West African Region: A Study of India's Trade and Investment Potential

Occasional Paper No. 145

EXIM BANK

EXPORT-IMPORT BANK OF INDIA

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WEST AFRICAN REGION: A STUDY OF INDIA'S TRADE AND INVESTMENT POTENTIAL

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INTRODUCTION

This study focuses on the eight member countries of the West African Development Bank (BOAD), viz. Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo. The BOAD is the development financing institution for the member states of the West African Economic and Monetary Union (UEMOA). The BOAD countries are important trading partners for India. Increased economic activity in recent years in the BOAD region, coupled with rise in foreign trade and FDI inflows would present potential to enhance India's trade and investment relations with the region.

Towards, this end, the study analyses recent economic performance, trends in trade and investment in the BOAD region, trends in India's trade relations with the countries in the region and highlights the potential areas offering opportunities for enhancing bilateral trade and investment cooperation with these countries. The study also delineates broad strategies and recommendations to enhance India's trade and investment relations with these countries.

West African Development Bank – BOAD

The Banque Ouest Africaine De Developpement (West African Development Bank – BOAD) is the common institution of development financing for the member states of the West African Economic and Monetary Union (UEMOA). BOAD was created by a treaty signed on November 14, 1973 by its eight member states: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo and became operational in 1976. The original charter focused on development of member economies towards balanced development and to prepare economies for future West African economic integration. In 1994, it became the development arm of the West African Economic and Monetary Union. BOAD's headquarters is located in Lome, Togo. The member countries of BOAD share a common currency, the Franc of the African Financial Community (FCFA) and are governed by a regional central bank, the Central Bank of West African States (BCEAO). BOAD has representative offices in the capital of each Member State.

In conformity with the Treaty of UEMOA, BOAD is a specialized common institution of the Union. It contributes "in total independence, to the attainment of the objectives of the UEMOA without prejudice to the objectives assigned to it by the Treaty of the UEMOA". BOAD is an international public institution. Its objective under Article 2 of its Articles of Association is "to promote the balanced development of the member states and to ensure the economic integration of West Africa" by financing priority development areas. The areas of intervention of the Bank are: rural, basic and modern infrastructure, telecommunications, energy, industries, transport, agro-based industries, tourism priority projects and other services. Its vision for 2020 is to be, "a vibrant and world class development bank in the regional common market".

In accordance with its objectives and mission, the BOAD has undertaken various activities like fighting against poverty, regional integration in West Africa, support for the private sector, technical aids to the states, mobilizing resources and cooperation with its partners etc. The overall commitments made by the West African Development Bank (BOAD) as on December 31, 2010 for 540 projects are estimated at 1,680 billion FCFA (Euro 2.6 billion). This is up from 1,435 billion FCFA (Euro 2.2 billion) for 510 projects in 2009.

ECONOMIC ENVIRONMENT IN THE BOAD COUNTRIES

Economic performance in most BOAD countries has strengthened over the past 15 years. The buoyant economic outlook is supported by a quicker-than-expected recovery from recession, and rising oil prices (crucial for many of the countries in the region). Most BOAD countries weathered the impact of the recent global financial crisis and the earlier oil and food price shocks reasonably well. Improvements in macroeconomic fundamentals, together with broadly appropriate policy responses to the crisis, limited global financial integration, and Côte d'Ivoire's post conflict recovery helped to cushion the impact of the external shocks at the regional level. Notable progress within the BOAD countries has been achieved through improved macro-economic management, market-based reforms and continued structural progress in many countries.

In 2010, the combined gross domestic product (GDP) for BOAD countries increased to an estimated US$ 68.8 billion from US$ 68.3 billion in 2009. The total GDP of BOAD countries are forecast to touch US$ 72.2 billion in 2011, growing at an annual average of 5 percent and further to US$ 77.6 billion in 2012, reflecting a slightly higher year-on-year growth of 7.4 percent in 2012 **(Table 1)**. Per capita GDP, at current prices, of the

Table 1: GDP of BOAD Countries (US$ billion) (current prices)

Country	2007	2008	2009	2010e	2011f	2012f
Côte d'Ivoire	19.8	22.7	22.5	22.5	23.6	25.1
Senegal	11.3	13.4	12.8	12.7	13.2	14.1
Mali	7.2	8.8	9.0	9.1	9.5	10.3
Burkina Faso	6.8	8.3	8.1	8.7	9.3	10.0
Benin	5.5	6.7	6.7	6.5	6.7	7.1
Niger	4.3	5.4	5.3	5.6	5.9	6.7
Togo	2.5	3.2	3.2	3.1	3.1	3.3
Guinea-Bissau	0.7	0.9	0.8	0.8	0.9	0.9
BOAD Total	**58.1**	**70.1**	**68.3**	**68.8**	**72.2**	**77.6**

Note: e: estimates; f: forecasts

Source: IMF, WEO Database October 2010

region as a whole, was estimated at US$ 652 in 2010.

The economies within the BOAD region are at varying stages of development. For instance, the GDP of Côte d'Ivoire and Senegal put together was larger than the combined GDP of the remaining six BOAD countries, with GDP of US$ 22.5 billion and US$ 12.7 billion respectively in 2010, as compared to the combined GDP of US$ 33.8 billion of the remaining six counties during the same year.

The Central Bank of West African States (BCEAO)'s monetary policy, which remains tighter than the policies of many other central banks has helped in containing inflation in the BOAD countries in the recent period .The average inflation in BOAD countries ranged from 0.9 percent to 3.4 percent in 2010. The annual average consumer price inflation of BOAD countries moderated to 1.0 percent in 2009 from 8.7 percent in 2008, mainly reflecting decline in global commodity prices, but has increased to an estimated 2.1 percent in 2010.

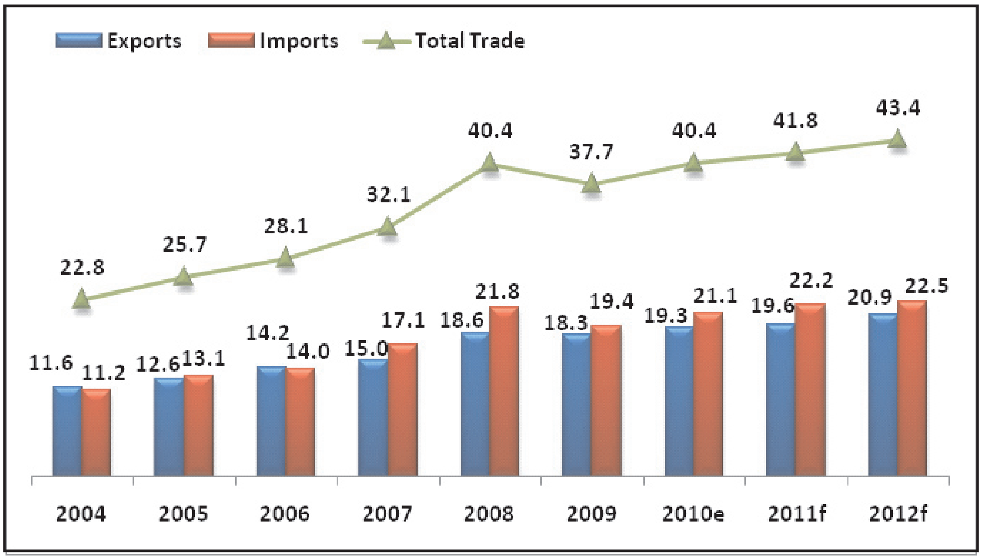
During 2010, all countries in BOAD region, with the exception of Côte d'Ivoire and Guinea-Bissau, have experienced a current account deficit. Côte d'Ivoire experienced a current account surplus of US$ 1.5 billion in 2010, driven by trade surplus, though lesser than previous year's surplus of US$ 1.6 billion.

FOREIGN TRADE IN BOAD COUNTRIES

BOAD as a whole has shown small but stable performance in terms of its global trade. Total trade (aggregate of exports and imports) of BOAD has almost doubled from US$ 22.8 billion in 2004 to an estimated US$ 40.4 billion in 2010, growing at a compound annual growth rate of 10 percent over the period, reflecting favourable growth performance of both exports and imports. Exports of BOAD steadily shot up from US$ 11.6 billion in 2004 to an estimated US$ 19.3 billion in 2010. Growing at almost a similar pace, imports of BOAD too rose from US$ 11.2 billion to US$ 21.1 billion over the period 2004-2010 **(Chart 1)**. Both exports and imports of almost all the BOAD countries are forecast to grow in 2011 and 2012, as a result of various stimulus packages and the recovery henceforth. Share of BOAD countries in total exports of Africa has slightly declined from 5 percent in 2004 to 4.8 percent in 2009. On an average, BOAD region accounted for 4 percent of Africa's total exports during 2004 to 2009.

Share of BOAD in total imports of Africa has also declined from 5.3 percent in 2004 to 4.7 percent in 2009. Imports of BOAD region, on an average, accounted for 4.8 percent of Africa's total imports during the same period. The main exports of the BOAD countries are agro-food products, fish products and cotton, while the main imports of the BOAD countries are food products, petroleum products and capital goods. European Union (EU) is the main export market as well as the main source of imports for BOAD countries.

Chart 1: Global Trade of BOAD Region (US$ billion)



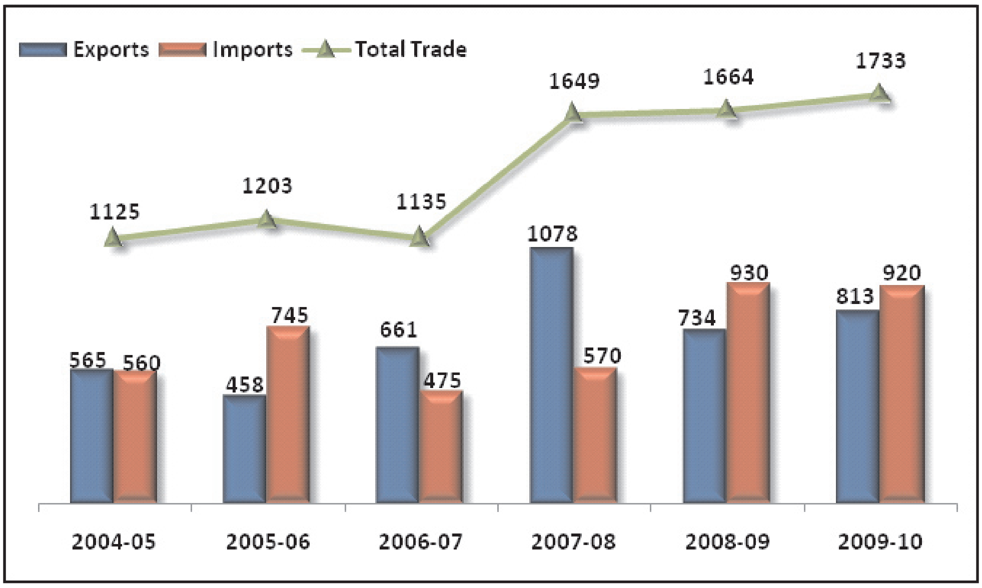
Note: e: estimates; f: forecasts.
Source: IMF. UNCTAD & Exim India research

INDIA'S BILATERAL TRADE RELATIONS WITH BOAD COUNTRIES

The synergy that exists between India and the BOAD region, and the potential thereof, can be assessed from the trends in bilateral trade relations witnessed in recent years. India's total trade with the BOAD countries has increased from US$ 1.12 billion in 2004-05 to US$ 1.73 billion in 2009-10 **(Chart 2)**. This is an achievement considering the fact that global financial crisis has affected the multilateral trade relations among almost all the countries. India-BOAD countries trade has not been adversely affected by the crisis; on the contrary the total trade has increased in 2008-09 as well as in 2009-10. This shows the growing importance of India's trade relations with BOAD countries.

During 2009-10, India's total trade with BOAD countries registered higher growth rate than India's trade with African region as a whole. The BOAD countries accounted for 4.5 percent of India's total trade with Africa region. India's total exports to the BOAD countries have risen from US$ 565 mn in 2004-05 to US$ 813.4 mn, with the result that the share of BOAD countries in India's total exports to Africa has risen to 6 percent in 2009-10. During the year 2009-10, India's exports to BOAD countries registered a sharp rise of

Chart 2: India's Trade with BOAD Region (US$ mn), 2004-05 to 2009-10



Source: Directorate General of Commercial Intelligence and Statistics (DGCIS), Ministry Of Commerce & Industry (MOCI), Government of India (GOI)

10.9 percent compared to decline of 32 percent during the previous year. India's imports from the BOAD countries have also witnessed a rise from US$ 560 mn in 2004-05 to US$ 920 mn in 2009-10, accounting for 3.6 percent of India's total imports from Africa. As a result of a sharp rise in India's exports, India's trade deficit with BOAD region reduced to US $ 106 mn in 2009-10, as against a deficit of US$ 196 mn during the previous year.

Among the BOAD countries, Benin has emerged as the leading destination for India's exports during 2009-10, reflecting the sharp rise in exports from India to the country. Benin accounted for 27.2 percent of India's total exports to BOAD countries during 2009-10, followed by Senegal (23.2 percent), Togo (20.0 percent), Côte d'Ivoire (15.0 percent), Mali (5.2 percent), Niger (4.6 percent), Burkina Faso (4.5 percent) and Guinea–Bissau (0.4 percent). As far as imports are concerned, Côte d'Ivoire is the largest supplier to India among BOAD Countries, accounting to 31.9 percent of India's total imports from the region in 2009-10, followed by Senegal (25.8 percent), Guinea Bissau (20.0 percent), Benin (13.1 percent), Togo (7.5 percent), Burkina Faso (0.8 percent), Mali (0.4 percent), and Niger (0.03 percent). India's imports from Senegal, Guinea-Bissau, Benin and Niger registered an increase, whereas imports from all other member countries have declined in 2009-10. This has helped in substantially reducing India's overall trade deficit with BOAD countries.

Major export items in India's export basket to BOAD countries include cotton yarn fabrics madeups (around 16 percent of India's total exports to BOAD), pharmaceutical products (13.0 percent), manufactures of metals (12.7 percent), manmade yarn fabrics madeups (9.6 percent), petroleum products (7.6 percent), transport equipment (6.4 percent), machinery & instruments (4.7 percent), primary & semi-finished iron & steel (4.1 percent), and plastic & linoleum products (2.7 percent). India's major imports from BOAD countries include cashew nuts (39.1 percent of India's total imports from BOAD), inorganic chemicals (19.7 percent), crude fertiliser (10.9 percent), metaliferrous ores & metal scrap (9.9 percent), wood & wood products (7.7 percent), cotton raw (6.0 percent) and petroleum crude (4.8 percent).

INSTITUTIONAL FRAMEWORK & POLICY INITIATIVES

With a view to facilitate and further enhance bilateral trade and commercial relations with countries in Africa, including the BOAD region, India has put in place important policy measures as also institutional frameworks to create an enabling trade and business environment. Such initiatives have been effective in giving a new dimension to mutual cooperation and the already existing close relations between the two sides. Major policy initiatives would include, among others, Focus Africa Programme, Pan-African E-Network, India-Africa Partnership Conclaves and India Africa Summit.

POTENTIAL FOR ENHANCING BILATERAL TRADE RELATIONS BETWEEN INDIA AND BOAD COUNTRIES

Based on India's export potential and demand existing in the BOAD region, the potential items for India's exports to the BOAD region could broadly include food products and beverages, pharmaceutical products, textile yarn and fabrics, iron & steel products, tobacco and products, essential oils and perfumes, chemical products, plastic and their articles, paper and paper boards, petroleum products, electronic goods, inorganic chemicals, ceramic products, optical, photographic instruments and machinery and transport equipment.

Potential items for exports to Benin could include food products, petroleum products, textile yarn and fabrics, iron & steel products, and machinery and transport equipment; to Burkina Faso, food and tobacco products, mineral fuels, pharmaceutical products, paper and paperboard, and iron and steel; to Côte d'Ivoire, food and beverages, petroleum products, essential oils and perfumes, chemical products, plastic and their articles, and machinery and transport equipment; to Guinea-Bissau, capital goods, electronic goods and petroleum products; to Mali, petroleum products, food products, inorganic chemicals, pharmaceutical products, articles of iron and steel, and machinery and transport equipment; to Niger, petroleum products, pharmaceutical products, articles of iron and steel, and machinery and transport equipment; to Senegal, food articles, plastics and their articles, paper and paperboard articles, ceramic products, iron and steel, machinery and transport equipment, and optical, photographic instruments; and to Togo, petroleum products, wood and wood products, food products, iron and steel and their articles, machinery and transport equipment.

Based upon India's primary requirement of imports, items which hold potential for imports from BOAD region would include gold, cotton, cocoa, edible fruits and nuts, wood and wood products, raw hides and skins - goat or kid skins, ammonia, sheep or lamb skin leather, and chemicals.

INVESTMENT CLIMATE AND OPPORTUNITES IN BOAD REGION

The common aspiration of the BOAD countries is to realize a unified common market in order to have a dynamic and competitive regional economy which successfully integrates itself into the African and global economies. According to the 2006-2010 Programme of action adopted by Head of States and Governments in January 2004, in Niamey, by 2015, UEMOA is expected to emerge as a competitive regional economy which generates economic growth and which integrates itself into the global economy in a harmonious manner. With a view to enhancing investment flows, the BOAD countries have streamlined their investment laws and have also identified priority sectors for increased investment inflows and development.

Trends in investment during the last decade show pick up in both inflows as well as outflows. The total foreign direct investment (FDI) into BOAD region increased slowly in the first half of the decade, and picked up strongly since 2004, increasing over three-fold in 2009 over 2000 level. By 2009, FDI into BOAD region stood at US$ 1.8 billion. Outflow of investment from BOAD region is relatively lower, and was in the range of 3 to 13 percent of the total inflows during the last ten years. Outward investment started picking up significantly only from 2004 onwards, increasing to US$ 78 mn from US$ 17 mn in 2000, but reduced to US$ 51 mn in 2009 due to global financial crisis.

While increase in investment in BOAD region has been reflected in almost all the BOAD countries, growth in FDI inflows has witnessed sharp rise in recent years in the case of Niger, Guinea-Bissau, Burkina Faso and Senegal. Niger is the largest investment destination in BOAD region, and accounted for 41.2 percent of total FDI into BOAD region in 2009, followed by Côte d'Ivoire, with a share of 22.8 percent. Senegal, Burkina Faso, Mali, Benin, Togo and Guinea-Bissau accounted for 11.6 percent, 9.6 percent, 6.1 percent, 5.2 percent, 2.8 percent and 0.8 percent respectively, of FDI inflows into BOAD in 2009. In 2009, BOAD region accounted for 3.1 percent of FDI inflows into Africa, as against a share of 5.2 percent in 2000. As regards outward direct investment from BOAD, Senegal accounted for 29.4 percent of outward direct investment from the region, followed by Niger and Togo, with a share of 19.6 percent each. Pick up in BOAD outward direct investment, was mainly due to increase in outward investments from Senegal, Niger and Togo. Share of BOAD in outward direct investments from African region was 1.2 percent in 2000. By 2009, it has reduced and stood at 1.0 percent.

In line with the policy of the governments in the BOAD region, potential sectors that hold opportunities for investment in the region would broadly include infrastructure, transportation, construction, oil & gas, mining & minerals, tourism, pharmaceuticals, computer software and accessories, agribusiness, banking and financial services.

EXIM INDIA IN THE BOAD REGION

As a partner institution to promote economic development in Africa, the commitment towards building relationships with the African region is reflected in the various activities and programmes which Export –Import Bank of India (Exim India) has set in place, especially in the Western African countries. Exim India operates a comprehensive range of financing, advisory and support programmes to promote and facilitate India's trade and investment relations with countries in Africa, including the BOAD region.

Lines of Credit

Exim India extends Lines of Credit (LOCs) to overseas governments, parastatal organisations, financial institutions, commercial banks and regional development banks to support export of eligible goods and services on deferred payment terms. Exim India also extends overseas buyers' credit directly to foreign entities for import of eligible Indian goods and related services or for financing eligible turnkey projects. Exim India also extends LOCs on behalf and at the behest of Government of India.

In the African region, as on February 28, 2011, Exim India has 92 operative LOCs totaling US$ 3,429.48 mn, covering 32 countries, including the BOAD region. With respect to countries in the BOAD region, Exim India has 23 operative LOCs, amounting to US$ 530.87 mn earmarked for development projects in diverse sectors.

Support for Project Exports

Exim India plays a pivotal role in promoting and financing Indian companies in execution of projects in markets overseas. Such projects, primarily in the infrastructure sector, contribute to local and regional development. Exim India extends both funded and non-funded facilities to Indian project exporters for overseas industrial turnkey projects, civil, civil construction contracts, supplies as well as technical and consultancy services contracts. Indian companies have implemented numerous projects in Africa, including the BOAD region, with the support of Exim India, in sectors such as power, telecommunications, transport, water supply & sanitation. As on December 31, 2010, the value of project contracts secured by Indian project exporters in the BOAD region amounted to ₹. 7.6 billion.

Association with African Development Bank (AfDB)

India is a member of African Development Bank (AfDB). Many Indian companies participate in projects funded by African Development Bank Group. Exim India works very closely with African Development Bank and has an active programme which offers a range of information, advisory and support services to Indian companies to enable more effective participation in projects funded by Multilateral Funding Agencies such as African Development Bank. Towards this end, Exim India and AfDB have signed a Memorandum of Understanding (MOU) for co-financing projects in Africa. The MOU envisages joint financing of projects (priority being given to support projects of small and medium enterprises) in regional member countries of AfDB, including the West African region. Exim India also organizes Business Opportunities seminars in Projects funded by African Development Bank at various centres in India.

Member of Association of African Development Finance Institutions (AADFI)

Exim India is also a member of AADFI, a forum of institutions / banks with the objective of creating co-ordination and economic solidarity among the development finance institutions in the African continent. The membership of AADFI helps Exim India in identifying potential markets / partners in the African region and provides an ideal platform for building linkages with other institutions in Africa, which are members of AADFI. Most of the BOAD countries are either ordinary or special members of AADFI.

Shareholder in Afrexim Bank and West African Development Bank (BOAD)

Towards facilitating economic cooperation, Exim India has taken up equity in the African Export-Import Bank (Afrexim Bank), which is headquartered in Cairo, Egypt. The Afrexim Bank was established in 1993 by African Governments, African private and institutional investors as well as non-African financial institutions and private investors for the purpose of financing and promoting intra-and extra-African trade. Exim India is a shareholder of African Export-Import Bank. Further, Exim India has also taken equity in West African Development Bank (BOAD).

Global Network of Development Finance Institutions and Exim Banks (G-NEXID)

With a view to facilitating South-South trade and investment cooperation, at the joint initiative of Exim India and

UNCTAD, a Global Network of Exim Banks and Development Financial Institutions (G-NEXID) was launched in March 2006 in Geneva. Annual Meetings are held to deliberate upon measures to foster long-term relationship, share experience and strengthen financial cooperation to promote trade and investment relations between developing countries. A number of institutions from Africa are G-NEXID members, such as Afreximbank, PTA Bank, East African Development Bank, Development Bank of Namibia, Development Bank of Zambia, Industrial Development Bank of Kenya, Industrial Development Corporation of South Africa, Development Bank of Southern Africa, ECOWAS Bank for Investment and Development, Central African States Development Bank, Exim Bank of Nigeria, SME Bank of Tunisia, Development Bank of Mali, National Bank for Investment, Côte d'Ivoire.

Research Studies

With a view to enhancing competitiveness of India exporters, as also identifying Indian trade and investment potential, Exim India periodically conducts research studies on countries/regions; sectors/ industry; and on macro-economic issues relating to international trade and finance. The recent research publications relating to Africa include studies on India's trade and investment potential with SADC, ECOWAS, COMESA, Select West African Countries, Select Southern African Countries; Maghreb Region, Southern African Customs Union (SACU), as also a study on IBSA : Enhancing Economic Cooperation across Continents.

Exim India's Offices in Africa

In order to facilitate closer economic cooperation with the African region, Exim India has representative offices in Dakar, Senegal; Johannesburg, South Africa; and Addis Ababa, Ethiopia. The Dakar office of Exim India plays a key, catalytic role in enhancing trade and investment between India and the West African region. The Dakar office has been conferred with a special status 'Accord de Siége'by Government of Senegal at par with multilateral institutions located in Senegal.

The representative offices interfaces with institutions such as West African Development Bank (BOAD), Industrial Development Corporation of South Africa Ltd., African Development Bank, regional financial institutions such as Eastern and Southern African Trade and Development Bank (PTA Bank), and Afrexim Bank, as well as Indian missions in the region, thereby being closely associated with the Bank's initiatives in the African region, including the BOAD region.

STRATEGIES AND RECOMMENDATIONS FOR ENHANCING BILATERAL COMMERCIAL RELATIONS WITH BOAD REGION

Strategy to enhance trade and investment relations with countries in the BOAD region would entail an integrated approach comprising, among others: cooperation in agricultural development, natural resource development, cooperation in hotel and tourism industry, focus on IT development , human resource development, cooperation in infrastructure development, banking and energy, besides broadening linkages with trade promotion institutions in the region; and developing linkages with investment promotion agencies. Such endeavours could also be supplemented by measures such as: increased participation in multilateral funded projects; entrepreneurship development and institutional building; cooperation in banking/ financial sector; and cooperation with chambers of commerce and industry in the region.

I. Co-operation in Agriculture Sector Development

Agriculture and related activities are the backbone of most of the countries in the BOAD region, and exports from the sector are important foreign exchange earners for most countries in BOAD region. Many countries in the BOAD region are home to the world's richest agricultural resources. As a result, several Governments in the African region, including the BOAD countries, view that foreign investments in agriculture cultivation would lead to possible benefits for rural poor, including the creation of a potentially significant number of farm and off-farm jobs, development of rural infrastructure, and social improvements, leading to poverty reduction. Moreover, national Governments in the region, with a view to addressing the serious issue of food shortage, have been framing policies towards attracting investors in the agricultural sector to tackle food, employment and sustainability crises. Indian companies can explore the possibilities of investment such as joint ventures or contract farming and out-grower schemes or investments in key stages of value chains. India's investment in target country would result in improving the agricultural sector of the target country through skill development, job creation, technological upgradation, supply of quality inputs like seed, better supply chain management, and biotechnology.

II. Natural Resource Development

With many of the countries in the BOAD endowed with mineral wealth and natural resources, enhanced bilateral cooperation for development/ exploration of natural resources in these countries could benefit both India and the region. For instance, Togo is the second largest producer of phosphates in the Sub-Saharan Africa, and also possesses hydroelectric and hydrocarbon potential; Guinea-Bissau presents opportunities for cashew nuts processing and oil exploration; Niger has large reserves of uranium and is one of the leading global producers; Burkina Faso has large deposits of minerals which are yet to be fully exploited, with gold dominating the mining sector; Senegal possesses calcium phosphates and aluminum phosphates, as also iron, gold, copper, diamonds, titanium and peat; Mali is the Sub-Saharan Africa's third largest producer of gold after South Africa and Ghana. In light of these, increased cooperation between India and the resource-rich countries in BOAD region in developing/ exploring natural and mineral resources, with bilateral arrangements such as buy-back arrangements, could be an important strategy to enhance Indo-BOAD commercial relations.

III. Co-operation in Hotel and Tourism Industry

Countries such as Mali, Senegal, and Benin in the BOAD region have emerged as major tourism destinations of the West Africa, receiving large number of tourist population visiting Africa. With India being an emerging player in hospitality industry, Indian companies could explore the vast opportunities available in the BOAD countries. Indian companies can focus more on developing world-class hotels and resorts with more Indian touch. Indian hotel groups could also try to acquire and renovate some hotels in the region. Given the rich cultural and geographical diversities and vast biodiversity in flora and fauna of African nations, Indian entrepreneurs could also specifically focus on different kinds of tourism products, such as adventure tourism, eco-tourism and cultural tourism.

IV. Focus on Information Technology (IT) Development

With the strength and capability that India possesses in the realm of Information Technology sector, Indian IT firms could explore the opportunities in the BOAD region, and focus on investing in subsidiaries or joint ventures in the areas of e-governance, financial services and e-education. Indian companies could also share their expertise in providing software programmes and services for banks and financial institutions in the region. For instance, Indian companies, such as NIIT and Aptech, who already have presence in Africa, and a few BOAD countries, could expand their network of training centers in the BOAD region. Designing specialized e-learning courses on the web for providing technological assistance, manufacturing process know-how, troubleshooting and other technical areas also present opportunities. Such initiatives would help industry and commerce, promote education in remote areas, create employment opportunities and provide healthcare to remote areas in the BOAD region, thereby contributing to overall development of nations in the BOAD region.

V. Investment in Human Resource Development

An associated area of bilateral cooperation could also be investing in human resource development. Human resource development is recognised as the premiere need of most African nations. Businesses focusing on health, education and skill development are more likely stable businesses, which are in increasingly high demand in many BOAD countries, due to their direct impact on improving the standard of life. Towards this end, countries from the region could also tie up with Indian institutions such as the Central Food Technological Research Institute (CFTRI), Mysore; Entrepreneurship Development Institute of India (EDI), Ahmadabad; and National Small Industries Corporation Ltd. (NSIC), New Delhi. Further, Indian institutions could also share their expertise in the fields of export capability creation in the region, institutional strengthening and export development in the form of technical assistance and sharing of expertise through site visits.

VI. Co-operation in Infrastructure Development

An important area of bilateral cooperation could be infrastructure development in countries within the BOAD region. Investment in infrastructure development, due to an increasing need for better infrastructural facilities, coupled with the endeavour of BOAD member countries for rapid economic growth, could prove to be a mutually rewarding area of bilateral cooperation. Areas that hold immense investment opportunities include development of highways and roadways, development of railway networks and power systems, which would also help in integration of the BOAD region, and the African continent at large, to a great extent. Large Indian construction companies could explore business opportunities to meet the infrastructural requirements in the BOAD region, also contributing largely to economic development in the host country.

VII. Co-operation in the Banking/ Financial Sector

With a view to enhance commercial relations with countries in the African region, some Indian banks have set up operations in select countries in Africa. Currently in Africa, Bank of Baroda has branches in Mauritius, South Africa, and Seychelles; Bank of India in Kenya; State Bank of India in

South Africa. State Bank of India has subsidiaries in Mauritius and Nigeria; Bank of Baroda in Botswana, Ghana, Uganda, Tanzania and Kenya, and Bank of India in Tanzania. Further, State Bank of India has representative offices in Egypt, Angola and South Africa, and Bank of India in South Africa, while a Joint Venture Bank, Indo-Zambia Bank Ltd. has been set up in Zambia by Bank of Baroda, Bank of India and Central Bank of India. In view of the potential for enhancing bilateral trade and investment relations with the BOAD countries, opening branches/representative offices in the region, and developing correspondent banking relations with select banks in the region would serve to facilitate and promote commercial relations.

VIII. Developing Linkages with Investment Promotion Agencies and Chambers Of Commerce and Industry in the Region

Besides streamlining their investment regimes, many countries in the region have set up specialised investment promotion agencies to promote and facilitate inflow of foreign investment into these countries, while also serving as one-stop-shop for investment related activities. In light of the key role of these institutions, building closer cooperation and linkages with these investment promotion agencies and Chambers of Commerce in the BOAD region would serve to enhance access to information about investment opportunities in the region. Such relationship would serve to enhance knowledge about potential areas for investment, upcoming projects in different sectors, prospective investment partners, as also procedures, rules and regulations required for venturing into specific sectors in these countries and incentives offered to investors. Further, investment promotional events with select investment promotion agencies would foster increased interaction between potential investors and concerned agencies in potential sectors in target countries in the region. Similarly, with a view to strengthen economic and commercial relations between India and BOAD countries, efforts could be directed to build up linkages with institutions in the region, such as Agence Senegalaise d'Assurance pour le Commerce Exterieur (ASACE - the Senegalese Insurance Agency for Foreign Trade) in Senegal; La Protection Ivoirienne, Côte d'Ivoire etc. These institutions can serve as important sources for valuable information about potential areas for enhancing bilateral trade relations.

IX. Energy and Power Generation

Another area which holds immense potential for investment and cooperation, is electricity generation and power transmission. This energy deficit is expected to continue posing a serious challenge for the overall development of the region. Insufficient investment in the energy sector leading to underdeveloped infrastructure including electricity transmission and distribution networks have exacerbated the energy problem in the region. Further, despite the potential for energy generation, insufficient use of existing energy systems has resulted in effective generation of electricity which is less than installed capacity due to drought, lack of maintenance and rehabilitation and also general system losses of electricity which includes transmission and distribution. In light of these, development of the regional energy infrastructure in the BOAD region is a priority area for governments in the BOAD region.

X. Co-operation in SME Sector

Towards developing entrepreneurship and human capability, India could share its expertise and experience with countries in the BOAD region, particularly in the SME sector wherein India has developed successful SME clusters. An important element in this direction could be for delegations from these countries to visit India to study success factor of SME clusters in India, and developing similar clusters in home countries based on resource and skill endowments.

XI. Business Hub in the BOAD Region

With a view to enhance India-based business in the BOAD region, Indian companies could develop a business hub in one of the BOAD member countries. The creation of such a hub could encourage and lend support to prospective companies who are interested in developing commercial relations and establish presence in the BOAD region. An added advantage of such a business hub in the region for the Indian exporter/ investor would be in terms of market access to all the markets of the BOAD region.

XII. Focus on Multilateral Funded Projects

Besides participating in investment activities that are promoted by the respective governments of the BOAD member countries, Indian companies could also endeavor to participate in multilateral funded projects. Multilateral institutions such as the World Bank, the African Development Bank (AfDB) and West African Development Bank (BOAD) support and fund a number of projects in the BOAD region. They broadly cover areas such as agriculture and related activities; infrastructure development such as roads, telecommunication, postal services, electricity, water supply and sanitation; mining and quarrying; rural and urban development; environment and natural resource development; health care and education; privatization; financial market development; and tourism development. At the same time, efforts to participate in technical assistance in terms of project preparation and advisory services in such funded projects would support increased presence in the region.

