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**ECONOMIC COMMUNITY OF WEST
AFRICAN STATES**

**THIRTY-FOURTH SESSION
OF THE COUNCIL OF MINISTERS
ABUJA, 11 - 14 DECEMBER 1993**

***THE NEED FOR A NEW VISION
TO ACHIEVE EFFECTIVE INTEGRATION***

**INTERIM REPORT
OF THE EXECUTIVE SECRETARY
MR. EDOUARD BENJAMIN**

**EXECUTIVE SECRETARIAT
LAGOS
NOVEMBER 1993**

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INTRODUCTION

1. It is a great honour, and a very real pleasure for me to appear before the thirty-fourth session of the Council of Ministers, to present my first report on the activities of the Community. I wish to use this opportunity to express my humble gratitude to His Excellency, General Lansana Conte, President of the Republic of Guinea, and also to the Guinean Government for the honour done to me in nominating me to the post of Executive Secretary of ECOWAS.

2. In the same vein, I wish to express my profound gratitude to the current Chairman of ECOWAS, His Excellency, Mr. Nicephore Dieudonne Soglo, President of the Republic of Benin, and his distinguished peers, for appointing me to this post, and for all their continued support of the ECOWAS integration activities. At each of our meetings, the current Chairman has been most generous with sound advice to guide me along the tortuous path leading to the achievement of the objectives of regional integration, objectives towards which we aspire with all our hearts.

3. I wish to express my deepest gratitude to our hosts, the Nigerian and Togolese people and governments, whose unwavering support has facilitated the task of our two Institutions. We are grateful to them for having offered to ECOWAS officers and their families a home away from home.

4. May I further use this opportunity to thank the Honourable Paul Dossou, Minister of Finance of the Republic of Benin and current Chairman of Council for all his advice and for the insight he has given me into the problems inherent in the task ahead of me.

5. Finally, I wish to express my gratitude to my predecessor, Dr. Abass Bundu, for his invaluable handing-over notes from which I obtained my first impressions of ECOWAS cooperation programmes, the problems confronting the Community, and furthermore the nature and character of my new inheritance.

6. As part of my approach to the conduct of Community affairs, I am visiting several Member States, to hold discussions with Heads of State and Government and Ministers responsible for ECOWAS affairs and other government officials, on the most appropriate means of conducting the affairs of our Community, and I am also soliciting their opinions regarding the key issues determining the future of ECOWAS.

7. Meanwhile, I have been assessing the magnitude of the task ahead and the long and difficult struggle necessary to achieve our goal of regional integration. It is my belief, however, that ECOWAS at present is fortunate in holding important new cards which, if properly played, could advance the integration process.

8. The adoption of the revised ECOWAS Treaty at the sixteenth session of the Authority of Heads of State and Government held in Cotonou, in July 1993 has endowed the Community Institutions and Member States with a new, more appropriate instrument for integration. I hope that every Member State has taken necessary action to ensure ratification of the revised Treaty by the deadline of 31 December 1993. Furthermore, new statutory appointees are assuming duty in the Community institutions and will breathe new life and introduce fresh ideas into the search for a more appropriate approach to the integration drive, one which will more effectively permit ECOWAS to attain its objectives. Finally, if the on-going process of rationalisation of IGOs is pursued successfully, ECOWAS will be better able to implement its programmes because it will have eliminated one of the most serious obstacles to regional integration - the proliferation of IGOs within the region; all pursuing practically identical objectives.

9. After nearly twenty years of existence, it is time to reaffirm the crucial, catalytic role expected of ECOWAS in the integration process and in the development of West African economies. When I took office, I observed that, although there had been achievements in certain areas, the overall progress of the Community had not fully vindicated the hopes placed in it. We must, therefore, in order to prepare our future, look back into the past and make an objective assessment of our achievements, identifying the obstacles and difficulties, and giving a more viable direction to the integration process.

10. I plan to have completed my internal evaluation of the Community, very soon. I will then propose detailed measures, and make recommendations which will reduce the difficulties, and reorganise regional integration measures in such a way as to produce more tangible results. It is necessary and urgent to redefine ECOWAS cooperation and regional integration programmes in the light of recent changes in the national, regional and international environment of Member States. I shall devote myself tirelessly to this undertaking, so as to revitalise the Community Institutions, their operations and their mechanisms. I am relying on all Member States for their support and assistance in the difficult task of promoting regional integration.

11. I am convinced that with a strong political will, we will go far in our communal quest for a brighter future for our peoples through integration. All Member States must show an unshakable faith in ECOWAS, and constantly promote the integration programmes of our Community. We must all continue to work together towards this goal. The noble mission of promoting development and integration which brings us together, within a single Community, is more precious, urgent and imperative today than it was 18 years ago when our noble undertaking first saw the light of day.

12. My report is divided into four chapters:

- **Chapter I:** Presents the major events since July 1993 which have a bearing on the West African economic situation: multilateral trade negotiations, the crisis in the European monetary system, and measures initiated by UMOA countries in respect of foreign exchange and budgetary austerity.
- **Chapter II:** Presents the performance of the Community Institutions since July 1993. It focusses on socio-economic and sectoral matters, and administrative, institutional and political problems.
- **Chapter III:** Contains the 1994 work programme of the Institutions presented on the basis of areas of activity.
- **Chapter IV:** Describes the economic outlook and challenges facing the West African region. It lists the constraints and obstacles impeding the integration of West African economies, and identifies the necessary conditions for the success of ECOWAS programmes. Issues relating to the management of national economies and regional economic integration are examined in the light of the preceding, and proposals outlined for their revitalisation. These proposals will provide the guidelines for the optimisation of ECOWAS integration programmes. The new policies that will be recommended will be brought before the next summit of Heads of State and Government for consideration.

13. The concluding chapter of the report contains my closing remarks.

CHAPTER I

THE ECONOMIC SITUATION IN WEST AFRICA

I. INTRODUCTION

14. The economic situation of the region has undergone no significant change since the last summit of Heads of State and Government held in Cotonou, in July 1993, despite the continued efforts of Member States to revitalise their economies. The economic condition is made worse by problems associated with the prevailing general poverty, and above all corruption and youth unemployment. The budget and current account balances of some Member States have continued to deteriorate due, among other things, to the low growth rate of the industrialised countries, the continued adverse terms of trade, the heavy debt burden; and the problems of political transition in many countries, such as Nigeria, the most populous and industrialised country in the region.

15. While these factors underscore the need for Member States to pursue economic reform and structural adjustment, these reforms have been subject to numerous set-backs during implementation, hence the slippages observed about the management of certain economic programmes. Progress has been slow in key areas such as resource mobilisation, incentives to investment, expansion of regional trade, and coordination and harmonisation of regional economic policies. All these factors are crucial to the reduction of structural imbalances and the external dependency of the regional economy. In general terms, the economic problems of West Africa continue to prove a source for real concern.

16. A number of important events have taken place since July 1993, which have influenced the international and regional economic situation.

II. THE INTERNATIONAL ECONOMIC SITUATION AND ITS IMPACT ON THE REGIONAL ECONOMY Multilateral Trade Negotiations

17. The stalemate in the Uruguay Round negotiations was aggravated in September 1993, when the EEC, at the initiative of the French government, demanded the renegotiation of certain provisions in the section on agriculture of the Blair House prior agreement signed between the USA and EEC in November 1992. In failing to reach agreement on agriculture, the USA and the EEC have jeopardised any chances of the Uruguay Round Agreement being signed in the next few months.

18. The stakes are very high for both world powers with regard to agricultural subsidies. The remarkable expansion of European agriculture, which is extensively protected under the EEC Common Agricultural Policy (CAP), has been at a considerable

cost to the USA, through the loss of part of its share of the market, particularly in cereals; the USA accounted for only 36% of world cereal exports in 1992, as against 45% of few years before¹. This disagreement is basically over export subsidies and agricultural imports. The provisions of the Blair House agreement recommend a 21% quantitative reduction, and a 36% reduction in the value of subsidised EEC exports by 1999. The agreement also provides that the EEC import not less than 3% of its cereal consumption in 1994, and 5% thereafter. This means that at least 7 million tonnes will be added to the EEC's domestic production. Whatever the eventual outcome of the GATT negotiations on agriculture, the current negotiations will have had the merit of leaving the USA and the EEC to choose the types of agriculture most appropriate for ensuring a more just and equitable pattern of international trade.

19. Agricultural subsidies in industrialised countries, especially in Europe, have a very adverse effect on West African agriculture, and particularly on livestock farming in the Sahelian ECOWAS countries such as Burkina Faso, Mali, Mauritania and Niger. An example is the dumping of EEC beef in the coastal countries of the region, which accounted for a 700% increase in exports of subsidised European meat to West Africa, between 1984 and 1991. Meanwhile exports from Sahelian countries to these same coastal countries fell by 30 % during that 1984-91 period². EEC agricultural subsidies during the period amounted to ECU 100 million, or 400 billion FCFA³.

20. This subsidy is a direct threat to the livelihood of the four million Sahelian cattle farmers since they are unable to cope with such unfair competition. Subsidised European meat sells for about 225 FCFA/kg at the sea-ports of the region, and is resold to the consumer at an average 600 FCFA/kg; Sahelian meat, on the other hand, sells at 800 to 900 FCFA/kg⁴. Without the subsidy, European meat would sell at 1300 FCFA/kg⁵, (a price considerably higher than that of the Sahelian meat). Such market-determined prices would have brought out the comparative advantage position of Sahelian meat producers and encouraged regional production. The European policy on subsidies therefore endangers West African livestock farming, which represents 8.7% of GDP in Burkina Faso; 14% in Mali; 16% in Niger, or 26.3% of livestock exports in Burkian Faso, 14% in Niger, and 30% in Mali.

¹ "Le Monde", 11 September 1993

² EUROSTEP and CINERGIE/ADB Unit.

³ EUROSTEP and CYNERGIE/ADB Unit

⁴ EUROSTEP and CYNERGIE/ADB Unit

⁵ EUROSTEP and CYNERGIE/ADB Unit

21. Importing countries in the region see the low prices of subsidised European meat as some relief from a major negative effect of SAPs: drop in purchasing power. Unfortunately, this also means that livestock products from exporting Sahelian countries are being deprived of markets, and real adjustment of the economies of the countries concerned is partially blocked as a result.

22. ECOWAS countries should make a joint representation to the EEC to obtain a subsidy reduction, or at the very least, a reduction in the volume of subsidised meat imports from Europe. In addition, West African countries should ensure that there is a market for Sahelian livestock in the region. To this end, it is necessary to coordinate trade policy on livestock products at the ECOWAS level, thereby increasing intra-regional trade. (This issue will be examined in greater detail later on).

The Crisis Within the European Monetary System

23. With regard to monetary and financial policy in industrialised countries, the international money market was characterised by fluctuations in the value of the dollar, and the upheavals within the European Monetary System during the month of August 1993. The strength exhibited by the dollar could be closely linked to the high speculation about a healthier American economy. The dollar appreciated against the major European currencies, particularly as differences in long-term interest rates stayed in favour of assets valued in dollars. The EMS crisis also contributed to the stability of the dollar at the time. As a result of European monetary instability, the EMS had to be reviewed, thus widening the fluctuation band from 2.25% to 15% on either side of the EMS peg. The pressure on the exchange mechanism increased as the Deutschmark appreciated. Realignment of the currencies brought about the floating of the different EMS currencies including the French franc. It should be recalled that the pound sterling, the Italian lira, the Portuguese escudo and the Spanish peseta dropped out of the EMS altogether in September 1992, as a result of the monetary crisis.

24. The instability of the European money market and the floating European currencies constitute a de facto devaluation which could have a deleterious effect on the economies of our countries, for which Europe is the main trading partner. The floating currencies will raise the price of our exports in the European market, thereby cutting down demand for them, at this particular time when there has been a considerable slow down in the economic activities of EEC countries. Moreover, there is the monetary link between certain West African and European countries - the case of the CFA and the French francs. Thus, any floating in the value of the French franc will immediately be reflected in the exchange rate of the CFA to other international currencies. Monetary adjustment which is not accompanied by a real adjustment of the economy can create macro-economic imbalances, and provoke the flight of capital.

The Regional Economic Situation

25. The economic situation in ECOWAS Member States since July 1993, has been marked by the exchange control and other austerity measures taken in UMOA member countries.

26. As a reaction to the outflow of banknotes, and as a back-up to the adjustment measures aimed at improving the economic and financial situation of the West African states belonging to the franc zone, the UMOA authorities decided, as from 2 August 1993, to suspend the repurchase of CFA notes of BCEAO exported outside the franc zone.

27. The purpose of the measure was to encourage resources to remain within the zone, and improve the economic outlook of the Union members. The measure is restricted to the physical transfer of banknotes, but places no restrictions on international transactions. According to the UMOA authorities, it in no way affects the principle of free transfer within the franc zone, or full convertibility of the CFA franc, as guaranteed by the cooperation agreements with France.

28. In the last few years, outflow of CFA banknotes from UMOA states reached such levels that the BCEAO had to repurchase them with hard currency in order to maintain the convertibility of the CFA. In 1990, the amount of CFA repurchased was 153 billion; in 1991, 154 billion; in 1992, 231 billion; and in the first six months of 1993, 168 billion. At that rate, the figure would have attained 340 billion by the end of 1993, representing an increase of 42% over the 1992 repurchases.

29. As a further illustration of the size of these amounts, and the effect on the monetary situation of UMOA countries, the amounts expended on the repurchase of banknotes represented 38.6% of all the banknotes in circulation in the Union in 1992. This meant that more than one-third of the banknotes put in circulation were outside the UMOA, reducing the available monetary mass (M1) in the Union by the same proportion.

30. This heavy outflow of banknotes is caused by commercial transactions and movements of capital which are frequently illegal, and by-pass normal bank transfer procedures. The spread of informal trade between UMOA countries and other West African countries is also partly responsible for the massive outflow of banknotes. The BCEAO repurchased 37 billion CFA francs from the Bank of England, probably originating from English-speaking West African countries.

