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Commissioner, Macroeconomic Policy

Economic Policy Analysis Unit (EPAU)

Half-year Progress report

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**THE AFRICAN CAPACITY
BUILDING FOUNDATION**

**FONDATION POUR LE RENFORCEMENT
DES CAPACITES EN AFRIQUE**

I. Background

The Economic Policy Analysis Unit (EPAU) was established in January 2010 under the Commissioner in charge of Macroeconomic Policies at the ECOWAS Commission in Abuja (ECOWAS - ACBF Grant Agreement N° 243). The EPAU is a regional Think Tank sponsored by the African Capacity Building Foundation (ACBF).

The main goal of EPAU is to strengthen the capacity of the ECOWAS Commission to achieve economic and monetary integration, poverty reduction and sustainable development in West Africa. The identified route to achieve the above includes policy research / surveillance, capacity building and networking, which shall improve the performance and efficiency of the ECOWAS Commission in the management of the regional economies, based on effective surveillance of the economies of the member states. EPAU shall strengthen the functioning of the Multilateral Surveillance Mechanism aimed at macroeconomic convergence and then monetary integration. (see Box 1).

The thrust of EPAU's research programme is primarily Policy Analysis, Surveillance / Monitoring as well as Policy Research in the form of commissioned studies. EPAU will also conduct evaluative research.

The EPAU is also to build capacity ECOWAS Professional Staff and members of National Coordinating Committees for better economic policy – which will ultimately improve economic policies that target regional integration.

The implementation of the EPAU project was delayed for obvious Administrative bottlenecks at the ECOWAS Commission.

Box 1. The Economic Policy Analysis Unit of ECOWAS

Vision

EPAU's vision is enshrined in that of the Commission which is to promote cooperation and development in all areas of economic activity, abolish trade restrictions, remove obstacles to the free movement of persons, goods and services, and harmonize regional and sectoral policies.

Mission

Bridge existing capacity gap and realize the overall objective of the Macroeconomic Policy Department aiming at the harmonization of policies and programmes with a view to attaining monetary integration, private sector development and sustained growth.

Objectives

- 1) Strengthen the institutional capacity of the Macroeconomic Policy Department;
- 2) Conduct policy analysis, research and management for purposes of promoting regional integration in West Africa;
- 3) Build the capacity of ECOWAS staff and National Coordinating Committees; and
- 4) Promote networking of regional bodies, groups and institutions.

The Present progress report highlights the state of implementation of the project since assumption of duty of the recruited Experts. It will successively address management and research activities, then present limiting factors and the way forward.

II- Project Management

Three of the recruited Experts inclusive of the Project Manager assumed duty in mid-October 2010 (From Right to left on the picture are: Dr. Felix Fofana N’ZUE, Director of the Unit; Dr Kolawale Wumi, Principal Program Officer and Dr. Jalloh Mohamed, Principal Program Officer). Right after assumption of duty, the Project Manager drafted the EPAU’s Work Programme and Budget for the year 2011. To



ensure that the drafted work programme is in line with Schedule 1 of the Grant Agreement, the work programme was reviewed by the EPAU governing Bodies (the Technical Committee and the Advisory Committee). The Technical Committee approves planned activities of the project and meets twice a year before the Steering Committee meetings and also as need be. the Project Manager serves as Secretary to the Technical Committee. The Technical Committee met in Abuja, Nigeria (River Plaza Room # R17) on January 06, 2011, at the invitation of the Commissioner Macroeconomic Policy of the ECOWAS Commission to approve EPAU’s work program and hence pave the way for its successful implementation (see report of EPAU’s Technical Committee meeting).



