THE SHARING OF COSTS AND BENEFITS OF REGIONAL ECONOMIC INTEGRATION IN THE ECONOMIC COMMUNITY OF WEST AFRICAN STATES (ECOWAS)

By

F.E. Onah
Department of Economics
University of Nigeria, Nsukka

Abstract

The objective of this paper was to compare the distributions of costs and benefits of economic integration in the Economic Community of West African States (ECOWAS). In other words, it sought to evaluate whether the distribution of benefits corresponded to the distribution of costs among the member states of ECOWAS over the study period, 1975-2014. The cost of interest in this study was the contribution of each member state to the budget of ECOWAS while the benefit of interest was the level of intra-ECOWAS exports of each member state. To facilitate the evaluation, the distribution of percentages of member states' contribution to budgetary revenues were calculated and tabulated. Similarly, the ratios of intra-ECOWAS exports to GDP and total exports of member states were calculated and tabulated. The findings revealed that (i) Nigeria accounted for 77-82 per cent of ECOWAS budgets, followed by Cote d'Ivoire with 4-4.6 per cent, Ghana with 3-6.3 per cent and Senegal with about 2.0 per cent; (ii) in terms of the distribution of the ratio of intra-ECOWAS exports to total exports of member states, Nigeria's performance was 4.4 per cent as against Cote d'Ivoire's 28.2 per cent, Ghana's 6.6 per cent, Guinea's 26.8 per cent, Niger's 22.7 per cent and Senegal's 20.3 per cent; (iii) overall, the distribution of benefits was not consistent with the distribution of costs of integration; and (iv) responsible for the non-correspondence between the distributions of costs and benefits of integration was the adoption of a common currency by the members of the West African Economic and Monetary Union (WAEMU). It was recommended that the sources of fund be increased and the same percentage coefficient of contribution be adopted for all member states to make for equity and continued existence of ECOWAS. Differences in member states' contributions to ECOWAS budgets should come from differences in the tax base.

Introduction

The concept of regional economic integration has for long existed in economic literature. However, its precise definition is not easy to formulate. Generally, it refers to a unification of nation states into a larger whole, a definition which is capable of admitting a variety of expressions. On the one hand, it can be described as a dynamic process which entails a country's willingness to share or unify into a larger whole. What is shared and the degree of sharing determines the level of integration. On the other hand, it can be described as a commercial policy of discriminatingly reducing or eliminating trade barriers only between the states joining together. In this sense, the level of collaboration involves trade only. Still more, it may be described as the organization of economic activities so that National boundaries do not matter (Black, 2011). According to this view, complete economic integration would imply complete free trade in all goods and services, perfect capital mobility, complete freedom of movement of persons, complete freedom of establishment of business, and unhindered information and ideas. It would also imply elimination of national differences in taxation, in the financing of social services, in the rules governing competition and monopoly, in the rules governing environment, and may lead to adoption of single currency. Thus, from whichever perspective the concept is looked at, it connotes agreement between national states as a strategy for achieving economic and social development.

Regional economic integration initiative in Africa has a long history, dating back to the establishment of the South African Customs Union (SACU) in 1910 and East African Community (EAC) in 1919 (Geda and Kibret, 2003). In West Africa the first effort at integration dates back to 1945 with the creation of CFA franc that brought the Franco phone countries of the region into a single currency union (www.ecwas.int).

There has been much support from African governments for regional integration. Indeed, since independence they have embraced regional integration as an important component of their development strategies and have concluded a large number of regional integration arrangements (Hartzenberg, 2011). Their commitment to regionalism was part and parcel of a broader aspiration of a continental integration and led to the creation of the organization of African Unity (OAU) in 1963. When the African leaders met in Addis Abada, Ethiopia, on 25th May, 1963 and established the OAU, the issue of support for the liberation struggles in the remaining colonies was given high priority. So also was the need to integrate the African continent politically, economically and socially through the establishment of regional groupings. The strategy of achieving political unity of Africa was heated but in the end, it was agreed that such unity would be achieved through the establishment and consolidation of regional economic communities (Mangachi, 2012).