31. The massive outflow of banknotes deprives UMOA countries of investment funds at a time when domestic savings are needed to replace the diminishing flow of foreign capital. This situation also erodes much of the effects of the banking sector reforms undertaken as part of the financial reorganisation and sector-restructuring programmes of UMOA states.

32. The liquidity situation is also adversely affected by the outflow of banknotes, since it reduces the means of payment available to the public.

33. Another negative effect of the outflow of banknotes is that the illegal imports financed through this means cause a serious loss in fiscal revenue for UMOA countries.

34. At the regional level, the illegal withdrawal of FCFA to finance informal trade has had a harmful effect on the functioning of the West African Clearing House. The volume of intra-regional trade transacted through the WACH fell from 13% in 1985 to about 1% in 1990. Rather than use the Clearing House which is designed to facilitate regional payments, many traders prefer to carry CFA banknotes to change into the local currency on the parallel market in countries outside the UMOA. The traders reap profits either through black market speculation on the local currency, or the purchase of goods to be resold illegally in UMOA countries. All the countries concerned lose out in such unofficial transactions.

35. Informal trade is created by macro-economic distortions between Member States, usually in the form of the differences in prices (exchange rates, interest rates, Customs tariffs, domestic prices, subsidies, etc...). These distortions are mostly caused by differences in the budgetary, monetary and trade policies among ECOWAS Member States.

36. The spread of informal trade indicates that there is the potential for developing regional trade in ECOWAS. A way has to be found to integrate informal trade into the mainstream of formal trade.

37. Beyond the suspension of the repurchase of CFA banknotes, it is necessary to strengthen regional cooperation by coordinating and harmonising budgetary, monetary and trade policies, in order to reduce the economic distortions which are responsible for price differences between West African states. Concerted action must be taken by ECOWAS Member States to combat Customs fraud which constitutes a substantial cost to the national economies. Another necessary measure that must be instituted is the official use of national currencies in intra-regional trade, as a means of countering the harmful effects of informal trade (issues relating to the coordination and harmonisation of economic policies of Member States are examined in Chapter IV).

38. During the period under review, certain UMOA member states launched national austerity measures aimed at reducing domestic demand to acceptable levels. One such measure employed was salary cuts to reduce the budget deficit and render the economy more competitive. The measure met with strong resistance, especially from the trade unions, and revived the debate on the pros and cons of changing the fixed parity between the CFA and French francs. The official stand expressed by the Ministers

of Finance of the franc zone, when they met in Abidjan in September, was that the CFA would not be devalued. The Bretton Woods institutions (IMF and World Bank) do not support the maintenance of the present value of the CFA. They propose devaluation as an effective and necessary measure for restoring external balance and economic growth.

39. Apart from the fundamental issue of the correctness of the parity of the CFA, UMOA countries must give serious consideration to the appropriateness of the present exchange rate. Whatever the decision taken concerning the CFA/French franc parity, there is an urgent need to take appropriate steps to prevent the flight of capital. The long run solution will be the promotion of self-reliant policies to ensure the sustained and lasting growth of UMOA economies. Steps must be taken in this direction, given the drastic reduction of aid received from traditional external partners.

40. There should be an evaluation of all aspects of informal trade - its role, objectives, positive and negative effects on national economies, and on regional integration - and appropriate recommendations made for the incorporation of its dynamic elements into the formal sector.

CHAPTER II FUNCTIONING OF THE COMMUNITY

I. INTRODUCTION

41. This Chapter gives an account of the activities undertaken by the Community and Member States since the July 1993 annual statutory meetings. The activities which were based on the approved 1993 Community Work Programme, as modified by decisions taken by the ECOWAS authorities at the 1993 annual meetings, are presented in three main sections as follows:

- (i) Socio-economic Cooperation Programmes;
- (ii) Administrative and Institutional Issues;
- (iii) Regional Peace and Security.

II. SOCIO-ECONOMIC PROGRAMMES

42. The main focus of the entire 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 programme emphasised the removal of tariff and non-tariff barriers to trade and trade-related support activities.

The Minimum Agenda for Action

43. These activities received a special impetus for implementation through the adoption of the Minimum Agenda for Action which was a one-year programme of priority activities to be undertaken by all the Member States with the objective of strengthening the integration ideal. The selected priority activities were in the fields of trade, customs, immigration and monetary cooperation. The principle involved in this initiative is for Member States to concentrate attention on the implementation of a set of key components of inter-related Community programmes. The following issues have been addressed under the Minimum Agenda:

- the printing and utilisation of ECOWAS customs and immigration forms;
- removal of checkpoints along international highways;
- simplification of immigration procedures at the entry and exit points;
- creation and operation of transit counters to expedite customs procedures;
- removal of non-tariff barriers to intra-Community trade;
- promotion of the use of national currencies in intra-Community transactions, including travels.

Implementation of MAFA

44. Following the reports by Member States on the implementation of the Minimum Agenda and the evaluation missions undertaken by the Secretariat, the Authority urged all Member States which had not ensured the completion of the different activities under the programme to do so before the November 1993 session of the Council. Reminders were sent by the Secretariat to Member States concerning this decision. Each Member State would be expected to give a report on steps taken to comply fully with the MAFA provisions.

45. During the recent joint annual meeting of the World Bank and IMF, the ECOWAS delegation took the opportunity to exchange views with officials of the Bretton Woods institutions on the implementation of MAFA. Copies of the ECOWAS document on the implementation of MAFA were left with both the World Bank and the IMF; their comments on the document are being awaited to serve as a possible input in the finalisation of a draft successor programme to MAFA.

46. There was a very favourable reaction from the two institutions on the ECOWAS initiative relating to the harmonisation of national economic and fiscal policies and the proposal to adopt a regional structural adjustment programme (see section on "Promoting Economic Development" in Chapter III). This initiative was applauded and the two institutions indicated their willingness to assist the Community in creating an effective regional mechanism for improving the management of the economies of its Member States. Both the World Bank and IMF made it clear that the assistance received from them or any other external sources would depend on the perceived seriousness that West African countries attach to regional integration.

Macro-economic Policies

47. ECOWAS aims at improving the economic performance of Member States and creating one expanded market for the region. In this regard, the programme to formulate policy measures to achieve convergence of national economic policies in order to strengthen the integration process is being pursued. During the review period, the Secretariat occupied itself with the collection of the questionnaires sent to Member States and the Central Banks to gather information on the policies being implemented and the experiences gained from the exercise. Such information would be used in drafting appropriate economic management policies and, particularly, recommendations on the harmonisation of monetary, fiscal and exchange rate policies. These policies would be designed to ensure steady development of the national economies and the promotion of a regional approach to economic reform. In response to the request of Council that the Executive Secretariat should conduct a study on the extremely high level of external debt servicing in West Africa, this study will be carried out in 1994. It will update information on the level of indebtedness, evaluate the effect of available debt relief measures and present

concrete proposals for other possible debt relief measures for West African countries. The proposals will guide our authorities in their search for solutions to the debt situation.

The Consultative Forum

48. The first consultative forum was held during the last session of Council. The forum discussed progress made by the adoption of a more rational system of economic management and the restructuring of national economies.

49. It is important at this point to acknowledge the immense assistance the proposals of the Governors of Central Banks for accelerating monetary integration have given to the efforts to coordinate and harmonise the macro-economic policies of Member States. The discussions of the Ministers of Finance and Planning and the Governors of Central Banks have also demarcated the areas of monetary, fiscal, exchange rate and price policies for effective economic management to correct imbalances. It is expected that when the studies on harmonisation of monetary and fiscal policies are completed, national experts would be convened to review the report before it is placed before the next Consultative Forum.

Study on the Rationalisation of West African IGOs

50. The study was expected to be completed by June 1993 so that experts' meetings would be held to review the proposals and submit recommendations to the November session of Council. Unfortunately, there have been some unavoidable difficulties concerning finance which have prevented the completion of the study as planned earlier. Discussions with the Consultants revealed that more time was needed to put together the practicable and implementable interdisciplinary report that they have set out to produce. It was therefore agreed to extend the deadline beyond the six months originally agreed upon; the final report will be submitted to the Secretariat in March 1994. As at mid-October, the Consultants had produced the first draft of volume I of their report which is the summary of the main issues covered by the study. The second volume will contain the background studies to the summary of conclusions. Work will be continued and the report reviewed by the appropriate bodies as envisaged, before being submitted to the next Council of Ministers. The importance of the study requires that time be taken to present recommendations that will be comprehensive and implementable.

First ECOWAS Trade Fair

51. As part of the preparation towards the holding of the first ECOWAS Trade Fair in Dakar, Senegal, the Organising Committee has held its third meeting to deliberate on progress being made. There has so far been no positive response from the list of donors that had been identified and contacted. It has been recommended by the Organising Committee that if these funding arrangements were not showing immediate results, the

Executive Secretary should be requested to handle the requests for funding presented to the donor agencies. In addition, the Organising Committee has proposed that pre-fair activities like publicity and organisation should be included in the Community budget for 1994.

52. The first ECOWAS Trade Fair is expected to provide better information on goods and services in the sub-region as a positive way of promoting trade and expanding production in Member States. The Fair will also assist participating firms to gain knowledge in product presentation: quality control, marking, labelling, product enhancement and delivery requirements. Increasing intra-Community trade through this process is one of our major goals. This is why every effort is being made to secure the necessary funding to ensure that the first Trade Fair is held successfully.

Immigration Programme

53. The cooperation programme of the Community in the field of immigration is based on the Protocol on Free Movement of Persons, Right of Residence and Establishment adopted in 1979. In conformity with the relevant aspect of the Minimum Agenda for Action, the harmonised immigration forms which are multi-copy and carbonised should have been printed and put into use, so as to simplify procedures at the entry and exit points. The failure to put these forms in circulation is one more confirmation of the need to conduct regular reviews of the implementation of the policies which have been adopted to promote integration. A review of this particular Community immigration policy should reveal the necessary hardships that Community citizens are subjected to and the extent of damage to our economies through certain activities that reflect inefficiency and corruption.

54. On the highways, roadblocks still appear at numerous locations. They are familiar sights on some of our roads. Unfortunately, the continued existence of these check-points was not reported faithfully in the evaluation of the implementation of MAFA. If these roadblocks are still authorised, then that is going against Community decisions and the situation must be rectified.

Revised ECOWAS Customs Nomenclature

55. During the period under review, the Secretariat finalised the draft ECOWAS Customs Nomenclature based on the harmonised system of the Customs Cooperation Council. The Council of Ministers approved the new nomenclature at the last meeting in July, and January 1995 has been set for the application of the nomenclature. The following activities have been selected for implementation:

- Organisation of a seminar for officials of national customs administrations on the new nomenclature;

- Harmonisation of internal indirect taxation before embarking on the adoption of Value Added Tax in all Member States;
- Setting up of a Technical Tax Commission to ensure the introduction and follow-up action of the Value Added Tax in the Community;
- Submission to the Executive Secretariat of the list of items Member States require to be exempted from the Value Added Tax in accordance with the revised ECOWAS Customs Nomenclature.
- Adoption and application of Value Added Tax by all Member States by the latest three years after the signature of the applicable Protocol.

Monetary Cooperation Programme

56. The Secretariat has worked closely with the Committee of Governors of Central Banks in the preparation of the statutes and protocols in respect of the West African Monetary Agency (WAMA). The Governors have also considered the possible revision of the existing contribution formula for WACH to reflect the nature and operation of the new institution. The recommendations of the Governors were submitted to the Summit, and the Authority of Heads of State and Government adopted the Protocol relating to the West African Monetary Agency. This Community Protocol has given effect to the transformation of the West African Clearing House (WACH) into an autonomous specialised institution of ECOWAS. The Agency will be the principal Community institution for the implementation of the regional monetary integration programme which has the objective of the creation of a single West African currency by the year 2000.

57. During the review period, the Secretariat relayed the appeal by the Council of Ministers to the debtor Central Banks in the WACH arrangement to settle their arrears of payments vis-à-vis the creditor Central Banks. The Committee of Governors and the Secretariat are also pursuing the search for resources to establish a Credit and Guarantee Fund Scheme within WACH. These approaches are expected to improve the functioning of WACH and also help to build confidence in the operations of the new Agency. Discussions will continue on the moves to liberalise current transactions and to facilitate cross-border trade, payments and investments in accordance with the provisions of the protocols on free movement of persons, goods and services.

58. Two studies have been completed by UNCTAD for the Secretariat. These are:

- (i) Macro-economic indicators of convergence, and
- (ii) The use and acceptability of national currencies in intra-regional trade.

59. The study on macro-economic indicators identifies the main policy issues considered under economic reform - monetary, fiscal, exchange rate policies and recommends levels of perfor-

mance that must be achieved in order to attain convergence of national economic policies to strengthen the integration process of the West African region. The proposals concerning the indicators have been presented to the Coordinating and Monitoring Committee on the ECOWAS Monetary Cooperation Programme for review, and their comments will be presented to the next session of the Committee of Governors.

60. The second study identifies the current mechanisms for settlement of intra-regional trade and payment transactions and notes that the use and acceptability of national currencies based on the harmonisation of exchange rates, fiscal and monetary policies, would be the first major step towards the creation of a single monetary zone and a common convertible currency. The study therefore has proposed the following policy measures to achieve this purpose:

- (i) the removal of exchange rate over-valuation to achieve convergence in nominal exchange rates and equilibrium rates;
- (ii) the removal of existing trade and payments restrictions and the convergence of policies in these areas;
- (iii) the harmonisation of fiscal policies.

61. This is, once again, a reminder about the need to have joint reviews of national economic policies, identify any distortions that exist and ensure that these distortions and imbalances are removed. These proposals have been considered by the Coordination Committee and their report will be presented to the Committee of Governors.

62. At this point, I wish to commend the Committee of Governors, the Coordinating and Monitoring Committee, UNCTAD and the Consultant who prepared the studies, for their important roles in developing the general outline of the studies and for providing these specific policy guidelines for consideration and adoption by the Community. There is need to reflect further on the impact of such improved policies on intra-regional trade and payments, the availability of goods and services as well as the expansion and deepening of our productive and financial capacities.