XIII. Preferential Trade Agreement

India and members of the Southern African Customs Union (SACU – South Africa, Lesotho, Swaziland, Botswana, and Namibia) are at an advanced stage of negotiations to put in place a preferential trade agreement (PTA) to boost bilateral trade. In light of the importance of the BOAD region as India's trading partners, a similar PTA between India and the BOAD region could also be a worthwhile exercise to add to the overall endeavours to enhance Indo-BOAD trade and investment relations.

XIV. Wider Dissemination of Information

To enhance India's exports to the West African region, as also opportunities for investment, an important element of the strategy would also be effective dissemination of information relating to trade/investment opportunities to potential exporters and investors in India as also prospective partners in the BOAD region. This can be facilitated through increased visits by trade and industry delegations from India to the BOAD region, and vice versa. Such economic/trade missions would serve to enhance awareness in the region about India's strengths and capabilities. The trade promotion measures could also include participation in specialized trade and industry fairs and exhibitions in the member countries of BOAD; organizing buyer-sellers meets and preparing product catalogues in electronic form. Further, specialized "Made in India" exhibitions and seminars / workshops could be organized, in collaboration with the BOAD countries, to showcase Indian technology and expertise. Counterparts in India as well as in the BOAD region could be apprised about the operative LOCs in the region and the ways and means of utilizing them.

XV. Other Measures

With the widespread use of French in most of the BOAD member countries, proficiency in French and bi-lingual publications (in English and French) would enhance effectiveness of information dissemination as also business endeavour in the BOAD region. To enhance regional reach in the BOAD region, equity participation or membership in regional institutions could also be explored. Membership of such institutions would enable Indian players to participate actively in the various activities of the institutions. Exim India has taken equity stake in the West African Development Bank (BOAD) to enhance its presence in the BOAD region, as is also a member of the Association of African Development Finance Institutions (AADFI). Similarly, Indian institutions could also consider taking up equity in Fonds Africain de Garanite de Cooperation Economique (FAGACE) an international organization committed to social and economic development of its member states, which includes the BOAD region.

1. THE WEST AFRICAN ECONOMIC AND MONETARY UNION (WAEMU/ UEMOA) – BACKGROUND

The West African Economic and Monetary Union – WAEMU, *(Union Économique et Monétaire Ouest-Africaine- UEMOA*) came into effect on August 1, 1994, replacing the West African Economic Union (WAEU/CEAO) and West African Monetary Union (WAMU). UEMOA is a constituency of 94.2 mn people (in 2009) covering an area of 3.5 mn sq. km., with an enormous potential for economic development. West African Development Bank (BOAD) provides development finance to these countries. The UEMOA has set itself the objective of fashioning a real common socio-economic zone.

UEMOA was created by the treaty signed at Dakar on January 10, 1994 by the heads of state and governments of Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, and Togo. The treaty came into force on August 1, 1994 after ratification by member states. Guinea-Bissau became the eighth number of the Union on May 02, 1997. The main aim of forming a monetary union was to promote economic integration among countries that share the CFA franc as a common currency. The UEMOA treaty aims to extend the process of integration already at work in the monetary area to the whole economic sphere. The treaty provides a framework within which member countries can address a number of structural weaknesses that have limited their growth potential; strengthen their credibility and effectiveness of their economic policies; and achieve a number of benefits, including economies of scale and efficiency gains. The UEMOA seeks "to develop a competitive common market based on the free flow of persons, goods, services, and capital".

UEMOA comprises of eight West African member countries. These countries form part of the CFA franc zone along with a second group of six African countries that participate in a similar monetary arrangement; the Central African Economic and Monetary Community (CAEMC). Within each sub-zone, monetary arrangements are managed by a separate central bank: the Central Bank of West African States (BCEAO) for UEMOA and the Bank of Central African States (BEAC) for the CAEMC. The sub-zones share a common currency, the CFA franc, which stands for the Communauté

Financiére Africaine in the BCEAO area and for Coopération Financiére en Afrique Centrale in the BEAC region.

The CFA franc was pegged to the French franc, and devalued in 1994 though its parity remained unchanged. With the introduction of Euro in 2000, the CFA franc has been pegged to it. Now the exchange rate is pegged at the rate, 1 Euro = 655.957 CFA franc.

UEMOA – Objectives

UEMOA is a customs union and currency union between eight members of Economic Community of West African States (ECOWAS). UEMOA aims to foster sustainable macroeconomic stability among its member states, and establish a single domestic market. To achieve this end, it has the following five main objectives:

- to reinforce the economic and financial competitiveness of its member states in the context of an open, competitive market and a rationalized, coherent, judicial environment;

- to ensure the convergence of macro-economic performance and policy across member states, with the institution of a multilateral control procedure;

- to create a common market for the member states based on the free flow of people, goods, services and capital, the right of individuals to set up businesses within the area, a common external customs tariff and a common trade policy;

- to promote the coordination of national sectoral policy and implementation in the areas of agriculture, environment, transport, infrastructure, telecommunications, human resources, energy, industry, mining and crafts; and

- to harmonize legislation across member states, particularly the fiscal system, where necessary for the smooth operation of the common market.

Thus, the organization's strategy is to deepen and broaden the integration process among member countries through various measures like:

- complete elimination of tariff and non-tariff barriers to trade and elimination of customs duties;

- free movement of capital, labour, goods and the right of establishment;

- standardising taxation rates and conditions regarding industrial cooperation, particularly company laws and investment laws;

- adoption of a single currency and the establishment of a Monetary Union and a Common External Tariff (CET).

The organs ensuring the administration of UEMOA are:

- Executive Body – comprising of the Conference of Heads of State, the Council of Ministers and the Commission of the UEMOA;

- Control Bodies – comprising of the Court of Justice, the Court of Auditors and the Inter-Parliamentary Committee;

- Advisory Body – comprising of the Regional Consular Chamber; and

- Autonomous Specialized Agencies- comprising of Central Bank of West African States (BCEAO) and the West African Development Bank (BOAD).

The Conference of Heads of State

The Conference of Heads of State is the supreme authority of the Union. It decides on the possible accession of new members and takes note of the withdrawal or exclusion of participants. It settles any matter that the Council of Ministers of the Union has referred to it. The Conference of Heads of State meets at least once a year in ordinary session and as often as necessary in extra ordinary session. The Conference of Heads of State takes its decisions unanimously.

The Council of Ministers

The Council of Ministers ensures the management of the Union. Two ministers represent each member state in the council, but only the Minister of Finance is entitled to vote. The Council defines the monetary and credit policy of the Union to ensure the safeguarding of the common currency and to fund the activities and economic development of member states. The Council of Ministers meets at least twice a year and takes decisions by unanimous vote in matters where it is empowered to act under the provisions of the Treaty establishing UEMOA and the statutes of BCEAO. It can also act in any matters that the Governments of the member states of the Union may agree to refer to it for study or decision, which must be in keeping with the international commitments of the States of the Union.

UEMOA Commission

The Commission of UEMOA works for the smooth functioning of the Union. Its executive powers are delegated by the Council of Ministers. It also executes the Union budget.

The Court of Justice

The Court of Justice ensures

uniform interpretation of law and its enforcement and justice. It also deals with the failures of states in performing their “community obligations”. It settles disputes between member states or between the Union and its agents. It is composed of judges, one from each State and are appointed for a term of six years.

The Court of Auditors

The Court of Auditors audits the accounts of the Union bodies, and checks the reliability of fiscal data necessary for the exercise of multilateral surveillance.

Autonomous Specialized Agencies

The UEMOA also has Autonomous Specialized Agencies, the Central Bank of West African States (BCEAO) and the West African Development Bank (BOAD).

Achievements of the UEMOA

The West African Economic and Monetary Union (UEMOA) is one of the best examples of cooperation among emerging economies. The UEMOA has achieved a customs and monetary union status in January 2000, eliminating duties on produce and manufactured goods traded between member countries and has introduced a Common External Tariff (CET). The 1994 devaluation of the common currency CFA franc reduced barriers to trade and bureaucratic obstacles to doing business. This has increased the attractiveness of the region as an investment destination. The West African Accounting System (SYSCOA) was implemented since January 1, 1998. In 2001, UEMOA signed a Trade and Investment Framework Agreement (TIFA) with the United States Trade Representative, which established a TIFA council for a structured dialogue on trade and investment issues.

The UEMOA has successfully implemented an effective multilateral surveillance mechanism, aimed at reorganising the macroeconomic structure of the member states and strengthening their common currency. The UEMOA adopted a set of convergence criteria in December 1999 in its efforts towards an eventual economic union, which the member countries were required to meet before end-2002. But considering the failure of Côte d’Ivoire, Senegal and several other countries to meet them, the date was extended to December 2005 and later to December 2008, which was further postponed to 2013. The member states of the UEMOA are working towards meeting the convergence criteria.

The main convergence criteria are:

- a budget balance (excluding grants and externally financed capital expenditure) equal to or greater than 0 percent of GDP;

- an annual average inflation rate of 3 percent or less;

- all arrears paid off and no accumulation of domestic or external payment arrears;

- total government debt (domestic and external) not to exceed 70 percent of GDP.

The secondary criteria which are considered to be structural benchmarks to enable members to meet the primary criteria are the following:

- a Government wage bill not more than 50 percent of fiscal receipts;
- the Government must pay for at least 20 percent of its share of public investment out of fiscal revenue;
- the current account deficit (excluding grants) not to exceed 5 percent of GDP; and
- a primary fiscal surplus equivalent to at least 15 percent of tax revenue.

In their efforts to enhance regional integration within the UEMOA region, the number of commodities traded at the regional level has been increasing since the formation of the Union. However, tariff and non tariff briers exist till date, though small in number. The members of the UEMOA have harmonized indirect tax regulations and have also initiated regional, structural and sectoral policies which include a common energy policy, a common industrial policy, common mining policy, common agricultural policy etc. They receive significant technical assistance from the IMF, its analytical support and advice on macroeconomic, fiscal and trade policy, and on financial sector modernization and reform.

UEMOA has had a very fruitful cooperation with the European Union and has signed various financial agreements with European Union and also has initiated the process of further economic agreements. The UEMOA has developed active cooperation with the Economic Community of West African States (ECOWAS), the Permanent Inter-State Fight against Drought in the Sahel (CILSS), the Economic and Monetary Community of Central Africa (CEMAC) etc.

In August 2010, the United States and UEMOA held the sixth Trade and Investment Framework Agreement (TIFA) Council meeting, where both countries discussed cooperation in the WTO, African Growth and Opportunity Act implementation, regional integration, agriculture, commercial issues, trade capacity building, and technical assistance.

IMF cited the UEMOA as “the furthest along the path toward integration” of all the regional groupings in Africa. The 2015 vision of UEMOA which has emanated from Niamey declaration of UEMOA Heads of the State and Government in January 2004 is “making UEMOA a unified and open space for the benefit of a population which shows solidarity”.

2. THE WEST AFRICAN DEVELOPMENT BANK (BOAD) – AN OVERVIEW

The Banque Ouest Africaine De *Developpement* (West African Development Bank – BOAD) is the common institution of development financing for the member states of the West African Economic and Monetary Union (UEMOA). BOAD was created by a treaty signed on November 14, 1973 by its eight member states: Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo and became operational in 1976. The original charter focused on development of member economies towards balanced development and to prepare economies for future West African economic integration. In 1994, it became the development arm of the West African Economic and Monetary Union. BOAD's headquarters is located in Lome, Togo. The member countries of BOAD share a common currency, the Franc of the African Financial Community (FCFA) and are governed by a regional central bank, the Central Bank of West African States (BCEAO). BOAD has representative offices in the capital of each Member State.

BOAD is managed and administered by a Chairman appointed by the UEMOA Council of Ministers and is assisted by a Vice-Chairman appointed by Board of Directors. Board of Directors of BOAD is composed of President (ex-officio Chairman), representatives (incumbent and alternate) of each Member State, Governor of BCEAO and a representative each of shareholders of Category "B", which comprises non-African governments and non-African financial institutions.

Mission and Objectives

In conformity with the Treaty of UEMOA, BOAD is a specialized common institution of the Union. It contributes in total independence, to the attainment of the objectives of the UEMOA without prejudice to the objectives assigned to it by the Treaty of the UEMOA. BOAD is an international public institution. Its objective under Article 2 of its Articles of Association is "to promote the balanced development of the member states and to ensure the economic integration of West Africa" by financing priority development areas. The areas of intervention of the Bank are: rural, basic and modern infrastructure, telecommunications, energy, industries, transport, agro-based industries, tourism priority projects and other services. BOAD finances the commercial and non commercial sectors. In its financing transaction, the banking component of its activities is responsible for commercial sector transactions (the private sector in the strict sense and the public commercial sector) whereas its Fund for Development and Cohesion (FDC) which was established in July 2002 by the Bank's decision-making bodies is the means whereby grants and concessional loans meant for the financing of non-commercial sector projects are mobilised. Its vision is to turn BOAD into a "vibrant and world class development bank in the regional common market" by 2020.

Economic Integration

Regional integration in West Africa is one of the prime objectives of the BOAD and is an important means of improving competitiveness of these economies and their successful integration with the global economy. Therefore, promotion and financing of economic integration projects forms a major part of the activities of the Bank. It supports various projects relating to regional integration every year. These projects relate to the development of infrastructure, especially telecommunication, energy and transport, all of which are considered crucial to regional integration and improving competitiveness of these economies in the world economy. Projects in the domain of energy are aimed at interconnecting the national grids for transporting and distributing electricity to the member countries.

BOAD actively participates in meetings and dialogues for economic integration. It also funds infrastructure and transportation projects under the *Programme d'Actions Communautaires des Infrastructures de Transport Routiers* (PACITR). BOAD has also contributed to the development of the *Programme Economique Régional* (PER) along with the BCEAO and the Commission of the UEMOA. BOAD is also a shareholder in BRS, which finances micro-investment projects for the most vulnerable sections of population. BOAD and the other institutions of the UEMOA, with the support of the World Bank, African Development Bank (AfDB) and Agence Canadienne de Développement International (ACDI), have constituted a project for development of the financial markets in the UEMOA.

Shareholding Structure of BOAD

As on December 31, 2009, BOAD's authorised capital stood at FCFA 700 billion (equivalent to Euro 1.07 billion)[1], out of which subscribed capital was CFAF 676.1 billion (equivalent to Euro 1.03 billion). As

[1] Euro = FCFA 655.957 (pegged)

on December 31, 2009, called up capital and paid up capital of BOAD stood at FCFA 170.53 billion (Euro 260 mn) and FCFA 81.12 billion (Euro 123 mn), respectively and uncalled capital of BOAD stood at FCFA 505.6 billion (Euro 771 mn). Shareholders of BOAD are divided into Categories A and B. Shareholders in Category A comprise the 8 member countries and BCEAO, holding 92.65 percent of the subscribed capital. Shareholders in Category B, holding 7.35 percent of the subscribed capital, comprise France, German Development Corporation (DEG), acting on behalf of Germany, European Investment Bank, acting on behalf of European Union, African Development Bank, Belgium, Exim Bank of India and People's Bank of China acting on behalf of China.

Activities and Operations of BOAD

Activities of BOAD comprise the following:

- Medium and long term direct loans for national and regional projects;
- Refinance (indirect loans) facility to small and medium sized companies;
- Guarantees;
- Equity investment in the capital of enterprises or national financial institutions;
- Financing of project, feasibility or engineering studies;
- Equity investment in financial institutions and private enterprises;
- Assistance to small and medium scale enterprises (SMEs) through lines of credit or refinancing framework agreement to national financial institutions;
- Easing of the terms of borrowing through interest subsidization for projects within the non-market sector; and
- Technical support to member countries and their institutions.

BOAD, in the year 2009, committed loans amounting to Euro 357 mn, exhibiting an increase of 125 percent from the previous year, towards financing of 37 projects mainly in the sectors of agriculture and infrastructure development. Out of the total commitment made by BOAD in 2009, about 91 percent of the loans were direct loans to agriculture and food security projects, construction of roads and expansion of capacities of private and public enterprises. BOAD extended indirect lending to the extent of 2 percent of total commitment as refinance to two national financial institutions engaged in development of SME sector. Remaining 7 percent of commitment for the year 2009 was in the form of equity investment in regional financial institutions and companies of member countries of BOAD. During 1976-2009, BOAD had cumulatively financed 510 projects resulting into credit commitment of Euro 2.2 billion to its member countries through direct loans to agriculture and food security projects, construction of roads and expansion of capacities of private and public enterprises, indirect lending to national financial institutions engaged in development of SME sectors and equity investment in regional financial institutions and companies of member countries.

Resources of BOAD

The Bank's resources accrue from the capital subscribed by its regional and non regional shareholders, endowments of its member states, its reserves, mobilisation of regional saving and mobilisation of resources outside the Union (UEMOA). Additionally, BOAD is also availing lines of credit from various financial institutions such as Agence Francaise de Developpement (AFD) – development financial institution of Government of France, Exim Banks of India and China, German Development Corporation (DEG), European Investment Bank, African Development Bank and OPEC Fund. During 2009, the Bank mobilized loan resources of Euro 140 mn. Agence Francaise de Developpement Group extended two lines of credit of value aggregating Euro 70 mn; first concessional line of credit of Euro 50 mn for financing agricultural project and second commercial line of credit of Euro 20 mn to PROPARCO (Promotion et Participation pour la Coopération économique) – a French Investment and Promotions Company for Economic Cooperation- for financing private sector development.

Conclusion

BOAD, the financial arm of the UEMOA has in the course of its 35 years of activity acquired a real capacity for mobilising internal and external resources. In conformity with its strategic orientation, the Bank has gradually developed its activities by contributing towards the growth of the investment rate of the Union, diversifying of production and speeding up economic growth. Since inception, BOAD has been promoting the balanced development of its Member States and fostering economic integration within West Africa through financing of priority development projects such as agriculture & food security, road infrastructure, electrification, telecommunication infrastructure, mining and hotel & tourism. It is an institution that is poised to continue supporting Indo-Africa (in particular West Africa) trade and economic cooperation, which is becoming very crucial in the context of the rising trade between Africa and India.

In accordance with its objectives and mission, the BOAD has undertaken various activities like fighting against poverty, regional integration in West Africa, support for the private sector, technical aids to the states, mobilizing resources and cooperation with its partners etc. The overall commitments made by the West African Development Bank (BOAD) as on December 31, 2010 for 541 projects are estimated at 1,680 billion FCFA (Euro 2.6 billion). This is up from 1,435 billion FCFA (Euro 2.2 billion) for 510 projects in 2009. Thus, BOAD with its major objectives of promoting balanced development for its member countries and to attain West Africa's regional economic integration is in a path of realizing these goals.

3. BACKGROUND AND ECONOMIC ENVIRONMENT OF BOAD COUNTRIES

This chapter presents a background and overview of the prevailing economic environment in the BOAD countries, recent trends in the macroeconomic indicators, sectoral performance in the member countries and recent developments.

Economic performance in most BOAD countries has strengthened over the past 15 years. The buoyant economic outlook is supported by a quicker-than-expected recovery from recession, and a rising oil price (crucially important for many of the region's countries). Most BOAD countries weathered the impact of the recent global financial crisis and the earlier oil and food price shocks reasonably well. Improvements in macroeconomic fundamentals, together with broadly appropriate policy responses to the crisis, limited global financial integration, and Côte d'Ivoire's post conflict recovery helped to cushion the impact of the external shocks at the regional level. Notable progress within the BOAD countries has been achieved through improved macro-economic management, market-based reforms and continued structural progress in many countries.

Profile of the BOAD Countries

In 2010, the combined gross domestic product (GDP) for BOAD countries increased to an estimated US$ 68.8 billion from US$ 68.3 billion in 2009. The total GDP of BOAD countries are forecast to touch US$ 72.2 billion in 2011, growing at an annual average of 5 percent and further to US$ 77.6 billion in 2012, reflecting a slightly higher year on year growth of 7.4 percent in 2012 **(Table 3.1)**. Percapita GDP, at current prices, of the region as a whole, was estimated at US$ 652 in 2010.

The economies within the BOAD region are at varying stages of development. For instance, the GDP of Côte d'Ivoire and Senegal put together was larger than the combined GDP of the remaining six BOAD countries, with GDP of US$ 22.4 billion and US$ 12.7 billion respectively in 2010, as compared to the combined GDP of US$ 33.8 billion of the remaining six counties during the same year.

The Central Bank of West African States (BCEAO)'s monetary policy, which remains tighter than the policies of many other central banks, helps in contain inflation in the recent period .The average inflation in BOAD countries ranged from 0.9 percent to 3.4 percent in 2010. The annual average consumer price inflation of BOAD countries moderated to 1.0 percent in 2009 from 8.7 percent in 2008, mainly reflecting decline in global commodity prices, but has increased to 2.1 percent in 2010.

During 2010, all countries in BOAD region, with the exception of Côte d'Ivoire and Guinea-Bissau, have experienced a current account deficit. Côte d'Ivoire experienced a current account surplus of US$ 1.5 billion in 2010, driven by trade surplus, though lesser than previous year's surplus of US$ 1.6 billion.

The following section provides a broad overview of the prevailing economic environment in select BOAD member countries.

CÔTE D'IVOIRE

Côte d'Ivoire is considered to be one of the most prosperous of West African states. Côte d'Ivoire covers an area of 322,463 sq km, with a population of around 22.03 mn in 2010. Agriculture is one of the important sectors of the economy, accounting for over 24 percent of GDP and providing employment for 49 percent of the labour force. Côte d'Ivoire is the world's largest producer of cocoa, accounting for more than 40 percent of global supply. It is also Africa's largest producer of robusta coffee. Around half of GDP is accounted for by services. Industry accounts for around 25 percent of Côte d'Ivoire's GDP. Still emerging from its socio-political crisis, Côte d'Ivoire has made significant progress in restoring macroeconomic stability, strengthening economic growth, and normalizing its relations with the

Table 3.1: GDP of BOAD Countries (US$ billion) (current prices)

Country	2007	2008	2009	2010e	2011f	2012f
Côte d'Ivoire	19.8	23.5	22.5	22.4	23.6	25.1
Senegal	11.3	13.4	12.8	12.7	13.2	14.1
Mali	7.2	8.8	9.0	9.1	9.5	10.3
Burkina Faso	6.8	8.3	8.1	8.7	9.3	10.0
Benin	5.5	6.7	6.7	6.5	6.7	7.1
Niger	4.3	5.4	5.3	5.6	5.9	6.7
Togo	2.5	3.2	3.2	3.1	3.1	3.3
Guinea-Bissau	0.7	0.9	0.8	0.8	0.9	0.9
BOAD Total	**58.1**	**70.1**	**68.3**	**68.8**	**72.2**	**77.6**

Note: e: estimates f: forecasts

Source: IMF, WEO Database October 2010

international financial community. Since 2007, favourable terms of trade have supported the recovery in economic growth. Economic activity was little affected by the global financial crisis, benefitting from high world cocoa and oil prices, as well as from an abundant harvest and strong oil extraction.

Real GDP is estimated to have registered a relatively decent growth rate of 3.0 percent in 2010. Real GDP growth is expected to pickup with 4 percent growth rate in 2011 and further to 4.5 percent in 2012, as reconstruction work speeds up and agricultural production recovers. The year on year inflation has slightly increased to 1.42 percent in 2010 compared to the previous year. Inflation is expected to remain at an average of 2.5 percent in 2011 and 2012. Côte d'Ivoire generally maintains a trade surplus, which amounted to US$ 1.5 billion in 2010, a fall from US$ 1.6 billion in 2009. Current account surplus averaged to 6.8 percent of GDP in 2010.Current account surplus is expected to moderate to US$ 588 mn in 2011 and further fall to US$ 26 mn in 2012 **(Table 3.2)**. Total international reserves of Côte d'Ivoire has increased from US$ 3.3 billion in 2009 to US$ 3.6 billion in 2010.

SENEGAL

Senegal covers a total of 197,161 sq.km of land area, with an estimated population of 13.1 mn in 2010. Senegal has been considered as one of the stable African democracies. With its well-developed physical and social infrastructure and relatively well-diversified industrial base,

Table 3.2: Macroeconomic Indicators of Côte d'Ivoire

	2007	2008	2009	2010e	2011f	2012f
GDP (US$ billion)	19.8	23.5	22.5	22.4	23.6	25.1
Real GDP growth (%)	1.6	2.3	3.8	3.0	4.0	4.5
GDP Per capita (US$)	983.5	1132.3	1052.0	1016.3	1039.0	1076.0
Consumer Price Inflation (avg, %)	1.9	6.3	1.0	1.4	2.5	2.5
Population (mn)	20.2	20.8	21.4	22.0	22.7	23.4
Current account balance (US$ mn)	-135.0	453.0	1631.0	1511.0	588.0	26.0
Total International Reserves (US$ mn)	2519.0	2253.0	3267.0	3593.0	3809.0	4228.0

Note: e: estimates; f: forecasts

Source: IMF, WEO Database October 2010

Senegal is the economic hub of the region and the most visited country in West Africa. Service sector is the main contributor of GDP, accounting for around 62 percent of GDP. Agriculture sector, primarily groundnut production, is the core of the economy, supporting almost three-quarters of the economically active population and providing around one fifth of the GDP.

Senegal was strongly affected by the global financial crisis in 2009 and this was compounded by domestic shocks resulting in a fall in GDP during 2009 and 2010. The main consequences of the global crisis on Senegal were fall in private investment, a slowdown in tourism sector and a decline in remittances, leading to reduced economic activity. An IMF policy support instrument was approved in November 2007 to support Senegal's three year economic and financial package which helped Senegal to improve its public financial management and a further IMF support of an 18-month Exogenous Shocks Facility of US$ 179 mn helped Senegal to buffer the impact of a series of external shocks.

Senegal's economic growth began to recover in 2010 and is expected to strengthen further in 2011. The GDP of Senegal is estimated to US$ 12.7 billion in 2010. Real GDP growth is estimated to grow at 4 percent during 2010 and forecast to 4.4 percent during 2011, after averaging 2.2 percent and 3.2 percent in 2009 and 2008 respectively. Consumer price inflation has turned positive in 2010 and is expected to rise further during 2011 and 2012, mainly because of high food prices and increasing oil prices.

Table 3.3: Macroeconomic Indicators of Senegal

	2007	2008	2009	2010e	2011f	2012f
GDP (US$ billion)	11.3	13.4	12.8	12.7	13.2	14.1
Real GDP growth (%)	5.0	3.2	2.2	4.0	4.4	4.5
GDP Percapita (US$)	924.4	1066.4	997.6	964.1	984.8	1021.5
Consumer Price Inflation (avg, %)	5.9	5.8	-1.7	0.9	2.1	2.1
Population (mn)	12.2	12.5	12.8	13.1	13.4	13.8
Current account balance (US$ mn)	-1334.0	-1908.0	-1113.0	-1102.0	-1207.0	-1296.0
Total International Reserves (US$ mn)	1660.0	1602.0	2123.0	2200.0	2350.0	2490.0

Note: e: estimates; f: forecasts

Source: IMF, WEO Database October 2010

But inflation is expected to remain at its long term trend of 2 percent during the forecast period. Senegal's external position is characterised by a current-account deficit, which has reduced moderately from US$ 1113 mn in 2009 to US$ 1102 mn in 2010. This is explained by imports having declined more than exports, as well as by the good performance of capital-account and financial operations. But current account deficit is expected to widen to US$ 1.2 billion in 2011. Foreign exchange reserves of Senegal has increased slightly to US$ 2.2 billion in 2010 from US$ 2.1 billion in 2009 **(Table 3.3).**

MALI

Mali is the second largest country by size in the BOAD region as well as in the ECOWAS region, with a total land area of 1,240,190 sq km. Its population in 2010 was an estimated 13.9 mn. Mali stands out as a stable democracy in the West African region. Mali is one of the leading cotton producer in Sub-Saharan Africa. Agriculture, livestock husbandry and other primary sector activities dominate the Malian economy. Gold mining has expanded liberally under a liberal investment environment and now Mali has the third highest gold production in Africa (49.5 tonnes in 2009) after South Africa and Ghana. Gold currently accounts for around 15 percent of gross domestic product and about 70 percent of exports in the largely desert West African nation.

Service sector contribute significantly to the economy (39%) especially transport and telecommunication sectors. Agriculture sector contributes around 37 percent of GDP in 2009 and industrial sector around 24 percent. Mali's gold production has been hit in recent years by slowing output from some of its biggest operations, many of which are nearly played out. But new finds, including Gold Fields' Komana discovery is expected to boost output. Government of Mali is promoting large scale infrastructure development projects. The government's infrastructure drive was sustained with new public investments in the electricity and transportation sectors. An additional 55MW in power generation capacity was added in 2010 (around 30 percent of demand). The agricultural sector also benefitted from large scale agricultural projects.

Mali is one of the faster growing economies in West Africa. The government's economic reforms since 1995, supported by IMF and the World Bank, have succeeded as is visible from economic growth and diversification. The dependence on agriculture and commodity exports make Mali vulnerable to external shocks, such as poor weather conditions and fluctuations in the prices of gold and cotton. The GDP of Mali is estimated at US$ 9.1 billion in 2010. Growth in 2010 was supported by the recovery in commodity prices in Mali's main exports - gold and cotton. The economy is estimated to grow at 5.1 percent in 2010 compared to the growth rate of 4.5 percent in 2009. Mali registered a slight fall in inflation to 2.1 percent in 2010 against 2.2 percent in 2009. However during 2011 and 2012 inflation is expected to rise to 2.6 percent and 2.8 percent respectively. Current account deficit has come down to US$ 728 mn in 2010 from US$ 864 mn in the previous year. Total international reserves are estimated to have gone up by 14 percent to US$ 1843.2 mn in 2010 **(Table 3.4).**

BURKINA FASO

Burkina Faso is a landlocked country covering a total area of 274,122 sq. km and is the fourth largest country by size in the BOAD region. Its population was estimated at 14.7 mn in 2010. The economy heavily depends on primary sector and services. Around 80 percent of the population depends on subsistence agriculture and on the sale of cotton and livestock products. The population of Burkina Faso thrives on agricultural products like peanuts, cotton, millet, corn rice, sesame sorghum and nomadic stock keeping. The primary sector accounts for around 34 percent of GDP. It is followed by trade, transport and communications (17.1 percent). Manufacturing accounts for around 12 percent of GDP, while the mining sector, although it has grown very strongly in the last two years, still accounts for only a small share of GDP (2.8 percent). The primary industries in Burkina Faso are cotton lint, beverages, agricultural processing, soap, cigarettes, textiles and gold. The country exports cotton, animal products and gold.

Table 3.4: Macroeconomic Indicators of Mali

	2007	2008	2009	2010e	2011f	2012f
GDP (US$ billion)	7.2	8.8	9.0	9.1	9.6	10.3
Real GDP growth (%)	4.3	5.0	4.5	5.1	5.4	5.6
GDP Percapita (US$)	547.9	657.1	657.5	649.3	667.6	702.3
Consumer Price Inflation (avg, %)	1.5	9.2	2.2	2.1	2.6	2.8
Population (mn)	13.1	13.4	13.7	14.0	14.3	14.6
Current account balance (US$ mn)	-548.0	-1053.00	-864.0	-728.0	-890.0	-951.0
Total International Reserves (US$ mn)	1087.1	1071.6	1604.5	1843.2	-	-

Note: e: estimates; f: forecasts; - : not available

Source: IMF, WEO Database October 2010

Burkina Faso has large but unexploited mineral deposits. The economy is vulnerable to weather conditions which cause unpredictable fluctuations in growth rates. Gold has also regained its importance recently as a source of export earnings for the country with the construction of new mines and potential entry of foreign investors. Gold accounted for 41 percent of total exports in 2009, and its share is projected to rise to 45 percent in 2010 and 55 percent in 2011. The growth of the tertiary sector had accelerated from 1.5 percent in 2008 to 2.5 percent in 2009. Trade and transport expanded respectively by 6.1 percent and 12.7 percent during 2009.

The financial sector, however, suffered from the effects of the global crisis. Continued donor support and sound macroeconomic management has helped to achieve sustained economic growth. Investment in the powering of the country's mobile telecommunications network with solar energy is putting Burkina Faso at the cutting edge of a key area of sustainable development.

GDP has registered a marginal growth to US$ 8.7 billion in 2010 as compared to US$ 8.1 billion in the previous year. Economy's growth rate has increased substantially to 4.4 percent in 2010 from 3.2 percent growth rate witnessed in 2009. Consumer price inflation registered a lower growth rate of 2.3 percent in 2010 compared to 2.6 percent in 2009. Current account deficit witnessed a marginal rise to US$ 558 mn in 2010 and is expected to rise further to US$ 750 mn and US$ 817 mn in 2011 and 2012 respectively. Foreign exchange reserves has increased to

Table 3.5: Macroeconomic Indicators of Burkina Faso

	2007	2008	2009	2010e	2011f	2012f
GDP (US$ billion)	6.8	8.3	8.1	8.7	9.3	10.1
Real GDP growth (%)	3.6	5.2	3.2	4.4	4.7	5.5
GDP Percapita (US$)	495.0	590.7	564.2	590.1	618.4	653.3
Consumer Price Inflation (avg, %)	-0.3	10.7	2.6	2.3	2.0	2.0
Population (mn)	13.7	14.0	14.4	14.7	15.0	15.4
Current account balance (US$ mn)	-560.0	-972.0	-513.0	-558.0	-750.0	-817.0
Total International Reserves (US$ mn)	1029.2	927.6	1295.8	1588.3	-	-

Note: e: estimates; f: forecasts; -: not available

Source: IMF, WEO Database October 2010

US$ 1588.3 mn in 2010. The progress of the country can be attributed to the pursuit of structural reforms and steady investment **(Table 3.5).**

BENIN

Formerly known as Dahomey, Benin is one of the most stable countries in Africa. Benin covers a total area of 112,622 sq. km. and the total population in 2010 was estimated to 9.6 mn. Benin is widely regarded as a strategic transit corridor of the Africa region as it links the BOAD countries with Nigeria, and transport is hence a crucial sector for the country's economy.

