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West African Integration: A New Development Paradigm?

Africa found itself in an unusual position last year: at the center of international attention. It even occupied the top place on the Group of Eight (G-8) agenda at the 2005 summit in Gleneagles, Scotland. Dismayed by the continent's slow rate of development and alarmed at the evils bred by its fragile states, including terrorism, Western leaders committed themselves to a renewed effort to lift the region out of poverty and to help it jump-start growth. Among other things, the major industrialized countries agreed to double their aid to the continent and to forgive the debts of its poorest states.

Of the countries targeted for assistance, many are located in West Africa, an area containing an extraordinary number of fragile, underdeveloped states. Of the region's 15 countries, a dozen have been troubled by war, ethnic or religious clashes, political unrest, famine, or serious economic dislocation in recent years. Even if the industrialized democracies redeem their 2005 pledges in full, the debt deal and increased aid cannot cure the region's many troubles; by themselves, they will do no more than to help attenuate the symptoms of West Africa's ills. Even worse, the continent has already slipped out of the international spotlight with the G-8, under new leadership, emphasizing other priorities.

Far more than altruism is at stake. West Africa is an increasingly important source of oil and other energy resources. The fragile states that dominate the region provide lawless sanctuaries where terrorist gangs, including Al Qaeda, and crime syndicates organize, recruit, buy weapons, or simply

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hide.[1] The instability bred by these groups spreads across borders, with consequences far and wide. The cost of stabilizing these states is far greater than the modest expense of underwriting a new way to approach the problem.

The debt deal and increased aid can only attenuate the symptoms of West Africa's ills.

Instead of simply continuing to pump billions annually into the region's many dysfunctional regimes, the developed world should focus more on a regional program, where a modest investment could help shore up a set of weak states simultaneously.[2] In recent years, a new generation of African leaders has promoted regionalism as a crucial element in solving the continent's myriad security and economic problems. Recent cross-border cooperation to handle crises in Liberia, Côte d'Ivoire, and elsewhere are initial indicators of this strategy. Beyond those ad hoc cases, this generation has launched new organizations, such as the African Union (AU), and invigorated dormant associations, such as the Economic Community of West African States (ECOWAS), challenging old assumptions about local capabilities and offering new ideas for fixing broken countries.

Only a sustained campaign, supported by the West but driven by local leaders, to build regional institutions can hope to set West Africa firmly on the road to recovery. Regional integration may offer the only way to craft the commercial environment necessary to attract investment, without which no development can occur or be sustained, and to wean countries from their chronic dependence on aid. By circumventing the maladministered state bureaucracies that squander aid and smother reform, regionalism could dramatically improve business conditions. A unified market offers the best way to overcome the prohibitively high cost of doing business in economies so small that few investors have any interest beyond exploiting primary materials for export. If ECOWAS and the West African Economic and Monetary Union (UEMOA) were merged and adequately empowered, the resulting organization would improve security and raise governance standards. Its multinational mandate would help it overcome the two greatest problems facing national regimes: their peoples' weak sense of statehood and the critical shortage of capable, honest officials.

Helping long-troubled regions such as West Africa requires nothing less than embracing a new development paradigm. Instead of trying to fix a plethora of dysfunctional governments one by one, efforts might be concentrated to build up a strong regional organization. Suitably reinforced, this organ could over time help overcome many of the difficulties that have defeated individual states and play a far greater role in engineering growth than previously envisioned.

A Broken Region

West Africa, the 15 countries stretching from Senegal to Nigeria that are members of ECOWAS, has been racked by some of the worst problems facing the developing world: pervasive intergroup conflict, corrupt officials suffocating vacuous institutions, a dearth of skilled workers made worse by a prolific brain drain, poor investment climates, and the AIDS epidemic.

Common problems obscure immense diversity among the hundreds of different groups that populate the area, between northern Muslims and southern Christians, between deserts and rain forests, and between countries. The French and British colonized most of the region in the nineteenth century, dividing it linguistically, economically, and politically into one large country, Nigeria, and 14 small fiefdoms. These boundaries did not reflect the strong cultural traditions of the Igbo, Hausa, Asante, Wolof, and other peoples. Thus, the legitimacy of these states was undermined from the outset, leaving divided populations to see any competition for power as a zero-sum game and enabling elites to exploit identity divisions for personal gain. When they became independent in the 1960s, few West African states had the cohesion and critical mass of effective administrators necessary to build the strong national institutions, such as regulatory bodies, central banks, and courts, that could in turn ignite growth.