2. Establishment of ECOWAS

To give effect to the decision of African leaders, the Economic Commission for Africa (ECA), a United Nations Agency established in 1958 by the United Nations Economic and Social Council to promote integration and cooperation for African development, championed the division of Africa into regions for purposes of economic development. It proposed three separate but convergent and over-arching integration arrangements in the three sub-Saharan Africa (FAO, 2016), one to serve West Africa, a second to serve Central Africa, and the third to jointly serve

East and Southern Africa. In April 1980 the OAU adopted the Lagos Plan of Action (LPA) according to which West Africa would be served by ECOWAS (which had already been established on 28th May, 1975). A Preferential Trade Area (PTA) would be created to serve East and Southern Africa. This PTA was eventually established in 1991 and was eventually replaced in 1993 by the Common Market for East and Southern Africa (COMESA).

For Central Africa the Economic Community of Central African States (ECCAS) was approved for establishment in 1985. Together with the Arab Maghreb Union (AMU) in North Africa, these regional arrangements were expected to form the pillars of the all Africa Common Market envisaged for establishment in 2015 (FAO, 2016)

The establishment of a West Africa-wide regional integration has been attributed to the efforts of few West African leaders, notably, President William Tubman of Liberia, General Yakubu Gowon of Nigeria, and General Eyadema of Togo. In 1964 President Tubman called for the formation of a West African Community and succeeded in getting Cote d'Ivoire, Guinea, Liberia and Sierra-Leone to sign an agreement to that effect in February 1965. In April 1972 General Gowon and General Eyadema re-launched the idea, drew up proposals and toured 12 West African countries, soliciting support for the plan. This second attempt yielded positive results in that a meeting was held in Lome, Togo, in December 1973 to study the draft treaty. The draft treaty was further examined in Accra, Ghana, in January 1974 by experts and jurists and in January 1975 by a meeting of Ministers (ECOWAS, 2016).

On 28th May, 1975, a treaty establishing ECOWAS was signed in Lagos, Nigeria, by the Heads of State of the 16 founding member states. The founding member states include Benin, Burkina Faso, Cote d'Ivoire, Gambia, Ghana, Guinea Bissau, Liberia, Mali, Mauritania, Morocco, Niger, Nigeria, Senegal, Sierra-Leone and Togo. Cape Verde joined in 1977 while Morocco withdrew its membership in 1984 in the wake of ECOWAS' recognition of Saharawi Arab Republic and Mauritania took decision to withdraw from the community in 2002).

3. Structure of ECOWAS

In the continent of Africa ECOWAS countries occupy a land surface of 5.1 square kilometres which accounts for 17 percent of the total area of the continent. In terms of land mass, Mali and Niger are the two largest West African countries, occupying 24.3 and 24.8 percent of the sub-region respectively. The smallest nation is Cape Verde. As of 2016, the population of ECOWAS countries, sub-region and accounts for 52 per cent of ECOWAS population, followed by Ghana with 23 million inhabitants. Again, Cape Verde has the smallest population with 0.2 per cent of ECOWAS population. In terms of economic strength, Nigeria has some 67 per cent of total ECOWAS gross domestic product (GDP), followed by Ghana with 9.7 per cent and Cote d'Ivoire with 6.2 per cent (ECOWAS, 2016). Details of the distribution of population, land mass and GDP are given in table 1.

Within ECOWAS, there are two sub blocs: the West African Economic and Monetary Union (WAEMU) and non-WAEMU countries belonging to the West African Monetary Zone (WAMZ). WAEMU was created in January 1994 by seven Francophone West African countries. Its establishment was based on pre-existing West African Union of the CFA zone, a currency guaranteed at fixed parity to the Euro (at 656:1) by the French Treasury. It was patterned after the European Union with a commission located in Ouagadougou and financed by a share of a one per cent levy on the imports into the WAEMU (The World Bank Group, 2013). WAEMU Countries include Benin, Burkina Faso, Cote d'Ivoire, Mali, Niger, Senegal and Toto while Guinea Bissau joined in 1997. The EU/WAEMU Commission was to spearhead efforts to established a customs union, harmonize investment incentives, public financial management procedures and taxation, and monitor key macroeconomic convergence criteria, including fiscal deficits, inflation, public sector wages, and government arrears (The World Bank Group, 2013).

