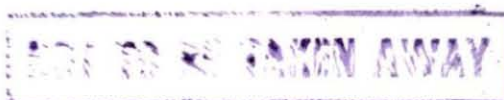


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COMMUNAUTE ECONOMIQUE  
DES ETATS DE L'AFRIQUE  
DE L'OUEST

ECONOMIC COMMUNITY OF  
WEST AFRICAN STATES



***STABILITY, DEVELOPMENT AND INTEGRATION:  
PROPOSALS FOR COMMON ACTION***

**1993/1994 ANNUAL REPORT OF  
THE EXECUTIVE SECRETARY  
MR. EDOUARD BENJAMIN**

**Lagos, July 1994**

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2. The study was conducted in a laboratory setting.

3. The results of the study show that the use of the computer significantly improved the performance of the operator.

## EXECUTIVE SUMMARY

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1. Every human society evolves and the question of managing change presents a perpetual challenge. There are many change factors inherent in the present West African society. In addition, we are passing through an era of accelerated change, profound and global in nature, from which West Africa cannot isolate itself. The issue is how to accommodate and turn to best advantage these global changes and particularly the in-built pressures of the West African society.

2. It is to the credit of all Member States to have recognised the threat that these internal and external change agents constitute to the stability and development of West Africa. In answer to the socio-political stresses and economic maladjustments, governments have, in recent years, instituted various measures to reform society and achieve both political and economic liberalisation. These could lead to a monumental re-structuring of the West African society, and the effort must be lauded and supported. These all-consuming reforms are being undertaken when this region is in need of all its resources to halt the economic deterioration, generate economic growth and close the widening gap between it and the prosperous regions of the world.

3. The most efficient ways of managing these necessary societal changes must be devised and applied. It is in this regard that collective action through regional integration commends itself for serious consideration. In West Africa, ECOWAS provides an ideal regional instrument for facilitating the reforms initiated by Member States, for preserving peace and security, and for promoting economic development. In the Interim Report I presented to the thirty-fourth session of Council at Abuja in December 1993, I called for a new vision of promoting regional integration, and the need for a deep reflection on such key issues as political stability, good governance and commitment to sound economic development policies. To achieve these goals, I called on Member States to accord priority attention and support for regional

integration, to improve the operational procedures of ECOWAS institutions and to make these institutions financially autonomous.

4. A review of the past year reveals a rather modest performance of the West African region in terms of economic development and regional integration. The persistence of economic imbalances in Member States is partly due to the high debt service obligations of Member States and to the low prices offered for their raw materials. West African economies cannot recover until solutions have been found to these problems. Industrialised countries and donor agencies should assist ECOWAS Member States to minimise the effects of the debt problem and deteriorating terms of trade. The Executive Secretariat is presenting a paper on the heavy debt burden for consideration during the 1994 annual statutory meetings. It is obvious that a political solution must be found to the debt problem and the ECOWAS decision-making organs might wish to urge the West African creditors to grant the required debt relief.

5. The West African society is in a state of flux and is experiencing significant strains and stresses. The prevailing sense of desperation and distrust stems from many factors, mainly of an economic nature. Governments, which in the past had led the ordinary citizen to believe that they were the provider for all, have come to realise in recent years that it is impossible to continue discharging this self-imposed onerous duty. Every government in the region has found it impossible to generate the required revenue to continue to play successfully the role of being the largest employer of labour, sustaining an expanding programme in the social sector, and remaining the biggest entrepreneur and leader in the economic field. Well before the launching of the economic reforms, especially the structural adjustment programmes, and in spite of the increasing budget deficits, governments could no longer manage the employment situation, and had found it quite problematic providing adequate social infrastructure and services.

6. As the entire globe clamours for the enthronement of democracy, it is necessary to draw the attention of Member States to past tendencies which subverted earlier attempts at liberal democratic rule and practices. This way, the past will be an effective guide as the region resumes its quest for a more stable and enduring political system. All Member States have, through the 1991 ECOWAS Declaration of Political Principles, committed themselves to political pluralism and adherence to the democratic principles of respect for fundamental human rights (political, economic, social and cultural) and fundamental freedoms (of thought, conscience, association and belief).

7. There is already a significant change in the political climate in West Africa. In most countries, the political situation has been evolving and there is some measure of political freedom. Democracy must be nurtured painstakingly till maturity; it takes a fairly long time to become firmly established. The advantages derivable from the process will materialise only in the long term. It is therefore necessary to create the appropriate conditions for its development, otherwise, the expected progress will not see the light of day. It is not enough to create a façade of democracy, one that exists in name only and is governed by weak or unstable institutions showing total disregard for the rights of the minority or of the majority. Economic progress can be achieved only in a peaceful environment and must involve the various components of the society. For this reason, democratic movements in Member States should find strength through constructive dialogue between the government and the various pressure groups.

8. The current pressures and demands on the different segments of the West African peoples are shaking the very foundations of society. The West African society is being reshaped by the prevailing economic and political forces. Rather than allow nature to run its course and leave the future to chance, it would serve us well to visualise and clearly define the kind of society we desire

so that the changes taking place could be controlled and directed accordingly.

9. In facing the issue of what kind of society must be nurtured, the educational system to serve social and economic needs must also be considered. It cannot be said that the educational values and systems which were inherited from the colonial past and retained since then have adequately served West African needs. Over the years, the educational system in place has failed to promote and enrich our African heritage, preserve our cultural identity, and properly equip the labour force with the requisite skills for operating in the modern technological environment. A halt must be put to the production of school and college graduates who have not been prepared for any work-place and who are alienated from the West African society. Sustainable economic development will depend on an indigenous, enlightened, dynamic and well-trained manpower base, and immediate steps must be taken to meet this important need. The general level of labour productivity will rise as a result of an improvement in the quality of life, through the development of social facilities and provision of basic needs such as easy access to potable water and primary health care, public sanitation, electricity or environmentally-friendly sources of energy, adequate housing and rural or feeder roads.

10. The improvement of the investment climate must go beyond the revision of investment codes and regulations. Private business operators routinely have had to develop their own sources of power, assure their water supply and build access roads at considerable cost. Governments have a positive contribution to make towards the improvement of the competitiveness of industrial enterprises by the provision of infrastructural facilities which would eliminate the abnormal overhead costs referred to above. A policy of promoting private sector participation in economic development should involve the building of good transport and communications networks, adequate and uninterrupted supply of water and energy to industrial and business estates.



11. The changes needed in the approach hitherto adopted towards private enterprise would include the easing of the business regulatory apparatus, the system of taxation, and the introduction of incentives to encourage the entry of the private sector into areas of economic activity which would enhance economic development. A policy of encouraging private operators to be better organised and to participate more directly in the running of the economy would improve the economic and business climate.

12. The recent socio-political changes on the international scene have thrown up new claimants for world attention and international assistance, pushing to the background the development needs of West Africa. Unless a conscious effort is made to create an enabling environment and West Africa becomes a stable region which is attractive to both its citizens and the outside world, the marginalisation of this region will continue. In order to have this question dealt with in a serious and consistent manner, the decision-making organs of the Community should consider establishing a regional mechanism to handle the matter. A specific mandate might be given to the Executive Secretariat to work towards the early establishment of this mechanism and to present proposals on how Member States might be assisted in introducing and operating measures aimed at improving the national economic environment.

13. There is need to take a very critical look at the bureaucratic set-up in Member States, particularly with regard to the changed role governments are called upon to play under the on-going economic reforms. Instead of the previous regulatory apparatus that controlled the behaviour of all operators on the economic scene, the government machinery is now expected to be a catalyst that enhances and complements the efforts of private enterprise or the decentralised institutions. The changes in the legislative provisions that this new role of government entails must be accompanied by a retraining and reorientation of civil servants to equip them to meet the challenges of the new economic environment being created.

14. Apart from the need for a more propitious development climate, it is important to review the development strategies that had been applied in the past with so little success. The major and common shortcoming of these strategies was the conception of the development process within the narrow confines of the national markets. West African countries do not exist in isolation; there is a varying degree of inter-dependence among Member States. More to the point, hardly any Member State can stand on its own for purposes of economic development, whereas the pooling of the resources of the region would create a larger and more viable economic base.

15. Member States have not in the past fully appreciated and exploited the benefits of joint regional action. It is strongly proposed that Member States should adopt the strategy of regional dialogue aimed at the review of national sectoral policies, leading eventually to the harmonisation of such policies. A commendable beginning has been made already with regard to the harmonisation of macro-economic policies; significantly enough, this involves members of Council in their capacity as Ministers responsible for finance and national planning.

16. The harmonisation of national policies would be facilitated by the formulation of a structural adjustment model tailored to address the main macro-economic characteristics and problems of the region. Such a regional model should take due account of the defects and concerns raised about the typical SAPs which had been applied over the years (balance between short-term equilibrium and growth and development; attention to the social sector and, generally, compatibility between sectoral policies; consideration of inter-state transactions and regional dimension of key reform policies; etc.). The aim of the Community should, therefore, be to adopt as early as possible, a structural adjustment model to provide a regional framework that would complement and assist Member States in the elaboration of national SAPs.

17. The efforts at the harmonisation of policy measures must be complemented by the adoption and execution of a regional development programme. Such a regional programme should cover key sectors that Member States have designated as priority areas in their development strategies. In that regard, the programme would have to be formulated on the basis of not only an objective analysis of the regional economy as a whole and its development requirements, but also take due account of sectoral investment goals that Member States must have set themselves in collaboration with their development partners. In other words, the regional development programme would have to reflect and complement the national programmes of Member States. It would be a core programme, defining a minimum set of investment projects that must be executed to enhance the regional development environment.

18. The development of the West African region should be based on self-reliance and solidarity between all West African states. UMOA countries, like all other Member States, are presently battling the problems of internal and external economic adjustment. The establishment of UEMOA may be seen as a sincere desire of some ECOWAS Member States to build upon earlier successes at regional cooperation and an attempt to deepen that integration process. It is remarkable that these Member States have agreed to surrender so much of their economic sovereignty and subject themselves to collective self-discipline through the operation of a regional multilateral surveillance system. It would be highly desirable to have all Member States develop similar faith in regional integration and institute such a mechanism within ECOWAS. The positive features of the UEMOA treaty should be emulated in ECOWAS. This would involve close collaboration between the ECOWAS and UEMOA institutions and frank dialogue between Member States on the matter. Such interaction and open dialogue is necessary if the region is to avoid the potential duplication of efforts and divided loyalty that might be engendered by the operation of the various UEMOA instruments.

19. It must be re-emphasised that all West Africans should be prepared and determined to contribute to the development of this region. The case has been strongly put for the creation of an enabling environment needed to salvage the socio-political situation and foster sustainable development. The success of the development process and, indeed, the survival of the West African economy, depend on concerted action through regional integration. The potentials offered by ECOWAS must be fully recognised and exploited; this depends as much on Member States as on the institutions of the Community. Another potential source that needs to be tapped to facilitate the development process is the private sector. In the coming years, sustained efforts must be continued in the mobilisation of the private sector and the other segments of the West African society in the twin processes of regional development and integration.

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# INTRODUCTION

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U.S. DEPARTMENT OF AGRICULTURE

20. This being the first annual report I have the privilege to present as the Executive Secretary, I should like to begin with an expression of my sincere gratitude to His Excellency, General Lansana Conte, President of the Republic of Guinea and to his government for nominating me to this post. I should also like to express profound and humble gratitude for my appointment to the Authority of Heads of State and Government, particularly its Chairman His Excellency, Mr. Nicephore Dieudonné Soglo, President of the Republic of Benin. During the year, I called several times on President Soglo in his capacity as the Chairman of ECOWAS to seek guidance and counsel on various ECOWAS issues. He always found ample time to attend to me and with such courtesy that overwhelmed me. He has been a great source of inspiration and I am most grateful to him.

21. I have spent part of these early months of my tenure on a familiarisation tour of Member States. It is with a sense of deep gratitude that I record the graciousness with which audiences were granted me by the Heads of State and Government. I was moved by the sound advice that they invariably offered on how best to approach the onerous duty of directing the West African integration process. Unfortunately, certain interruptions to the work schedule did not make it possible for me to pay the courtesy calls in all Member States, but I am determined to complete this tour as soon as possible.

22. Regional integration being as much a technical process as a political one, the direct involvement and contribution of the West African political leadership in Community affairs acquires particular significance. I am most encouraged by the readiness of our Heads of State and Government to discuss ECOWAS matters and the expression of their desire for an acceleration of the regional integration process. Here, I should like to pay glowing tribute to the memory of the illustrious son of Africa, His Excellency Nana Felix Houphouët-Boigny.

23. President Houphouët-Boigny so ably piloted Côte d'Ivoire through its finest years and was the revered dean of the African political domain. For those of us in ECOWAS institutions, it was significant that his demise was announced to West Africa and the rest of the world in the middle of the end-of-year ECOWAS statutory meetings. He truly deserves the peaceful transition and the heavenly abode he has entered. Still, we deeply regret his passing away and the best tribute we could ever pay to him would be for all West Africans to resolve to carry on the fight for African emancipation for which he struggled so gallantly and unrelentingly.

24. With the passing away of Président Houphouët-Boigny, Côte d'Ivoire and our region will not be the same. The issue is: how best to manage the inevitable change and to carry on from where he left off. Every human society evolves and the question of managing change presents a perpetual challenge. There are many change factors inherent in the present West African society. In addition, we are passing through an era of accelerated change, profound and global in nature, from which West Africa cannot isolate itself. The issue is how to accommodate and turn to best advantage these global changes and particularly the in-built pressures of the West African society.

25. It is to the credit of all Member States to have recognised the threat that these internal and external change agents constitute to the stability and development of West Africa. In answer to the socio-political stresses and economic maladjustments, governments have, in recent years, instituted various measures to reform society and achieve both political and economic liberalisation. These could lead to a monumental re-structuring of the West African society, and the effort must be lauded and supported. These all-embracing reforms are being undertaken when this region is in need of all its resources to halt the economic deterioration, generate economic growth and close the widening gap between it and the prosperous regions of the world. The most efficient ways of managing these necessary societal changes must be devised and

applied. It is in this regard that collective action through regional integration commends itself for a more serious consideration. In West Africa, ECOWAS provides an ideal regional instrument for facilitating the reforms initiated by Member States and for promoting economic development.

26. Upon assumption of office, my first preoccupation was to assess the magnitude of the task before me and the priorities that needed to be set in order to give regional integration the right focus. The initial results of my reflections were indicated in the Interim Report I presented to the thirty-fourth session of Council at Abuja in December 1993. In that report, the new vision of promoting regional integration, which I proposed, called for deep reflection on such key issues as political stability, good governance, commitment to sound economic development policies, priority attention and support for regional integration, improving the operational procedures of ECOWAS institutions and making these institutions financially autonomous.

27. This report carries further my earlier reflections and builds upon the issues raised and ideas floated in that Interim Report. The issues dealt with must be addressed with all the seriousness they deserve and firm decisions need to be taken on them now. For, they are at the core of the regional integration process; indeed, the very success of socio-economic development endeavours of West African countries will depend on how well ECOWAS and its Member States resolve the problems besetting the regional integration process.

