

Preface

This book that the Economic Community of West African States (ECOWAS) makes available to the public comes at the right time and season. In discussing the sources of growth and development, it provides an opportunity for ECOWAS to revisit a key issue.

Indeed, since its creation in May 1975, ECOWAS gave itself the goal of promoting cooperation and integration in order to stimulate economic growth and development of West Africa. Since then, it has always placed growth acceleration at the heart of its actions. The celebration of its fortieth anniversary is therefore a good opportunity for her to make its own balance sheet and refocus, if applicable, its intervention considering its main objective.

Since the mid-1990s, the overall situation in West Africa has been improving economically, politically and socially even if the results remain somewhat reserved in the individual States. As proven by the macroeconomic indicators, one can observe a return to growth, a better control of the imbalances and inflation, and an increase in foreign assets. Since the year 2000, the region has initiated a sustained growth at a rate of 6 to 8%. Furthermore, the combination of some positive factors, such as the abundance of raw materials and the improvement of macroeconomic management as well and governance, are encouraging Foreign Direct Investments (FDI).

However, while substantial, the scale of these strides made is insufficient to get the region out of poverty. This paradox calls for a thorough reflection and for more debates to understand and explain the indoor and outdoor causes of the failures in order to promote the development of the region.

In other words, it is imperative for all stakeholders to have a better knowledge of the States' economies and share a common vision of the sources of economic growth for an effective development of the region. The reflections in this book are therefore in the heart of the West African Leaders' ambitions and are of fundamental interest for the fulfilment of the essential missions of ECOWAS.

They will undoubtedly be useful in the formulation and implementation of effective and appropriate development policies. The efficiency requirement

is even more fundamental in the sense that our States now operate in contexts of constant global change, which therefore, requires them to develop their capacity for prospective analysis, anticipation and participation.

This led, ECOWAS to recommend the definition of a new type of acceleration strategy. This strategy should be part of a context giving priority to the structural transformation of the Member States' economies, ending its marginalization and consolidating the social and political systems through greater accountability of the region. As recommended by the book, this strategy should be characterized by the increasing ownership and control of the development programmes, the promotion of the private sector and a new conception of the State's role. It places a particular emphasis on enhancing the quality of economic policies.

That's the reason why, I'm delighted about the publication of this work. I hope that it receives a positive response from all parties of vested interest, the public, decision-makers, development partners, the scientific and academic community. I also wish that it contributes to the construction of the "ECOWAS of Peoples".

Kadré Désiré OUEDRAOGO

President of the ECOWAS Commission

Post-Preface

In appreciating the publication of the book titled "Growth and Development in West Africa", we heartily thank all the researchers who participated in the project. This development has established and illuminated a framework of cooperation between ECOWAS and the scientific community.

The objective of this work consists of identifying, in a holistic context, the factors that determine economic growth. It brings new limelight to the different actors actively participating in the implementation of economic policies for the acceleration of growth and development.

At the time when we begin the implementation of the new ECOWAS Strategic Plan, enabling the realization of its Vision 2020, we cannot but be pleased with the results of the work done in this book. They will undoubtedly be of great utility to ECOWAS in the establishment of its new economic policy framework.

These results will lead to releasing the key ideas that can contribute to the effectiveness of ECOWAS and the Member States' efforts. They reaffirm the consensus emerging for decades around the main objective of economic growth acceleration of the States to meet development issues.

If this consensus is widely shared, the various contributions outlined in the book will nevertheless show that there are no ready-made solutions in the field of growth acceleration, especially in countries like those of ECOWAS where effectiveness of conventional sources of economic growth is not always established. Therefore, the book highlights various factors that can be considered as important levers for growth.

It also laid emphasis on a better utilization of the States capacities, particularly in terms of natural, human resources and physical, social and cultural capital.

The most important benefit of this book is principally the role of endogenous knowledge that underpin the actions and credibility of a sovereign State. On another hand, the work highlighted the need to work for entrepreneurship development and the improvement of internal and external environments of the States, which represents a major challenge to the Community Leaders.

Finally, the book emphasizes on the necessity for efficient budget policies, which implies an improvement in the macroeconomic framework.

This collective book, involving researchers of diverse scientific disciplines, helps to deal with critical issues in depth and confront some points of view related to growth and development. Of particular note is the fact that one of the peculiarities of the book is that it easily combined theoretical and practical aspects and multidisciplinary analyses, allowing a better understanding of the outline of so complex issues as growth and development.

Ibrahim Bocar BA
Commissioner of Macroeconomic Policies and Economic Research of
the ECOWAS Commission

ECOWAS Commission (Editor)
Growth and Development in West Africa
2015 / 354 p. / 29,95 € / 978-3-89574-876-9
Verlag Dr. Köster, Berlin / www.verlag-koester.de

Foreword

The book titled Growth and Development in West Africa, initiated by the ECOWAS Commission, is part of the longstanding tradition of making available to a wider public a thematic report on a key aspect of development problems in West Africa and deeper reflections on economic growth. The first experience of this kind of reflection dates back to 2008. It was designed in collaboration with the Organization of Economic Cooperation and Development (OECD) Sahel and West Africa Club. The publication is entitled “*Resources for Development in West Africa*”. This first report was published in West African Studies and West African Outlook Series by OECD in 2009.