Among the above objective, WAEMU has successfully implemented macroeconomic convergence criteria and effective surveillance mechanism, adopted a customs union, common external tariff and has combined indirect taxation regulations. In addition, it has initiated regional structural and sectorial policies. In fact, the International Monetary Fund (IMF) has described WAEMU as the furtherest along the path toward integration of all the regional groupings in Africa (Wikipeadia, 2016).

The West African Monetary Zone (WAMZ) was formed in 2000 by a group of counties within ECOWAS that planned to introduce a common currency, the ECO, by the year 2015. The six-member countries of WAMZ are Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone, which joined in February, 2010. Apart from Guinea which is francophone, the rest of the members of WAMZ are anglophone. Guinea had left the CFA franc currency in 1960. The WAMZ countries have planned to establish a strong and stable currency to rival the CFA franc. The eventual goal is to merge the CFA franc and ECO to give ECOWAS a single stable currency by 2010. The launch of the new currency is being developed by the West African Monetary Institute based in Accra, Ghana, and the WAMZ countries have agreed to adopt all the principles of CFA franc (Wikipeadia, 2016).

Table 1: Characteristic Features of ECOWAS Countries

Country	Demographic weight %	Geographic weight %	Economic weight (DDP)%
Benin	3.0	2.2	1.9
Burkina Faso	5.5	5.4	0.6
Cote d'Ivoire	7.4	6.3	6.2
Guinea Bissau	0.5	0.7	0.2
Mali	5.2	24.2	2.6
Niger	5.1	24.8	1.6
Senegal	4.2	3.8	3.5
Togo	2.0	1.1	0.9
WAEMU	**32.7**	**68.6**	**19.5**
Gambia	0.6	0.2	0.2
Ghana	7.9	4.7	9.7
Guinea	3.4	4.8	1.4
Liberia	1.3	2.2	0.4
Nigeria	52.0	18.1	67.3
Sierra-Leone	1.9	1.4	0.9
WAMZ	**67.1**	**31.8**	**80.0**
Cape Verde	0.2	0.1	0.5
ECOWAS	**100.0**	**100.0**	**100.0**

Source: ECOWAS (2016), www.en.reingex.com/ECOWAS

4. Research Problems and Objectives

ECIWAS has been plagued by divisions based on history. Some member states are former French colonies while some others are former British colonies. The resulting differences in culture, heritage, demographics and fiscal orientations have a destabilizing influence on ECOWAS. For example, during the civil war that broken out in Liberia, only a military force raised by five member states of ECOWAS restored order, organized an interim government and supervised national elections. Other ECOWAS nations either remained neutral or protested against what they regarded as ECOWAS involvement in the internal affairs of a sovereign nation. This division among ECOWAS countries was largely along the francophone and angophone lines. Moreover, the extent to which ties of many ECOWAS member states with their erstwhile colonial powers has tended to work against viable integration as has been manifested in different occasions.

This was evident in the choice of name for a single ECOWAS currency. It has been earlier on shown that Nigeria accounts for 52 per cent of ECOWAS population and 67 per cent of its total GDP. However, when Nigeria's Minister of Finance suggested in 1997 that Nigeria's naira could become ECOWAS means of exchange, this idea was vehemently opposed by the CFA member states of ECOWAS. Moreover, it was these same historical antecedents that led to the opposition led by the francophone states, to Nigeria's suggestion for the creation of the Economic Community of West African States Monitoring Group (ECOMOG) a West African multilateral armed force established by ECOWAS in the wake of the Liberian crisis). The leaders of the francophone states, particularly Cote d'Ivoire and Burkina Faso, were said to be bitter with the instance of Nigeria even though Nigeria happened to be the major financier of the peace-keeping force. Furthermore, FAO attributed the rivary among ECOWAS member states to the dominance of few countries and the huge disparities in size which have raised concerns about the distribution of the benefits of integration (FAO, 2016).

Additionally, there are writers who express views that Nigeria's burden outweighs its benefits from integration in the West African sub-region. Such expressions tend to fuel division among ECOWAS member states (Premium Times, 2016). Such statements are exemplified by such news headlines as "Nigeria, ECOWAS donor, continually outsmarted by smaller West African counties".

