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**ISSUES PAPER ON REGIONAL INTEGRATION IN WEST AFRICA
AND REFORM OF INTERGOVERNMENTAL ORGANISATIONS**

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**ISSUES PAPER ON REGIONAL INTEGRATION IN WEST AFRICA AND
REFORM OF INTERGOVERNMENTAL ORGANISATIONS**

(March 2000)

This paper is a follow-up to the meeting of the Ministerial Lobby Group (GMAP) held in Paris on 8-9 March 2000. It has been produced by the Club du Sahel Secretariat on the basis of a discussion paper submitted to the GMAP and the main points made during the discussion. It is a working document that does not necessarily represent the views of GMAP members.

The topics of regional integration and reform of intergovernmental organisations (IGOs) in West Africa have recurred regularly for over twenty years, but now there is a renewal of interest among the region's States and their multilateral and bilateral partners. Although the fine words of the past, too seldom followed by deeds, may arouse some scepticism, the fact remains that many of the countries concerned have made real progress in economic and financial restructuring, which creates a more favourable context. First, as a result of tragic events in a few countries, ECOWAS has acquired real credibility as a source of political settlement and peace-keeping. Meanwhile, political developments in Nigeria and a beginning to that country's economic and financial stabilisation make it possible to envisage extending the ECOWAS process. ECOWAS (joined ultimately, no doubt, by Nigeria's eastern neighbours) is widely recognised as the relevant economic zone for regional integration, whereas the potential for developing trade within WAEMU is limited. Second, WAEMU itself has made progress: fiscal and customs harmonisation, convergence in economic policies, shared legal jurisdiction, financial institutions. The international community now has a more positive vision of WAEMU: the 1994 devaluation has defused some criticism; the CFA franc's attachment to the euro and the support of the European Union have altered the perception of an institution that may originally have been seen as a Franco-African curiosity. And WAEMU has created a structure of governance and technical competencies that far exceeds what ECOWAS has.

Approaching the issue from a wholly institutional angle makes it possible to measure the difficulties, but not to open up perspectives that are acceptable to everyone. For the non-WAEMU countries in ECOWAS, it is hardly acceptable simply to adopt WAEMU institutional mechanisms. It would imply losses of sovereignty, particularly in the monetary field, that would be difficult to admit without a long process of maturation and some clear idea of the expected advantages. Similarly, the idea of monetary integration by joining the Franc zone raises hackles because of historical geopolitics. For WAEMU countries, it is theoretically possible (treaty articles 103 and 104) to welcome new full or associate members. However, the asymmetry between Nigeria and the other countries (it accounts for 55 per cent of ECOWAS population and 47 per cent of its GDP) raises particular problems. Moreover, changing the scale of the currency union might lead to a radical revision of the mechanism of the broader monetary zone to which the WAEMU belongs.

The challenge of integration requires a pragmatic approach to :

- Go beyond ritual declarations about the leading role of ECOWAS, "the only economic community for regional integration in West Africa" (decision of the 1991 Summit), strengthen it substantially, and define and prepare any transfers of sovereignty that have to be made.
- Avoid getting bogged down in competition between ECOWAS and WAEMU. WAEMU is a reality, but it probably does not have the determination let alone the capacity to claim domination. However, WAEMU's achievements deserve to be preserved until ECOWAS reaches a certain degree of maturity. Similarly, the strengthening of an "axis" of non-WAEMU countries, especially Ghana and Nigeria, would favour convergence between them and other countries in the region.
- Define a realistic and pragmatic approach to avoid too large a discrepancy between stated intentions, institutional developments and the actual functioning of the institutions. A discrepancy of this sort, too often perceived in the past, can only discourage the actual likely beneficiaries of integration (economic sectors, civil society). Similarly, sub-regional initiatives can contribute to preparing the future, but need to be coherent with a regional perspective common to all member-States, and this coherence must be able to be understood by all. In particular, there should be no confused impression that various initiatives are in competition with each other. For example, discussion of issues common to the Sahel (which geographically includes large parts of some coastal States) can be valuable, given the

similarities and common challenges, but that should not lead anyone to suppose that these areas might constitute a competing zone for regional integration.

- Implement the rationalisation of the many intergovernmental organisations (decided at the 1991 Summit), some of which are generators of unnecessary costs, others redundant, and others again may interfere with the activities of those institutions that are supposed to be politically pre-eminent.