The Steering Committee provides overall policy direction to the project and meets twice a year in February and October. Members of the EPAU Steering Committee met in Abuja, Nigeria (ECOWAS Commission, Room 523), at the invitation

of the Commissioner for Macroeconomic Policy to reflect on EPAU's work program and budget for approval and guidance on Monday, 28th February, 2011 (see report of EPAU's Steering Committee meeting). **The Chair of the Steering Committee (Prof. Bamba N'Galadjo, Commissioner for Macroeconomic Policies) is pictured above together with the Commissioner for Trade, Customs, and Free Movement (Mr. Daramy).**

On recruitment of remaining Staff

As planned in the Grant Agreement, the EPAU team was to be composed of 04 Experts inclusive of the Project Manager, a Publication Officer, an Account Assistant, an Administrative Assistant and a Driver. As of to date only three Experts including the Project Manager have been recruited. The fourth Expert who was offered the position turned down the offer for inadequate compensation. She has not been replaced since then. Several Memoranda were sent to ECOWAS management to that effect and also to push for the recruitment of the Publication Officer and the Support Staff (See Memo Ref. ECW/MEP/EPAU/03/11-10/nff). Draft Job descriptions were sent to the Office of Human Resources to facilitate and fast track the process. All these efforts did not prosper as expected due to several bottlenecks. At the time of this report, short listing of probable candidates for all the positions has not been done. It is important to note that as a result of EPAU Manager's efforts in pushing the ECOWAS Human Resource Directorate for support staff, a Youth Corper was assigned to the Unit to act as Administrative Assistant in March 2011.

On availing project resources for implementation of activities

With the cooperation of the Finance Directorate, the first tranche of US\$ 300,000 was finally released to the Project Account (January 24, 2011). On the ECOWAS side, although the Council of Administration and Finance (CAF) approved the amount of US\$ 200,000 as counterpart funding, these resources have not been made available to the project. The Director of Finance has promised to look into the matter and make sure that the money is available to the EPAU.

In addition to the resources provided by ACBF and in light of its inadequacy to effectively implement the activities in the work programme, efforts were made to seek alternative sources of resources. To that effect, a request was prepared and sent to the European Union – ECOWAS Contribution Agreement. The request was approved and EUR 1,595,000 was made available for research activities for 2011 (See Programme de Travail de la Convention de Contribution UE –

CEDEAO 2011 pp 93-95). It is good to underscore that the above amount is greater than the resources earmarked under the Grant Agreement for implementing the project's activities.

On acquisition of project equipment and materials

The Project was housed at River Plaza in two offices. One office assigned to the Project Manager and the other one, to the Experts. These offices are yet to be properly partitioned to make space for the Experts, the Publication Officer, and the Support Staff (Administrative Assistant and the Account Assistant). The Offices are also to be properly furnished. No working material was given to the Unit. As a result, the Experts have been working with their own laptop computers. Similarly, no communication outlets are available in the offices. Consequently, EPAU Experts have been using their own mobile phones and airtimes for official communications. After several attempts (Drafting Memoranda to request for office equipment and following up on these Memoranda) basic stationeries, one desktop and a printer were provided to the team (in January, 2011).

The process to acquire Office equipment and materials is ongoing and we are awaiting ACBF's "no objection" to proceed further.

III- Research, surveillance and capacity building activities

Policy Research

In-house

The EPAU Experts are tasked to produce two research papers per year. For this year, they are working on the following themes:

- Economic integration, trade facilitation and agricultural exports performance in west Africa;
- Deregulation of Financial Markets and Macroeconomic Performance in ECOWAS Member States
- Socio economic impacts of the Ivorian post election tragedy on selected ECOWAS countries.

At the request of ECOWAS Task Force on Malaria, the EPAU Team drafted a Concept paper for a study on the “Socio-Economic Impacts of Malaria in ECOWAS Countries”. This Concept paper is yet to be finalized.

Commissioned studies

In line with the work programme, the topic identified for this year is “Domestic Resource Mobilization”. The ACBF sponsored Think Tanks in ECOWAS member States were tasked to undertake the study in their respective countries and in so doing operationalize a collaboration platform between the regional Think Tank (EPAU) and the national Think Tanks. An initial meeting to touch base with these national Think Tanks was held in Abuja, Nigeria (ECOWAS Commission, Room 155), at the invitation of the Commissioner for Macroeconomic Policy to reflect on a possible platform for collaboration. The meeting was held on March 3, 2011 (see report on EPAU-ACBF Think Tanks meeting).



Participants to the meeting are pictured above and include the ACBF Representative Dr. Coffi Noumon.