Finally, the event in Britain on 23rd June, 2016 calls for soul searching not only in the European Union (EU) but also in other integration arrangements. On that day, British citizens voted in a referendum to opt out of the EU after some 43 years of participation in the Union. Two main reasons given for the exit of the United Kingdom (UK) from the EU included paying so much for too little and the desire to be in control of national polices, especially in respect of immigration and employment.

The objective of this paper is therefore to evaluate the distribution of costs and benefits of integration in ECOWAS. Such evaluation is expected to educate ECOWAS member states on their respective positions on the scale of costs and benefits. It is also expected to assist ECOWAS Commission responsible for the location of ECOWAS projects, the Community's Commission responsible for the administration of the Fund for Compensation, and the agency responsible for the distribution of appointments and recruitments.

5. Costs of integration in ECOWAS

A number of costs, financial and non-financial are involved in regional economic integration. Among the latter group of costs two are notable. One of them is the possibility of trade diversion. This refers to a situation in which trade is diverted from a non-member country despite the inefficiency in cost. For instance, a country may have to stop trading with a low cost manufacture in a non-member country and trade with a manufacture in a member country which has a higher cost. This occurs because the tariff-free prices of goods from members are lower than tariff-inclusive prices of non-members who formerly supplied them. The excess payment is the cost suffered as a result of not buying from a more efficient non-member country. Trade diversion is therefore generally welfare reducing because both the world and member states are perceived to be worse off as a result of diversion of production from efficient foreign suppliers to less efficient domestic industries of member states (Todaro and Smith, 2006.

A second non-financial cost relates to national sovereignty. Integration requires countries to give up some degree of control over key policies like trade, monetary, fiscal and immigration policies. The higher the level of integration, the greater is the degree of controls that needs to be given up.

Another cost which happens to be financial is the possible loss of revenue arising from customs duty. ECOWAS economic trade liberalization scheme (ETLS) which was signed in June 1989 and came into force in January, 1990, involved total elimination of customs duties and taxes of equivalent effect, removal of non-tariff barriers and the establishment of common external tariffs. Official reports from ECOWAS Commission indicate that from 1998 to 2004 about 2536 industrial products from 807 companies in 12 member states were approved under the preferential regime of ETLS. This means that these products came to be traded freely within the community. It is also on record that only 8 member states began to implement the ETLS in 2006 while 7 member states failed to do so (Bassey, 2015). The failure has been attributed to the fear of losing the main source of government revenue and the spectre of domination by Nigeria which happened to have 42 percent of the products approved for free trade under the ETLS (Kufuor, 2006).

However, provision has been made to compensate states for the loss of customs revenue arising from intra-community trade in industrial products. For instance, in 1995 the Council of Ministers approved the sum of 16,887,500 units of account (Special Drawing Rights of the International Monetary Fund (IMF)) as monetary contribution to the budget for compensation for loss of revenue from ETLS.

Next is the direct financial cost. This refers to member states' contribution to the Community annual budgets and other financial contributions and levies. Article two of the Protocol relating to the contribution by member states to the budget of ECOWAS states that the contribution of each member state shall be assessed on the basis of a coefficient of GDP and per capita income of that state. The coefficient is calculated as one-half of the ratio of the GDP of each member state to the total GDP of all member states plus one-half of the ratio of the per capita income of each member state to the total per capita income of all member states. The article also states that the relevant statistics and other data on GDP and per capita income of each member state shall be those published by the United Nations. The Protocol also provides that the coefficient for assessing the contribution of member states shall be reviewed every three years by the Council on the recommendation of the Commission. Also, contributions to meet any extra-ordinary activities of the Community shall be on the same basis and the same coefficients as prescribed above, unless otherwise differently determined by the Council.

Up to date, only two revisions of the Community's treaty have taken place, one in 1991 and the other in 1993. In 1991 the only significant revision in respect of Community's budget and contributions by member states was the introduction of Community levy. Article 70 of the revised treaty states that the regular budgets of the Community and its institutions shall be funded from a Community levy and other such sources as may be determined by the Council (made up of two representatives from each country with a Chairman drawn from each country in rotation (Goodridge Jr, 2006). It was however added that until the entry into force of the Community levy, the regular budgets of the Community and its institutions would be founded from annual contributions as specified in the 1975 treaty of the Community. The 1991 revision was concerned mainly with the ECOWAS Court of Justice, free movement of persons and free movement of goods. Thus, the provisions of the 1975 treaty in respect of contributions to the Community's budget remained in force beyond 1991.

