries in the zone as well as to stimulate inter-community trade by reducing transaction costs. It is also intended to improve the Union's trade balance with the rest of the world via productivity gains. The CET was amended in 2014 and extended to the rest of the ECOWAS Member States under the framework of a customs union. This was comprised of the Customs Duty, Statistical Charge and the Community Solidarity Tax.

The CET came into force on 1 January 2015 in the 15 ECOWAS Member States. From then, customs duties were standardised and applied using a common nomenclature for 5 899 tariff lines. The products listed in the tariff and statistical nomenclature (TSN) of the CET are divided into five categories, with a rate of between 0 and 35%. The fifth tariff band is currently under consideration. Despite the adoption of this instrument for integration, tariff and non-tariff barriers to trade still exist. To deal with these barriers,

**Box 6.2. The Common External Tariff in West Africa (cont.)**

a draft ECOWAS Customs Code is being finalised. A study of the texts of conventions as they apply to customs duties has been carried out and a customs scheme has been prepared for ECOWAS merchandise.

In terms of results, the CET has had a mixed effect on the competitiveness of the region's economies. The share of port duties (which fall under the CET) as a percentage of total taxes has not noticeably increased since its introduction. Some individual countries have also come up against incompatibility issues in implementing the CET with regards to their obligations to the World Trade Organization (WTO).

**Industrial policies in West Africa experienced three major stages**

Outlining strategies for productive transformation presumes that lessons from past experience with industrial policy have been learned. The history of industrialisation began after Independence with strong state intervention, followed by a period of structural adjustment marked by privatisations and deindustrialisation, then renewed State control starting in 1995, all within a liberal framework (Table 6.5).

**Industrial policy in West Africa has experienced three major stages.** Following the Independence movements in the 1960s, a policy of industrialisation by import substitution prevailed against a backdrop of strong state intervention and national bias. Having inherited an economy based on export-oriented cash crops, leaders sought to modernise their countries and help them join the family of nations. Priority was given to developing large industries, that were often capital intensive, with the aim of locally producing mass market goods. Ghana, for example, undertook to produce aluminium, steel, and construction materials and to launch electrical, electronic and mechanical industries. In parallel, SME development was supported, with state-owned and local enterprises being promoted. A number of measures to protect the productive apparatus were introduced via investment codes and tax exemptions in particular.

- At first, this policy brought about a rise in manufacturing, but the industrial fabric never moved beyond the embryonic state because policies were either poorly suited or poorly implemented.
- Furthermore, the policy of import substitution was not linked to the promotion of exports, and domestic markets remained more or less narrow. The outcome was that governments promoted inefficient and globally uncompetitive industries (Bigsten and Söderbom, 2011), leading to bankruptcies of semi-public companies in Ghana, notably steel ones.

Throughout the second period, which extended from the 1980s to 1995, Structural Adjustment Programmes (SAP) set by the International Monetary Fund (IMF) and the World Bank aimed to promote economic liberalism. This resulted in state retreat from the economy and the questioning of policies aimed at promoting targeted industries. According to the international financial institutions, company inefficiencies were due to inappropriate macroeconomic choices, as well as distortions in the allocation of resources introduced by selective industrial policies. Structural adjustment, however, led to deindustrialisation, with the bankruptcy of a number of existing factories and the inability of remaining installations to confront competition, particularly from Asia.

Starting in 1995, the majority of countries in West Africa regained control in order to revive the process of industrialisation. A number of reforms of the judicial system and of laws pertaining to property were introduced. Equally, export processing zones were created and financial institutions were developed to support industry. The general

approach consisted of improving the business environment in the hopes that investment would follow (Aryeetey and Moyo, 2012).

**Measures were also introduced to reinvigorate industry.** In December 1999, eight WAEMU countries adopted a Common Industrial Policy (CIP) to restructure industrial infrastructure, promote a co-ordinated industrial fabric and improve business competitiveness. In 2010, the ECOWAS countries adopted the West Africa Common Industrial Policy (WACIP), with the aim of boosting industrialisation through the processing of raw materials in situ, diversifying capacity, strengthening regional integration and promoting exports of manufactured goods (ECOWAS, 2012).

Table 6.5. Industrial policy in West Africa

Industrial strategy	Sectors	Measures	Results
1960-80 Import substitution	Non-durable consumer goods. Durable consumer goods and intermediate products (steel and petrochemicals).  Rudimentary sectors	<ul style="list-style-type: none"> <li>• Tariff barriers aimed at protecting local industry, import quotas, subsidies for local industry, export subsidies, loans for industrial restructuring, capped interest rates, targeted credit lines, flexible taxes.</li> <li>• Decrees promoting wholly or partially state-owned enterprises and/or national ones.</li> </ul>	Low industrialisation
1980-94 Structural adjustment policies (SAP)	Public sector production	<ul style="list-style-type: none"> <li>• Privatisation of public enterprises.</li> <li>• Liberalisation of trade.</li> <li>• Cessation of subsidies for local industry.</li> <li>• Investment code to promote foreign direct investment.</li> <li>• Large-scale investment in infrastructure.</li> </ul>	Deindustrialisation
From 1994: Import substitution and promotion of exports	All sectors (light industry, services, diversification of local production).	<ul style="list-style-type: none"> <li>• Upgrading and access to local resources.</li> <li>• Boosting competitiveness of industrial enterprises.</li> <li>• Creation of free zones.</li> <li>• Development of financial institutions.</li> <li>• Creation of an institution to support the private sector.</li> <li>• Reform of the judicial system.</li> <li>• Continuation of the privatisation programme.</li> <li>• Eradication of export subsidies.</li> <li>• Lowering of customs tariffs.</li> <li>• Tax relief.</li> <li>• Reform of customs clearance procedures.</li> <li>• Improvement of road movement.</li> <li>• WICAP in 2010.</li> </ul>	Poor industrialisation

Source: Authors' compilation based on Otoo (2013), *Industrial Policy in West Africa*.

Despite these efforts, industrialisation of the region remains a challenge. Youth unemployment could become a destabilising factor (AUC/OECD, 2018). In addition, a number of challenges remain, including security and political stability, which undermine development efforts in a number of Member States with crises, conflict and rising defence and security budgets. West Africa is also faced with food security and climate change risks.