Benin's economy is largely focused on agriculture. This sector generates around 32 per cent of GDP and employs almost 60 per cent of the working population. Agricultural produces like maize, cassava, fruits etc., are the backbone of Benin's economy. Main agricultural items of exports include cotton, coffee, cocoa beans, palm oil, and crude oil. Since, 1993, Benin has followed IMF-supported economic reform programmes.

The secondary sector in Benin contributes around 13 per cent to GDP. Despite some proven mineral reserves, especially those of marble, iron and phosphate, mining activity is relatively underdeveloped. Industrial production is dominated by the food, textile and cement industries. Construction and energy, which are essential to industrial development, contribute marginally to GDP, at 4.4 per cent and 1.1 per cent respectively. The tertiary sector accounts for almost half of GDP (55 percent). Tertiary activities are primarily based on trade, which is highly dependent on the state of Benin's relationship with its neighbouring country Nigeria.

Real GDP growth, after slowing down to 2.5 percent in 2009, owing mainly to subdued re-export activity, picked up slightly to 2.8 percent in 2010. In order to raise growth still further, Benin plans to attract more foreign investment, place more emphasis on tourism, facilitate the development of new food processing systems and agricultural products, and encourage new information and communication technology. Inflation has shown a downward trend compared to 2008 rates, averaging 2.8 percent in 2010. However inflation is forecast to grow at 3.6 percent and 4.7 percent in 2011 and 2012 respectively. Benin's trade balance and current account are structurally in deficit. Current account deficits have also widened to US$ 620 mn in 2010 from US$ 568 mn in 2009 due to huge price rise in necessary import commodities. Benin's foreign exchange reserves rose from US$ 1230 mn in 2009 to US$ 1296 mn in 2010 **(Table 3.6).**

Table 3.6: Macroeconomic Indicators of Benin

	2007	2008	2009	2010e	2011f	2012f
GDP (US$ billion)	5.5	6.7	6.7	6.5	6.7	7.1
Real GDP growth (%)	4.6	5.0	2.5	2.8	3.6	4.7
GDP Percapita (US$)	624.8	736.2	708.9	673.4	673.6	699.1
Consumer Price Inflation (avg, %)	1.3	8.0	2.2	2.8	2.8	2.8
Population (mn)	8.9	9.1	9.4	9.6	9.9	10.2
Current account balance (US$ mn)	-560.0	-539.0	-568.0	-620.0	-603.0	-580.0
Total International Reserves (US$ mn)	1209	1263	1230	1296	-	-

Note: e: estimates; f: forecasts; -: not available

Source: IMF, WEO Database October 2010

NIGER

Niger is the largest country by size in the ECOWAS region as well as BOAD region with a total land area of 1,267,000 sq. km. Its population in 2010 was estimated at 14.6 mn. Niger's economy centers on subsistence agriculture and animal husbandry re-export trade. Agriculture dominates the economy even though less than 12 per cent of the country is arable. Tertiary sector contributes around 44 percent of GDP, followed by primary sector (agriculture, livestock, forestry and fisheries) (41 percent) and secondary sector (15 percent). The industrial sector remains underdeveloped and concentrated on a few sub-sectors (food products, textiles, construction and public works). Niger is quintessentially a mining country, and has large reserves of uranium, coal, iron, phosphates and gold. Uranium production and exports play an important role in the economy. Niger is world's third largest producer of uranium. Gold production began in 2004, but its contribution to the economy remains small.

The global economic crisis did not have significant impact on Niger's economic performance. In 2010, the Niger economy was recovering from the effects of a 2009 drought that reduced grain production and decimated livestock herds. The economy has also suffered from the curtailment of foreign development financing due to the military coup in 2010. But Niger's economic growth is expected to accelerate in 2011 due to higher agricultural and resources output, including the launch of commercial oil production in 2011 mid-year.

The real GDP growth rate which was negative during 2009 has accelerated to 3.5 percent in 2010, with expectat-ions on further rise to 5.2 percent in 2011, with a gradual improvement in global economy. Inflation which was as high as 10.5 percent in 2008 had come down to 1.1 percent in 2009; but has increased to 3.5 percent in 2010. Inflation is expected to decelerate to 2 percent during 2011 and 2012. Country's external position had worsened in 2010 due to crop failure and curtailment of foreign aid. Current account deficit has widened to US$ 1355 mn in 2010 under the impact of rising imports connected with petroleum and mining projects. The current account deficit is forecast to reduce to US$ 1243 mn and US$ 849 mn in 2011 and 2012 respectively. Country's foreign exchange reserves has narrowed slightly from US$ 656 in 2009 to US$ 608 mn in 2010 **(Table 3.7).**

TOGO

Togo is a narrow strip of land on Africa's West Coast with a land area of 56,785 sq. km. Its population stood at an estimated 6.96 mn in 2010. The main traditional sectors that used to prop up economic growth (cotton and phosphate) are in severe decline. Primary sector is the largest sector in the economy, comprises mainly food crops and cash crops, fishing and forestry and contributes around 43 percent of GDP, followed by service sector (38 percent) and industry (19 percent). Togo is the second largest producer of phosphates in Sub-Saharan Africa. Cotton is the main cash crop. Secondary sector includes phosphates, cement, manufacturing, construction and energy. Presence of oil and gas reserves is indicated by the country's location in the Gulf of Guinea and if these are explored and extracted, the economy is likely to get a major boost. In December 2010, IMF and World Bank have decided to slash 80 percent of Togo's foreign debt after the nation took various steps to recover from economic crisis.

Togo's real GDP growth quickened

Table 3.7: Macroeconomic Indicators of Niger

	2007	2008	2009	2010e	2011f	2012f
GDP (US$ billion)	4.3	5.4	5.3	5.6	5.9	6.7
Real GDP growth (%)	3.4	8.7	-1.2	3.5	5.2	12.5
GDP Percapita (US$)	321.8	392.0	371.6	383.0	391.1	433.3
Consumer Price Inflation (avg, %)	0.1	10.5	1.1	3.4	2.0	2.0
Population (mn)	13.4	13.8	14.2	14.6	15.1	15.6
Current account balance (US$ mn)	-352.0	-699.0	-1251.0	-1355.0	-1243.0	-849.0
Total International Reserves (US$ mn)	593.0	705.0	656.0	608.0	-	-

Note: e: estimates; f: forecasts; -: not available

Source: IMF, WEO Database October 2010

slightly to an estimated 3.3 percent in 2010 helped by favorable rainfall, improved power supply, a modest fiscal stimulus and the global rebound from recession, but serious flooding and long-standing structural constraints were a brake on growth. Growth is expected to accelerate a little to 3.5 percent in 2011, spurred by new investment in infrastructure, higher government spending as debt servicing costs fall owing to debt relief and continuing structural reforms under the donor-backed programme. An expected rise in cotton production coupled with strong world prices will underpin agriculture. Real GDP growth of the country growth is forecast to accelerate to 3.9 percent in 2012 **(Table 3.8).**

Inflation remained at a moderately low rate of 2.2 percent in 2010 helped by plentiful, cheaper food, following favorable rains and is expected to fall further to 2 percent in 2011. Togo traditionally has a large trade deficit as it has to import all of its oil and capital goods needs and much of its food requirement. The current account deficit has widened slightly to US$ 239 mn in 2010 from US$ 222 mn in 2009 as imports rebounded faster than exports. Togo's current-account deficit is expected to remain large as demand for foreign goods and services will outstrip the country's earnings potential.

GUINEA-BISSAU

Guinea-Bissau is the smallest country by population and size among the BOAD countries with total land area of 36,125 sq. km and its population in 2010 was estimated at 1.7 mn. Guinea-Bissau is a predominantly agrarian economy with agriculture and allied activities contributing to 56 percent of the total GDP in 2009.

Table 3.8: Macroeconomic Indicators of Togo

	2007	2008	2009	2010e	2011f	2012f
GDP (US$ billion)	2.5	3.2	3.2	3.1	3.1	3.3
Real GDP growth (%)	1.9	2.2	3.1	3.3	3.5	3.9
GDP Percapita (US$)	390.2	479.3	463.9	441.4	440.0	447.7
Consumer Price Inflation (avg, %)	0.9	8.7	1.9	2.2	2.0	2.0
Population (mn)	6.5	6.6	6.8	7.0	7.1	7.3
Current account balance (US$ mn)	-156.0	-203.0	-222.0	-239.0	-219.0	-218.0
Total International Reserves (US$ mn)	438.0	582.0	703.0	711.0	-	-

Note: e: estimates; f: forecasts; -: not available

Source: IMF, WEO Database October 2010

Services contributed to nearly 31 percent of GDP and industry around 13 percent. Forest resources are relatively abundant, but under-utilized. Its forests are estimated to be capable of producing 100,000 tons/year of timber without disturbing the ecological balance. Limited infrastructure and underdeveloped rural markets are the main obstacles to development and diversification of the rural sector.

In the recent years, cashew nut production has occupied an increasing share of exports, helping the GDP to grow. Economic growth in Guinea-Bissau is expected to increase to 3.5 percent in 2010 from 3 percent in 2009 mainly due to an increased cashew nut harvest. Because of its limited interlinkages with the world economy, the global economic and financial crisis did not have a significant direct impact on the economy, although it had its impact on government export revenues and remittances. With donor inflows resuming in 2010-11, coupled with the ongoing recovery in cashew output, improvement in foreign direct investment inflows and the revival in domestic demand, real GDP growth is expected to bounce back to the previous levels. Growth is expected to increase to 4.3 percent and 4.5 percent in 2011 and 2012 respectively, as a result of increased agricultural production and donor support. In 2010, consumer price inflation is estimated to be 1.5 percent, up from a negative rate in 2009. But inflation is expected to remain within the Central Bank of West African States (BCEAO) boundary of 3 percent in 2011 and 2012. Current account balance of Guinea-Bissau remained at a surplus, but has narrowed to US$ 17 mn in 2010 from US$ 27 mn in the previous year. Total international reserves have gone up to US$ 185 mn in 2010 from 169 mn in 2009 (Table 3.9).

In January 2008, International Monetary Fund (IMF) signed an Emergency Post Conflict Assistance (EPCA) to support the Government's 2008 and 2009 economic programme, and also an Extended Credit Facility was signed at the beginning of 2010. Tax and management reforms in the country has contributed to increased tax revenues and limited spending within the boundaries of available resources.

Table 3.9: Macroeconomic Indicators of Guinea-Bissau

	2007	2008	2009	2010e	2011f	2012f
GDP (US$ billion)	0.7	0.9	0.8	0.8	0.9	0.9
Real GDP growth (%)	0.2	3.6	3.0	3.5	4.3	4.5
GDP Percapita (US$)	449.5	540.4	521.1	497.7	498.6	513.7
Consumer Price Inflation (avg, %)	4.6	10.5	-1.6	1.5	2.5	2.5
Population (mn)	1.5	1.6	1.6	1.7	1.7	1.7
Current account balance (US$ mn)	1.0	20.0	27.0	17.0	16.0	18.0
Total International Reserves (US$ mn)	112.9	124.6	168.6	185.2	-	-

Note: e: estimates; f: forecasts; -: not available

Source: IMF, WEO Database October 2010

4. FOREIGN TRADE OF BOAD COUNTRIES

This chapter presents a broad overview of select major regional trade blocs in Africa, intra-bloc merchandise trade of these major trade blocs and focuses on the foreign trade of the BOAD region. This chapter also highlights the trends in foreign trade of the BOAD region.

Major Trading Blocs in Africa and Intra-Bloc Merchandise Exports

The main trading blocs in Africa include the Common Market for Eastern and Southern Africa (COMESA), Economic Community of West African States (ECOWAS), Southern African Development Community (SADC), the West African Economic and Monetary Union (UEMOA) and the East African Community (EAC). UEMOA countries are also known as BOAD countries.

It is interesting to note that the blocs are somewhat intertwined with each other, with most countries being members of more than one distinct bloc. For instance, the eight member countries of ECOWAS, namely Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo, in order to further reinforce their economic ties, regrouped to form the West African Economic and Monetary Union (UEMOA) in 1994. They are also known as BOAD countries. BOAD is the regional development bank for the eight UEMOA countries. Similarly, eight member countries of COMESA, viz., Democratic Republic of Congo (DRC), Madagascar, Malawi, Mauritius, Seychelles, Swaziland, Zambia and Zimbabwe are also members of the Southern African Development Community (SADC). Likewise, four countries of COMESA namely, Burundi, Kenya, Rwanda and Uganda in addition to Tanzania formed the East African Community in 1996. Tanzania is a member country of both the East African Community (EAC) and SADC.

Reflecting the elimination of tariff and non-tariff barriers among the BOAD nations, intra–BOAD trade has registered significant rise in recent years. The merchandise exports within the BOAD (UEMOA) bloc have shown a modest, yet steady growth, almost doubling from US$ 1.2 billion in 2004 to US$ 2.1 billion in 2008. The share of intra-bloc merchandise exports as a percentage of total exports of the bloc have shown a fluctuating growth from 12.9 percent during 2004 to 14.5 percent in 2008 (**Table 4.1**).

Table 4.1: Trend in Trade Performance of Select African Trade Blocs

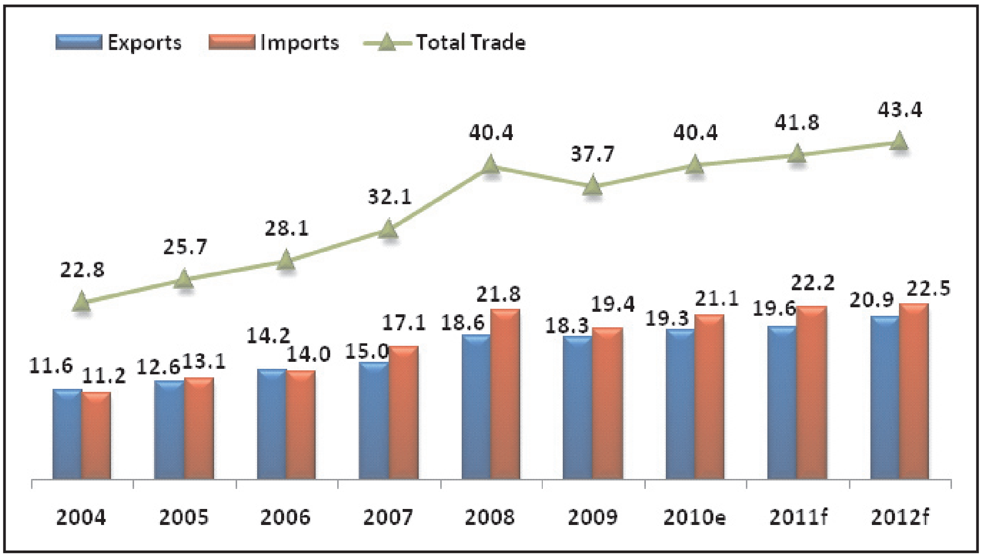
	2004	2005	2006	2007	2008
Merchandise Exports within Blocs (US$ billion)					
West African Economic and Monetary Union (UEMOA) / (BOAD)	1.2	1.4	1.5	1.8	2.1
Economic Community of West African States (ECOWAS)	4.4	5.5	6.0	6.7	8.3
Southern African Development Community (SADC)	6.7	7.8	8.7	11.9	15.5
Common Market for Eastern and Southern Africa (COMESA)	2.4	3.0	3.4	4.5	5.3
East African Community (EAC)	0.9	1.1	1.1	1.4	1.6
Merchandise Exports within Bloc (as percent of total bloc exports)					
UEMOA (BOAD)	12.9	13.4	13.1	14.8	14.5
ECOWAS	9.3	9.3	7.9	7.7	7.6
SADC	9.7	9.3	9.1	10.0	10.1
COMESA	5.0	4.7	4.0	4.5	4.1
EAC	18.9	17.7	15.9	17.5	17.6

Source: World Development Indicators, various issues, World Bank

Global Trade of BOAD Region

BOAD region as a whole has shown small but stable performance in terms of its global trade. Total trade (aggregate of exports and imports) of BOAD region has almost doubled from US$ 22.8 billion in 2004 to an estimated US$ 40.4 billion in 2010, growing at a compound annual growth rate of 10 percent over the period, reflecting favourable growth performance of both exports and imports. Exports of BOAD steadily shot up from US$ 11.6 billion in 2004 to an estimated US$ 19.3 billion in 2010. Growing at almost a similar pace, imports of BOAD too rose from US$ 11.2 billion to US$ 21.1 billion over the period 2004-2010 **(Chart 4.1).** Both exports and imports of almost all the BOAD countries are forecast to grow in 2011 and 2012, as a result of various stimulus packages and the recovery henceforth. Share of BOAD in total exports of Africa has slightly declined from 5 percent in 2004 to 4.8 percent in 2009. On an average, BOAD region accounted for around 4 percent of Africa's total exports during 2004 to 2009 **(Table 4.2).**

Chart: 4.1: Global Trade of BOAD Region (US$ billion)



Note: e: estimates; f: forecasts.
Source: IMF. UNCTAD & Exim India research

Table 4.2: Trends in Exports of BOAD Countries (US$ billion)

Country	2004	2005	2006	2007	2008	2009	2010e	2011f	2012f
Côte d'Ivoire	6.9	7.7	8.5	8.7	10.4	10.5	10.4	9.9	10.4
Mali	1.0	1.1	1.6	1.6	2.1	2.1	2.5	3.0	3.2
Senegal	1.5	1.6	1.6	1.7	2.2	1.9	2.2	2.1	2.2
Benin	0.6	0.6	0.7	1.1	1.3	1.1	1.3	1.4	1.4
Burkina Faso	0.5	0.5	0.6	0.6	0.7	0.8	1.0	1.1	1.2
Niger	0.4	0.5	0.5	0.7	0.9	0.9	0.9	1.0	1.4
Togo	0.6	0.6	0.6	0.7	0.9	0.8	0.9	1.0	1.1
Guinea-Bissau	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
BOAD Total Exports	**11.6**	**12.6**	**14.2**	**15.0**	**18.6**	**18.3**	**19.3**	**19.6**	**20.9**
Africa Exports	**232.4**	**317.3**	**373.2**	**436.5**	**567.8**	**383.3**	**-**	**-**	**-**
Percent Share of BOAD in Africa's Total Exports	5.0	4.0	3.8	3.4	3.3	4.8	-	-	-

Note: e: estimates; f: forecasts; -: not available
Source: IMF, UNCTAD & Exim India research

Table 4.3: Trends in Imports of BOAD Countries (US$ billion)

Country	2004	2005	2006	2007	2008	2009	2010e	2011f	2012f
Côte d'Ivoire	4.3	5.3	5.4	6.1	7.1	6.3	6.9	6.8	6.7
Senegal	2.5	2.9	3.2	4.2	5.6	4.6	4.6	4.7	4.6
Mali	1.1	1.3	1.5	1.9	2.8	2.6	2.8	3.3	3.5
Benin	0.8	0.9	1.1	1.6	1.9	1.7	1.9	2.0	2.1
Burkina Faso	1.0	1.0	1.1	1.2	1.6	1.3	1.5	1.9	2.0
Niger	0.6	0.8	0.8	0.9	1.4	1.6	1.9	1.9	1.8
Togo	0.9	0.9	1.0	1.0	1.3	1.3	1.4	1.5	1.6
Guinea-Bissau	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
BOAD Total Imports	**11.2**	**13.1**	**14.0**	**17.1**	**21.8**	**19.4**	**21.1**	**22.2**	**22.5**
Africa Imports	**213.9**	**262.6**	**306.7**	**377.7**	**478.7**	**414.3**	**-**	**-**	**-**
Percent Share of BOAD in Africa's Total Imports	**5.3**	**5.0**	**4.6**	**4.5**	**4.5**	**4.7**	**-**	**-**	**-**

Note: e: estimates; f: forecasts; -: not available

Source: IMF, UNCTAD & Exim India research

Share of BOAD in total imports of Africa has also declined from 5.3 percent in 2004 to 4.7 percent in 2009. Imports of BOAD region, on an average, accounted for 4.8 percent of Africa's total imports during the same period **(Table 4.3).**

The main exports of the BOAD countries are agro-food products, fish products and cotton. The main imports of the BOAD countries are food products, petroleum products and capital goods. European Union (EU) is the main export market as well as the main source of imports for BOAD countries.

Having analysed the trade pattern of major trade blocs in Africa and the growth in trade performance of the BOAD countries as a whole, a detailed analysis on the trade performance of individual BOAD countries is carried out below.

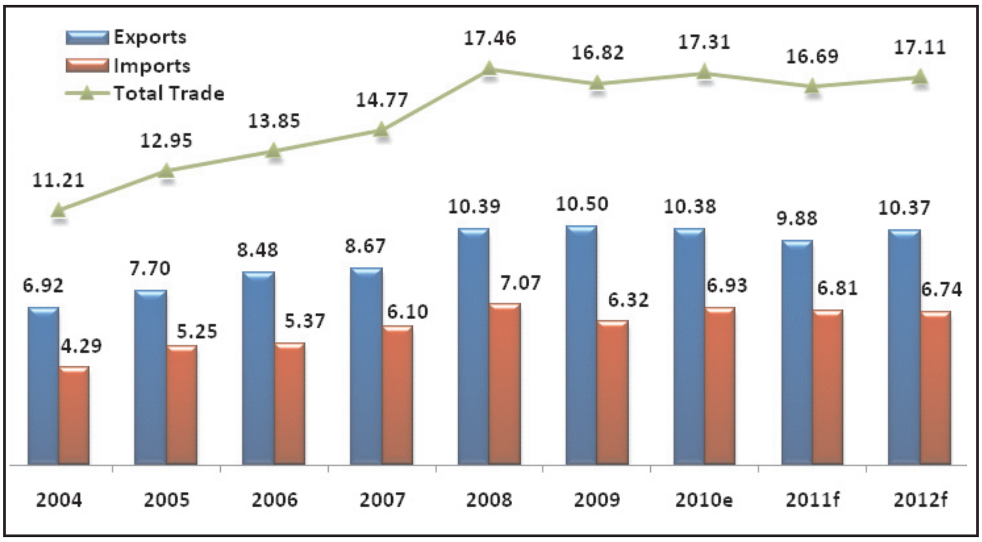
CÔTE D'IVOIRE

Côte d'Ivoire is the largest country among the BOAD countries in terms of total trade, accounting for almost 43 percent of total trade of the region in 2010. Côte d'Ivoire generally maintains trade surplus, which amounted to US$ 4.2 billion in 2009 and an estimated US$ 3.5 billion in 2010 rising from US$ 2.6 in 2004. Total trade of Côte d'Ivoire has increased from US$ 11.2 billion in 2004 to US$ 17.3 billion in 2010.

The pattern of Côte d'Ivoire foreign trade however, is highly vulnerable to external factors, namely weather conditions and world commodity prices. Exports are estimated to have reached US$ 10.4 billion in 2010 from US$ 6.9 billion in 2004. Oil and gas production, according to Ivorian government figures, were respectively 18 mn barrels and 1.4 billion cubic feet in 2009. Oil and petroleum-related exports reached an estimated US$1.5 billion in 2008. Imports too have shown a steady, yet slower, growth from US$ 4.3 billion in 2004 to US$ 6.9 billion in 2010 **(Chart 4.2)**. Exports are forecast to decelerate to US$ 9.9 billion in 2011 from an estimated US$ 10.4 billion in 2010 owing to political instability in the country as well as economic sanctions which will hurt exports. Imports are also expected to decrease in 2011 to reach US$ 6.8 billion from US$ 6.9 billion in 2010.

Mineral fuels are the main export items of Côte d'Ivoire accounting for 37.1 percent of total exports. Other major items of exports are cocoa and cocoa preparations (28.7 percent), rubber and articles thereof (5.1 percent), wood and articles of wood (3.8 percent) and edible fruit and nuts (3.5 percent). The main items of imports include mineral fuels accounting for 35.7 percent of total imports, cereals (7.3 percent), motor vehicles (5.2 percent) and marine products (5.0 percent).

Chart 4.2: Côte d'Ivoire's Foreign Trade (US$ billion)



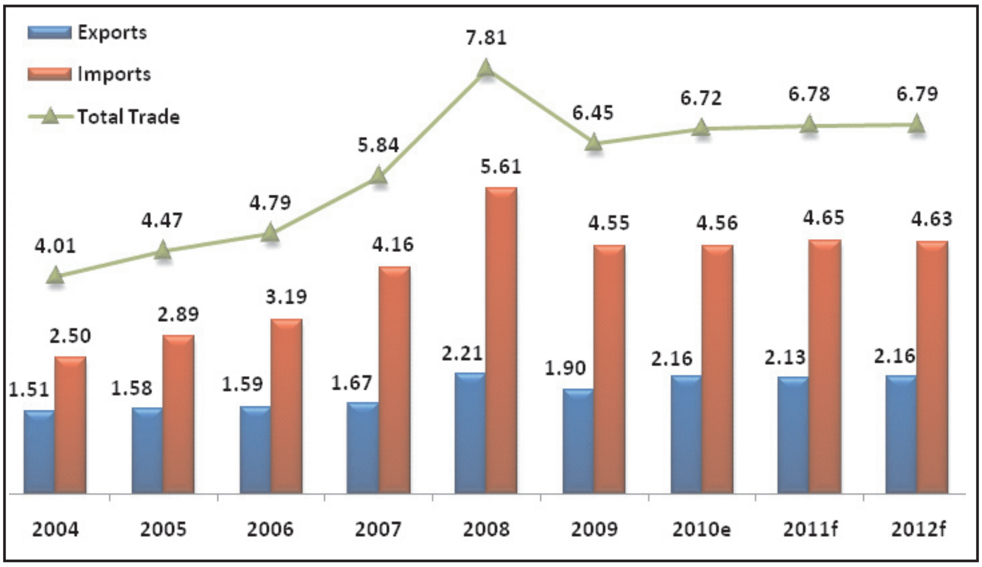
Note: e: estimates; f: forecasts.
Source: IMF, UNCTAD & Exim India research

In 2009 the main export destination of Côte d'Ivoire was The Netherlands with 13.9 percent of total exports. The other leading export destinations of Côte d'Ivoire in 2009 were France (10.7 percent), USA (7.8 percent) and Germany (7.2 percent). The primary import source for Côte d'Ivoire in 2009 was Nigeria with 20.7 percent of total supplies. The other important suppliers of imports were France (14.2 percent), China (7.2 percent) and Thailand (5.1 percent).

SENEGAL

Senegal has been experiencing a structural trade deficit during the last few years attributable to the relatively high import dependency. In 2010, trade deficit stood at US$ 2.4 billion, decreasing from US$ 2.7 billion in 2009. Total trade has reached its highest of US$ 7.8 billion in 2008 but has experienced a decline in 2009 due to global crisis and is estimated to pick up in 2010 owing to various structural and macroeconomic reforms implemented in the country. Total trade of Senegal has increased from US$ 6.5 billion in 2009 to US$ 6.7 billion in 2010 and is forecast to increase slightly to US$ 6.8 billion in 2011. Exports have grown almost steadily from US$ 1.5 billion to US$ 2.2 billion over the period 2004-2010, except for the decline in 2009. Senegal has recorded an increase in imports during the period 2004 to 2010 growing at an annual average rate of 10.6 percent reaching US$ 4.6 billion in 2010 **(Chart 4.3)**. The expansion

Chart 4.3: Senegal's Foreign Trade (US$ billion)



Note: e: estimates; f: forecasts.

Source: IMF, UNCTAD & Exim India research

in imports has more than offset the marked increase in merchandise exports earnings. On account of the global recession, imports fell to US$ 4.5 billion in 2009 from US$ 5.6 billion in 2008, before increasing marginally to US$ 4.6 billion in 2010.

Senegal's economy remains vulnerable to external factors; rainfall, international tourist demand and variable commodity prices. Senegal's export basket is fairly diversified, not being dominated by any particular commodity, with tourism as an important additional foreign exchange earner. Petroleum products account for around 22 percent of Senegal's exports in 2009, followed by fish and other marine products (11.3 percent), salt, sulphur, lime and cement (9.2 percent), pearls, precious stones and metals (9.1 percent) and inorganic chemicals and precious metal compounds (7.5 percent). The main items of imports of Senegal in 2009 comprised of mineral fuels (23.2 percent), machinery, cereals (9.9 percent), motor vehicles (7.0 percent) and electrical and electronic equipment (6.5 percent).

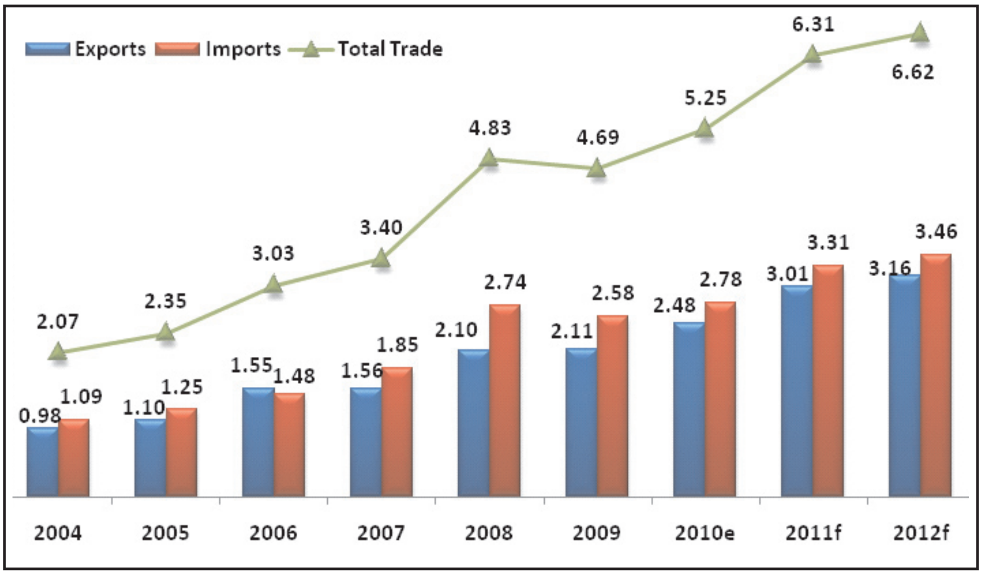
Exports of Senegal are fairly diverse among countries. Mali was Senegal's largest export destination in 2009, accounting for 20 percent of Senegal's total exports. The other main export destinations of Senegal included India (9.8 percent), France (5 percent) and Gambia (5 percent). In 2009, France was Senegal's largest trading partner, supplying approximately 19.5 percent of Senegal's import needs. Other important import sources were UK (9.6 percent), China (4.7 percent) and The Netherlands (4 percent).

MALI

Mali's dependency on exports of two items, namely gold and cotton, renders the country's export earnings vulnerable to global commodity prices. Total trade of Mali has increased steadily from US$ 2.1 billion in 2004 to US$ 5.3 billion in 2010, except for a small fall in 2009. In 2010, total exports increased to an estimated US$ 2.5 billion from US$ 2.1 billion in the previous year. Imports also increased albeit at a higher pace from US$ 1.1 billion in 2004 to US$ 2.8 billion in 2010 which can be attributed to increased food imports and rise in oil import bill **(Chart 4.4)**. But in 2010, due to high rate of growth of exports compared to import growth, Mali's trade deficit has declined substantially to US$ 304 mn. The collapse in global prices for energy and other commodities in 2009 helped to reduce the import bill, while export performance was supported exclusively by the sharp rise in the price of gold.

During 2009, principal exports were gold, cotton and livestock accounting for 67 percent, 7 percent, and 4.2 percent of total exports respectively. As regards imports, capital goods

Chart 4.4: Mali's Foreign Trade (US$ billion)



Note: e: estimates; f: forecasts.
Source: IMF, UNCTAD & Exim India research

(34 percent), petroleum products (21 percent) and food products (12.5 percent) dominated the import basket.

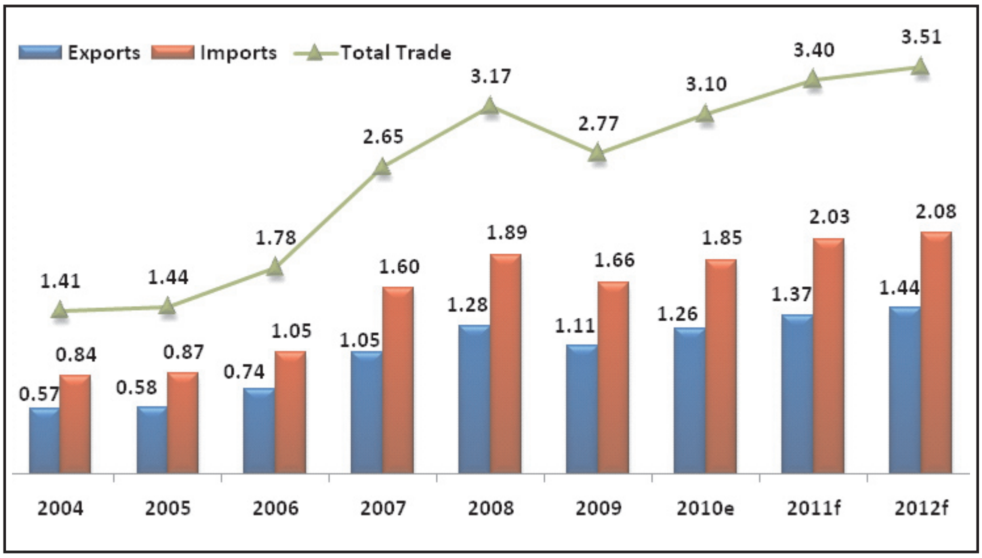
Asian countries namely China, Thailand and Pakistan are the important export markets, reflecting the importance of these countries for Mali's exports of gold and cotton. In 2009, China accounted for 21.3 percent of total exports, followed by Thailand (7.5 percent), Pakistan (6.1 percent), Morocco (5.9 percent) and Burkina Faso (4.2 percent). As regards imports, the major suppliers included Senegal (11.6 percent), France (10.9 percent), Côte d'Ivoire (9.4 percent), China (5.6 percent) and Germany (3.4 percent).