The second revision occurred in 1993. The revision re-affirmed the introduction of the community levy as the source of funds for financing Community activities. It went further to stipulate that the Community levy would be a percentage of the total value of import duty derived from goods imported into the Community from third countries. The actual level of the Community levy was left to be determined by the Council. The mode of member states' contribution to the levy was also left to the Council for determination (ECOWAS Commission, 1993). However, the researcher is unaware of any protocols that have spelt out any other coefficients for calculating the contributions of member states to the budgets of the Community other than what has been provided in the 1975 treaty. Indeed, the first and only hint of reliance on Community levies for funding the activities of the Community is the statement that Nigeria contributed over 60 per cent of ECOWAS total revenue for the period 1990-1995 with the introduction of Community levies (Bassey and Ekott, 2013).

Thus, the coefficient provided in the relevant protocol of the 1975 Community Treaty have been used to calculate the individual member states coefficients of GDP and per capita income presented in tables 2 and 3. Table 2 shows the coefficients of contribution by member states to ECOWAS budgets at the inception of the integration scheme in 1975. The last column of the table shows that Nigeria accounted for 82.3 per cent of ECOWAS budget, followed by Cote d'Ivoire with 4.3 per cent, Ghana with 3.2 per cent and Senegal with 2.3 per cent. Table 3 shows a similar pattern of distribution for the period 2012-2014. According to the table, Nigeria contributed 77.2 per cent of the budget, followed this time by Ghana with 6.3 per cent, Cote d'Ivoire with 4.6 per cent and Senegal with 2.2 per cent. The rest of member states' contributions ranged from 0.7 to 1.0 per cent in table 2 and from 0.1 to 1.8 per cent in table 3. The relative contributions in the two tables is corroborated by the information that Nigeria made the highest contribution of $38,328,715 (or 84.41%) of the total of $45, 568, 223 that accrued to member states in compensation for loss of customs revenue from 1990 to 1995 (Bassey, 2015). It has also been mentioned that for years Nigeria's funding to ECOWAS stood at three to six times what the other 14 member nations contributed (Bassey and Ekott, 2013).

Table 2: Coefficient of Contribution to ECOWAS Budget, 1973-1975

S/N	Country	Coefficient of GDP	Coefficient of GNI	Total Coefficient	Percentage of total Coefficient
1	Benin	0.0039	0.0172	0.0039	0.8
2	Burkina Faso	0.0050	0.0123	0.0052	1.0
3	Cape Verde	0.0008	0.0420	0.0008	0.2
4	Cote d'Ivoire	0.0215	0.0469	0.0215	4.3
5	Gambia	0.0020	0.0554	0.0020	0.4
6	Ghana	0.0160	0.0346	0.0160	3.2
7	Guinea	0.0052	0.0159	0.0052	1.0
8	Guinea Bissau	0.0031	0.0573	0.0031	0.6
9	Liberia	0.0029	0.0268	0.0029	0.6
10	Mali	0.0035	0.0092	0.0035	0.7
11	Niger	0.0050	0.0141	0.0050	1.0
12	Nigeria	0.4112	0.0900	0.4112	82.3
13	Senegal	0.0113	0.0338	0.0113	2.3
14	Sierra Leone	0.0047	0.0235	0.0047	0.9
15	Togo	0.0035	0.0210	0.0035	0.7
	Total	**0.4996**	**0.4998**	**0.4998**	**100.0**

