

House Committee on Foreign Affairs, Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations

Hearing on the question “Will there be an African Regional Community?”

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Chairman Chris Smith and honorable members of the committee, thank you for the opportunity to share my views on whether there can be an African Regional Community. I approach this topic based on my professional experience as a development economist with over 10 years of experience in undertaking independent research that informs policymaking in Africa. Although I work with one of the leading think tanks in Africa, the views expressed here are entirely mine.

After most African countries gained political independence in the 1960s, the desire for regional integration was very strong. This goal was pursued vigorously and to date, African countries have many Regional Economic Communities (RECs) as a result. They include the Economic Community of West African States (ECOWAS) founded in 1975; the Southern African Development Community (SADC) founded in 1992; the Common Market for Eastern and Southern Africa (COMESA) founded in 1994; the Arab Maghreb Union (AMU) founded in 1989; the Community of Sahel-Saharan States (CEN-SAD) founded in 1998; the Economic Community of Central African States (ECCAS-CEEAC) founded in 1981; the Intergovernmental Authority on Development (IGAD) founded in 1986, etc.

A number of countries in Africa are members of more than one regional integration initiative. For instance, Tunisia is a member of ECOWAS and AMU; Angola belongs to both COMESA and ECCAS; and Senegal and Togo belong to UEMOA and ECOWAS. This situation has been described as a ‘Spaghetti Bowl’² and often leads to the lack of harmonization of policies and activities.

REC	MEMBERSHIP
ECOWAS	Benin, Burkina Faso, Cape Verde, Cote D’Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo
SADC	Angola, Botswana, DRC, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe

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² See p.34, Woodrow Wilson International Center for Scholars. Africa Program. October 2008. *African Regional and Sub-Regional Organizations: Assessing their Contributions to Economic Integration and Conflict Management*

COMESA	Burundi, Comoros, DRC, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Seychelles, Madagascar, Malawi, Mauritius, Rwanda, Sudan, South Sudan, Swaziland, Uganda, Zambia, Zimbabwe
AMU	Algeria, Libya, Mauritania, Morocco, Tunisia
CEN-SAD	Benin, Burkina, Faso, CAR, Chad, Cote d'Ivoire, Djibouti, Egypt, Eritrea, The Gambia, Ghana, Guinea Bissau, Liberia, Libya, Mali, Morocco, Niger, Nigeria, Senegal, Sierra Leone, Somalia, Sudan, Togo, Tunisia
ECCAS-CEEAC	Angola, Burundi, Cameroon, CAR, Chad, Congo (Brazzaville), DRC, Equatorial Guinea, Gabon, Rwanda, Sao Tome et Principe
IGAD	Djibouti, Eritrea (suspended), Ethiopia, Kenya, Somalia, Sudan, Uganda

Regional Economic Communities in Africa – the Case of ECOWAS

Mr. Chairman, in addressing the question whether “there can be a regional economic community in Africa?” I will like to focus on the achievements and challenges of ECOWAS and hopefully this will inform the discussion on whether an African-wide community is feasible.

The ECOWAS initiative has yielded significant positive outcomes, especially in the areas of peace and security, trade and the free movement of people and goods in the region. More specifically, ECOWAS has created a number of benefits to its member states including:

- **The maintenance of regional peace and security:** The community serves as a peacekeeping force in the region. For instance, ECOWAS played a credible and effective role in regional peacekeeping operation through the ECOWAS Ceasefire Monitoring Group’s (ECOMOG) operations in Liberia, Guinea Bissau, Cote D’Ivoire and Sierra Leone.
- **Promotion of free movement of people between member states:** There have been efforts to ease the difficulty involved in the free movement of goods in the region. For instance, visa requirements for citizens of member states have been abolished allowing citizens to stay for 90 days in any member country visa-free. The borders of ECOWAS countries are increasingly open (to the citizens of member countries) relative to the borders of non-member countries. In 2000, over 55 per cent of immigrants in Ghana were citizens of ECOWAS countries.³ Furthermore, greater mobility is good economics: it is likely that this freedom of movement has resulted in the increasing volume of trade between Ghana, Togo, Nigeria and Cote D’Ivoire in recent years.
- **Promotion of Food Security:** The operations of the RECs and ECOWAS, in particular, are designed to eliminate the challenges involved in transporting agricultural products. The ECOWAS Common Agricultural Policy (ECOWAP) was instituted in 2005 and the

³ Quartey, Peter. *Migration in Ghana: A Country Profile 2009*. International Organization for Migration, 2009.

West African Common Industrial Policy was instituted in 2008. The policies described in these documents ensure the movement of goods from surplus to deficit countries in the sub-region; reduce commodity price fluctuations; improve the agricultural sector's productivity; promote the competitiveness of agricultural exports; and increase farmers' income.