BENIN

Benin runs a structural trade deficit with imports substantially outstripping exports, as the country is highly dependent on imports. Imports of Benin have shown a substantial jump from US$ 842 mn in 2004 to US$ 1.9 billion in 2010 **(Chart 4.5)**. Exports also have shown an improvement from US$ 568.6 mn in 2004 to an estimated US$ 1.3 billion in 2010. Though the magnitude of exports has remained low, Benin's exports have more or less remained steady between 2007 and 2010.

Agricultural products especially cotton and textiles account for a predominant share of Benin's exports

Chart 4.5: Benin's Foreign Trade (US$ billion)



Note: e: estimates; f: forecasts.
Source: IMF, UNCTAD & Exim India research

during the past few years. Cotton is the leading export item accounting for 13 percent of total exports in 2009. Re-exports are important activities contributing around 46 percent of total export earnings. Other important export items include salt, sulphur, plastering materials, lime, cement, animal and vegetable fats and oils and iron and steel. Imports of Benin are fairly diverse. Food products were the main import items with a share of 32 percent of total imports in 2009, followed by petroleum products (15 percent). Other import items included transport equipment and vehicles; pharmaceutical products, electrical machinery and equipment, machinery and mechanical appliances etc.

Asian countries, namely India and China, have emerged as leading export markets to Benin's products. In 2009, India and China accounted for 14.2 percent and 9.5 percent respectively, of Benin's total exports. Other important export markets were Nigeria and Niger accounting for 5 percent each of Benin's total exports. Due to sharp rise in consumer goods imports, China has emerged as the largest import supplier, with a share of 35.8 percent of total imports in 2009. USA is the second biggest supplier (7.5 percent) closely followed by France (7.4 percent) and Thailand (6.7 percent).

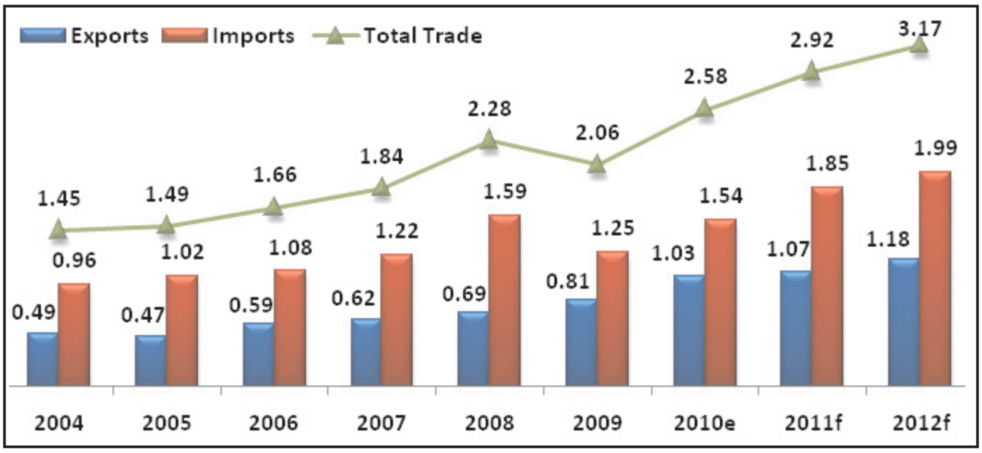
BURKINA FASO

Burkina Faso's export earnings depend significantly on cotton exports, making the country vulnerable to international cotton prices and crop output. In recent years, however, this pattern has changed slightly with growing global demand and resulting price hike in gold which at present has emerged as Burkina Faso's major foreign exchange earning item. The country normally has a large structural trade gap and the deficit tends to widen in a year of poor harvest, owing to rise in food imports. In 2009, Burkina Faso's current account deficit has narrowed sharply owing to increased gold demand globally.

Burkina Faso's total trade has increased from US$ 1.5 billion in 2004 to an estimated US$ 2.6 billion in 2010. From 2005 onwards, exports have been increasing steadily from US$ 0.5 billion to an estimated US$ 1.0 billion in 2010. Imports on the other hand declined in 2009 to US$ 1.3 billion from US$ 1.6 billion in the previous year. As a result the trade deficit has halved to US$ 435 mn in 2009 from US$ 896 in 2008. Imports are estimated to have risen to US$ 1.5 billion in 2010 resulting in a slight widening of trade deficit to US$ 510 mn **(Chart 4.6).**

Gold has been accounted for the majority of export earnings in 2009 accounting for 49 percent of total export revenue. Other Important export items are cotton (27 percent) and shea butter (5 percent). As regards imports, capital goods are the main trading items with a share of 33.4 percent of total imports in 2009,

Chart 4.6: Burkina Faso's Foreign Trade (US$ billion)



Note: e: estimates; f: forecasts.
Source: IMF, UNCTAD & Exim India research

followed by petroleum products (32.1 percent) and food products (12.1 percent).

In 2009, Singapore accounted for 9.8 percent of total exports, followed by Belgium (7.4 percent), China (4.4 percent), Ghana (4.0 percent) and India (2.9 percent). As regards imports, Côte d'Ivoire and France are the traditional and major suppliers, accounting for 22.3 percent and 17.9 percent of total imports respectively in 2009. Other important import markets include Togo (5.9 percent), South Africa (3.2 percent) and Belgium (3.1 percent).

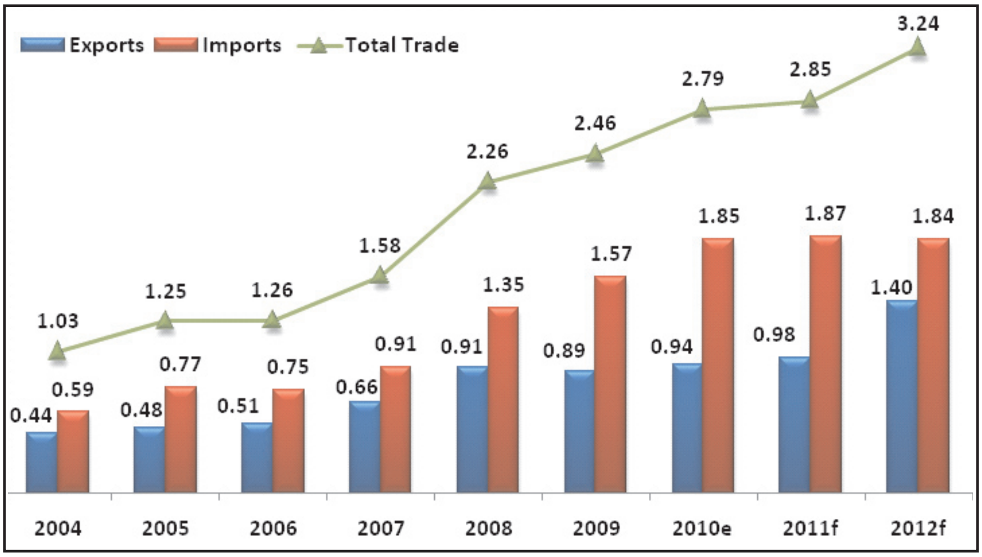
NIGER

Reflecting limited range of exports, coupled with high dependence on imports of food and oil, Niger runs a structural trade deficit. Niger's total trade has been steadily increasing to reach an estimated US$ 2.8 billion in 2010 from US$ 1.0 billion in 2004. In 2010, exports are estimated at US$ 939 mn, from that of US$ 899 mn in 2009, reflecting higher uranium exports. Imports also rose from US$ 1.6 billion in 2009 to an estimated US$ 1.9 billion in 2010, due to rising demand for imported construction materials and capital equipment. As a result, Niger's trade deficit has widened to US$ 911 mn in 2010 from US$ 685 mn in 2009 **(Chart 4.7).** The trade deficit is forecast to fall to US$ 884 mn in 2011, and is expected to fall further to US$ 447 mn in 2012 with expected increase in exports of oil.

Uranium is a major item in the export basket of Niger accounting for 46.7 percent of total exports in 2009. The other important items in the same year were livestock (14 percent) and cowpeas (13.8 percent). Uranium exports are further expected to increase in 2011 owing to the start of production at the Chinese-operated mine at Teguidda in 2010. Exports of livestock and other agricultural products are expected to fall back in 2011 as a result of the loss of breeding stock due to drought in 2010. Niger will debut as an oil producer with the starting of oil production at the Agadem oilfield in 2012 which will increase the country's export revenue by more than 40 percent. Capital goods account for almost 52.4 percent of Niger's total imports in 2009. Other major import items include food products (16.8 percent) and petroleum products (15.2).

France is the leading trading partner accounting for the bulk of Niger's Trade. In 2009, France accounted for 51.8 percent of Niger's total exports, followed by Nigeria (23.6 percent), USA (17.9 percent) and Ghana (2.9 percent). As regards imports, China accounted for 16.5 percent of total imports in 2009, followed by France (16.1 percent), Netherlands (7.7 percent) and Algeria (6.7 percent).

Chart 4.7: Niger's Foreign Trade (US$ billion)



Note: e: estimates; f: forecasts.

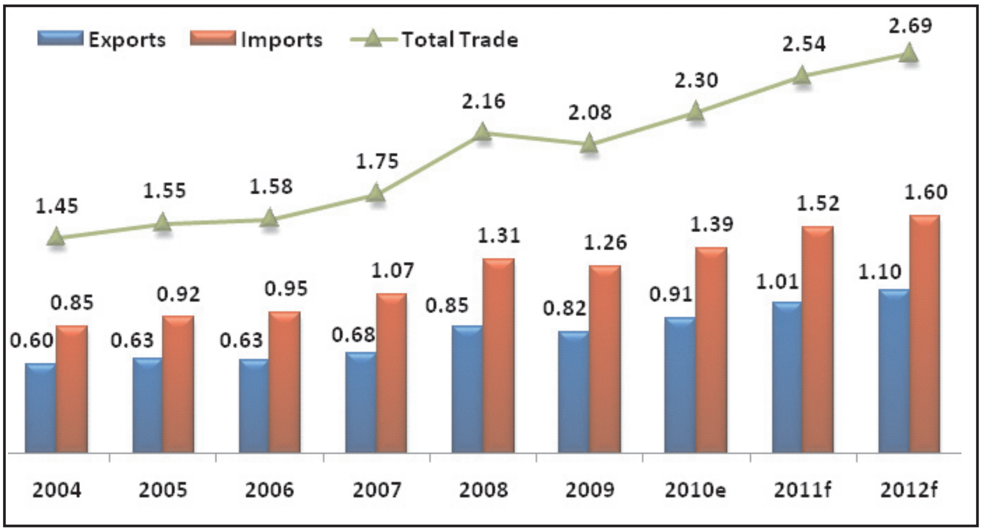
Source: IMF, UNCTAD & Exim India research

TOGO

Togo has traditionally experienced a structural trade deficit, which has widened in recent years, from US$ 252 mn in 2004 to US$ 443 mn in 2009 and further jumping to US$ 474 mn in 2010, as a result of low export growth coupled with consistently rising imports. Exports have moderately increased from US$ 819 mn in 2009 to an estimated US$ 912 mn in 2010, attributable to higher levels of re-export earnings. Imports too have risen from US$ 1.3 billion in 2009 to an estimated US$ 1.4billion in 2010, mainly owing to high world oil prices **(Chart 4.8)**. A wider trade deficit is forecast in 2011 due to increasing demand for inputs for development projects. Exports are expected to benefit in 2011 from the highest cotton prices for 15 years and an expected pick-up in production. Import demand will remain robust in 2011-12 spurred by economic growth and donor-funded capital projects, putting pressure on the trade deficit.

The main items of export from Togo included cement and related products accounting for 15.5 percent of total exports of the country in 2009, followed by phosphates (9.8 percent). Re-exports are important activities contributing around 17.3 percent of total export earnings. The main items of imports of Togo in 2009

Chart 4.8: Togo's Foreign Trade (US$ billion)



Note: e: estimates; f: forecasts.
Source: IMF, UNCTAD & Exim India research

included capital goods (17.9 percent), petroleum products (12.2 percent) and food products (10.9 percent).

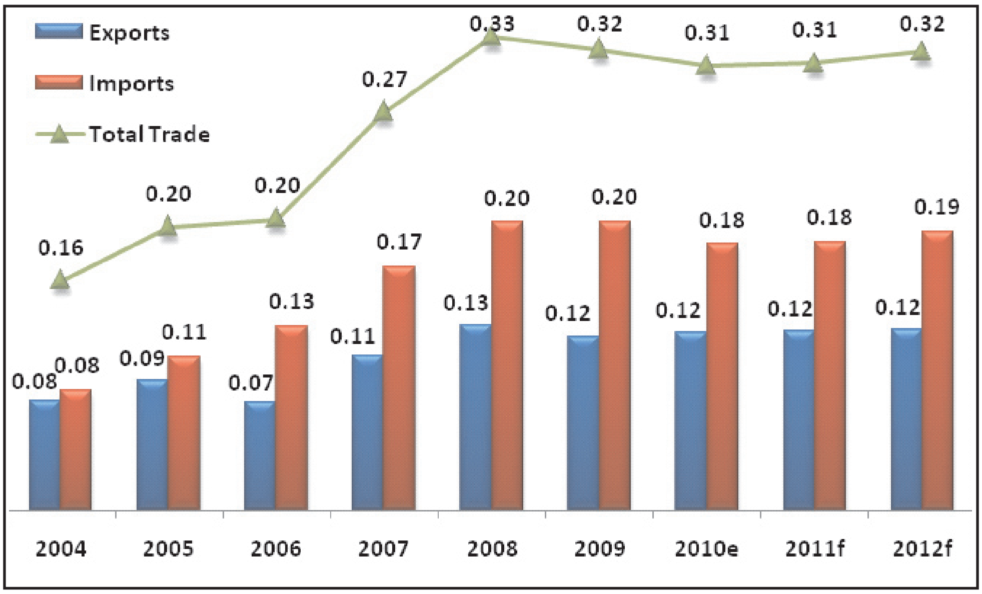
In 2009, Germany accounted for 16.6 percent of total exports of Togo, followed by Ghana (12.1 percent), Burkina Faso (10.5 percent) and India (9.7 percent). Regarding imports, China has emerged as the leading supplier of consumer goods and accounted for 37.1 percent of total imports in 2009. Other major suppliers to Togo include France (8.7 percent), Netherlands (6.8 percent) and India (5.2 percent).

GUINEA-BISSAU

The trade volume of Guinea-Bissau is the smallest among the BOAD members. The country generally maintains a deficit on the trade account. Exports have not been diversified as they consist almost entirely of cashew nuts, while almost all capital goods and fuels and some food requirements are imported.

Total trade has grown from US$ 158.6 mn in 2004 to US$ 307 mn in 2010. Total exports has increased from US$ 75.7 mn in 2004 to an estimated US$ 123.1 mn in 2010 and is expected to rise slightly to US$ 123.9 mn in 2011. Imports also has registered a growth from US$ 82.9 mn in 2004 to US$ 198.9 mn in 2009 and to an estimated US$ 183.7 mn in 2010 and is forecast to rise marginally to

Chart 4.9: Guinea-Bissau's Foreign Trade (US$ billion)



Note: e: estimates; f: forecasts.
Source: IMF, UNCTAD & Exim India research

US$ 184.8 mn in 2011 **(Chart 4.9)**. As a result of fall in imports in 2010 from the 2009 level, trade deficit has slightly reduced from US$ 79.5 mn in 2009 to US$ 60.6 mn in 2010.

Exports of cashew nuts earn the highest foreign exchange for Guinea-Bissau accounting for 90 percent of total exports, while fish and shrimps accounted for 4 percent of total exports in 2009. The major import items in 2009 include food products (28 percent), capital goods (27 percent) and petroleum products (19 percent).

Exports are heavily oriented towards India, which accounted for 61.8 percent of total exports in 2009, as India is where the majority of country's raw cashew nuts exports are processed. The other major export destinations in the same year were Nigeria (33 percent), Portugal (1.5 percent), Pakistan (1.0 percent) and China (0.7 percent). The main origins of imports into Guinea-Bissau in 2009 were Portugal (25.8 percent), Senegal (20.5 percent), Netherlands (13.8 percent), India (13.7 percent) and Thailand (7.7 percent).

5. INDIA'S BILATERAL TRADE AND INVESTMENT RELATIONS WITH BOAD COUNTRIES

The synergy that exists between India and the BOAD region, and the potential thereof, can be assessed from the trends in bilateral trade and investment relations witnessed in recent years. This chapter analyses the trends in India's bilateral trade with the BOAD countries, highlights the importance of the BOAD countries in India's trade with Africa, delineates the major trading partners and the major items of bilateral trade. This chapter also broadly discusses India's investment relations with the BOAD countries, as also the institutional framework and policy initiatives to enhance bilateral trade and investment relations with BOAD region.

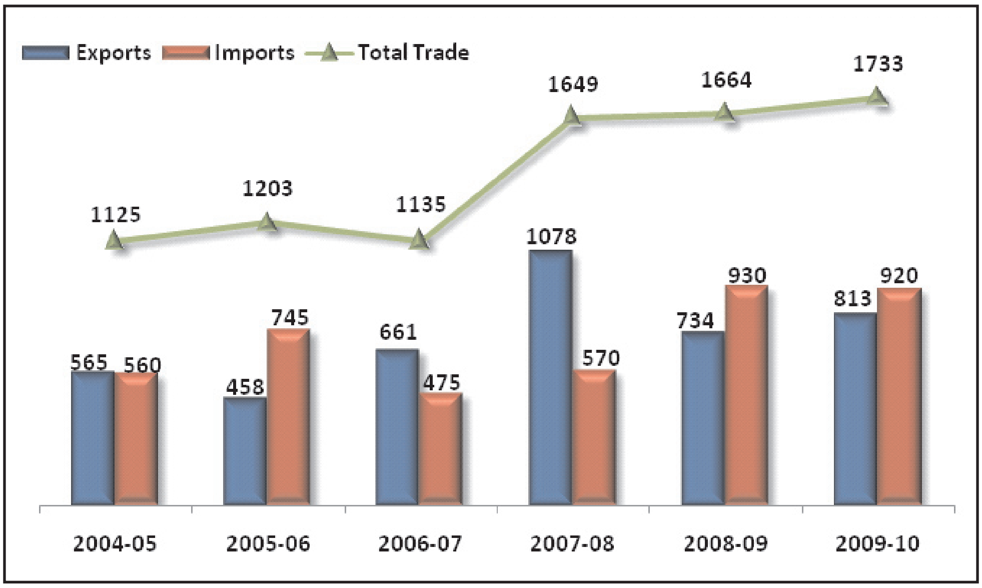
Trends in Aggregate Trade between India and BOAD countries

India's total trade with the BOAD Countries has increased almost two-fold from US$ 1.1 billion in 2004-05 to US$ 1.7 billion in 2009-10 **(Chart 5.1 and Table 5.1)**, due to rise in both exports and imports. During 2009-10, India's total trade with BOAD countries registered higher growth rate than India's trade with African region as a whole. The BOAD countries accounted for 4.5 percent of India's total trade with Africa region. India's total exports to the BOAD countries have risen from US$ 565 mn in 2004-05 to US$ 813.4 mn, with the result that the share of BOAD Countries in India's total exports to Africa has risen to 6 percent in 2009-10. During the year 2009-10, India's exports to BOAD countries registered a sharp rise of 10.9 percent compared to decline of 32 percent during the previous year. India's imports from the BOAD countries have also witnessed a rise from US$ 560 mn in 2004-05 to US$ 920 mn in 2009-10, accounting for 3.6 percent of India's total imports from Africa. As a result of a sharp rise in India's exports, India's trade deficit with BOAD region reduced to US$ 106 mn in 2009-10, as against a deficit of US$ 196 mn during the previous year.

India's Trade with BOAD Countries

Among the BOAD countries, Benin has emerged as the leading destination for India's exports. Benin accounted for 27.2 percent of India's total exports to BOAD Countries during 2009-10,

Chart 5.1: India's Trade with BOAD Region (US$ mn), 2004-05 to 2009-10



Source: Directorate General of Commercial Intelligence and Statistics (DGCIS), Ministry Of Commerce & Industry (MOCI), Government of India (GOI)

Table 5.1: India's Trade with BOAD Region (US$ mn)

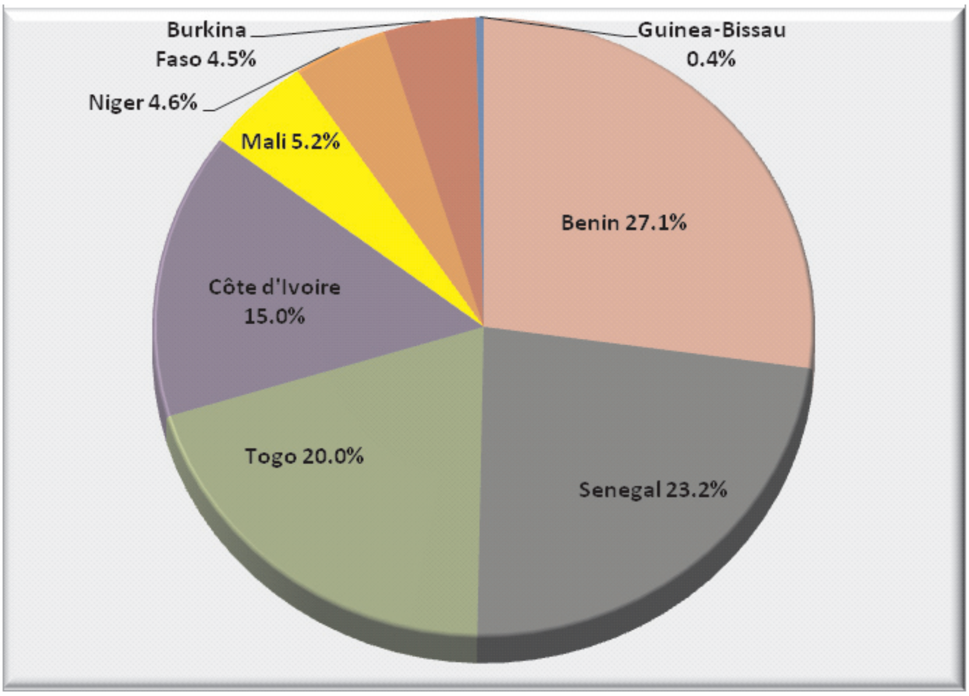
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Exports	564.6	458.1	660.7	1078.3	733.6	813.4
% Change	-	-18.9	44.2	63.2	-32.0	10.9
Imports	560.0	745.3	474.7	570.3	930.0	919.5
% Change	-	33.1	-36.3	20.1	63.1	-1.1
Trade Balance	4.6	-287.1	186.0	508.0	-196.4	-106.1
Total Trade	1124.5	1203.4	1135.4	1648.5	1663.5	1732.9

- : not available/ negligible

Source: DGCIS, MOCI, GOI

followed by Senegal (23.2 percent), Togo (20.0 percent), Côte d'Ivoire (15.0 percent), Mali (5.2 percent), Niger (4.6 percent), Burkina Faso (4.5 percent) and Guinea–Bissau (0.4 percent) **(Chart 5.2 and Table 5.2)**. With the exception of Burkina Faso and Guinea-Bissau, India's exports to all other countries in BOAD region witnessed an improvement in 2009-10 over 2008-09.

Chart 5.2: India's Exports to BOAD Countries (Percent Share, 2009-10)



Source: DGCIS, MOCI, GOI

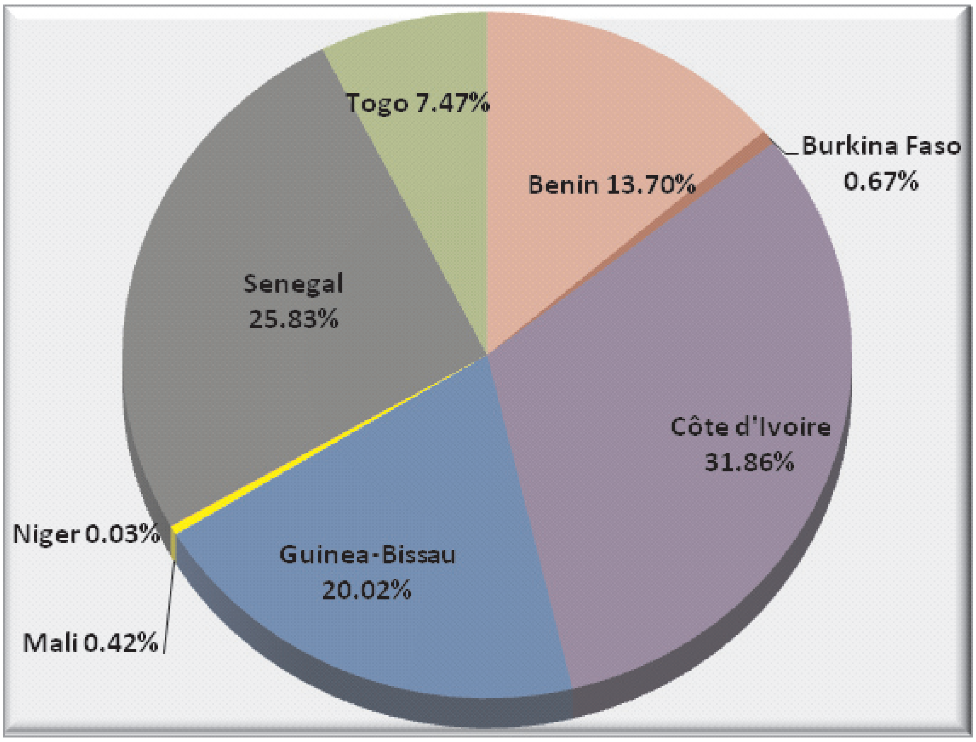
Table 5.2: India's Exports to BOAD Countries (US$ mn)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Benin	47.1	96.6	151.4	275.5	204	220.8
Senegal	69.2	93.5	152.2	198.0	143.9	188.4
Togo	263.3	91.1	121.8	229.5	142.9	162.8
Côte d'Ivoire	101	106.1	141.6	258.8	94.3	121.9
Mali	21.7	27.9	63.8	32.3	39.0	42.0
Niger	40.3	22.3	14.3	47.5	25.8	37.8
Burkina Faso	21.1	19.9	15	32.3	47.8	36.6
Guinea-Bissau	0.9	0.7	0.7	4.5	35.9	3.2
BOAD Total	**564.6**	**458.1**	**660.7**	**1078.3**	**733.6**	**813.4**

Source: DGCIS, MOCI, GOI

As far as imports are concerned, Côte d'Ivoire is the largest supplier to India among BOAD Countries, accounting to 31.9 percent of India's total imports from the region in 2009-10, followed by Senegal (25.8 percent), Guinea-Bissau (20.0 percent), Benin (13.1 percent), Togo (7.5 percent), Burkina Faso (0.8 percent), Mali (0.4 percent), and Niger (0.03 percent) **(Chart 5.3 and Table 5.3)** . India's imports from Senegal, Guinea-Bissau, Benin and Niger registered an increase whereas imports from all other member countries have declined in 2009-10. This has helped in substantially reducing India's overall trade deficit with BOAD countries.

Chart 5.3: India's Imports from BOAD Countries (Percent Share, 2009-10)



Source: DGCIS, MOCI, GOI

Table 5.3: India's Imports from BOAD Countries (US$ mn)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Côte d'Ivoire	160.0	193.9	181.5	199.4	316.2	293.0
Senegal	181.1	292.5	72.7	150.0	216.6	237.5
Guinea-Bissau	70.8	96.1	49.7	63.9	101.5	184.1
Benin	79.8	77.5	80.8	72.0	107.0	126.0
Togo	46.0	79.2	76.2	60.9	138.1	68.7
Burkina Faso	8.4	2.7	5.6	19.4	41.1	6.2
Mali	13.1	2.6	2.8	4.0	9.4	3.9
Niger	0.7	0.8	5.4	0.7	0.2	0.3
BOAD Total	**560.0**	**745.3**	**474.7**	**570.3**	**930.0**	**919.5**

Source: DGCIS, MOCI, GOI

Commodity Composition of Bilateral Trade

Major export items in India's export basket to BOAD countries include cotton yarn fabrics madeups (around 16 percent of India's total exports to BOAD), pharmaceutical products (13.0 percent), manufactures of metals (12.7 percent), manmade yarn fabrics madeups (9.6 percent), petroleum products (7.6 percent), transport equipment (6.4 percent), machinery & instruments (4.7 percent), primary & semi-finished iron & steel (4.1 percent), and plastic & linoleum products (2.7 percent). India's major imports from BOAD countries include cashew nuts (39.1 percent of India's total imports from BOAD), inorganic chemicals (19.7 percent), crude fertiliser (10.9 percent), metaliferrous ores & metal scrap (9.9 percent), wood & wood products (7.7 percent), cotton raw (6.0 percent) and petroleum crude (4.8 percent).

SENEGAL

Senegal is India's largest trade partner and the second largest export destination of India among the BOAD countries, accounting for 23.2 percent of India's total exports to BOAD countries in 2009-10. Since 2004-05, India's exports to Senegal have shown a steady rise, an almost three-fold increase from US$ 69.2 mn to US$ 188.4 mn in 2009-10 except in 2008-09. India's exports to Senegal has declined in 2008-09 due to a fall in exports of non-basmati rice and manmade yarn fabrics. India's exports to Senegal are dominated by cotton yarn fabrics madeups, machinery & instruments and primary & semi-finished iron & steel, with a combined share of 54.4 percent of total exports from India to Senegal during 2009-10. Other important export items are manmade yarn fabrics madeups, manufactures of metals, electronic

Table 5.4: India's Major Exports to Senegal (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Cotton yarn fabrics madeups etc.	6.1	10.8	27.4	33.0	42.6	54.9
Machinery & instruments	1.9	11.5	31.2	8.3	7.5	32.8
Primary & semi-finished iron & steel	3.3	5.0	5.6	9.2	5.4	14.7
Manmade yarn fabrics madeups	0.8	1.2	7.7	40.2	10.8	10.9
Manufactures of metals	2.2	1.1	2.8	4.5	5.7	10.5
Electronic goods	0.5	0.4	1.2	0.8	1.1	9.2
Transport equipment	11.8	13.8	21.1	28.9	8.1	6.9
Pharmaceuticals & fine chemicals	2.9	6.5	5.1	8.8	9.3	4.3
Glass/glassware/cement	1.4	2.5	1.7	3.1	3.3	2.9
All Commodities	**69.2**	**93.5**	**152.2**	**198.0**	**143.9**	**188.4**

Source: DGCIS, MOCI, GOI

Table 5.5: India's Major Imports from Senegal (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Inorganic chemicals	153.8	273.3	55.4	128.2	183.4	213.2
Cashew nuts	6.4	5.5	6.6	6.0	4.7	12.6
Metaliferrous ores & metal scrap	1.4	4.3	8.6	10.9	20.5	9.5
Transport equipment	-	0.1	0.3	0.0	1.7	0.7
Cotton raw	1.5	-	0.8	3.5	4.5	0.7
Non-electrical machinery	0.03	0.1	0.04	0.03	0.1	0.1
Electrical machinery	-	-	0.01	0.02	0.04	0.1
Manufactures of metals	-	-	0.01	0.01	-	0.1
Medicinal & pharmaceutical products	-	-	-	-	-	0.1
Professional inst, optical goods etc.	-	-	0.1	0.2	0.1	0.1
All Commodities	**181.1**	**292.5**	**72.7**	**150.0**	**216.6**	**237.5**

- : not available/ negligible

Source: DGCIS, MOCI

goods, transport equipment and pharmaceuticals & fine chemicals **(Table 5.4).**

India's imports from Senegal amounted to US$ 237.5 mn in 2009-10 an improvement from US$ 181.1 mn in 2004-05. Inorganic chemicals dominate India's imports from Senegal with a major share of 90 percent of total imports during 2009-10. Other important items of imports from Senegal are cashew nuts and metaliferrous ores & metal scrap **(Table 5.5).**

CÔTE D'IVOIRE

Côte d'Ivoire is India's second largest trading partner and the leading source for India's imports among BOAD countries. India's exports to Côte d'Ivoire have increased more than two-fold from US$ 101 mn in 2004-05 to US$ 259 mn in 2007-08, mainly on account of a sharp rise in exports of non-basmati rice. India's exports to Côte d'Ivoire picked up during 2009-10 to US$ 122 mn, after witnessing a sharp decline to US$ 94.3 mn in 2008-09. Machinery & instruments constituted the major export commodity from India, amounting to US$ 19 mn in 2009-10, accounting for 16 percent of India's total exports to Côte d'Ivoire, increasing from US$ 5.2 mn in the previous year. Other major exported commodities include cotton yarn fabrics madeups, plastic and linoleum products and primary and semi-finished iron and steel **(Table 5.6).** Exports of non basmati rice witnessed a sharp decline from US$ 171.7 mn in 2007-08 to US$ 1.8 mn in 2009-10, as a result of a ban imposed on it's exports by the Government of India in 2008.