## Five strategies to accelerate productive transformation

### 1. Leverage regional complementarities to strengthen comparative advantage

New avenues could be explored to lever complementarities and similarities between countries as part of regional co-operation. A number of ECOWAS countries have high complementarity indices in trade. In 2017, these included, in descending order: Côte d'Ivoire and Senegal, Senegal and Mali, Senegal and Ghana, Senegal and Togo, Senegal and Nigeria, Gambia and Niger, Côte d'Ivoire and Burkina Faso (Table 6.A1.3). Similarly, productive structures (agriculture and mining) possess strong similarities for several exported products with comparative advantage and could thus mutually improve comparative advantage by supporting regional value chains and special economic zones (SEZs). These two measures could contribute to improving business productivity and competitiveness, facilitating access to national, regional and continent-wide markets, promoting better integration of the region into international value chains, and ensuring the consistency of regional policies for productive transformation.

### Promoting high-potential regional value chains (RVCs)

**There is more complementarity than competition between the ECOWAS countries.** For the top 13 agricultural products, West Africa had between five and nine countries among the leading 20 producers in the world in 2017 (Table 6.6). The region thus has a near monopoly on world production of shea nuts, fonio, and yams, with over 90% of world production. It also leads the production of other products such as cocoa beans, cashew nuts and cassava.

**Real opportunities for RVCs could be solidified, via integrated SEZs.** For example, shea butter is often exported raw rather than processed in situ, an activity that could generate employment and large financial resources. The seven leading world producers are all in West Africa: Nigeria, Mali, Burkina Faso, Ghana, Côte d'Ivoire, Benin and Togo. Directly and indirectly, shea butter is responsible for the livelihoods of 3 million women in Africa (UNDP, 2013). Market demand for cassava derivative products is also growing. One-third of world production originates in West Africa and five countries in the region are amongst the top 20 producers. Industrial processing capacities should be expanded to keep up with demand. The region's producing countries could encourage industrial processing companies to set up next to large agricultural production zones.

**The promotion of RVCs requires both sound management of the agricultural sector and the adoption of technology to upgrade agricultural products.** With a view to promoting value chains, Senegal introduced five employment intensive farm service centres, focused on training those farmers with a minimum of ten hectares of land, access to water, and access to storage warehouses for harvests. It also introduced facilities for commercialisation, marketing and packaging. For its part, under its 2016-20 National Development Plan (NDP), Côte d'Ivoire launched a quality certification programme for agricultural products (OECD, 2018). Partnerships with large international organisations, such as that of Burkina Faso for shea butter (UNDP, 2013; APEX-Burkina, 2016), could also help local players with processing and exportation.

Table 6.6. Examples of high potential value chains in West Africa

Agricultural products	Total production, 2017 (thousands of tonnes)	West Africa's share in world production (percentage)	Number of countries in the global Top 20
Fonio	671.4	99.9	9
Cashew nuts, unshelled	1 410.5	35.5	9
Shea nuts	548.2	99.9	7
Yams	67 309.3	92.2	7
Millet	9 128.0	32.1	7
Okra	2 722.4	28.2	7
Peanuts, unshelled	6 006.6	12.8	7
Kola nuts	228.4	84.0	5
Dried beans (cowpea)	6 177.9	83.4	5
Cocoa, beans	3302.3	63.5	5
Cassava	96 223.9	33.0	5
Natural rubber	849.6	6.0	5
Oil, palm nut	14 789.0	4.7	5

Source: Authors' calculations based on FAO (2019), FAOstat (database).

**The integration of value chains could be improved in the mining sector.** The continent is a global reservoir of minerals and one of the future playing fields for the extractive industries (Lopes, 2014; Chisanga, 2017). Globally, 80% of mining projects are focused on four important mineral resources: iron, copper, gold and nickel. Ghana, Mali and Burkina Faso are amongst the largest producers of gold in Africa. Recent discoveries of iron, gas, gold, coal and oil in Guinea, Ghana, Liberia and Senegal are an indication of the abundance of mineral resources. These could be a game-changer if policies about local processing are



based on the careful selection of nodes of activity with the highest potential for ripple effects on the rest of the economy.

### Promoting SEZs that are integrated regionally

**Creating SEZs could enhance potential between countries that are producers of the same goods.** Prospects for boosting agriculture between Côte d'Ivoire, Burkina Faso and Mali are in sight. The Sikasso-Korhogo-Bobo-Dioulasso (SKBO) project, signed in January 2017, was conceived to co-ordinate and strengthen co-operation between the three countries. It came into effect in May 2018 and aims to promote the creation and strengthening of public and private industrial projects via incentives targeting the private sector (Baba, 2018). This type of partnership should be strengthened, with genuine political will of the countries.

**A new SEZ based on a chocolate industry is viable between Côte d'Ivoire and Ghana, as these two countries account for two-thirds of world production.** This would entail initiating a good level of collaboration in order to develop technology to process raw materials, including cocoa, coffee and cashew nuts. The connections between the various countries via proper infrastructure and the development of the digital economy would be additional advantages. These public investments in infrastructure could help lift barriers for companies.

## 2. Boost entrepreneurial innovation in sub-sectors with strong positive externalities

**Policies should aim to promote the development of the regional financial sector and access to payment channels.** Access to credit must be improved, particularly for SMEs, while safeguarding that interest rates and guarantee requirements do not deter investments in productive sectors.

### Harness the potential of the digital economy

**The share of high to medium technology exports as a proportion of total exports (by value) in the countries of West Africa has been declining,** attesting to a loss of competitiveness in this sector. The largest drops have been in Gambia, Cabo Verde and specifically, Nigeria, where the ratio went from 0.78% in 2001 to 0.19% in 2014, or a fall of almost 76%. Throughout the region, the average share of exports (high and medium technology in total exports by value) fell from 0.26% to 0.18% between 2001 and 2014, explained by low complexity of products and a loss of competitiveness in the sector.

**The new digital age is promising for the region, both in terms of the emergence of start-ups and the performance of the private sector, as well as for strengthening trade relations.** West Africa has definitely embarked on digital transformation with the Jumia e-commerce platform, launched in Nigeria in 2012, now being one of the most dynamic start-ups in Africa (see Chapter 1). However, productive transformation policies should be situated in a broader context of development policy that focuses on strengthening capital and knowledge accumulation. The challenges remain huge, particularly in terms of investments in fibre optic cable and efforts to facilitate access to Internet for the majority of the population.

