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Foundations of the regional integration of the West African economic and monetary union (WAEMU)

Vincent ZOMA¹, Wendpanga Manassé CONGO²

Department of Geography, Université Joseph KI-ZERBO, Burkina Faso¹

Université Thomas SANKARA, Burkina Faso²

Abstract

After the independences, most of the countries of Africa in general and West Africa specially opted to unite within the framework of regional integration. It is in this context that the West African Economic and Monetary Union (WAEMU) was created in 1994. Moreover, beyond the African continent or even on this continent, there is a variable geometry in the process of regional integration of setting up. Thus, the present article, based on a documentary research aims to surround the foundations or the main logics which favored the creation of the WAEMU which wants to be a space of regional integration. Overall, it emerges from this investigation that the establishment of this regional integration institution is based on historical, political and economic foundations linked to endogenous factors in the region and exogenous factors related to the influence of the former colonial power and especially global economic challenges.

Keywords: regional integration, West Africa, WAEMU

Introduction

After the independences, it appeared that the “balkanization” of Africa in general and of West Africa particularly constituted a factor of vulnerability. This not only limited the possibilities of internal economic growth, but also reduced the weight of Africa in world trade (H. Dicko, 2005) ^[4]. Indeed, the partition of Africa is the result of the meeting held in Berlin from November 15, 1884 to February 26, 1885 by the United States and the States of Europe, at the end of which a act consecrating the fragmentation or division of the African continent between the colonial powers has been signed (S. Diouf, 2005) ^[14]. It's in this context that M. Ropivia (1994) ^[10] explains that balkanized African states can only visibly flourish in a context of self-centered economic development if they unite by integrating geographically.

Still in this same sense, A. Diouf (2006) ^[6] precise that willy-nilly, Africa must live, like the whole of our planet, at the time of what is called globalization. In other words, M. Ghadhi (2009, p.18) asserts that “*obviously, the more time passed, the more the elites in power realized that individually considered, no State could on its own get out of the lasting crisis in which everyone was struggling. The need for unity was felt*”.

Thus, in view of the multiple challenges of development in the context of globalization, most African States and those of West Africa have opted to unite in the process of regional integration defined within the framework of this study as “*the process by which States unite, by conceding part of their sovereignty to a supranational body having the competence to exercise its policy in a well-determined space on the basis of a consensus in order to achieve predefined objectives*” (V. Zoma, 2015, p. 16) ^[19].

Concerning West Africa specifically, P. Kippré (2006, p.39) ^[12] recalls that “*regional integration is part of the movement of ideas that Pan-Africanism has aroused in West Africa since its origins and throughout the twentieth century*”. It's in this context that alongside the Economic Community of West African States (ECOWAS) created in 1975, more recently, the States of West Africa proceeded to the creation of the West African Economic and Monetary Union (WAEMU) in 1994.

Furthermore, N. Mareï and Y. Richard (2018) ^[11] points out that there is a variable geometry in the process of implementing regional integration around the world. According to these authors, “*regional integration is a perennial, multifaceted and spatially dynamic phenomenon*” (N. Mareï and Y. Richard, 2018, p.24) ^[11].

This article, based on documentary research, aims to identify the main foundations of regional integration within the WAEMU space.

It emerges from this investigation that West African regional integration led by WAEMU is based on historical, political and economic foundations.

Historical foundations or the advent of WAEMU

According to M. Ballogoun (2000) ^[8], before 1994, economic integration and monetary integration between the countries that make up the current WAEMU were governed by two separate agreements. These are the treaty of the West African Monetary Union (WAMU) adopted in 1962 and that of the Economic Community of West Africa adopted in 1975. These documents were intended, for the first, to to achieve monetary integration and the second to promote trade and sectoral cooperation between member countries. These treaties had not made it

possible to achieve the objectives set. Thus, in March 1990, the countries of the Union asked the Governor of the Central Bank of West African States (CBWAS) to submit to them an economic integration plan. This need to consolidate WAMU was felt strongly following the economic and financial crisis that member countries were facing at the end of the 1980s.