Table 3: Coefficient of Contribution to ECOWAS Budget, 2012-2014

S/N	Country	Coefficient of GDP	Coefficient of GNI	Total Coefficient	Percentage of total Coefficient
1	Benin	0.0068	0.0202	0.0068	1.3
2	Burkina Faso	0.0091	0.0159	0.0091	1.8
3	Cape Verde	0.0014	0.0806	0.0014	0.3
4	Cote d'Ivoire	0.0235	0.0323	0.0235	4.6
5	Gambia	0.0007	0.0109	0.0007	0.1
6	Ghana	0.0322	0.0362	0.0322	6.3
7	Guinea	0.0048	0.0114	0.0048	0.9
8	Guinea Bissau	0.0009	0.0151	0.0009	0.2
9	Liberia	0.0015	0.0095	0.0015	0.3
10	Mali	0.0084	0.0150	0.0084	1.7
11	Niger	0.0058	0.0095	0.0058	1.1
12	Nigeria	0.3916	0.1922	0.3916	77.2
13	Senegal	0.0114	0.0233	0.0114	2.2
14	Sierra Leone	0.0034	0.0155	0.0035	0.7
15	Togo	0.0032	0.0124	0.0035	0.7
	Total	**0.5047**	**0.5000**	**0.5071**	**99.4**

6. Sharing of Benefits in ECOWAS

The establishment of ECOWAS was envisaged as a market integration mechanism that could strengthen the economic development of the West African sub-region, sustain nation building and at the same time enhance the overall socio-economic transformation of the area. The mechanisms for achieving these objectives include free movement of goods, free movement of persons, right of establishment, right of residence, and monetary cooperation programme. With the exception of monetary cooperation which has only been achieved within the WAEMU, all the above mechanisms have been achieved under the ECOWAS trade liberalization scheme which came into force in 1990. Having examined the costs of integration in ECOWAS, the benefits of such integration are discussed in what follows;

(i) Potential Trade Creation and Gains

Ideally economic integration is expected to lead to trade creation within the integrating arrangement. This is a situation in which common external trade policy and internal free trade lead to a shift in production from high (tariff inclusive) cost third country to low (tariff free) cost member state. As a result of buying the affected products from within the community, the demand for third country goods are likely to reduce. Citizens of the community are expected to enjoy lower prices of the products obtained from within the union. In addition, more acute completion in the free trade zone may induce outside firms to cut prices to maintain exports to the region. This is likely to create a positive terms of trade effect for member states (Niekerk, 2005)

(ii) Investment

Regional trade agreements may attract direct investment both from within and outside the regional integration arrangement as a result of (a) market enlargement (particularly for "lumpy" investments that might only be viable above a certain size) and (b) production rationalization (reduced distortion and lower marginal cost in production). Enlargement of the market is likely to be beneficial provided that the incentive for foreign investors does not encourage "tariff jumping". To discourage this phenomenon low external tariff against third counties is recommended (Niekerk, 2005).

Moreover, according to Park and Park (2007), economic integration can also serve as an incentive for investments and attract foreign direct investment (FDI). This can be realized as a result of general reforms such as stabilization, market liberalization and privatization adopted under regional arrangements which can raise returns to factors of production and are likely to be more than enough to increase private investment (Park and Park, 2007). Alwo, Baldwin and Venables (2004) opined that economic integration can help to ensure that production is located according to comparative advantage in each member state which in turn is likely to lead to specialization and hence increased efficiency and higher returns to investments. Higher returns to investments are no doubt effective incentives for both domestic investments and FDI.

(iii) Coordination and Bargaining Power

Within economic integration, coordination may be easier than through multilateral agreements. Since regional integration enables countries to coordinate their positions, they are more likely to stand in multilateral negotiations, such as World Trade Organization (WTO), with at least more visibility and possibly stronger bargaining power (Negotiating trade and commodity agreements with third parties than any single member of the community. A prerequisite for this, however, is the coordination of national agricultural and industrial policies because this would enable member countries speak with one voice.

(iv) Security

In addition to increasing intra-regional trade and investment, regional integration may increase positive social interactions and interdependency between countries and thus reduce the risk of conflicts between them. Moreover, by developing a culture of cooperation and mechanisms to address issues of common interest, regional integration may actually improve intra-community security (Niekert, 2005). Additionally, cooperation may even lead to common defence or mutual military assistance as has developed in ECOWAS.