### Develop financing mechanisms for entrepreneurs and SMEs

**The diaspora's financial contribution to the economy is large.** Migrant transfers to West Africa increased from USD 27.3 billion to USD 31.5 billion between 2011 and 2017, to reach more than USD 32 billion in 2018 (World Bank/Knomad, 2019). Having risen since 2000, they represented 1.7% of West African GDP between 2000 and 2004, before rising to 4.3% during 2010-14 and 5.6% in 2017. Among the countries that rely on transfers most



heavily in terms of a proportion of GDP are: Gambia (14%), Liberia (12.3%), Cabo Verde (11.9%), Senegal (11.4%), Togo (8.9%) and Ghana (6%). In volume, the largest recipient in West Africa is Nigeria (USD 24.3 billion in 2018, or 6.1% of GDP).

Whilst the region's commercial banks suffer from overliquidity, SME/SMIs have trouble accessing adequate financing. Indeed, the ECOWAS Monetary Co-operation Programme (MCP) which has been in place since 1987 struggles to fulfil its objectives. The zone's banks do not fully play their part in financing the economy, partly because of the size of the informal sector and the non-bancarisation of many. The banks are more like deposit institutions rather than focused on the financing needs of large organisations and the state. The structure of deposits strongly restricts the capacity of banks to create long-term assets, and thus finance investment (Table 6.7). Medium and long-term loans are rising (42% of loans in 2015), but they remain insufficient to meet market needs. Further, banks are increasingly placing a greater share of their liquidity in public bonds issued on the regional market.

Table 6.7. Origin of resources deposited in the WAEMU banking system, 2015

Type of resource	Amount (EUR billions)	Proportion (percentage)
All resources collected by the WAEMU banking system	40	100
Deposits	34	85
Of which short-term deposits (less than 2 years)	32	80
Of which long-term deposits (more than 2 years)	2	5
Other	6	15

Source: WAEMU and Central Bank of West African States (BCEAO).

**Adequate funding of SME/SMIs must take into account the importance of the informal sector and could draw on harmonised registers of guarantee.** In Benin, 98% of active companies have less than USD 3 400 of capital. These companies account for no less than 60% to 70% of GDP and employ 90% of the active population. In Côte d'Ivoire, the Phoenix programme aims to introduce a guarantee fund for SME financing. Its implementation has been delayed and it remains uncertain given instability in ministerial portfolios in managing this project (OECD, 2018). Since 2012, Senegal has introduced a triad of measures to facilitate access to credit, notably targeting SMEs (OECD, 2017). These include a Sovereign Wealth Fund (FONSIS), the *Banque nationale de développement économique* (national development bank, BNDE) and a priority investment guarantee fund (FONGIP).

**Going further, the introduction of a unified registry of guarantees could increase companies' access to credit.** This system reduces the cost of managing loans and enables financial institutions to extend credit to small entrepreneurs (MFW4A, 2017). The guarantee registry system (GRS) established in Ghana in 2010 under the 2008 Law on Borrowers and Lenders is the first of its kind in sub-Saharan Africa (Oppong-Adusah, 2012). With 63% of banks and financial institutions using the registry, it has facilitated better access to financial services and loans for SMEs. By December 2002, around 9 000 SMEs and 30 000 micro-enterprises had obtained more than USD 6 billion in loans raised against personal property listed in the registry. By the end of 2016, the central banks of Liberia and Nigeria had also already adopted this measure (AfDB/OECD/UNDP, 2017).

#### Access to training

**At the human capital level, misalignment between training and job market needs does not promote innovation.** Despite substantial investment in training, sub-Saharan African still suffers from a skills deficit. Only 1% of adults have completed tertiary education, versus 3.9% on the global average (Barro and Lee, 2010). West Africa lags behind Africa and the rest of the world, particularly in terms of the quality of teaching in mathematics

and science, the availability of research and training services, as well as the level of employee training (Table 6.8).

**Table 6.8. Global Competitiveness Index (GCI) scores for higher education and training in West Africa and other global regions (scale of 1 to 7), 2010-11**

Region	Education system	Science and mathematics teaching	Availability of research and training services	Level of employee training
West Africa	3.7	3.5	3.9	3.7
Africa	3.5	3.5	3.6	3.8
East Asia	4.6	4.7	4.5	4.6
China	4.0	4.7	4.4	4.1
Benin	4.2	4.2	3.9	3.5
Côte d'Ivoire	3.1	3.6	4.2	4.3
Ghana	3.7	3.9	3.5	3.8
Mali	2.7	2.4	3.8	3.0
Niger	3.8	2.9	3.7	3.9
Senegal	3.6	3.9	4.5	3.3

Source: AfDB (2011b), *African Development Report*.

**The low enrolment rates in sciences and technology (22% versus 38.8% in East Asia) have resulted in a serious skills gap on the job market.** The number of technicians per 1 000 workers was just 0.63 in sub-Saharan Africa in 2007, versus 42.81 in China and 0.99 for researchers (versus 4.76 in China) (UNESCO Institute of Statistics, 2010). This shortage undermines private sector development and leaves the economy dependent on labour-intensive unqualified activities (agriculture and non-agriculture informal sector). Even in the agricultural sector, lack of qualifications hampers development, modernisation and the improvement of productivity, despite the strong export potential for products with comparative advantage. This situation both suppresses demand for human capital and perpetuates a low accumulation of human capital. Graduate profiles are also not matched to demand, hence the high unemployment rate for graduates, too many of whom have studied humanities (AFD/CREMIDE, 2019). As a result, it is difficult to attract technology-intensive foreign direct investment (FDI). Technology transfers suffer while the jobs that are created remain largely informal (93.4% of workers in Côte d'Ivoire).

**From these findings, two recommendations arise.** To promote productive transformation, West Africa must rectify the mismatch between skills and jobs. To align skills to market needs, it is necessary to strengthen the bridge between general education and vocational training, with vocational secondary schools. It is also necessary to support retraining and apprenticeship opportunities for unemployed youth and to develop public-private partnerships (PPP) to recognise skills obtained in the informal sector.

**Strong measures are also necessary to lift the quality of teaching at all levels.** In many West African countries, governments financially support private schools, particularly in higher education, without having a real quality control mechanism nor performance requirement. It has become imperative to encourage good teachers and to promote a culture of skills assessment. This could be achieved by indexing teachers' salary increases to performance, and by strengthening their qualifications via continuous education.