To follow up on the above meeting, Terms of Reference (TOR) for country case studies was sent to the national Think Tanks. Seven Think Tanks responded. These are: CAPOD (Benin), CAPEC (Côte d’Ivoire), CERCAP (Mali), CAPED (Niger), NISER (Nigeria), CEPOD (Senegal) and CADERDT (Togo).



country proposals, ii) Agree on a minimum content for the Country Case Studies (CCS), iii) Sensitize researchers on the relevance of the Journal for West Africa Integration (JWAI) for ECOWAS as a policy advocacy instrument; and iv) agree on the milestones. **Participants to the inception workshop are pictured above.**

To undertake the studies and ensure a common understanding of the TOR, the EPAU Secretariat organized an inception workshop on 5-7 May, 2011 in Accra, Ghana. The objectives of the inception workshop were to: i) review the



The Journal of West Africa Integration

In line with the approved work programme, EPAU management undertook the process which shall lead to the publication of the Journal of West Africa Integration. Unlike usual process for publishing scientific Journals, EPAU adopted a sequential process that proffers a window for capacity building. The process started with posting a Call for Proposals on the ECOWAS website and circulating it in all known Think Tanks in the region as well as Universities. Sixty-four (64) proposals were received (44 from English speaking countries and 19 from French speaking countries and one proposal from Lusophone countries). The proposals were sent out for external review. From the external review and keeping in mind the need for geographical coverage, 10 proposals were selected for the first two issues of the Journal. These proposals were given a small grant to carry out the research work. The remaining proposals were sent back to their respective authors with reviewers' comments. These proposals were to be revised and sent back to the EPAU Secretariat. If resources permit, these proposals will form the next sets of research to be considered for funding. The selected proposal topics are presented below:

Table 1: List of selected proposals for the JWAI.

Country	Team Leader	Theme
Côte d'Ivoire	Djato K. Kra	Impact de la globalisation sur la structure de financement des économies des pays membres de l'UEMOA
	Silvère Y. Konan.	Analyse de la causalité entre migration et développement en Afrique de l'ouest : Cas de l'espace CEDEAO
Ghana	Charles Ackah	Effects of Trade costs on Trade flows and regional integration in West Africa
Guinea	Diallo Souleymane	Intégration Régionale et croissance économique: évaluation de l'impact potentiel de la mise en œuvre du Tarif Extérieur Commun dans l'espace CEDEAO sur l'économie Guinéenne
Niger	Amadou Ousmane	Capital humain et relance économique sous l'initiative des Pays Pauvres Très Endettés dans l'espace CEDEAO
Nigeria	Hakeem Mobolaji	Financial Development and regional integration among ECOWAS Countries: A spatial Econometric Analysis
	Olugboyega Oyeranti	International reserve pooling in the West African Monetary Union : A panacea for smoothening Business Cycle fluctuations and Investment Gaps
	Abiodun Bankole	The Impact of Regional Trade Liberalization Scheme on Regional and Member State's growth
Sierra Leone	Mariamama Deen-Swarray	The role of Infrastructure development in facilitating regional Trade integration
Togo	Akilou Amadou	Analyse empirique de l'effet de l'instabilité des exportations sur la croissance économique dans les pays de l'UEMOA

The EPAU Secretariat convened an inception workshop on 2-4 May, 2011 in Accra, Ghana. The objectives of the inception workshop were to i) provide opportunity for peer review, ii) to assess the proposals on the basis of focus, intended policy message, analytical approach and availability / relevance of data, iii) ensure that the research team will be able to carry out an in-depth study with the available financial resources and given



the time constraint, iv) Sensitize researchers on the relevance of the Journal for West Africa Integration (JWAI) for ECOWAS as a policy advocacy instrument; and v) agree on the milestones. **Participants to the workshop are pictured above**

Work is ongoing on the Journal's publication policy as well as setting up the editorial board. It should be noted that, resources permitting, the journal will be published twice a year with a special issue every two years.

Surveillance

The monitoring and surveillance activities play key roles in the regional integration process. To undertake complementary multilateral surveillance of the regional integration process, EPAU planned to identify focal points in each member States with the responsibility to closely follow government actions or activities that are integration promoting or distorting. These focal points were to produce monthly reports on country actions towards or against integration. The reports were to form the basis for an annual publication of a flagship report titled “*Regional Integration Alert in ECOWAS countries*”. Scoping missions in ECOWAS member States were called for, to kick start this process. Unfortunately, ACBF has not yet authorized these scoping missions arguing that the scoping missions were costly and will exhaust the resources allocated to research activities way before the end of the project. Discussions are ongoing to show the relevance of these scoping missions.