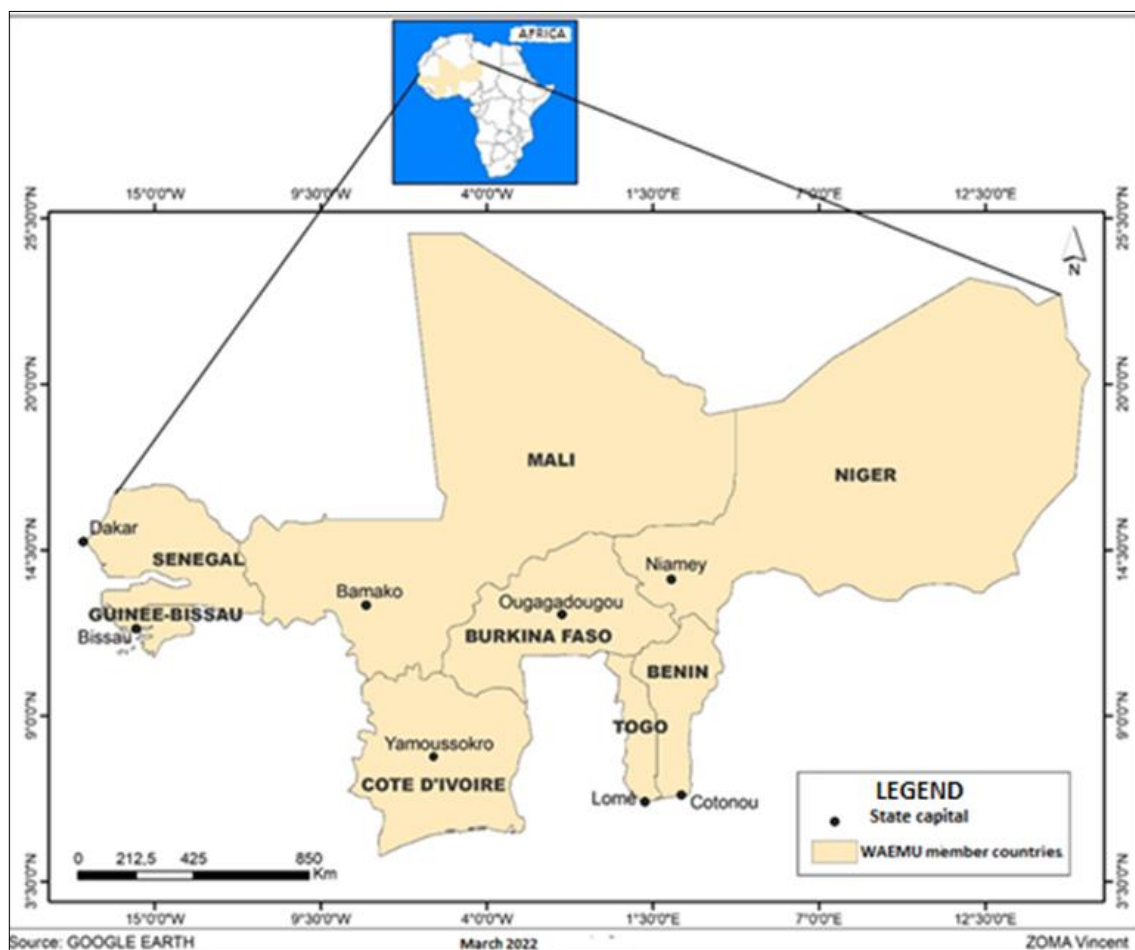
In this context, M. Ballogoun (2000, op.cit.)^[8] adds that since June 1991 under the instigation of France with the support of the European Union, the project of the creation of WAEMU has materialized on January 10, 1994 in Dakar, Senegal on the eve of the devaluation of the currency of the Franc of the French Community of Africa (FCFA), thus succeeding the WAMU created in 1962. Its constitutive act entered into force on the August 1st of the same year after ratification by its seven member states.

Thus, the treaty establishing the WAEMU was born on January 10, 1994 in Dakar two days before the devaluation of the FCFA (F. Cissé, 2008)^[3]. It was signed by their Excellencies, Nicéphore Dieudonné Soglo (President of the Republic of Benin), Blaise Compaoré (President of Burkina Faso), Daniel Kablan Duncan (Prime Minister of Ivory Coast), Alpha Omar Konaré (President of the Republic of Mali), Ousmane Mahamané (President of the Republic of Niger), Abdou Diouf (President of the Republic of Senegal), and Joseph Kokou Koffigoh (Prime Minister of the Togolese Republic).

The WAEMU created, was to “*ensure in the future a stronger coherence between the monetary policy of the Union and the budgetary and economic policies of its Member States*” (WAEMU, 2010, p.5). Its “*devices relate to the rules for issuing money, the centralization of foreign exchange reserves as well as the free circulation of monetary signs*” (Cissé F., 2008, p.16, op.cit)^[3].