No West African country has been able to overcome its problematic circumstances in more than four decades of independence. The United Kingdom's Department for International Development considers 10 of the 15 countries "fragile."[3] Nine of these 15 scored a "D" or "F" on the World Bank's Country Policy and Institutional Assessment (CPIA) system for rating the quality of institutions and policies.[4] In essence, 75 percent of the area's people live under governments that cannot deliver even the most basic services, in many cases including security. The area contains five of the world's seven most impoverished territories,[5] and more than one-half of the overall population lives in absolute poverty, meaning they are unable to afford the most basic human needs.[6]

Aid has yielded mixed results at best. Despite receiving close to $5 billion a year from foreign governments and increasing debt levels fivefold, the region's gross domestic product (GDP) per capita is lower than it was 25 years ago.[7] Notwithstanding spending hundreds of billions of dollars over the past quarter century, few governments have significantly enhanced economic prospects. Even the few states that have made progress live a precarious existence. Senegal and Ghana, both of which have often been held up as success stories in recent years and have performed well on recent CPIA assessments, sought more than 20 adjustment loans from the World Bank and the International Monetary Fund (IMF) during the 1990s, three times the average for developing countries.[8] They remain heavily dependent on outside money—almost one-half of Senegal's government budget is financed by aid—and their comparative stability is ceaselessly threatened by spillover conflict and corruption. Senegal has been fighting an insurgency in its south since 1982; Ghana is threatened by the civil wars of its neighbors.

Inhabiting a bad neighborhood where almost all countries share analogous weaknesses multiplies the difficulties facing individual states. Were any country significantly to outpace its neighbors, it would immediately be burdened with an influx of people seeking a better life and of criminal elements tempted by its relative prosperity. Côte d'Ivoire, once West Africa's economic star, caused suffering throughout the region when it succumbed to a civil war rooted in identity tensions exacerbated by these factors and by the destabilizing impact of neighboring Liberia, whose macabre and bloody conflict infected a wide slice of the area. Millions of migrant workers were forced to flee, reversing the flow of remittances; trade relations were disrupted, shrinking markets; and criminal activity increased, disrupting legitimate businesses.[9] More than 25,000 peacekeepers are needed to maintain a fragile peace in the region's simmering war zones.

The region's GDP per capita is lower than it was 25 years ago.

Pint-sized, expensive markets keep most states isolated from the dynamic changes globalization is bringing elsewhere. The region's aggregate GDP is less than half that of Norway.[10] Although infrastructure costs are among the highest in the world—electricity averages 4.5 times and international telephone calls four times the charges in countries of the Organization for Economic Cooperation and Development[11]—the systems are woefully inadequate and unreliable. The regulatory burden forces all but the largest businesses underground. In Niger, for example, it takes 11 steps and costs four times the average income just to register a business.[12] Much of the sparse road network is in poor condition,[13] and frequent checkpoints—one every 14 kilometers on the road between Lagos and Abidjan[14]—shrink markets. The onerous business climate makes aid the only growth industry; more than 70 percent of gross capital formation consists of donor money, five times the level of foreign investment. (These figures exclude Nigeria, however, where offshore oil resources have attracted more investment than aid.)[15]

These conditions discourage most ventures outside the extraction of raw materials, such as oil, rubber, and gold. As a result, roughly 90 percent of the region's exports come from a handful of commodities, often produced in protected enclaves that limit exposure to embezzlement and violence.[16] Few are tempted to invest in any add-on business activity that would increase the value of locally produced goods. This flawed environment hinders corporations from contributing to local economies. Few managers are trained, hardly any companies learn how to supply internationally competitive products, and governments are not challenged to upgrade standards.

Calls for more aid from the United Kingdom's Commission for Africa, the United Nations' Millennium Development Report, and the World Bank miss the point. Most West African countries are so disadvantaged in their current form that only a redesign of the development paradigm offers a way out of their current malaise.

A Decrepit Model

Despite significant evidence that the state-based development model is not working, almost all assistance continues to be funneled to governments. The modest redirection that might improve an uninspiring record continues to be held back by institutional rigidity and entrenched interests. Historically, donors have not been organized to initiate or even consider funding regional programs. The World Bank and its sister multilateral organizations are structured around country teams that produce state-based statistics, expertise, and professional incentives and predominantly loan to individual governments that are henceforth responsible for repayment.