Côte d'Ivoire is India's largest import source among BOAD countries in 2009-10. Côte d'Ivoire accounted for 31.9 percent of India's total imports from the BOAD countries. India's imports from Côte d'Ivoire have increased from US$ 160 mn in 2004-05 to US$ 293 mn in 2009-10.Cashew nuts and wood and wood products are the largest items of imports from Côte d'Ivoire, with a combined share of 75 percent in India's total imports from Côte d'Ivoire. Other major items of imports include petroleum crude

Table 5.6: India's Major Exports to Côte d'Ivoire (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Machinery & instruments	1.6	3.3	5.9	4.1	5.2	19.1
Cotton yarn fabrics madeups etc.	2.7	5.9	2.7	3.1	7.0	15.5
Plastic & linoleum products	5.1	6.2	8.7	10.5	10.2	12.2
Primary & semi-finished iron & steel	0.7	1.6	4.4	7.4	6.7	11.5
Manufactures of metals	4.3	5.3	7.0	17.4	8.5	8.8
Manmade yarn fabrics madeups	0.5	1.0	1.2	1.6	1.6	6.8
Meat & preparations	2.7	6.9	8.2	7.0	7.1	6.8
Pharmaceuticals & fine chemicals	5.4	5.3	4.9	6.6	7.4	5.9
Rubber manufactured products	1.6	3.3	5.2	2.3	4.8	4.7
Non-basmati rice	65.3	49.2	77.7	171.7	1.7	1.8
All Commodities	**101.0**	**106.1**	**141.6**	**258.8**	**94.3**	**121.9**

Source: DGCIS, MOCI, GOI

Table 5.7: India’s Major Imports from Côte d’Ivoire (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Cashew nuts	80.1	114.8	129.8	117.3	185.0	163.0
Wood & wood products	59.5	61.1	39.5	40.8	50.6	55.2
Petroleum crude & products	-	-	-	-	44.3	48.9
Metaliferrous ores & metal scrap	10.8	13.5	8.6	21.0	25.5	18.0
Natural rubber	-	-	0.1	-	0.1	2.9
Non-ferrous metals	0.2	0.5	0.3	0.3	1.5	1.2
Cotton raw	6.6	2.0	0.3	1.9	4.4	0.9
Chemical material & products	-	-	-	-	-	0.1
Pulp & waste paper	-	-	-	-	-	0.1
Leather	0.2	0.4	-	-	-	0.1
All Commodities	**160.0**	**193.9**	**181.5**	**199.4**	**316.2**	**293.0**

- : not available/ negligible

Source: DGCIS, MOCI, GOI

and products, metaliferrous ores and metal scraps and natural rubber **(Table 5.7).**

BENIN

Benin is India’s third largest trading partner as well as largest export destination among BOAD countries, accounting for 27.1 percent of India’s total exports to BOAD countries. India’s exports to Benin, after increasing from US$ 47.1 mn in 2004-05 to US$ 275 mn in 2007-08, declined to US$ 204 mn in 2008-09 mainly as a result of decline in the exports petroleum products, but increased to US$ 220.8 mn in 2009-10. The major items in India’s export basket to Benin include manmade yarn fabrics madeups, manufactures of metals and pharmaceuticals & fine chemicals. During 2009-10, exports of manmade yarn fabrics madeups and manufactures of metals accounted for 56 percent of India’s total exports to Benin **(Table 5.8).**

Imports, on the other hand, increased steadily from US$ 72.0 mn in 2007-08 to US$ 107.0 mn in 2008-09, and further to US$ 126.0 mn in 2009-10. India’s imports from Benin are driven primarily by demand for cashew nuts, amounting to US$ 95.6 mn in 2009-10, and accounting for 75 percent of India’s total imports from Benin. Other major import items include wood and wood products, metaliferrous ores and metal scraps and raw cotton **(Table 5.9).**

TOGO

Togo is the fourth largest trading partner, and the third largest export

Table 5.8: India's Major Exports to Benin (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Manmade yarn fabrics madeups	3.4	5.7	13.3	33.4	32.0	63.2
Manufactures of metals	7.6	16.5	30.3	47.7	52.9	61.0
Pharmaceuticals & fine chemicals	6.0	8.9	18.9	25.2	43.0	33.1
Cotton yarn fabrics madeups etc.	21.1	18.3	22.4	42.2	31.3	13.8
Machinery & instruments	1.3	2.8	9.6	5.3	3.6	8.6
Misc. processed items	0.4	1.2	1.6	2.2	5.7	5.1
Primary & semi-finished iron & steel	1.4	3.4	3.5	6.3	4.9	4.4
Plastic & linoleum products	1.1	2.5	3.2	3.7	2.5	4.2
Transport equipment	0.4	1.4	2.4	1.3	5.0	3.5
Electronic goods	-	0.6	0.5	0.7	2.5	3.0
All Commodities	**47.1**	**96.6**	**151.4**	**275.5**	**204.0**	**220.8**

- : not available/ negligible

Source: DGCIS, MOCI, GOI

Table 5.9: India's Major Imports from Benin (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Cashew nuts	35.6	48.9	48.6	40.1	73.2	95.6
Wood & wood products	20.5	12.8	18.1	7.7	9.0	14.2
Metaliferrous ores & metal scrap	12.5	15.5	12.5	11.3	22.8	12.7
Cotton raw	10.4	0.1	-	10.7	1.6	2.3
Oilseeds	-	0.2	1.5	2.0	0.4	0.5
All Commodities	**79.8**	**77.5**	**80.8**	**72.0**	**107.0**	**126.0**

- : not available/ negligible

Source: DGCIS, MOCI, GOI

destination of India among the BOAD countries, accounting for 20 percent of India's total exports to BOAD countries in 2009-10. India's exports to Togo dropped from US$ 263.3 mn in 2004-05 to US$ 142.9 mn in 2008-09 mainly due to the decline in the exports of petroleum products, before picking up to US$ 162.8 mn in 2009-10. Manmade and cotton yarn fabrics madeups have emerged as the largest items in India's exports to Togo, with a combined share of 40 percent in India's total exports to Togo. Other major export items include primary & semi-finished iron & steel, machinery & instruments and pharmaceuticals & fine chemicals. Trends in India's major exports to Togo during 2004-05 to 2009-10 are presented in **Table 5.10.**

Table 5.10: India's Major Exports to Togo (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Manmade yarn fabrics madeups	6.1	8.6	19.8	26.2	24.0	35.2
Cotton yarn fabrics madeups	22.3	21.9	26.0	33.5	31.4	29.7
Primary & semi-finished iron & steel	1.7	3.5	5.3	13.3	10.3	20.7
Machinery & instruments	4.6	5.3	7.7	6.8	10.4	12.7
Pharmaceuticals & fine chemicals	2.2	2.6	4.5	6.6	7.6	9.1
Manufactures of metals	5.1	7.5	5.3	9.1	8.7	7.2
Readymade garments cotton incl. accessories	2.7	6.2	3.0	5.4	5.4	6.4
Plastic & linoleum products	0.5	0.5	0.6	1.6	1.6	5.6
Readymade garments manmade fibres	0.3	1.3	1.7	4.9	7.0	5.3
Misc. processed items	0.2	2.3	4.0	6.3	7.0	4.5
All Commodities	**263.3**	**91.1**	**121.8**	**229.5**	**142.9**	**162.8**

Source: DGCIS, MOCI, GOI

India's imports from Togo, on the other hand, increased from US$ 46.0 mn in 2004-05 to US$ 138.1 mn in 2008-09, before declining to US$ 68.7 mn in 2009-10. As regards imports, crude fertilizers are the largest items accounting for almost 77 percent of total imports during 2009-10. Other major imports include metaliferrous ores and metal scraps, wood and wood products and cashew nuts **(Table 5.11).**

Table 5.11: India's Major Imports from Togo (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Crude fertiliser	33.3	48.9	47.3	33.9	101.1	53.4
Metaliferrous ores & metal scrap	9.0	12.4	12.5	10.2	23.6	7.6
Wood & wood products	3.1	14.9	15.7	16.7	12.0	5.0
Cashew nuts	0.4	1.8	0.7	0.1	0.4	0.3
Cotton raw	0.1	-	-	-	-	0.1
Oilseeds	-	1.2	0.03	-	-	0.1
Electronic goods	-	-	-	-	-	0.02
Non-electrical machinery	0.04	-	-	-	0.03	0.01
All Commodities	**46.0**	**79.2**	**76.2**	**60.9**	**138.1**	**68.7**

- : not available/ negligible

Source: DGCIS, MOCI, GOI

Table 5.12: India's Major Exports to Guinea-Bissau (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Primary & semi-finished iron & steel	0.1	0.3	0.1	0.4	0.7	1.4
Pharmaceuticals & fine chemicals	0.1	0.1	0.2	0.3	0.3	0.6
Machinery & instruments	0.0	0.02	0.03	0.04	0.03	0.4
Other jute manufactures	0.1	0.1	0.1	0.6	0.04	0.3
Manufactures of metals	0.1	0.1	0.04	0.1	0.1	0.2
Jute hessian	-	-	-	0.2	0.1	0.1
Electronic goods	0.02	-	-	-	0.1	0.04
Transport equipment	0.1	0.03	0.03	-	0.02	0.02
Petroleum products	-	-	-	-	34.3	-
All Commodities	**0.9**	**0.7**	**0.7**	**4.5**	**35.9**	**3.2**

- : not available/ negligible

Source: DGCIS, MOCI, GOI

Table 5.13: India's Major Imports from Guinea-Bissau (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Cashew nuts	69.6	95.8	49.5	62.7	100.3	115.4
Petroleum crude & products	-	-	-	-	-	68.5
Metaliferrous ores & metal scrap	1.1	0.3	0.1	1.2	1.2	0.2
Wood & wood products	0.2	-	0.03	-	-	0.02
Raw hides & skins	-	-	-	-	-	0.01
All Commodities	**70.8**	**96.1**	**49.7**	**63.9**	**101.5**	**184.1**

- : not available/ negligible

Source: DGCIS, MOCI, GOI

GUINEA-BISSAU

India's exports to Guinea-Bissau have witnessed a fluctuating trend in the recent years. India's exports to Guinea-Bissau, after increasing nearly forty-fold from US$ 0.9 mn in 2004-05 to US$ 35.9 mn in 2008-09, fell to US$ 3.2 mn in 2009-10, primarily due to sharp fall in the exports of petroleum products. Primary & semi-finished iron and steel is the major item in India's export basket to Guinea-Bissau, accounting for 43 percent of India's total exports to the country. Other export items include pharmaceuticals & fine chemicals, machinery & instruments and other jute manufactures **(Table 5.12).**

During the same period, India's imports from Guinea-Bissau rose steadily, increasing more than two-fold in 2009-10 to US$ 184.1 mn from US$ 70.8 mn in 2004-05. As regards imports, the largest items are cashew nuts accounting for as much as 62 percent of India's total imports from Guinea-Bissau during 2009-10, followed by petroleum crude and products (37 percent). India also imports marginal amounts of metaliferrous ores and metal scrap, wood and wood products and raw hides and skins from Guinea–Bissau Almost the entire Cashew crop (around 98 percent) is exported to India for processing **(Table 5.13).**

MALI

India's exports to Mali picked up in 2008-09, increasing steadily from US$ 32.3 mn in 2007-08 to US$ 42.0 mn in 2009-10. The important items in India's export basket to Mali include pharmaceuticals and fine chemicals, manufacturers of metals, machinery and instruments and transport equipment. Pharmaceuticals & fine chemicals and manufacturers of metals together account for 52 percent of India's total exports to Mali **(Table 5.14).**

India's imports from Mali, on the other hand, more than tripled in 2008-09, to US$ 9.4 mn from US$ 2.6 mn in 2005-06, before declining to US$ 3.9 mn in 2009-10. With India's imports of raw cotton accounting for around 80 percent of total imports from Mali, trends in imports of raw cotton reflect the overall trend in imports from the country **(Table 5.15).**

Table 5.14: India's Major Exports to Mali (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Pharmaceuticals & fine chemicals	6.4	6.5	5.6	10.9	8.2	12.1
Manufactures of metals	0.6	1.6	0.5	0.7	12.0	9.9
Machinery & instruments	4.3	6.4	23.3	6.7	5.7	3.7
Transport equipment	3.0	3.6	5.7	2.4	3.0	3.7
Cotton yarn fabrics madeups etc.	1.1	1.8	0.4	4.0	1.1	2.2
Dyes intermediates & coal tar chemicals	0.3	0.6	1.0	1.2	1.6	2.1
Electronic goods	0.2	0.2	0.6	0.3	1.5	1.9
Rubber manufactured products	1.6	2.1	1.5	0.8	3.7	1.6
Non-ferrous metals	-	0.1	-	0.04	-	1.1
Inorganic/organic/agro chemicals	0.4	0.5	1.0	0.8	0.5	0.9
All Commodities	**21.7**	**27.9**	**63.8**	**32.3**	**39.0**	**42.0**

- : not available/ negligible

Source: DGCIS, MOCI, GOI

Table 5.15: India's Major Imports from Mali (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Cotton raw	11.7	1.7	1.2	2.8	9.1	3.1
Cashew nuts	-	-	-	-	-	0.7
Pearls precious & semiprecious stones	-	-	0.14	-	-	0.04
Artificial resins, plastic materials etc.	-	-	-	-	-	0.02
Non-electrical machinery	-	-	0.01	0.03	-	0.01
All Commodities	**13.1**	**2.6**	**2.8**	**4.0**	**9.4**	**3.9**

- : not available/ negligible

Source: DGCIS, MOCI, GOI

BURKINA FASO

India's exports to Burkina Faso, after rising from US$ 21.1 mn in 2004-05 to US$ 47.8 mn in 2008-09, declined to US$ 36.6 mn in 2009-10, reflecting the contraction in exports of transport equipment, manufactured rubber products and manufactures of metals. India's export basket to Burkina Faso is dominated by pharmaceuticals & fine chemicals and transport equipment, together accounting for 56 percent of total exports during 2009-10. Exports of pharmaceuticals & fine chemicals to the country have registered a sharp

Table 5.16: India's Major Exports to Burkina Faso (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Pharmaceuticals & fine chemicals	4.4	6.0	7.4	10.1	14.1	14.3
Transport equipment	6.2	4.8	1.9	5.8	9.9	6.2
Rubber manufactured products	1.6	0.9	0.8	2.7	5.1	3.5
Misc. processed items	0.6	0.8	0.4	1.0	2.4	2.5
Manmade yarn fabrics madeups	0.1	0.7	0.3	0.2	0.6	2.3
Manufactures of metals	2.2	1.0	1.2	4.5	3.9	1.8
Machinery & instruments	1.4	0.9	0.4	4.0	1.4	1.7
Cotton yarn fabrics madeups etc.	0.3	0.5	0.6	0.3	0.1	0.8
Cosmetics/toiletries	0.1	-	0.03	0.1	0.04	0.6
Primary & semi-finished iron & steel	1.5	1.2	0.4	1.7	1.5	0.6
Paper/wood products	0.1	0.1	0.1	0.2	0.3	0.5
All Commodities	**21.1**	**19.9**	**15.0**	**32.3**	**47.8**	**36.6**

- : not available/ negligible

Source: DGCIS, MOCI, GOI

Table 5.17: India's Major Imports from Burkina Faso (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Cotton raw	7.1	0.3	1.1	12.7	35.8	5.8
Oilseeds	-	-	-	1.9	2.3	0.4
Metaliferrous ores & metal scrap	0.2	0.1	-	1.8	1.7	-
Leather	0.2	0.8	1.6	2.1	1.0	-
Wood & wood products	-	1.3	2.9	0.9	0.3	-
Cashew nuts	1.0	0.2	-	-	0.04	-
All Commodities	**8.4**	**2.7**	**5.6**	**19.4**	**41.1**	**6.2**

- : not available/ negligible

Source: DGCIS, MOCI, GOI

rise in the recent years from US$ 4.4 mn in 2004-05 to reach US$ 14.3 mn in 2009-10. Other major export items include rubber manufactured products, misc. processed items, manmade yarn fabrics madeups and manufactures of metals **(Table 5.16).**

As in the case with Mali, India's imports from Burkina Faso are dominated by raw cotton. Total imports from Burkina Faso rose from US$ 8.4 mn in 2004-05 to US$ 41.1 mn in 2008-09, and declined thereafter to US$ 6.2 mn in 2009-10, reflecting fluctuations in imports of raw cotton **(Table 5.17).**

Table 5.18: India's Major Exports to Niger (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Cotton yarn fabrics madeups etc.	32.2	15.9	5.1	22.9	4.4	8.1
Machinery & instruments	0.4	0.1	0.8	1.1	0.6	7.3
Pharmaceuticals & fine chemicals	3.6	2.5	3.4	6.6	6.5	7.0
Manmade yarn fabrics madeups	0.8	0.8	0.9	11.7	1.3	5.6
Transport equipment	0.2	0.1	0.2	0.2	8.0	3.3
Electronic goods	0.1	0.2	0.1	0.2	0.2	2.3
Manufactures of metals	0.2	0.3	0.8	0.8	1.5	1.0
Misc. processed items	0.1	0.3	0.03	0.3	0.6	1.0
Paints/enamels/varnishes	0.03	0.1	0.2	-	0.1	0.5
Primary & semi-finished iron & steel	0.4	0.2	0.5	1.5	0.01	0.4
All Commodities	**40.3**	**22.3**	**14.3**	**47.5**	**25.8**	**37.8**

- : not available/ negligible

Source: DGCIS, MOCI, GOI

Table 5.19: India's Major Imports from Niger (US$ mn)

Commodity Name	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Leather	-	0.1	0.2	0.1	0.1	0.2
Non-ferrous metals	-	0	-		-	0.1
Metaliferrous ores & metal scrap	-	0.1	0.4	-	-	0.03
Transport equipment	-	-	-	-	0.01	-
Cotton yarn & fabrics	-	-	-	-	0.1	-
Non-electrical machinery	0.1	0.03	3.6	0.1	0.02	-
All Commodities	**0.7**	**0.8**	**5.4**	**0.7**	**0.2**	**0.3**

- : not available/ negligible
Source: DGCIS, MOCI, GOI

NIGER

India's exports to Niger have witnessed a fluctuating trend in recent years, mainly on account of fluctations in the export of cotton yarn and fabrics. After rising from US$ 40.3 mn in 2004-05 to US$ 47.5 mn in 2007-08, India's exports to Niger declined to US$ 25.8 mn in 2008-09 before rising thereafter to US$ 37.8 mn in 2009-10. Although cotton yarn and fabrics continue to dominate India's export basket to Niger, other items such as machinery and instruments, pharmaceuticals, and manmade yarn and fabrics have assumed importance in recent years **(Table 5.18)**.

India's imports from Niger have decreased to US$ 0.2 mn in 2008-09 from US$ 5.4 mn in 2006-07, before increasing marginally to US$ 0.3 mn in 2009-10. As regards imports from Niger, leather and non-ferrous metals are the leading items **(Table 5.19).**

TRENDS IN INDIA- BOAD INVESTMENT FLOWS

Africa has emerged as an important investment partner for India in recent years, with Indian investments mostly in services and manufacturing sectors, and also in Africa's natural resources, including the oil sector.

India's Investment in BOAD region

Among the BOAD countries, Senegal has been the major destination of investments from India with the largest investment in Industries Chimique du Senegal (ICS). ICS produces phosphate, phosphoric acid and fertilizers. The other major Indian companies in Senegal includes Tata Group (Tata Motors, Tata Unitech and Tata Africa-Senegal), HMT(International), Kirloskar Bros, Expotech, CSL Ltd, NIIT, Ranbaxy, Ajanta Pharma, Coppice Technologies Ltd., Lucky Group, Angelique, Inma International, Mohan Energy, Gravita India Ltd and Aarti Steel.

While Senegal continues to be the leading destination for Indian overseas investments, other BOAD members are also gaining importance in recent years. During 2007 and 2010, based on approvals , Indian companies investing in the BOAD region in terms of joint ventures (JVs) or wholly owned subsidiaries (WOS), apart from Senegal, would include Dharni Sampda Pvt Ltd, Mumbai (Taurian Group) and Tata steel in Côte d'ivoire; Dharni Sampda Pvt Ltd, Mumbai (Taurian Group) in Niger.

Even though there is no major Indian Company operating in Mali, there are many smaller groups successfully doing business in Mali. Taurian has a branch office in Mali for gold exploration and mining. The first tractor assembly unit in Mali and the only cement factory in Mali were started last year with Indian participation, which is now converted to a regular factory with equity participation of the Indian Company – M/s Angelique International. West Africa Cement Company (WACEM) owned by a Hyderabad based group operates in Togo and Burkina Faso. It has taken over a defunct cement making facility in Mali called Diamond Cement. The other Indian companies which are present in Mali include Sahara Mining, M/s Mohan Energy Corporation, M/s Steel Mali, Sopropha and The Central Electronics Limited (CEL).

INSTITUTIONAL FRAMEWORKS & POLICY INITIATIVES

With a view to facilitate and further enhance bilateral trade and commercial relations with countries in Africa, including the BOAD region, India has put in place important policy measures as also institutional frameworks to create an enabling trade and business environment. Such initiatives have been effective in giving a new dimension to mutual cooperation and the already existing close relations between the two sides. Major policy initiatives would include, among others, Focus Africa Programme, Pan-African E-Network, India-Africa Partnership Conclaves and India Africa Summit.

Focus Africa Programme

With the African region constituting important trading partners for India, the Government of India has put in place the "Focus Africa" Programme since the year 2002-03 to enhance India's trade with Africa. The main objective of the programme is to increase interactions between the two regions by identifying the areas of bilateral trade and investment. The "Focus Africa" programme, when first introduced, focused on the Sub-Saharan African region with added emphasis on seven major trading partners of the region, namely, Nigeria, South Africa, Mauritius, Kenya, Ethiopia, Tanzania and Ghana. Effective April 1, 2003, the "Focus Africa" programme has been extended to cover in effect the entire African continent. The commodity groups identified as focus areas for cooperation under the initiative include, cotton yarn, fabrics and other textile items; pharmaceuticals; machinery and instruments; transport equipments; telecom and information technology. The "Focus Africa" programme also envisages enhancing India's exports to the region through integrated efforts of the Government of India, Export-Import Bank of India, Export Credit Guarantee Corporation of India (ECGC), India Trade Promotion Organisation (ITPO), Export Promotion Councils (EPCs) and Apex Chambers of Commerce and Industry.

New Partnership for Africa's Development (NEPAD)

Moreover, in line with the New Partnership for Africa's Development (NEPAD), a strategic framework adopted by African leaders at the 37th Summit of the Organisation of African Unity (OAU) held in Lusaka, Zambia, in July 2001, to address poverty and underdevelopment throughout the African continent, India has agreed to extend its cooperation to Africa in the implementation of the digital solidarity mechanism developed within the framework of NEPAD and also recognized energy, infrastructure and environmental sustainability, which are some of the priority areas of NEPAD, as key areas of cooperation. Government of India in 2003 announced a US$ 200 mn Line of Credit (LOC) for the NEPAD initiative in Africa.

Pan-African E–Network: An India and Pan-African Countries Initiative

An important element of the strategy to enhance Indo-African cooperation in the 21st century is the Pan African E-Network Project, funded entirely by India. The project was announced by the then President of India, H.E. Dr. A.P.J. Abdul Kalam, during the Inaugural session of the Pan-African Parliament held in Johannesburg in September 2004. Towards this end, an MOU was signed between the Government of India and the African Union in October 2005, and Telecommunications Consultants India Ltd. (TCIL) had been selected to implement the project. Ethiopia, South Africa, Ghana and Mauritius have been identified as the initial beneficiaries of the project, said to be one of the largest infrastructure projects in Africa's history. In July 2007, the Project was formally launched in Addis Ababa, Ethiopia, by former Indian External Affairs Minister Mr. Pranab Mukherjee.

The Pan-African E-Network Project, with a budget of US$ 50 mn for its installation, initial operation and maintenance for 5 years, aims at bridging the digital divide in Africa and develop the continent's information and communication technologies by eventually connecting all the countries in Africa by a satellite through fibre-optic networks and wireless links. The network under the Project will primarily provide tele-education, tele-medicines, internet and video-conferencing services and support e-governance, e-commerce, infotainment, resource mapping and meteorological services connectivity. The network will connect 5 universities, 53 learning centers, 10 super specialty hospitals, and 53 remote hospitals in the 53 Pan-African countries.

India's contribution for the promotion of African connectivity and the value-added services in the knowledge domain in education, healthcare, e-governance and agriculture would contribute in capacity building activities in the African region. This, in turn, would further enhance the role of India as a partner in Africa's development and achievement of the Millennium Development Goals, and share its experience and expertise with countries in the African region.

India-Africa Partnership Conclaves

Furthermore, recognising the immense potential to enhance trade and investment relations between India and Africa, the Confederation of Indian Industry (CII), in partnership with Ministry of Commerce and Industry, Government of India; Ministry of External Affairs, Government of India; Export-Import Bank of India and African Development Bank, initiated the India-Africa Partnership Conclave during March 2-4, 2005, in New Delhi. The Conclave created platforms for decision makers from African countries and relevant multilateral, regional and national funding agencies to meet, in one place, the entire range of Indian companies involved in engineering consultancy, turnkey projects, construction and supply of project goods, among others.

Following the success of the first Conclave, the second Conclave was organized in New Delhi during November 6-8, 2005, with the theme 'Expanding Horizons', which was followed by mini-conclaves held in Lusaka, Zambia, and in Addis Ababa, Ethiopia, in April 2006, and in Accra, Ghana, in May 2006. The third Conclave was held in New Delhi in October 2006. During 2007, the Conclave on India Africa Partnership was organized in four countries in Africa: South Africa, Mozambique, Uganda and Côte d'Ivoire. The Conclave served as effective platforms to examine the factors that influence Indo-African trade and investment patterns, and also focused on the role of banking institutions in funding India-Africa projects.

The 4th Conclave on India Africa Project Partnership was held in New Delhi in March 2008, while regional Conclaves were held in Dakar, Senegal, in July 2008 and Dar-es-Salaam, Tanzania, in August 2008. In specific terms, the Conclaves in 2008 focused on: building upon the momentum gathered due to the past Conclaves and promote partnerships at three levels: Government, institutional and enterprise levels; increasing outreach of information on Indian enterprise to the African business; increasing interaction between the Indian industry and the African countries where perceptible opportunities exist; discussing opportunities for Indian participation in African projects; capacity building initiative including resource mobilization; supplement the Government-to-Government dialogue at Summit level in April 2008.

The 5th Conclave on India Africa Project Partnership was held during March 22-24, 2009, at New Delhi, under the theme "Celebrating Partnerships". The 6th CII-Exim Bank Conclave on India Africa Project Partnership was held during March 14-16, 2010, at New Delhi on the theme "Developing Synergies: Creating a Vision". The 7th CII -EXIM Bank Conclave on India Africa Project Partnership is scheduled to be held in New Delhi during March 27-29, March 2011.

The Conclaves have served as a business-to-business platform between India and the countries in Africa, and have created benchmarks for the engagement of Industry and Governments from India and the African region. The Conclaves have also created a platform for information, dialogue and better understanding to propagate and build long-term sustainable economic relations, which in turn have been instrumental in increased private sector dialogue between Indian and Africa.

India- Africa Summit 2008

In light of the immense opportunities for enhancing bilateral and regional cooperation with countries in Africa, a recent initiative of the Government of India that has been taken is the First India- Africa Summit, that was held in New Delhi in April 2008, with the objective of redefining India's relations with the African continent by enhancing its engagement, particularly in economic field. The India-Africa Summit focused on enhancing the role of India as a key partner in capacity building and empowerment in Africa.

The Summit was attended by Heads of States of African nations, heads of sub-regional groupings like the Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), and the Economic Community for West African States (ECOWAS). The Summit has been structured as a three-tier interaction between senior officials, foreign ministers and Heads of States of both the sides, in diverse areas. The second India-Africa Forum Summit will take place during May 2011 in Addis Ababa, Ethiopia.

6. POTENTIAL FOR ENHANCING BILATERAL TRADE RELATIONS BETWEEN INDIA AND BOAD COUNTRIES

While bilateral trade relations between India and the BOAD region have witnessed an upward trend in recent years, as analysed in previous sections, potential exists to further enhance two-way trade flows. Accordingly, this chapter endeavours to identify sectors where potential exists to enhance bilateral commercial relation with countries in the BOAD region based on India's export potential and demand existing in the BOAD region.

IDENTIFYING COMMODITIES WITH HIGH EXPORT POTENTIAL

For identifying the commodities where India has a high potential for export to BOAD countries, the following criteria were applied:

1. Demand existing in the BOAD market, based on commodity composition of the imports of BOAD countries over the years and matching India's export capability with their import demand.

2. Commodities where India has a comparative advantage in global exports, based on India's share in global trade.

3. Commodities, whose exports to BOAD countries have registered high growth rate in recent years, based on India's share in global trade.

4. Commodities where India has been doing well in other markets.

BENIN

Benin remains highly dependent on imports, often of basic goods. Imports consist of food, and to a lesser extent, capital goods. Oil-related imports have surged in recent years owing to high international oil prices and are estimated to have represented 14.9 percent of total imports in 2009. Broadly, potential items for exports could include food products, petroleum products, textile yarn and fabrics, iron & steel products, and machinery and transport equipment.

Food products: This category constitutes major items in import basket of Benin. In 2009, food products accounted for 32.4 percent of Benin's total imports. With the large import demand in Benin, potential items of exports from India under this category could include dairy products, cereals, milling industry products, fats and oils, other edible products, under:

- Rice (HS-1006);
- Ginger/saffron/turmeric and other spices (HS-0910);
- Fish frozen including fish fillets (HS-0303);
- Milk and cream (HS-0402);
- Apples and pears (HS-0808);
- Wheat or meslin flour (HS-1101);
- Palm oil and its fractions (HS-1511);
- Bread, pastry, cakes, biscuits and other (HS-1905);
- Extracts, essences, concentrates of coffee/tea (HS-2101);
- Soups and broths (HS-2104).

Petroleum products: These are important major items of Benin's import. India could look at the following as potential items under this category:

- Petroleum oils and oils obtained from bituminous minerals (HS-2710);
- Petroleum jelly, paraffin wax, (HS-2712).

Iron & Steel products: These categories also present potential for exports to Benin. Potential items under this category could include:

- Flat rolled products of iron or non-alloy steel (HS-7210);
- Bars and rods, hot rolled (HS-7213);
- Other bars and rods of iron or non-alloy steel (HS-7214 & 7215);
- Other tubes, pipes and hollow profiles (HS-7306);
- Structures (HS-7308).

Machinery and transport equipment: These are major imports of Benin. Potential export items under this category could include:

- Automatic data processing machines (HS-8471);
- Primary cells and primary batteries (HS-8506);
- Motor cars and other motor vehicles (HS-8703);
- Motor vehicles for transport of goods (HS-8704).

Textile fabrics and apparels: Under the category of textile fabrics and apparels, potential items of exports to Benin could include:

- Woven fabrics of cotton (HS-5208 & 5209);
- Woven fabrics of synthetic staple fiber (HS-5513);
- Men's or boy's overcoats, capes (HS-6201);

- Men’s or boy’s suits, ensembles, jackets (HS-6203);
- Worn clothing and other worn articles (HS-6309).

Other Items: Other potential items of exports to Benin could include:

- Cigars, cheroots, cigarillos and cigarettes (HS-2402);
- Portland cement (HS-2523);
- Insecticides, rodenticides, fungicides, herbicides, (HS-3808);
- Cartons, boxes, cases bags and other articles (HS-4819);
- Glazed ceramic flags and pavings (HS-6908).

BURKINA FASO

Food products, tobacco and products, mineral fuels, pharmaceutical products, paper and paperboard, iron and steel, machinery and transport equipment are items, which present potential for export to Burkina Faso.

Food products: Food products are one of the major imports, accounting for around 12.1 percent of total imports in 2009. Potential items under this category that could be targeted for exports are:

- Rice (HS-1006);
- Cane or beet sugar and chemically pure sucrose (HS-1701);
- Sugar confectionery (including white chocolate) (HS-1704);
- Malt extracts, food preparations of flour, meal starch etc (HS-1901);
- Extracts, essences, concentrates of coffee/tea (HS-2101);
- Soups and broths (HS-2104).

Paper and paperboard articles: These are also important imports of Burkina Faso. Potential items for exports under this category are:

- Uncoated paper and paper board (HS-4802);
- Paper and paperboard, corrugated (HS-4808);
- Cartons, boxes, cases bags and other packing containers (HS-4819);
- Registers, account books, note books (HS-4820).

Iron and Steel: Under the category of iron & steel and their articles, potential items for exports could include:

- Flat rolled products of iron or non-alloy steel (HS-7210);
- Bars and rods, hot rolled (HS-7213);
- Other bars and rods of iron or non-alloy steel (HS-7214);
- Angles, shapes and section or iron or non-alloy steel (HS-7216);
- Structures (HS-7308).

Machinery and equipment: Capital goods such as machinery and equipments, including transport are major import items of Burkina Faso, accounting for around 30 percent of total imports. Potential items for exports could include:

- Automatic data processing machines (HS-8471);
- Electric generating sets and rotary converters (HS-8502);
- Parts suitable for use solely or principally with the apparatus (HS-8529);
- Electrical apparatus for switching (HS-8536);
- Electronic integrated circuits and micro-assemblies (HS-8542);
- Public transport type passenger motor vehicles (HS-8702);
- Motor cars and other motor vehicles (S-8703);
- Motor vehicles for transport of goods (HS-8704);
- Motorcycles (including mopeds) (HS-8711).

Pharmaceutical products: The imports of pharmaceutical products to Burkina Faso have increased in recent years. In 2009, pharmaceutical products accounted for 11.8 percent of Burkina Faso's total imports. Potential items for exports under this category could include:

- Animal blood for therapeutic uses (HS-3002);
- Medicaments (HS-3004).

Other items: Other potential export items to Burkina Faso could include:

- Portland cement (HS-2523);
- Petroleum products (HS-2710);
- Articles of plastics (HS-3926);
- New pneumatic tyres, of rubber (HS-4011);
- Instrument and appliances used in medical,
- Surgical etc (HS-9018).

CÔTE D'IVOIRE

Côte d'Ivoire is the largest importing country among the BOAD countries. In line with the imports demand in the country, potential items of exports to the country could include food and beverages, petroleum products, pharmaceutical products, essential oils and perfumes, chemical products, plastic and their articles, paper and paper boards, articles of iron and steel, and machinery and transport equipment.

