An Assessment of the Proposed ECOWAS Single Currency in West Africa Sub-Region

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Abstract

Currency convertibility and monetary integration activities of the Economic Community of West African States (ECOWAS) are directed at addressing the problems of multiple currencies and exchange rate changes that are perceived as stumbling blocks to regional integration and development. Payments for international transactions necessarily involve exchange of currencies, hence the different types of risks such as credit/payment risk and exchange rate risk. The costs and ease with which international transactions are executed depend on the acceptability of the different currencies. Monetary integration becomes important in international economic relations especially in addressing the problems of the multiplicity of currencies and exchange rate regimes that often hinder trade flows between countries. It is obvious that importers will prefer goods and services from a country with less cumbersome payments systems devoid of exchange rate risk. This is more so with the current wave of globalization.It revealed that, While various instruments such as bills of exchange, letters of credit, etc., have been designed and are widely used to minimize credit and payment risks, monetary integration is most suitable for addressing currency convertibility and exchange rate risk. Indeed, monetary integration, by promoting policy stability, promotes economic growth. It was also discovered that, Lack of currency convertibility contributes to the high cost of transactions in the sub-region as it costs money (and time and other resources) to exchange one currency for another. This is compounded by the international payments system in ECOWAS, which is unnecessarily cumbersome. Indeed, it has been reported that payments for intra-regional goods and services often pass through convertible currencies. It is on this note, the paper look at the general assessment of the policy; it prospects , challenges and some policy implementations which includes but not limited were made; For the project to be implemented, ten convergence criteria, set out by the West African Monetary Institute (WAMI), must be met, including a single a digit inflation rate at the end of each year, a fiscal deficit of no more than 4 percent of the GDP, a central bank deficit-financing of not more than 10 percent of the previous year's tax revenues and a gross external reserves that can give import cover for a minimum of three months and among others.

Keywords: *ECOWAS, Single Currency, West Africa, Region*

Introduction

The most significant issue that brings to bear the establishment of ECOWAS was based on member States to cooperate among themselves for the purpose of promoting economic growth and integration. However, after many years the sub- regional establishment still faced with challenges in relation to peace, security and sustainable development matters to which it was established. The quest for a common currency is a deliberate attempt at, among other things; reducing trade barriers and enhancing the prospect of an all-inclusive economic development among the countries of the West African sub regional bloc. The strides by the Economic Community of West African States (ECOWAS) through its parliament to float a common currency, like its eurozone counterpart took a giant leap recently with the announcement of 2020, as its takeoff year. The single currency idea was mooted in early 2000s and was first planned to be introduced in 2003, but was postponed several times, to 2005, 2010, 2014 and now 2020. At its 25th session held in Dakar, Senegal on the 21st and 22nd December, 2001 the Authority of Heads of State and Government decided that Abuja should be the headquarters of the Parliament. The Parliament is composed of 115 seats. Each of the 15 Members states has a guaranteed minimum of five seats. The remaining seats are shared on the basis of population. Consequently, Nigeria has 35 seats, Ghana eight (8) seats, Cote d'Ivoire seven (7) seats, while Burkina Faso, Guinea, Mali, Niger and Senegal have six (6) seats each. The others Benin, Cape Verde, The Gambia, Guinea Bissau, Liberia, Sierra Leone and Togo have 5 seats each. The Parliament is empowered to consider issues concerning human rights and fundamental freedoms of citizens; interconnection of energy networks; interconnection of communication links between Member States; interconnection of telecommunications systems; increased cooperation in the area of radio, television and other intra and inter-Community media links; as well as development of national communication systems. The Parliament may also be consulted on matters relating to public health policies for the Community; common educational policy through harmonisation of existing systems and specialisation of existing universities; adjustment of education within the Community to international standards; youth and sports; scientific and technological research; and Community policy on environment. Other areas for consideration include any issues affecting the Community, especially as they relate to the review of the ECOWAS Treaty, citizenship and social integration. On these issues, the Parliament may make recommendations to the appropriate institutions and/or organs of the Community.

ECOWAS is a sub regional organization of West Africa and the West Africa region, has 4.7 million square kilometers in area, which is more than twice the size of Western Europe. Its 6,000 kilometer coastal arc, which stretches from the upper reaches of Angola in South-West Africa to the lower reaches of Western Sahara to the north and washed by the Atlantic Ocean, embodies its value as an area of global geostrategic importance as well as its vulnerable security. The Gulf of Guinea is home to huge hydrocarbon deposits, making it a future resource to meet global energy needs. Nigeria’s proven oil and gas reserves are estimated at 40-50 billion barrels. Indeed, the recent oil finds (estimated at 3 billion barrels off Cape Three Points in Ghana), reserves in Cote d’Ivoire, and the optimistic prognosis in the Mano River Union (MRU)5 basin and Mali, are an indication that almost all the ECOWAS countries sit on huge oil and gas deposits. Besides its hydrocarbon riches, the Gulf is also a reservoir of rich fish stocks. Inland, West Africa is endowed with precious and strategic natural minerals, including gold, uranium, diamonds, and titanium. The lush, but dwindling, tropical rainforest belt stretching from Guinea in the west to Cameroon in the east accounts for more than two thirds of global cocoa needs, while further north, the Savannah and Sahel regions are a major source of cotton, peanuts, and Shea butter. These vast resources have not really reflected in the lives of the people in the region or metamorphous in forms of development in the region, rather is a region full of common insecurity, violence conflicts, assorted kinds of border crime, poverty, unemployment and among others.