Floating Weeds Control Programme

63. The African Development Bank (ADB) signed an accord in December 1992 for the allocation of UA2.2 million for the financing of a study on the control of floating weeds in this region. Tenders have been invited from interested consultancy firms for the award of the study contract. The selection of a coordinator for the project will also be made before the end of the year. These activities will be followed by the execution of the study and the consideration of the recommendations for adoption and implementation.

The "White Fly" Menace in ECOWAS Coastal Countries

64. The Executive Secretariat has recently been informed of the proliferation of a pest, the "white fly" in some Member States, especially in Benin, Nigeria, Togo and Ghana. This fly is believed to have been introduced into this region by sea transport, through the consignment of horticultural plants originating from infected countries of the American continent. The "white fly" attacks crops, ornamental plants and other vegetation. It is rapidly spreading in the above-mentioned countries and may spread to other neighbouring countries. This constitutes a serious threat to the entire region, and it is therefore important to take urgent steps to control this pest.

65. Among the methods advocated, the most effective would appear to be biological control, using natural enemies of the fly. To this effect, FAO and ECOWAS are planning actions to be initiated at both national and regional levels. The general strategy will be as follows:

- (i) sensitisation of political authorities and the masses;
- (ii) treatment of affected areas;
- (iii) manpower training to carry out the control exercise and to monitor its progress.

66. The programme will take off in Togo where FAO has already decided to provide both financial and technical assistance. Other national initiatives will be announced in due course.

67. At the regional level, a meeting of experts from infected countries will be organised in Lome (Togo) in December 1993 by FAO and ECOWAS. A regional programme for the control of the white fly is to be worked out and submitted to donors for urgent support. Considering the fragility of the West African eco-system, every assistance towards the control of environmental degradation would be most welcome.

Cooperation in Meteorological Activities

68. The Executive Secretariat, in collaboration with the World Meteorological Organisation (WMO), held the second meeting of Directors of Meteorological Services in Member States in Ouagadougou, Burkina Faso in July 1993. The meeting recommended that the Executive Secretariat should seek the assistance of the WMO to support the following priority components of the Community meteorological programme:

- (i) meteorological communication system;
- (ii) sub-regional observation system;
- (iii) training and research;
- (iv) maintenance of equipment;
- (v) cooperation among inter-governmental institutions.

69. The Secretariat has maintained contact with WMO to ensure the implementation of the above recommendations. The next meeting of the Directors will be held in Senegal in 1994 and the progress made on these requests will be discussed.

Communications

70. The Secretariat continued the series of coordination meetings among sets of national telecommunications administrations. The objective of these meetings is to propose practical solutions to the problems that still do not permit the smooth functioning of the telecommunications networks that have been completed. One of the recommendations from the coordination meetings receiving urgent attention is the promotion of a project on submarine optical fibre cables linking Member States. Another recommendation has led the Secretariat to work closely with INTELSAT to increase direct satellite communications links among Member States.

71. The main concern of the Community now is to improve the services being offered through the regional communications installations. Although a substantial portion of the regional telephone and telex network has been completed, the quality of service has remained unsatisfactory. It is the expectation that through the coordination meetings, the administration and functioning of the national telecommunications systems will be improved to give better service.

Regional Aeronautical Telecommunications Facilities

72. The Secretariat is embarking on a study on the aeronautical telecommunications services and navigational aids at major airports in Member States. The study is supported with financial assistance from U.S. Trade and Development Agencies. The purpose of this study is to determine the level of rehabilitation and modernisation required at these airports in order to maintain safety standards as prescribed by the International Civil Aviation Organisation (ICAO). The study will also propose possible financing mechanisms as well as identify potential financiers for the complete rehabilitation and modernisation of all major airports in the region.

Transport

73. The Secretariat organised a meeting of Directors of Civil Aviation and Airline experts during the review period to consider the recommendations of the Working Group on Air Transport Agreement and the recommendations of the study on the harmonisation of flight schedules. The meeting urged the Secretariat to set up a Flight Schedule Harmonisation Committee which will work closely with the African Airlines Association (AFRAA) on the preparation of sector schedules. This arrangement will assist the regional airlines to avoid duplication of services and to achieve optimal use of the available fleet of aircraft. The meeting also recommended the setting up of

National Facilitation Committees for better coordination of air transport services. These efforts will yield good results if the management of the airlines recognise the importance of improved service through cooperation.

Coastal Shipping in West Africa

74. On maritime transport, the Secretariat has followed the recommendation of Council that the development of coastal shipping in the region should be left to the private sector. ECOWAS was to continue to monitor the activities in connection with the establishment of the multinational coastal shipping company to serve West and Central Africa. In this regard, the Secretariat participated in the meetings of the Follow-up Committee set up to facilitate the implementation of this project, and which includes ECOWAS, ECA, UNCTAD, MINCOMAR (Ministerial Conference of West and Central African States on Maritime Transport), ECCAS (Economic Community of Central African States) and representatives of Shippers Councils of Member States and interested maritime companies. ECA is financing the activities of the Committee. A contract has been awarded for the up-dating of the earlier market study for the project. The recommendations of the study will be considered by the Follow-up Committee which will then decide on the mobilisation of the private sector to launch the company.

Energy

75. The study being undertaken by the Secretariat on the needs in renewable energy equipment of Member States is in progress. It is expected that proposals will be made for identifying the appropriate equipment and rationalising the manufacture of such equipment in order to promote their adoption and utilisation.

Gas Project

76. The World Bank is conducting a study on the transportation of gas from Nigeria to Ghana through Benin and Togo. Three meetings this year (in Lagos, Cotonou and Lome in May, July and September respectively) on the progress of the study have been held between the Member States concerned, the World Bank and the Consultant. It is surprising that the Secretariat has not been associated with this phase of the project which forms part of the Community Cooperation Programme for the production, supply and distribution of petroleum products and natural gas.

77. The Secretariat has written to the World Bank for the reports of the three meetings, and is also planning to undertake missions to the Member States concerned with the objective of ensuring the effective harmonisation and coordination of various aspects of this regional project.

Hydro-Electric Master Plan

78. The UNDP is financing a study on the Hydro-Electric Master Plan for the region, a technical blueprint on the development of the hydro-electric energy resources of the region. The study also includes the drafting of a programme for the inter-connection of electric energy in order to achieve integration of electricity supply in the region.

External Resource Mobilisation

79. Previous initiatives had resulted in securing external financial assistance from various donor agencies. The UNDP-supported Fourth Regional Programming Cycle came to an end in June 1993. There are, however, a few activities on the programme that had not been completed when the project was closed. The Secretariat had requested the executing agency, the UN Economic Commission for Africa (ECA), to utilise resources available under the project to finance some priority issues like the following:

- (i) the study on Rationalisation of West African IGOs being undertaken by IDEP (\$55,000);
- (ii) the purchase of computer equipment for the Secretariat (\$45,000);

The ECA in Addis Ababa has been requested to see how best these outstanding issues can be resolved.

80. The Secretariat has submitted draft proposals for consideration under the UNDP Fifth Programming Cycle. It is hoped that negotiations would be continued concerning the priority areas to be retained and the volume of resources to be allocated to support the regional integration efforts of ECOWAS.

EC-Funded Regional Projects

81. It should be recalled that the Authority, in its desire to see a higher level of utilisation in West Africa of the EEC Regional Fund, decided in 1984 that ECOWAS should coordinate and manage the resources allocated to West African countries. In conformity with this decision, the Secretariat organised between 1990 and 1992, three coordination meetings of West African National Authorising Officers (NAOs) and Inter-Governmental Organisations (IGOs). At these meetings, the NAOs and IGOs agreed to adopt a regional approach, designated ECOWAS to coordinate the preparation and submission of a single West African programme of regional projects, and agreed on priority sectors and criteria for selecting regional projects. Eventually, the NAOs and IGOs agreed on a list of regional projects which reflected the Regional Indicative Programme adopted at the meeting in Dakar in June 1992 between the NAOs and the European Commission officials.

82. ECOWAS submitted this list of projects to the European Commission in October 1992 but at a follow-up mission to Brussels

in November 1992, the ECOWAS delegation was informed that the EC could not act on that list. The EC indicated that not only had individual Member States submitted regional projects, but also some of these Member States had insisted that ECOWAS had no mandate to act on behalf of West African countries. This repudiation of the ECOWAS mandate also led the EC to deny ECOWAS information required to monitor the utilisation of the 228 million ECUs allocated to West Africa under the First Financial Protocol of the Lome IV Convention.

83. Apart from ensuring that ECOWAS regional projects receive EC support, the Secretariat believes that proper regional coordination of the utilisation of the Regional Fund would be beneficial for West Africa. The Secretariat will, therefore, prepare approved ECOWAS projects for presentation to the EC under the Second Financial Protocol which would come into effect after March 1995. Steps will also be taken to resume the coordination role entrusted to ECOWAS by first securing a reaffirmation of this mandate from the NAOs.

III. ADMINISTRATIVE AND INSTITUTIONAL ISSUES

ECOWAS Revised Treaty

84. At the last Summit, the ECOWAS Revised Treaty was adopted and signed. This marked the institutional process of having a stronger and more dynamic ECOWAS such as the reforms had envisaged. During the review period, reminders were sent to Member States to take immediate action on the process of ratification so that the new Treaty can come into effect in January 1994.

85. The Secretariat is including in its work programme the drafting of the various protocols to be submitted for signature to ensure that the reforms adopted stay on course. Everything must be done by all concerned to make possible the revitalisation of regional integration aimed at in the Revised Treaty. West Africans need to work together to achieve regional integration and rapid economic development.

Staff Recruitment

(i) Statutory Appointees

86. The Authority, at its last Summit, took a decision concerning my appointment as the Chief Executive of the Community and designated five Member States to nominate three candidates each for the respective other statutory posts assigned to them. The Authority directed the Ministerial Committee for the Selection and Evaluation of Statutory Appointees to ensure the early completion of the recruitment process. Unfortunately, the recruitment has not been fast enough and the Institutions of the Community have had to operate for an unduly long period without the required management team.

87. Interviews were held in early September to fill the following Statutory Posts:

- (a) Managing Director of the Fund;
- (b) Deputy Executive Secretary in charge of Administration and Finance;
- (c) Deputy Executive Secretary in charge of Economic Affairs;
- (d) Deputy Managing Director of the Fund.

88. The recommendations of the Committee were then forwarded to the Chairman of Council. It is hoped the successful candidates will soon assume office. It should be added that the interview to select the Financial Controller was deferred till the meeting of Council.

89. The experience of the last couple of months has emphasised the need for a smooth period of transition from one administration to another.

(ii) Other Members of Staff

90. For the professional grade, interviews were organised during the period to select candidates to fill the following posts which had become vacant:

- (a) Head of Projects Division;
- (b) Head of Conference Division;
- (c) Head of Agriculture Division.

91. Also, the selection process was organised to pick two candidates for employment as Accounts Clerks at level G4 for the Department of Finance. Supporting staff were interviewed for positions of bilingual typist G3 and driver M4 for the project on the Control of Floating Weeds that is being financed through funds provided by the African Development Bank (ADB). Recruitments to these posts have been made.

Contributions of Member States

92. Council approved a budget of UA 7,678,100 for the activities of 1993. As at 30 September 1993, contributions of Member States to this budget amounted to UA 2,541,478 representing 33.10% of the total. The Secretariat has invariably faced a rather serious cash-flow problem during the year because of the low level of contributions. It is hoped that Member States will endeavour to give stronger financial support to the Community and its programmes.

93. It may be recalled that at the beginning of 1993, a total of UA 17,522,206 was reported as the amount of arrears owed by Member States as unpaid contributions to previous Secretariat budgets. During the year, appeals to Member States to settle these arrears yielded some results. At the end of September

1993, a total of UA 1,274,004 of these arrears had been settled, leaving a balance of UA 16,248,202.

94. In sum, it should be noted that at the beginning of 1993, total expected contributions of Member States to the Secretariat amounted to UA 25,200,306 comprising UA 17,522,206 as arrears up to the end of 1992, and the budget for 1993 totalling UA 7,678,100. Total payments made by Member States up to the end of September amounted to UA 3,815,482 made up of UA 1,274,004 for the arrears and UA 2,541,478 for the current budget year. This leaves an amount of UA 21,384,824 as the balance of outstanding contributions.

Review of the Coefficient of Contributions

95. At the last Summit, the Authority decided that the current meeting of the Council of Ministers should review the coefficient of contributions of Member States to the budget of the Community. The Secretariat has accordingly used the data on GDP and per capita income to calculate the applicable coefficient for consideration. The proposals have been submitted to the Administration and Finance Commission and the recommendations of the Commission would be presented to Council. As was decided by the Authority, the revised coefficient adopted by Council will become effective as from 1st January 1994.

IV. REGIONAL PEACE AND SECURITY

96. The Liberian crisis has become a topical issue in international discussions of 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. They expressed particular concern over the uncertain situation of the ceasefire in Liberia at that time, and the consequent disruption of the implementation of the ECOWAS Peace Plan. 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.

97. 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.

98. 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.

99. 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.

100. 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 will be contributed. Zimbabwe has already sent an advance party to Liberia and the troops are expected. The arrival of other contingents will be announced as soon as preparations are completed. The ceasefire is holding with very few and negligible violations. The military experts assure us that there is no cause for alarm.

101. 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.

102. Meanwhile, meetings have been held in Lagos with the Ambassadors of Japan, Sweden and Belgium (the current president of the European Community) to discuss the possibility of receiving contributions to the Trust Fund. The discussions were encouraging and one is very hopeful that the international donor community will step up its assistance to ECOWAS in the search for lasting peace in Liberia.

103. 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 re-constituted national transition government, in accordance with the provisions of the July 1993 Cotonou Accord. The meeting was attended by representatives of the leaders of IGNU, NPFL and ULIMO. In spite of long hours of negotiations, the three parties could not agree on the distribution of four key ministerial posts, namely, Defence, Justice, Finance and Foreign Affairs. In the end, it was agreed that the Chairman of the Authority

should convene a meeting of the leaders of the three parties as soon as possible to resolve the matter and ensure that the reconciliation process continues.