28. The main message of this annual report, therefore, is simply that regional integration holds the key to the survival, and sustainable development of the West African economy, and that the factors impeding the integration process must be tackled. The report begins with a review of the performance of the West African economy (Chapter II). In the following chapter (Chapter III) an account is given of the functioning of the Community over the past



twelve months. Given the lacklustre performance of the region in both the development and integration fields, the report then focusses, in Chapter IV, on the need for creating an enabling environment for the twin processes of economic development and integration. The report continues, in Chapter V, with project proposals for enhancing the future prospects of regional integration. These proposals relate to the steps to be taken by the Community and its Member States in the near future to ensure the actualisation of the enabling environment precepts. The report ends with some concluding remarks in Chapter VI. These are remarks to which Member States and all those involved in the development of the West African region are invited to give serious consideration.

## CHAPTER II

### THE ECONOMIC SITUATION IN WEST AFRICA IN 1993: SHORT AND LONG-TERM PROSPECTS

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(1) The facts and figures contained in this Chapter are, except where otherwise stated, drawn from the following documents: "World Economic Outlook" - IMF, Oct. 1993; "Economic Report on Africa" - ECA, 1994; "Report on Development in Africa" - ADB, 1993; and "Situation Report on African and Indian Ocean Countries" - Caisse Française de Développement, Dec. 1993.

## 1. Introduction

29. In 1993, as in preceding years, ECOWAS Member States faced particularly grave economic difficulties. After several years of economic reforms, West African economies stabilised but at very low growth rates (real growth averaged 1% between 1980 and 1993). It is generally agreed that these economies have not started showing real signs of recovery. Because of the low economic growth, coupled with high demographic growth, the living standard of the peoples of West Africa continues to deteriorate (per capita income which stood at US\$630 in 1980 dropped to US\$378 in 1993, a fall of 40%).

30. In 1993, West African GDP grew by only 2.7%, down from 3.3% in 1992. Several important factors underlying the economic problems facing ECOWAS member countries, continued to affect the economic situation in the region in 1993. These include: armed conflict in Liberia and Sierra Leone, internal political crises in some of the countries, structural rigidities, high level of indebtedness, low demand for the region's export products and the fall in the prices of these products, as well as the inadequacy of foreign aid to the region.

31. All these factors underscore the urgent need for individual Member States and the region as a whole to take strong measures that would halt the economic decline and quickly get the West African economy back on the right path to growth and development. This is all the more necessary since the prospects for 1994 and beyond are not bright, due to the divergent and uncoordinated economic policies adopted in the region, such as the devaluation of the CFA franc and the economic regulation measures introduced in Nigeria in January 1994.

32. It is too early to judge the effects of the recent (January 1994) devaluation of the CFA franc on the economies of UMOA countries. However, the first signs seem to indicate that the

change in the parity of the CFA franc has been well absorbed by the West African countries in the franc zone, and encouraging results are being expected as far as the national and regional economic prospects are concerned<sup>2</sup>.

33. On the other hand, the economic regulation measures adopted in Nigeria at the beginning of 1994 such as the regulation of interest rates and foreign exchange allocation, and the pegging of the exchange rate of the naira at a level much higher than that obtaining on the free market, may hinder economic growth in this relatively more industrialised country in the region, thereby affecting growth in the region in 1994.

## 2. External Environment:

### The International Economic Situation

34. GDP growth rate in the OECD zone was a mere 1.1% in 1993, down from 1.7% in 1992. However, the pattern was far from uniform in the countries of the zone. In the United States of America, for example, the economy, which was already showing signs of recovery in 1992, further improved in 1993, with the volume of growth attaining 2.8%. A similar trend was observed in Canada. In the European Union, on the other hand, the crisis deepened (-0.3%), except in the United Kingdom where there was a slight improvement (2%). Finally, there was a considerable slow-down in the growth of the Japanese economy in 1993 (-0.5%). Although hopes for global recovery within OECD countries were dashed in 1992 and 1993, there is cautious optimism for recovery in 1994 (2.1% only).

35. One disquieting consequence of this situation is the continued rise in the levels of unemployment which now affects 8% of people of working age (representing 34 million people) in the OECD countries as a whole, and as high as 11% of the active population in the European Union.

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(2) See "The Devaluation of the CFA Franc within the Context of Exchange Rate Adjustments in West Africa" - Consultative Forum, Abuja, 24 July 1994.

36. OECD countries witnessed increased disinflation and flexibility of interest rates, in a context of gradual loosening of monetary policies. That was especially the case in the European Union where, after a period of crisis which culminated in the August 1993 decision to allow currencies in the EMS to fluctuate within a wider band of 15% either side of the EMS peg, interest rates continued to fall in all the countries, without doubts being raised as to the objectives of monetary stability.

37. Elsewhere in the world, the decline in productivity persisted in most of the former Communist countries of Eastern Europe in 1993. The economies of South East Asian countries continued to expand in 1993, with an annual growth rate of almost 6%, due mainly to the intensification of intra-regional trade and strong domestic demand.

38. The volume of world trade grew by only 2.6% in 1993 (as against 5.2% in 1992). This slow-down can be ascribed to the negative growth of intra-OECD trade (-1.6% in 1993, down from 2.9% in 1992).

39. It should also be noted that, although OECD demand was low in 1993, South East Asian economies were able to expand their external trade; this was achieved mainly through trade expansion within their own region and particularly with China.

40. This was in sharp contrast with the performance of the external trade of West Africa. The unfavourable international context affected world demand and contributed to the fall in the prices of some commodities exported by ECOWAS Member States, in spite of the appreciation in the exchange rate of the dollar against some West African currencies.

41. With regard to prospects for world trade, the recent signing of the Uruguay Round agreements in April 1994 and the proposed

establishment of the World Trade Organisation should, in principle, bring about an increase in the volume of world trade.

### **3. The West African Economy**

#### **3.1 Evolution of the Gross Domestic Product (GDP)**

42. The overall economic situation in ECOWAS Member States deteriorated in 1993 in comparison to the situation in 1992. According to available estimates, West African GDP (in 1990 prices) rose from US\$78 billion in 1992 to US\$81 billion in 1993, giving a growth rate of 2.7% as against 3.3% in 1992. The sluggish 1993 economic performance is a source of concern more so since this was in sharp contrast with the marked production increase (5.5%) recorded for developing countries as a whole, and also because the West African population continues to grow rapidly, at about 3% per year.

43. In spite of the generally low growth of the GDP in all the West African countries in 1993, the situation varied from country to country (see Table 1 below).

**Table 1: Grouping of Countries According to 1993 GDP Growth Rates (ECA Estimates)**

GROWTH OF GDP	COUNTRIES
Negative	Côte d'Ivoire, Liberia, Niger, Senegal, Sierra Leone, Togo
0 to 3%	Cape Verde, Mali, Mauritania
Above 3%	Benin, Burkina Faso, The Gambia, Ghana, Guinea, Guinea-Bissau, Nigeria

**Source :** ECA: "Economic Report on Africa", 1994.

44. As in previous years, the disparity in the growth rates is due mainly to differences in climatic conditions, civil wars and

political tensions, the evolution of macro-economic policies, and fluctuations in the demand and the prices of commodities.

45. In 1993, substantial growth rates were recorded in some ECOWAS member countries, particularly Guinea (6.7%) and The Gambia (6.3%). This was due to, among other things, a reduction in budget deficits which used to be quite high and, in the case of Guinea, good performance by the agricultural sector.

46. The Nigerian economy, the largest in the region, witnessed a substantial growth rate of 4.5% in 1993, even though this was lower than in 1992. The performance of the productive sectors of the Nigerian economy was seriously affected by the political tension that followed the annulment of the June 1993 elections, the large budget deficit and an even higher inflation rate (which stood at about 50% in 1993).

47. Ghana's economy continued to show positive growth (4.5% in 1993 as against 3.8% in 1992), due mainly to sound economic policies and sustained foreign aid. However, the high level of inflation in this country (10%) constitutes a potential danger for the competitiveness of its exports and seriously affects the purchasing power of the population.

48. The economies of UMOA countries, with the exception of Benin and Burkina Faso, continued to stagnate or decline, with the growth rate of their combined GDP at -1.1% in 1993, after the 1% fall in 1992. Within this group, Côte d'Ivoire whose economy is the largest, witnessed a fall of -0.4% in its GDP in 1993, Senegal (-0.3%), Niger (-5.5%) and Togo (-8.9%). These poor results were due to the serious financial problems caused, inter alia, by the fall in the prices of agricultural and mineral exports and the over-valuation of the CFA franc which, despite low inflation (about 1% in 1993), rendered export products less competitive.

49. The UMOA countries were also handicapped by other structural and sectoral problems, particularly relatively high salaries (on average four times higher than in Ghana and Nigeria, for example). In spite of internal adjustments, the economic and financial situation has deteriorated considerably since 1985 (7.3% real growth in GDP in 1985, against -1.1% in 1993) while per capita income has continued to decrease over the years (4.8% of real growth in per capita GDP in 1985 as against -4.7% in 1993). In a further attempt to reverse this situation, the UMOA countries adopted, in January 1994, a new strategy which includes a realignment of the parity of the CFA franc and the signing of the Treaty expanding their existing monetary integration arrangement into an Economic and Monetary Union (UEMOA).

### 3.2. Sectoral Performance

#### 3.2.1 Production Sector Performance

##### (i) Agricultural Production

50. After the excellent harvest during the 1991/92 season, food crop production in the Sahelian countries of West Africa dropped by -0.8%. This fall in agricultural production was evident in all the member countries of CILSS, excluding Burkina Faso which harvested about the same amounts as in 1991/92 and Senegal where production increased by 25%. In other ECOWAS Member States such as Nigeria, Liberia and Sierra Leone, the decline in production in each country, ranged between -4% and -6%. Production in Benin and Côte d'Ivoire was relatively stable when compared to that of the previous season. In Guinea, production increased by 8%. The overall poor grain production in West Africa has led to serious food shortages necessitating the importation of considerable quantities of cereals, estimated at 3.6 million tonnes. However, in view of the devaluation of the CFA franc, food imports, such as rice, into the CFA franc countries are expected to drop in 1994.

51. Production of roots and tubers in 1992/93 varied from country to country. Overall production in West Africa increased by



about 3% due mainly to increased production in Nigeria and Ghana (nearly 11%). Production showed a downward trend in Côte d'Ivoire and Togo (-7%).

52. Cash crop production trends also varied during the period. Cocoa production in Côte d'Ivoire in 1992/93 slumped by 7% but increased in Ghana (26%) and Nigeria (18%). The decline in world prices was reversed in the second half of 1993 thanks to the coordinated efforts of the member countries of the Cocoa Producers Alliance.

53. Coffee production in Côte d'Ivoire dropped (-44%). However, international market prices improved appreciably as from the third quarter of 1993.

54. The most significant development in the area of oilseed production was the decrease in groundnut production in Senegal (-23%) and Nigeria (-4%).

(ii) Mining

55. Oil production in 1993, estimated on the basis of first quarter production levels, increased by 12% in Nigeria and stabilised in Benin. The annual average price per barrel in 1993, expressed in dollars, depreciated considerably (-12%).

56. Gas production in Nigeria, on the other hand edged up by 1.3% in 1992. The quantity of flared gas continued to be very considerable, representing nearly 78% of total production.

57. Uranium production in Niger continued its decline due to the depressed world market.

58. Available data on the other mineral resources are so sketchy as to make a review of annual production levels impossible. However, bauxite and alumina production in Guinea was adversely

affected by a decline in prices stemming from over-production in some former Eastern communist countries such as Russia.

59. In the area of gold mining, the Ashanti Gold Fields Corporation was reported to have increased its production to an estimated 765,250 ounces of gold in 1992 while the company's privatisation scheme was at an advanced stage.

(iii) Manufacturing Industries

60. In West Africa, the share of the manufacturing sector in the GDP dropped slightly from 7.8% in 1992 to 7.6% in 1993, indicating a decrease during 1993 in the growth rate of value added in the manufacturing sector.

61. In Nigeria, the poor performance of the production sector was a result of the low utilisation of installed capacities due, inter alia, to irregular power supplies and ageing machines. Furthermore, private foreign investments were adversely affected by the instability within the macro-economic and political environment.

62. In Ghana, Guinea and Sierra Leone, high interest rates and the unwillingness of the banking sector to risk granting loans to nationals have rendered industrial financing costly and generally inaccessible.

63. In the countries belonging to the CFA zone such as Côte d'Ivoire and Senegal, the manufacturing sector has been facing high labour costs. In Côte d'Ivoire, for instance, labour cost in the industrial sector in 1991 was four times higher than those in Nigeria and Ghana. Electricity, water, fuel and labour in Senegal in 1993 cost at least four times as much as in Ghana. It is expected, however, that the devaluation of the CFA franc will enhance the competitiveness of the local industrial production

sector of countries within the franc zone and lead to the substitution of imported inputs with local ones.

64. Overall, the manufacturing sector in West Africa has also been affected by certain trade liberalisation policies. A number of factories have had to close down due to competition from cheaper imports, particularly industrial products from Asia.

### 3.2.2 External Sector<sup>3</sup>

#### (i) Balance of Trade

65. Owing to the low level of growth recorded in 1992 in the OECD countries, ECOWAS major trading partners, and to the unfavourable environment on the foreign markets, West African trade indicators were anything but encouraging in 1992.

66. The value of exports dropped by 2% in 1992, as a result of a slump in the prices of certain commodities. In most ECOWAS Member States, the world price indices for the major export commodities declined as against those of 1991, particularly in UMOA Member States such as Mali (-24.5%), Benin and Burkina Faso (-16.5%). In the non-UMOA countries, Nigeria, for instance, recorded a significant drop (-10%) in its price index.

67. The value of imports into ECOWAS Member States rose by about 2% in 1992, indices on imported products, particularly those manufactured products, increased by 3% in 1992.

68. In 1992, the overall balance of trade of ECOWAS Member States deteriorated by about 17%.

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(3) 1992 figures.

(ii) The Current Account Balance

69 Several ECOWAS Member States recorded a deficit on the current account in 1992, thus creating the need for heavy funding.

**Table 2: Current Account Deficit as a Percentage of GDP - 1992**

DEFICIT	COUNTRY
Less than 10%	Benin, Burkina Faso, Cape Verde, Ghana, Guinea, Niger, Nigeria, Senegal, Togo
Between 10 and 20%	Côte d'Ivoire, The Gambia, Mali, Mauritania, Sierra Leone
Over 20%	Guinea-Bissau, Mauritania

**Source** : ADB: Report on Development in Africa, 1993.

70. As indicated in Table 2 above, two countries, Guinea-Bissau and Mauritania, recorded a current account deficit above 20% of GDP in 1992. Five other countries, Côte d'Ivoire, The Gambia, Mali, Mauritania and Sierra Leone, showed a deficit ranging between 10 and 20%. This situation reflects the combined effects of the decline in the trade balance and the deterioration in the net service and transfer balance. The current account deficit was offset in part through external borrowings.

(iii) External Indebtedness

71. In 1992, the external debt stock of West Africa was estimated at about US\$72 billion. Although this represented a decrease of 7.7% against the previous year's figure, the outstanding debt was still very high. The situation is worrisome in view of the heavy amount (nearly US\$9 billion) used in servicing the total external debt of West Africa. In an environment of stagnation or declining export of goods and services, the debt service





### 3.2.4 The Social Sector

77. During the 1992/93 period, a number of ECOWAS countries made appreciable progress towards democratisation and involvement of the people in governance. However, in general terms, the achievements in this direction were less than spectacular. Opposition parties were still marginalised, and in some cases, denied media exposure. The political scene was characterised by instability; Nigeria for example, changed governments three times in the last six months of 1993. Other ECOWAS countries were also overwhelmed by domestic political crises. The prevailing climate of political instability can only hinder the economic development and integration of the region (cf. Chapter IV).