Yet, the World Bank's conservative hierarchy warps its own analyses of the region's problems. Despite arguing that "it is reasonable to expect that, particularly in the case of West Africa, regional integration will contribute to accelerated growth," it still sees any multistate initiative simply as "a means of reinforcing and enhancing country performance and the effectiveness of Bank country assistance"[17] and continues to maintain that "the bulk of financing to support regional integration efforts is required at the country level."[18] From 1976 to 2000, the bank financed only 13 multicountry projects, totaling about $300 million—roughly one percent of total lending to West Africa.[19]

Governments have not been more discerning. The United States, for example, invests almost no money in enhancing regional capacity. Of the $3.4 billion requested by the Bush administration for Africa-related aid projects in fiscal year 2005, only a paltry $14.4 million, or 0.4 percent of the total, was allocated to programs that strengthened West African institutions.[20] Recent donor reforms emphasizing accountability and "ownership" actually accentuate these trends by excluding regional projects from consideration. The Bush administration's Millennium Challenge Account, which attempts to improve the effectiveness of aid by tying disbursements to government performance, focuses only on states. The mechanisms to track progress toward the UN's Millennium Development Goals similarly imply a country-driven approach.[21]

This underinvestment in regionalism has prevented all kinds of cross-country public projects—highways, hydroelectric projects, cross-border regulatory agencies—from receiving adequate support. It also furthers economic dependence. Only 10.3 percent of ECOWAS exports go to member countries[22] (more than 60 percent of EU exports were intraregional before the 2004 enlargement), whereas almost two-thirds cross oceans to Western customers.

Regionalism: A Catalyst for Change?

Of course, the absence of any credible regional organization has given donors an easy excuse to avoid encouraging a regional approach. Donors are hardly likely to play venture capitalist. Until relatively recently, few supranational organizations mattered; international relations were conducted bilaterally between wholly sovereign governments. The ability of any country to advance itself depended entirely on its own capacity to deal with whatever challenges confronted it. As a result, states had to manage the delicate development process, including upgrading education, expanding infrastructure, and reforming institutions, on their own. Over the past 40 years, however, an alternative model has evolved. Regional organizations, such as the European Union, have redefined international relations, sovereignty, and development, showing how a centralized, multicountry bureaucracy might play a significant role in shaping state behavior, standards of governance, and even societal evolution.

Although West Africa faces a unique concoction of problems, some of the functions performed by other regional organizations, such as the EU, promise to be of great benefit if tailored to local needs. Imagine, for example, what might be achieved by a centralized commission with a long-term commitment to stabilizing, modernizing, and enriching West Africa, able to provide practical help and incentives to foster solid institutions, sound economic conditions, and democracy; staffed by executives intimate with local conditions; and empowered to seek regional solutions for what are, in essence, regional problems. If such a body could be created with the mandate to raise governance standards, merge economies, establish one set of rules for doing business, and integrate transportation systems, the new dynamism would not only unleash the caged entrepreneurialism of West Africans but also draw multinational corporations from around the world. (Foreign direct investment is worth five times more than foreign aid to the developing world.)[23] Considering current conditions, this organization would substantially improve the business climate even if it started with a far narrower agenda than the one envisioned here.

By superseding national institutions in a few crucial domains, the new organ would help circumvent some of the most deep-rooted problems holding the region back. As a new entity, it would not inherit the troubled legacies of state governments, including illegitimacy spawned by discredited policies, toxic relations with identity groups, and legions of corrupt bureaucrats. By recruiting top-flight managers with the right mix of incentives, the new organization would swiftly become the region's most competent public body, capable not only of devising common policies but also of helping transform state bureaucracies. If it could remove the worst excesses of local malfeasance, it could profoundly alter the dynamics of local identity conflict by withdrawing lucrative instruments of administrative patronage. Outsiders could concentrate their limited resources on supporting this one proficient organ instead of trying to fix 15 dysfunctional bureaucracies.

Pint-sized markets keep most states isolated from the changes globalization is bringing.