### 3. Remove non-tariff barriers to accessing national, regional and continental markets

**Productive transformation in ECOWAS countries will be achieved via greater access to national and continental markets.** The limited intra-zone trade despite the customs union is explained by the existence of rules of origin and non-tariff barriers related to

poorly developed and maintained road and rail infrastructure. Other non-tariff barriers are due to poor competitiveness of the transportation network and logistics services.

While the region has made notable progress in terms of free circulation of people, administrative barriers to the free circulation of goods in West Africa remain too high. On the main highway linking the region, on a 100 km stretch four checkpoints exist and these are often sites of petty corruption (Table 6.9). This number appears not to have been influenced by the WAEMU customs union, as the same number of controls exist on WAEMU roads as on those linking other ECOWAS countries.

Table 6.9. Administrative checkpoints on West African trunk roads

Route	Distance	Number of checkpoints per 100 km
Abidjan-Ouagadougou	1 122 km	3
Lomé-Ouagadougou	989 km	4
Cotonou-Niamey	1 036 km	3
Niamey-Ouagadougou	529 km	4
Accra-Ouagadougou	972 km	2
Lagos-Abidjan	992 km	7

Source: Akanni-Honvo (2003), *L'UEMOA et la Cedeao: Intégration à géométrie variable ou fusion* (p. 247).

SMEs are most affected by these barriers to entry on regional markets, with the impact being exacerbated by ignorance both about existing legislation and the progress of formal integration. Poor inter-regional trade is partly explained by the low competitiveness of production facilities as well as numerous barriers which include: quality and compliance rules, rules of origin, commercial information, implementation of existing trade agreements and customs procedures.

#### Strengthen regional co-operation by standardising rules of origin

General rules established by the World Customs Organization (WCO) and applied by the WTO stipulate that developing countries should benefit from favourable tariffs in the majority of countries. Tariffs accorded to them state that export products must only contain 40% of local content. Generally, free trade agreements include preferential rules of origin for goods produced with a certain percentage of materials originating from the countries that have signed to the agreement. An exporter of goods produced with non-originating materials must thus pay customs tariffs. In addition, producers can benefit from more preferential tariffs if the raw materials are 'substantially transformed' to create a new product.

However, in North-South agreements, the rationale for rules of origin differs. In effect, they generally reflect the interests of the North, where tariffs are lower than in Southern countries. This is the case for the European Union (EU) and the countries of the African Caribbean and Pacific (ACP) group of states. In North-South agreements, rules of origin are more likely to reflect the interest of Northern partners to avoid unwittingly extending the benefit of preferential treatment to non-eligible producers or good that have only been lightly transformed in the zone. They can also reflect the desire to control the process of preferential liberalisation so as to reduce adjustment costs for Northern industrial interests.

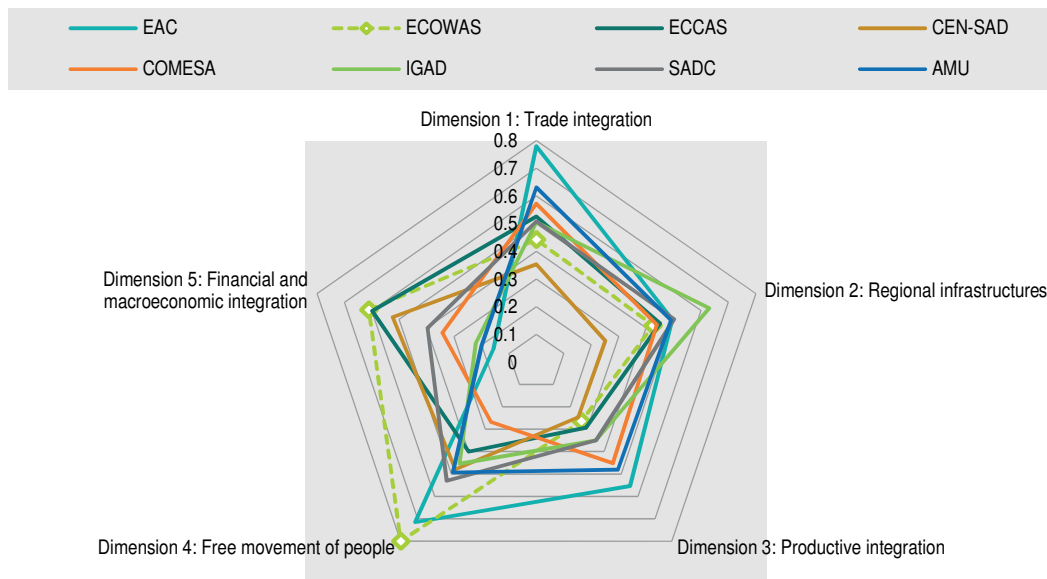
Rules of origins are proving to be too restrictive and they create costs for local companies. They limit the application of preferences to producers that are truly eligible. In the absence of a standardised rule of origin, the involuntary extension of preferential treatment to producers that only lightly process (or just transfer goods) in eligible countries would only serve to weaken preferences granted to truly eligible producers. In a free trade agreement, member countries retain the right to fix external tariffs. In the absence of rules of origin, this freedom could create arbitrage opportunities to transit imports for the whole zone via countries with the lowest external tariffs. This "diversion


of traffic” deprives other member countries of customs revenue and risks setting tariffs on a downward trajectory, the logical end of which can only be their total elimination. While this might be an optimal result for the global good, it may not necessarily be the wishes of the member governments.

### Develop transportation networks and competitive logistics services

It is necessary to improve the transportation network in order to strengthen complementarity. The Africa Regional Integration Index (AUC/AfDB/ECA, 2016) points to inadequate productive integration of Member Countries and weak infrastructure that affect West Africa’s overall score in the index. ECOWAS scores (0.265 for productive integration and 0.426 for infrastructure) are below average for the eight regional economic areas in Africa (Figure 6.8).

Figure 6.8. Average scores of African RECs in five dimensions of regional integration



Source: Authors' illustration based on AUC/AfDB/ECA (2016), *Africa Regional Integration Index*.  
StatLink  <https://doi.org/10.1787/888933967758>

The countries of the region have much to gain from accelerating the development of both regional infrastructure and of interlinkages between Member States. This could take place notably by mobilising financing for priority projects under the Community Development Programme, effective implementation of the Regional Programme for the Facilitation of Road Transport and Transit, as well as effective liberalisation of air transport in the region.