78. Adjustment is another factor that has taken a heavy social toll on the region. Widespread retrenchment in the public sector, in the period from 1980 to 1990 aggravated the social crisis in many ECOWAS countries. In Guinea, for example, 40,000 jobs, representing 20% of the civil service, were phased out between 1986 and 1991. In Ghana 49,287 jobs (15% of the civil service) were eliminated between 1987 and 1991, while in Nigeria, the figure was 156,550 or a retrenchment of 20% of the civil service work force, between 1984 and 1990<sup>5</sup>. The private sector, severely handicapped by structural and financial constraints, has been unable to absorb the laid-off workers.

79. The situation, as reflected by other social indicators such as education and health, is hardly any better yet these are sectors that significantly influence the pace of economic development.

80. The overall primary school enrolment level for the ECOWAS region in 1991 was unsatisfactory at 64 per thousand. Countries like Liberia with 29°/oo; Mali with 23.5°/oo; Burkina Faso with 36.6°/oo and Guinea with 37°/oo; recorded enrolment levels below

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(5) The ILO/PECTA report on employment in Africa - Addis Ababa, 1992.



the regional average. Illiteracy is particularly widespread (65°/oo) among the female population.

81. The health sector is equally backward. Average life expectancy in West Africa is very low, at 50 years in 1991. The figures for Sierra Leone and Guinea-Bissau (43 years) and Guinea (44 years) are especially low. The poor health conditions in West Africa have been further exacerbated by the pandemic scourge that is AIDS.

82. The education and health sectors in West Africa are victims of inadequate budget allocation despite the fact that they and all other sectors connected with job creation will continue to influence future development in the region.

#### **4. Short and Medium-Term Development Prospects in West Africa**

83. The prospects for short and medium-term economic development in West Africa are uncertain since they are conditioned by a great number of factors. The international economic environment, climatic conditions, and the achievement of durable peace and political stability by the resolution of the armed conflict in Liberia and Sierra Leone, are examples of some of these imponderables. Others are the attainment of democratic rule, reorientation of the economic policy in Nigeria, the effects of the CFA franc devaluation and other adjustment policies on the rest of the countries in the region.

84. On the international front, the factors which would be crucial to West African development are an upturn in economic growth in the industrialised world, an increase in the price of raw materials and a lessening of the external debt burden of West African countries.



85. As already stated in section 2, the projected recovery of OECD countries in 1994 is likely to be rather modest, a mere 2% growth rate. If the trend persists for the next few years, the resultant low global demand will have a deleterious effect on the West African economy.

86. The region should be concerned about some of the provisions of the recently concluded Uruguay Round agreement. ECOWAS countries stand to lose if necessary steps are not taken to counter the extension, envisaged under the Uruguay Round agreement, of certain preferential trade concessions being enjoyed in the Lomé Convention to other trading partners of the European Union.

87. The Uruguay Round agreement can best be exploited if the main thrust of development efforts in West Africa is directed towards the reform of production structures, and specifically the expansion of the production base mainly through diversification. Production systems have to be improved and more clearly-defined macro-economic policies introduced in order to produce goods which would be more competitive on the world market.

88. ECOWAS countries need to take decisive measures to increase agricultural production, in order to take advantage of the new context of GATT within which prices of agricultural imports should be rising, given the GATT requirement that states are to reduce agricultural subsidies. To this end, West Africa must include the achievement of food security among its priority development objectives.

89. As regards the outlook for commodity prices, recent facts seem to point to a rise in the price of commodities such as cocoa and coffee. However, even those few possibilities of higher prices should be cast against the very low prices which prevailed on the world market, and the general uncertainty of future increases. In the case of petroleum, the situation is determined by the extent to which OPEC members adhere to their quota allocations. West African



economies which are largely dependent upon income from the export of primary products, can only develop if the prices of these products resume a firm upward trend.

90. With regard to the heavy external debt burden of ECOWAS Member States, the economic future of the region will depend upon measures taken by its creditors to reduce both the debt stock and the debt service obligations. France, for instance, has already made a move in this direction, as a support measure directed at UEMOA states following the devaluation of the CFA franc. Other similar measures are necessary. It is a matter of some urgency to adopt a political approach to the debt problem of the region by negotiating the cancellation of a large part of its debt. If this is not done, West Africa will continue not to have the means so urgently required to finance its economic development and integration efforts.

91. In terms of net flow of resources towards Africa, any future increase in the support given by the international community will most likely be in response to the new situation in South Africa following the removal of apartheid. Several OECD countries have already given a firm undertaking to step up their commitments in South Africa. ECOWAS countries need to improve their political and macro-economic environment if they are to attract more direct foreign investment.

92. On the domestic scene of Member States, there have been promising developments for the future of the region. A constitutional conference is scheduled to take place in Nigeria at the end of June 1994 as a prelude to multi-party elections. This development augurs well for the political future of the country and the region. In Liberia, enforcement of the Cotonou Peace Accord to find a lasting solution to the crisis could be enhanced by a more meaningful intervention from the United Nations and the establishment of an OAU mechanism for the prevention, management and resolution of conflicts. Other measures will be necessary to

resolve the problem of resettlement of refugees and displaced persons, the demobilisation of soldiers and their re-conversion to active civilian life.

93. Short and medium-term development in West Africa will also depend on the ability of Member States to adopt cohesive economic policies. There are very positive factors which have recently appeared on the West African scene, and hold great promise for both the national and regional economies.

94. The readjustment of the value of the CFA franc and the accompanying budgetary and monetary support measures should enhance competitiveness and restore the main economic imbalances of UEMOA countries. It is expected that with the help of properly targeted investment, overall growth will turn positive as early as 1994, later climbing to between 4 and 6% in real terms for all West African CFA franc countries<sup>6</sup>.

95. Economic growth in Ghana is expected to continue with the help of the wide-ranging economic reform programme which is still being implemented. Ghana has notified the IMF of its willingness to comply with the provisions of Article VIII of the IMF statutes with regard to the convertibility of the cedi for current transactions. This step augurs well for the Ghanaian economy and for the development of intra-regional trade in West Africa.

96. The pursuit and strengthening of national SAPs will make a positive impact on the regional economy in the short and medium term. Their implementation has so far succeeded in reducing the budget deficits of countries such as The Gambia, Guinea and Guinea-Bissau.

97. In contrast to these positive factors which will enhance the economic development of the West African region in the future, it

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<sup>(6)</sup> IMF Bulletin, 14 March 1994.

is of paramount importance to monitor the national and regional repercussions of the economic regulatory measures recently introduced in Nigeria, which in 1993 accounted for 48% of the GDP of the region. Should this policy be continued, it will harm not only the Nigerian economy but also the ECOWAS integration process, especially the monetary cooperation and trade liberalisation programmes.

98. In addition, the Nigerian economy is being further undermined by very high inflation, erratic power supply and fuel distribution, an increasing deterioration of its infrastructures and difficulty in obtaining external supplies for the manufacturing sector.

99. It is in the interest of both Nigeria and ECOWAS to urgently formulate a strategy to resolve the crisis, rehabilitate the economy and restore growth. This would enable Nigeria to resume normal relations with the international financial community, and have a positive impact on the regional economy.

100. From a different point of view, economic growth and development in West Africa are dependent upon the intensification of both structural adjustment and the regional integration process. Hence the need to combine the two processes. The desired inter-dependence means that the regional development dimension must be properly taken into account when formulating and implementing national SAPs. The study by the Executive Secretariat on the harmonisation of the economic policies of ECOWAS Member States proposes a framework for intervention and for the coordination of these policies. In particular, it recommends the adoption of convergence indicators to facilitate the harmonisation process.

101. The potential for growth and development in West Africa would stand a much better chance of realisation if Member States adopt and are guided by a policy of regional self-reliance, turning the development process inward, and building an autonomous regional

economic entity within the framework of ECOWAS. If this end is to be achieved, priority must be given by each country to regional cooperation and integration, a process eminently capable of transforming West African economies. Proper implementation of ECOWAS decisions will set the West African region well on the path of growth and self-sufficiency.



## Introduction

102. This chapter of the report is devoted to the work of the Community and the progress made in the various fields of activity. It is a summary of the work done by the Community since the last meeting of the Council of Ministers in July 1965. The report is divided into two parts: the first part deals with the work of the Community as a whole, and the second part deals with the work of the various organs of the Community.

- (1) The work of the Community as a whole
- (2) The work of the various organs of the Community
- (3) The work of the various organs of the Community

## Socio-economic progress

103. The main focus of the Community's work is the development of the economy and the improvement of the living standards of the people. The Community has made significant progress in the various fields of activity, and the results of its work are set out in this chapter. The progress made in the various fields of activity is as follows:

### CHAPTER III

### FUNCTIONING OF THE COMMUNITY

#### Trade liberalization

104. The Community has made significant progress in the field of trade liberalization. The Community has achieved a high level of trade liberalization, and the results of its work are set out in this chapter. The progress made in the various fields of activity is as follows:

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## **1. Introduction**

102. This chapter gives an account of the activities undertaken by the Community and Member States since the annual statutory meetings held in July 1993. These activities were based on the approved Community Work Programmes of 1993 and 1994, as modified by decisions taken by the ECOWAS authorities at the 1993 annual meetings. The Chapter has three main sections, namely:

- (i) Socio-economic cooperation programmes;
- (ii) Administrative and institutional issues;
- (iii) Regional peace and security.

### **Socio-Economic Programmes**

103. The main focus of the Community work programme has been on the development of intra-Community trade and the enhancement of regional interaction. In the field of socio-economic cooperation, the programmes emphasised the implementation of the measures for the removal of tariff and non-tariff barriers to intra-regional trade and the trade-related support activities. The account of progress made on the different components of the socio-economic cooperation programmes is presented below.

### **Trade Liberalisation Scheme**

104. The Secretariat participated in the sensitisation and public enlightenment seminars organised on the trade liberalisation scheme in three Member States. These seminars have the objective of reviewing the implementation of the scheme since it was launched in January 1990 and to propose measures to improve its application. In the course of the seminars, it was observed that there was a rather low level of implementation of the scheme because the conditions agreed upon were not complied with. For example, in most Member States the ECOWAS Certificate of Origin which must accompany intra-regional trade goods in order to be accorded the

preferential tax treatment available under the scheme had not yet been printed and made available to economic operators. This in effect meant that despite the modifications to the scheme that were adopted by the ECOWAS authorities in July 1993, Member States have not followed the procedures that would introduce tax concessions for regional products that satisfy the criteria adopted.

105. The Secretariat is reviewing the situation in consultation with Member States to find out how to better organise formal trade in the region in order to ensure the completion of the necessary documentation and the application of the preferential tax arrangements involved in the scheme. In this regard, a meeting has been scheduled for the second half of 1994 to bring together the Directors of Customs, Statistics, External Trade and Industry in Member States. The meeting will undertake a review of the scheme and propose measures to encourage more intra-regional trade under the provisions of the scheme. The search is still going on for measures to make the scheme more acceptable and effective.

106. It is envisaged that economic operators in the region will also contribute their views through their participation in any sensitisation seminars that would be organised.

#### **Revised ECOWAS Customs Nomenclature**

107. The Revised ECOWAS Customs Nomenclature was approved by the Council of Ministers at its meeting held in July 1993. The nomenclature is expected to be applied with effect from January 1995. The following activities have been selected for implementation as part of the programme for the introduction of the new nomenclature:

- the organisation of a seminar for officials of national customs departments;
- the production of the revised version in Portuguese.

### Introduction of Value Added Tax (VAT)

108. The proposals, in the form of a draft protocol, for the introduction of Value Added Tax (VAT) in ECOWAS Member States have been considered by the Trade and Customs Commission and submitted to the authorities for approval. The VAT is expected to be adopted and applied in all Member States three years after the signature of the Protocol. The following activities have been arranged in connection with the introduction of VAT:

- harmonisation of internal indirect taxation before embarking on the adoption of VAT in the Member States;
- setting up of a Technical Tax Commission to manage the introduction of VAT and the follow-up action to support it;
- preparation of a list of goods to be exempted from VAT in accordance with the revised ECOWAS Customs Nomenclature;
- preparation of a manual on VAT for the use of national tax authorities and economic operators.

### Agreement on the Guarantee of Inter-State Road Transit Operations

109. Intra-regional trade can be enhanced through the operations of a guaranteed transit system and the Community is working towards that objective. Proposals on the guarantee of inter-state road transit trade operations were submitted to a meeting of national officials in Bamako in March 1994. The following important recommendations came from the meeting:

- (i) Sensitisation campaigns must be launched for the benefit of economic operators and national officials



to ensure the effective application of the measures adopted by the Community for the development of trade in the region, especially the observance of the provisions under guarantee of road transit operations.

- (ii) Member States should be urged to honour their commitments to the Community in order to contribute positively to the development of trade.
- (iii) A Committee of three Member States (Mali, Benin and Togo) has been set up and charged with the responsibility of establishing contact with all Member States, especially those which were not present at the last meeting, and to collect their comments and observations on the agreement. Efforts should also be intensified to study the practical modalities for the implementation of the agreement on the guarantee of interstate transit trade. The Committee is expected to convene a meeting later this year to:
  - (a) consider the comments received on the agreement,
  - (b) study the progress made on the practical modalities for the introduction/operation of the guarantee mechanism, and
  - (c) organise the next meeting of national officials within a maximum period of three months.

#### **Community Levy to Finance the Institutions**

110. The Revised ECOWAS Treaty provides for the process for instituting a Community levy to provide resources to finance the institutions of the Community. The provisions in the Protocol on this subject have been examined by experts of Member States and their recommendations concerning the rates of the levy and related matters will be submitted to Council for consideration.

### Tourism Cooperation Programme

111. The objective of this programme is to develop and expand the potential of tourism in the region. During the review period, the Secretariat organised a seminar-workshop in Cotonou in February 1994 with the support of the World Tourism Organisation. This seminar brought together officials of air transport companies and those responsible for the development of tourism in Member States. Participants in the seminar recommended that Member States should endeavour to minimise the inconveniences faced by tourists and travellers in the region. It was considered necessary by the participants to have in each Member State, a committee that will ensure that tourism is given the needed support. The airline companies were also advised to introduce attractive fares that will assist the development of tourism. They should also harmonise their flight schedules to facilitate quicker connections and also to reduce the length of stop-over periods. More frequent meetings were to be organised in order to coordinate and review the developments in the tourism sector.

### First ECOWAS Trade Fair

112. The First ECOWAS Trade Fair is scheduled to be held in Dakar, Senegal from 25 May to 4 June 1995. The Organising Committee which has been set up to prepare towards the Fair has held preliminary meetings on the arrangements for a successful programme. One of its decisions was the adoption of a permanent logo for the Trade Fair. Concerning the financing of the Fair which had been posing some difficulties, the European Union has been contacted. The Executive Secretariat has undertaken two missions to Brussels to discuss the funding arrangements and a positive reaction of the European Union is awaited.

113. Under the Chairmanship of His Excellency President Diouf of Senegal, the publicity campaign for the First ECOWAS Trade Fair was launched successfully in Dakar on 23 March 1994. A pre-launching

forum was organised with the participation of journalists in the region to have an extensive promotion for the fair. It has been envisaged that the organisation of the Fair would encourage a more active participation by the private sector in the process of regional integration and trade development.