To be sure, efforts to construct a region-wide organization face significant obstacles. Past initiatives to create such a body have been plagued by rivalries between states, reluctance to compromise national sovereignty, internal instability within key states, resistance from officials who profit from disparate national policies, and a general lack of capacity and political will to move forward. Attempts at economic integration have met with especially stern opposition from the powerful vested interests. Rent-seeking traders and their government patrons stand to lose much business if formal and informal barriers to the effective coordination of policy are reduced.[24] Even officials concerned not so much with personal gain as with the well-being of their country as a whole have been unwilling or unable to implement protocols regarding integration because of the threat of revenue losses from reduced tariffs and job losses from diverted trade.

Donors, whose money influences policymaking in aid-dependent, impoverished countries, have also held back states in some cases. World Bank and IMF structural adjustment and trade liberalization schemes aimed at individual countries make policy coordination and moves toward a regional trade strategy problematic.[25] The lack of funds for integration efforts at both a regional and a national level also deterred action.

Wide Recognition of the Need for Regionalism

Despite these obstacles, regionalism has repeatedly been proposed as a solution for many of the economic and political problems that bedevil both West Africa and the continent as a whole. Indeed, Africa's postcolonial history has been marked by numerous bold initiatives aimed at integrating states. Unfortunately, for the reasons just mentioned, few of these plans have delivered as promised, but advocates have learned to emphasize that regionalism is no panacea and that it works best when complemented by local and national initiatives in areas such as education and health. As regionalism's proponents rightly point out, however, plans that ignore the regional aspect of many of West Africa's problems are just as likely to fall short of their objectives.

> Donors have not been organized to initiate or even consider funding regional programs.

This argument appears to resonate among Africans at all levels, who recognize the potential for regional initiatives and who, in many cases, are well accustomed to working alongside their neighbors. West Africans, for example, have traveled and traded throughout the region for centuries. Coastal states harbor large numbers of immigrant workers from Sahelian countries (countries located between the Sahara and the more fertile region to the south), in some cases reaching as high as 25 percent of the labor force.[26] Bustling cities such as Abidjan, Accra, Dakar, and Lagos contain significant communities of residents from elsewhere in the region. Meanwhile, informal cross-border trade proliferates.

Renewed efforts at cross-border cooperation are far more hopeful than earlier because of a greater understanding of the need for regional integration, the proven failure of alternative models, the presence of a new generation of better-educated and more-enlightened leaders, the desire of post-apartheid South Africa to play a constructive role on the continent, and the regional presence of a democratizing Nigeria. Recent continental initiatives, such as the AU and the New Partnership for Africa's Development (NEPAD), have had some success overcoming past mistakes by adopting a more realistic agenda, embracing a closer partnership with developed countries, and exerting stronger peer pressure on uncooperative neighbors.

Presidents Thabo Mbeki of South Africa and Olusegun Obasanjo of Nigeria have played major roles in the changing climate, both contributing significantly to these endeavors and offering hope that more is to come in the future. Mbeki has taken advantage of South Africa's swift transformation from global outcast to regional hegemon to lead initiatives to settle wars and strengthen governance across the continent. Obasanjo, Nigeria's first democratically elected head of state in more than two decades, has contributed to peace efforts within the region as well as in Sudan and has made fighting corruption a major priority of his administration. With retirement approaching, as neither country allows its president to run for a third term, both men may find themselves free to play leading roles in newly empowered regional organizations. Obasanjo would be a prime candidate for such a position in West Africa. His support for closer regional ties is unequivocal. As he himself wrote in 2001, "We must resolve …

with full commitment to establishing a viable ECOWAS that will be a major plank for progress, peace, security and development in our sub-region. Given our strong commitment to the vision and objectives of ECOWAS, we urgently need to initiate strategies aimed at accelerating the process of regional economic integration and peace consolidation."[27]

Obasanjo and Mbeki are not alone in seeing the importance of regionalism. For instance, the UN's Economic Commission for Africa (ECA) declared in 2004 that "revitalized regional integration offers the most credible strategy for tackling Africa's development challenges, internal and external. Why? Because of the many weaknesses that overwhelm the limited capacities and resources of individual countries. Collective efforts, with dynamic political commitment to integration, can help overcome the daunting challenges."[28] The ECA executive secretary, K. Y. Amoako, elaborated further:

> I want to see intra-African integration not because we will garner some utopian share of world commerce, but first and foremost because it will improve our lives here. It will free up the time of African businesspeople to do business here. It will lower costs. It will make the African consumer's plight so much more hopeful. We must build for ourselves. If we do that, others will come.[29]

Customizing Regionalism for West Africa

Essentially, West Africa needs what its states do not have the capacity to establish on their own: institutional and management depth, an effective judiciary, interstate infrastructure, and a secure living and working environment. Must the creation of a West African regional organization then wait for the development of strong West African states? Fortunately, the answer is no, because the wait would be long. What needs to be done is the creation of an organizational framework customized to fit West African conditions, leveraging limited resources across a broader horizon. The full benefits of such an endeavor would not be felt for decades, but the citizens of West Africa would appreciate some tangible advantages—improved governance, better business conditions, and enhanced links between countries—within just a few years.