- **Creating a Favorable Business Environment:** ECOWAS also aims to create a favorable business environment to ensure that private enterprise is effectively supported and sustained. The creation of an ECOWAS Business Council, a regional private sector advisory body, is one major policy initiative towards this end. As a result of the efforts of groups like this council, ECOWAS and its member countries have made important strides towards improving the overall regional investment climate. According to the *2004 Doing Business Report* Ghana was cited as requiring 11 “procedures”⁴, roughly 37 days to register a firm, and a cost of 80 percent of the country's per capita income.⁵ Ten years later, the *2014 Doing Business Report* showed that Ghana had improved on all three of these dimensions. The number of procedures was down to 8, the time required to register business had decreased to 14 days, and the cost had shrunk dramatically to 15 percent of the country's per capita income.⁶
- **Strengthening Physical Infrastructure:** The Regional Transport Facilitation Programme aims at (i) an improvement in customs procedures; (ii) the construction of a West African highway with a total of 11,000 km (about 6920 miles) of roads; (iii) the construction of joint border posts and (iv) an improvement in air transport; and (v) the establishment of the West African Gas Pipeline and West African Power Pool project. The development of the West African Gas Pipeline, in particular, is one of the key infrastructural projects carried out by ECOWAS to benefit member states. Its importance to Ghana is clear: when the pipeline went offline a number of months ago, it caused a serious disruption in the flow of energy to the country.

Challenges facing ECOWAS

Despite the success stories, the community faces a number of challenges, which are likely to hinder the effective execution of its functions and the realization of its purpose.

- **Threat to Regional Peace and Security:** The region is still home to ongoing military operations and political instability despite national, regional and international conflict prevention and resolution efforts. (Mali and Cote D'Ivoire are notable examples in this regard.) This insecurity is a threat to greater cooperation between nations, as the presence of conflicts in West Africa has spill-over effects across national boundaries. Therefore, recent activities of armed groups such as Boko Haram and the Tuareg rebels present serious threats to regional cooperation and integration. ECOWAS has responded well to

⁴ Procedures are defined as “interaction[s] of the company founders with external parties for example, government agencies, lawyers, auditors or notaries.”

⁵ This cost includes “official fees and fees for legal or professional services if such services are required by law.”

⁶ World Bank. *Doing Business 2014 Understanding Regulations for Small and Medium-Size Enterprises*. World Bank 2013.

these threats, especially those that threaten the political stability of member states. It is, however, yet to establish strategies to fight terrorism in the region.

- **Monetary Integration Challenges:** ECOWAS aims to create an economic and monetary union with a common currency, called the “ECO”, by 2020. The countries involved are Guinea, Gambia, Liberia, Ghana, Nigeria and Sierra Leone. Attempts to have a single currency have been fraught with difficulties, however. Many of the member states are unable to meet the convergence criteria. In 2011, none of the member states were able to achieve all four primary convergence criteria (“single-digit inflation, external reserves in months of import cover, fiscal deficit excluding grants/GDP ratio and central bank financing of fiscal deficit as a percentage of previous year’s tax revenue”).⁷ Ghana, for its part, was able to realize only one criterion (the inflation single digit inflation target). Thus, the dream of a single currency to reduce currency conversion costs and facilitate trade remains a distant prospect.
- **Lack of well-structured and resourced institutions:** ECOWAS lacks the kind of institutional structure and managerial skill to formulate and implement important programs. It lacks the authority and adequate resources to take firm decisions that enhance integration and to ensure the implementation of these decisions. Part of the problem is caused by a system in which the head of the Commission is chosen based on a predictable rotational system, rather than strictly on competence.
- **Limited Financial Resources:** ECOWAS has a major funding problem. Since its activities are funded from the contributions of member states, the reluctance of members to pay their contributions (on time or on any time-frame) affects the ability of the community to undertake, monitor and evaluate projects.
- **Impediments to Trade Still Exist:** Despite the ECOWAS protocol on the removal of trade barriers, there are still several impediments to trade, including non-tariff barriers. For instance, ECOWAS has made only limited progress in reducing the number of road checks and security clearances that traders face across borders. If the move towards the creation of a single currency is to be seriously considered, such barriers should be removed.
- **High Cost of Doing Business among member states:** Weak institutional frameworks, high cost of transportation, poor communication and infrastructure facilities all impede the free flow of goods and services among countries in the region. In the *2014 Doing Business Report*, Ghana is ranked a mediocre 128th out of 189 countries.
- **Poor Cross Border Infrastructure and Weak Institutional and Human Capacity:** The African Development Bank⁸ revealed that inadequate cross-border infrastructure and weak institutional and human capacity are the most important barriers to integration in

⁷ Ministry of Finance. Republic of Ghana. *The 2013 Budget Statement and Economic Policy*

⁸ African Development Bank. *2011 Annual Report*. Tunis, Tunisia

West Africa. These issues constitute a major impediment to regional integration and economic growth in the region.

Will there be an African Regional Community?

These regional groupings were all set up with a common goal, i.e. to expand regional markets and make member states more competitive in global trade. Furthermore, RECs are supposed to serve as the cornerstone of the AU mission to address conflict, promote political stability and accelerate economic integration within the continent. The extent to which these aims have been achieved is varied. Nonetheless, based on the achievements and challenges outlined above, I am of the conviction that achieving an African Regional Community is possible, though is an uphill task.

The USA and regional integration in West Africa

Promoting integration in Africa will bring enormous benefit to the region, as well as to the region's partners. Integration will help Africa better police itself, which will benefit the United States and its allies in the collective fight against instability and terrorism. Integration will help facilitate business in the sub-region and help its goods access US markets, perhaps through the Africa Growth and Opportunity Act (AGOA).

Conclusion

Promoting regional integration will enhance the regional markets of African countries; it will promote trade in the sub-region; and it will facilitate peace and security. Attempts to strengthen these communities have to meet several challenges, however, and therefore require the support of the United States and its allies. This assistance will go a long way in enhancing personal livelihoods, reducing civil strife, promoting peace and stability in the region, and fighting terrorism and organized crime.