The themes addressed in this document are considered as important in view of the social and economic effects of the 2008-2009 international financial crisis that has taken a tremendous toll on Africa. This crisis has led to a drastic decline in growth in almost all countries on the continent, and particularly in the West African region.

The second report which began in 2010 on the theme “*The Youth in West Africa : A Potential for building*” was published by L’Harmattan Publishers in March 2014. The theme on the youth was considered relevant given the importance of this section of the population in world figures and the challenges it raises as far as development is concerned in ECOWAS Member States. Better still, as a result of the 2008 -2009 international financial crisis, the youth is facing two major challenges, namely, unemployment and migration.

This third report is designed to analyze factors that impede growth in Africa, especially in the West African region. In fact, since the 2008 -2009 crisis, West Africa has experienced only a relative growth, with the exception of a few rare cases such as Sierra Leone, Ghana and Nigeria. In recent times,

however, efforts made by African countries to improve their economic performance are being compromised by social factors such as the recurrent socio-political crises and serious endemic diseases. A case in point is the situation prevailing in the Sahel Saharan belt following the collapse of the Gaddafi regime. The fall of the Arab Jamahiriya leader has turned the entire Sahel Saharan belt into a space of deployment for former combatants who went to support Libya during the serious crises that finally led to the demise of leader of the Libyan revolution's regime. These combatants had to retreat into the Sahara where they are currently developing an extremely violent jihadist movement. The country which is bearing the greatest brunt is Mali.

The 2012 Malian crisis has today sent shock waves across the entire West African region, leading to a slowdown in economic growth at the regional level.

Countries which were resilient to the shock of the Malian crisis such as Sierra Leone, Ghana and Nigeria also faced other challenges as serious as those imposed by the Boko Haram in Nigeria, namely, the Ebola epidemic in Sierra Leone as well as the rapid depreciation of the Ghanaian currency.

All these critical situations are all reasons which justify the choice of the theme for this third report "*Growth and Developement in West Africa*".

Indeed, it is a long held belief that factors of economic growth are only macroeconomic related and depend on sound economic reforms and good governance. The current socio-political crisis has revealed the importance of other factors such as social transformations. This is the essence of this study.

The study was conducted by a group of experts following a call for contributions on an in-depth analysis of key issues concerning economic growth which is a prerequisite for development. The best studies constitute the substance of this publication.

These experts in various disciplines (economics, sociology, geography, philosophy...) come from both French and English speaking countries. They produced manuscripts that were validated after a series of meetings with experienced lecturers from universities and research institutions which constituted the scientific committee. The reports approved by the committee form the various chapters of this publication.

This is the opportunity to sincerely thank the experts for their spirit of sacrifice and selflessness as well as efforts devoted to this exercise. Their commitment and dedication to the development of the West African region are commendable.

Members of the scientific committee also wish to thank ECOWAS for the confidence reposed in them throughout this exercise. They will also like to express their gratitude to His Excellency Ibrahim Bocar BA, the ECOWAS Commissioner in charge of macroeconomic policy, and his collaborators Messrs Ousmane Barry and Simeon Koffi for their constant support and confidence in members of the scientific committee. Special thanks go to Dr. Simeon Koffi who coordinated and facilitated this task over the three years the study lasted.

The Scientific Committee

ECOWAS Commission (Editor)
Growth and Development in West Africa
2015 / 354 p. / 29,95 € / 978-3-89574-876-9
Verlag Dr. Köster, Berlin / www.verlag-koester.de

Introduction

The issue of economic growth is at the core of development. It is through growth that a country's economic performance can be measured and that the standard of living of its population can be ensured. Thus, it is believed that countries which record annual growth rate of about 7 % are on the way to significant progress. It is the high level of growth which helps to distinguish between the various categories of countries, namely developed, emerging and developing countries.

In the past, developed countries recorded strong and sustained growth which enabled them to attain the status of major world powers. The second category of countries took advantage of the opening of the world market, thanks to globalization, and entered an era of strong double digit economic growth in a sustained manner. On the contrary, developing countries were experiencing fluctuations as far as their economic performance was concerned. They are in critical situations due to the effects of their dependence and low levels of intellectual and technical resources.

In analyzing the reasons for this categorization of countries into three groups, the factors of economic growth come into play. These factors have never been the same from one category to the other.

For example, developed countries had many advantages to become world leaders. These advantages include their early opening to the world through great explorations. This opening gave rise to tremendous advantages like the control over resources of the world arising from an expansionist colonial policy marked by a proactive hegemony. This hegemony led to the industrial revolution and control over the international market.