Article 56 of the 1993 revised Treaty of ECOWAS provided for non-aggression and mutual assistance on defence. Specifically, Article 58 is on regional security and provides that member states undertake to safeguard and consolidate relations conducive to the maintenance of peace, stability and security within the region. Among other things, it requires the establishment of regional peace and security observation system and peace-keeping force (ECOWAS Commission, 1993)

(e) Increased Intra-trade

This appears to be the most important driving force towards regional economic integration. Within a tiny market there may be a trade-off between economies of scale and competition. Market enlargement, however, removes this trade-off and makes possible the existence of (a) larger firms with greater productive efficiency for any industry with economies of scale, and (b) increased competition that induces firms to cut prices, expand sales and reduce internal inefficiencies (Niekerk, 2005). Giving the fragmentation of the West African sub-region, it was expected that integration would allow firms in some sectors to grow and exploit fully economies of scale. Competition may then lead to rationalization of production and removal of inefficient duplication of plants.

Those ideas informed the establishment of ECOWAS. The introduction of ECOWAS trade liberalization scheme (ETLS) in 1990 has demonstrated the achievement of the above envisaged objectives. It has not only created a large market for goods in the sub-region but has also given rise to increased production of industrial products. A comparison between the situations in the 1970s and 1990s makes this assertion clear. To use Nigeria as an example, in 1970 her imports from developed countries accounted for 85.2 per cent of her total imports, 8.3 per cent came from developing countries while only 0.1 per cent came from Africa. The corresponding percentages of her exports were 89.6, 7.3 and 0.7. Intra-African trade was extremely low during this time. Where it existed, it was essentially between neighbouring countries and consisted of re-exports. With the exception of Nigeria, Senegal and Cote d'Ivoire, very few West African countries traded with more than five other West African countries.

However, with the introduction of ETLS in 1990, the hitherto negligible value of intra-West African trade became history. Nigeria's imports from other ECOWAS countries increased from \$14 million in 1989 to \$44 million in 1993, \$98 and \$120 million in 1996 and 1997 respectively. Her value of corresponding exports increased from \$456 to \$529 million, \$618 million and \$699 million respectively. Other West African counties had their intra-communities' trade increased tremendously. For instance, Cote d'Ivoire's imports from other ECOWAS West African counties increased from \$444 million to \$720 million and to \$817 million within the corresponding years (Bassey, 2015).

The overall increase in intra-ECOWAS trade notwithstanding the focus of this paper is on the relative increase. That is, the extent to which individual ECOWAS member states have benefited from increased intra-trade. Discussion on benefits of economic integration other than the expansion of intra-Community trade was only meant to draw one's attention to the fact that these other benefits do exist.

Table 4 presents 3-year averages of GDP, intra-Community exports and total exports of ECOEWAS member states for the period 2012-2014. Columns 3 and 5 express the ratio of intra-Community exports to GDP and the ratio of intra-Community exports to total exports of all ECOWAS member states respectively. Column 2 of the table shows that in absolute terms Nigeria had the highest intra community exports, followed by Cote d'Ivoire, Ghana, Senegal and Togo in that order. However, when weighted by the level of respective GDP, Cote d'Ivoire ranks first, followed by Togo, Gambia and Guinea. Nigeria ranks 12^{th} while Ghana ranks 9^{th}. When intra-Community exports are expressed as a ratio of total exports, the distribution follows a somewhat irregular pattern. Gambia comes first, followed by Guinea Bissau, Cote d'Ivoire, Guinea, Togo and Niger. Ghana and Nigeria come 10^{th} and 13^{th} respectively.

What is however clear from the table is that neither the ratio of intra-exports to GDP nor the ratio of intra-exports to total exports is consistent with either economic strength (GDP) or the degree of economic development. Both of them are clearly in favour of the WAEMU member counties. The implications are that (i) the use of a common currency, CFA franc, had a more powerful influence on promoting intra-trade than all the provisions in the ECOWAS Treaty, and (ii) the distribution of the benefits of integration in ECOWAS is not consistent with the pattern of the distribution of the costs of integration in ECOWAS. The somewhat extordinary situation in Gambia can easily be explained by the fact that Gambia is completely sandwiched by Senegal such that Gambia rather reflects the economy of Senegal.