114. The Organising Committee will continue with the preparations to ensure that a successful regional fair is held next year. It is necessary to stress that the active participation of Member States is required to ensure that the objectives of the fair are achieved.

#### Measures Against Drug Trafficking

115. The persistent problem of drug trafficking has attracted a lot of international attention. Some countries in our region have been identified as transit points principally in the international network being operated by the traffickers. At the national level, some Member States are combatting the drugs problem through the establishment of agencies to prevent the dealings in hard drugs, arrest and prosecute offenders and to assist in the rehabilitation of addicts and victims. To complement these efforts and also ensure that the menace of drug trafficking is tackled at the regional level, contacts for cooperation have been established between the Secretariat and the United Nations Drug Control Programme (UNDCP).

116. At a meeting of ECOWAS Ministers in charge of the control of drug trafficking held in Abidjan in June 1993, the UN agency undertook to support the establishment of a unit in ECOWAS to handle the issue of drugs. The Secretariat is negotiating the level and nature of assistance the UN agency would extend to ECOWAS. The assistance is expected to cover the financing of preparatory meetings, staff training and acquisition of equipment. The programme will be presented to Council and the Authority of ECOWAS for approval when the details are finalised.

## Macro-economic Policies

117. One of the major preoccupations of ECOWAS and its Member States in recent years relates to an improvement in the economic performance of the region. In this regard, the Secretariat has reviewed the national economic recovery programmes and has found out that economic reform efforts could be more effective if there were regional measures to achieve convergence of the national policies being pursued. The review also indicated that Member States need to work together so that distortions arising from uncoordinated national policies are given more attention. The second meeting of the Consultative Forum of the Ministers of Finance and Planning and the Governors of Central Banks has been scheduled as part of this year's Statutory meetings. This will provide the opportunity for discussions on the harmonisation of national macro-economic policy measures with a view to ensuring better results from the implementation of economic reform policies.

118. In addition, the Forum will also exchange views on leading issues that have been presented in reports prepared by the Secretariat. It may be recalled that the Council of Ministers at its meeting in July 1993 directed that a study should be conducted on the region's extremely high level of external indebtedness. In the report on this study, to be considered at the Forum, there is a review of the strategies available for debt management and it is expected that proposals will be made on the appropriate steps to take to tackle this important issue now seriously obstructing the development efforts of Member States.

119. Between 1980 and 1993, many ECOWAS Member States had effected exchange rate adjustments as part of the economic reform measures necessary to counteract the unfavourable developments in the national economies. The devaluation of the CFA franc has been a major development in financial matters during the period under review. The Secretariat has, in recognition of the significant nature of this development, undertaken an analysis of the latest

devaluation in the region to enable the Consultative Forum exchange ideas on the subject and to consider related measures that must be adopted to ensure the successful implementation of such economic policies.

**Implementation of the Minimum Agenda  
For Action (MAFA)**

120. The Authority adopted the Minimum Agenda for Action at its meeting in July 1992, in order to enhance the achievement of the ECOWAS integration objectives. This programme had been conceived as a short-term package of priority activities to be undertaken by all Member States in the fields of trade, customs, immigration and monetary cooperation. During the statutory meetings of July 1993, it was noted that the provisions contained in the Minimum Agenda programme had not been fully implemented by Member States.

121. The Authority therefore urged all Member States to endeavour to complete the implementation of the programme before the Council meeting at the end of 1993. From the review of the level of implementation of the various policies adopted, the Community will still have to place emphasis on the importance of implementing policies connected with free movement of people and goods, particularly the removal of the check-points on the highways and the simplification of immigration procedures. Member States must come to recognise the major impact the Minimum Agenda would have on the integration process and undertake to implement the relevant Community decisions. To this end, Council will be invited to consider the best way to continue with the initiative of implementing selected regional integration programmes under a Minimum Agenda for Action.

### ECOWAS Publicity Programme

122. There has been a growing need to make the Community and its programmes known to West Africans in all walks of life. The Council of Ministers therefore adopted Decision C/DEC.1/5/90 in May 1990 relating to an ECOWAS Information Policy and Programme. Since then, the Secretariat has been preparing publicity materials and organising public enlightenment programmes. The overriding objective has been to disseminate throughout the region information on what facilities have been created by the Community for economic operators and the general public. In addition, the Secretariat has been mobilising the different segments of the West African society, through the formation of regional socio-professional associations, in order to facilitate their participation in the regional integration process.

123. As a further step in this direction, Council will be presented with a Draft Programme of Action for the promotion of ECOWAS for its consideration and adoption. The draft programme, which is multi-dimensional, proposes the declaration of 1995 as **ECOWAS Year** and suggests the production of radio and television programmes on themes such as "ECOWAS Today", "The ECOWAS Region", etc. The success of this programme, just like all other ECOWAS cooperation programmes, will depend to a large extent on the active participation of all Member States.

### Monetary Cooperation Programme

124. The problems posed by the multiplicity of inconvertible currencies to intra-regional transactions, led to the adoption of the ECOWAS Monetary Cooperation Programme in 1987. The Community was seeking to introduce reforms that would lead to the establishment of a single Monetary Zone by the year 2000.

125. The following measures have been approved by the Authority and are being implemented during the transitional period of 1991-2000 of the Programme:

Short-term Measures

- liquidation of arrears in the West African Clearing House (WACH);
- Introduction of new payments instruments;
- Introduction of a Credit and Guarantee Fund in WACH;
- Transformation of WACH into a specialised agency of ECOWAS.

Medium and Long-term Measures

- Adjustment of exchange rates to equilibrium levels;
- Adoption of an ECOWAS exchange rate system;
- Liberalisation of current and capital transactions within the Community;
- Adoption of market-oriented approach in the use of monetary policy tools.

(a) Clearing of Arrears in WACH

126. Concerning the clearing of arrears of payments for transactions through the WACH, the Committee of Governors has requested the debtor banks to honour their outstanding obligations. It is certain that the existence of such arrears undermines the credibility of the clearing system and poses major problems for the acceptance of new payments instruments in WACH. These obstacles must be cleared quickly to enable the Monetary Cooperation Programme to stay on course.

(b) Ratification of the Protocol on WAMA

127. The Authority at its last meeting in July 1993 signed the protocol on the transformation of WACH into a specialised monetary agency of the Community, the West African Monetary Agency. It was envisaged that the protocol would be ratified soon after the Summit meeting to enable WAMA to be operational as from January 1994.

128. The process of ratification has turned out to be very slow and has delayed the take off of the new institution. The Committee of Governors at its last meeting in May, 1994 expressed concern about the non-ratification of the protocol by Member States and appealed for the processes to be completed as soon as possible.

(c) Introduction of a Credit and Guarantee Fund  
Scheme in WACH

129. The introduction of this scheme would check the accumulation of settlement arrears in the WACH mechanism. The search for funding to put the scheme in place led to contacts with the European Union to discuss the necessary assistance. Consultants appointed by the European Union advised that the scheme could be supported within the context of a general concerted effort towards trade promotion and payments liberalisation in the region. The Consultants recommended that the central banks involved in the Clearing system could provide the initial funds needed to establish such a credit and guarantee scheme. Unfortunately, these are conditions that the record of implementation of similar policies indicates the region will not satisfy.

130. From the foregoing, alternative sources of funding should be sought since the European Union would not grant more favourable response. Council will be called upon to consider the proposal that Central Banks could fund the scheme from their own resources and set up an appropriate machinery to make the scheme function. In addition, the Secretariat is considering the possibilities of



tapping the resources of the private sector and regional development finance institutions to support the scheme. Ideally, the scheme should be a commercial venture that must provide appropriate returns to the individuals and institutions who contribute the resources to establish it. The debtor central banks would need to avoid further build-up of arrears as such a development would weaken the credibility of the clearing system within the international payments arrangements. Progress on the establishment of this scheme has been slow.

(d) Increased Use and Acceptability of  
National Currencies

131. The increased use and acceptability of national currencies in transactions has been considered as part of the efforts to improve the payment system in the region. The use of national currencies in regional transactions has been widespread at the unofficial level and the efforts being made are attempts to regularise and refine existing financial transactions.

132. A study on the subject was completed for the Community by UNCTAD Consultants. After a review of their report, the Coordinating Committee on the ECOWAS Monetary Cooperation Programme recommended the Community should work towards an agreement for establishing an ECOWAS exchange rate regime in the region. The region has, to a large extent, already adopted the process of exchange rate adjustment to remove distortions in existing rates. To facilitate the process, market determined exchange rate policies are being pursued by Member States. The exchange rate adjustments are a necessary support for the economic development efforts and must be continued by the monetary authorities of the region.

133. On this issue it may be noted that the Committee of Governors is of the view that the use and acceptability of national currencies in regional trade and payments must be recognised as a regional imperative. For this to be realised, a number of measures

would have to be undertaken, notably the harmonisation of exchange rates based on market forces. This development will result in relative exchange rate stability in the region and thus enhance the use of national currencies in regional trade and payments.

### Transport Programme

134. The ECOWAS transport programme has the objective of improving existing infrastructures, building new ones and harmonising transport policies in order to improve transport services and provide support to the economic development of the region.

135. The construction of the West African Road network is still in progress with about 20 per cent yet to be completed. Work on the remaining portions has been slowed down by the unstable political situation in some Member States and by the problem of resource mobilisation being encountered by some Member States. It may be recalled that a second Donor's conference was held in Cotonou in March 1993 to seek financing for a number of road projects in Member States. Concrete commitments were made by some donors and the necessary follow-up contacts have been made with limited success.

136. It has been observed that in negotiations for road construction different specifications have been adopted by Member States. This situation has arisen because of the absence of a concrete ECOWAS decision on standard specifications for road design in the region. To regularise the situation there is a recommendation from the Transport, Communications and Energy Commission for the adoption of standard specifications for regional highways. This decision is expected to complement the letter on road specifications sent by the Executive Secretary to all Member States in December 1993.

### **Road Facilitation Programme**

137. Member States have been urged to take all necessary action to facilitate the use of the highways in the region. In addition to the construction and maintenance of international highways, the Community has initiated the harmonisation of the highway legislations and the establishment of the Brown Card for motor vehicle third party insurance. As part of the road facilitation programme, the Minimum Agenda for Action contained the obligation to remove the many checkpoints along the international highways. Compliance with this policy has been very slow, and in view of the continued existence of these and other barriers, a seminar was organised in Lome in January 1994 to sensitise security agents and transport operators on the need to facilitate the free movement of goods and persons. The seminar recommended that Member States should set up national committees to monitor the implementation of ECOWAS decisions relating to transport. It is our hope that the monitoring will be faithfully carried out so as to identify lapses, and to institute remedial actions.

### **Maritime and River Transport**

138. The lack of a regular coastal shipping arrangement along the West African coast has been a major handicap to intra-regional trade. Following feasibility studies on the establishment of a coastal shipping line, the Council of Ministers directed that the enterprise should be left for the private sector to implement. A meeting of private sector operators was held under the auspices of ECOWAS, ECA and MINCOMAR (the Ministerial Conference of West and Central African States on Maritime Transport).

139. The legal and commercial aspects of the implementation of the coastal shipping project are being finalised. The committee hopes to meet later this year to announce a date for the launching of the company.

140. While the work on coastal shipping has seen some progress, the same could not be said about the plans for the development of river transport. The Secretariat sent questionnaires to Member States with a view to formulating plans for the development of river transport. There have been no responses and this has been a major problem for the Secretariat. After the consideration of the River Transport project by the Transport Commission, a new effort would be launched to find out the status of existing river transport and the ways in which it can be expanded and modernised to serve the region.

### Communications

141. The Secretariat continued to hold the coordination meetings with national telecommunications administrations to find practical solutions to the problems that hinder the smooth functioning of the regional telecommunications system. The choice of submarine optical fibre cables linking Member States is being considered for adoption. During the review period the link between Guinea and Guinea-Bissau was installed. There are two other links yet to be installed, namely the Mali-Mauritania and the Mali-Guinea links. The Community Institutions will continue the search for funds to carry out implementation of these outstanding links.

### Regional Aeronautical Telecommunications Project

142. The Secretariat is embarking on this project to improve the aeronautical telecommunications services and navigational aids at the major airports in Member States. The contract for the study on the project has been signed. The study, which will take six months to complete, is supported by financial assistance from the United States Trade and Development Agency.

### Pilot Project on Information on Renewable Energy

143. The pilot project on renewable energy in the 16 Member States is being undertaken with financing from UNESCO. Information that is made available will assist in identifying the appropriate equipment for the various regions and also in rationalising the manufacture of such equipment. It may be noted that the pilot study is being undertaken with the collaboration of CRES and CILSS - two West African organisations which have been working on a similar project for some selected Member States.

### Cooperation Programme on the Distribution of Petrol

144. A Community cooperation programme on the distribution of petrol and petroleum products was initiated. With funding from the World Bank and the Italian Government, the first phase of the study on the project has been completed. The recommendations made in the report of the study are the following:

- (a) the building of storage tanks in some coastal Member States to serve the region;
- (b) the standardisation of the grade of petrol to permit the bulk transportation of the commodity;
- (c) harmonisation of prices to prevent the rampant cases of illegal trade.

145. These are important issues that deserve the attention of Member States in ensuring energy sufficiency and availability. The second phase of the programme consists of a study on the installation of pipelines for the transportation of gas from Nigeria to Benin, Togo and Ghana. Four meetings have so far been held between the representatives of the Member States concerned and the World Bank. Issues for consideration involve the safety requirements of the project, the utilisation of energy by small and medium scale industries as well as by households. It is expected that a private

company will be established to manage the pipeline and the gas project.

**Study on Regional Inter-connection of  
Electricity Networks**

146. The Secretariat is working on the programme for the development of the hydroelectric potentials of the region as well as the establishment of a system to interconnect the electricity networks of Member States. With resources provided by the UNDP, the Secretariat has commissioned a study to be undertaken on a master plan on cooperation in energy matters among the Member States. The technical and economic aspects of the subject have already been studied and the Secretariat is reviewing the recommendations with the Consultant. The completion of this important programme will help resolve major inadequacies in electricity generation and distribution within the region.

**Community Seed Production and Cattle  
Development Centres**

147. As part of the ECOWAS agricultural development programme, it was decided some ten years ago to set up Community Seed Production and Cattle Development Centres. These projects had been planned to be sources of selected seeds and cattle to be used for the development of agricultural ventures in Member States. Feasibility studies were conducted on selected existing national centres, after which a resource mobilisation programme was launched to finance the regionalisation of these centres. Although the studies proved the viability of the selected centres, Member States have been unable to utilise any financial resources mobilised because the loan terms exceeded the limits imposed under the SAPs. The Community Institutions have been reviewing this programme in the light of the financing and other problems encountered; the technical Commission concerned will be presented in due course with proposals to resolve the matters.

### **Strengthening of National Seed Programmes**

148. Council instituted in 1990 a subvention scheme in support of national seed development programmes. Eleven Member States have so far received this assistance in the form of \$50,000 grant per country to be utilised for the purchase of equipment, the development of improved seeds and training of local technicians in seed development technology. The Secretariat has begun an assessment of the impact of the subventions on the seed development programme in the recipient countries. It had been planned to give the subvention to three of the five remaining Member States but the action has had to be delayed because of the very poor budgetary situation of the Secretariat this first half of the year.