WAEMU has its headquarters in Ouagadougou in Burkina Faso and has as its main objective the construction of a harmonized and integrated economic space, within which is ensured total freedom of movement of persons, capital, goods, services and factors of production, as well as the effective enjoyment of the right of exercise and establishment for the liberal professions, of residence for citizens throughout the Community territory. It is an institution whose mission is to achieve the economic integration of the Member States, through the strengthening of the competitiveness of economic activities within the framework of an open and competitive market and a rationalized legal environment. and harmonized (WAEMU, 2022)^[1].

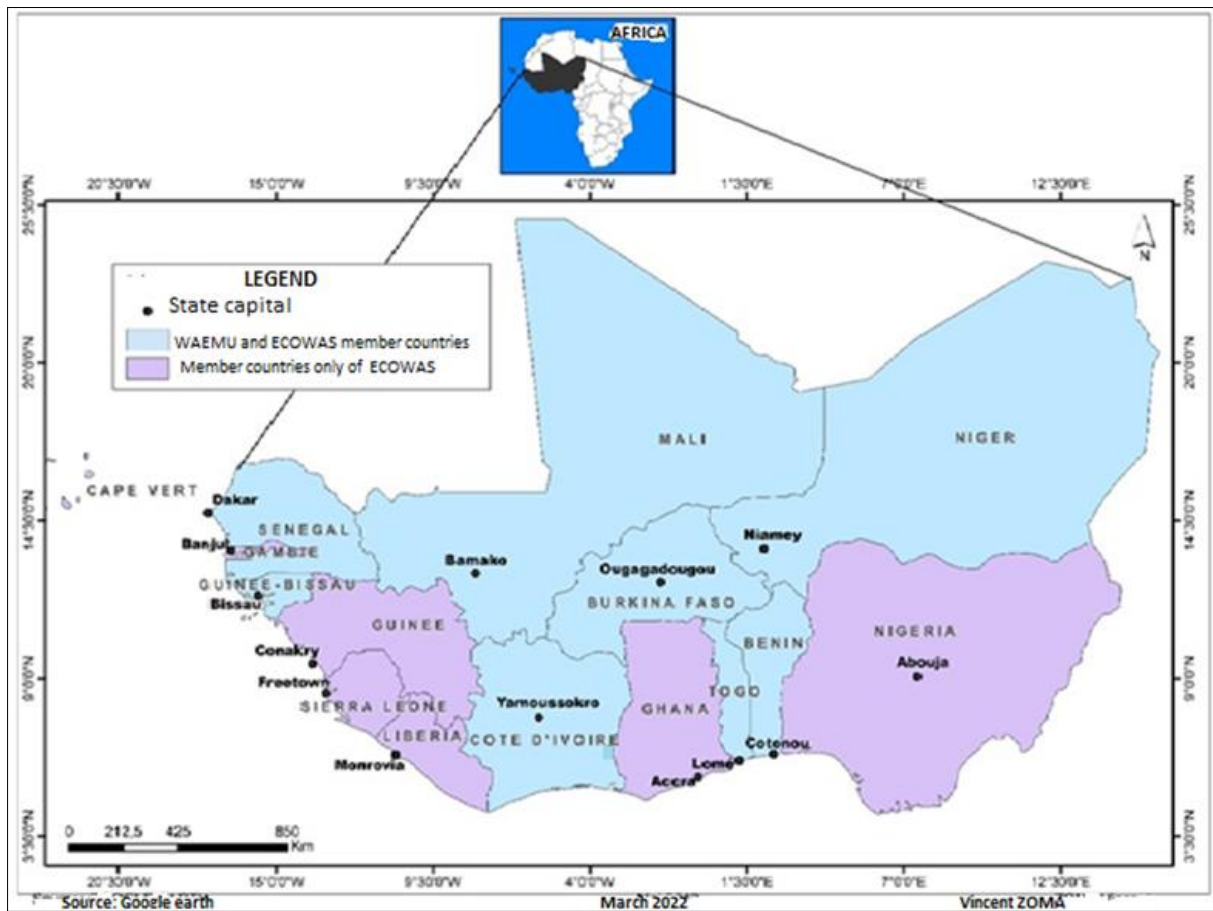
Eight coastal and Sahelian States, including seven French-speaking and one Portuguese-speaking, linked by the use of a common currency, the FCFA (linked to the euro by a fixed parity) and benefiting from common cultural traditions, currently make up the Union. Map 1 identifies the member states of the current WAEMU.



