



CLUB DU SAHEL

Strategy and Policy Group

**REGIONAL INTEGRATION -- DISCUSSION POINTS FOR THE
STRATEGY AND POLICY GROUP MEETING**

**Strategy and Policy Group (SPG) Meeting
Washington, 15-16 June 2000**

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| At their 24-25 May 2000 meeting in Dakar, GMAP members concluded that regional integration was unavoidable in a context of a radically changing West Africa in which competitiveness and complementarity could potentially unite the national economies within the sub-region.

In preparing for the SPG meeting in Washington (15-16 June 2000) — one step in the process leading to Bamako 2000 — a number of issues were raised which will be discussed within the GMAP and/or with development partners at a special meeting to be arranged. Presently, the GMAP is the only forum in West Africa in which regional integration is a topic for debate with aid agencies. This note is intended to complement the list of issues already identified by adding elements concerning the challenges and political context.

Regional integration and the reform of intergovernmental organisations (IGOs) are recurring themes which have been discussed in a number of Summits without resulting in practical solutions in spite of the studies that were conducted in 1983, 1987 and 1997. In recent years, globalisation has progressed, and countries in Europe, Asia, North and South America have formed common markets. Africans have come to realise that if their continent is to carry any weight, it too must move towards:

- complementarity, by widening its markets;
- greater product diversity;
- realistic monetary and budgetary policies capable of attracting domestic and foreign direct investment;
- synergy between local economies and regionalisation;
- policies for financing strategic infrastructure.

Previous attempts to rationalise IGOs stressed institutional approaches. They failed to examine the institutions' viability and contribution (value added) to the economies of individual countries, nor did they compare the risks and advantages of integration for these countries. As long as this approach prevailed, regional integration consisted of "declarations of faith" based on theoretical arguments and institutional arrangements that were generally not supported by African leaders.

Failures of the past originated from lack of leadership and vision from West African decision-makers, but also from lack of dialogue with development partners on the real challenges of building regional economies. The GMAP intends to launch the initiative again in accordance with the objectives it has set for itself, namely:

- *to act as a focus and "spokesman" for the region's Ministers and Heads of State, so that Sahelians assume leadership in initiating a reform of development co-operation;*

- *to define strategic priorities for regional co-operation in consultation with development partners;*
- *to convince development co-operation agencies to take into account the concerns expressed by the Sahelians when reforming the structures and procedures of the aid system.*

According to the GMAP initiative, various topics (see below) will be examined, consultations will be organised within the GMAP and with development partners, and proposals for regional integration and co-operation will be submitted to the Heads of State from the sub-region. These proposals will fall within the framework of a genuine long-term regional approach based on:

- An analysis of the regional framework for addressing the reform of IGOs. This analysis will specify their role in terms of political and economic objectives. It should also take the following considerations into account:
 - "General purpose" organisations should be abolished or, alternatively, whatever falls within the mandate of ECOWAS should be removed .
 - Sub-regional organisations with a specific geographic focus, such as river basin agencies, should clarify and harmonise their mandates and practices to increase coherence. These IGOs can be valuable for developing "local cross-border integration".
 - Sub-regional organisations with a technical mission should also rationalise the way they operate, either by merging or abolishing the least effective of them. Answering to ECOWAS, or close co-ordination with it should be considered on a case-by-case basis. It appears to be justified for IGOs whose mandate includes economic activities mainly. One option would be for them to become 'specialised' technical agencies. However, IGOs whose activities do not directly concern basic ECOWAS activities should not be linked to this agency. ECOWAS should not be led to exercise bureaucratic oversight only over too many bodies.
 - One should examine the ways in which States and external partners finance, manage and exert control over IGOs and their programmes. The overriding objective should be to ensure that these organisations' mission comply with long-term regional goals.
- An assessment of the risks of widening development inequalities at the expense of landlocked areas. This assessment and an analysis of how to manage those risks are crucial. Adopting adequate compensatory mechanisms are an important element of successful integration. These mechanisms should not be limited to compensating losses in public revenues, but include structural interventions to reduce wide variations in competitiveness.
- A clear-sighted analysis of the advantages and disadvantages of monetary convergence, to be seen against the background of changes in the world economy and growing polarisation around the dollar, the euro and the yen. Successful convergence suggests reaching credible macro-economic and financial stabilisation.
- An analysis of the dynamics of local economies, decentralisation and regionalisation, in order to assess 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, with an exclusive focus 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 the national economies;

- An analysis of the constraints that prevent regional integration from being included among the programme objectives designed by the World Bank and the IMF.
- Identification of development partners who are likely to support the countries' efforts to implement the policies and strategies they have adopted at sub-regional level.