104. It is our hope that all the signatories of the Peace Agreement will cooperate fully in the implementation of the accepted terms and also endeavour to facilitate completion of the electoral process within the stipulated timeframe of seven (7) months. The emphasis that the international community is currently placing on good governance and multi-partyism should encourage the people of Liberia to live in peace and work for the reconstruction of the shattered national economy.

CHAPTER III

1994 COMMUNITY WORK PROGRAMME

105. The forthcoming session of Council would be devoted mainly to the consideration of the draft 1994 Work Programme and Budget of the Institutions of the Community. This Chapter of the Interim Report gives a brief presentation of the proposed Community Work Programme. It should be emphasised that the activities envisaged for 1994 are based on the decisions and directives of the ECOWAS authorities. The activities also reflect the determination of the Institutions to ensure that ongoing economic integration projects are continued; some of the activities are aimed at more effective implementation of previous Community policies and programmes. More than ever before, the collective efforts of Member States must lead to the realisation of the Community objectives of economic development and integration. The 1994 Community Work Programme reflects the short-term measures for achieving these objectives.

Promoting Economic Development

106. The Secretariat will focus on the promotion of the adoption and implementation of policies for sound economic management and improved performance of the economies. To achieve this objective, technical discussions will be organised among officials of Member States responsible for the formulation and monitoring of the implementation of Structural Adjustment Programmes (SAPs) and other economic reform programmes. During this dialogue, emphasis will be placed on a review of the policies being implemented and the experiences gained, and actions Member States can take jointly in order to have more efficient national SAPs.

107. The proposals of the national experts will be presented to the next session of the Consultative Forum which brings together Ministers of Finance and Planning and Central Bank Governors. The Forum has been established for regular interaction among national policy-makers in order to adopt a concerted approach to economic management and also, to ensure progress towards the Community objective of promoting economic development through production, trade facilitation and increased intra-Community trade.

Regional Investment Programme

108. The Secretariat will study the investment programmes of Member States with a view to achieving a degree of harmonisation of national investment programmes. The Secretariat's activity will also aim at promoting the sharing of information to improve performance. Emphasis will be on the adoption and implementation of priority programmes involving infrastructures, services (water, telephone, electricity,

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transport), education and health as well as employment avenues and deployment of available manpower.

Study on Rationalisation of West African IGOs

109. The objective of the study is to improve the functioning of the regional economic integration process by prescribing appropriate institutional arrangements to govern the integration process.

110. The report on the study being conducted by IDEP will be presented to the Secretariat in March 1994. The Secretariat will organise a meeting of experts to consider the proposals submitted. The meeting of national officials and representatives of IGOs will review the proposals of the study and submit a flexible and pragmatic plan of rationalisation to Council and the Authority.

Meeting of Heads of ECOWAS National Units

111. The meeting of Heads of ECOWAS National Units will be held during the year. The objective of the meeting is to have a dialogue on issues relating to the improvement of the functioning of the Community.

112. The meeting will review the progress of integration, notably, the ratification of the Revised Treaty and protocols. The meeting will provide an opportunity to review the implementation of the policies already adopted, highlighting problems being encountered and making suggestions for improvement. Emphasis will be placed on cooperation between national units and the Community institutions in the fields of information, responses to requests made and necessary follow-up actions in support of integration.

113. The experience with ECOWAS amply demonstrates the need for a strong institutional arrangement in each Member State for handling regional integration issues. This calls for the establishment of a well-staffed ECOWAS Unit; there has been the encouraging case where an entire ministry was created with regional integration as its only responsibility. The ECOWAS Units should be strengthened in terms of staff, with the relevant expertise, and equipment. These Units are required to initiate national positions on integration issues, monitor and coordinate the implementation of ECOWAS decisions and programmes and assist in the formulation of future regional integration programmes.

114. It is strongly proposed that every Member State should accordingly review its internal arrangements for its participation in the West African integration process, since this is crucial for the success of any ECOWAS initiative.

Trade Liberalisation Scheme

115. The Secretariat will undertake sensitisation missions and participate in seminars in Member States on the implementation of the ECOWAS Trade Liberalisation Scheme. The application of the scheme will be monitored through contacts with enterprises, economic operators and government officials. There will be a meeting of Directors of Customs, Statistics, External Trade, and Industry to review various aspects of the scheme to identify any problems and propose measures to ensure an increase in intra-Community trade, which is the objective of the Trade Liberalisation Scheme.

ECOWAS Common External Tariff

116. The Common External Tariff is expected to be applied in the year 2000. The study on the Common External Tariff was financed through a UNDP programme that ended in June 1993. The Secretariat will have to mobilise additional resources for the continuation of the study.

117. Another Study on the mechanism for the protection of ECOWAS products is almost completed. This study will be discussed at a meeting of the national study groups on the Common External Tariff because it deals with proposals for the classification of products into various categories.

Introduction of ASYCUDA in Member States

118. The Secretariat will organise meetings of Heads and officials of ASYCUDA Units in Member States to discuss the progress of the programme in countries where it has been installed. Training of personnel for the ASYCUDA programme will be continued to ensure that manpower is available to carry out the tasks of the programme.

119. The Secretariat will continue with its search for external funds for financing the installations of the ASYCUDA system in the remaining Member States.

Facilitation of Inter-State Road Transport

120. The facilitation of the free movement of persons and goods will be given prominence. Sensitisation missions will be undertaken to review and evaluate the existing national rules and regulations, procedures and practices connected with inter-state road transport, transit of goods and the movement of persons and services, tolls and other charges levied on road users and other economic operators. These missions will monitor the implementation of ECOWAS regulations and discuss the difficulties encountered in Member States.

First ECOWAS Trade Fair

121. Preparations for the organisation of the First ECOWAS Trade Fair to be held in Dakar, Senegal in 1995 will be continued during 1994. The official launching of the Fair is scheduled for the second half of March 1994 in Dakar, under the distinguished patronage of the President of Senegal.

122. The organising committee will work on follow-up activities, including the production of publicity items, launching of a publicity campaign and canvassing for participation. Actions to secure financing for the fair and to ensure maximum participation by enterprises in the region would be continued. Additional efforts would be made to secure external assistance as well as support from Member States.

Inter-Connection of National Communications Networks

123. The Secretariat will continue its efforts to improve the inter-connection and integration of national communications networks to ensure that direct telephone and postal links between Member States are functioning, and that there is also routing of intra-Community traffic through existing infrastructures.

124. The following activities will be undertaken in 1994:

- (i) discussions on bottlenecks of national communications networks;
- (ii) dormulation of Community programmes to eliminate the bottlenecks;
- (iii) assessment of improvement in service and the use of existing infrastructure;
- (iv) presentation of communications projects to donors for support.

Follow-up of the Aeronautical Telecommunications and Maritime Radio Communications Project

125. The study being undertaken on the aeronautical telecommunications facilities in the region will be followed by the rehabilitation and renovation of equipment and installations in order to ensure safe air and maritime navigation.

126. The Secretariat will organise a meeting of the project monitoring committee to discuss the recommendations of the report prepared by the Consultant. Missions will also be undertaken to USA and Canada to mobilise funds for the project.

Maritime and River Transport

127. The Secretariat will organise follow-up activities involving maritime and river transport in the region. The work will include the following:

- (i) monitoring activities concerning the creation of a coastal shipping line to service West and Central Africa;
- (ii) participation in the meetings of the Committee on the Coastal Shipping Project;
- (iii) preparation of a ports facilitation programme for the region;
- (iv) continuation of the review of inland waterways transportation in the region;
- (v) holding of experts' meeting to review the reports on maritime and river transport.

Evaluation of the Regional Solar and Wind Energy Potential

128. The Secretariat will undertake an evaluation of the solar and wind energy potential of the region. This will enable the Secretariat to produce a regional map indicating the concentration of such energy potential.

129. The programme will be executed in collaboration with the Regional Centre for Solar Energy (CRES) which has already performed the task in four Member States. The work is to be extended to cover the other twelve ECOWAS Member States.

130. The activities of the programme are as follows:

- (i) collection and analysis of relevant data;
- (ii) formulation of proposals for the selection of suitable sites to locate the development of such energy.

Continuation of the Study on a Community Programme for the Production, Supply and Distribution of Petroleum Products

131. This project which forms part of the ECOWAS energy programme is being carried out by the World Bank under a similar project for sub-Saharan Africa. Follow-up discussions on the progress of the study have recommended the standardisation of specifications of petroleum products for the region and the establishment of regional supply centres. The Secretariat will organise a meeting of petroleum companies and officials of the petroleum sub-sector in Member States to discuss these recommendations.

132. The study on the gas pipeline between Nigeria, Benin, Togo and Ghana is continuing. Three meetings have been held on the progress of this project between the World Bank and the four Member States. The Secretariat will embark on missions to

follow-up the progress on the proposals of the study and evaluate the project. The recommendations will be presented to the Energy Sub-Commission for consideration.

ECOWAS Industrial Master Plan

133. The draft regional master plan for industrial development has been drawn up in a study conducted by UNIDO experts. The final report is to be presented to ECOWAS shortly.

134. The follow-up action on the ECOWAS Industrial Master Plan includes the organisation of a workshop which will bring together industrialists, national officials responsible for industrial policy and representatives of international organisations to review the proposals presented. The Secretariat will coordinate the recommendations of the workshop for the consideration of Council.

Follow-up on the Programme for Inter-State Pilot Industrial Projects

135. The study on the development of selected border areas as pilot industrial zones for the promotion of small and medium-scale industrial enterprises will be continued in 1994. The Secretariat will hold discussions with Member States that were identified for these pilot projects by the preliminary study.

Seminar on Small and Medium-Scale Industries and Industrial Cooperation in West Africa

136. To promote the activities of small and medium-scale industries in the region, the Secretariat will organise a seminar for officials of such industrial enterprises in the sub-region. The seminar will present a forum to discuss the experiences and the constraints of their operations. The Secretariat believes that the exchange of views will promote cooperation and also present ways and means of promoting their activities. The report of this meeting will be discussed within the general framework for industrial cooperation in West Africa.

Federation of West African Manufacturers Associations

137. The Secretariat realises the important role various professional groups can play in the integration process in the region, and plans to increase its cooperation with the Federation of West African Manufacturers Associations, a grouping of major economic operators in Member States. There would be effective cooperation with the Federation so that its activities could better assist the process of regional integration. The Secretariat will participate in the annual meeting of the Federation and also participate in a sensitisation and information campaign to highlight the activities of the Federation and to rekindle the interest of national associations in the regional organisation.

Monetary Cooperation Programme

138. This year will be devoted to follow-up actions on the monetary cooperation programme involving presentation of technical reports on policies and implementation of measures adopted. It is envisaged that three meetings will be organised as follows:

- the Coordination and Implementation Committee;
- the Directors of Research of Central Banks;
- the Committee of Governors of Central Banks.

139. The meetings will cover the consideration of issues relating to market-related exchange rates, use and acceptability of regional currencies in transactions, and convergence of exchange rates.

Transformation of WACH

140. The protocol on the transformation of WACH was signed at the last Summit. There will be follow-up action on the modalities for the transformation. Negotiations will continue to solve some outstanding problems of the Clearing House, notably, the arrears of payment by the debtor banks concerned and the search for funds from external donors for the establishment of a Credit and Guarantee Fund Mechanism.

Tourism Cooperation Programme

141. The Secretariat will continue to promote the development of tourism in the Community during 1994; the following activities are included in the work programme:

- a meeting will be organised to bring together members of the Association of Tour Operators and Hoteliers in West Africa;
- a study on tourism potentials will be undertaken in order to facilitate the development of tourism in the Community;
- a conference of Ministers of Tourism and the holding of an ECOWAS Tourism and Leisure Fair.

Information and Communication Programme

142. In pursuing the implementation of the Community information and public enlightenment programme (C/DEC.1/5/90), the Secretariat will work on improving awareness of the different sections of the West African population of the activities, programmes and issues of interest to the Community.

(i) Mass Mobilisation Programme

143. There will be promotion of mass mobilisation activities such as rallies, fairs and cultural shows in Member States to inform both rural and urban communities of ECOWAS and its programmes. Both the public and private sectors (that is, government agencies and professional associations) will be encouraged to organise these public enlightenment programmes. The production of regular radio and television programmes on ECOWAS will be actively promoted.

(ii) ECOWAS Forum on Regional Development

144. The Secretariat will inaugurate in 1994 an annual ECOWAS Forum on regional development. Each year, the Forum will highlight one main regional integration theme that is of particular interest to ECOWAS. Well-known West African personalities will present papers in their areas of competence. The proceedings of the Forum will be widely publicised. Participants at the Forum will come from a cross-section of society, namely, industrialists, politicians, economic operators, journalists, researchers and other professional associations.

(iii) Publication of ECOWAS Bulletin

145. Following the successful establishment of a pool of news agencies in Member States, the Secretariat will undertake the production and distribution of an ECOWAS Bulletin. The Bulletin will be distributed through official channels, national news agencies, wide-circulating daily newspapers, as well as through the international press. Steps will be taken to ensure that the appearance of the Bulletin in all the Member States is well synchronised and also marked by public debates (on radio and television) and conferences.

(iv) Harmonisation of Press Legislation in West Africa

146. In accordance with the provisions of the new Treaty and in order to take into account the socio-political and economic situation which affects the performance of the press industry, and, particularly, the practice of journalism in West Africa, the Secretariat will embark on a study on the harmonisation of press legislation. A Consultant will be hired to conduct a study on national legislations on journalism and suggest ways in which they can be harmonised. This will be followed by a meeting of legal experts and prominent media practitioners in Member States to discuss the findings and to prepare a draft harmonised press legislation. A meeting of Ministers of Information in ECOWAS Member States will be convened to consider the draft before it is presented to the ECOWAS decision-making organs for approval.

(v) Establishment of Human Resources, Information,
Social and Cultural Affairs Commission

147. The Revised Treaty provides for the establishment of the above Technical Commission. This is a significant expansion of the earlier Social and Cultural Affairs Commission and the Secretariat will organise a meeting of national officials of this Commission with the appropriate expertise to assist in reviewing the report and recommendations of the consultant on the harmonisation of press legislation.