Map 1: WAEMU Member States

Map 1 shows the WAEMU member states. The Union is made up of eight countries (Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, Togo and Guinea-Bissau) which covers an area of 3,506,126 km² and has 123.6 million inhabitants (WAEMU, 2022).

WAEMU is part of a larger whole in West Africa which is the Economic Community of West African States (map n°2).



Map 2: WAEMU and ECOWAS member countries

As shown in Map 2, of the 15 ECOWAS countries, 8 belong only to WAEMU. The Union of these 8 countries is represented by a logo symbolizing growth, union, solidarity and complementarity between the coastal States and the Sahelian States (Figure 1).



Source: WAEMU, 2022

Fig 1: WAEMU logo

This logo represents two dynamic and elliptical shapes which, despite their specificities, intertwine to express two strong notions: the solidarity and complementarity of the States and peoples of the Union. This solidarity and this complementarity are ready to be released in a movement of continuous ascent which will lead to the

economic, social and cultural development of our respective populations. The energy of the lianas of the forest harmonizes with the warm and vivacious vibrations of the Sahel to produce the sphere of happiness illustrating the characteristics and objectives of WAEMU. Natural resources and material equipment (lower 1/2 blue sphere), intellectual resources (1/2 gold sphere). The white circle expresses the peace, serenity and stability that must remain the anchor points of the Union's integration process (WAEMU, 2022). The construction of this Union undoubtedly has political foundations.

Political foundations of WAEMU

In general, the integration of Africa has always been one of the objectives for many African leaders such as George Patmore, William Edward Burghardt Dubois or Marcus Garvey, etc., as well as for pan-Africanists such as Kwame Nkrumah who, in his book *Africa Must Unite*, already advocated African unity (V. Zoma, 2019) ^[20].

Regarding West Africa, as it has already been mentioned, "*regional integration is part of the movement of ideas that pan-Africanism has aroused in West Africa since its origins and throughout the 20th century*" (P. Kippré, 2006, p.39, *op.cit*) ^[12]. Indeed, the day after their accession to national sovereignty, West African countries opted for the establishment of a set of mechanisms allowing them to remove the barriers established by the colonial powers in their space and to strengthen their solidarity. Thus, was born on May 12, 1962, the West African Monetary Union (WAMU). It is an organization whose arrangements relate to the rules for issuing money, the centralization of foreign exchange reserves and the free circulation of monetary signs. On May 21, 1970, the West African Economic Community (WAEC) was created. Its aim was to achieve economic integration in West Africa. Subsequently, on May 28, 1975, the Economic Community of West African States (ECOWAS) was created with the main objective of promoting cooperation and integration in order to create an economic and monetary union for all West African countries without exception. This institution provided for the establishment of a single West African currency by 2020.

However, the idea of integration has not always appealed to all West African political leaders in the same way. There was often a lack of solidarity between them. For example, the inequalities between certain States in the region were visible after their accession to independence. Ivory Coast and Senegal seemed to be the wealthiest in the region. To resolve these differences, the heads of state embarked on a pan-Africanist or federalist policy. But Presidents Félix Houphouët Boigny ^[2] and Léopold Sédar Senghor ^[3] did not approve of this initiative because their countries risked becoming the source of supply for other countries.

It is in this perspective that the WAEMU report (2017) reveals that for thirty-two years, there has been convergence between three forces to block the process of integration between the countries of the old French West Africa (FWA). The first was the policy of France, which preferred to deal with small separate states, rather than with a coherent whole. This is not surprising; it is the logic of the "Defferre Law" which continued. With independence proclaimed, it was necessary to set up a management tool for the single currency, which was the CFA franc, created in 1945 as the Franc of the "French Colonies of Africa" and the issuing institute was set up place in 1955. From 1958, the acronym CFA means "French Community of Africa". Since 1962, the CFA franc has been managed by the Central Bank of West African States (CBWAS) and is the currency of the West African Monetary Union (WAMU). CBWAS headquarters were in Paris until 1978 and then in Dakar. WAMU did not include Guinea Bissau and Mali, which only joined in 1984. It is important to note that maintaining the headquarters of this institution in Paris for sixteen years illustrates the strong dependence of the system on the Bank of France (V. Zoma, 2019, *op.cit*) ^[20]. Still according to the WAEMU report (2017, *op.cit*), the second force would be the policy of Ivory Coast, which exactly coincided with that of France. Félix Houphouët-Boigny showed great consistency and consistency in his ideas. Considering that Ivory Coast alone represents 80% of the area's investment capacity, he absolutely wanted to avoid any system that could lead to the idea of sharing. He wanted to confine the Union to the strict monetary domain and to maintain the parity of the CFA franc at 50 cents for one franc. The third was not a strength but rather a sum of weaknesses because between 1962 and 1994, the States of the zone experienced about ten putschs and multiple political crises which monopolized the attention of those responsible for the problems interiors. Basically, it suited many people to let France solve the economic and monetary problems. In this context, Félix Houphouët-Boigny occupies the central place and he will block any reform during his lifetime. The Ivorian president died on December 7, 1993 and WAEMU was established on January 10, 1994 with headquarters in Ouagadougou (V. Zoma, 2019, *op.cit*) ^[20].