### **Follow-up of the Pesticide Management Programme**

149. The Secretariat is collaborating with FAO on the establishment of a regional pesticide management programme that will cover the production, distribution and utilisation of pesticides. Two meetings have been held with the FAO Regional Office in Accra, to draw up the programme of activities. The highlights of the programme include the publication during the second half of 1994 of a bulletin on the management of pesticides in the region, and the organisation of a regional workshop on combatting agricultural pests in West Africa.

### **Regional Industrial Master Plan**

150. The study on the regional industrial Master Plan has been completed and recommendations on it have been presented to the appropriate technical Commission for consideration. The adoption and implementation of the recommendations of the master plan will provide an ideal foundation for industrial cooperation in the region. The inventory of industries contained in the study represents a major source of information which the Secretariat is adopting as the basis for establishing an industrial data bank.

## Rural Water Development Programme

151. Under this programme, the Community would be assisting Member States in the development of water resources in the rural areas. In the first phase the rural water supply scheme was to provide 200 wells per country. Donors were contacted to support this programme and as a result two donor meetings have been held in Dakar (1992) and in Cotonou (1993). Three Member States (Burkina Faso, Guinea and Senegal) have been granted financial support by ADB and OPEC for these wells. Negotiations are continuing with the French Development Agency for financing the water projects in Mali, Mauritania, Nigeria and Sierra Leone. The second phase of the programme will cover the rural water schemes in the other Member States. It is expected that further donor support will be available to ensure the successful completion of the programme.

## Coordination of Desertification Control Programmes

152. A study on the desertification control measures in West Africa was completed during the review period with the assistance of UNDP and UNEP. A seminar was organised in Ouagadougou in March 1994 to review the proposals contained in the study. It was stressed strongly that the desertification control schemes in the region need proper coordination so that the various independent efforts could be better organised and become more effective. Additionally, there is the need to launch a major programme to mobilise resources for implementing the priority projects connected with water resources development, soils, energy and animal life. The priority projects include:

- study of the ecosystems and the desertification process;
- development of meteorological structures and cooperation in meteorological information;
- inventory of water resources and the establishment of a regional map of water resources.



153. The new approach to the issue of desertification control should enable the region to pursue an effective policy on halting the expansion of the desert in the region.

#### **Fight Against the Floating Weeds**

154. The proliferation of the floating weeds in some of the coastal areas of the region, (notably Porto Novo, Badagry, Lagos, Abidjan etc.) has been a major nuisance affecting water transport and fishing activity in the area.

155. The decision to launch a biological fight against the weeds has resulted in the receipt of a grant of UA2.0 million from the African Development Bank (ADB) for the financing of a study on the control of the floating weeds. A team of Consultants has been selected and the Secretariat has appointed a coordinator for the project. The two-year study is expected to come up with concrete recommendations on how to control this menace in the coastal waters.

#### **ECOWAS Prize for Excellence**

156. The ECOWAS Prize for Excellence was instituted by the Authority to stimulate research and creativity and to honour persons or institutions that excel in the Arts, Science and Technology or any field relevant to the regional integration process. The first award will be made this year, in the field of African Pharmacopaea. The international jury was selected by the Council of Ministers during its session in December 1993 and it is expected that the jury will make its proposal on the award winner for 1994 to Council at the forthcoming statutory meetings.

### Convention on Social Security

157. The Secretariat has collaborated with the International Labour Organisation (ILO) to finalise the Convention on Social Security for ECOWAS Member States. The document was prepared with the objective of safeguarding the interests and ensuring the equitable treatment of migrant workers, as well as promoting coordination of the various social security schemes of West African States. A meeting of national experts on social security was held in May 1994 to finalise the draft administrative arrangement for the application of the General Convention on Social Security. The texts adopted by the experts and relevant recommendations will be presented to the organs of the Community for consideration.

### Cooperation with UNICEF

158. During the review period, the Secretariat initiated, with the collaboration of UNICEF, a project concerning the iodisation of edible salt. Iodine deficiency is a serious public health hazard, known to affect one million African children annually and to contribute to mental retardation, muscular problems, infant mortality etc. The programme will aim at sensitising and encouraging all Member States to adopt national programmes for iodised salt; Council will be presented with a draft resolution along these lines. The Secretariat has also negotiated with UNICEF a cooperation agreement to formalise the relationship, which is expected to cover UNICEF assistance to ECOWAS programmes for women and children.

### ECOWAS Children's Festival

159. Events organised by the Executive Secretariat to celebrate this year's ECOWAS anniversary included an ECOWAS Children's Festival. In collaboration with Leisureland Nigeria Ltd., a private sector company, the three-day Festival was organised in Lagos to bring together children of ECOWAS citizens resident in

Nigeria for interaction and appreciation of African music, theatre and dances. The activities during the festival, which included talks on various ECOWAS programmes, were designed to inculcate the Community spirit in the new generation and prepare the youth in a meaningful involvement in the regional integration process.

#### **FESTAC '95**

160. In line with the ECOWAS Cultural Agreement signed in 1987, the Executive Secretariat gave active encouragement to a private initiative aimed at organising a Festival of African Art and Culture in the United States of America in 1995 (FESTAC '95). The Nigerian Federal Ministry of Information and Culture supported the request of Clair Resource Ltd. (a Nigerian company) for ECOWAS assistance in organising the festival which aims at promoting the African cultural image, encouraging new artistic production and cultural exchange among peoples of African descent. This issue was presented to the Social and Cultural Affairs Commission, which decided to submit to Council for consideration, a draft cooperation agreement between ECOWAS and Clair Resource Ltd.

#### **Rationalisation of West African IGOs**

161. Since the Authority decision in 1983 to rationalise the institutional arrangements for West African integration, the issue of rationalisation has featured prominently on the ECOWAS agenda. The matter has gained greater prominence as a result of the financial difficulties that all West African inter-governmental organisations encountered over the years and, lately, the coming into force of the treaty of the African Economic Community (AEC), which calls on countries of each African region to rationalise their cooperation efforts and create a single regional economic community.

162. A decision of the Authority in 1991 was in line with the AEC treaty and directed the Secretariat to ensure an independent study

of the matter which would propose a pragmatic and flexible rationalisation plan. This study was commenced in October 1993 by IDEP and has just been completed. Copies of the report have been sent for a meeting of officials. It had been the expectation that the report would have been available early enough to make possible the meeting of officials before the 1994 annual statutory meetings. This was not possible and the officials' meeting has had to be rescheduled for the second half of 1994. It is important that the matter be given careful consideration and concrete steps taken towards the rationalisation and strengthening of the integration process in West Africa.

### Disaster Management Programme

163. It has been observed that Africa has no regional facility to handle disasters when they occur. The United Nations has taken the initiative to mitigate this obvious shortcoming by instituting the disaster management programme in Africa through the Coordinator for Disaster Management based in Addis Ababa. ECOWAS has been selected to act as a regional collaborating institution in the network of relief arrangements. The objective of the programme is to sensitise governments and institutions to work together to respond to disasters and ensure that relief assistance tasks are well performed. This coordinating role of ECOWAS in disaster management should provide a welcome replacement for the current ad hoc response when disasters do occur. The United Nations agency will make available the resources required to implement these activities.

### ECOWAS Forum on Regional Development

164. The Secretariat organised a programme to promote ECOWAS and increase awareness of its activities within Member States for the purpose of stimulating the integration process. The programme entitled "ECOWAS Forum on Regional Development" was organised in March 1994 in conjunction with the launching of the ECOWAS Trade

air in Dakar. The Forum brought together Government officials, representatives of the African Business Roundtable, and several journalists from the region. The theme was: "Trade and Monetary Challenges in West Africa - which way forward?" There was wide publicity on the discussions at the Forum, with particular focus on the changing monetary conditions in the region and the prospects for the Trade Fair to be held next year.

165. The Community continued with its other public enlightenment programmes by cooperating with media houses to present radio and television and newspaper items on the objectives and activities of ECOWAS. The latest edition of the CONTACT Magazine focused on intra-Community trade and free movement of goods and persons.

#### Cooperation on Legal Matters

166. The Secretariat convened a meeting of Ministers of Justice in April 1994. This meeting was preceded by that of legal experts of Member States, and considered three main issues.

##### (i) Rules on Granting Observer Status

167. Hitherto, requests from regional organisations for the granting of observer status within ECOWAS have been treated on an ad hoc basis, without the benefit of laid-down procedures and agreed principles. Draft rules to regulate this issue, presented to the meetings for consideration, were amended and recommended for adoption by the Community. Under the new rules, an organisation granted observer status can participate in any relevant technical Commission meetings as well as in the usual statutory meetings. This is an innovation to allow for greater participation and involvement of both private sector organisations and inter-governmental organisations in the regional integration process. This should also enrich the deliberations of technical commissions through interaction with professionals of technical organisations with competence and experience in the issues being considered.

(ii) Agreement on Extradition

168. A meeting of ECOWAS Ministers of Justice in 1992 directed the Secretariat to prepare a draft agreement on extradition within the region. The draft agreement on extradition, which is being recommended to Council for adoption, is to ensure that those who commit crimes in a Member State are not given refuge in another Member State to escape justice. The agreement specifies the grounds for extradition and indicates that extradition will not be applied in cases of a political nature or where the affected persons could be exposed to torture.

169. While providing a general framework for the guarantee of law and order in the region, there are also the necessary provisions to guard against abuses under the agreement.

(iii) Community Parliament

170. In the Declaration on Political Principles adopted by the Summit of July 1991, the policy of promoting representative institutions in the region was enunciated and this is entrenched in the Revised Treaty. As a follow-up, the Secretariat collaborated with Senegal to prepare the draft Protocol of the West African Parliament. The document was first discussed by legal experts from Member States at a meeting held in Dakar in 1992. The Secretariat finalised the draft text during the review period and the document is being recommended by the Ministers of Justice for adoption. It is hoped that as the region embraces representative government and good governance at the national level, the Community Parliament will become an institution that will reinforce the regional objectives for which ECOWAS was established.



## Administrative and Institutional Issues

### Statutory Staff Appointments

171. The Authority at its last Summit in July 1993, took decisions concerning the appointment of new Statutory officers for the Community. The nominee of Guinea, Mr. Edouard Benjamin for the post of Executive Secretary was approved by the Authority and he was appointed accordingly. The other five statutory positions were assigned to specific Member States, which were requested to present three candidates for consideration by the Ministerial Committee for the Selection and Evaluation of Statutory Appointees. The Committee was directed to ensure the early completion of the recruitment process.

172. Interviews were held in September to select the candidates for four positions, with the selection of the Financial Controller deferred till the Council session in December 1993. The four Statutory Appointees assumed duty in December 1993. The selection of the Financial Controller was completed in December, and he assumed duty in January 1994. The five positions were held as follows:

- Managing Director of ECOWAS Fund, Mr. Samuel Kye Apea from Ghana;
- Deputy Executive Secretary (Administration and Finance), Mr. Mahamadou Ouhoumoudou from Niger;
- Deputy Executive Secretary (Economic Affairs), Mr. Boubacar Ba from Senegal;
- Deputy Managing Director of ECOWAS Fund, Mr. Paul Konan Kra from Côte d'Ivoire;
- Financial Controller, Alhaji Isyaka Akande Usman from Nigeria.

### **Other Staff Appointments**

173. For the professional grade, interviews were held during the period to select candidates to fill vacancies created through retirement, resignation or death.

174. The following appointments were made:

- Director of Administration, Dr. John Adedeji Arije;
- Head of Projects Division, Mr. Baber H. Tandina;
- Head of Conference Division, Mr. Faye Jean Douaye;
- Head of Agriculture Division, Mr. Salifou Traore.

### **Staff Departures**

175. During the period under review, the Director of Administration, Mr. Jerry Eghagha; the Director of Social and Cultural Affairs, Mr. Djibril Sall; and Mr. Ulu Nwankwo Osuh, a Library Assistant retired from the service of the Community. Mr. Kouame Bi-Ballo, Head of the Conference Division Division resigned his appointment. I wish them every success in their future endeavours.

176. Through separate motor accidents in Lagos, the Secretariat also lost the services of Mrs. Abosede O. Atewologun, a very lively and competent Interpreter, and Mr. Tajudeen Sadiku one of our most conscientious Drivers. During the period, Mr. Isiaka Adelokun, an Accounts Assistant and Mr. Ishaku Zakari a Security Officer, also died after illnesses. The entire Community expresses its deep condolences to the bereaved families and wish the souls of the deceased staff members peaceful repose.

### **Contributions of Member States**

177. The accumulation of arrears of contributions of Member States to finance the Secretariat amounted to UA25,200,306 at the beginning of 1993. During the year, payments of UA4,075,013 were

received and thus the level of arrears of contributions stood at UA21,125,293 at the end of 1993. The Secretariat therefore wishes to appeal to Member States to honour these obligations in order to improve the financial position of the Institution.

178. It may be noted that the 1994 budget has not been featured in the level of outstanding contributions. This development has resulted from the inability of Council at its last meeting in December 1993 to reach a definite agreement on the formula to be used in determining the contributions of Member States to finance the budgets as from 1994 (see below). Meanwhile, that session of Council decided that its Chairman and the Executive Secretary should visit Member States that had arrears of contributions and to appeal to have such outstanding payments settled.

#### The Revision of the Coefficient of Contributions

179. At the last Summit, it was decided that the meeting of Council in December 1993 should review the coefficient of contributions of Member States. The proposals for the review were submitted to Council but following the reservations of Mauritania and Cape Verde, the adoption of the new coefficient was suspended. Council proposed that the Chairman of the Authority should contact the Heads of State of the two Member States to reconsider their position so as to permit the adoption of the revised rates.

180. The 1994 budget therefore had to await the adoption of the new formula for sharing the contributions before the claims are submitted to the Member States. Efforts between January and June 1994 to resolve the issue of the reserve of Mauritania and Cape Verde achieved partial results with Cape Verde still maintaining its position. This development has exacerbated the already poor financial position of the Secretariat.

181. The decision of the Authority that the new coefficient should be applied as from 1 January 1994 could therefore not be

complied with. The Authority will have to take a decision on the coefficient issue at the summit.

### REGIONAL PEACE AND SECURITY

182. The Liberian crisis has become a topical issue in international discussions on regional peace and security. In their assessment of the situation in Liberia at the Summit held in July 1993, the Heads of State and Government deplored the continued unstable socio-political climate in the region as a whole. The Heads of State expressed particular concern over the uncertain situation of the ceasefire in Liberia at that time. The Authority expressed its gratitude to the officers and men of the ECOWAS Ceasefire Monitoring Group (ECOMOG) and all Member States contributing troops, for making it possible to reduce the level of hostilities in Liberia and for peace negotiations to resume.

183. Heads of State and Government took note of Resolutions 788 (1992) and 813 (1993) of the United Nations Security Council and OAU Resolution CM/Res 1449 of June 1993 which commended the efforts of ECOWAS to restore peace in Liberia. They expressed gratitude to the UN and OAU for the assistance extended to the community which culminated in the convening of the peace talks in Geneva in which the Interim Government of National Unity (IGNU), the National Patriotic Front of Liberia (NPFL) and the United Liberation Movement of Liberia for Democracy (ULIMO), participated.

184. The Community also appreciated the efforts that went into these peace talks and the signing of the Liberia Peace Agreement in Cotonou soon after the Summit.