Monitoring of Road Projects

148. The Secretariat will need information on the progress of the Trans-West African Highway in order to advise on follow-up policy. For this objective, there will be missions to appraise progress on the construction of the remaining portions of road projects included in the Trans-West African Road network and inter-connecting roads. Portions of the Community road network which have deteriorated due to lack of adequate maintenance work would have to be identified and remedial work undertaken.

149. The Secretariat will hold a consultative meeting of Directors of Highways and Public Works to consider various technical issues, including the Road Maintenance Programme.

The Higher Committee on Land Transport

150. As part of the programme for the facilitation of road transport, the Secretariat and the Higher Committee on Land Transport will hold a working session with the African Group of the International Road Safety Organisation in order to finalise a programme for an ECOWAS Road Safety Day.

151. The meeting of the Committee will discuss the sensitisation seminar to be organised during the year on Road Safety for Transport Operators. Other problems facing land transport in the region will be discussed and appropriate recommendations made for the consideration of the ECOWAS decision-making organs.

The West African Air Transport Programme

152. Concerning the West African Air Transport Programme, the Secretariat will focus, in 1994, on the harmonisation of the services of the airlines in the region. The ECOWAS Working Group on Air Transport is preparing a project on a multilateral agreement. There will be a follow-up on the negotiations and the adoption of the recommendations which will facilitate the harmonisation of flight schedules in the region.

Floating Weeds Control Programme

153. The study on the control of floating weeds will be started in 1994. Under the agreement between ECOWAS and ADB, the Secretariat is to bear the cost of employing a Project Coordinator and two supporting staff - (one bilingual typist and one driver) for at least two years while ADB finances the actual study. The Secretariat will coordinate the execution of the study by holding meetings on progress of work with ADB and the Consultant.

Meteorological Cooperation Programme

154. To implement the meteorological cooperation programme, the Secretariat will continue its collaboration with the World Meteorological Organisation (WMO) to organise a regional meeting of Directors of Meteorological Services. The Secretariat will monitor the implementation of the cooperation programmes between different sets of Member States and the inter-governmental organisations associated with meteorology (CILSS, ASECNA, AGRHYMET, ACMAD).

Follow-up Action on Desertification Control

155. The UNEP study on desertification control in West Africa has been completed. A seminar is to be organised by the Secretariat to discuss the conclusions and recommendations submitted. One of the identified regional environment projects that the Secretariat plans to develop during 1994 concerns anti-drought and energy issues. The project will involve desertification control, increasing rural energy and improving agricultural production. The Secretariat will also assume the monitoring and coordination of the various activities on desertification control being carried out by IGOs in the region, in order to have an effective and orderly regional system.

Strengthening the Seed Programme in Member States

156. The Secretariat will continue the implementation of the programme to assist the development of agricultural production. During 1994, assistance will be given to some of the Member States that have not yet received the annual subvention of \$50,000 to strengthen their national seed programmes. The Secretariat will undertake missions to the Member States concerned to evaluate the impact of previous subventions.

Coordination of Agricultural Research

157. In order to continue its coordination of agricultural research in the region, the Secretariat will take part in the organisation of a meeting of National Directors of Agricultural Research in collaboration with International Development Research Centre (IDRC). The meeting will discuss information on agricultural research and the utilisation of research findings in the

Community. It will also draw up an agricultural research assistance programme.

Community Seed Centres and Cattle Breeding Centres

158. The Secretariat will evaluate the Community seed production centres and the cattle breeding centres to determine how best to proceed with these centres. In this regard, a market survey will be conducted to determine the production capacity of nine centres and the real needs of Member States. The other centres have already had the market surveys.

159. The market survey and the evaluation will be undertaken by the Secretariat and the Fund. The findings of the evaluation missions will be submitted to the appropriate Commission, whose recommendations will then be submitted to Council.

Establishment and Follow-up of a Pesticide Management Network

160. To ensure that the issue of pesticides receives proper attention, the Secretariat, in collaboration with the FAO Regional Office in Accra, has established a network for the proper management of pesticides in West Africa. The ECOWAS/FAO collaboration covers:

- (i) the programme of activities of the network;
- (ii) the coordination of pesticide production, distribution and utilisation activities;
- (iii) the publication of a bulletin on the management of pesticides.

161. The activities planned by the Secretariat for 1994 are the following:

- (i) participation in the coordination meeting with FAO;
- (ii) follow-up of the management of pesticides;
- (iii) organisation of a workshop for the experts of the network;
- (iv) publication of the bulletin.

Regional Food Security Programme

162. Under the programme for the regional development of agriculture, the Secretariat will undertake the formulation of a policy on regional food security. The programme will include improvement in food production and the organisation and management of food stocks.

163. The work of the Secretariat will involve the following:

- (i) collection and analysis of data on the food and nutrition situation in the region.

- (ii) organisation of a meeting of national officials to discuss the problems to be solved and to review the recommendations presented under (i) above.

Harmonisation of Pricing Policies for Agricultural Products

164. The Secretariat will be organising a meeting of experts from Member States and organisations concerned to review the recommendations of the study undertaken with FAO assistance relating to the harmonisation of pricing policies for agricultural products. Follow-up actions will be undertaken to ensure that Member States implement the recommendations and obtain full benefit from the study.

Social and Cultural Affairs **Merger of OCCGE and WAHC**

165. Activities envisaged for 1994 are designed to complete the merger of the two regional health institutions. The Secretariat has already carried out the verification of the assets and liabilities of the two institutions. A study will be undertaken in early 1994 to produce a health expert's report on the institutions. This will involve missions to the West African Health Community office in Lagos as well as to the headquarters and 10 centres of the OCCGE.

166. The technical report to be prepared will be presented to the OCCGE/WAHC Merger Implementation Committee. A comprehensive report would subsequently be produced by the Committee for submission to the Assembly of Health Ministers. The Health Ministers would be expected to make recommendations to the Council of Ministers on staff appointments and location of the Headquarters of the new organisation.

Convention on Social Security

167. A draft ECOWAS Convention on Social Security was presented to Council at the last statutory meetings. Council directed that a complementary document on the Administrative Procedures for the application of the Convention should be prepared. The International Labour Office (ILO) has assisted the Secretariat in the preparation of this document, which will be submitted to the experts Committee and then to the appropriate Commission for consideration.

Administrative Issues

168. The Secretariat will be fully engaged in the dissemination of the information on the Revised Treaty. The Secretariat will follow-up on the ratification process to ensure that the Treaty becomes operational as early as possible. Work will commence on the drafting of the appropriate protocols relating to the Revised Treaty. In this connection, there is the need for

additional manpower for the legal services involved in the preparation of the protocols.

CHAPTER IV

PROSPECTS AND CHALLENGES: CONSTRAINTS TO AND CONDITIONS FOR THE EFFECTIVE IMPLEMENTATION OF ECOWAS PROGRAMMES

I. INTRODUCTION

169. In order to achieve progress in the integration of the economies of ECOWAS Member States, numerous complex problems have to be tackled and resolved in the short and medium terms. We should not, however, lose sight of the fact that integration is a complicated process and that its objectives may take quite some time to realise. Since ECOWAS was created 18 years ago, it has embarked on a large number of activities, designed many programmes and undertaken numerous studies. Many technical meetings have been organised to formulate development strategies and to monitor and evaluate the execution of programmes. Member States have been urged to implement the numerous decisions taken by the decision-making authorities of the Community and to pay up their contributions to the Institutions. Even a cursory examination of the level of execution of ECOWAS programmes would, however, indicate that the results have not been very encouraging. The creation of ECOWAS is not an end in itself. It constitutes only a step in the process of economic integration. Only when economies of scale resulting from the creation of a single integrated regional market culminate in production levels and a volume of trade conducive to higher growth rates, greater job creation, favourable economic and social conditions, and improved living standards of the people, can economic integration be said to have achieved its objective.

170. It is difficult to quantify the effects of integration. Our aim here is thus not to evaluate the effectiveness of the integration programmes embarked upon by our Community. Rather, it is to throw more light on issues and common problems and draw useful lessons for future action, with a view to identifying the main conditions for strengthening ECOWAS.

II. THE INTEGRATION IMPERATIVE IN WEST AFRICA

171. The world economy is today characterised by the existence of increasingly bigger regional blocs such as the Single Market within the EEC, the North American Free Trade Association (NAFTA) comprising the United States of America, Canada and Mexico, as well the on-going efforts to create economic groupings around the Pacific Rim. All these go to show how important it has become to attain economies of scale within a large integrated market. In such a context, it has become necessary for countries in West Africa to make efforts to create a fully integrated market. The economies in our region are characterised by the existence of narrow markets. Thirteen (13) out of the sixteen (16) countries in ECOWAS have populations of

less than 9 million each. Three of these actually have populations below one million. It should also be pointed out that our region has 13 LDCs, two low-income countries, and only 1 medium-income country. Indeed, the average per capita income in the region is only US\$360. This situation is due in large part to the limited size of the national markets (low population and income).

172. To avoid being marginalised, African countries in general and West African countries in particular need to come together to create markets that are much bigger than the individual national markets. Cooperation and economic integration have become imperative.

173. In the past, West African countries could manage more or less within small national economies, without substantial economies of scale. That was possible for as long as development strategies based on the export of raw materials produced desired results. That was the case, for example, with cocoa in Ghana and Côte d'Ivoire, groundnuts in Senegal, uranium in Niger, and petroleum in Nigeria. Today, the situation is different.

174. Economic growth in commodity-exporting West Africa was stimulated by adequate demand by the industrialised countries for agricultural and mineral products from this region. That happened in an environment characterised by increased output and growing international trade. Today, the growth rate of the world economy and the structure of international trade no longer favour the export of raw materials. Real GDP growth rate in developed countries was only about 2.5% per year throughout the last decade and the situation has not improved since 1990. Moreover, the direction of international trade has also been altered considerably, with 85% of its volume being concentrated in North America, Europe and Asia (particularly Japan). There has been less demand for West African agricultural and mineral export commodities while the terms of trade has continued to deteriorate.

175. The causes of the shrinking of markets for West African exports indicate that this is not simply a cyclical phenomenon but a long-term trend. The leading growth sector in industrialised countries is the service sector; a number of raw materials are being replaced by synthetic materials; protectionism is on the rise and countries such as Malaysia and Indonesia have taken over increasingly bigger shares of the market for some products from the West African region, particularly cocoa, pineapples, and palm oil.

176. In many respects, therefore, the 1980s have been considered as a lost decade for the development of sub-Saharan African countries, due to the scope of the various forms of crisis they faced. Many of them recorded reduced or negative growth which was further compounded by mounting budget deficits. The unavoidable structural adjustment programmes have also failed to produce the expected results. The economic crisis is far from over and prospects for development are not very bright. The poor

performance of the West African economy contrasts sharply with favourable trends in some other developing regions, most especially countries in South East Asia which have continued to improve on their industrial performance, and some Latin American countries which have achieved obvious success in their adjustment programmes.

177. Such gloomy future prospects call for strong action on the part of our Member States in order to avert the looming decline. Everybody agrees that unless some changes occur, the path to economic recovery is going to continue to be difficult. West African countries must draw a lesson from these developments. They must, as a matter of urgency, create the conditions conducive to real recovery of the economies in the region. Among other things, they should work towards economic integration so as to create a market that would cover the whole of West Africa and be capable of bringing about sustainable development in the whole region. The integration process must accompany and supplement the recovery measures taken at the national level.

III. FACTORS HINDERING THE ECOWAS INTEGRATION PROCESS

178. Efforts made so far by ECOWAS to promote cooperation and integration underscore the present limits of such an experiment and how far we still have to go. The main objectives of the Community are the following:

- (i) liberalisation of trade and, in particular, the abolition of tariff and non-tariff barriers to intra-regional trade;
- (ii) establishment of a common external tariff;
- (iii) harmonisation of sectoral policies and promotion of Community projects in the main socio-economic sectors;
- (iv) harmonisation of monetary and financial policies.

179. Measured against these objectives, ECOWAS achievements have been very modest indeed. They include the financing of a number of physical infrastructures such as roads and inter-state telecommunications links. Some progress has also been recorded in the area of free movement of people, although some problems are yet to be resolved. Many legislative texts, particularly protocols and decisions, have been adopted by the decision-making authorities of the Community. The question can be asked as to whether these texts are in line with a specific economic integration objective or with policies implemented at the national level. In any event, the texts have not been fully implemented by Member States and are thus yet to take full effect.

180. The ECOWAS integration process has thus not made much progress. The point must be made, however, that there have been obstacles on the road to integration. Indeed, ECOWAS has been facing both external and internal problems as well as structural ones which have impeded the integration of West African economies.

181. As a result of the crisis being experienced by West African economies, per capita income which is a determinant factor of effective demand, decreased or stagnated in many countries. That was the situation in Côte d'Ivoire, Ghana, Senegal, and especially Nigeria. In that particular country, whose population makes it the biggest market in West Africa, per capita income fell from around US\$800 at the beginning of the 1980s to US\$290 in 1990. A period of poor economic performance does not provide a congenial atmosphere for economic integration because demand is generally too weak to stimulate trade. Periods of economic crisis are thus not favourable times for the implementation of long-term programmes like integration. The pressure is such that governments give priority to the short-term management of internal crisis.

182. The experience of some developing countries such as those in Latin America reveals that a growing and active economy creates an atmosphere that is more favourable to economic cooperation and integration.

183. The insufficient complementarity of national production structures which have remained dependent on a limited range of raw material exports also continues to impede the expansion of Community trade. The proliferation in all ECOWAS Member States of competing manufacturing concerns such as textile mills, sugar companies, cement factories, all with limited capacity and high production costs, drastically reduces opportunities for trade. This situation is aggravated by the lack of coordination of economic development programmes in Member States and the often fruitless struggle to outbid one another in attracting foreign investments.

184. Trade deficits and the high cost of debt servicing have forced Member States to export to markets in the industrialised countries in order to obtain convertible currencies, and to import essential commodities from those countries, to the detriment of formal regional trade. This situation is also partly responsible for the reduced volume of trade transactions carried out through the West African Clearing House (WACH)⁶ which was established to promote the use of national currencies in intra-regional trade and payments transactions.