Successful regional integration cannot emerge from a "creed" based on theoretical arguments and institutional arrangements. Setting up bodies to facilitate trade is not an end in itself. These bodies must be related to a proper regional long-term goal, to be based on:

- An analysis of past and present trade flows (including informal trade), migration (human integration is a reality to be taken into account), urbanisation and regional land-use planning issues.
- Hypotheses about the potential for developing trade by sector and by sub-region (in practice, focusing on the eastern zone including Nigeria). Close attention should be paid to agri-food circuits, because current possibilities for import substitution and future growth in urban demand promise a large sustainable growth potential.
- An analysis of the constraints and limiting factors for developing production and trade, both institutional (regulatory framework, and actual functioning of institutions) and practical (infrastructure and services). Criticisms have rightly been made of economic unions based on a model devised for developed countries, too exclusively focused on facilitating trade, which does not correspond to the region's specific problems. This analysis should examine the upstream constraints that inhibit the productivity and competitiveness of economies.
- An assessment of the risk of increasing disparities in development, particularly at the expense of remote areas. Risk analysis and management are crucial. Adequate compensatory mechanisms are an essential element in successful integration. They should not be limited to compensating losses in public revenues but include structural intervention to reduce gaps in competitiveness.
- A clear-sighted analysis of the advantages and disadvantages of various forms of institutional change. Monetary convergence needs to be seen against the background of changes in the world economy and the growing polarisation of economies around the dollar, the euro and the yen. Successful convergence presupposes perfectly credible macro-economic and financial stabilisation. Thought needs to be given to intermediate stages that will facilitate trade, reduce inflation differentials, avoid inadequate economic policy measures, ensure currency convertibility, and improve transaction security.

This list of points to be considered does not imply that a major study programme needs to be undertaken. Studies have already been done, and data exist. But the process has to start from the practical issues so as to define, after extensive consultation, strategic objectives for integration and to specify what institutional framework is to be developed for ECOWAS. These objectives will make it possible to decide what is essential for the proper operation of the system (coherent economic and financial policy, currency convertibility, secure transactions, etc.) and what may be desirable but is of lesser importance, at least in the short and medium term (single currency, unified legal system). This approach should also assume that WAEMU will operate transitionally as a sub-set of ECOWAS (on the principle that who is capable of the greater task is also capable of the lesser). The ECOWAS framework should be used to develop instruments that are at present insufficient in WAEMU (sectoral policies, land-use planning, coherence of public investment, etc.).

This regional framework should also be used to address the issue of reforming the IGOs, defining their roles with respect to clear political objectives. The following points are worth making:

- "Generalist" organisations should be abolished or abandon all parts of their mandates that come within the ECOWAS remit.
- Territorially based sub-regional organisations, such as river catchment agencies, should have their mandates specified and harmonised. Greater coherence between their practices would be useful, but subordination to ECOWAS oversight is not desirable, under the subsidiarity principle, since their natural partners are the relevant States and local authorities. These IGOs are a valuable basis for the development of "local cross-border integration".
- Sub-regional organisations with a technical mission should have any overlapping functions removed, either by merging or by abolishing the least effective organisations. Subordination to ECOWAS oversight, or at least close co-ordination with ECOWAS, should be considered on a case-by-case basis. It appears to be justified for those IGOs whose remit mainly covers economic activities, which could become specialist technical agencies. However, those IGOs whose activity does not directly concern basic ECOWAS activities should not be attached to ECOWAS, so that ECOWAS does not find itself exercising purely bureaucratic oversight over too many bodies.
- In many cases, the mode of financing the IGOs by States and external partners, and the *de facto* management control exercised by the partners (since they finance programmes), need to be re-examined to ensure that the missions they fulfil comply with the overall regional long-term goal.

The aim of the GMAP is to move towards the emergence of a few major policy guidelines that by the end of 2000 can be approved by the regional community and rapidly transformed into an action programme.

It is up to the GMAP to determine what it intends to do and what support it wishes from the Club du Sahel. Suggested points are:

- If the Group, as an informal forum for high-level officials, opens up to new members from the ECOWAS zone, it might usefully compare the views and constraints of the various partners. These discussions clearly must be seen preliminary to any negotiation, since they would not be based on any precise government mandate. Their informal nature would encourage the frank expression of perceived difficulties and the formation of draft agreed proposals.
- The Club du Sahel Secretariat and/or CILSS could help the Group organise particular consultations with civil society and business circles which too often in the past, has raised resentment because the debate about regional integration was thought of as solely the affair of governments, although they feel that they are integral actors in the process;
- Since any process of regional integration will require support from the international community, the Club could facilitate consultation with its stakeholder in the North and other multilateral bodies so as to gather their opinions on the processes envisaged long before any financial commitment is decided.