Initiatives such as the Abidjan-Lagos corridor, which should facilitate trade between Côte d'Ivoire, Ghana, Togo, Benin and Niger, could be multiplied. These could lead to a reduction in direct and indirect business costs and increase product competitiveness. Only the Sèmè-Kraké joint border post project designed to ease circulation between Benin and Nigeria had been completed by October 2018 with financial support from the EU. Other projects in the pipeline for the Community Development Programme include: the Lagos-Dakar highway, the Cotonou-Niamey-Ouagadougou-Doris-Abidjan rail loop,

the Ouagadougou-Bamako railway, the West African Academy of Science and the Ecoati observation satellite, amongst others.

**In addition, port infrastructure in West Africa is less competitive in terms of charges and other transaction costs.** Irrespective of the measure used, the ports fail to meet global best practices. Although the region has a dozen large maritime ports, none of them counts amongst the largest 70 ports in the world. In contrast, they are amongst the most expensive and slowest in terms of handling – between 11 and 30 days per container, or an average of two weeks, while the standard requires this delay to be seven days or under (ECA, 2017). These delays result in high supplementary costs.

#### 4. Fiscal policy co-ordination should be a particular focus

**It is imperative that tax policies be co-ordinated in order to boost exports, competitiveness and the motivation of suppliers to shift production.** Economic policy should be co-ordinated and focused on developing certain sectors of the economy in order to motivate investors and suppliers to enter them. Effective results depend on the degree to which economic policy is aligned to the promotion of productive transformation. For example, exchange rate policies also have an impact on incentivising investors to commit for the long term.

**In addition, countries stand to gain from co-operation by avoiding ending up competing on tax rebates.** FDI went from USD 18.3 billion to USD 9.2 billion between 2011 and 2015, before recovering to USD 11.2 billion in 2016. Between 2013 and 2017, West Africa attracted 19% of new FDI projects in Africa (fDi Markets, 2018). These new projects were primarily drawn to the potential of the regional market, and they target diverse sectors.

#### 5. Better access to energy and land is imperative for productive transformation

##### Access to energy

**ECOWAS countries must imperatively strengthen regional co-operation to improve access to reliable electricity, which will ensure lower and more stable costs of production for firms in the region.** It is to this end that the West African Power Pool was created in 1999, extending to 14 countries and bringing together 30 public and private companies. However, West Africa still represents 30% of the population of sub-Saharan Africa without electricity. The average rate of electrification is 52% with power outages reaching 80 hours per month (World Bank, 2018b). Ghana increased access from 45% to 84% between 2000 and 2016, but reliable supply remains problematic. Senegal has also been proactive and has doubled its access from 30% to 64% of the population between 2000 and 2016. Nigeria has electrification rates of around 61% (113 million people out of 185 million inhabitants). However, around 80% of Nigerians have a second energy source, in the form of diesel generators. At USD 0.25 per kilowatt hour, electricity in the region is also very expensive and it costs twice the world average (World Bank, 2018b).

##### Access to land

**For agricultural economies such as in West Africa, access to land is fundamental for productive transformation.** In places like Ghana, access to land has also proven essential for providing the stability necessary for investment. Since the 1990s access to land has been on a large scale in Ghana (Frankema and Van Waijenburg, 2018). It is also a crucial pillar for the consolidation of peace and security. Land registry systems that would facilitate data on land revenue and certify changes in ownership have yet to be introduced and customary laws still predominate. This measure could benefit from being more prominent in the National Agricultural Investment Programmes, the Regional Agricultural Investment Programme and the regional offensive for food production and the fight against hunger. Just 10% of rural land is registered in the region (AUC/OECD, 2018).



## Annex 6.A1. West Africa economic indicators

Table 6.A1.1. Macroeconomic indicators for West Africa

	2000-04	2005-09	2010-14	2015-18	2019-22
Real GDP growth	7.3	6.5	6.4	4.9	5.6
Population (growth rate)	2.7	2.7	2.8	5.5	4.0
GDP per capita (growth rate)	4.5	3.6	3.6	-0.6	1.6
Public expenditure (percentage of GDP)	18.3	19.4	22.0	23.6	23.6
Public investment (percentage of GDP growth) (*)	6.9	8.4	13.2	11.8	-
Private investment (percentage of GDP growth) (*)	4.3	3.5	4.1	3.8	-
Exports (percentage of GDP)	25.8	26.0	22.8	17.7	18.7
Imports (percentage of GDP)	22.3	22.9	23.5	21.4	22.4
FDI as a percentage of GDP (*)	1.8	2.7	2.4	1.9	-
Migrant transfers (percentage of GDP)	1.7	5.6	4.3	5.3	-

Note: (\*) The most recent data available is from 2017.

Source: IMF (2019), *World Economic Outlook* (database), and World Bank (2018a), *World Development Indicators* (database).

Table 6.A1.2. Number of products, share of exports and the Herfindahl-Hirschman index in West Africa

	Number of products and share in exports in 2007			Number of products and share in exports in 2017			Herfindahl-Hirschman index, by period			
	50% of flows	75% of flows	90% of flows	50% of flows	75% of flows	90% of flows	2000-04	2005-09	2010-14	2015-16
Benin	3 (51)	8 (77.5)	16 (90.6)	3 (59.4)	7 (78)	17 (90.2)	0.55	0.32	0.33	0.31
Burkina Faso	1 (72.1)	2 (77.3)	10 (90)	1 (62.2)	2 (78.6)	6 (90.7)	0.60	0.62	0.59	0.70
Cabo Verde	3 (52.1)	9 (76.6)	24 (90.5)	2 (58.1)	6 (76.9)	13 (90.2)	0.29	0.36	0.33	0.32
Côte d'Ivoire	3 (58.7)	8 (76.4)	21 (90.6)	2 (53.1)	8 (76.1)	22 (90)	0.37	0.33	0.34	0.40
Gambia	4 (51.7)	9 (75.5)	23 (90.1)	2 (61.7)	8 (76)	26 (90.1)	0.27	0.30	0.30	0.35
Ghana	2 (59.9)	6 (75.3)	20 (90.3)	2 (62.7)	3 (80.6)	10 (90.5)	0.40	0.43	0.42	0.43
Guinea	1 (50.3)	2 (77.2)	8 (90.3)	2 (65.1)	4 (77.6)	8 (90.4)	0.55	0.59	0.45	0.45
Guinea-Bissau	1 (87.7)	1 (87.7)	2 (92.2)	1 (88.4)	1 (88.4)	2 (92.6)	0.70	0.87	0.87	0.88
Liberia	1 (63.9)	2 (84.2)	3 (94.6)	2 (63.4)	4 (81.4)	7 (92.2)	0.68	0.67	0.40	0.39
Mali	1 (57.7)	2 (83.9)	5 (90.6)	1 (61.9)	2 (78.3)	6 (90.3)	0.59	0.61	0.68	0.76
Niger	2 (69.9)	3 (77.1)	9 (90.3)	3 (60.5)	5 (77.4)	11 (90.5)	0.38	0.41	0.39	0.34
Nigeria	1 (86.6)	1 (86.6)	2 (93.2)	1 (77.1)	1 (77.1)	4 (90.7)	0.88	0.86	0.79	0.73
Senegal	5 (50.5)	19 (75)	48 (90)	5 (54.4)	12 (75.6)	33 (90.2)	0.23	0.26	0.25	0.22
Sierra Leone	4 (50.5)	17 (75.7)	47 (90.1)	3 (56.4)	5 (77.2)	15 (90.6)	0.43	0.31	0.38	0.60
Togo	5 (56.4)	11 (75.5)	28 (90.4)	5 (53.3)	12 (75.8)	25 (90.6)	0.25	0.23	0.24	0.21
<b>ECOWAS</b>							<b>0.48</b>	<b>0.48</b>	<b>0.45</b>	<b>0.47</b>