In its work programme, the EPAU planned to set up a web-based discussion platform that will monitor integration indicators in member countries. This has not materialized due to the absence of a webmaster. Indeed, a webmaster is yet to be recruited for the entire Department for macroeconomic policies.

Capacity building

In-house training

The EPAU team has drafted a Training Needs Assessment (TNA) questionnaire to identify the capacity needs of Professional Staff at the Commission. This is so because efforts to obtain an appraisal of the capacity of ECOWAS professional Staff from the Department of Human Resources remained unfruitful. The EPAU Team is yet to administer its TNA questionnaire.

It is important to note that the EPAU Director participated in a training workshop on “T21 model” in Dakar, Senegal.

Training organized by regional or international organizations

An EPAU Expert attended two workshops in the USA. Efforts are yet to be made to network with regional training institutions.

In country training

The team has not been able to administer the TNA questionnaire to the staff of the National Coordinating Committees and the ECOWAS – WAMA Joint Secretariat. This preliminary activity has also not been authorized yet. ACBF argued that the cost of this activity if authorized will consume the entire resources allocated to the project in less than two years (for a four year project). Discussions are ongoing with ACBF to revisit their position and grant the “no objection” for this important preliminary activity.

IV- Limiting factors and way forward

Establishing a regional Think Tank at the ECOWAS is a genuine idea. It will provide seasoned analysis to decision makers and guide policy making at the regional level. Such a policy instrument needs to be capacitated if it is to be effective and relevant. From the initial implementation of its activities as reported above, it is clear that resources allocated to this important regional Think Tank are very inadequate. The following can be highlighted:

- On Human resources, there are inadequate human resources in the Unit. That is, in addition to recruiting the remaining Staff in the original design, there is need for Experts in the following sectors: Agriculture (including forestry, livestock, fisheries, environment etc) and, Infrastructure / transport.
- On equipment and materials, the EPAU offices need to be properly partitioned and equipped with appropriate and basic furniture (Office desks, chairs, cabinets etc) to make the workspace viable.
- On financial resources, the design of the EPAU project largely underestimated the cost of implementing the activities put forth in the Grant Agreement. The design did not properly assess the type of activities (policy research, surveillance, capacity building and networking) to be undertaken by the EPAU (a regional Think Tank) stationed at ECOWAS

Headquarter in Abuja, covering the fifteen (15) member States and hence budget it accordingly. Moreover, a policy instrument like EPAU should not rely solely on donors' resources. Efforts should be made to source financial resources from ECOWAS budget and also work in synergy with other Directorates for an optimal use of available resources. Financial resources remain the major constraints to the implementation of EPAU's activities.

Notwithstanding the above limiting factors, the EPAU team continues to implement its approved work programme with available resources. The activities for the coming six months include the following:

Table 2: Planned activities for next six months.

#	Activities	Periods	Country
1	In-house research	Ongoing / Continuous	Nigeria
2	Interim Review Workshop for the Country Case Studies on Domestic Resource Mobilization	August 16-18, 2011	Togo
3	Interim review workshop for the Journal of West Africa Integration	August 2-4, 2011	Senegal
4	National Validation workshops for the country case studies on Domestic Resource Mobilization.	September 5–10, 2011	All the 7 countries
5	Regional Dissemination workshop of the country case study on Domestic Resource Mobilization	October 6-8, 2011	Mali
6	Capacity building activities (T21). This important activity is organized by the CDP Unit and will be attended by all EPAU Experts.	June 20 to July 1 st , 2011	Senegal
7	Monitoring regional integration in member States.	Ongoing	All 15 countries
8	Technical Committee Meeting	End of September 2011	Nigeria
9	Steering Committee Meeting	End of October 2011	Nigeria

Concluding remarks

This half-year progress report has briefly presented the status of implementation of the approved work programme and the limiting factors. It results from this presentation that significant efforts have been made to move forward the work programme despite critical bottlenecks. It is hoped that for the next six months the necessary resources will be made available for the EPAU team to successfully carry out the remaining activities.