The example of the Franc de la Communauté Financière Africaine (CFA franc), a currency shared by France's ex-colonies in West Africa, shows how this might work. Legal tender in the UEMOA's eight countries, the CFA franc, originally created in 1945 as a means to consolidate French Africa's economies, is issued by a central bank in Dakar, Senegal, and backed by an external guarantee from the treasury in Paris. Although the role of France in this

North-South partnership is controversial at times, the CFA franc has delivered currency stability, lower inflation rates, reduced administrative costs, budgetary discipline, and a less-risky business environment for investors.

On a broader level, since its founding in 1994, the UEMOA has advanced stable macroeconomic management and regional integration. A multilateral surveillance system supervised by community authorities has helped members in "reducing fiscal deficits, eliminating payment arrears, decreasing the public wage bill, raising the investment financed from domestic resources, raising the government revenue as a ratio to GDP, and lowering the external current account deficit."[30] The UEMOA completed a customs union in 2000 and has made significant progress harmonizing business laws. It has improved the stability of central organs by imposing a levy on all imports entering the zone from third countries and introduced a mechanism to compensate countries for the revenue lost from lowered tariffs.

ECOWAS, a much looser grouping, has also contributed to the new regionalism by playing a growing role in security since establishing a peacekeeping force in 1990. The association's capacity to mediate and enforce peace agreements has grown steadily. Its ability to provide tangible incentives and threats to armed factions was crucial in advancing negotiations in Liberia and Sierra Leone, and it has dispatched troops to Liberia, Sierra Leone, Guinea-Bissau, and Côte d'Ivoire.

Steps toward a New Orientation

Only a true partnership uniting West African leadership with Western resources can construct a regional organization able to change development prospects substantially. Although the process will take years or possibly even decades, the steps that need to be taken initially are already clear.

The Local Agenda

The leaders of the most influential West African states—Nigeria; Ghana; Senegal; and, if stable enough, Côte d'Ivoire—should start by agreeing on a joint program. Supported by the continent's major players, most notably South Africa and NEPAD, both of which have made strengthening regional organizations a priority and have resources that can be applied to the effort, these states need to present a realistic plan that can gain the support of other West African countries and the donor community. Although the current UEMOA and ECOWAS agenda is ambitious, some goals are misdirected, and capacity lags far behind needs. In particular, far more must be done to reduce the red tape, corruption, and other obstructions that discourage legitimate moneymaking.

As a start, West African leaders need to merge the two organizations, thereby concentrating all resources in one body and ending unnecessary duplication between the UEMOA Commission and the ECOWAS Secretariat. The most sensible way to achieve this would be to merge the ECOWAS security apparatus with the UEMOA economic team and to have non-UEMOA countries join UEMOA's customs union and currency. Yet, the region must first overcome historical divisions, differing economic strategies between the French- and English-speaking zones, and the fact that Nigeria's larger market, fiscal recklessness, and oil-dependent economy make it an uncomplimentary partner. A more realistic approach would be to adopt a modified version of this strategy, allowing the six smaller non-UEMOA countries to join its multiple programs at their own pace and forming a limited association with Nigeria that focused on trade integration and security cooperation.

As a start, West African leaders need to merge UEMOA and ECOWAS.

The region's leaders should then focus this new organization, which could be called the West African Union (WAU), on building the capacities necessary to ameliorate the wretched business environment. Current projects that assist countries in fiscal management should be enhanced, as is planned, but the WAU should extend UEMOA convergence standards to encompass all areas that influence commerce, establishing clear guidelines on such activities as starting and closing companies, enforcing contracts, registering property, public procurement, hiring and firing workers, and getting credit.[31]

Strong regional powers to combat corruption, promote competition, and facilitate trade would do more than anything else to break the logjams preventing faster growth. Most national institutions are too compromised or ineffectual to tackle these issues alone. A new anticorruption directorate could send its own inspectors throughout the region, working with local police to track down suspects and then trying them in its own special courts. A competition promotion office would not only help to break up the region's many monopolies but also ensure that the benefits of commercial competition are spread as widely as possible. Properly empowered, it could force governments to change regulations to encourage commercial activity, not deter it, as is too often the case now.