Petroleum products: Petroleum products are major import items of Côte d'Ivoire accounting for around 35.7 percent of total imports. Items which present potential for exports under this category could include:

- Petroleum oils and oils obtained from bituminous minerals (HS-2710);
- Petroleum jelly, paraffin wax, (HS-2712).

Food and beverages: Food and beverages constitute important items of imports of Côte d'Ivoire accounting for around 19 percent of total imports. Potential items for exports under this category could include items such as:

- Meat of bovine animals & swine, fresh chilled & frozen (HS-0202 & HS-0203);
- Edible offal of bovine animals, swine, sheep, goats, horse (HS-0206);
- Fish frozen & crustaceans (HS-303 & HS-306);
- Milk and cream (HS-0402);
- Onions, garlic & dried vegetables (HS-0703 & HS-0712);
- Rice & cereals (HS-1006 & HS-1103);
- Palm oil and its fractions (HS-1511);
- Cane or beet sugar and chemically pure sucrose (HS-1701);
- Malt extracts, food preparations of flour, meal starch etc (HS-1901);
- Tomatoes prepared or preserved (HS-2002);
- Extracts, essences and concentrates of coffee / tea (HS-2101);
- Mineral and aerated water (HS-2202);
- Wine of fresh grapes (HS-2204).

Pharmaceutical products: Potential items for exports under this category could include:

- Medicaments (HS-3004);
- Wadding, gauze, bandages and similar articles (HS-3005).

Essential oils and perfumery: With a view to enhance such exports, potential items for exports under this category could include:

- Mixtures of odoriferous substances (HS-3302);
- Pre-shave, shaving or after shave preparations (HS-3307).

Articles of iron and steel: Based on the country's imports demand and India's capability, potential items for exports under this category could include:

- Flat rolled products of iron or non alloy steel (HS-7208, HS-7209 & HS-7210);
- Hot rolled bars and rods (HS-7213);
- Tubes, pipes and hollow profiles, and other tubes, pipes (HS-7304 & HS-7306);

- Structures (HS-7308);
- Tanks, casks, drums, cans, boxes (HS-7310);
- Table, kitchen or other household articles (HS-7323).

Capital equipments: Capital equipments including transport equipment are also major items of imports. Potential items under this category could include:

- Liquid pumps, air or vacuum pumps (HS-8413 & HS-8414);
- Air conditioning machines, refrigerators and freezers (HS-8415 & HS-8418);
- Dish washing machines (HS-8422);
- Parts of machinery (HS-8431);
- Automatic data processing machines, and parts and accessories (HS-8471 & HS-8473);
- Electrical apparatus for line telephony (HS-8517);
- Transmission apparatus for radio telephony, radio telegraphy (HS-8525);
- Motor cars and other motor vehicles (HS-8703);
- Motor vehicles for transport of goods (HS-8704);
- Parts and accessories of motor vehicles (HS-8708).

Chemical products: Potential items for exports under this category could include:

- Insecticides, rodenticides, fungicides, herbicides (HS-3808);
- Anti-knock preparations, oxidation inhibitors (HS-3811);
- Prepared binders for foundry moulds or cores (HS-3824).

Plastics and their articles: To enhance these exports to the country, potential items of exports could include:

- Polymers of ethylene (HS-3901);
- Polymers of propylene (HS-3902);
- Polymers of vinyl chloride (HS-3904);
- Plates, sheets, film, foil and strip (HS-3920);
- Articles of conveyance or packing of goods (HS-3923).

Paper and paperboards: Potential export items under this category could include:

- Uncoated paper and paperboard (HS-4802);
- Uncoated craft paper and other uncoated paper (HS-4804 & HS-4805);

- Coated paper and paperboard (HS-4810);
- Cartons, boxes, cases, bags (HS-4819).

Other items: Other potential items for exports to Côte d'Ivoire could include:

- Salt, including table salt (HS-2501);
- Portland cement (HS-2523);
- New pneumatic tyres of rubber (HS-4011);
- Printed books, brochures & newspapers and journals (HS-4901 & HS-4902);
- Woven fabrics of cotton (HS-5208);
- Instruments and appliances used in medical surgical, dental operations (HS-9018).

GUINEA- BISSAU

The main items of imports to Guinea-Bissau include food products, capital goods, electronic goods and petroleum products. Broadly, potential items for exports could include:

Food products: Food Products like cereals, products of milling industry, are important imports of Guinea-Bissau and accounted for 28 percent in 2009. Potential items for exports under this category could include:

- Rice (HS-1006);
- Wheat and meslin flour (HS-1101).

Wood & wood Products: Potential items for exports under this category could include:

- Wood sawn/chipped lengthwise, sliced/peeled (HS- 4407);
- Builders' joinery & carpentry of wood (HS-4418);
- Plywood, veneered panels and similar laminated wood (HS-4412);
- Wood marquetry & inlaid wood; caskets & cases or cutlery of wood (HS-4420).

Capital equipments: Capital equipments including transport equipment are also major items of imports. Potential items under this category could include:

- Liquid pumps, air or vacuum pumps (HS-8413 & HS-8414);
- Air conditioning machines, refrigerators and freezers (8415 & HS-8418);
- Parts of machinery (HS-8431);
- Automatic data processing machines, and parts and accessories (HS-8471 & HS-8473);
- Electrical apparatus for line telephony (HS-8517);

- Transmission apparatus for radio telephony, radio telegraphy (HS-8525);
- Motor cars and other motor vehicles (HS-8703);
- Motor vehicles for transport of goods (HS-8704);
- Parts and accessories of motor vehicles (HS-8708).

Iron and steel, and their articles: These are also important import items of Guinea-Bissau, and potential items for exports under this category could include:

- Bars and rods of iron or non-alloy steel (HS-7214);
- Flat-rolled products of other alloy steel (HS-7225);
- Structures (HS-7308);
- Stranded wire, ropes, cables, plaited bands (HS-7312);
- Table, kitchen or other household articles and parts thereof (HS-7323).

Other items: Other potential items of exports could include:

- Portland cement (HS-2523);
- Petroleum products (HS-2710);
- Articles of cement, of concrete (HS-6810);
- Fishing vessels, factory ships (HS-8902).

MALI

Mali imports mainly petroleum products, food products, inorganic chemicals, pharmaceutical products, articles of iron and steel, and machinery and transport equipment.

Petroleum products: These are one of the major import items of Mali, accounting for 21 percent of total imports in 2009. Items which present potential for exports under this category could include:

- Petroleum oils and oils obtained from bituminous minerals (HS-2710);
- Petroleum jelly, paraffin wax, (HS-2712).

Food products: Food products such as dairy products, coffee, tea, cereals, sugars and sugar confectionery, preparations of cereals, flour, starch or milk and other edible items are major imports. Food products accounted for about 12.5 percent of Mali's total imports in 2009. Potential items for exports under this category could include:

- Rice (HS-1006);
- Cane or beet sugar (HS-1701);
- Malt extracts, food preparations of flour, meal starch etc (HS-1901);
- Milk and cream concentrated (HS-0402);

- Tea (HS-0902);
- Wheat and meslin (HS-1001);
- Extracts, essences, concentrates of coffee/tea (HS-2101).

Inorganic chemicals: Potential items for exports under this category could include:

- Sodium hydroxide (caustic soda) (HS-2815);
- Manganese oxides (HS-2820);
- Cyanides, cyanide oxides (HS-2837).

Machinery and transport equipment: Machinery and transport equipment imported into Mali account for nearly 40 percent of total imports. Potential items for exports under this category could include:

- Transmission apparatus (HS-8525);
- Insulated wire (HS-8544);
- Compression ignition internal combustion (HS-8408);
- Hydraulic turbines, water wheels (HS-8410);
- Parts of machinery (HS-8431);
- Motor cars and other motor vehicles (HS-8703);
- Motor vehicles for transport of goods (HS-8704);
- Machinery for sorting screening (HS-8474);
- Electric motors and generators (HS-8501);
- Electric generating sets and transformers (HS-8502 & HS-8504).

Iron and steel: Potential items of exports under this category could include:

- Flat-rolled products (HS-7209 & HS-7210);
- Bars and rods (HS-7213);
- Structures (rods, angle, plates) (HS-7308).

Other items: Other potential items for exports to Mali could include:

- Portland cement (HS-2523);
- Insecticides, rodenticides, fungicides, herbicides (HS-3808);
- New pneumatic tyres of rubber (HS-4011);
- Instruments and appliances used in medical, surgical etc (HS-9018).

NIGER

Food products, petroleum products, pharmaceutical products, articles of iron and steel, and machinery and transport equipment are the potential items of exports to Niger.

Food products: Food products such as dairy products, cereals, milling industry products, animal and vegetable fats, sugars, sugar confectionery, preparations of cereals, flour, starch or milk constitute major imports. These accounted for 17 percent of total imports in 2009. Potential items for exports under this category could include:

- Milk and cream (HS-0402);
- Rice (HS-1006);
- Wheat or meslin flour (HS-1101);
- Palm oil and its fractions (HS-1511);
- Cane or beet sugar and chemically pure sucrose (HS-1701);
- Pasta, whether cooked or not, or stuffed (HS-1902).

Petroleum products: Petroleum products are major import items of Niger, accounting for 15.2 percent of total imports in 2009. Items which present potential for exports under this category could include:

- Petroleum oils and oils obtained from bituminous minerals (HS-2710);
- Petroleum jelly, paraffin wax, (HS-2712).

Pharmaceutical products: Potential items for exports under this category could include:

- Medicaments (HS-3004).

Articles of iron and steel: Potential items for exports under this category could include:

- Bars and rods of iron or non-alloy steel (HS-7214);
- Tubes, pipes and hollow profiles (HS-7306);
- Structures (HS-7308).

Machinery and transport equipment: Capital goods account for almost 52.4 percent of Niger's total imports in 2009. Items under this category that could be targeted as potential exports could include:

- Primary cells and primary batteries (HS-8506);
- Electrical apparatus for line telephony (HS-8517);
- Motor cars and other motor vehicles (HS-8703);
- Motor vehicles for transport of goods (HS-8704).

Other items: Other potential items for exports could include:

- Cigars and cheroots (HS-2402);
- Portland cement (HS-2523); petroleum products (HS-2710);
- Woven fabrics of cotton (HS-5208);
- Worn clothing and other worn articles (HS-6309).

SENEGAL

Food articles, pharmaceutical products, plastics and their articles, paper and paperboard articles, ceramic products, iron and steel, machinery and transport equipment, optical and photographic instruments are some of Senegal's major items of imports.

Food products: Food products such as dairy products, cereals, animal or vegetable fats, sugars and sugar confectionery, preparations of cereals, flour, starch or milk imported by Senegal have risen in recent years. Food products accounted for around 17.4 percent of Senegal's imports in 2009. Potential items for exports under this category could include:

- Milk and cream, concentrated (HS-0402);
- Wheat and meslin, and maize (HS-1001 & HS-1005);
- Rice (HS-1006);
- Soya bean oil and its fractions (HS-1507);
- Palm oil and its fractions (HS-1511);
- Margarine (HS-1517);
- Cane or beet sugar and chemically pure sucrose (HS-1701);
- Malt extracts, food preparations of flour, meal starch etc (HS-1901);
- Extracts, essences, concentrates of coffee/tea (HS-2101).

Ceramic products: Ceramic products imports have registered growth over the years. Potential items for exports under this category could include:

- Refractory bricks, blocks, tiles (HS-6902);
- Glazed ceramic flags and paving (HS-6908);
- Ceramic sinks, wash basins, wash basin pedestals (HS-6910).

Optical, photographic, cinematographic, measuring equipment: Potential items for exports under this category could include:

- Instruments and appliances used in medical, surgical etc (HS-9018);
- Apparatus based on the use of x-rays (HS-9022);
- Instruments and apparatus for measuring or checking (HS-9026);
- Instruments and apparatus for physical or chemical testing (HS-9027);
- Gas, liquid or electricity supply or production meters (HS-9028).

Pharmaceutical products: Potential items for exports under this category could include:

- Medicaments (HS-3003 & 3004).

Plastic and their articles: Potential items for exports under this category could include:

- Polymers of ethylene (HS-3901);
- Polymers of propylene (HS-3902);
- Polymers of vinyl chloride (HS-3904).

Paper and paperboard articles: Potential export items under this category could include:

- Uncoated paper and paper board (HS-4802);
- Uncoated craft paper and paperboard (HS-4804);
- Paper and paperboard, coated on one or both sides (HS-4810).

Machinery and transport equipment: Machinery and transport equipments constitute a major part of Senegal's imports in 2009. Under this category, potential items for export could include:

- Parts suitable for use with engines (HS-8409);
- Liquid pumps, air or vacuum pumps (HS-8413 & HS-8414);
- Air conditioning machines, refrigerators and freezers (HS-8415 & HS-8418);
- Dish washing machines (HS-8422);
- Parts of machinery (HS-8431);
- Electric generating sets and transformers (HS-8502 & HS-8504);
- Electrical apparatus for line telephony (HS-8517);
- Transmission apparatus for radio telephony, radio telegraphy (HS-8525);
- Electrical apparatus for switching or protecting electrical connections (HS-8536);
- Motor cars and other motor vehicles (HS-8703);
- Motor vehicles for transport of goods (HS-8704);
- Special purpose motor vehicles (HS-8705);
- Parts and accessories of motor vehicles (HS-8708).

Articles of iron and steel: Articles of iron and steel are important imports of Senegal. Potential items for exports under this category could include:

- Flat rolled products of iron or non-alloy steel (HS-7209 and HS-7210);
- Bars and rods, hot rolled (HS-7213);
- Bars and rods of iron or non-alloy steel (HS-7214);
- Tubes, pipes and hollow profiles of cast iron (HS-7303 & HS-7306);
- Structures (HS-7308).

TOGO

Togo relies heavily on imports for its petroleum needs and electricity consumption. Wood is the main source of energy, accounting for some two-thirds of consumption, followed by oil (31 percent) and electricity (3 percent). Potential items of exports to Togo could include petroleum products, food products, iron and steel and their articles, machinery and transport equipment.

Petroleum products: Items which present potential for exports under this category could include:

- Petroleum oils and oils obtained from bituminous minerals (HS-2710);
- Petroleum jelly, paraffin wax, (HS-2712).

Wood and wood products: Items which present potential for exports under this category could include:

- Wood sawn/chipped lengthwise, sliced/peeled (HS- 4407);
- Wood in the rough (HS- 4413);
- Builders' joinery & carpentry of wood (HS-4418);
- Plywood, veneered panels and similar laminated wood (HS-4412).

Food products: Food products such as cereals, animal or vegetable fats accounted for about 10.9 percent of total imports of Togo in 2009. Potential items for exports under this category could include:

- Wheat and meslin (HS-1001);
- Palm oil and its fractions (HS-1511).

Cotton: Cotton is another major item of import of Togo. Potential items of exports under this category could include:

- Woven fabrics of cotton (HS-5208 & HS-5209);
- Uncarded or uncombed cotton (HS-5201).

Machinery and transport equipment: Machinery and transport equipment constitute major items in Togo's import basket. Under this category, potential items for export could include:

- Self-propelled bulldozers (HS-8429);
- Parts of machinery (HS-8431);
- Automatic data processing machines (HS-8471);
- Machinery for sorting, screening (HS-8474);
- Electrical apparatus for line telephony (HS-8517);
- Insulated wire (HS-8544);
- Tractors (HS-8701);

- Motor cars and other motor vehicles (HS-8703);
- Motor vehicles for transport of goods (HS-8704);
- Motorcycles including mopeds (HS-8711).

Iron and steel: Potential items for exports under this category could include:

- Flat rolled products of iron or non-alloy steel (HS-7208 & 7209);
- Bars and rods, hot rolled (HS-7213).

Other items: Other potential items for exports to Togo could include:

- Marble (HS-2515);
- Portland cement (HS-2523);
- Medicaments (HS-3004);
- Insecticides, rodenticides, fungicides, herbicides (HS-3808).

IMPORT POTENTIAL

There is also scope to source imports from BOAD countries. Most of the BOAD countries are enriched with natural resources which could be used as raw materials for Indian products. Gold, cotton and cocoa are the major exports of many BOAD countries.

BENIN

Edible fruit and nuts, wood & wood products are main items of export to India. Cotton and textiles exports are the main source of foreign-exchange earnings for Benin, accounting for 47 percent of the country's total exports in 2009. Potential items of imports could be: coconuts, brazil nuts and cashew nuts (HS-0801); uncarded or uncombed cotton (HS-5201); copper waste & scrap (HS-7404).

BURKINA FASO

India's imports from Burkina Faso are negligible. However, raw cotton (HS-5201) and raw hides and skins - goat or kid skins (HS-4106) could constitute potential items of imports from the country.

CÔTE D'IVOIRE

Côte d'Ivoire is the world's largest producer of cocoa, accounting for around 44 percent of global supply, as also one among the top ten robusta coffee producer in terms of world production. Potential items of imports from Côte d'Ivoire could include: coconuts, brazil nuts and cashew nuts (HS-0801); wood in the rough, whether or not stripped of bark or sapwood (HS-4403); and uncarded or uncombed cotton (HS-5201).

GUINEA BISSAU

In the case of Guinea Bissau, coconuts, brazil nuts and cashew nuts (HS-0801) could constitute potential items of imports.

MALI

Potential items of imports could be: ammonia, anhydrous or in aqueous solution (HS-2814); wood in the rough, whether or not stripped of bark or sapwood (HS-4403); and uncarded or uncombed cotton (HS-5201).

NIGER

In the case of Niger, potential items of imports could be: sheep or lamb skin leather (HS-4105).

SENEGAL

Salt, sulphur, earth and stone and inorganic chemicals are important items of India's imports from Senegal. Potential items of imports from the country could be: chemicals such as diphosphorus pentaoxide, phosphoric compounds (HS-2809); and ungrounded natural calcium phosphates (HS-2510).

TOGO

Potential items of imports could be: unground natural calcium phosphate (HS-2510).

7. INVESTMENT CLIMATE AND OPPORTUNITES IN BOAD REGION

Today global attention is riveted on Africa. The reasons for this are the African region's growing appetite for industrial investment and its thirst for expanding trade. Africa has now emerged as one of the world's hottest growth regions. The contribution that FDI can make toward economic development and integration into the world economy is widely recognized. For this reason, African countries have made considerable efforts over the past decade to improve their investment climate.

Economic growth in Africa has been driven not just because of oil or mineral wealth. Asia's thirst for competitive exports has spread to African continent too. At the same time, the national Governments are also modifying their policies and encouraging private investment in viable and profitable projects with a lasting impact on development.

In an attempt to encourage the economic development of its member West African states, BOAD offers a wide market area and a big consumer population to investors. The formation of the UEMOA was an important step for the eight West African states toward their economic development. UEMOA promoted the unity of the independent West African states, and favoured trading within the states and with the rest of the world. Also there are many types of loans available for the promotion of small businesses in this region from the international banks, local banks, and non-profit organisations.

It could be said that the growing attention, paid by many countries, towards Africa is due to increased interest in natural resources, more favourable business climate, and conscious strategy to partner Africa in its economic development. According to United Nations Conference on Trade and Development (UNCTAD), extractive industries accounted for most of the FDI inflows received by Africa, specially in BOAD region. Most of the mergers and acquisitions undertaken by the Asian multinational corporations in Africa have been in oil, gas and mining industries.

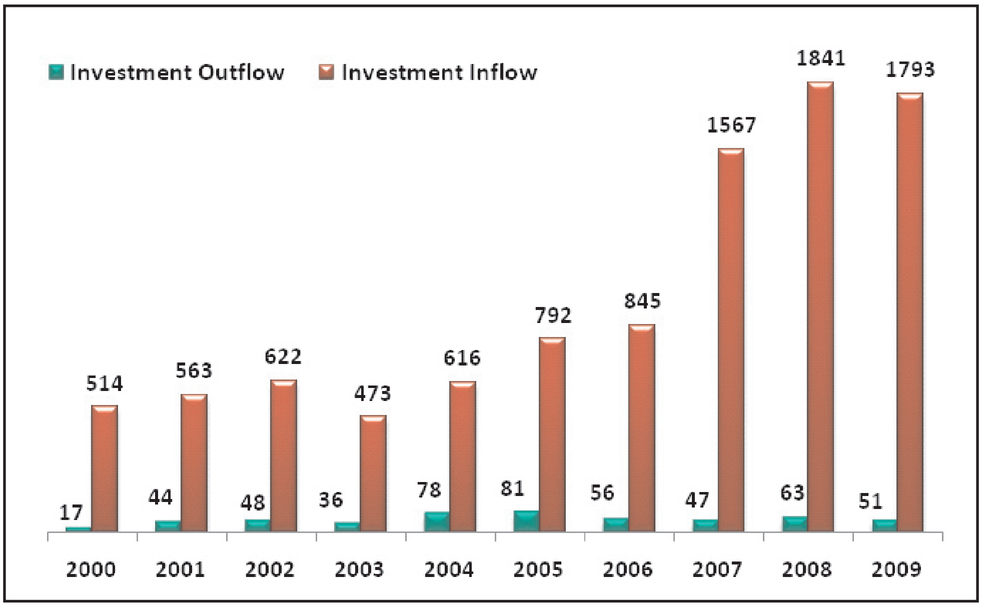
With a view to enhancing investment flows, the BOAD countries have streamlined their investment laws and have also identified priority sectors for increased investment inflows and development. In line with these priority sectors as also resources available in these countries, potential sector for Indian investments has been identified.

Trends in Investment

Trends in investment during the last decade show pick up in both inflows as well as outflows. The total foreign direct investment (FDI) into BOAD region increased slowly in the first half of the decade, and picked up strongly since 2004, increasing over three-fold in 2009 over 2000 level. By 2009, FDI into BOAD region stood at US$ 1.8 billion. Outflow of investment from BOAD region is relatively lower, and was in the range of 3 to 13 percent of the total inflows during the last ten years. Outward investment started picking up significantly only from 2004 onwards, increasing to US$ 78 mn from US$ 17 mn in 2000, but reduced to US$ 51 mn in 2009 due to global financial crisis **(Chart 7.1)**.

While increase in investment in BOAD region has been reflected in almost all the BOAD countries, growth in FDI inflows has witnessed sharp rise in recent years in the case of Niger, Guinea-Bissau, Burkina Faso and Senegal. Niger is the largest investment destination in

Chart 7.1: Trends in FDI and Outward Direct Investments in the BOAD Region (US$ mn)



Source: UNCTAD & Exim India analysis.

Table 7.1: Foreign Direct Investment Inflows (US$ mn)

Countries	2000	2004	2005	2006	2007	2008	2009
Niger	8	20	30	51	129	566	739
Côte d'Ivoire	235	283	312	319	427	482	409
Senegal	63	64	52	210	273	272	208
Burkina Faso	23	14	34	34	344	137	171
Mali	82	100	225	82	65	180	109
Benin	60	65	53	55	261	174	93
Togo	41	59	77	77	49	24	50
Guinea-Bissau	1	9	8	17	19	6	14
BOAD TOTAL	**514**	**616**	**792**	**845**	**1 567**	**1841**	**1793**
Africa	9829	21735	38197	55382	63092	72179	58565
Share of BOAD in Africa's FDI (%)	**5.2**	**2.8**	**2.1**	**1.5**	**2.5**	**2.6**	**3.1**

Source: UNCTAD & Exim India analysis.

Table 7.2: Trends in Outward Direct Investment from BOAD Countries (US$ mn)

Countries	2000	2004	2005	2006	2007	2008	2009
Senegal	1	13	8	10	25	9	15
Niger	1	7	4	1	8	24	10
Togo	0	13	15	14	1	16	10
Côte d'Ivoire	8	26	52	27	0	8	7
Benin	4	1	0	2	6	3	4
Mali	4	1	1	1	7	3	4
Burkina Faso	0	9	0	1	0	0	1
Guinea-Bissau	-	8	1	0	0	0	0
BOAD TOTAL	**18**	**78**	**81**	**56**	**47**	**63**	**51**
Africa	1519	2056	2222	6951	10622	9 934	4962
Share of BOAD in Africa's FDI (%)	**1.2**	**3.8**	**3.6**	**0.8**	**0.4**	**0.6**	**1.0**

Source: UNCTAD & Exim India analysis.

BOAD region, and accounted for 41.2 percent of total FDI into BOAD region in 2009, followed by Côte d'Ivoire, with a share of 22.8 percent. Senegal, Burkina Faso, Mali, Benin, Togo and Guinea-Bissau accounted for 11.6 percent, 9.6 percent, 6.1 percent, 5.2 percent, 2.8 percent and 0.8 percent respectively, of FDI inflows into BOAD region in 2009. In 2009, BOAD region accounted for 3.1 percent of FDI inflows into Africa, as against a share of 5.2 percent in 2000 **(Table 7.1).**

As regards outward direct investment from BOAD region, Senegal accounted for 29.4 percent of outward direct investment from the region, followed by Niger and Togo, with a share of 19.6 percent each. Pick up in outward direct investment from BOAD region, was mainly due to increase in outward investments from Senegal, Niger and Togo. Share of BOAD in outward direct investments from African region was 1.2 percent in 2000, which reduced to 1.0 percent in 2009 **(Table 7.2).**

To attract more investment, most of the BOAD countries have introduced various investment incentives in the form of protection against expropriation, repatriation of profits, non-discrimination between foreign and domestic investors, etc. To actively promote foreign investment, these countries have also set up investment promotion agencies, which in most cases serve as a one-stop-shop for all investment related matters. These are:

- Chambre de Commerce et d'Industrie du Bénin (CCIB)
- Chambre de Commerce, d'Industrie et d'Artisanat du Burkina Faso
- Le Centre de Promotion des Investissements a Cote d'Ivoire (CEPICI)
- Agence pour la Promotion des Investissements au Mali (API-MALI)
- Center de Promotion des Investissements, Niger
- APIX (National Agency For Investment Promotion and Capital Works), Senegal
- Chamber of Commerce, Agriculture and Industry of Togo

Addresses and contact details of these investment promoting agencies are given in **Annexure-2.** Foreign investment incentives, investment environment and focus areas for investments in BOAD countries are discussed in the following sections.

INVESTMENT CLIMATE IN BOAD COUNTRIES

BENIN

Investment Code

Benin introduced the Investment Code in 1990 and the sectoral codes for ensuring equal treatment of firms, irrespective of their nationality, and guarantees freedom of management and of repatriation of capital, freedom of entry, stay, travel and exit. The 1990 investment code has revised and adopted in July 2008 and it authorizes the industrial sector to invest over US$ 20 mn (10 billion Francs CFA) in the country. The current investment code establishes the conditions to obtain benefits under different investment regimes and grants extensive discretionary power to the Investment Control Commission of the Ministry of Commerce (MC).

Benin's 2008 Investment Code contains several incentives, in the form of tax reductions, for investors depending on the level and type of investment. Depending on the amount of the investment, investors do not have to pay taxes on profits, exports of finished products, or imports of industrial equipment. To obtain these benefits, investors must meet several criteria including employing a minimum number of Beninese nationals, safeguarding the environment, and meeting nationally accepted accounting standards. The Investment Control Commission monitors companies that benefit from these provisions to ensure their compliance with the standards required for receiving incentives.

The Government has established a "guichet unique" (or one-stop shop) at the Trade Ministry to help avoid unnecessary and time-consuming formalities facing investors. The government has also set up a Business Registration Center in the Cotonou headquarters of the Benin Chamber of Commerce and Industry (CCIB) to facilitate the registration of new businesses. Using the center it is possible to register a new company within 2 weeks depending on the type of company. In an attempt to attract increased investment, Government has set up the Presidential Investment Council (PIC) in 2006. The objectives of this organization are to reinforce dialogue between the government and investors and speed up the process of identification and implementation of reforms in order to improve the business environment.

Beninese law guarantees the right to own and transfer private property. Many opportunities for foreign investment have historically been linked to the privatization of state-owned enterprises. There are no restrictions on the remittance of profit by companies which invest in Benin. The government requires that Beninese nationals partly own privatized companies. The World Bank and other international development banks fund many infrastructure renovation contracts with grants or loans.

Free Trade Zones

There is a free trade zone in the port of Cotonou for imports destined for Benin's landlocked neighbors, Burkina Faso and Niger. The Government plans on constructing an additional free trade industrial zone in Seme, located on Benin's coast east of Cotonou. The government plans to provide tax breaks and construct installation for water, electricity and telephones for prospective investors.

Investment Priorities in Benin

The priority projects in Benin include:

I. To open up the inaccessible regions through labour intensive projects;

II. To facilitate the urban population's access to potable water, notably in Ketou, Kandi, Abomey-Calavi, Bassila, Azovè, Malanville, Toviklin, Laho, Djakotomey, Kloué kamey, Bopa and setting up of 18.5 kilometers of new pipelines;

III. To restructure and expand the electrification system in big cities like Cotonou, Abomey, Bohicon, Porto-Novo, Djougou, Tanguiéta, Nikki, Bembèrèkè and Parakou;

IV. To control the quality of the petroleum products sold in the Beninese market. This includes establishment of an analytical laboratory for petroleum and derived products;

V. Construction, rehabilitation and maintenance of the sanitation system to raise the present 50 percent sanitary coverage to 80 percent;

VI. Modernization and extension of the telecommunication systems;

VII. Development of tourism industry;

VIII. To promote national industry;

IX. Processing of local agricultural and mining products;

X. Creation of industrial maintenance zones;

XI. To develop the road infrastructure.

BURKINA FASO

Investment Code

The Government of Burkina Faso overhauled its investment code in 2004 in order to boost FDI flows into the economy to create industries that produce export goods and provide training and jobs for its domestic workforce. The Code provides standardized guaranties to all legally established firms, whether foreign or domestic, operating in Burkina Faso. It contains six investment and operations preference schemes, which are equally applicable to all Greenfield investments, mergers, and acquisitions.

Burkina Faso's regulations governing the establishment of businesses include most forms of companies admissible under French business law, including: public corporations, limited liability companies, limited share partnerships, sole proprietorships, subsidiaries, and affiliates of foreign enterprises. With each scheme there is a corresponding set of related preferences, duty exceptions, corporate tax exemptions, and operation-related taxes.

According to the 2004 Investment Code, all personal and legal entities lawfully established in Burkina Faso, both local and foreign, are entitled to the following rights: fixed property, forest and industrial rights; concessions; administrative authorizations; access to permits; and participation in state contracts. In 2007, Burkina Faso drafted a national land reform policy that recognizes and protects the rights of all rural and urban stakeholders to land and natural resources. A rural land management law, 034/2009/AN, was adopted on June 16, 2009 which provides for equitable access to rural lands in order to promote agriculture productivity, manage natural resources, encourage investment and reduce poverty.

All investment specific incentives are outlined in the 2004 Investment Code. Additionally, all companies that use at least 50 percent locally supplied raw materials are exempted from trading taxes and receive a 50 percent reduction in customs taxes in addition to the elimination of other duties. These companies are also eligible to waive excise duties on production equipment and spare parts. The GOBF does not require investors to purchase materials from local sources or to export a certain percentage of output. The GOBF does not impose "offset" requirements, which dictate that major procurements are approved only if the foreign supplier invests in Burkinabe manufacturing, R&D, or service facilities in areas related to the items being procured. Burkina Faso's Investment Code guarantees foreign investors the right to the overseas transfer of any funds associated with an investment, including dividends, receipts from liquidation, assets, and salaries. Such transfers are authorized in the original currency of the investment.

To further encourage business and investment, Burkina Faso Government created the Presidential Council for Investment in December 2008, an advisory body chaired by the head of state. The council's mission is to make recommendations on the development and implementation of policies to stimulate investment and economic growth. The Government has extended the responsibilities of its newly developed Enterprise Registration Centers by simplifying registration formalities and eliminating obstacles to opening a business (such as eliminating the requirement to provide copies of any criminal records or leasing contracts). This one-stop shop for company registration has cut registration time to 14 days and the number of procedures to 4. To further improve the business climate in Burkina Faso, the Government is working with the World Bank to reduce the time required to meet all formalities in bankruptcy cases.

In May 2008, Burkina Faso launched the Centre for Facilitating Acts of Building (CEFAC) to improve the construction permitting process. The CEFAC has made it possible to obtain everything needed to begin construction from one place, in a shortened time and at reduced cost.

Burkina Faso also revised its mining code in 2004 to create a more favorable climate for the mining industry. This new code lowered the corporate tax rate from 35 to 25 percent, eliminated preproduction taxes, and limited royalty fees to three percent.

To encourage huge inflows of foreign capital and support the same through policy, the tax advantages increase with the amount of investment and the number of jobs created. Besides the regime of general duties, the Code offers **six regimes**, three for the companies in production, preservation and processing (regimes A, B, C), two for service firms (D, E), and one for export firms.

Regime A is for investments less than CFA Fr 20 mn, leading to creation of at least 3 permanent jobs, and applies to companies in production, preservation and processing.

Regime B is for investments between CFA Fr 20 to 500 mn that would create at least 7 jobs. This regime also applies to companies in production, preservation and processing.

Regime C relates to investments equal to or more than CFA Fr 500 mn creating at least 50 jobs and applies to companies in production, preservation and processing.

Regime D applies to investments of minimum CFA Fr 10 mn in service firms, creating minimum 7 jobs. The services falling under this regime include healthcare, hotel and tourism industries, construction and public works, communication and cinema, sanitation, industrial maintenance and transportation.

Regime E applies to service firms investing minimum CFA Fr 500 mn creating at least 30 permanent jobs.

The Regime for export firms favours new enterprises entirely oriented towards exports whatever be the amount of investment.

The enterprises falling under the regimes A, B, C, D and E will receive the following benefits:

- Exemption from customs duties and taxes on equipment along with the first lot of spare parts excepting the taxes on services rendered;

- Full exemption from internal taxes on locally manufactured equipment;
- Exemption from internal levies such as: license, business profits, TPA, TBM, IMFPIC, and IRVM for 5-6 years and later a reduction for 3 years;
- Raw materials used in industrial units are classified in Category 1 in the Customs Tariffs (9 percent).