Source: Authors' calculations based on UNCTAD (2019), UNCTADstat (database).

Table 6.A1.3. Intra-regional complementarity index in West Africa, 2003

Importing country	Exporting countries											Average	
	Benin	Burkina Faso	Côte d'Ivoire	Cabo Verde	Ghana	Guinea	Gambia	Mali	Niger	Nigeria	Senegal		Togo
Benin		20.3	48.6	10.30	25.2	19.2	46.1	9.3	18.7	16.7	55.9	40.0	<b>26.4</b>
Burkina Faso	19.9		52.3	8.7	22.7	24.7	36.3	10.1	11.6	22.4	60.2	41.1	<b>27.0</b>
Côte d'Ivoire	26.4	20.3		9.9	n.a.	27.1	24.6	16.9	14.0	26.5	65.3	34.0	<b>27.0</b>
Cabo Verde	24.4	23.8	47.0		30.4	13.2	50.2	14.1	15.0	15.3	47.0	46.0	<b>28.2</b>
Ghana	20.5	20.2	n.a.	12.7		n.a.	39.7	11.0	13.0	20.6	61.3	42.0	<b>26.0</b>
Guinea	26.7	20.8	50.2	11.9	n.a.		30.6	12.2	17.7	27.8	43.5	34.9	<b>26.0</b>
Gambia	23.7	22.8	39.4	10.2	24.8	15.1		8.4	17.4	12.7	49.4	41.6	<b>22.8</b>
Mali	19.4	19.9	45.8	9.9	24.1	24.0	36.3		11.3	19.7	61.7	40.0	<b>26.9</b>
Niger	23.8	22.8	47.7	9.0	24.1	14.2	51.9	8.5		16.2	55.3	35.3	<b>26.2</b>
Nigeria	21.2	20.6	40.5	12.9	25.0	27.2	36.9	13.7	12.3		54.6	43.7	<b>26.9</b>
Senegal	25.1	24.3	55.5	13.6	30.3	17.6	45.9	14.9	15.9	20.8		40.5	<b>27.1</b>
Togo	24.3	25.8	42.9	15.6	29.2	23.0	41.1	18.0	18.5	20.9	59.7		<b>28.0</b>
<b>Average</b>	<b>22.7</b>	<b>21.7</b>	<b>46.0</b>	<b>11.4</b>	<b>26.0</b>	<b>21.0</b>	<b>39.8</b>	<b>12.0</b>	<b>14.6</b>	<b>18.0</b>	<b>55.2</b>	<b>39.5</b>	

Source: Authors' calculations based on World Bank (2018a), *World Development Indicators* (database).