185. The agreement provided for the enlargement of the ECOMOG force through participation by troops from other African countries, the deployment of a United Nations observer mission in Liberia and the financing of transport of troops, logistics, necessary materials for the maintenance of the ceasefire and for the success

of the process of disarming and the encampment of the various factions. The installation of the Liberian National Transitional Government was to be followed by preparations towards the holding of democratic elections.

186. After the signing of the Cotonou Accord, two representatives of the UN Secretary-General and the Field Commander of ECOMOG visited a number of countries outside the West African region in connection with the contribution of troops to enlarge the present ECOMOG in Liberia. The team visited Zimbabwe, Tanzania, Uganda and Kenya to discuss with the authorities the role of their troops in the programme of the enlarged ECOMOG, the number of troops, and the planning of logistics. The delegation was well received in these countries and there were assurances that the troops would be contributed. Troops from Uganda and Tanzania arrived in Liberia and they have been deployed on peace-keeping operations.

187. The United States Government has provided about twenty million dollars (\$20 million) to support the Trust Fund for the Reconstruction of Liberia. There has also been a contribution of the equivalent of one million dollars (\$1 million) by the Government of the United Kingdom, which is in addition to the \$8,8 million British support provided previously as humanitarian assistance in Liberia.

188. The Chairman of the ECOWAS Authority convened the parties to the conflict in Liberia to a meeting in Cotonou from 3 to 6 November 1993. The main purpose of the meeting was to agree on the composition and date of installation of a reconstituted transition government, in accordance with the provisions of the July 1993 Cotonou Accord. That meeting was inconclusive. ECOMOG, UNOMIL and the UN Special Representative to Liberia convened meetings in Monrovia between the three factions. It was agreed that the Transitional Government would be installed on 7 March 1994, and that elections would be held seven months later. The Transitional Government was indeed installed on 7 March 1994 by the Chairman of

ECOWAS, with representatives of several Member States attending the ceremonies.

189. With this background, it is unfortunate that peace has not returned to Liberia. There is still fighting among the factions and the prospects for the disarmament and encampment appear dim. Many of the peace keepers have noted that the Liberians are not working towards peace. Unless comprehensive disarmament is carried out as envisaged in the Cotonou Accord, whatever peace might appear to reign in Liberia will be short-lived. Disarmament in Liberia is crucial to the peace and stability in neighbouring countries, especially Sierra Leone into whose territory, the Liberian war has spilled over since March 1991. The necessary environment conducive for the holding of free and fair elections does not presently exist.

190. It is almost a year now since the Cotonou Accord was signed on 25 July 1993 to provide the framework for ending of hostilities and the returning of Liberia to liberal democracy. In spite of some progress on the political front, the military situation has remained unstable. Only 5% of the estimated 60,000 combatants have been disarmed and the expected demobilisation has not taken place. Indeed, the review period saw the emergence of more warring factions, prominent among which was the Liberian Peace Council. Not only have there been hostilities among these factions, but ECOMOG too has come under frequent attacks.

191. These were not the only problems highlighted during the meeting of Foreign Ministers of the Committee of Nine at Tunis on June 10, 1994. There was a call by the Ministers for the deployment of ECOMOG throughout Liberia, completion of disarmament and demobilisation of all combatants prior to elections, total adherence to the arms embargo, effective securing of airports and seaports and the creation of a buffer zone along Liberian land borders, international support for the Liberian National Transi-

tional Government, and adequate financial support of ECOMOG operations in Liberia by the international community.

192. The Member States providing troops have voiced misgivings about the successful and early completion of the ECOMOG assignment in Liberia. Reference has been made in particular to the problems being encountered and the slow progress towards peace. In addition, ECOWAS has no control over the financial assistance the United Nations agreed to provide. If the said allowances and logistics are not made available very soon, ECOMOG will have no resources to finance its most urgent needs and cannot therefore be expected to be effective.

193. The attention of the United Nations authorities has been called to these issues impeding the peace process in Liberia. It may be necessary also for the Authority to solve the financial problem and to plead with the Governments of countries contributing troops to ECOMOG to reconsider their expressed intention to withdraw their troops. The developments which have led to such pronouncements are very disturbing indeed, but in keeping with the spirit of the Liberian Peace Plan, it is necessary to persevere to uphold the ideals of lasting peace.

#### ECOWAS Fund

194. As part of the allocation of statutory posts by the Authority at its last session held at Cotonou in July 1993, the new management team made up of the Managing Director and the Deputy Managing Director of the ECOWAS Fund assumed duty in December 1993.

195. From the report being presented to the forthcoming session of the Board of Directors, it can be seen that the Fund has experienced a major slow-down in its activities during the period under review. Developments within the Fund and in Member States have not made it possible for the Fund to mobilise all the resources it had anticipated; the level of disbursement of resources available was



also not up to the expected level. There have been serious operational and financial difficulties which need to be addressed urgently in order to restore the credibility of the Fund.

### Mobilisation of Resources

196. The capital of the Fund has been fixed at US\$500 million out of which US\$100 million or UA81,923,434 has been called up. As at 31 March 1994, total amounts paid up came to UA56,152,702, leaving an unpaid balance of UA25,770,732. Sixteen years after the first tranche was called up, some Member States still owe the contribution due. The accumulation of such arrears of contributions has limited the Fund's capacity to finance integration projects.

### External Resources

197. The Fund has also mobilised external resources to supplement the internal resources obtained from the subscription to the capital. As at 31 March 1994, the Fund had contracted six loans in the total amount of UA 66,757,872 from the following sources:

	Amount authorised UA	Amount received UA
(i) European Investment Bank	10,775,536	10,775,536
(ii) ADB Group	34,194,724	2,798,597
(iii) Spanish Loan	21,787,612	0
Total	66,757,872	13,574,133

198. Only the resources from the EIB have been fully utilised. Out of the ADB Group's loan of UA34,194,724, the amount utilised is UA2,798,597, leaving a balance of UA31,396,127. The Spanish loan which was mobilised for specific regional projects, has not been utilised. This unhappy situation is due to a number of unfortunate

factors. Some Member States opted to renounce loans mobilised on their behalf; others have not been able to secure the required guarantee needed to ensure the disbursement of the loans. This low rate of disbursement has naturally involved the Fund in unexpected heavy payment of commitment charges.

### Priorities of the Fund

199. The operations of the Fund have been disturbed by the developments in its resources and the pattern of investments. It is now necessary to focus on the priorities that would give a new lease of life to this Community Institution. The following proposals are to be considered:

- (a) An urgent appeal to Member States to settle the outstanding contributions of UA25,770,732 to the first and second tranches of the called-up capital must be repeated.
- (b) A vigorous loan recovery drive must be mounted to ensure that prompt repayment is effected.
- (c) The early recovery of the outstanding portion of the 40% contribution of Member States to the construction of the headquarters buildings; the amount involved is UA4,328,000.
- (d) Review the existence of unutilised loans and take steps to minimise the financial costs being borne by the Fund.

200. It is hoped that emphasis on these priorities will restore to the Fund the ability to pursue the objectives for which it was established. As Member States pursue the economic reform measures with determination, their capacity to absorb loans and other non-concessional credit lines will be improved. Cooperation between

the Member States and the Fund should lead to a build-up of the resources needed to finance development projects in the region.

201. The two broadest categories of development and growth are either of an endogenous or exogenous nature. It is necessary to pay attention to the environment in which the development takes place.

202. The West African

## CHAPTER IV

# AN ENABLING ENVIRONMENT FOR STABLE DEVELOPMENT AND INTEGRATION

which sense of public opinion in the midst of the breakdown of the economy and the loss of confidence in the ability of the government to manage the economy, those in a position to diagnose the situation and to

203. The prevailing sense of the early 1980s, however, was one of optimism to believe that they would be able to achieve in the next few years the well-imposed order.

found it impossible to deny the fact that the role of the state in the economy was becoming an increasing part of the national development process. Well before the launching of the structural adjustment

## 1. Introduction

201. The two preceding chapters eloquently portray the rather modest performance of the West African region in terms of economic development and regional integration. An enquiry into the causes for this dismal record would reveal quite a number of factors which are either of an endogenous or exogenous nature. Indeed, I dwelt at length in my Interim Report of November 1993 on the main constraints and challenges to economic development and integration. It is necessary to revisit the issues identified in that report and to draw attention to the urgent need to create an enabling environment that would conduce regional peace and stable development.

202. The West African society is in a state of flux and is experiencing significant strains and stresses. Almost everywhere one turns, there is ample evidence of socio-political tension of all kinds - increasing urban crime and violence, political strife, demonstrations and civil disobedience, and a real threat of a break-down of law and order. Corruption is rife and there is not much sense of public accountability; lacking the necessary confidence in the ability of the system to ensure equitable rewards, those in a position to do so grab as much as they can by dispossessing employers and their clients alike.

203. The prevailing sense of desperation and distrust stems from many factors. Governments, which in the past had led the ordinary citizen to believe that they were the provider for all, have come to realise in recent years that they are incapable of discharging this self-imposed onerous duty. Every government in the region has found it impossible to generate the required revenue to continue to play successfully the role of being the largest employer of labour, sustaining an expanding programme in the social sector, and remaining the biggest entrepreneur and leader in the economic field. Well before the launching of the economic reforms, especially the structural adjustment programmes, and in spite of

the increasing budget deficits, governments could no longer manage the employment situation, and had found it quite problematic providing adequate social infrastructure and services.

204. Increasingly, the West African economy came to be characterised on the one hand, by over-bloated bureaucracies, administrative and institutional decay, and governments overburdened with rising wage bills. On the other hand, there were clear signs of growing unemployment (particularly hit were the youth and new entrants to the labour market), strong inflationary pressures which rendered salaries inadequate and provoked deteriorating living conditions. Neither the neglected rural environment nor the over-stretched facilities of the urban areas provided any sense of security for the ordinary people. In desperation, people turned to crime or emigrated to seek their fortunes elsewhere. This not only aggravated the brain drain problem, but there emerged the added problem of an exodus of the youth. These are the very people on whom the future of society depends and in whom society has invested so much. Coupled with the capital flight engendered by the unstable social and investment climate, the loss of manpower is eroding the very foundation of the West African economy.

#### Facing the Fundamental Issues First

205. These are some of the reasons why West African political leaders and policy-makers must endeavour to pause and seriously address themselves to the basic questions raised by the current socio-political upheaval. Unless such fundamental issues are reflected upon deeply, and the result of this reflection made to influence the design of national policies, society will continue to drift along without direction; the ad hoc approach and crisis management employed thus far will only ensure that chaos deepens till there is national disintegration - as indeed has been happening around the World.

206. In the economic field, it can be said that throughout the 1980s, Member States were pre-occupied with the correction of short-term external disequilibrium (through the implementation of SAPs). This left unattended such fundamental considerations as economic growth and development. After an interruption of more than a decade, Member States have to make a serious effort at addressing the principal task of economic diversification and restructuring. With the benefit of hindsight and lessons drawn from the experiences of other regions, West African policy-makers should be in a position to be better prepared for initiating an accelerated and sustainable development. What are the pre-conditions and the main ingredients for the socio-economic engineering that this entails?

207. In what follows, the presentation in this chapter concentrates on the pre-conditions or the enabling environment which must be established to ensure the success of our future development endeavours. The issues discussed relate to the creation and maintenance of the appropriate political environment, a propitious social setting, adequate social and economic infrastructures, relevant economic policy orientation and administrative institutions.

### The Political Environment

208. Internal stability, in the form of political stability and social cohesion, is a necessary condition for sustained and durable economic development. The West African region has had its fair share of political instability - both during the struggle for independence and the post-independence period. The innumerable military coups always produced social traumas and cut short experiments at democratic forms of government, became a source of unpredictable political behaviour, constituted forms of government which were accountable to no one, and in most cases turned out to be autocratic and oppressive regimes. Many military governments evolved over time into regimes not much different from the civilian



administrations they pushed out of office, hence the counter-coups and palace coups.

209. If the military in West Africa (as elsewhere in the Third World) came to acquire a taste for political power, that habit was encouraged by a bankrupt civilian political class. Politicians appeared to view the struggle for power as a zero-sum game where the winner takes all. In many instances, power tussles had literally become a matter of life and death, where thuggery and other unethical behaviour of contending parties led to political assassination. The intolerance of those in power often led to the emergence of repressive regimes, bending of the law and corruption of the judiciary, suppression of the opposition, curtailing of both individual freedom and freedom of the press. There has been very little evidence of a sense of social responsibility and public accountability on the part of the ruling class. Rather, regime after regime, West Africa has witnessed corruption, dishonest use of public office for the acquisition of personal wealth, nepotism, cronyism and patronage, and other forms of wanton abuse of political power.

210. This form of political practice engendered anti-social and destructive behaviour, an atmosphere of hostility among interest groups, and a general sense of insecurity. It discouraged those citizens with honest intentions from participating more actively in the political process. It invariably drove the opposition underground and the resultant use of extra-legal means to seek redress only exacerbated the political tension. Political stability with peaceful change of government is a rarity in West Africa, and the series of political crises have contributed significantly to the lack of economic progress in most Member States.

211. As the entire globe clamours for the enthronement of democracy, it is necessary to draw the attention of Member States to the above factors and past tendencies which subverted earlier

attempts at liberal democratic rule and practices. This way, the past will be an effective guide as the region resumes its quest for a more stable and enduring political system. All Member States have, through the 1991 ECOWAS Declaration of Political Principles, committed themselves to political pluralism and adherence to the democratic principles of respect for fundamental human rights (political, economic, social and cultural) and fundamental freedoms (of thought, conscience, association and belief).

212. There is already a significant change in the political climate in West Africa. In most countries, the political situation has been evolving and there is some measure of political freedom. This is borne out by greater individual freedom, the organisation of multiparty elections and greater freedom of the press. This new development should be consolidated through a dynamic enlightenment policy under which a line of communication is established with every section of the population in order to promote understanding and dialogue. This requires sustained efforts that will make it possible for the people and particularly the youth (between 15 and 30 years) to be involved and feel part of the political process. The new development on the political scene offers an opportunity for improved governance. Effective management of public affairs is not just an indispensable element of sound economic management, state security and stability, it constitutes the core of legitimate stability within Member States. Responsibility, transparency and the supremacy of the law are indispensable for good governance.

213. Democracy must be nurtured painstakingly till maturity; it takes a fairly long time to become firmly established. The advantages derivable from the process will materialise only in the long term. It is therefore necessary to create the appropriate conditions for its development, otherwise, the expected progress will not see the light of day. It is not enough to create a facade of democracy, one that exists in name only and is governed by weak or unstable institutions showing total disregard for the rights of the minority. Economic progress can be achieved only in a peaceful

environment and must involve the various components of the society. For this reason, democratic movements in Member States should find strength through constructive dialogue between the government and the various pressure groups.

### The Social Setting

#### (i) Evolution of Appropriate Societal Values

214. The current pressures and demands on the different segments of the West African peoples are shaking the very foundations of society. The West African society is being reshaped by the prevailing economic and political forces. Rather than allow nature to run its course and leave the future to chance, it would serve us well to visualise and clearly define the kind of society we desire so that the changes taking place could be controlled and directed accordingly.

215. There is the temptation to assume, in these days of the electronic media and satellite communication, that the modern society is evolving inexorably into a "Global Village". Despite the considerable influence of the Western society, there is a world of difference between the basic cultural values of the African society and the modern materialistic world. We owe it a duty to ourselves to examine very critically the West African cultural traditions and norms, to be able to decide about those to be preserved and nurtured, and those to be allowed to die off.