The enterprises falling under the regime of exports are exempted from customs duties and taxes on the construction material, raw materials, equipment and spare parts. They also receive full and permanent tax exemption excepting the tax on business profits, which is permanently reduced by 50 percent or even 75 percent.

Regime of general duties:

It covers general guarantees, the prominent being:

i. Free arrangement of goods and structuring of the organization;

ii. Freedom of recruitment, posting and dismissal;

iii. Freedom of choice of suppliers;

iv. Freedom of trade;

v. Free access to sources of raw materials;

vi. Free flow of goods and products;

vii. Right to repatriate capital and capital gains;

viii. Warehousing facility at customs;

ix. Settlement of disputes by concertation, arbitration and by submission to international jurisdiction (Court of The Hague).

CÔTE D'IVOIRE

The Government of Côte d'Ivoire encourages FDI, especially the type that contributes to the country's economic development. It provides exemption from tax and custom duties for such investors. There are no significant limits on foreign investment in general, nor are there differences in treatment of foreign and national investors, either in terms of the level of foreign ownership or sector of investment. The government does not screen investments and has no strategy discriminating against foreign-owned firms. There is a Petroleum Investment Code and a Mining Investment Code, which were revised in mid-1990s to further promote foreign investment in these sectors by exempting them from income and other taxes.

Banks and insurance companies are subject to licensing requirements, but there are no restrictions aimed at limiting foreign ownership or on the establishment of subsidiaries of foreign companies in this sector.

There are no restrictions on foreign investment in computer services, or education and training services. However, there are restrictions on foreign investment in the health sector, law and accounting firms, and travel agencies. Investments in these sectors are subject to prior approval; require association with an Ivorian partner (s); and appropriate licenses.

CEPICI (Center for Promotion of Investments in Côte d'Ivoire)

CEPICI is the investment promotion center, which provides investment information and assistance to entrepreneurs interested in starting a business or foreign enterprises interested in investing in Côte d'Ivoire. CEPICI is a "one-stop-shop" for investors. CEPICI also maintains a database of projects seeking foreign investment.

The Investment Code

The National Assembly adopted the investment code in its session of July 28th 1995. The investment code was designed to boost private sector investment and increase national production. The code includes incentives, such as tax breaks, for larger investments and for investments outside of Abidjan and other urban industrial areas.

Investment Regimes

There are two separate investment regimes in the Investment Code.

"The Regime of Declaration" – An investment of any amount is authorized in maximum of 48 hours in a semi-automatic manner on investor's declaration attested by the CEPICI. This regime applies to all areas of activity except transport, trade, construction, public works and finance. However, it takes into consideration investments related to new businesses only.

"The Regime of Approval" - applies to investments of more than CFA Fr 500 mn. It includes all sectors except public

Amount of Investments

Each investment will be eligible under one or the other regimes.

Regions for application:			
Zone	**Region**	**Duration of Benefits**	
A	Abidjan	5 years	Subject to period of completion of investment
B	All others	8 years	

works, finance and construction. It applies to new business or expansion of established ones.

Benefits

The following are advantages to all investments related to a start-up activity.

- Exemption from tax on business profits or non-business profits for a period of 5-8 years.
- Exemption from patents and licenses also for a period of 5-8 years.

Investments related to a start-up activity or to expansion of an existing activity whose value exceeds CFA Fr 500 mn receive following benefits:

- Levy of a unique preferential duty of 5 percent on the equipment, materials and the first lot of spare parts;
- Exemption from the tax on the land occupied for investments exceeding CFA Fr 2 billion.

These benefits apply uniformly, without any discrimination between imported or locally manufactured equipment, materials and spare parts. The measures laid down in the Investment Code do not block the specific measures mentioned in the General Tax Code, General Customs Code and the Mines Code. Similarly, the Investment Code does not impede the implementation of measures embodied in the treaties or agreements between Côte d'Ivoire and other countries.

Guarantees offered to the investor

The Investment Code offers following guarantees to investors:

- National and foreign investors are treated on equal footing.
- Free repatriation of profits of any kind generated from the investment or at the time of liquidation, out of Côte d'Ivoire.
- It assures the investor of judicial, arbitrational or administrative appeal for settling any legal issues that may arise in the course of his business.
- It also provides for an administrative remedy directly from a commission specially created for this purpose, the National Commission for Investment Promotion (COM-INVEST). The task of this Commission is to oversee the provisions of the Investment Code and deadlines in particular.

Foreign Trade Zones

Bonded warehouses exist, and bonded zones within factories are allowed. High port costs and maritime freight rates have inhibited the development of in-bond manufacturing or processing, and there are consequently no foreign trade zones. Bonded warehouses serve mostly for transshipment of goods to Mali and Burkina Faso.

GUINEA BISSAU

Investment code in Guinea-Bissau was framed in 1991, and later modified in 1996. It addresses all investors and physical entities of any nationality. The investment promotion body is the GAI, the Cabinet for Investment Support. In order to enhance and attract greater investment, the investment code offers a number of incentives under three distinct categories:

Guarantees offered to the investor

- Non-discriminatory treatment for any project (national and foreign societies or public and private societies);
- Guarantee against nationalization and confiscation;
- Labor and management freedom;
- Guarantee for the transfer of profits and capital;

Regimes	**Benefits**
General Regime	- Exemption from or reduction in taxes on industrial contribution, taxes on capital and complementary taxes. - Exemption from customs duties on imports of equipment necessary for the project.
Special Regimes	**Benefits**
Regime for Exports	- 10 percent deduction of the taxable amount of the total annual revenues from exports over 6 years.
Import Substitution	- Companies, whose activities are oriented towards import substitution and towards self-sufficiency in food, receive the same benefits as those offered by regime for exports.
Professional Training	- Deduction of the double expenses incurred on training in specialized courses in the country or abroad.
Regime for Reforestation	- For projects on more than 10 hectares of land leading to plantation of a variety of national plants, deduction of the double expenses incurred over 3 years.
Regime for Decentralization	For the projects located outside the Bissau region: - 50 percent less transport costs up to an amount equivalent to 5 mn Guinean Pesos. - Full deduction of expenses incurred on infrastructure building.

- Guarantee against legislation adverse to this Law;
- Investors can benefit from guarantees granted by the terms of the convention that the multilateral Agency for Investment Guarantee (MIGA) creates, and other treaties to which Guinea-Bissau is a signatory.

Under the Investment code, there is no restriction on sector of activity for foreign investment, and no obligation to recruit local personnel. The country has quite some capacity for tourism industry. The sector has some potential that include deep-sea fishing and scuba diving operations on the Bijagos archipelago. The country also has some historical and architectural interest. The sector is yet to be developed.

By investing in an important field of business for development of Guinea-Bissau, the companies can benefit some tax reduction of 50 percent for the 6 years. Business investment, oriented in exportation, gets back from the government 10 percent of total value of goods exported in a business year, for 6 years. Also business increasing national production of goods to reduce the importation of such goods from abroad is beneficiary of the same percentage for the mentioned 6 years. Business investing in know-how and human resources; business protecting the environment and business investment in infrastructure in other small cities (not in the capital) of Guinea-Bissau are investment in important fields for the development of Guinea-Bissau. There are state agency DPIP and financial institution FUNDEI to support private investments.

The objectives of DPIP:

- Full streamlining of bureaucratic procedures regarding the setting-up and granting of licenses for firms through the implementation of its one-stop shop;
- Provide potential investors with quality information through its information and communication service, in parallel with the research and promotion service;
- To draw funding;
- To sponsor other incentives.

FUNDEI (Guinean Foundation for Industrial Entrepreneurship Development) is open to all national citizens and those originating from countries that are partners of Guinea-Bissau in the context of its political and economic international relations.

Activities of FUNDEI:

- Promotes and Funds Investment Projects;
- Supports dissemination of technology;

- Promotes training actions;
- Technical assistance to promoters.

MALI

In Mali, the investment code gives the same incentives to both domestic and foreign companies for licensing, procurement, tax and customs duty deferrals, export and import policies, and export zone status if all production is to be exported. Export taxes and import duties have been reduced or eliminated as part of ongoing economic reforms.

The 1991 investment code offers certain incentives, mostly in the form of tax holidays of five to ten years to companies prepared to invest in certain areas. In the three free zones, any company, domestic or foreign, that plans to export at least 80 percent of its production is free of all taxes for a period of 30 years, but must sell 20 percent of their production on the national market, subject to the same taxation as other similar imported products. Foreign and national investors are treated equally by law. The Investment code was revised in 2005 to include more incentives.

Criteria for the appraisal of project applications

Criteria for granting authorization for investment by foreign investors under the 2005 investment code include the size of capital investment, the use of locally produced raw materials, and the level of job creation. The incentives added in 2005 include exemptions from duties on imported equipment and machinery. Investors may also get tax exemptions on the use of local raw materials. Companies that use at least 65 percent of locally produced raw materials are eligible for certain tax exonerations. The investment code encourages the establishment of new businesses in areas other than capital. Incentives include income tax exemptions for 5-8 year periods, reduced-energy prices, and the installation of water supply, electric power and telecommunication lines to areas lacking public utility services. In addition, specific incentives may be negotiated on a case by case basis. Foreign investors can own 100 percent of any businesses they create. The repatriation of capital and profit is guaranteed. The investment code offers incentives to companies that reinvest profits to expand existing businesses or diversify into another relevant sector.

In 2009, the Malian government re-launched a one-stop shop for prospective investors, the Agence pour la Promotion de l'Investissement (API-Mali), with support from the Foreign Investment Advisory Service (FIAS) and the U.S. Agency for International Development (USAID). Mali has also created, with World Bank support, a Presidential Investment Council, aimed at improving the business climate in Mali and identifying best prospects for investment.

Level of Investment	Regimes	Benefits
Below CFA Fr 100 mn	Regime A	- Exemption for 5 years from tax on business profit and the license fees; - Exemption for 5 years from tax on estate revenue for new constructions and for 10 years for real estate agencies; - Payment of the registration fees on the companies' deeds is spread over 3 years and exemption from the same in case of increase in the paid up capital.
Greater than or equal to CFA fr 100 mn	Regime B	- Exemption for 8 years from tax on business profit and license fees; - Exemption for 5 years from tax on estate revenue for new constructions and for 10 years for real estate agencies. - Payment of the registration fees on the companies' deeds is spread over 3 years and exemption from the same in case of increase in the paid up capital.
	Regime for Free Zones	- Full and permanent exemption from duties and taxes related to the operations. However, they are authorized to sell 20 percent of their output in the domestic market by paying the duties and taxes normally levied.

Foreign Trade Zones/Free Ports

There is no discrimination between foreign-owned firms and host country entities in terms of investment opportunities. Companies (domestic or foreign) that export at least 80 percent of their production are entitled to the status of "zone franche" (tax-free status). As such, they benefit from duty free-status on all equipment and other inputs they need for their operations. To date, there are no dedicated free trade zones in Mali.

The government has identified priority sectors, wherein investors are accorded special incentives:

- Agribusiness;
- Fishing and fish processing;
- Livestock and forestry;
- Mining and metallurgical

industries;

- Water and energy generation industries;
- Tourism and hotel industries;
- Communication;
- Housing development;
- Transportation;
- Human and animal health promotion enterprises;
- Vocational and technical training enterprises; and
- Cultural promotion enterprises.

NIGER

To facilitate economic development through investment, the government has adopted and implemented an Investment Code. This code covers following activities:

- Production, manufacturing and processing;
- Production and packaging of exportable agro-products;
- Quarrying and mineral extraction activities;
- Animal husbandry and fishing;
- Assembly units for semi-finished goods;
- Power production;
- Air transport;
- Housing and commercial construction projects;
- Passenger and goods transport businesses;
- Hotel construction and equipment projects;
- Telecommunication (Telephone & Internet);
- Technological innovations;
- Industrial equipment maintenance works; and
- Expansion, diversification, restructuring and modernization programmes.

The Government allows full foreign ownership in all sectors except those restricted for national security purposes, such as arms and ammunitions and private security forces, which require special arrangement. Some activities require specific authorization from the government: trade in hides and skins, trade in cattle and meat, drinks bars, transport, insurance, construction and public works, marketing of tobacco and cigarettes for re-exports.

The Investment Code lays down three special schemes. The advantages of the schemes apply to any physical or moral persons of any nationality, undertaking or willing to undertake an activity in one of the above-mentioned sectors.

Regimes		Benefits	
Type	Minimum Capital	Investment Realization Stage	Project Execution Stage
A	CFA Fr 25 mn	Full exemption from state-levied duties and taxes, excluding the license fees but including the VAT on the materials and equipment imported in case of non-availability of the local equivalent. Full exemption from state-levied duties and taxes, including the VAT on services.	Full exemption from licenses, tax on business profits, the basic minimum tax and tax on land.
B	CFA Fr 50 mn	Full exemption from state-levied duties and taxes, excluding the license fees but including the VAT on the materials and equipment imported in case of non-availability of the local equivalent. Full exemption from state-levied duties and taxes, including the VAT on services.	Full exemption from licenses, tax on business profits, the basic minimum tax, property or land tax. Full exemption from duties and taxes, excluding the license fees and the VAT on raw materials, perishable goods and packing materials, manufactured locally or imported in case of non-availability of the local equivalent.
C	CFA Fr 2 billion	Same as in Regime B + 50 percent exemption on the rate of tax & duty on petrol and any other source of energy used in fixed plants.	

Particular schemes are dedicated to craft industries, film production, construction of schools and health care centers, technological innovations, and public transport in goods and passengers. The duration of the above regimes is five years. However, the duration is extended by three years to firms operating in the regions of Agadez, Diffa, Tahoua and Zinder. The government has also introduced a new employment code aimed at relaxation of the recruitment and dismissal procedures. It has re-established contractual liberty.

Priority Sectors for Investment

Niger offers a number of investment opportunities in sectors, which include:

i. Agriculture, fisheries and forestry;

ii. Food Processing;

iii. Housing;

iv. Tourism & Hotels Industry;

v. Handicrafts;

vi. Health Centers;

vii. Transport;

viii. Mineral exploration and mining; and

ix. Energy production.

SENEGAL

Senegal's 2004 Investment Code is the main body of law regulating foreign investments and it applies to most activities. But trading activities, which are defined as activities of resale in their existing state of products bought from outside the enterprise, are specifically excluded from the area of application from the present Code. Activities eligible under the Specific Code or under the statute of free export enterprise are also excluded from the area of application of the present Code. Materials benefiting from specific regimes are also excluded from investment programmes approved under the Investment Code. Locally acquired second hand materials cannot be included while estimating the amount of tax credit agreed by the Investment Code. Several customs, tax and social benefits can be granted to an enterprise during the period of investment and of its operation. There is a "one stop" service for investment in Senegal; Senegal's Investment Promotion Agency (APIX) for registration and obtaining other approvals needed to secure a business license, which can now be completed in approximately eight days.

Benefits in the Investment Realization Phase

These cover a period of 3 years and are defined as follows:

- Exemption from customs duties imposed at the time of import of materials not produced or manufactured in Senegal and which are specifically intended to serve in production or operations within the framework of the approved programme.
- The details of exemption for spare parts, tourist vehicles, when they are specified in the agreed programme, and for utility vehicles will be determined by Decree.
- Suspension of VAT, payable on entry, for materials that are not produced or manufactured in Senegal and which are specifically intended to serve in production or in operations within the framework of the programme, according to methods defined by Decree.
- Suspension of VAT included in bills by local providers of goods, services and works, which are necessary for the realization of the approved programme, according to methods defined by Decree.

Benefits in the Operation Phase

These benefits are divided into the following different tax regimes.

☐ **The regime for new enterprises:**

a. *Exemption from the Employer's Fixed Contribution (CFCE) for 5 years*

   If the number of jobs created within the framework of the approved programme of investment is more than 200, or if at least 90 percent of jobs created are based out of the Dakar region, this eexemption can be extended up to 8 years.

b. *Particular benefits concerning the Profit Tax*

   In the area of profit tax, the new approved enterprises are authorized to deduct from the amount of taxable profit a part of their investment, whose nature will be defined by Decree. For new enterprises, the amount of authorized deductions is fixed at 40 percent of the amount of retained investment. For any fiscal year, the amount of deductions cannot exceed 50 percent of taxable profit. These deductions can extend over 5 successive fiscal years, at the end of which, the remainder of the tax credit that has been authorized but not used, is neither taxable nor reimbursable.

☐ **The regime for projects of extension:**

a. *Exemption from the Employer's Fixed Contribution (CFCE) during 5 years*

   If the number of jobs created within the framework of the agreed programme of investment is more than 100, or if at least 90 percent of the jobs are based outside the Dakar region, this exemption can be extended up to 8 years.

b. *In the area of Profit Tax,* the approved projects for extension are authorized to deduct from the amount of taxable profit a part of their investment, whose nature will be defined by Decree. For the approved projects for extension, the amount of authorized deductions is fixed at 40 percent of the amount of retained investment.

c. *For each fiscal year, the amount of deductions cannot exceed 25 percent of taxable profits.*

   These deductions can extend over 5 successive fiscal years, at the end of which, the remainder of the tax credit that has been authorized but not used, is neither taxable nor reimbursable. Concerning individuals (physical persons), the reduction provided for in the present Article is not additional to the regime for the reduction of taxes on the re-investment of profits, provided for in the General Tax Code.

- ☐ **Other benefits:**

Both for new enterprises and for projects for extension, the workers recruited, from the effective date of the benefits of operation, following the notification by the investor that he has begun his activities, will be regarded, for the purposes of labour legislation, as workers taken on as additional to the labour force to undertake work that is due to an increase in activity. As a consequence of this, enterprises may make agreements with the workers so recruited, from the date of approval, for fixed term labour contracts for a period not exceeding 5 years.

Guarantees to investors

The Investment Code offers following guarantees to investors:

- Guarantees and protection of property rights;
- Guarantee of the provision of foreign exchange;
- Guarantee of transfers of capital;
- Guarantee of the transfer of earnings;
- Guarantee of access to raw materials; and
- Equality of treatment.

TOGO

The Investment Code of 1990 is an instrument of investment promotion, particularly in the production and processing industries. The Code includes all investors, physical or moral persons (entities) of any nationality. Togo plans to change its investment code with incentives like reduced taxes on labor-intensive projects and ones that process raw materials produced locally.

The CCIT (Chamber of Commerce and Industry of Togo) provides information on economic, commercial, legal, financial and tourist related matters. The SAZOF, Administrative Board of Free Zones, controls the companies in the Free Trade Zones. These two organs are responsible for investment promotion in Togo and manage a window each.

The investment code permits investment in the following sectors:

- Agriculture, animal husbandry, fishing, forestry, and activities related to the transformation of vegetable and animal products;
- Manufacturing;
- Exploration, extraction, and conversion of minerals;
- Low-cost housing;
- Hotels and tourist infrastructure;
- Agricultural storage;

Salient features of the investment regime in Togo are presented below:

Regimes	Conditions for Approval	Benefits	Duration/Zone
General Regime	- Minimum investment of CFA Fr 25 mn after tax and working capital, - 25 percent financing through own funds, after tax and excluding the working capital, - Allocation of minimum 60 percent of the wage bill to the Togolese nationals.	- Exemption from the import duty and the General Business Tax on materials and equipment imported to be used specifically for the implementation of the approved project - Initial Phase	Exemption- Zone I- 5 years, Zone II- 7 years, Zone III- 12 years
Regime for SMEs	- Investments between CFA Fr 5-25 mn after tax and excluding working capital (in case of self-proprietorship), - Investments between CFA Fr 5-200 mn after tax and excluding working capital (in case of companies), - Togolese nationals holding a majority stake or entire capital and a decisive power in the Direction.	Initial Phase - Reduced registration fees, Operation Phase - The deeds noting the creation and the increase in the paid-up capital will be subjected to a fixed duty as applicable to untitled deeds.	Same as in the General Regime.
Regime for development of local resources	- Investment less than or equal to 50 percent of accumulated costs of the fixed assets of the company at closing of the fiscal year immediately preceding the application for approval, -Fulfillment of conditions of finance and appropriation to the Togolese employees.	- Exemption from import duty in the phase of realization of investment and from General Business Tax on the materials and equipment imported to be used specifically for the operation of the approved project.	Same as in the General Regime

Regime for enterprises in decentralized areas	- Minimum 90 percent of the personnel working in less developed areas (Zones II and III)	**Initial Phase** - Exemption from the tax on the turnover on the services and works, which contribute to realization of their investment programme. - Exemption from revenue duty and the General Business Tax on petroleum, oil and gas used in the plants within the annual quota limits. **Implementation Phase** -Exemption from the Fixed Minimum Tax to the title of increase in the sales realized. -Exemption from the corporate tax or the Fixed Minimum Tax as the case is, in the proportion of sales realized to exports. -Reduction in income tax and in the aid provided for job creation based on increase in the total wages paid to the Togolese nationals in comparison to the total wages paid in the course of the fiscal immediately preceding the application for approval.	Same as in the General Regime.

- Applied research laboratories; and
- Socio-cultural activities.

Guarantees to Investors

The Investment Code offers following guarantees to investors:

- Equal treatment to companies of all nationalities,
- Freedom of repatriation of capital,
- Freedom of entry, exit, stay and travel,
- Settlement of legal issues through arbitration or reconciliation, and
- Freedom of commercial management.

INVESTMENT POTENTIAL

FDI in the BOAD region is directed mainly towards sectors such as mining especially gold, bauxite, diamonds, iron, alumina, oil exploration, electricity, transport and telecommunication, agro-processing and tourism. To build an environment conducive for FDI inflows, policy reforms are being implemented in countries like Senegal. Mali has adopted a new Oil code. With a view to enhancing investment inflows, the BOAD countries have streamlined their investment laws and have also identified priority sectors for increased investment inflows and development. In line with these priority sectors as also resources available in these countries, potential sector for Indian investments have been identified. Major sectors having opportunities for investment across African region, BOAD region in particular, for Indian companies are infrastructure, transportation, construction, oil & gas, mining & minerals, tourism, pharmaceuticals, computer software and accessories, agribusiness, banking and financial services.

BENIN

Potential sectors for investment could include: electricity generation; commercial cultivation of cotton, which is the country's major export; processing of local agricultural and mining products; infrastructure; and development of the tourism sector. The Port of Cotonou is fastly booming into a major trade hub supported by a six-month investment programme began in December, 2010. Benin plans to build five inland ports to move goods to Nigeria, Togo and its landlocked neighbours of Burkina Faso and Niger in 2011. The Government of Benin has recently offered various licenses to improve roads, operate container terminals etc in the port. The Government is also planning to constructs various social overhead capital like new ports, airports and new railway lines.

BURKINA FASO

Sectors which present potential for investment could include: electricity generation and distribution; cotton cultivation; prospecting and extraction of minerals; road building and water supply; hotel and tourism.

CÔTE D'IVOIRE

After Niger, Côte d'Ivoire is the second largest FDI recipient among the BOAD countries. In 2009, FDI inflows to Côte d'Ivoire amounted to US$ 409 mn. Côte d'Ivoire actively encourages foreign investment through mergers, acquisitions, joint ventures and start-ups. Potential sectors for investment in the country could include: telecommunication and transportation sectors; cocoa, coffee and palm oil production; computer services; education and training services and financial sector.

GUINEA BISSAU

Investment inflows to Guinea Bissau are marginal as compared to the inflows to other BOAD countries. In 2009, FDI inflows into Guinea Bissau amounted to US$ 14 mn. Cashew nuts processing and oil exploration would present potential for investment in the country. Power sector is another area with huge investment potential. The country's power demand has been estimated at 30 mw, but the state power and water utility, Electricidade e Águas da Guiné Bissau (EAGB), currently produces only between 3 mw and 5.5 mw, owing to decrepit equipment and chronic fuel shortages. Recently, Government of Guinea-Bissau had given licenses for oil exploration to a few foreign companies.

MALI

Potential sectors, which present potential for investment in Mali could include: cotton ginning; mining particularly gold; textile sector; oil prospecting and exploration; cement; agri-business; fishing and fish processing; tourism and hotel industries; vocational and technical training enterprises; water and energy generation industries. Recently gold deposits have been discovered in a few sites which increase the investment potential in mining sector. Mali Government is keen to undertake exploration and exploitation of their mineral resources and has formally offered the rights on lease to Government of India or Government designated companies.

NIGER

Among the BOAD countries, Niger attracted the largest amount of foreign investment, which amounted to US$ 739 mn in 2009. Sectors which offer potential for investment could include: mining particularly uranium and gold; agri-business; oil and gas exploration; electricity generation; privatization of state enterprises; financial sector; hotel and tourism industries; infrastructure; transport; ICT and health sector.

SENEGAL

In 2009, FDI inflows to Senegal amounted to US$ 208 mn. Potential sectors for investment in Senegal could include: oil and gas exploration; mineral exploration and mining; fishing and animal rearing; transport; hotels and tourism industries. The government also gives priority to industries with a high value-added and exports potential, such as chemicals, textiles, agro-processing, leather goods, metalworking and mechanical industries. To revive the tourism sector, Government of Senegal has agreed to cut the rate of value-added tax (VAT) on tourism services from 18 percent to 10 percent in the 2011 budget. Also, recently a potential gas storage site with a volume of around 167,000 cu metres has been identified 80 km north of Dakar, capital of Senegal.

TOGO

Togo is planning to change its investment code to include more incentives. Potential sector for investment in Togo could include: hydroelectric and hydrocarbon sector; oil exploration; mining particularly phosphate; hotels and tourism infrastructure; port facilities and construction; financial sector; agri-business and storage facilities.

8. EXIM INDIA IN THE BOAD REGION

As the Apex Financial Institution in India financing, promoting and facilitating India's international trade and investments, Exim Bank of India's (Exim India's) vision has evolved from financing, facilitating and promoting trade and investment, to a conscious and systematic effort at creating export capabilities. Since Exim India commenced operations in 1982, the countries in the African Continent have always been a focus region, and thus a critical component of Exim India's strategy to promote and support two-way trade and investment. As a partner institution to promote economic development in Africa, the commitment towards building relationships with the African region is reflected in the various activities and programmes which Exim India has set in place. Exim India operates a comprehensive range of financing, advisory and support programmes to promote and facilitate India's trade and investment relations with countries in Africa, including the BOAD region.

FINANCING PROGRAMMES

Lines of Credit

Exim India extends Lines of Credit (LOCs) to overseas governments, parastatal organisations, financial institutions, commercial banks and regional development banks to support export of eligible goods and services on deferred payment terms. Exim India also extends overseas buyers' credit directly to foreign entities for import of eligible Indian goods and related services or for financing eligible turnkey projects. Exim India also extends LOCs on behalf and at the behest of Government of India.

In the African region, as on February 28, 2011, Exim India has 92 operative LOCs totaling US$ 3,429.48 mn, covering 32 countries, including the BOAD region. These LOCs facilitate import of project-related equipments and services from India on deferred credit terms, as for instance the LOCs to countries in the BOAD region including Benin, Burkina Faso, Guinea-Bissau, Mali, Niger and Senegal. With respect to countries in the BOAD region, Exim India has 23 operative LOCs, amounting to US$ 530.87 mn, extended to:

- **Banque Ouest Africaine De Developpement (West African Development Bank – BOAD)** - for general purpose utilisation;

- **Government of Benin** - for procurement of railway equipment, agricultural equipment and cyber city project;

- **Government of Burkina Faso** - for financing agricultural projects including acquisition of tractors, harvesters, agricultural processing equipment and construction of national post office and for financing rural electrification;

- **Government of Guinea- Bissau** - for financing an electricity project, mango juice and tomato paste processing unit and purchase of tractors and water pumps for development of the agricultural sector;

- **Government of Mali** - for financing projects on rural electrification and setting up of agro machinery and tractor assembly plant in Mali; for financing electricity transmission and distribution project from Côte d'Ivoire to Mali; for completion of Mali-Ivory Coast Interconnection Link for integrating the national power grids of the two countries and for financing agriculture and food processing projects;

- **Government of Niger** - for financing acquisition of buses, trucks, tractors, motor pumps and flourmills and for rehabilitation of six-power stations, purchase of three power transformers and rehabilitation as well as erection of power lines between various places in Niger;

- **Government of Senegal** - for development of rural SME and purchase of agricultural machinery and equipment from India to Senegal; for financing the supply of buses and spares by Tata International (Tata Motors) from India to Senegal; for Irrigation project; for women poverty alleviation programme and acquisition of vehicles from India; for IT Training projects; for rural electrification project and fishing industry development project and for financing supply of Medical equipments, furniture and other accessories to 4 hospitals;

- **Government of Senegal & Mali** (combined) - for acquisition of railway coaches and locomotives from India.

Additionally, Exim India has also extended a GOI-supported Line of Credit of US$ 250 mn to ECOWAS Bank for Investment and Development (EBID), the principal financial institution of the Economic Community of West African States (ECOWAS) covering 15 countries in West Africa, for financing exports of developmental projects from India to member countries of EBID. All the eight Member Countries of BOAD are also member of EBID. Under the LOC to EBID, BOAD member countries are availing credit for various projects in the areas of agriculture & food processing, railway & road infrastructure, healthcare and electricity transmission.

Support for Project Exports

Exim India plays a pivotal role in promoting and financing Indian companies in execution of projects in markets overseas. Such projects, primarily in the infrastructure sector, contribute to local and regional development. Exim India extends both funded and non-funded facilities to Indian project exporters for overseas industrial turnkey projects, civil, civil construction contracts, supplies as well as technical and consultancy services contracts. Indian companies have implemented numerous projects in Africa, including BOAD region, with the support of Exim India, in sectors such as power, telecommunications, transport, water supply & sanitation. As on December 31, 2010, the value of project contracts secured by Indian project exporters in the BOAD region amounted to ₹ 7.6 billion. For instance, an Indian company has secured a contract for designing, manufacturing, supplying, constructing, installing and commissioning a 125 MW Coal-fired Power Plant in Sendou located in Dakar, Senegal.

Exim India has been a key partner in the conclaves on India-Africa Project Partnerships, which seek to create platforms for decision makers from African countries and relevant multilateral, regional and national funding agencies to meet, in one place, the entire range of Indian companies involved in engineering consultancy, turnkey projects, construction and supply of project goods among others.

Association with African Development Bank (AfDB)

India is a member of African Development Bank (AfDB). Many Indian companies participate in projects funded by African Development Bank Group. Exim India works very closely with African Development Bank and has an active programme which offers a range of information, advisory and support services to Indian companies to enable more effective participation in projects funded by Multilateral Funding Agencies such as African Development Bank. Towards this end, Exim India and AfDB have signed a Memorandum of Understanding (MOU) for co-financing projects in Africa. The MOU envisages joint financing of projects (priority being given to support projects of small and medium enterprises) in regional member countries of AfDB, including the West African region. Exim India also organizes Business Opportunities seminars in Projects funded by African Development Bank at various centres in India.

Member of Association of African Development Finance Institutions (AADFI)

Exim India is also a member of AADFI, a forum of institutions / banks with the objective of creating co-ordination and economic solidarity among the development finance institutions in the African continent. The membership of AADFI helps Exim India in identifying potential markets / partners in the African region and provides an ideal platform for building linkages with other institutions in Africa, which are members of AADFI.

Shareholder in Afrexim Bank and West African Development Bank (BOAD)

Towards facilitating economic cooperation, Exim India has taken up equity in the African Export-Import Bank (Afrexim Bank), which is headquartered in Cairo, Egypt. The Afrexim Bank was established in 1993 by African Governments, African private and institutional investors as well as non-African financial institutions and private investors for the purpose of financing and promoting intra- and extra-African trade. Exim India is a shareholder of African Export-Import Bank. Further, Exim India has also taken equity in West African Development Bank (BOAD), which is a specialized development financial institution of the member states of the West African Economic and Monetary Union (UEMOA).

Global Network of Development Finance Institutions and Exim Banks (G-NEXID)

With a view to facilitating South-South trade and investment cooperation, at the joint initiative of Exim India and UNCTAD, a Global Network of Exim Banks and Development Financial Institutions (G-NEXID) was launched in March 2006 in Geneva. Annual Meetings are held to deliberate upon measures to foster long-term relationship, share experience and strengthen financial cooperation to promote trade and investment relations between developing countries. A number of institutions from Africa are G-NEXID members, such as Afreximbank, PTA Bank, East African Development Bank, Development Bank of Namibia, Development Bank of Zambia, Industrial Development Bank of Kenya, Industrial Development Corporation of South Africa, Development Bank of Southern Africa, ECOWAS Bank for Investment and Development, Central African States Development Bank, Exim Bank of Nigeria, SME Bank of Tunisia, Development Bank of Mali, National Bank for Investment, Côte d'Ivoire.

RESEARCH STUDIES

With a view to enhancing competitiveness of India exporters, as also identifying Indian trade and investment potential, Exim India periodically conducts research studies on countries/regions; sectors/ industry; and on macro-economic issues relating to international trade and finance.

The recent research publications relating to Africa include:

- SADC : A Study of India's Trade and Investment Potential ;
- IBSA : Enhancing Economic Cooperation across Continents ;
- ECOWAS : A Study of India's Trade and Investment Potential;
- COMESA: A Study of India's Trade and Investment Potential;
- Select West African Countries;
- Select Southern African Countries;
- Maghreb Region ; and
- Southern African Customs Union (SACU).

EXIM INDIA'S JOINT VENTURE

Exim India has taken the initiative of setting up of Global Procurement Consultants Ltd. (GPCL), in partnership with leading consultancy firms in India that provides a range of procurement related advisory services to multilateral agencies such as World Bank, African Development Bank, and Asian Development Bank. GPCL has taken up a number of assignments in Africa in countries such as Eritrea, Uganda, Eritrea, Malawi, Nigeria, and Ghana.