185. Little progress has been made in trade liberalisation due to, among other things, the high cost of applying the compensation procedures for Customs revenue lost through the implementation of the ECOWAS trade liberalisation scheme, and especially the fear of the losses to be suffered in the short-

⁶ See the study by Ana Maria Alvarez on the use and acceptability of national currencies in intra-regional trade and payments transactions within ECOWAS Member States.

term as a result of the abolition of tariff barriers⁷, particularly in a situation where there is little growth in the level of budgetary revenue.

186. As for non-tariff barriers, these often take illegal forms such as the innumerable road-blocks on highways linking Member States and the various forms of harassment suffered by ECOWAS citizens at border posts in the region (see Chapter II). The disguised non-tariff barriers hamper the development of formal regional trade and the only people who gain from them are those behind illegal trade networks and who work in collusion with administrative, police and Customs officials.

187. The disequilibrium in exchange rates and the corrective measures taken in the form of devaluations, as well as other measures such as price adjustments and indirect taxation introduced as part of structural adjustment programmes, have all combined to give this illegal trade greater prominence than formal intra-regional trade. The best illustration of the problems arising from distortions in exchange rates is the successive devaluation of a number of currencies in the region. The Nigerian naira, for example, has depreciated from its 1983 official rate of 1 naira to FCFA 550 to 1 naira to FCFA 11 in 1993⁸. This has led to a change in the terms of trade in favour of Nigerian goods which have become very competitive. Textiles, plastic products, cement, petroleum and petroleum by-products from Nigeria are flooding West African markets and particularly markets in UMOA countries while, on other hand, Nigerian imports from these countries have remained at a low level (with the exception of the illegal re-export trade). Instead of buying goods produced in UMOA countries which are moreover very costly due to the high exchange rate of the CFA, Nigerian traders prefer to accumulate reserves in foreign currencies and to import goods produced in Europe and South East Asian countries. The same situation prevails in most of the other countries in the region whose currencies are inconvertible.

188. Imports from third countries arriving in West Africa are increasing in quantity as a result of illegal re-export activities and the fact that some exporting countries subsidise their exports of goods such as wheat, rice and meat.

189. On another level, the outward orientation of banking mechanisms, the links with former colonial powers, the low mobility of factors of production, and the inadequacy of transport and communication infrastructures should also be

⁷ Senegal, for example, earns FCFA 12 billion each year from taxes on rice imports. Source: Meeting on regional integration, Cotonou, May 1993 - CYNERGIE/ADB.

⁸ "Emerging Markets", IMF/World Bank 1994 Joint Annual Meeting daily publication.

counted among factors that have impeded the economic integration process.

190. Yet another obstacle to integration within ECOWAS is the lack of popular support. Integration is seen as the affair of governments only. This is probably the main reason why accords on integration are not implemented by national administrations. Movements such as associations of youth, women, workers and economic operators have not been sufficiently involved in the integration process. They are either excluded from the circles where political decisions relating to the integration process are taken or, when they are consulted, are not given the explanations that would enable them understand why they should participate in ECOWAS programmes and the economic and social advantages to be derived from such programmes. Most of the time, therefore, there is no guarantee that Community programmes will be executed. All these are manifestations of lack of political will, and this is one major obstacle to the success of ECOWAS. Member States most often accord priority attention to short-term policies, relegating to the background the implementation of Community decisions.

191. A number of operational difficulties have also rendered the integration of West Africa a difficult task. These are mainly problems pertaining to the running and management of the two ECOWAS institutions (Executive Secretariat and Fund).

192. Financial difficulties at the Executive Secretariat have often made it impossible to implement ECOWAS programmes since the Institution has no "own resources" and is therefore solely dependent on contributions from Member States. Member States grappling with financial problems have accumulated substantial arrears of contributions thereby greatly reducing the capacity of the Organisation to function properly (see Chapter II).

193. The Institutions also face a number of administrative and technical problems:

- (i) The Heads of the Institutions do not have the necessary freedom to recruit staff and to run the Institutions as they deem fit. The quota system imposed on them does not allow them to promote deserving staff. This does nothing to motivate staff. Some of the staff members are more loyal to their countries of origin than to the Institutions.
- (ii) The confusion as to the objectives of the Institutions and the lack of flexibility when it comes to the execution of integration programmes.
- (iii) The problems encountered by the Institutions with regard to reconciling national and regional interests when designing and implementing programmes and most especially when evaluating the costs and benefits of projects.

- (iv) The decision-making authorities of ECOWAS have not given the Executive Secretariat the mandate to tackle operational problems such as those arising from the execution of regional development programmes.

194. On the institutional level, it should also be noted that the plethora of inter-governmental organisations (IGOs), forty in number, with overlapping objectives, has often given rise to duplication of efforts and wastage of resources.

195. The above problems account for the slow rate of economic integration within ECOWAS and require appropriate remedial action.

IV. GUIDELINES FOR MORE EFFECTIVE ECONOMIC INTEGRATION WITHIN ECOWAS

196. The analysis of factors hampering economic integration has brought to the fore the need for an enabling environment that will ensure that various barriers to integration are completely or gradually removed. In this connection, governments and decision-makers in the West African region should be provided with the necessary guidelines to ensure synergy between economic management and promotion of regional integration.

197. As stated earlier in section 3 of this chapter, the crisis affecting West African economies is a major constraint to the promotion of regional integration within ECOWAS. A successful integration process depends on strong and viable economies. Sustained and durable economic development of the region is therefore the best way to achieve integration within ECOWAS. All the appropriate measures must be taken to accelerate the growth of national economies through sound economic management.

A. National Economic Management

198. There is a general consensus on the measures that need to be taken to support the on-going political reforms aimed at achieving more viable growth. It is an incontrovertible fact that, for the on-going political and economic reforms to succeed in Member States, profound changes must be made. To start with, stability within Member States should be sought.

(i) Ensuring Internal Stability as a Precondition

199. Economic take-off in West African countries can be achieved only if a human-centred development strategy is pursued. This presupposes that investment in manpower development is made the main focus of the strategy, that a conducive atmosphere for human development is created and that efforts are geared towards improved management of public affairs. The human dimension raises issues such as human rights, participation, responsibility, decision-making and creation of an environment where people can express themselves freely.

200. Internal stability (particularly political and economic stability) is a necessary condition for sustained and durable economic development. The difficult political transition taking place in some Member States has affected economic growth in the region. Demands for political reforms are made partly as a result of the lack of individual freedom, the absence of economic development, poor financial administration and the inability of some Member States to provide essential public services. In some Member States, owing to the economic crisis, salaries of civil servants are either not paid or are paid late, prices of primary commodities are high and there is a high level of unemployment among the youth. There is the strong view among the people that this situation is mainly due to poor economic management and corruption. Economic reform policies have been implemented in most Member States but the results have fallen short of expectations partly for lack of popular support. Because of the inability of governments to cater for the pressing needs of their peoples, political violence, street demonstrations, strikes and "stay-at-home" actions are prevalent in a number of countries. This has not only worsened the budget deficit situation, with its attendant negative impact on economic growth, but has also undermined the unity of the various ethnic and social groups.

201. There is, however, a significant change in the political climate in West Africa. In most countries, there is some amount 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 provided with education and professional training. 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.

202. In order to promote better management of public affairs, Member States should endeavour to attack with more vigour the problems of poor economic management and corruption. When credibility is re-established, governments will be able to pursue reform policies with less difficulty and establish an indispensable partnership between the State and the people so as to lay a solid foundation for economic growth. More transparency, more openness and easier access to information will enable the people to have a better grasp of the on-going economic reforms as well as the cost and benefits of decisions, in order to be able to pass sound judgement. It will thus be easier to create in the people a feeling of participation in a common

cause. This is essential if economic reform policies are to succeed.

203. Democracy takes a fairly long time to mature and 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. 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 with the government and the various pressure groups.

(ii) On-Going Economic Reform Programmes in Member States

204. As previously stated, the serious development problems facing West Africa have affected economic growth in the ECOWAS region. Adverse external factors, the prolonged period of deteriorating terms of trade, high debt obligations and wrong economic management options have all had a negative effect on economic and social progress in ECOWAS Member States. Economic growth in the entire region deteriorated in the 1980s. Exports which had been expanding rapidly before 1973 went through a phase of stagnation. Savings and investments fell sharply in the early 1980s, and by 1990 they reached only two-thirds of the average for countries South of the Sahara⁹. Private savings also decreased as income fell.

205. In response to this situation, ECOWAS Member States introduced economic reform policies designed to correct the internal and external imbalances in their economies. Such reform has taken the form of financial stabilisation or structural adjustment policies. They consist of budgetary, monetary and regulatory measures as well as adjustment measures which directly affect production and services. These measures include:

- (a) exchange rate adjustment, mainly through devaluation;
- (b) interest rate policies aimed at boosting domestic savings and achieving better resource allocation;
- (c) money supply and credit control;
- (d) fiscal policy designed to reduce budget deficits being financed by Central Banks;
- (e) liberalisation of trade and payments;
- (f) deregulation of prices of goods, services and factor inputs;
- (g) privatisation of state-owned enterprises.

⁹ ECA: Economic and Social Conditions in Africa in 1990.

206. In some Member States where these policies have been implemented with determination, economic reforms have improved the situation considerably. Budget deficits have been reduced and exchange rates brought to more realistic levels. In the area of agriculture, producer prices have become more remunerative as the liberalisation of trade has tended to benefit peasant farmers. Much still remains to be done with regard to increasing production, improving management of public finances, controlling inflation, restructuring public enterprises, improvement of trade policies and reorganisation of the financial sector. Many countries are suffering from the deterioration in terms of trade. Debt servicing constitutes a drain on foreign exchange and in some Member States, the standard of living has fallen drastically. Furthermore, the situation of national administrations in Member States has become precarious and uninspiring. Low salaries have forced civil servants to seek additional sources of income. Corruption and nepotism are rife as the civil servant struggles first to satisfy his own needs and those of his family before attending to the public good.

207. With regard to the labour market, the low economic growth rate, the increase in the size of the active labour force and in the number of school leavers account in great part for the rising unemployment in several countries. Almost all the countries are witnessing a fall in the number of people in paid employment. Yet another repercussion of the considerably high rate of unemployment is a reduction in real salaries. According to an analysis of the employment situation in Africa carried out by the ADB, the reduction in real salaries is greater, in percentage terms, than that of per capita income, a clear indication of a deterioration in the conditions of workers in paid employment.

208. The employment crisis has resulted in large-scale migration of young people of working age from West Africa to the industrial countries of the North or to countries in the Middle East as economic refugees. However, the increasing tension on the national labour markets in Europe has had, as a consequence, a reduction in the number of opportunities available to migrants from West Africa.

209. Those most affected by the general fall in the standard of living and the political and economic instability have been the urban elite in West Africa. This situation has further exacerbated the brain drain from the West African region to Europe, USA and the Middle East which offer more attractive salaries. Several Member States have experienced a massive exodus of skilled manpower such as university lecturers, doctors and engineers with pernicious effects on the region's employment market, growth and development.

210. In order to encourage West African citizens to return home, all Member States must raise their employment levels and create a climate that will be more conducive to the full realisation of the human potential. They must, as a priority,

renew efforts to promote economic growth and improve the outlook for democracy. Every effort must also be made to encourage the expansion of the private sector by establishing an economy and environment free of distortions where the principles of business law are strictly observed.

211. In addition to these difficulties, political reform issues have now so monopolised the attention of those in authority that the on-going economic reform and long-term development issues have been relegated to the background. It should be stressed, however, that structural adjustment programmes are essential and must be continued. In order to enable them have a greater impact on the development of national economies, they should be improved upon. For the management of the crisis, urgent measures should be adopted but they should be based on a long-term perspective. The second part of this chapter contains proposed structural adjustment and economic reform measures for the consideration of Member States.

212. In its study "Long-term Outlook for Sub-Saharan Africa", the World Bank proposed a general development strategy to be undertaken by African governments and donor agencies. The "United Nations New Agenda for Development in Africa (UN-NADAF)" and the Tokyo Declaration on African Development were also proposed for joint implementation by Africa and its development partners.

213. These documents, while acknowledging the need for sustained efforts to remove short-term financial imbalances, stressed the importance that African leaders should attach to the fundamental issues which affect the long-term development of the region. In this connection, the attainment of development objectives should as much as possible, be sought through private initiative for which an enabling macro-economic environment should be created.

214. In order to ensure growth in per capita income in the region, the World Bank suggests a GDP growth rate of about 5%. In 1992, no country within the region attained this objective. Efforts should be intensified by all ECOWAS Member States with a view to attaining the 5% growth rate or at least a positive real growth rate of the GDP.

215. Part of the recommendations of the World Bank was that the level of investment should be increased to 25% of GDP, 16% of the funding coming from domestic savings and 9% from external sources. The situation in West Africa at present shows that Member States are far from meeting this objective. Narrowing the considerable budget deficits estimated to be 10% of GDP, particularly in the non-UMOA ECOWAS countries, could have a positive effect on domestic savings. In this connection, Member States should pay special attention to subsidies; these should be removed gradually in order to encourage domestic savings and ensure optimal resources allocation. There should also be greater efficiency in public expenditure.

216. In African countries South of the Sahara, a considerable portion of the national income is utilised for military purposes, thus reducing the level of savings. The share of GDP allocated to defence is estimated at 4.8% for Africa, against 3% for South Asia and 1.6% for Latin America. Given the lack of transparency in the public accounting system of many countries, military expenditure levels must certainly be higher than the quoted official figures. Rationalising military expenditure will be a way to increase savings.

217. With regard to capital formation (gross domestic investment), attention should be drawn to the poor performance by ECOWAS Member States vis-à-vis the objectives set by the World Bank. Investments in ECOWAS Member States on average represents only 8.2% of GDP and are characterised mainly by a capital coefficient which betrays low quality of investment that cannot make them productive enough to accelerate growth.

218. In order to boost investment, priority action must be focussed on improving those production capacities that are best adapted to the realities of each country, notably the public utility services (water, electricity, telephone, public transport), infrastructure, education, health and the financial sector, particularly banks. As much as possible, investments should be viable and, for this reason, public and private economic operators must be able to operate within a conducive environment where efficiency is a constant objective.