The emerging countries which were former colonies, with the exception of Russia benefitted from quality immigration (Brazil, South Africa and Australia), massive investments in education and training (China, Japan,

Korea) and well managed abundant natural resources (Russia, Gulf countries). All these were consolidated by geographical space advantages and relocation of companies, thanks to the abundance of qualified and cheap labor.

The third category of countries made up of developing countries has still not benefitted from these advantages, aside their natural resources. Unlike the BRICS, these countries were subjected to brutal colonization by the western powers from the 15th century. Their domination first manifested in the form of slave trade and the exploitation of raw material, followed by a barbaric colonization from the middle of the 19th century. The poor quality and inadequate nature of their human resources are the main causes of their underdevelopment. These factors prevent this category of countries from integrating well into the world market and taking advantage of their abundant natural resources. The marginalization of this set of countries is causing what economist describe as unequal terms of trade that have led to the mass impoverishment and tense social conditions.

In Africa, development difficulties stem from the non-consideration of cultural factors in the current development process as well as the division of society into the elites and grassroots. This led to two categories of economic situations: the formal and informal. The informal sector has become the dominant sector of the economy since the onset of the structural adjustment programs towards the early 1980s.

In these African countries, the decision making process remains monopolized by the leadership, leading to lack of democracy and good governance. These loopholes are largely exploited by interest groups, often unscrupulous, which exploit Africa's natural resources. The result is the abusive exploitation which makes the social situation of West Africa very tense as reflected today in the resurgence of serious socio-political crisis.

All these difficulties are addressed in the various chapters of the book to show the complex nature of factors which affect economic growth. Some contributions focused on solutions to these development difficulties of West Africa and the forms of alliances it maintains with the rest of the world while reviewing their relevance.

On the whole, the various contributions laid emphasis, to a large extent, on the holistic nature of the factors which determine economic growth in West Africa, including the economic, social, environmental, cultural issues, (culture under its various forms), and also the consideration of endogenous values and improvement in the forms of partnership with the rest of the world. The various contributions are divided into ten chapters which make up the publication.

Chapter one entitled “*Sources of Growth: Some Key Factors*” examines the concept of growth, its role in development and the classic factors that drive growth such as the physical capital, innovation and technical advancement, human capital and the quality of institutions.

Chapter two entitled “*The Environment and Economic Growth in West Africa*” deals with the role of natural conditions in economic growth while focusing on ecological conditions ranging from natural resources to climate change. This chapter describes the abundance of natural resources in West Africa as an important potential for growth, the effects of global warming and its impact on growth and ends with the role of natural resources in economic development.

Chapter three “*The Place of Culture in Economic Growth and Development in West Africa*” reviews the importance of the issue in scientific approaches and defines socio-cultural indicators that affect growth with emphasis on the linkage between culture, growth and development.

Chapter four “*Culture, Cultural Diversity and Economic Growth in Nigeria and ECOWAS*” analyses cultural diversity in West Africa using examples of Nigeria, Ghana, Burkina Faso and Cape Verde with special focus on the types of cultural creation that have a significant impact on economic growth and development, like for instance, traditional textile industries, music, visual arts and audio visual activities which form the cinema with Nollywood and Fespaco experiences.

Chapter five “*Social Dimensions of Economic Growth and Regional Integration in West Africa*” analyses the social factors that contribute to growth, namely education, health, social cohesion and policies implemented in these different areas in order to highlight the constraints in West Africa compared to other regions of the world.

Chapter six “*Social practices and Growth Ethics in West Africa: the Cases of Benin and Ghana*” begins from the importance of socio-anthropological data on the people of Benin and Ghana to highlight social discourses and practices that are drivers of growth for development. It makes reference to social practices and discourse, elements of social propriety and semiology, which, like the economic and technical capital, constitute reliable resources for sustained growth.

Chapter seven “*The Cultural Industry, ECOWAS and Economic Growth in West Africa*” after defining the cultural industry, highlights the importance and diversity of the cultural industry in ECOWAS countries as an important element of regional integration and economic growth.

Chapter eight “*Mobilizing and Modernizing Endogenous Knowledge and Practices for Economic Growth in West Africa*” shows the importance of historical and cultural issues as determinants of economic growth. Some of the predominant historical and cultural assets include some endogenous practices such as solidarity, family specialization and tontine system, which deserve to be taken into account in economic development.

Chapter nine “*Does Trade Liberalization Really Spur Growth in ECOWAS Countries: Evidence from Panel Estimation*” after reviewing the ECOWAS Trade liberalization scheme from a macroeconomic analysis perspective, insists on the limits of the ECOWAS openness policy and its effects on economic growth.

The tenth and last chapter of the book “*International Partnerships, growth and Development in West Africa*” analyses some forms of international partnerships in West Africa, including partnerships with the European Union, USA, Japan and the BRICS. It presents the asymmetry of these relations due to the underlying economic, political and geostrategic issues.

ECOWAS Commission (Editor)
Growth and Development in West Africa
2015 / 354 p. / 29,95 € / 978-3-89574-876-9
Verlag Dr. Köster, Berlin / www.verlag-koester.de