EXIM INDIA'S OFFICE IN AFRICA

In order to facilitate closer economic cooperation with the African region, Exim India has representative offices in Dakar, Senegal; Johannesburg, South Africa; and Addis Ababa, Ethiopia. The Dakar office of Exim India plays a key, catalytic role in enhancing trade and investment between India and the West African region. The Dakar office has been conferred with a special status 'Accord de Siége'by Government of Senegal at par with multilateral institutions located in Senegal.

The representative offices interfaces with institutions such as West African Development Bank (BOAD), Industrial Development Corporation of South Africa Ltd., African Development Bank, regional financial institutions such as Eastern and Southern African Trade and Development Bank (PTA Bank), Afrexim Bank, and ECOWAS Bank for Investment and Development (EBID) as well as Indian missions in the region, thereby being closely associated with the Bank's initiatives in the African region, including the BOAD region.

In sum, Exim India, with its comprehensive range of financing, advisory and support services, seeks to create an enabling environment for enhancing two-way flow of trade, investment and technology between India and the African region, including the BOAD region, while also promoting infrastructure development, facilitating private sector development in host countries, and contributing towards institutional building in the region.

9. STRATEGIES AND RECOMMENDATIONS FOR ENHANCING BILATERAL COMMERCIAL RELATIONS WITH BOAD REGION

The study, in the previous chapters, provided a broad overview of economic environment in the BOAD region, trade patterns and investment climate in the BOAD countries. India's bilateral trade and investment relations with the countries in the region was also analysed, and also the potential areas for enhancing bilateral trade and investment cooperation. Exim India's initiatives in the BOAD region were also highlighted.

The concluding chapter endeavours to provide broad strategies and recommendations which could serve to facilitate and enhance two-way trade and investment between India and the BOAD countries, based upon the analysis and findings of the study.

Strategy to enhance trade and investment relations with countries in the BOAD region would entail an integrated approach comprising, among others: cooperation in agricultural development, natural resource development, cooperation in hotel and tourism industry, focus on IT development, human resource development, cooperation in infrastructure development, banking and energy, besides broadening linkages with trade promotion institutions in the region; and developing linkages with investment promotion agencies. Such endeavours could also be supplemented by measures such as: increased participation in multilateral funded projects; entrepreneurship development and institutional building; cooperation in banking/ financial sector; setting up business hub(s) in the region, and cooperation with chambers of commerce and industry in the region.

A. CO-OPERATION IN AGRICULTURE SECTOR DEVELOPMENT

Agriculture and related activities are the backbone of most of the countries in the BOAD region, and exports from the sector are important foreign exchange earners for most countries in BOAD. Many countries in the BOAD region are home to the world's richest agricultural resources. As a result, several Governments in the African region, including the BOAD countries, view that foreign investments in agriculture cultivation would lead to possible benefits for rural poor, including the creation of a potentially significant number of farm and off-farm jobs, development of rural infrastructure, and social improvements, leading to poverty reduction. Moreover, national Governments in the region, with a view to addressing the serious issue of food shortage, have been framing policies towards attracting investors in the agricultural sector to tackle food, employment and sustainability crises. Indian companies can explore the possibilities of investment such as joint ventures or contract farming and out-grower schemes or investments in key stages of value chains. India's investment in target country would result in improving the agricultural sector of the target country through skill development, job creation, technological upgradation, supply of quality inputs like seed, better supply chain management, and biotechnology.

Towards this end, the LOCs extended by the Exim Bank of India to the region, which are earmarked for agriculture, irrigation and related projects, would also serve to contribute towards development of the agricultural and related sectors in the region. For instance:

- LOCs to the Government of Senegal earmarked for the acquisition of tractors, and other agricultural machinery and equipment and for financing of irrigation projects;

- LOC to the Government of Burkina Faso for financing agricultural projects including acquisition of tractors, harvesters and agricultural processing equipment;

- LOC to the Government of Benin for procurement of agricultural equipment;

- LOC to the Government of Mali for acquisition of Agro Machinery and Tractor Assembly plant and for financing agriculture and food processing projects; and

- LOC to the Government of Guinea-Bissau for financing mango juice and tomato paste processing unit and purchase of tractors and water pumps for development of the agricultural sector.

With these LOCs in place, increased exports of agro-related machinery and equipment to the region by Indian entrepreneurs / exporters would serve to enhance bilateral cooperation in the agricultural sector, as also to overall development of the region.

B. NATURAL RESOURCE DEVELOPMENT

With many of the countries in the

BOAD region endowed with mineral wealth and natural resources, enhanced bilateral cooperation for development/ exploration of natural resources in these countries could benefit both India and the region. For instance, Togo is the second largest producer of phosphates in the Sub-Saharan Africa, and also possesses hydroelectric and hydrocarbon potential; Guinea-Bissau presents opportunities for cashew nuts processing and oil exploration; Niger has large reserves of uranium and is one of the leading global producers; Burkina Faso has large deposits of minerals which are yet to be fully exploited, with gold dominating the mining sector; Senegal possesses calcium phosphates and aluminum phosphates, as also iron, gold, copper, diamonds, titanium and peat; Mali is the Sub-Saharan Africa's third largest producer of gold after South Africa and Ghana. In light of these, increased cooperation between India and the resource-rich countries in BOAD in developing/ exploring natural and mineral resources, with bilateral arrangements such as buy-back arrangements, could be an important strategy to enhance Indo-BOAD commercial relations.

Thus, for India, with countries in the African region, especially those in the BOAD region, emerging as important trade and investment partners, and the need of BOAD countries for strategic partners in their developmental and growth endeavours, sharing of experiences in capacity building, investments and endeavours in growth-inducing sectors in the region could prove to be strategic in fostering and enhancing long term commercial relations as also presence in the BOAD region.

C. CO-OPERATION IN HOTEL AND TOURISM INDUSTRY

Countries such as Mali, Senegal, and Benin in the BOAD region have emerged as major tourism destinations of the West Africa, receiving large number of tourist population visiting Africa. With India being an emerging player in hospitality industry, Indian companies could explore the vast opportunities available in the BOAD countries. Indian companies can focus more on developing world-class hotels and resorts with more Indian touch. Indian hotel groups could also try to acquire and renovate some hotels in the region. Given the rich cultural and geographical diversities and vast biodiversity in flora and fauna of African nations, Indian entrepreneurs could also specifically focus on different kinds of tourism products, such as adventure tourism, eco-tourism and cultural tourism.

D. FOCUS ON INFORMATION TECHNOLOGY (IT) DEVELOPMENT

With the strength and capability

that India possesses in the realm of Information Technology sector, Indian IT firms could explore the opportunities in the BOAD region, and focus on investing in subsidiaries or joint ventures in the areas of e-governance, financial services and e-education. Indian companies could also share their expertise in providing software programmes and services for banks and financial institutions in the region. For instance, Indian companies, such as NIIT and Aptech, who already have presence in Africa and a few BOAD countries, could expand their network of training centers in the BOAD region. Designing specialized e-learning courses on the web for providing technological assistance, manufacturing process know-how, troubleshooting and other technical areas also present opportunities. Such initiatives would help industry and commerce, promote education in remote areas, create employment opportunities and provide healthcare to remote areas in the BOAD region, thereby contributing to overall development of nations in the region.

E. INVESTMENT IN HUMAN RESOURCE DEVELOPMENT

An associated area of bilateral cooperation could also be investing in human resource development. Human resource development is recognised as the premiere need of most African nations. Businesses focusing on health, education and skill development are more likely stable businesses, which are in increasingly high demand in many BOAD countries, due to their direct impact on improving the standard of life. Towards this end, countries from the region could also tie up with Indian institutions such as the Central Food Technological Research Institute (CFTRI), Mysore and Entrepreneurship Development Institute of India (EDI), Ahmadabad and National Small Industries Corporation Ltd. (NSIC), New Delhi. Further, Indian institutions could also share their expertise in the fields of export capability creation in the region, institutional strengthening and export development in the form of technical assistance and sharing of expertise through site visits.

F. CO-OPERATION IN INFRASTRUCTURE DEVELOPMENT

An important area of bilateral cooperation could be infrastructure development in countries within the BOAD region. Investment in infrastructure development, due to an increasing need for better infrastructural facilities, coupled with the endeavour of BOAD member countries for rapid economic growth, could prove to be a mutually rewarding area of bilateral cooperation. Areas that hold immense investment opportunities include development of highways and roadways, development of railway networks and power systems, which would also help in integration of the BOAD region, and the African continent at large, to a great extent. Large Indian construction companies could explore business opportunities to meet the infrastructural requirements in the BOAD region, also contributing largely to economic development in the host country.

G. CO-OPERATION IN THE BANKING/ FINANCIAL SECTOR

With a view to enhance commercial relations with countries in the African region, some Indian banks have set up operations in select countries in Africa. Currently in Africa, Bank of Baroda has branches in Mauritius, South Africa, and Seychelles; Bank of India in Kenya; State Bank of India in South Africa. State Bank of India has subsidiaries in Mauritius and Nigeria; Bank of Baroda in Botswana, Ghana, Uganda, Tanzania and Kenya, and Bank of India in Tanzania. Further, State Bank of India has representative offices in Egypt, Angola and South Africa, and Bank of India in South Africa, while a Joint Venture Bank, Indo-Zambia Bank Ltd. has been set up in Zambia by Bank of Baroda, Bank of India and Central Bank of India. In view of the potential for enhancing bilateral trade and investment relations with the BOAD countries, opening branches/representative offices in the region, and developing correspondent banking relations with select banks in the region would serve to facilitate and promote commercial relations.

H. DEVELOPING LINKAGES WITH INVESTMENT PROMOTION AGENCIES

Besides streamlining their investment regimes, many countries in the region have set up specialised investment promotion agencies to promote and facilitate inflow of foreign investment into these countries, while also serving as one-stop-shop for investment related activities. In light of the key role of these institutions, building closer cooperation and linkages with these investment promotion agencies in the BOAD region would serve to enhance access to information about investment opportunities in the region. Such agencies include:

- Business Registration Centre in Benin;
- Center for Promotion of Industries (CEPICI), Côte d'Ivoire;
- Cabinet for Investment Support in Guinea-Bissau;
- Centre de Promotion des Investissements in Niger;
- National Agency for Investment Promotion & Capital Works (APIX), Senegal
- Chamber of Commerce and

Industry of Togo;

- Fonds de Promotion Economique (FPE) in Senegal is providing active support to develop sectors such as tourism, construction, textile, chemicals, fisheries, crafts and SMEs;

- Ancar, under the Government of Senegal's Ministry of Agriculture assists farmers to prepare their cases for procuring funds under the Exim India's LOC;

- Fonds Africain de Garantie de Cooperation Economique (FAGACE), an international public institution, contributes to the social and economic development of select member states of ECOWAS by either participating or facilitating implementation of their development projects.

Such relationship would serve to enhance knowledge about potential areas for investment, upcoming projects in different sectors, prospective investment partners, as also procedures, rules and regulations required for venturing into specific sectors in these countries and incentives offered to investors. Further, investment promotional events with select investment promotion agencies would foster increased interaction between potential investors and concerned agencies in potential sectors in target countries in the region.

Further, with a view to strengthen economic and commercial relations between India and BOAD countries through Exim India's presence, efforts could be directed to build up linkages with institutions, such as Agence Senegalaise d'Assurance pour le Commerce Exterieur (ASACE - the Senegalese Insurance Agency for Foreign Trade) in Senegal; La Protection Ivoirienne, Côte d'Ivoire etc. These institutions can serve as important sources for valuable information about potential areas as also avenues for dissemination of information about potential areas for co-operation.

I. ENERGY AND POWER GENERATION

Another area, which holds immense potential for investment and cooperation, is electricity generation and power transmission. Côte d'Ivoire is the largest generator of electricity in BOAD region. In Côte d'Ivoire, thermal generating facilities powered primarily by oil and gas provide the majority of electricity. It exports electricity to Mali, Burkina Faso, Benin and Togo. The three landlocked and sparsely populated countries of Mali, Burkina Faso and Niger are not particularly well served with energy, mainly because they are relatively poor and are at least partially situated in the Sahara. Energy development is also very limited in the small coastal country Guinea-Bissau because of small economy and political strife.

This energy deficit is expected to continue posing a serious challenge for the overall development of the region. Insufficient investment in the energy sector leading to underdeveloped infrastructure including electricity transmission and distribution networks have exacerbated the energy problem in the region. Further, despite the potential for energy generation, insufficient use of existing energy systems has resulted in effective generation of electricity which is less than installed capacity due to drought, lack of maintenance and rehabilitation and also general system losses of electricity which includes transmission and distribution. In light of these, development of the regional energy infrastructure in the BOAD region is a priority area for governments in the BOAD region.

Towards this end, the LOCs extended by the Bank to the region, which are earmarked for power generation and transmission projects, would also serve to contribute towards development of the energy sector and power generation and transmission. For instance:

- LOCs to the Government of Burkina Faso for rural electrification;
- LOCs to the Government of Guinea-Bissau for financing electricity project;
- LOC to the Government of Mali for rural electrification;
- Two LOC's to the Government of Mali for financing electricity transmission and distribution projects;
- LOC to the Government of Niger for (a) Rehabilitation of six-power stations (b) Purchase of three power transformers (c) Rehabilitation as well as erection of power lines between various places in Niger; and
- LOC to the Government of Senegal for rural electrification project.

J. CO-OPERATION IN SME SECTOR

Towards developing entrepreneurship and human capability, India could share its expertise and experience with countries in the BOAD region, particularly in the SME sector wherein India has developed successful SME clusters. An important element in this direction could be for delegations from these countries to visit India to study success factor of SME clusters in India, and developing similar clusters in home countries based on resource and skill endowments. Also, Exim India India extended various

LOC's to these countries for the development of their SME sector like the LOC to Government of Senegal for development of rural SME in the country.

K. CO-OPERATION WITH CHAMBERS OF COMMERCE AND INDUSTRY

Efforts to enhance commercial presence in the BOAD region could also be supplemented by cooperation with Chambers of Commerce and Industry in the region. Such chambers would include:

- Benin Chamber of Commerce and Industry;
- Chamber of Commerce and Industry, Burkina Faso;
- Chamber of Commerce and Industry of Côte d'Ivoire;
- Guinea-Bissau Chamber of Commerce, Industry and Agriculture;
- Union of Chambers of Commerce, Industry and Agriculture of Senegal;
- Niger Chamber of Commerce;
- Chamber of Commerce, Industry and Handicrafts, Mali; and
- Chamber of Commerce and Industry, Togo.

L. BUSINESS HUB IN THE BOAD REGION

With a view to enhance India-based business in the BOAD region, Indian companies could develop a business hub in one of the BOAD member countries. The creation of such a hub could encourage and lend support to prospective companies who are interested in developing commercial relations and establish presence in the BOAD region. An added advantage of such a business hub in the region for the Indian exporter/ investor would be in terms of market access to all the markets of the BOAD region. Exim India's presence in Senegal through its representative office in Dakar would be of immense help to Indian exporters and investors in the establishment of a business hub.

M. FOCUS ON MULTILATERAL FUNDED PROJECTS

Besides participating in investment activities that are promoted by the respective governments of the BOAD member countries, Indian companies could also endeavor to participate in multilateral funded projects. Multilateral institutions such as the World Bank, the African Development Bank (AfDB) and West African Development Bank (BOAD) support and fund a number of projects in the BOAD region. They broadly cover areas such as agriculture and related activities; infrastructure development such as roads, telecommunication, postal services, electricity, water supply and sanitation; mining and quarrying; rural and urban development; environment and natural resource development; health care and education; privatization; financial market development; and tourism development.

Focus on these funded projects and increased participation by Indian project and service exporters in such projects would serve to enhance India's commercial presence in these countries. At the same time, efforts to participate in technical assistance in terms of project preparation and advisory services in such funded projects would support increased presence in the region.

N. PREFERENTIAL TRADE AGREEMENT

India and members of the Southern African Customs Union (SACU – South Africa, Lesotho, Swaziland, Botswana, and Namibia) are at an advanced stage of negotiations to put in place a preferential trade agreement (PTA) to boost bilateral trade. In light of the importance of the BOAD region as India's trading partners, a similar PTA between India and the BOAD region could also be a worthwhile exercise to add to the overall endeavours to enhance Indo-BOAD trade and investment relations.

O. WIDER DISSEMINATION OF INFORMATION

To enhance India's exports to the West African region, as also opportunities for investment, an important element of the strategy would also be effective dissemination of information relating to trade/investment opportunities to potential exporters and investors in India as also prospective partners in the BOAD region. This can be facilitated through increased visits by trade and industry delegations from India to the BOAD region, and vice versa. Such economic/trade missions would serve to enhance awareness in the region about India's strengths and capabilities. The trade promotion measures could also include participation in specialized trade and industry fairs and exhibitions in the member countries of BOAD; organizing buyer-sellers meets and preparing product catalogues in electronic form.

Further, specialized "Made in India" exhibitions and seminars / workshops could be organized, in collaboration with the BOAD countries, to showcase Indian technology and expertise. Counterparts in India as well as in the BOAD region could be apprised about the operative LOCs in the region and the ways and means of utilizing them.

P. OTHER MEASURES

With the widespread use of French in most of the BOAD member countries, proficiency in French and bi-lingual publications (in English and French) would enhance effectiveness of information dissemination as also business endeavour in the BOAD region.

To enhance regional reach in the BOAD region, equity participation or membership in regional institutions could also be explored. Membership of such institutions would enable Indian players to participate actively in the various activities of the institutions. Exim India has taken equity stake in the West African Development Bank (BOAD) to enhance its presence in the BOAD region, as is also a member of the Association of African Development Finance Institutions (AADFI). Similarly, Indian institutions could also consider taking up equity in Fonds Africain de Garanite de Cooperation Economique (FAGACE) an international organization committed to social and economic development of its member states, which includes the BOAD region.

Thus, for India, with countries in the African region, especially those in the West African region, emerging as important trade and investment partners, and the need of West African countries for strategic partners in their developmental and growth endeavours, sharing of experiences in capacity building, investments and endeavours in growth-inducing sectors in Africa could prove to be strategic in fostering and enhancing long term commercial relations as also presence in the West African region.

ANNEXURE - 1

Table A1: Select Major Trading Blocs in Africa

Trade Bloc	Year of Formation	Members
Economic Community of West African States (ECOWAS)	1975	Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo
Cross Border Initiative	1992	Burundi, Comoros, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe
Southern African Development Community (SADC)	1992	Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe
Common Market for Eastern and Southern Africa (COMESA)	1994	Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, Zimbabwe
West African Economic and Monetary Union (UEMOA)	1994	Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo
East African Community (EAC)	1996	Burundi, Kenya, Rwanda, Tanzania, Uganda

Source: World Development Indicators 2010, World Bank

Table A2: Real GDP Growth Rates in BOAD Countries (Percent)

Country	2007	2008	2009	2010e	2011f	2012f
Benin	4.6	5.0	2.5	2.8	3.6	4.7
Burkina Faso	3.6	5.2	3.2	4.4	4.7	5.5
Côte d'Ivoire	1.6	2.3	3.8	3.0	4.0	4.5
Guinea-Bissau	0.2	3.6	3.0	3.5	4.3	4.5
Mali	4.3	5.0	4.4	5.1	5.4	5.6
Niger	3.4	8.7	-1.2	3.5	5.2	12.5
Senegal	5.0	3.2	2.2	4.0	4.4	4.5
Togo	1.9	2.2	3.1	3.3	3.5	3.9

Note: e: estimates; f: forecasts

Source: IMF, WEO Database, October 2010 & Exim India research

Table A3: GDP Per Capita in BOAD Countries (US$) (current prices)

Country	2007	2008	2009	2010e	2011f	2012f
Benin	624.8	736.2	708.9	673.4	673.6	699.1
Burkina Faso	495.0	590.7	564.2	590.1	618.4	653.3
Côte d'Ivoire	983.5	1132.2	1052.0	1016.3	1039.0	1076.0
Guinea-Bissau	449.5	540.4	521.1	497.7	498.6	513.7
Mali	547.9	657.1	657.5	649.3	667.6	702.3
Niger	321.8	392.0	371.6	383.0	391.1	433.3
Senegal	924.4	1066.4	997.6	964.1	984.8	1021.5
Togo	390.2	479.3	463.9	441.4	440.0	447.7

Note: e: estimates; f: forecasts

Source: IMF, WEO Database, October 2010 & Exim India research

Table A4: Population in BOAD Countries (mn)

Country	2007	2008	2009	2010e	2011f	2012f
Benin	8.9	9.1	9.4	9.6	9.9	10.2
Burkina Faso	13.7	14.0	14.4	14.7	15.0	15.4
Côte d'Ivoire	20.2	20.8	21.4	22.0	22.7	23.4
Guinea-Bissau	1.5	1.6	1.6	1.7	1.7	1.8
Mali	13.1	13.4	13.7	14.0	14.3	14.6
Niger	13.4	13.8	14.2	14.6	15.1	15.6
Senegal	12.2	12.5	12.8	13.1	13.4	13.8
Togo	6.5	6.6	6.8	7.0	7.1	7.3

Note: e: estimates; f: forecasts

Source: IMF, WEO Database, October 2010 & Exim India research

Table A5: Average Consumer Price Inflation in BOAD Countries (annual percent change)

Country	2007	2008	2009	2010e	2011f	2012f
Benin	1.3	8.0	2.2	2.8	2.8	2.8
Burkina Faso	-0.2	10.7	2.6	2.3	2.0	2.0
Côte d'Ivoire	1.9	6.3	1.0	1.4	2.5	2.5
Guinea-Bissau	4.6	10.4	-1.6	1.5	2.5	2.5
Mali	1.5	9.1	2.2	2.1	2.6	2.8
Niger	0.1	10.5	1.1	3.4	2.0	2.0
Senegal	5.9	5.8	-1.7	0.9	2.1	2.1
Togo	0.9	8.7	1.9	2.2	2.0	2.0

Note: e: estimates; f: forecasts

Source: IMF, WEO Database, October 2010 & Exim India research

Table A6: Current Account Balance of BOAD Countries (US$ billion)

Country	2007	2008	2009	2010e	2011f	2012f
Benin	-0.6	-0.5	-0.6	-0.6	-0.6	-0.6
Burkina Faso	-0.6	-1.0	-0.5	-0.6	-0.8	-0.8
Côte d’Ivoire	-0.1	0.5	1.6	1.5	0.6	0.03
Guinea-Bissau	-	0.02	0.03	0.02	0.02	0.02
Mali	-0.6	-1.1	-0.9	-0.7	-0.9	-1.0
Niger	-0.4	-0.7	-1.3	-1.2	-1.2	-0.9
Senegal	-1.3	-1.9	-1.1	-1.1	-1.2	-1.3
Togo	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2

Note: e: estimates; f: forecasts; -: not available

Source: IMF, WEO Database, October 2010 & Exim India research

ANNEXURE - 2 : INVESTMENT PROMOTION AGENCIES AND OTHER KEY INSTITUTIONS IN BOAD COUNTRIES

BENIN

Benin Chambers of Commerce and Industry
(Chambre de Commerce et d'Industrie du Bénin (CCIB))
01 BP 31 Cotonou, Republic of Benin
Website: www. www.ccib.bj/en/

Centre de Promotion des Investissements
Website: www.cpi-benin.org

BURKINA FASO

Burkina Faso Chamber of Commerce and Industry
(Chambre de Commerce, d'Industrie et d'Artisanat du Burkina Faso)
Avenue de Lyon - 01 BP 502
Ouagadougou 01
Website: www.ccia.bf

CÔTE D'IVOIRE

Centre for Promotion of Investment
(Le Centre de Promotion des Investissements a Cote d'Ivoire-CEPICI)
Plateau Imm. CCIA. 5e etage
BP V 152 Abidjan 01 Cote d'Ivoire
Website: www.cepici.ci

MALI

Agence pour la Promotion des Investissements au Mali (API-MALI)
Website: www.apimali.gov.ml

Centre National de Promotion des Investissements (CNPI)
Avenue Sheikh Zayed,
BP 1980 Bamako, Mali
Website: www.cnpi-mali.org
Email: info@cnpi-mali.org

Chamber Of Commerce and Industry of Mali
B.P. 46 Bamako
Website: www.lamaisondelafrique.com/ecci_mali.html
E-mail : ccim@cefip.com, tradepointccim@sotelma.ml

NIGER

Center de Promotion des Investissements, Niger
Sis a la Chambre de Commerce, d'Agriculture, d'Industrie et d'Artisanat du Niger
Place de la Concertation, BP 209, Niamey, Niger
Website: www.investir-au-niger.org/
Email: dmcpiniger@yahooJr; abcpiniger@yahooJr

SENEGAL

APIX (National Agency For Investment Promotion and Capital Works)
52-54 Rue Mouhamed Y,
BP 430 CP 18524 Dakar, Senegal
Website: www.apix.sn - www.investinsenegal.com
E-mail: apix@sentoo.sn

Fond de Promotion Economique (FPE), Senegal
17, Boulevard de la Republique
BP 6481 Dakar

Dakar Chamber of Commerce
Industry and Agriculture (CCIARD)
1, Place de l'independence
BP. 118 DAKAR, Senegal

TOGO

Chamber of Commerce, Agriculture and Industry of Togo
B.P. 360, Lome, Togo
Website: www.ccit.tg
Email: ccit@rdd.tg; cci.togo@laposte.net; ccit@ccit.tg

INVESTIR EN ZONE FRANC (IZF) - INVEST IN THE FRANC ZONE
(General information on investment climate in countries of the Franc zone)
Website: www.izf.net

OTHER KEY INSTITIITIONS

ECOWAS Bank for Investment and Development (EBID)
128, Boulevard du 13 janvier,
BP: 2704 Lomé-TOGO
Email: bidc@bidc-ebid.org
Website: http://www.bidc-ebid.org/

West African Development Bank (BOAD)
Banque Ouest-Africaine de Developpement
68, Avenue de la Liberation
BP 1172, Lome, Togo
Website: www.boad.org
E-mail: boadsiege@boad.org

West African Economic & Monetary Union (UEMOA)
Union Economique et Monetaire Ouest Africame
Commission de l'UEMOA,
380, rue Agostino Neto - 01 BP 543
Ouagadougou 01 - Burkina Faso
Website: www.uemoa.int
Email: Commission@uemoa.int

African Development Bank (AfDB)
Avenue du Ghana, Rue Pierre de Coubertin,
Rue Hedi Nouira
BP. 323 1002
Tunis Belvedere
Tunisia
Website: www.afdb.org
Email: afdb@afdb.org

African Export Import Bank (Afreximbank)
Worid Trade Center Buildings
1191 Corniche El Nil
Cairo 11221, Egypt
PO Box 404 Gezira
Cairo 11568, Egypt
Website: www.afreximbank.com
Email: mail@afreximbank.com;
info@afreximbank.com

Association of African Development Finance Institutions (AADFI)
(Association des Institutions
Africaines de Financement du
Developpement)
06, BP 321
Abidjan 06, Cote d'!voire
Website : www.aadfi.org
Email: adfi@avisa.ci

ANNEXURE - 3 : CFA FRANC (CFA FR) EVOLUTION & STRUCTURE

The African members of the Franc Zone share a common currency, the CFA franc, which is fixed to - and convertible with – the Euro through special monetary arrangement with France. The Franc Zone guarantees full convertibility of the CFA franc and maintains a fixed exchange rate between the CFA franc and the Euro.

Fourteen West and Central African countries share the CFA franc as a common currency. All these countries were French colonies, except for Equatorial Guinea and Guinea-Bissau. The CFA franc was created on December 26, 1945, along with the CFP franc due to the weakness of the French franc immediately after the Second World War. After France ratified the Bretton Woods Agreement in December 1945, the French franc was devalued to a fixed exchange rate with the US dollar. New currencies were created in the French colonies to protect them from the strong devaluation of December 1945. The Franc zone, which was created in early 1970s, guarantees the full convertibility of the CFA franc and maintains a fixed exchange rate between the CFA franc and the Euro.

The African Financial Community, comprising the fourteen West and Central African countries, consists of two regional economic and monetary groups, viz, *the West African Economic and Monetary Union (UEMOA),* with eight members countries - Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo; and the *Central African Economic and Monetary Community (CEMAC),* with six member countries - Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea and Gabon.

UEMOA's currency, the CFA franc [franc de la *Communaute financiere de l'Afrique (XOF)*], is issued by the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO), while CEMAC's currency, the CFA franc *[franc de la Cooperation financiere africaine (XAF)]* is issued by the Banque des Etats de l'Afrique Centrale (BEAC).

Through BCEAO and BEAC, horizontal monetary integration is maintained, while the operations account with the French Treasury allows for vertical integration. Both BCEAO and BEAC have to maintain 65 percent of their reserves in

Euros with the French Treasury. Tight monetary and credit discipline is maintained through two special safeguards - central banks must maintain a 20 percent foreign exchange cover of their sight liabilities; and governments cannot withdraw from their regional bank's central funds more than 20 percent of the previous year's budget receipts.

The CFA franc has been pegged to the French franc since 1948. It was devalued only once from CFA 50: FF 1 to CFA 100: FF 1 in January 1994. With the introduction of the Euro on January 1, 2000, the French franc is fixed against the currencies of 11 other European countries participating in the Euro-zone. Nevertheless, the member countries of the CFA franc zone and France agreed to maintain the currency peg following the Euro's introduction through an arrangement with the French treasury. The French treasury retains sole responsibility for guaranteeing convertibility of CFA franc into Euro, without any monetary policy implications for the Bank of France (Central Bank of France) or the European Central Bank.

The fixed parity between the Euro and the CFA franc is based on the official, fixed conversion rate for the French franc and the Euro, set in January 2000 at 1 Euro = 655.957 XOF = 655.957 XAF. The peg became official in 2002 when national currencies were completely withdrawn from circulation from the Euro zone.

Key Sources of Information

1. Ministry of Commerce and Industry (MOCI), Government of India
2. Ministry of Finance (MOF), Government of India
3. International Monetary Fund (IMF)
4. World Bank (WB)
5. United Nations Conference on Trade and Development (UNCTAD)
6. Economic Intelligence Unit (EIU)
7. Centre for Monitoring Indian Economy (CMIE)
8. African Development Bank (AfDB)
9. West African Development Bank (BOAD)
10. World Association of Investment Promotion Agencies (WAIPA)

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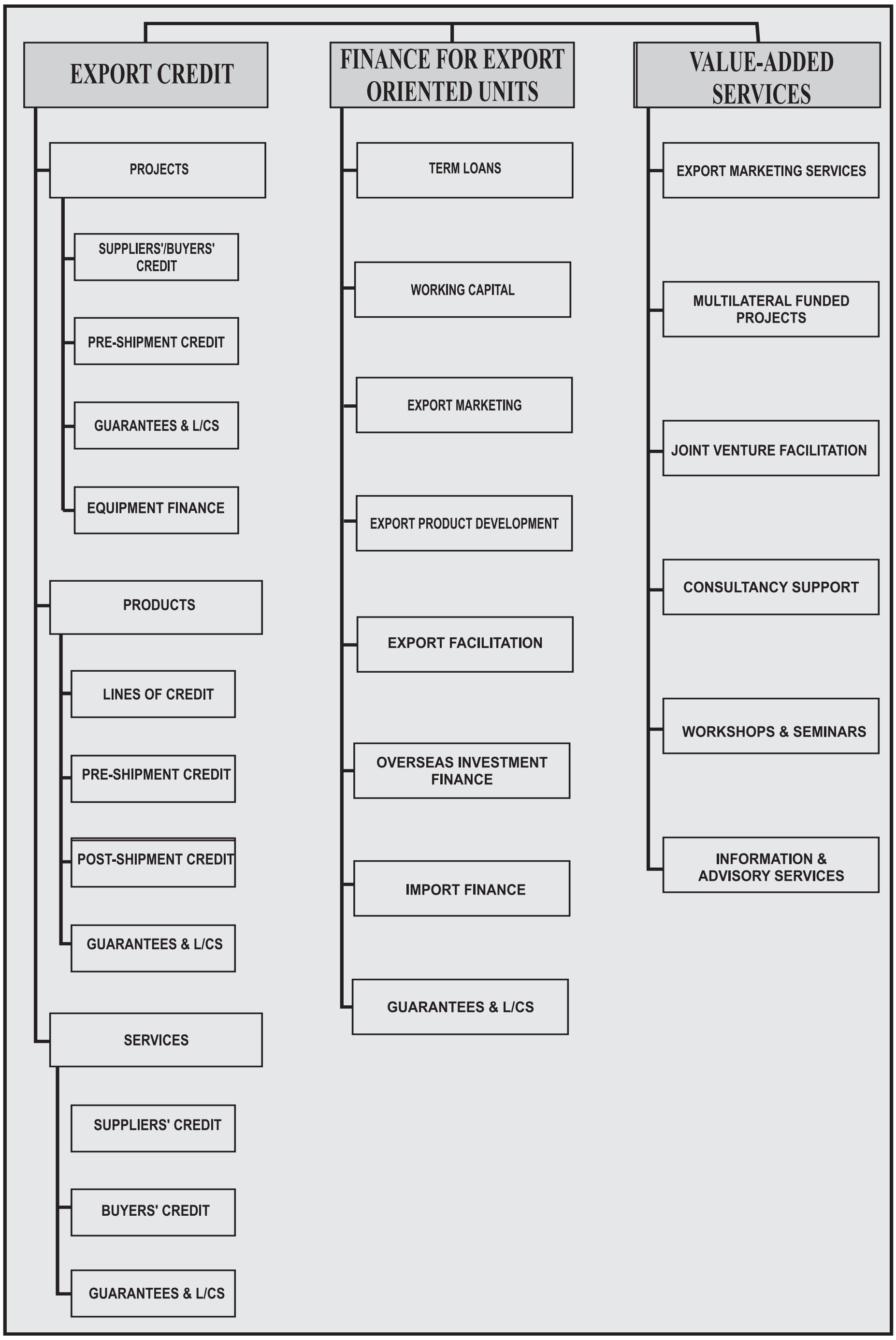

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