216. In facing the issue of what kind of society must be nurtured, the educational system to serve social and economic needs must also be considered. It cannot be said that the educational values and systems which were inherited from the colonial past and retained since then have adequately served West African needs. Over the years, the educational system in place has failed to promote and enrich our African heritage, preserve our cultural identity, and properly equip the labour force with the requisite skills for operating in the modern technological environment. A



halt must be put to the production of school and college graduates who have not been prepared for any work-place and who are alienated from the West African society. Sustainable economic development will depend on an indigenous, enlightened, dynamic and well-trained manpower base, and immediate steps must be taken to meet this important need. This is an issue that the appropriate technical commission will be called upon to examine critically and formulate concrete proposals for adoption by the Community.

217. Even more basic is the need for nurturing in the ordinary person some fundamental social virtues. The desperate existence that many people have been driven to in recent years has undermined social values such as honesty, discipline, hard work and enterprise. Society now stands in need of civic education that will eradicate the notion of parasitic living and inculcate desirable social values that would improve the general outlook of the people. Unless a conscious effort is made to introduce in West Africans the spirit of sacrifice and fellow-feeling, the required basis for re-launching the development process would be lacking.

#### (ii) Human Resource Development

218. The present social conditions in West Africa call for more than an improvement in the technical capacity and moral disposition of the ordinary citizen. The quality of life must be significantly improved to enable the West African to lead a full life and feel fulfilled as a social being.

219. This becomes possible and also fits into the scheme of things when the strategy of human-centred development is adopted - man is seen as the means and his well-being as the end of development. This strategy places a high premium on the provision of social infrastructure; it constitutes a major part of the necessary investment that must be made in the people. The general level of labour productivity will rise as a result of an improvement in the quality of life, through the development of social facilities and



provision of basic needs such as easy access to potable water and primary health care, public sanitation, electricity or environmentally-friendly sources of energy, adequate housing and rural or feeder roads.

### Economic Infrastructure

220. The factors which make the production cost of most industrial enterprises prohibitive and render products uncompetitive include the unusually high overhead costs incurred by these enterprises. Such overheads have been known to include the provision of schools, clinics and other social amenities for the communities in which such businesses are located, in order to be able to attract and retain the much needed manpower. Private business operators routinely have had to develop their own sources of power, assure their water supply and build access roads at considerable cost.

221. The improvement of the investment climate must go beyond the revision of investment codes and regulations. Governments have a positive contribution to make towards the improvement of the competitiveness of industrial enterprises by the provision of infrastructural facilities which would eliminate the abnormal overhead costs referred to above. A policy of promoting private sector participation in economic development should involve the development of good transport and communications networks, adequate and uninterrupted supply of water and energy to industrial and business estates.

### Economic Orientation

222. The wave of economic reforms, which was initiated and sustained through the national SAPs, has aimed at the establishment of a liberal economic system in Member States. The emphasis has been on a gradual disengagement of Government from direct production activities and the encouragement of the private sector. If

there is as yet no significant sign of a take-over by private enterprise, the reasons would include the lack of clear support for private participation, and the continued application of policies that thwart or inhibit private initiative. Unfortunately, the general attitude that private economic operators are profit-seeking parasites, consumed by purely self-interest, still lingers on. It is not enough to announce the liberalisation of the general pricing system. This must be accompanied by policies that encourage entrepreneurs to participate in the economic development process and have a sense of worth: economic operators who are wanted by the system and who are made to feel that they are making positive contributions to the society.

223. The changes needed in the approach hitherto adopted towards private enterprise would include the easing of the business regulatory apparatus, the system of taxation, and the introduction of incentives to encourage the entry of the private sector into areas of economic activity which would enhance economic development. A policy of encouraging private operators to be better organised and to participate more directly in the running of the economy would improve the economic and business climate.

#### Acceleration of the Reform Process

224. It is encouraging to note that the need to create an enabling environment has not escaped Member States. Already, some of the issues raised in this chapter have received serious attention in a number of Member States and concrete steps have been taken as part of the economic reform programme to address them. Such efforts must be continued and greatly stepped up, if they are to make any significant contribution towards enhancing the economic environment in the region.

225. There is every reason to wish for a marked improvement in the West African socio-economic climate. By all indications, whether one uses the Human Development Index of the UNDP or the

traditonal economic indicators of the World Bank, West Africa is among the poorest regions of the world. More than this, the recent socio-political changes on the international scene have thrown up new claimants for world attention and international assistance, pushing to the background the development needs of West Africa. Unless a conscious effort is made to create an enabling environment and West Africa becomes a stable region which is attractive to both its citizens and the outside world, the marginalisation of this region will continue.

226. In order to have this question dealt with in a serious and consistent manner, the decision-making organs of the Community should consider establishing a regional mechanism to handle the matter. A specific mandate might be given to the Executive Secretariat to work towards the early establishment of this mechanism and to present proposals on how Member States might be assisted in introducing and operating measures aimed at improving the national economic environment.

#### Administrative and Institutional Framework

227. Flowing from the foregoing is the need to take a very critical look at the bureaucratic set up in Member States, particularly with regard to the changed role governments are called upon to play under the on-going economic reforms. Instead of the previous regulatory apparatus that controlled the behaviour of all operators on the economic scene, the government machinery is now expected to be a catalyst that enhances and complements the efforts of private enterprise and organised social groups. The changes in the legislative provisions that this new role of government entails must be accompanied by a re-training and re-orientation of civil servants to equip them to meet the challenges of the new economic environment being created.

228. The need for government to play a more indirect role in the running of the national economy as well as the active promotion of



private initiative calls for a restructuring of the governmental machinery. Institutions would have to be reorientated or established for monitoring and facilitating the smooth operation of market forces, and also assist the entrepreneurs to enter and operate in the free market.

## CHAPTER V

### PROPOSALS FOR A MORE EFFICIENT ECONOMIC DEVELOPMENT PROCESS

## **1. Introduction**

229. In the previous chapter, some issues were identified as essential for the creation of an enabling environment for the development and integration of the West African economy. It should be noted that attention was focussed in that analysis on the general question of economic development rather than on the more specific subject of regional integration that ECOWAS has been established to accomplish. That biased presentation was deliberate and was meant to emphasise the point that the issue of economic development must form the basis and determine the direction of the regional integration process. This is because regional integration is only a tool and a means for achieving the accelerated development of Member States. In this report, therefore, the main concern has been to draw the attention of the Community and its Member States to some fundamental questions which must be addressed, if any significant and lasting success is to be expected from the current socio-economic development endeavours.

230. Development issues must be raised and exhaustively debated at the regional level to facilitate the achievement of the national economic objectives being pursued by Member States. ECOWAS provides an appropriate platform for undertaking such concerted action. It has been argued by some integration economists that the role of an economic community such as ECOWAS should be limited to the initiation and monitoring of the elimination of administrative barriers impeding the free movement of goods, persons, capital and services within the region. Such an approach would only be valid in the context of the developed economies of the West. Having already developed a network of transport and communications infrastructural facilities and a strong production base, the liberalisation of regional transactions is sufficient to complete the integration of such developed economies.

231. In the context of the Third World, and West Africa in particular, the regional integration process can become an

effective development tool, going far beyond the traditional task of market integration. The ECOWAS Revised Treaty correctly places emphasis now on the integration of both the production and the physical infrastructural base of the region. It is when West African governments and economic operators have developed together inter-dependent infrastructural and production systems that a regional market would exist.

232. If it is recognised that ECOWAS and the regional integration process were established as part of the development strategy of Member States, then the Community should be interested in and, indeed, intimately involved with the formulation and implementation of the development programmes of its Member States. The past decade proved to be a particularly challenging period for the economies of countries in the region, where each Member State had to grapple with the problem of national survival. Although the basic structural problems persist, a fairly satisfactory basis for economic recovery has been established in many Member States and it is realistic to plan and prepare for the resumption of economic development.

#### **Regional Approach to Development**

233. In Chapter IV of this report, the environment in which economic development is being attempted was questioned. The strong recommendation was made that particular attention be paid to a significant improvement of the socio-political environment. Apart from the need for a more propitious development climate, it is important to review the development strategies that had been applied in the past with so little success. The major and common shortcoming of these strategies was the conception of the development process within the narrow confines of the national markets. West African countries do not exist in isolation; there is a varying degree of inter-dependence among Member States. More to the point, hardly any Member State can stand on its own for purposes of economic development, whereas the pooling of the

resources of the region would create a larger and more viable economic base.

234. The different forms of economic cooperation arrangements among West African countries confirm the belief of Member States in the advantages to be gained from joint action. The creation of ECOWAS ought to be seen as a full commitment to the closest form of regional cooperation: the establishment of an economic and monetary union. In the final analysis, these objectives translate themselves into a single, fully integrated market and the operation of common macro-economic and sectoral policies. It is towards the achievement of such a goal that the Community and its Member States must now set out.

235. The foregoing points may be rephrased differently as follows: The resources of the region need to be pooled together to ensure the survival and development of the individual national economies. The regional pooling of resources can best be undertaken within the framework of the ECOWAS Treaty which commits Member States to full economic and monetary integration. That objective entails the eventual adoption of common economic policies and the fusion of the sixteen economies into one integrated whole. The development and integration processes thus become mutually self-supporting and Member States must view them as two inseparable processes to be undertaken together.

#### The Development Process

236. In Chapter IV, it was pointed out that some prerequisites had to be met in order to make economic development worth embarking upon. First and foremost, there is need for peace, political stability and regional security as a basic requirement for creating an enabling environment. In particular, the political scene must be characterised by transparency, public accountability and good governance. The social upheaval of the recent past, which has uprooted traditional values, has to be checked so that there could



be a restoration of social cohesion and the inculcation of discipline, honesty and hard work. Policy-makers should, in this regard, seek to determine the kind of society that is desired and should be built.

237. The creation of an enabling environment presupposes the existence of a government with a policy of actively promoting economic development. Some of the measures to be introduced include a human-centred development strategy which enhances the quality of life and improves the productive capacity of the individual. To achieve this, the recent trend of neglecting social infrastructure must be reversed; there must be the development and maintenance of social services such as health, housing, energy and public transportation facilities.

#### Implementation of Economic Reforms

238. The successful introduction of the above social and political reforms must be complemented by far-reaching economic reforms. Much emphasis has been placed over the past decade on economic liberalisation, and some progress has been made in that direction in a number of Member States. There would, however, need to be a deepening of these economic reforms if the objective of a free and competitive market economy is to be achieved and become functional in West Africa. The reforms should include a continued withdrawal of government from the economic scene, freeing of the economy of administrative restrictions and controls, the entrenchment of the free play of market forces, provision of basic economic infrastructures, promotion of economic stability and confidence in the economy, and making public economic policy and behaviour predictable.

239. It should be possible to make quick progress on the above-mentioned reforms if government develops the attitude of being a catalytic body with the primary objective of promoting economic development, rather than controlling it. The considerable public

expenditure in the form of direct investment and the maintenance of a huge regulatory apparatus could be reduced and concentrated in future on the provision of basic infrastructures and other forms of investment to reduce overhead costs of enterprises. An efficient system for monitoring the performance of the economic aggregates and the capacity for policy analysis would have to be developed to enable Member States introduce timely policy adjustments to facilitate the smooth functioning of the free market.

### Promotion of Private Sector Production

240. The withdrawal of government from direct participation in the economy must be matched by an active promotion of the private sector. In the past, public sector enterprises had been granted preferential treatment and enjoyed monopoly powers which discouraged private participation. Since the privatisation policy is being implemented at a rather slow pace, measures should be taken to facilitate the entry and participation of private operators in all sectors of the economy.

241. A related matter of particular concern to the private sector is the effect of government fiscal policy, as well as access to credit facilities. There must be a review of government's tax policy to ensure that the incidence of taxation does not unduly affect private enterprise. The contrary should in fact be the case: an active promotion of private sector participation includes the introduction of various incentive schemes of a fiscal nature. In addition, government had in the past had a near monopoly on access to domestic credit. Not only must budget deficits be curbed to reduce the call of government on domestic savings and also reduce internal indebtedness (which undermines the financial sector), there must be a conscious effort to enhance the credit base and the access of the private sector to credit facilities. In this regard, emphasis needs to be placed on improving the institutional base (for commercial and merchant banking as well as a

domestic stock exchange) and rationalising the banking and financial regulations.

242. A lot of attention had been focussed in the past on a liberal investment code as the tool for promoting private sector participation in the economy. Experience has shown, however, that the various concessions proved not to be sufficient to attract much investment. It is now appreciated that a stable and predictable investment climate is an essential prerequisite which must be created to retain the interest of local investors and attract foreigners. Hence the importance of the elements identified as constituting an enabling environment, namely, political stability, regional peace and security, adequate social and economic infrastructures and a benign institutional and bureaucratic framework.

243. The disposition of the government and its administrative machinery is very crucial in determining the involvement of the private sector. The attitude of bureaucrats would need to change to reflect the emerging role of government as a catalytic agent and promoter of development rather than a regulator of the national economy and its principal actor. The creation of a liberal free market eliminates a lot of the control function that government exercised in the past and government officials would require a reorientation for them to be attuned to the new role of facilitating the operations of private entrepreneurs.

244. Much has been said about the role of South-East Asian governments in the rapid and sustained development of the newly-industrialising countries (NICs) or Asian Tigers. Particular mention must be made of their policy of selective promotion of industrial development. This involved the adoption of a positive attitude towards private sector participation and the introduction of such support measures as would assist nascent industries get firmly established and enable their products compete effectively on the market. In this way, governmental efforts at industrial promotion were well focussed and encouraged product specialisation



through the exploitation of comparative advantage. Such selectivity and specialisation can be achieved in West Africa too.

### **Regional Initiatives**

245. It is not only in the industrial field that West African countries could, through a regional approach, enhance the success of their development policies and programmes. Indeed, it should be pointed out that Member States have not in the past fully appreciated and exploited the benefits of joint regional action. It is strongly proposed that Member States should adopt the strategy of regional dialogue aimed at the review of national sectoral policies, leading eventually to the harmonisation of such policies. A commendable beginning has been made already with regard to the harmonisation of macro-economic policies; significantly enough, this involves members of Council in their capacity as Ministers responsible for finance and national planning.

### **Harmonisation of Macro-economic Policies**

246. Mainly through the adoption of SAPs, each West African country is in the process of correcting its past inappropriate economic and financial policies. The national economic reform policies that have been introduced are geared towards the achievement of set goals and objectives - and are guided by performance criteria. Invariably, these reform initiatives are conceived within the narrow confines of the individual national economies without any reference to the neighbouring countries. There is, however, considerable inter-dependence and interaction between Member States, especially with regard to operators in the informal sector, based on differences in resource endowments and the effects of divergent policies.

247. The juxtaposition of national SAPs, with different contents and uncoordinated implementation schedules, has caused overlapping, and imposed unexpected adjustment costs on neighbouring



countries. For instance, price differentials brought about by differences in budgetary, monetary and commercial policies of Member States have generated distortions on the various domestic markets. It should be noted, in particular, that factors such as salaries, subsidies, customs duties and other taxes affect the domestic price levels and have repercussions on neighbouring markets. In order to minimise the distortion of policy objectives caused by these inter-state transactions, and encourage the adoption of more appropriate and efficient policies, the harmonisation of reform policies should be seen as a regional imperative.