Overall, West African sub-regional integration is above all a political issue in the sense that the various integration policies emanate from the will of the Heads of State. This is why the division of competences between the Union and the States requires clarification (WAEMU, 2018). The competences of the WAEMU are defined in such general terms that it can take care of everything or nothing. The only clearly Community areas are those of currency and foreign trade. For everything else, this structure is supposed to define and implement policies in the most varied fields but without ever defining a field specific to the action of this integration institution (WAEMU, 2018, *op.cit*). Along the same lines, D. Buabua (2007) notes that integration is the merging of certain state powers into a supra-state or supra-national body. It can be seen as the function of a supra-state structure which aims to gradually unify mechanisms appropriate to the economy, or even the political system of the Member States.

The founding treaty laid down the guidelines for integration into WAEMU. Indeed, it created within this organization a kind of transfer of competence in the sense that it grants to the institutional bodies of this institution the means of their missions. The Member States have thus "abandoned" in theory their sovereignty for

the benefit of this organization, they have today built a field of affinity of common interest which constitutes their integrated space. But this community is not a federal state, because it is made up of independent states united voluntarily, built from bottom to top in full respect of the decision-making power of the different parties united in the supreme power, always exercised in common. The transfer of competence has resulted in the existence of bodies, mechanisms and legal powers that are superimposed on national systems. In other words, the WAEMU treaty stipulates that the Conference of Heads of State and Government defines the main policy orientations of this structure and adopts, whenever the need arises, acts whose respect is imposed on all the bodies as well as on the authorities of the Member States. In accordance with the provisions of the treaty, it appears that the States agree to transfer to the Union all regulatory power in the areas where the treaty and the acts intervene (A. Sekongo, 2013). The WAEMU Commission is responsible for implementing the decisions taken by the Conference of Heads of State. And, since the creation of this organization, this Commission has been led by five (06) presidents who are respectively, Ousmane Seck from Senegal (1995-1996), Moussa Touré from Senegal (1996-2004), Soumaila Cissé from Mali (2004 -2011), Cheikhe Hadjibou Soumaré from Senegal (2011-2017), Abdallah Boureima from Niger (2017-2021) and since May 2021 the Senegalese Abdoulaye Diop. The WAMU was not a sub-regional institution which accentuated its efforts on the monetary aspect. But since its “rebirth” in 1994 under the name WAEMU or West African Economic and Monetary Union, it deals with economic issues in order to help its Member States to face the challenges of globalization.

Economic foundations of WAEMU

The global economic context has been marked for decades by the tendency of countries to integrate into the global economy through the creation or the strengthening of regional groupings. This strategy explains the realization of projects to create structures such as the West African Economic and Monetary Union. According to J. Igué (1995), regional integration responds to the need to be able to amortize territorial facilities by offering them new market opportunities. This problem has reappeared on a triple constraint. These are the heavy indebtedness of the Member States of the region, the generalization of the Structural Adjustment Program (SAP) and the devaluation of currencies as a consequence of the adoption of the SAP. In addition to these three constraints there is the need to change the socio-economic environment marked by autocratic powers and catastrophic economic management in an atmosphere of low productive capacities. To overcome these difficulties, the political authorities of the countries believe that only the creation of a larger regional economic space can provide good answers. For example, the devaluation of the FCFA which took place on January 11, 1994 was accompanied by the creation of a form of regional integration, the WAEMU, which is grafted on to already existing experiences (V. Zoma, 2019, *op.cit*)^[20].

This is the reason why the treaty establishing WAEMU, signed in Dakar on January 10, 1994, should not only provide the common currency (the CFA Franc) with the real foundation that determines its consolidation and sustainability, but also to accelerate the process of regional integration. This is a strategy that will enable the economies of the Member States to meet the challenges of contemporary economic changes, namely globalization and international competitiveness (M. Ballogoun, 2000, *op.cit*)^[8].