A trade facilitation agency would tackle the myriad causes of high transaction costs, quickening the movement of goods by enacting unified, simplified, transparent procedures for customs clearance and payments and by dispatching its own people to remove the many blockages, such as the reams of official paperwork at border crossings and the fees exacted at unofficial road blocks, that act as a tax on trade. For goods conveyance, the agency would unify technical standards, enforce reduced transit charges, and encourage competition between multiple providers. Establishing a regional customs authority would dramatically improve export conditions. These strengthened capacities would enable West Africa to meet developed-country demands better in areas such as intellectual property protection, port security, and agricultural produce health standards.

A new generation of African leaders has promoted regionalism.

Efforts to improve infrastructure should be focused on measures to enlarge markets. Channeling money into improving the fragmented highway, railroad, and waterway connections between countries and improving ports would reduce transport costs and expand the reach of factories, making the local production of a wide assortment of goods profitable and spurring investment.

Accelerating current plans to expand ECOWAS's security capabilities is essential to implement such an agenda. The instability caused by the fighting in Côte d'Ivoire and elsewhere affects the whole region, endangering any effort to deepen integration. The WAU needs permanent access to analysts, diplomatic officers, and well-trained soldiers as well as police officers to analyze incipient threats, mediate conflicts, and intervene where necessary to maintain or enforce peace.

All these proposals require a strong central secretariat, especially as empowering the WAU will come at the expense of existing institutions and will surely provoke considerable opposition from those whose power or earnings will be diminished. Government officials and businesspeople whose authority or wealth is tied to corrupt bureaucracies and informal cross-border trade will hide behind national structures and seek to undermine or circumvent the new organization's authority. The WAU secretariat's portfolio of rewards and penalties will have to be expanded to ensure compliance with its directives by governments, companies, and individuals, an area where donors could prove especially helpful. Of course, these will be more effective if backed by a combination of enlightened national leaders providing the appropriate peer pressure on recalcitrant colleagues and a selective use of financial inducements to ensure elite compliance.

A strong secretariat must, of course, be staffed by high-caliber personnel. This will require hiring on the basis of merit rather than nationality or political connections. By offering the right mix of prestige and pay, the WAU could attract experienced executives from Africa's immense diaspora, leading multinational investors, major local companies, and the continent's few well-functioning governments.

Establishing a West African governance institute to train officials, politicians, and judges while propagating best practices would help these fortified structures have a multiplier effect throughout the region. Devising a financing plan based on tariffs, customs fees, transport charges, and payment surcharges independent of both donors and governments would make the secretariat robust enough to support this ambitious agenda, especially given the fact that ECOWAS members paid only about two-thirds of required contributions in 2002.[32]

The Role of the West

In turn, the developed world has begun to recognize the potential benefits of supporting African continental and regional associations, at least in the area of security, where the West has an obvious self-interest. The G-8 agreed in 2003 to help the AU establish an African Stand-by Force, which is expected to reach 15,000 soldiers by 2010.[33] Under the Global Peace Operations Initiative (GPOI), proposed by President George W. Bush at the 2004 G-8 summit, the members of the G-8 are training a total of 40,000 African peacekeepers over five years.[34] Regionally, Germany, the United Kingdom, Italy, Canada, and the Netherlands funded a new peacekeeping center in Accra, Ghana, to train ECOWAS soldiers for both UN and local duties. The EU has set aside €350 million for African-led peacekeeping operations during 2006–2010.[35] The Bush administration dedicated $80 million in FY 2005 for the GPOI.[36]

West African leadership needs to be united with Western resources.

Outside the sphere of security, however, external support has been far more restrained. Although the EU and, to a lesser extent, the multilateral banks have supported the UEMOA Commission since its 1994 launch and have recently started helping the ECOWAS Secretariat, funding levels remain modest.[37] Furthermore, the EU's own geopolitical and economic agenda has meant that trade liberalization, macroeconomic reform, and regulation alignment have been emphasized at the expense of developing the institutional capacity that could overcome the biggest on-the-ground impediments to investment.[38] Other Western players, including the United States, have done even less.