Table 4. Distribution of Benefits in ECOWAS, 2012-2014

S/N	Country	2012-2014 Average GDP in $ million	2012-2014 Average intra-ECOWAS Exports in $million	Ratio of 2 to 1 (%)	2012-1014 Average of Total Exports in $million	Ratio of 2 to 4 (%)
	1	**2**	**3**	**4**	**5**	**6**
1	Benin	8934.4	103.0	1.20	2652.7	3.9
2	Burkina Faso	12015.9	257.9	2.14	2908.2	8.9
3	Cape Verde	1814.9	2.6	0.14	703.2	0.0
4	Cote d'Ivoire	30889.0	3716.9	12.03	13178.4	28.2
5	Gambia	889.1	98.4	11.07	174.2	56.5
6	Ghana	42307.4	1281.6	3.03	19553.5	6.6
7	Guinea	6266.5	436.7	7.00	1631.4	26.8
8	Guinea Bissau	1146.4	67.7	5.90	169.1	40.0
9	Liberia	1934.0	na	na	561.2	na
10	Mali	11087.4	382.3	3.45	2921.8	13.1
11	Niger	7598.0	374.1	4.92	1636.3	22.7
12	Nigeria	514805.8	5018.4	1.00	114232.3	4.4
13	Senegal	14945.9	822.3	5.50	4052.5	20.3
14	Sierra Leone	4536.6	19.8	0.44	1813.3	1.9
15	Togo	4217.4	510.2	12.10	2056.8	24.8
	Total	**663,388.7**	**13,091.9**	**2.00**		

Source: Compiled from UN(2005) National Accounts Main Aggregate Database

ECOWAS Secretariat (2016). ECOWAS Intra Community Total), Abuja

7. Recommendations.

From the analysis above, the expression "Nigeria, ECOWAS largest donor, continually outsmarted by smaller West African countries" is absolutely correct. The fact that Nigeria has been financing over 60 per cent of ECOWAS activities and yet getting too little in terms of intra-ECOWAS trade calls for a re-think of its role in the Community. In order to make for equity in funding ECOWAS and eliminate the spectre of domination, the following conditions and sources of fund are recommended.

(1) The coefficient (percentage) of contribution in respect of each source of funding should be the same for every member state. Differences in contribution should occur as a result of differences in the size of the tax base such as the value of GNI or import duties.

(2) No individual member state should contribute more than 20 per cent of any regular budget and in order to ensure adequate funding the minimum contribution by each member state should not be less than 2.0 per cent (Fufuor, 2006).

(3) The sources of fund should include the following:

   (a) Customs duties-based sources. These sources should comprise customs duties on imports from outside ECOWAS. There are tax revenues from the common external tariff raised on behalf of the Community from goods brought into the Community from third countries. Member states collect the duties and are allowed to keep about 25 per cent of the revenue to cover administrative expenses.

   (b) Value-added Tax (VAT) –based sources. Member states will be required to pay some percentage (about 0.3 per cent) of their standardized VATs. The VAT rates levied by each member state are standardized by using a weighted average of VAT rates applied in the country. In order not to penalize member states that raise much revenue from VAT, it may be necessary to put an upper limit on the amount of contribution from VAT. For instance, the European Union (EU) has placed a cap of 50 per cent of a country's gross national income (GNI) (Wikipedia, 2016).

   (c) GNI-based resources. These should comprise some percentage (about 0.7 per cent) of each member state's GNI. It may also be necessary to place an upper limit on the amount of contribution from this source for the same reason as was discussed in connection with VAT. In the European Union a cap of 1.23 per cent of GNI has been placed.

   (d) Other resources: These include deductions from ECOWAS staff salaries, interest on bank deposits, fines and contributions from non-ECOWAS countries and organizations.

8. Conclusion

This paper has addressed the issue of relative distributions of the costs and benefits of integration in the Economic Community of West African States (ECOWAS). Before discussing the main focus, the paper addressed at length the history of economic integration in Africa and the establishment and structure of ECOWAS.

Certain costs and benefits of integration which were not part of the focus of the paper were identified but left out for possible future investigation. With respect to the objective of the study, it has been shown that colonial experiences and consequent multiplicity of parochial integration schemes have constituted drawbacks to effective integration in ECOWAS. It has also been shown that unless a common currency is adopted in ECOWAS, the benefits of integration would remain a mirage for the Anglophone members of ECOWAS.

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