This vision (of the creation of WAEMU) was born in the 1990s from the need for greater harmonization of economic policies (R. Lavergne, 1996), from the collapse in the prices of raw materials which are important sources export earnings (WAEMU, 2010, *op.cit*). One of the factors underlying this vision is the real appreciation of the CFA franc, under the combined effect of the rise of the French franc and the downward adjustment of the exchange rates of neighboring countries outside the Franc Zone. These previously mentioned factors caused the rapid deterioration of the main macroeconomic and financial indicators, plunging the Union into a deep crisis. For these reasons, as early as 1990, WAMU member countries expressed their desire to go beyond monetary union by integrating the Economic Union. It was obvious that monetary regulation mechanisms had to be complemented by economic reforms to ensure the cohesion of the Union and lay the foundations for sustainable growth. To this end, the member states of WAEMU have come together with the aim of promoting their economic and social development, through the harmonization of their legislation, the unification of their internal markets and the implementation of policies common sectors in the essential sectors of their economies (WAEMU, 2010 *op.cit*).

The process of economic integration then takes place in six stages, as M. Ballogoun points out (2000, *op.cit*)^[8]. Firstly, it takes into account the preferential customs area, which is an area within which customs duties on trade between member countries are lowered to a level significantly lower than those applied to trade with third countries. The second is the free trade area. Its main characteristic is the total abolition of customs duties between member countries, which nevertheless remain in control of their customs policy with regard to third countries. Then there is the customs union, which is a free trade area reinforced by the adoption by the members of a Common External Tariff. There is also the common market, which is a space within which there is complete freedom of movement of goods and factors of production. This implies a certain harmonization of economic policies, with a view to preventing distortions prejudicial to the full exercise of competition. It follows the economic union which is the most advanced stage of economic integration in the strict sense which supposes a thorough harmonization even the standardization of the economic policies of the member countries, in addition to the institution of the common market. These stages end with the establishment of economic and monetary union, which represents the most complete form of economic integration, adding to the achievements of

economic union the advantages of a currency and a monetary policy unique. WAEMU in its treaty enshrines this completed degree of integration in West Africa.

These steps are intended to facilitate the free movement of people and goods within the WAEMU community area. About this free movement of people and goods in this area, H. Kane (2010) quotes Mr. Soumaïla Cissé, former president of the Union Commission in these terms: "*the free movement of people and goods is the key to integration. Heads of state are aware of this. For successful integration, people will have to feel free to move around*" (H. Kane, 2010, p.3).

The principle of the free movement of persons and goods brings together several other principles which all aim to boost the economy of the WAEMU space. To this end, the free movement of persons, according to the provisions of the Treaty, means that any national of this Community area has the right to move freely from one Member State to another without any hindrance. It includes the right of residence, the right of establishment, and the freedom to provide services. The principle of the free movement of goods is one of the pillars of the realization of the common market (H. Kane, 2010, *op.cit*). It implies the free movement of goods as well as the free movement of capital within the community area.

Conclusion

This study on the process of regional integration within the West African Economic and Monetary Union (created in 1994), shows that regional integration in this area is essentially based in the same time on historical, political and economic foundations.

Historically, the current WAEMU was essentially built on the former colonial space which is French West Africa (FWA) following several attempts at general regrouping such as the West African Monetary Union (WAMU).) in 1962, the West Africa Economic Community (WAEC) in 1970, and more recently the Economic Community of West African States (ECOWAS) in 1975 which is still also a regional integration space in West Africa.

The attempts or the will to move towards regional integration in Africa is the result of a combination of political factors linked, among other things, to the declared will of certain political leaders in the region, such as Kwame Nkrumah, whose will to go to Integration has been recognized on the African continent. But this desire will come up against or be slowed down by other leaders in the region such as the Ivorian and Senegalese presidents of the time (Félix Houphouët Boigny and Léopold Sédar Senghor) who did not share the same vision of the way or the form as the integration should take. This obstacle accompanied by the influence of the former colonial power of most member countries of the current WAEMU will undoubtedly slow down or even influence the process of establishing regional integration in this part of the world.

However, the economic challenges and the weaknesses of the new independent States in terms of governance will lead to the establishment of WAEMU, especially in the context of the devaluation of the currency of these countries (the FCFA) and especially with the death of the first president of the Ivory Coast.

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