219. The formulation of an investment code, no matter how favourable, can, by itself, achieve little unless there is a firm resolve to apply it and there are institutions capable of translating it effectively. If the viability of investments cannot be guaranteed through the existence of an appropriate legal framework, project promoters will violate legal codes and seek special arrangements outside the approved methods of eliminating distortions.

220. In the absence of an interventionist state to effect forced savings, it is going to be difficult to mobilise the 16% of the GDP recommended by the World Bank for investment financing. It should be noted that 10 ECOWAS countries have current account deficits above 10% of GDP. This underscores the gargantuan efforts that have to be made to increase domestic savings and ease the pressure on the balance of payments. Adequate measures must also be taken to put in place appropriate mechanisms for the mobilisation of external financial resources.

221. Similarly, the financial system of Member States should be restructured to enable it play a crucial role in investment and trade financing. Central and commercial banks should reorientate their activities towards playing a more prominent role in increasing the gross fixed capital formation of the economies of Member States, in particular by financing private sector activities relating to supplies of agricultural inputs,

industry, public works, housing and tourism. The ECOWAS Fund should also intervene in these areas.

222. With regard to the balance on the external account, the World Bank recommends that exports as a percentage of GDP should increase from 19% to 24% by the year 2000 while imports should rise to 33% of GDP by the same year. This scenario would imply for all sub-Saharan African countries, a net external aid of nearly 13 billion US dollars per annum which is possible, provided aid increases by 4% per annum in real terms and on condition that external debt servicing does not exceed 9 billion US dollars per annum.

223. These objectives are difficult to attain because of a number of factors such as the deterioration in the terms of trade, the uncompetitiveness of exports from the region and, particularly, the high debt service obligations of West African countries. In order to have a surplus trade balance, the region as a whole must produce more competitive goods for export. On the issue of competitiveness, UMOA member countries should review, as a matter of urgency, the high exchange rate of the FCFA. If exports from ECOWAS Member States are diversified, West African products could penetrate the markets of industrialised countries provided that the product quality is improved.

224. The industrialised countries, for their part, should endeavour to offer fairer prices for raw materials from our countries. They should also honour the pledge they made at the UN that at least 0.7% of their GNP would be earmarked for development assistance purposes. Donor agencies should give more assistance to the region to ensure positive net transfers.¹⁰

225. The outstanding external debt of all West African countries was estimated at 78.3 billion US dollars in 1991, nearly the equivalent of the region's GNP. Debt service obligations as a percentage of exports remain extremely high, up to 60% for some countries.

226. The various mechanisms such as the Toronto Terms, the enhanced Toronto Terms, the Dakar and Libreville agreements, the Brady Plan, etc., mark an important milestone in the attempt to soften international regulations governing debt servicing. These arrangements alone, however, have proved inadequate. Despite the various debt rescheduling agreements, outstanding debts continue to pile up and Member States are in dire need of fresh loans at concessionary terms and private capital (particularly risk capital) to ensure lasting, viable economic recovery. More concrete measures should be taken by the international community, to ease the burden of ECOWAS Member States. The planned study on external indebtedness by the Executive Secretariat (see

¹⁰ Nigeria, for instance, recorded a capital outflow of nearly 2 billion dollars in 1991.

Chapter II) should serve as a basic document for an exchange of views on the best way of alleviating the debt burden.

227. The overall development scenario proposed by the World Bank can be achieved only if the population growth rate is reduced from 3.3% per annum to 2.75% over the period 1990-2020. In this connection, the average fertility rate should be reduced from 6.7% to 3.4 children per woman by the year 2020. It has been proposed that expenditure on family planning should be raised to 0.8% of GNP to ensure the effective implementation of these programmes. Total expenditure on human development has been recommended to rise to represent 8 to 10% of GDP (7 ECOWAS Member States are among the last ten countries according to the Human Development Index (HDI) world rating of 173 countries).

228. The role of women should be promoted. This will however require a better understanding of their role in society and their contribution to the national economy. Along with the youth and the socially-disadvantaged, the projected economic growth should provide an improved social standing and job opportunities for women.

229. It must be stressed, therefore, that although national economic reform arrangements, particularly structural adjustment programmes, offer an appropriate mechanism by which the region can be put back on the road to economic recovery, they are not an adequate response when it is realised that the economies of West Africa are inter-dependent. This therefore brings up the issue of the regional dimension of structural adjustment.

B. Regional Dimension of Structural Adjustment

230. The implementation of structural adjustment programmes has led to a significant reorientation of the economic policies of West African countries, a development which has greatly affected integration efforts in the region. Structural adjustment and economic integration aim at a common objective, that of lasting and sustained economic development. Both processes are based on the same macro-economic and sectoral variables. Any policy introduced with regard to one has repercussions on the other. If the two programmes are to succeed, they must play complementary rather than conflicting roles. The relationship between structural adjustment and integration are either positive or negative, depending on circumstances. However, the positive aspects outweigh the negative aspects.

231. In principle, effective structural adjustment should, in the long term, have a positive impact on regional integration and vice-versa. The goal of a structural adjustment programme is to revive economic growth by increasing mobility of factors of production. Any structural adjustment programme which succeeds in increasing output, reducing internal and external imbalances and liberalising trade and payments will certainly have a positive impact on regional integration. While reducing market distortions, SAPs enhance the emergence of efficient

production units and realistic pricing mechanisms which will encourage viable investments. The economies of our countries will then become more attractive for direct investments and more conducive to trade with different trading partners.

232. By contrast, if the structural adjustment programmes fail, economic integration would be compromised because the economies of Member States will become weaker and make it almost impossible for the countries concerned to participate effectively in regional programmes. It is also conceivable that the juxtaposition of national SAPs, with different contents and uncoordinated implementation schedules, may cause overlapping, impose adjustment costs on neighbouring countries and have a negative impact on regional agreements such as those of ECOWAS.

233. For instance, price differentials brought about by differences in the budgetary, monetary and trade policies of Member States may generate distortions on the various markets. Such discrepancies may prove inimical to both the growth objectives of SAPs and the regional integration objectives.

234. Some non-UMOA West African countries, for instance, use exchange rate adjustments in the form of devaluation as an instrument of monetary reform and for enhancing the external competitiveness of their economies. This measure has caused the nominal and real exchange rates of the currencies of Ghana, The Gambia, Guinea and Nigeria to fall. In UMOA countries, adjustment is mainly through budgetary policy; the exchange rate is not used as an economic policy instrument. Successive currency devaluations in non-UMOA countries aimed at correcting economic imbalances have adversely affected some industries such as textile and plastics in UMOA countries, due to the impact on prices and competitiveness of the exchange rates.

235. It should be noted also that factors such as salaries, subsidies, Customs tariffs affect domestic prices, including prices of exportable goods. This may have repercussions on the external competitiveness of products, thereby affecting the terms of trade and disrupting some economies in the region.

236. Another example of the destabilising effect of the differences in the economic policies of ECOWAS Member States is in the production and marketing of certain foodstuffs such as rice. Some countries have invested heavily in irrigation and therefore tax imports in order to curtail competition from imported rice, which is much cheaper than local rice. Other Member States have opted not to invest in rice production and allow free importation of rice. The price differential artificially created by such heterogeneous economic policies in Member States could be considerable and they render illegal cross-border trade very attractive. This unofficial re-export trade has become highly evolved in some Member States. Such trade has a negative effect on local products in some Member States and retards the adjustment of the production sector of the economy. This replicates the effect that subsidised meat

imported from Europe by some coastal countries has, on the livestock breeding policies of Sahelian countries whose income is derived mainly from the export of cattle and small ruminants.

237. The incompatibility between certain regional integration measures and those of SAPs must also be underscored here. A typical example is the reduction in Customs duties under the ECOWAS Trade Liberalisation Scheme on the one hand, and the SAP policy of increasing government revenue (through taxation) in order to reduce budget deficits on the other. It is pertinent to note also the desire of some Member States to increase non-fiscal revenue under SAP by taxing foreigners - including resident ECOWAS citizens, in violation of the ECOWAS Protocol on Free Movement of Persons.

238. It is obviously necessary, therefore, to establish a correlation between the structural adjustment at national level and regional economic integration. One possible remedial measure might be the introduction of a regional integration framework with clearly-defined priority objectives and an implementation schedule that will enable ECOWAS to identify appropriate policies for facilitating the attainment of those objectives. The next step would be the coordination and harmonisation of national economic policies, in collaboration with ECOWAS and our foreign partners. The problem of overlapping of economic policies is not confined to only countries undergoing structural adjustment; it is inherent in the inter-dependence of economies, hence the need to take into account the impact of national SAPs on neighbouring countries and the desirability of having a regional perception of national SAPs in order to maximise the potential gains to the economies in question.

239. 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)?

240. There is no single answer to these three questions. The essential thing is to have a common flexible strategy that will ensure a synergy between the two processes. A number of guidelines could be formulated to facilitate the establishment of such a relationship to the mutual benefit of structural adjustment and regional integration. The guidelines could relate to the following three areas:

- (a) design and implementation of a regional structural adjustment programme;
- (b) coordination of macro-economic and sectoral policies;
- (c) formulation of trade and investment policies.

(i) Coordination of Macro-economic and Sectoral Policies

241. The above analysis shows how closely related structural adjustment and regional integration policies are. While interaction can constitute a driving force for the two processes however, it may also prove a stumbling block. A favourable atmosphere must of necessity be created to ensure the success of the two processes.

242. The first area of action should be at the regional level, where macro-economic and sectoral policies should be streamlined with a view to minimising the harmful spillovers from national policies, particularly the transfer of adjustment costs to neighbouring countries. Adjustment and integration efforts should be made to complement each other without the more advanced Member States being pulled back by the slower pace of the others. What is important is for Member States to be pragmatic; they should not harmonise for the sake of harmonisation but rather promote a higher level of harmonisation in certain essential areas which foster rational and coherent integration.

243. In this regard, it is important that ECOWAS cooperation and integration programmes are taken into account and are also adopted to fit into the context of SAPS. Certain ECOWAS programmes provide the right setting for the required policy harmonisation and coordination. Particular examples are the ECOWAS monetary programme, the protocol on free movement of persons, right of residence and establishment and certain aspects of the trade liberalisation scheme. These can serve as a starting point for the harmonisation of the economic policies of the Member States.

244. Without anticipating the conclusions of the study being undertaken within the context of the ECOWAS monetary programmes on macro-economic convergence indicators, or the study on the use and acceptability of ECOWAS currencies in trade promotion (see Chapter III), it seems that a high degree of coordination and harmonisation will be required in the following areas: monetary and credit policies; fiscal policy and exchange regimes. It would also be advisable that the factor of regional interdependence, and the effects that any adjustment measures have beyond the territories of the country concerned, should form part of the situation analysis, and later be reflected in the formulation of SAPS.

245. For a practical application of this approach, the convergence indicators recommended in the study on the harmonisation of monetary and budgetary policies of ECOWAS Member

States could serve as a basis for the coordination of economic policies of the West African States.

246. It is, however, necessary to recognise the diversity of national situations and therefore the need to establish priorities. Sahelian countries, for instance, have a greater need for transit facilities than do the coastal countries. These Sahelian countries also feel the need to sell to the coastal countries livestock, the production of which they have a clear comparative advantage. A regionally-coordinated harmonisation of import taxes levied on subsidised meat from Europe would be of benefit to such Sahelian countries. For the countries with non-convertible national currencies (non-UMOA members) the priority measure would be the improvement of the payment mechanisms, as a prelude to regional convertibility.

247. It is also very necessary, at the regional level, to harmonise the principles underlying the definition and implementation of sectoral policies. The regional dimension must be taken into account in the formulation of these policies, and steps should be taken to harmonise price policies and to encourage the siting of agricultural or industrial enterprises on the basis of comparative advantage.

248. For ECOWAS to play an effective role in coordinating the economic policies of its Member States, it must have considerable external support, in the form of aid for financing regional policy reform. Most of the external assistance in support of SAPs should continue to be made directly available to the countries. However, some of it should, in future, be linked to specific reform measures which can be carried out more effectively at the regional level. In other words, it would appear desirable to introduce the regional dimension as a conditionality.

(ii) Trade and Investment Policies

249. Given the different levels of trade protection in the region, a way to stimulate competition and achieve economies of scale is to establish preferential regimes such as the ECOWAS liberalisation scheme, which involves the elimination of all discriminatory tariff and non-tariff barriers to intra-regional trade. If the liberalisation of trade in goods, services and capital is achieved faster at the regional level than for the outside world, it would cut the cost of adjustment by first exposing the enterprises of ECOWAS Member States to regional competition before fiercer world competition.

250. A harmonised approach to investment incentives could be an important part of a coherent approach to integration and investment. National public investment programmes (PIPs) should be backed by regional investment programmes in sectors which facilitate regional trade such as inter-State roads and telecommunications. The regional components of national public investment programmes should also include regional programmes for

environmental protection such as desertification control, coastal erosion control and energy conservation.

251. The Executive Secretariat should be given a specific mandate to negotiate with donors to fund regional programmes.

(iii) A Regional Structural Adjustment Programme

252. As stated earlier, in order to fully achieve the objectives of certain economic reforms, they must be placed within a regional context. Concerted action involving several countries will enhance national efforts. The adoption of a regional reform or structural adjustment programme would therefore be a distinct advantage in ensuring the coherence of national programmes, and also in adapting them for regional application.

253. The regional SAP' would include all those national economic policies which, when harmonised and coordinated, will boost regional economic reform. ECOWAS could solicit assistance from donors such as the World Bank and the IMF for the following projects:

- (a) a detailed study of the regional impact of macro-economic measures and national sectoral programmes;
- (b) preparation of a regional economic recovery programme.

254. To this end, it is strongly urged that the decision taken by the 21st session of the ECOWAS Council of Ministers, in Dakar, in July 1992 on the preparation and implementation of a regional development programme, should be implemented.

255. The consultative body established by a decision of the Council of Ministers, and comprising national authorities responsible for SAPs, the ECOWAS institutions, and appropriate national institutions, should also become operational without delay. It could be started as a small body responsible for monitoring all matters relating to the coordination and harmonisation of the economic policies of Member States.