248. In addition to the above points, it must be recalled that the purpose of regional integration is to achieve an accelerated and balanced development of the West African economy through the harmonisation of the policies of Member States. The process of policy harmonisation which has been initiated by the ECOWAS Consultative Forum must be strengthened by the adoption of specific policy convergence criteria, the establishment of a regional policy monitoring mechanism and the introduction of a number of support measures to facilitate the application of and compliance with those harmonised policies. These issues will be presented to the Consultative Forum for further reflection and it is expected that proposals will be submitted to Council on how to strengthen this regional mechanism and involve our development partners, particularly the Bretton Woods institutions in this regional initiative.

#### Regional Structural Adjustment Model

249. The desirability of having a regional perception of national SAPs and taking into account the regional dimensions of reform policies has been sufficiently stressed above. It must be added that the application of certain SAP policies in Member States has also had negative effects on ECOWAS regional integration programmes. For example, raising of import duties to increase government revenue went against the ECOWAS trade liberalisation

scheme; similarly, the virtual embargo on new development projects affected the ECOWAS regional infrastructural development programme.

250. The observed link between structural adjustment and economic integration, raises the issue as to the best way of ensuring harmony between the two processes. The search for convergence gives rise to a number of questions:

- (a) How can SAPs be strengthened through regional integration and vice-versa?
- (b) What forms of integration and coordination should be given priority?
- (c) What is the best way of ensuring compatibility and convergence of schedules, pace of adjustment (short and medium term policies) and integration policies (long term policies)?

251. The harmonisation of national policies would be facilitated by the formulation of a structural adjustment model tailored to address the main macro-economic characteristics and problems of the region. Such a regional model should take due account of the defects and concerns raised about the typical SAPs which had been applied over the years (balance between short-term equilibrium and growth and development; attention to the social sector and, generally, compatibility between sectoral policies; consideration of inter-state transactions and regional dimension of key reform policies; etc.). The aim of the Community should, therefore, be to adopt as early as possible, a structural adjustment model to provide a regional framework that would complement and assist Member States in the elaboration of national SAPs.

252. It was stated in the preceding chapter that economic factors accounted in large measure for the socio-political upheavals being witnessed. In order to restore social cohesion and achieve political stability, the reform measures must aim at creating the enabling environment described earlier and ease the economic

pressures. The regional structural adjustment model should focus on addressing some of the basic economic factors, such as:

- expansion of the production base;
- resolving the unemployment crisis by encouraging job creation and self-employment;
- raising of real incomes;
- improving management of public finances;
- curbing corruption and nepotism;
- restructuring public enterprises;
- controlling inflation;
- reorganisation of the financial sector.

#### Regional Development Programme

253. The efforts at the harmonisation of policy measures must be complemented by the adoption and execution of a regional development programme. Such a regional programme should cover key sectors that Member States have designated as priority areas in their development strategies. In that regard, the programme would have to be formulated on the basis of not only an objective analysis of the regional economy as a whole and its development requirements, but also take due account of sectoral investment goals that Member States must have set themselves in collaboration with their development partners.

254. In other words, the regional development programme would have to reflect and complement the national programmes of Member States. It would be a core programme, defining a minimum set of investment projects that must be executed to enhance the regional development environment. Given this particular objective, the components of the programme could be derived from the infrastructural, rural development, industrial and energy sectors. While a large portion of the programme would consist of public investments needed to create an enabling economic environment, the regional development programme should also identify projects that

the private sector would be encouraged to invest in and implement. This would be in line with the emerging strategy of promoting greater private sector participation.

255. An important aspect of this initiative is the financing of the programme to be put into place. Indeed, the development of the West African economy is generally circumscribed by the availability of capital, which makes the mobilisation of financial resources a key consideration in the development process. There is an urgent need to adopt strategies for mobilising both internal and external resources for development purposes. Considering the significant resource gap that exists in the region, the formulation of the regional development programme must be done in collaboration with the West African development partners to ensure the required inflow of external financial assistance.

## **CHAPTER VI**

## **CONCLUSION**

THE RESULTS OF THE STUDY  
CONDUCTED BY THE AUTHOR  
DURING THE PAST YEAR  
ARE AS FOLLOWS:

256. There is an emergent new world order, foreshadowed by a number of significant changes around the globe. The collapse of communism and the ending of the cold war removed the malevolent spectre of a nuclear holocaust and global instability brought about by ideological polarisation. The international community is currently in the process of securing that peace on a number of fronts.

257. Efforts are being made to contain and bring under control those 'unstable' countries in possession of nuclear weapons or in a position to threaten the security of their respective regions. A concerted effort is being made to enthrone democracy and the rule of law world-wide as a guarantee for global peace. In addition, the international community is extending financial and technical assistance to some targeted countries and regions to facilitate the establishment of a free market economy, the model that is adjudged best suited for ensuring sustained growth and prosperity.

#### RECENT DEVELOPMENTS

258. The political reforms in the former Soviet Union, the transformation of the economy of Eastern Europe into a free market economy, and the recent signing of the Israel-Palestinian peace treaty, have all been the focus of world attention and have attracted a lot of its resources. The establishment of the European Bank for Reconstruction and Development (EBRD) and the substantial flow of financial assistance to Eastern Germany prior to German reunification marked a significant shift in the attention of the donor community. A 1991 Global Coalition for Africa (GCA) report reveals that the OECD countries provided US\$2.6 billion in financial assistance to the former Soviet Union in 1991 while concessionary aid to Eastern Europe in 1990 totalled US\$1.5 billion. Japan, for its part, showed concern for Vietnam's needs. In October 1993, the international community pledged almost US\$1 billion to help finance the reconstruction of the occupied Palestinian territories of Gaza and Jericho.



259. As further security for their own continued prosperity, the industrialised countries are fostering close regional cooperation among themselves, with the deepening of European integration, the establishment of the North American Free Trade Area (NAFTA) and similar initiatives taken by Japan in the Pacific region.

260. Where does Africa feature in all this?

261. This question is being asked with increasing urgency by both Africans and those concerned about the state in which the African continent finds itself. The high population growth combines with the sluggish performance of the economy to worsen the problems of poverty, famine and disease in Africa. Regional instability in the form of civil war, political violence, increasing numbers of refugees and displaced persons - all these social and political upheavals conspire against a stable economic environment. In addition to these unattractive features, there has been a dwindling of external interest in Africa which had been based on the previous East-West ideological rivalry. The crushing indebtedness of African countries subverts all attempts at economic recovery and contributes to the marginalisation of this continent.

262. It is obvious that this pallous state of affairs in Africa should not be allowed to persist; determined efforts must be made to reverse the alarming trend of "ostracisation" by the rest of the world. This is the reason why I have dwelt at length on the need to create an enabling environment in West Africa. Regional peace and stability is a pre-requisite for stable development and the Community and its Member States must give this issue the attention it deserves. While the need for regional security has been recognised through the adoption of the 1978 and 1981 protocols on non-aggression and mutual assistance in defence matters, nothing concrete has yet been done to foster the necessary cooperation that would secure the region and render West Africa a stable zone. The Community must go beyond the Liberian experience and establish the appropriate regional security system.



263. A major source of regional instability is the problem of an unsettled political climate. Although significant strides have been made in Member States such as Benin, Burkina Faso, Cape Verde, Ghana, Guinea, Mali and Niger towards democratic rule, the political waters in West Africa are quite turbulent. Responsible politicians dedicated to the enthronement of true democracy are not many on the West African political scene. Member States must be guided by the 1991 Abuja Declaration of Political Principles in their quest for the establishment of a democratic political system characterised by good governance, transparency, a free and responsible press, supremacy of the law which can only be assured by an independent judiciary,. An immediate concern of member States must be to establish and encourage democratic institutions and practices which would produce selfless political leaders, dedicated to the upliftment of the West African society.

264. Apart from political instability, the West African social sector needs urgent attention, if there is to be an improvement in the environment needed for sustainable development. Indeed, a human-centred development strategy must be adopted and faithfully implemented so that social infrastructures would be developed to improve the quality of life in Member States. This must be complemented by a programme aimed at resolving the unemployment crisis and consisting of the provision of relevant technical training, and encouraging job-creation and self-employment.

265. It is the improvement of the West African environment such as proposed above that would lead to the realisation of the objectives of the economic reforms being pursued by Member States. Economic reforms and structural adjustments are inescapable and must be fully embraced. Attention has been drawn in this report to the need for making the reform and adjustment process more efficient and effective. In particular, the regional initiative of harmonising national reform policies being championed by the ECOWAS Consultative Forum which encourages dialogue among West African policy-makers must be seen as a very welcome development that

needs to be given every support. The cross-border nature of certain economic problems makes policy harmonisation at the regional level absolutely necessary; the inter-dependence of the national economies makes it essential to consider the regional dimension of structural adjustment.

266. The most important lesson to be drawn from the West African experience of structural adjustment and economic integration is that SAPs, no matter how ambitious, will have no notable influence on regional growth and development unless more progress is achieved in regional integration, and vice versa. Given the smallness of national markets, and the weakness of these West African economies, outward-looking SAPs are necessary, albeit insufficient to accelerate growth in a world increasingly divided into trade blocs governed by preferential agreements. Developments in the regional environment in which such programmes operate demand that the programmes be supplemented by more determined efforts towards economic integration.

267. West Africa must pursue the dual objective of strengthening the economies of individual States through political and economic reform and promoting regional integration as an instrument for achieving economic development and establishing the region's influence in the world of international business. The many-sided crisis facing the economies of West African countries, the changes taking place in international relations, and the growing awareness of the cross-border nature of certain economic problems all make regional integration an imperative for the West African region.

268. It has come to be widely accepted that there are a number of principles which should guide the integration process in West Africa in the years to come. They include the need for internal stability (both political and economic), the strengthening of economic reform policies, the coordination of macro-economic policies at regional level, and the enhancement of operational procedures adopted by the Community Institutions. It is necessary,

in short, to establish a conducive climate to facilitate the effective implementation of ECOWAS programmes.

269. Past experience reveals that a major cause of the failure of regional integration efforts is the conflict between national and regional interests. Just as some groups within a country do not find it easy to identify with national interests, some Member States find it difficult to reconcile their interests with the objectives defined at the Community level. It should also be noted that the effective integration of West African economies presupposes the rationalisation of the numerous IGOs existing in the region. It is a matter of priority for political leaders to resolve the issue by reducing the number of existing IGOs and restructuring those to be retained.

270. Arriving at a consensus on the strategic objectives to be achieved and the means of achieving them will require popular support, particularly that of economic operators, professional associations, and mass movements (the youth, women, workers, etc.). The implementation of Community programmes could be accelerated through the creation of associations of professional bodies in all sectors of socio-economic activity. It will, of course, also be necessary to appreciate the concerns of these associations, their objectives and problems, and what needs to be done to improve the general well-being of the people. This is one of the conditions for the realisation of ECOWAS programmes.

271. To make the people more aware of the Community ideal, the Executive Secretariat is formulating an effective information and communication policy that will enable it to publicise the objectives of ECOWAS, its concrete achievements, and its problems. It will also be necessary to involve the national news agencies in Member States in this public enlightenment campaign. A didactic approach should be adopted in order to make the public understand the need for, and the advantages to be derived from, regional integration.

272. Extending regional cooperation and integration beyond official circles, and making the process more operational will entail mobilising the private sector. The abolition of internal legal barriers, the development of the banking sector, and the harmonisation of the incentives provided by national investment codes at the regional level, could all facilitate the promotion of the private sector in the region.

273. The development of the West African region should be based on self-reliance and solidarity between all West African states. UMOA countries, like all other Member States, are presently battling the problems of internal and external economic adjustment. Their reform measures being put into place, especially as concerns competitiveness and the exchange rate parity of the CFA, should benefit from the experience and support of the other ECOWAS countries during this difficult period of economic change. All ECOWAS Member States should be involved in the struggle to control capital flight and customs fraud. A regional programme of action could be drawn up for this purpose, and incorporated into the proposed regional development programme.

274. The establishment of UEMOA may be seen as a sincere desire of some ECOWAS Member States to build upon earlier successes at regional cooperation and an attempt to deepen that integration process. It is remarkable that these Member States have agreed to surrender so much of their economic sovereignty and subject themselves to collective self-discipline through the operation of a regional multilateral surveillance system. It would be highly desirable to have all Member States develop similar faith in regional integration and institute such a mechanism within ECOWAS. In other words, the positive features of the UEMOA treaty should be emulated in ECOWAS. This would involve close collaboration between the ECOWAS and UEMOA institutions and frank dialogue between Member States on the matter. Such interaction and open dialogue is necessary if the region is to avoid the potential duplication and

divided loyalty that might be engendered by the operation of the various UEMOA instruments.

275. The transformations needed in West Africa and plans for its future will only be possible if the governments of the region and donors demonstrate their determination to promote self-reliant regional economic development. The very nature of democratic governance will provide Member States with a tool with which to work towards this objective, and legitimise economic reforms, through the support of the people. The principle of political dialogue which should enhance democracy in West Africa, should guide and be adopted by all the parties concerned.

276. Furthermore, the persistence of economic imbalances in Member States is partly due to the high debt service obligations of Member States and to the low prices offered for their raw materials. West African economies cannot recover until solutions have been found to these problems. Industrialised countries and donor agencies should assist ECOWAS Member States to minimise the effects of the debt problem and deteriorating terms of trade. The Executive Secretariat is presenting a paper on the heavy debt burden for consideration during the 1994 annual statutory meetings. It is obvious that a political solution must be found to the debt problem and the ECOWAS decision-making organs might wish to urge the West African creditors to grant the required debt relief.

277. The International Conference on African Development, held in Tokyo in October 1993, agreed upon a number of guiding principles on the relationship that should exist between African countries and their external partners in certain key areas such as political and economic reform, private sector development, and regional cooperation and integration. Given the role expected of ECOWAS in the development and integration of West African economies, our regional organisation must be involved in the application and monitoring of the principles enunciated in the Tokyo Declaration on African Development. For if these principles are to fully



achieve their objectives, ECOWAS Member States should continue improving their macro-economic environment in order to attract more direct foreign investments, particularly now that they are facing stiffer competition from Eastern Europe, Asia, Latin America and Southern Africa for foreign investments.

278. It is pertinent to note that even though the success of ECOWAS depends principally on the will of West African governments, external aid in the form of technical and financial assistance has a vital role to play. The international community should put in place appropriate regional assistance mechanisms and promote compatibility between national and regional development strategies.

279. The attainment of ECOWAS objectives is contingent on the performance of the Community Institutions. The new policy on discipline, team work, information circulation, identification of objectives, fairness and probity adopted and implemented within the Institutions is improving staff performance. A conducive atmosphere should be created to motivate staff members. For instance, the quota system in force in our Institutions should be rendered more flexible to enable deserving staff members to enjoy better career prospects.

280. To end this Annual Report, it must be stated that all West Africans should be prepared and determined to contribute to the development of this region. The case has been strongly put for the creation of an enabling environment needed to salvage the socio-political situation and foster sustainable development. The success of the development process and, indeed, the survival of the West African economy, depend on concerted action through regional integration. The potentials offered by ECOWAS must be fully recognised and exploited; this depends as much on Member States as on the institutions of the Community. Another potential source that needs to be tapped to facilitate the development process is the private sector. In the coming years, sustained efforts must be continued in the mobilisation of the private sector and the other



segments of the West African society in the twin processes of regional development and integration.