## References

- AFD/Cremide (2019), “Agir sur les Sources de l’Inadéquation Compétence-emploi en Côte d’Ivoire”, *Executive Summary of the Workshop on the Sources of the Skills-Jobs Mismatch in Côte d’Ivoire*, Agence Française de Développement, Paris and Centre de Recherche Micro-économique sur le Développement, Abidjan, [www.cremide.ci/cremide/#](http://www.cremide.ci/cremide/#).
- AfDB (2013), *Regional Integration in West Africa: Challenges and Opportunities for Senegal*, African Development Bank, Abidjan, [www.afdb.org/en/documents/document/regional-integration-in-west-africa-challenges-and-opportunities-for-senegal-final-report-summary-51213](http://www.afdb.org/en/documents/document/regional-integration-in-west-africa-challenges-and-opportunities-for-senegal-final-report-summary-51213).
- AfDB (2011a), *Regional Strategy Integration Paper for West Africa 2011-2015*, African Development Bank, Tunis, [www.afdb.org/en/documents/document/2011-2015-western-africa-regional-integration-strategy-paper-risp-25064](http://www.afdb.org/en/documents/document/2011-2015-western-africa-regional-integration-strategy-paper-risp-25064).
- AfDB (2011b), *African Development Report 2011*, African Development Bank, Tunis, [www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/African%20Development%20Report%202011.pdf](http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/African%20Development%20Report%202011.pdf).
- AfDB/OECD/UNDP (2017), *African Economic Outlook 2017: Entrepreneurship and Industrialisation*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/aeo-2017-en>.
- Akanni-Honvo, A. (2003), *L’UEMOA et la Cedeao: Intégration à géométrie variable ou fusion*, in Hugon, P., *Les économies en développement à l’heure de la régionalisation*, Karthala Press, Paris.
- APEX-Burkina (2016), *Offre Exportable du Burkina Faso: Cas du Karité*, [www.importateur.apexb.bf/offre-exportable-du-burkina-faso-cas-du-karite-2/](http://www.importateur.apexb.bf/offre-exportable-du-burkina-faso-cas-du-karite-2/) (consulted on 14 June 2019).
- AUC/AfDB/ECA (2016), *African Regional Integration Index*, African Union, African Development Bank, United Nations Economic Commission for Africa, Addis Ababa, [www.uneca.org/publications/africa-regional-integration-index-report-2016](http://www.uneca.org/publications/africa-regional-integration-index-report-2016).
- AUC/OECD (2018), *Africa’s Development Dynamics 2018: Growth, Jobs and Inequalities*, AUC, Addis Ababa/OECD Publishing, Paris, <https://doi.org/10.1787/9789264302501-en>.
- Baba, A. (2018), “Infrastructures: Sikobo, une mini-Cedeao au Mali”, in *Jeune Afrique Économie*, 12 June 2018, [www.jeuneafrique.com/mag/562630/economie/infrastructures-sikobo-une-mini-Cedeao-au-mali/](http://www.jeuneafrique.com/mag/562630/economie/infrastructures-sikobo-une-mini-Cedeao-au-mali/).
- Cadot, O., C. Djiofack and J. de Melo (2008), “Préférences Commerciales et Règles d’Origine: Perspectives des Accords de Partenariat Économique pour l’Afrique de l’Ouest et Centrale”, *Revue d’économie du développement* 2008/3, Vol. 16, pp. 5-48, <https://doi.org/10.3917/edd.223.0005>.
- Center for International Development (2019), *The Atlas of Economic Complexity* (database), Harvard University, <http://atlas.cid.harvard.edu> (accessed 5 April 2019)
- Château, P. (2018), “Les Huit Chiffres à Connaître sur l’Économie Sud-Coréenne”, in *Le Figaro.fr. Économie*, Paris, [www.lefigaro.fr/conjoncture/2018/02/09/20002-20180209ARTFIG00197-les-sept-chiffres-a-connaître-sur-l-economie-sud-coreenne.php](http://www.lefigaro.fr/conjoncture/2018/02/09/20002-20180209ARTFIG00197-les-sept-chiffres-a-connaître-sur-l-economie-sud-coreenne.php).
- Chisanga, E. (2017), “L’Industrie en Afrique: Quels Enseignements Tirer de l’Expérience Asiatique?”, *Passerelles, International Centre for Trade and Sustainable Development (ICTSD)*, Vol. 18, n° 1, 23 February 2017, [www.ictsd.org/bridges-news/passerelles/news/l’industrie-en-afrique-quels-enseignements-tirer-de-l’expérience](http://www.ictsd.org/bridges-news/passerelles/news/l’industrie-en-afrique-quels-enseignements-tirer-de-l’expérience).
- Conference Board (2019), *Total Economy* (database), [www.conference-board.org/data/economydatabase/](http://www.conference-board.org/data/economydatabase/) (accessed in May 2019).
- DGT (2017), *Secteur Bancaire de l’UEMOA*, Ministry for the Economy and Finance, Paris, [www.tresor.economie.gouv.fr/Ressources/16643\\_secteur-bancaire-de-luemoa](http://www.tresor.economie.gouv.fr/Ressources/16643_secteur-bancaire-de-luemoa).
- ECA (2017), *Les Infrastructures Régionales en Afrique de l’Ouest: Etat des Lieux, Enjeux et Impact sur la Zone de Libre-échange*, United Nations Economic Commission for Africa, Addis Ababa, <https://repository.uneca.org/handle/10855/24265>.
- ECOWAS (2017), *Economic Convergence Report 2016*, Economic Community of West African States, Abuja, [www.ecowas.int/wp-content/uploads/2017/11/2016-Convergence-report\\_Clean-final-final.pdf](http://www.ecowas.int/wp-content/uploads/2017/11/2016-Convergence-report_Clean-final-final.pdf).
- ECOWAS (2010), *West African Common Industrial Policy - WACIP*, Economic Community of West African States, Abuja, [www.aidfortrade.ecowas.int/programmes/the-west-african-common-industrial-policy-wacip](http://www.aidfortrade.ecowas.int/programmes/the-west-african-common-industrial-policy-wacip).
- ENDA/CACID (2013) *Evaluation du Protocole sur la Libre Circulation des Personnes et des Marchandises de 1979 et du Schéma de Libéralisation des Échanges (SLEC) de la CEDEAO*, Centre Africain pour le Commerce, l’Intégration et le Développement (ENDA CACID), Dakar, Senegal, December 2013; [http://endacacid.org/latest/index.php?option=com\\_wrapper&view=wrapper&Itemid=1791](http://endacacid.org/latest/index.php?option=com_wrapper&view=wrapper&Itemid=1791).
- FAO (2019), *FAOstat* (database), Food and Agriculture Organization of the United Nations, Rome, <http://faostat3.fao.org>.