C. Continuation and Enhancement of ECOWAS Integration Programmes

256. As indicated in section 3 of this chapter, in addition to the unhealthy economic climate of the region, there are endogenous factors of a political or operational nature which hinder the promotion of regional integration. These obstacles may be removed by the following means:

- (i) Manifestation of the Political Commitment of Member States to Integration

257. It is increasingly obvious that the achievement of the objectives of ECOWAS is predicated on the determination of Member States to openly accept the transfer of their sovereignty to

Community executive organs, in those areas where a collective effort appears more effective than isolated national action. This is reflected in the principles behind the review of the ECOWAS Treaty and the adoption of a new Treaty by the 16th summit of Heads of State and Government held in Cotonou, in July 1993. The first demonstration of this political commitment will be the early ratification of the revised Treaty by all Member States. The Executive Secretariat will shortly be starting on the preparation of protocols to the Treaty.

258. It is not enough to ask Member States to demonstrate their political will; the regional institutions must find ways and means to develop and bring out in Member States the political will to achieve cooperation and regional integration. The factors influencing the political will to implement ECOWAS integration programmes include the proven ability of regional effort to satisfy the political and economic interests of Member States, and the advantages accruing to Member States from integration.

259. It should further be realised that political will is also determined by the belief of Member States in the ability of the Executive Secretariat to effectively discharge the regional integration duties assigned to it. The paragraph below concerning ways of improving institutional procedures, enumerates some of the measures recently introduced at the Secretariat to boost efficiency.

260. Member States can demonstrate their political commitment to regional integration by undertaking the following actions:

(a) Information and Communication Policy

261. The public can be made to perceive the advantages to be derived from regional integration through enlightenment campaigns organised to explain the objectives of ECOWAS, its ambitions, achievements and weaknesses. There is thus the need to formulate a Community information and communication policy. In this connection, national radio and television stations will be expected to play a predominant role in promoting integration. With the help of these media, the citizens of the Community, socio-professional groups (the youth, women, traders, trade unions, etc.) and non-governmental organisations in West Africa can all be involved and made to take interest in ECOWAS and its activities.

(b) Grassroot Involvement (Popular Support)

262. The realisation of ECOWAS objectives and consequently the manifestation of the political will of Member States also depend on popular grassroot support for regional integration. This makes it mandatory to encourage the creation of professional associations and to involve them in integration efforts. Chambers of Commerce and Industry in Member States and the

private sector in general have an important role to play in this connection. There are numerous advantages which the private sector can derive from the successful integration of markets. These advantages include market accessibility through the elimination of tariff and non-tariff barriers, improvement in payment facilities, expanded investment possibilities and economies of scale.

263. It is therefore essential that regional integration be seen not as an undertaking involving only governments, public authorities and ECOWAS Institutions, but one that concerns all the economic actors in Member States. As long as integration remains a bureaucratic affair in which the populations are neither involved nor made aware of its importance, it is not likely to succeed. The integration process within the EEC benefited greatly from the support it received from numerous socio-economic groups, particularly trade unions, employers' organisations and employee groups. ECOWAS can emulate this example and try to obtain popular support for its integration efforts. This it can do by creating conditions for greater involvement, and establishing simple, representative structures within the general population and, particularly, the economic operators who are expected to play a determining role in the integration process.

(c) Formulation of Pragmatic Regional Programmes

264. The success of ECOWAS programmes and the concretisation of the political commitment of Member States depend on how well the Community Institutions can promote the development of the region. This basic principle reveals the need to design coherent, realistic and pragmatic regional projects and programmes. In this connection, it is necessary to define programmes which clearly illustrate the advantages of collective action. This does not mean simply compiling a list of national projects. Rather, it will involve designing coherent and, preferably, multisectoral regional programmes which take into account the regional dimension of development. The Community Institutions could define basic principles and the criteria for selecting regional projects and programmes.

265. On the basis of such programmes, the ECOWAS Institutions must take all the necessary steps to continue the execution of road and telecommunications infrastructure programmes which include projects that are eminently capable of bringing about integration.

266. Environment-related projects such as the desertification control and energy projects should also be woven into a coherent programme so that the different projects can complement each other. They must be defined and executed at the regional level so as to arrest desert encroachment, increase energy production and boost agricultural output.

267. Cooperation programmes in the areas of trade, Customs, immigration, money and payments matters which facilitate market integration, and the removal of obstacles to free movement of goods and persons, should be pursued and accelerated.

268. As part of measures taken to execute these programmes diligently and efficiently, it will be necessary to initiate training activities in Member States and to exchange experiences in the training of workers, particularly middle-level technicians. The programmes could be designed primarily for young people between the ages of 15 and 30 and should offer a means of reducing the level of unemployment among this section of the population. Such programmes must inculcate discipline and self-reliance in the youth if they are to realise their objectives fully. Put briefly, we should define a social partnership in the form of a new model of culture which will allow the citizens of the Community to take care of themselves and to count first and foremost on their own strength.

(d) Rationalisation of Cooperation Efforts in West Africa

269. The multiplicity of IGOs in West Africa has impeded the progress of ECOWAS. West African leaders must seriously consider the fundamental issue of rationalising these different institutions. Without wishing to pre-empt the conclusions of the study being carried out by IDEP on the issue, it is our duty to emphasise once again the need for a flexible, workable rationalisation plan, one that will, above all, be applied by both the Member States and the IGOs concerned. One way in which Member States can manifest their political commitment to regional integration is by supporting the rationalisation of IGOs, taking into account the appropriate provisions of the revised ECOWAS Treaty which stipulate that, ultimately, ECOWAS should be the only Community entrusted with the responsibility of bringing about the integration of West Africa.

(ii) The Need to Make ECOWAS Institutions Financially Autonomous

270. The precarious situation of the finances of the Community Institutions has been one of the major factors responsible for the poor performance of ECOWAS in promoting integration. Given this situation, these Institutions, particularly the Executive Secretariat, must evolve, urgently, independent and reliable sources of income to shield the integration process from the budgetary difficulties facing Member States and enable these institutions to forestall financial problems likely to obstruct their effective functioning.

271. More novel mechanisms must be devised with a view to ensuring adequate and automatic financing for the Institutions. In this connection, careful attention should be given to two studies, one by the Executive Secretariat and the other jointly conducted by the Executive Secretariat, the ADB and the UNDP on

the financing of ECOWAS integration efforts. The two documents suggest the imposition of a tax on imports from third countries the proceeds of which can be used to finance the budgets of the Community Institutions, particularly the operational budget of the Executive Secretariat and the compensation budget. The recommendations contained in these studies could serve as the basis for the preparation of the protocol on Community budgets to be annexed to the revised Treaty.

(iii) Improving the Operational Procedures of the Institutions (Executive Secretariat and ECOWAS Fund)

272. The realisation of the integration objectives of ECOWAS depends to a large extent on the performance of the Community Institutions. In order to improve their performance, it is necessary to reassess their operational procedures with a view to increasing the productivity of the staff. In the meantime, the following principles could serve as the basis for enhanced efficiency at the Executive Secretariat:

- (a) team work, which entails collective responsibility without excluding individual responsibility;
- (b) circulation of information;
- (c) a clear definition of set objectives to avoid wastage of all kinds and ensure that work is done properly;
- (d) applying widely accepted principles of justice, equality, impartiality, rigour and transparency when decisions are being formulated for presentation to the decision-making organs or other bodies.

273. To this end, recruitment of staff must be made on the basis of qualification and experience. The necessary conditions must be put in place to motivate staff who perform well. In this connection, the present quota system being applied in the Institutions should be made more flexible in order to make it possible for deserving professional staff to enjoy better career prospects.

274. In this chapter, we have tried to highlight factors militating against West African integration and proposed remedial measures to revamp our regional organisation. These are better management of our national economies, the need to take into account the regional dimension of development and to strengthen integration efforts within ECOWAS. Many other actions may also be necessary. The implementation of the revised Treaty may pave the way for future progress, on condition that all obstacles to integration are removed.

CONCLUSION

275. With the end of the cold war, we are witnessing the emergence of a new world order in which ideology is giving way to a wider search for peace, internal stability and economic and social development.

276. Africa runs the risk of being marginalised if it does not adapt itself to the new changes by developing both at the national and regional levels, the abundant human and material resources it possesses. Africa should stop relying on others and organise itself accordingly. Events in the last few years such as the collapse of communism, the 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. 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, the international community pledged almost US\$1 billion to help finance the reconstruction of the occupied Palestinian territories of Gaza and Jericho. Substantial though it is, this financial assistance is too little when viewed against the needs of these countries and their absorption capacity. Africa, which is still faced with economic stagnation and debt crisis, has to compete against these new candidates for concessionary aid.

277. On another level, the changes that have taken place in the countries of former Eastern Europe have resulted in the emergence of more nations with democratic institutions. The wind of democracy that blew across Eastern Europe is now blowing across Africa, although with varying effects. It is generally agreed today that the relations between the rulers and the ruled should be based on universally-accepted principles such as the supremacy of law, transparency, and good governance.

278. To cope with the political and economic crisis facing them, countries in Europe, Asia and America have resorted to a new form of regionalism characterised by the formation of big trade and economic blocs such as the EEC, NAFTA, and the attempts being made to create an economic grouping around the Pacific belt. It is a well known fact that the developed countries put their national (or regional) interests first in their pursuit of greater economic well-being, often showing total disregard for moral considerations, justice, equity, and historical links.

279. All this foreshadows the emerging new world order. Africa in general and West Africa in particular need to adopt strong measures to avoid being marginalised and adapt to the new world order while at the same time taking in hand their national interests. They can no longer depend mainly on the outside

world, and it is in their interest to fully bear the costs which determine the rhythm of their economic and social development. The different strategies to be adopted and the consensus needed to implement them should first be decided at the level of each country which must in charge of its own destiny. African countries should no longer depend on others because it is inadmissible for sovereign states to solicit external aid to supplement their budgets in order to be able to pay the salaries of civil servants. The changes to be adopted will take some time before they start yielding fruit, but these measures must be taken immediately to re-orientate the development process. 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.

280. 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.

281. 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. Some of these are highlighted in chapter IV which deals with the constraints and conditions for the effective implementation of ECOWAS programmes. 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.

282. Since its inception, ECOWAS has initiated numerous cooperation and integration programmes in the main economic sectors, particularly in the areas of trade promotion, trade liberalisation, road and telecommunications infrastructure and the development of agriculture, industry, and energy. The results have, however, been disappointing because most of the decisions adopted by the political authorities have not been implemented. For example, numerous tariff and non-tariff barriers still impede the development of regional trade. Recorded intra-regional trade still represents only 5% of the total trade of ECOWAS countries, and very little progress has been recorded in the harmonisation of macro-economic and sectoral policies.

283. Past experience reveals that the main 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 be noted that the implementation of integration programmes has been left mainly to the Executive Secretariat which has neither the mandate nor the legal power to enforce implementation of decisions taken collectively. The execution of ECOWAS integration programmes is an enormous task that can be accomplished only with the constant support of Member States; it is the Member States which must play a leading role in the realisation of the objectives of integration. The Executive Secretariat, for its part, will need to give more thought to the feasibility and applicability of the programmes it initiates. The need to improve on the design of integration programmes and to adopt more efficient measures for their implementation will constitute a key element in the strategy to be jointly defined by the Executive Secretariat and Member States with a view to ensuring the successful integration of the West African economies.

284. 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.

285. To make the people more aware of the Community ideal, the Executive Secretariat should formulate and implement 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.

286. Extending regional cooperation and integration beyond official circles, and making the process more operational will entail mobilising the private sector. Private economic operators are more aware of the advantages to be derived by national economies from some of the regional integration mechanisms. 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.

287. 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. It must be emphasised that

the rationalisation process should be governed by the appropriate provisions of the revised Treaty which stipulates that ECOWAS shall, in the long run, be the sole economic community for the promotion of integration in West Africa.

288. Revitalisation of the national economies will fuel the integration process, because strong and viable economies will increase demand and purchasing power, thus stimulating regional trade. There is a pressing need to support national SAPs whose objective is to reduce internal and external imbalances, and permit sustained and durable economic growth. It would be desirable to build up national capacity for preparing and implementing SAPs, in order to give credibility to economic reform policies.

289. In view of the interdependence of the region's economies, it is also important to consider the regional dimension of structural adjustment, in order to increase the efficacy of national SAPs and enhance the regional integration process. Structural adjustment and regional integration can be complementary, but they can also be mutually exclusive. Contradictions may arise owing to the differences in the type and pace of implementation of national SAPs. A striking example is the adjustment of the exchange rate in Member States. In the short term, the impact of currency exchange rate adjustment in certain non-UMOA West African countries could be disruptive for countries within the franc zone.

290. 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 external environment in which such programmes operate demand that the programmes be supplemented by more determined efforts towards economic integration.

291. In order to achieve improved results through the combined action of structural adjustment and regional economic integration, the Executive Secretariat could draw up a regional structural adjustment programme featuring the national economic policy measures (macro-economic and sectoral measures) to be harmonised and coordinated with certain ECOWAS regional integration policies, and a regional public investment programme. A proper degree of convergence in economic policies is required for the planning and effective implementation of the regional structural adjustment programme. The specific situation and needs of individual countries must also be taken into account. Coordination at the regional level, leading to the harmonisation of import taxes on subsidised meat from Europe, would, for instance, benefit the Sahelian countries, whose revenue is

Executive Secretariat intends to work out relevant guidelines in this area to be submitted to the Council of Ministers for consideration at its May 1994 session.

297. 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 and Latin America for foreign investments.

298. 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.

299. 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 Executive Secretariat could improve 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.

300. Finally, it is heartening to note that there is hope for peace and stability in Liberia. This peace, however, must involve all Liberians. Whatever their political leanings, it is our hope that they will observe the provisions of the Cotonou Accord.

301. The road to progress is open through the revised ECOWAS Treaty which aims to improve upon the mechanisms for the integration of ECOWAS. All Member States are hereby called upon to ratify the said Treaty.