The West should make regionalism a much higher priority and encourage local leaders to push forward an ambitious agenda. Once that agenda has crystallized, the West should back plans in three ways: reallocating aid money, ratcheting up technical assistance, and providing the incentives necessary to ensure that policy commitments to the WAU are honored.

The financial needs of an expanded regional organization are distinctly modest compared to current donor funding levels. In 2001 the combined budget of the ECOWAS and UEMOA central bodies was less than $25 million, of which only about $5 million was covered by aid, or just 0.1 percent of commitments to the region.[39] Donors could together sponsor a five- to 10-year plan of grants to enhance regional capabilities systematically. Funding could increase by $20 million annually as the secretariat expanded its work, subject to members meeting certain obligations and the organization passing regular performance audits. Local funding from tariffs and other fees would also rise progressively. A long-term commitment that leveled off at $100 million annually would go a long way toward creating the momentum necessary to accelerate regional designs. Additional support, training, and logistical help could be directed at improving security capabilities.

This new development paradigm may offer important lessons for other frail regions.

Bilateral support could be reconfigured to match the regional agenda by prioritizing infrastructure projects that linked countries and adding a regional component to programs that tied aid to improvements in governance. Benefactors could also fund the creation and operation of national integration ministries responsible for interfacing with the WAU, pay the dues of the most disadvantaged states, and provide compensation for some of the revenue lost by governments as a consequence of relinquishing control over sundry charges such as tariffs and customs revenue. Much of this funding could come from existing resources if money was spent more judiciously. As much as 50 percent of current aid budgets are spent on expensive consultants and administrators. Of $52 billion in aid disbursed to developing countries each year, only half is spent in recipient countries.[40]

Technical assistance could be dramatically increased. French and EU support has been vital in building up the UEMOA's in-house macroeconomic and trade capacities and has helped in areas such as legal harmonization, statistics collection, public finance management, and conflict prevention. Similar assistance would be no less crucial to developing WAU's capabilities and ensuring that national bureaucratic malfeasance was not conveyed to the regional level.

The international community also has an important role to play in ensuring that commitments are fulfilled. Agreements that provide a lock-in mechanism with penalties, such as the 1999 UEMOA Convergence, Stability, and Growth Pact, would be more robust if backed by the carrots and sticks available to the West. Bilateral grants, loans, and debt relief should all be conditioned on meeting regional commitments. The G-8 should also provide a diplomatic shield to insulate the secretariat from political pressure in the areas of recruitment and adjudication of members' compliance with the organization's rules.

Even if the WAU shows some of the same flaws that disfigure national governments and faces stern resistance from some corners, it can still substantially improve local conditions if the West makes a concerted effort to strengthen the organization's capabilities, provide effective checks on corruption, and work behind the scenes to overcome opposition.

A New Development Paradigm

Strengthening regional organizations may be the only way to tackle the problems that plague fragile states in Africa and elsewhere. It can invigorate development prospects by transforming business climates. It can change societal dynamics by empowering people, unshackling them from the restrictions imposed by ineffectual governments. It can even reduce the intensity of intergroup rivalries by creating a supranational umbrella under which all groups are forced to compete on an equal footing.

This new development paradigm may offer important lessons for other frail regions, such as Central Africa, the Andes, and Central America, suffering similar maladies. Containing a plethora of fragile states, all weakened by divided populations and poor administrative capacities, these areas cannot break free from the troubles that engulf them. No amount of money and advice will solve their problems unless efforts focus first on remedying the structural problems that impede their development. This means, among other things, that aid must be targeted to correct the causes of weak governance; institutions must be self-sustaining and capable of reinforcing other, weaker institutions; outside help must empower locals to solve their own problems; and all development initiatives must recognize that the region as a whole must be reformed if the spillover effects of instability in one country are not to derail the improvements achieved in neighboring states.

Development is a complex process that can succeed only when societal dynamics create a self-propelling momentum for positive evolution. Decades of searching for a way to jump-start this process in places such as West Africa have proved fruitless because previous attempts were not only targeted on individual states but also bolstered their status and with it the corruption, maladministration, and frictions they nourish. Reconsidering how to harness people and institutions to drive development and what can and cannot be achieved with existing structures shows that regionalism offers the only effective way to proceed in the most troubled regions.

Notes

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