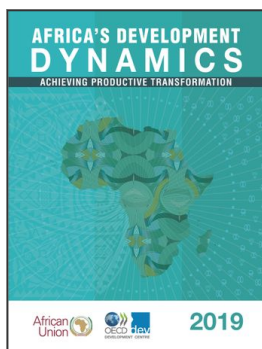
- fDi Markets (2018), *fDi Markets* (database), [www.fdimarkets.com](http://www.fdimarkets.com) (accessed in December 2018).
- Frankema, E. and M. Van Waijenburg (2018), "Africa Rising? A Historical Perspective", *African Affairs*, Oxford Academic, Vol. 117, Issue 469, June 2018, pp. 543-568, <https://doi.org/10.1093/afraf/ady022>.
- Global Innovation Index (2018), *Global Innovation Index* (database), "Analysis", [www.globalinnovationindex.org/analysis-indicator](http://www.globalinnovationindex.org/analysis-indicator) (accessed 19 April 2019).
- Hausmann, R. and C. Hidalgo (2011), "The Network Structure of Economic Output", *Journal of Economic Growth*, Vol. 16, n° 4, pp. 309-342, <https://doi.org/10.1007/s10887-011-9071-4>.
- Hausmann, R., J. Hwang and D. Rodrik (2007), "What you export matters", *Journal of Economic Growth*, Vol. 12(1), pp. 1-25, <http://dx.doi.org/10.1007/s10887-006-9009-4>.
- ILO (2019), *ILOSTAT Key Indicators of the Labour Market (KILM)* (database), International Labour Organization, [www.ilo.org/ilostat/](http://www.ilo.org/ilostat/) (accessed 29 April 2019).
- IMF (2019), *World Economic Outlook, April 2019* (database), International Monetary Fund, Washington, DC, [www.imf.org/external/pubs/ft/weo/2019/01/weodata/index.aspx](http://www.imf.org/external/pubs/ft/weo/2019/01/weodata/index.aspx) (accessed 23 May 2019).
- ISO (2018), *The ISO Survey of Management System Standard Certifications* (database), International Organization for Standardization, Geneva, [www.iso.org/the-iso-survey.html](http://www.iso.org/the-iso-survey.html).
- Lopes, C. (2014), "Leveraging Africa's Extractive Sector for Inclusive Economic Transformation", in *Great Insights*, Vol. 3, n° 7, <https://ecdpm.org/great-insights/extractive-sector-african-perspectives/africas-extractive-sector-economic-transformation/>.
- MF4A (2017), *Registres des Garanties Immobilières*, Making Finance Work for Africa, Abidjan.
- Ministry of Finance of Senegal (2012), *Plan for an Emerging Senegal (PES)*, Dakar, [www.presidence.sn/en/pse/emerging-senegal](http://www.presidence.sn/en/pse/emerging-senegal).
- OECD (2018), *Suivi de la Mise en Œuvre des Réformes vers l'Émergence de la Côte d'Ivoire*, n° 3, OECD, Paris, [www.oecd.org/development/MDCR-Rapport-d-avancement-Cote-d-Ivoire.pdf](http://www.oecd.org/development/MDCR-Rapport-d-avancement-Cote-d-Ivoire.pdf).
- OECD (2017), *Examen multidimensionnel du Sénégal : Volume 1. Évaluation initiale. Les voies de développement*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264273092-fr>.
- OECD-DAC (2018a), *International Development Statistics* (database), [www.oecd.org/dac/stats/idsonline.htm](http://www.oecd.org/dac/stats/idsonline.htm) (accessed in May 2019).
- OECD-DAC (2018b), *Country Programmable Aid* (database), [www.oecd.org/dac/financing-sustainable-development/development-finance-standards/cpa.htm](http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/cpa.htm) (accessed in May 2019).
- Oppong-Adusah, M. (2012), *Highlights of the Collateral Registry Ghana Redesign Project*, International Finance Corporation (IFC), Washington, DC., [www.ifc.org/wps/wcm/connect/145330004bea0e32a239e71be6561834/Day2-session4-Mike+Oppong+Adusah-Ghana+registry+project+highlights.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/145330004bea0e32a239e71be6561834/Day2-session4-Mike+Oppong+Adusah-Ghana+registry+project+highlights.pdf?MOD=AJPERES).
- Otoo, K. (2013), *Industrial Policy in West Africa*, Friedrich Ebert Stiftung, Cotonou, <https://library.fes.de/pdf-files/bueros/benin/10240.pdf>.
- Poncet, S. and F. Starosta de Waldemar (2013), "Export Upgrading and Growth: The Prerequisite of Domestic Embeddedness", in *World Development*, Vol 51, pp. 104-118, Amsterdam, <https://doi.org/10.1016/j.worlddev.2013.05.010>.
- UNCTAD (2019), *UNCTADStat* (database), United Nations Conference on Trade and Development, Geneva, <https://unctadstat.unctad.org>
- UNDP (2013), *L'Occitane au Burkina Faso: More than Just Business with Shea Butter Producers*, United Nations Development Programme, [http://growinginclusivemarkets.org/media/cases/BurkinaFaso\\_L'Occitane\\_Final.pdf](http://growinginclusivemarkets.org/media/cases/BurkinaFaso_L'Occitane_Final.pdf).
- UNESCO Institute for Statistics, (2010), "Trends in Tertiary Education: Sub-Saharan Africa", *UIS Fact Sheet*, December 2010, n° 10, UNESCO Institute for Statistics, Montreal.
- UNIDO (2018), *Competitive Industrial Performance Index* (database), United Nations Industrial Development Organization, <https://stat.unido.org/database/CIP%202018>.
- UNIDO and RCI (2012), *Nouvelle Politique Industrielle de la République de Côte d'Ivoire, Phase I: Diagnostic du Secteur Industriel et du Cadre Institutionnel*, United Nations Industrial Development Organization and Republic of Côte d'Ivoire, [www.unido.org/sites/default/files/2015-12/Industrial\\_Policy\\_Report\\_Cote\\_d\\_Ivoire\\_Oct\\_2012\\_0.pdf](http://www.unido.org/sites/default/files/2015-12/Industrial_Policy_Report_Cote_d_Ivoire_Oct_2012_0.pdf).
- UNSD (2019), *United Nations COMTRADE* (database), <https://comtrade.un.org/> (accessed 5 April 2019).
- UNWTO (2019), *2019 Visa Openness Report for Africa*, World Tourism Organization, Madrid, <https://doi.org/10.18111/9789284421039>.
- WEF (2018), *The Global Competitiveness Index Report 2018*, World Economic Forum, Geneva, <http://reports.weforum.org/global-competitiveness-report-2018/>.

World Bank (2018a), *World Development Indicators* (database), <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators> (consulted in April 2019).

World Bank (2018b), *Regional Power Trade in West Africa Offers Promise of Affordable, Reliable Energy*, World Bank, Washington, DC, [www.worldbank.org/en/news/feature/2018/04/20/regional-power-trade-west-africa-offers-promise-affordable-reliable-electricity](http://www.worldbank.org/en/news/feature/2018/04/20/regional-power-trade-west-africa-offers-promise-affordable-reliable-electricity).

World Bank (2017), *Are Women the Key to Unlocking Economic Emergence in Côte d'Ivoire?* World Bank, Washington, DC, <http://documents.worldbank.org/curated/en/374581499668123584/pdf/117223-FRENCH-REVISED-CIVReportNumber.pdf>.

World Bank/KNOMAD (2019), "Migration and Remittances, Recent Development and Outlook", *Migration Development Brief 31*, World Bank Group/KNOMAD, Washington, DC, [www.knomad.org/publication/migration-and-development-brief-31](http://www.knomad.org/publication/migration-and-development-brief-31).



**From:**  
**Africa's Development Dynamics 2019**  
Achieving Productive Transformation

**Access the complete publication at:**

<https://doi.org/10.1787/c1cd7de0-en>

**Please cite this chapter as:**

African Union Commission/OECD (2019), "Public policies for productive transformation in West Africa", in *Africa's Development Dynamics 2019: Achieving Productive Transformation*, OECD Publishing, Paris/African Union Commission, Addis Ababa.

DOI: <https://doi.org/10.1787/c6fb896f-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org). Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at [info@copyright.com](mailto:info@copyright.com) or the Centre français d'exploitation du droit de copie (CFC) at [contact@cfcopies.com](mailto:contact@cfcopies.com).