Since the establishment of ECOWAS in 1975 as a regional organization in the West African sub-region, the expectations of the people goes beyond having a government in place in their respective countries, but seeing results for the purpose of its establishment. Within the sub-region, there are countries that went through civil war, had conflicts within states, and had military regimes as well as democratic governance. There are challenges that arose from lack of transparency and accountability, mismanagement of public funds, poverty, as well as unemployment of the citizenry. The role of states here covers not only signing of treaties but ensuring good economic governance where the people are well taken care of in relation to proper management of resources in order to promote national economic growth and development.
As such, the stability and growth of the economic policies that would ensure both the development of the people through provision of services such as jobs for the people, infrastructure, and accountability on the part of the government towards her role in developing the state, is what the people expect from their leadership. Furthermore, failure on the part of the government to meet the expectations of its citizens creates an environment for insecurity.

Monetary Policy of the ECOWAS

The Economic Community of West African States (ECOWAS) is a regional group of fifteen West African countries, namely: Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo. It was founded on 28 May 1975, with the signing of the Treaty of Lagos, and has as its mission the promotion of economic integration across the region. ECOWAS is considered as one of the pillars of the African Economic Community. The organization was founded in order to achieve "collective self-sufficiency" for its member states by creating a single large trading bloc through an economic and trading union. It also provides a peace keeping force in the region. The organization operates in three languages: English, French and Portuguese. The ECOWAS consists of two institutions to implement policies, the ECOWAS Secretariat and the ECOWAS Bank for Investment and Development. Other monetary institutions with which the organization is readily associated include the West African Monetary Agency, West African Economic and Monetary Union, and West African Monetary Zone. A few members of the organization have come and gone over the years. In 1976, Cape Verde joined ECOWAS, and in December 2000 Mauritania withdrew its membership of the organization.

- ***West African Economic and Monetary Union***

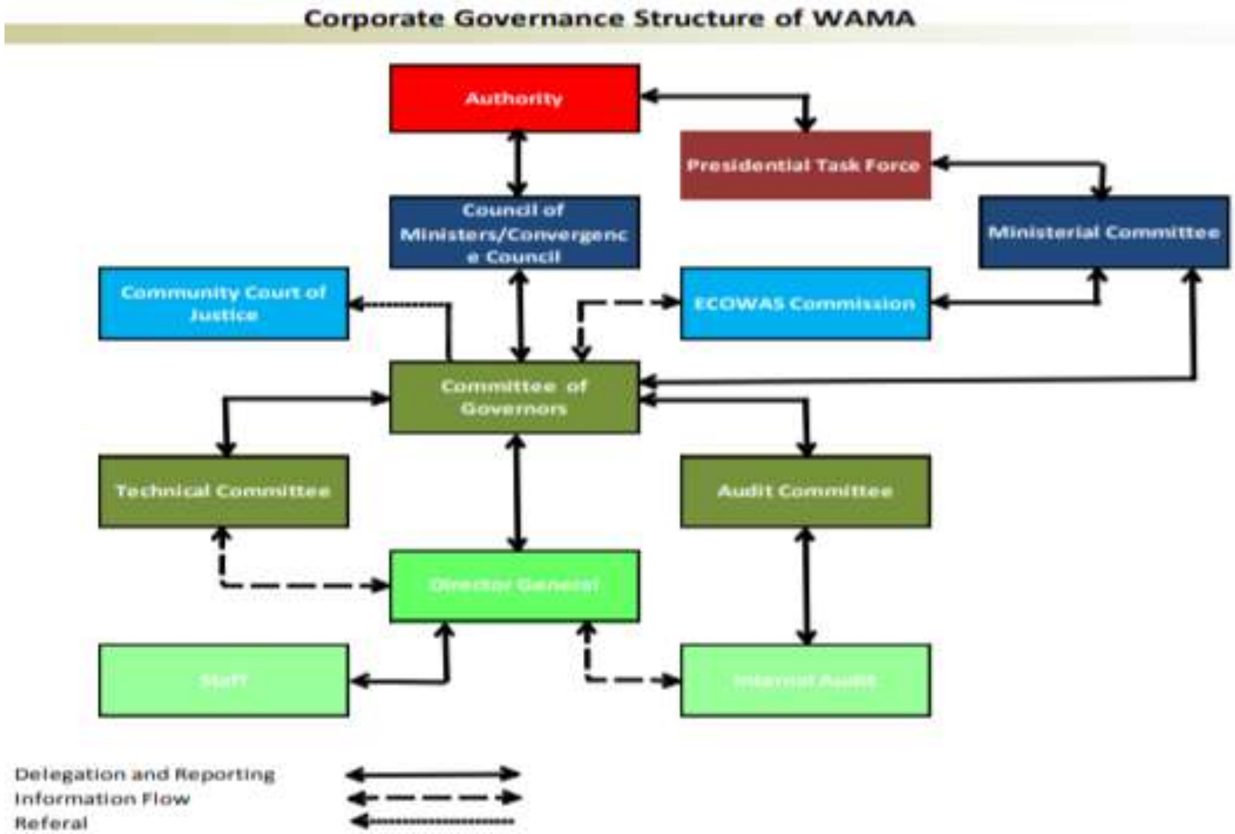
The West African Economic and Monetary Union (also known as UEMOA from its name in French, union (conomique et montaire ouest-africaine) is an organization of eight West African states. It was established to promote economic integration among countries that share the CFA franc as a common currency. UEMOA was created by a Treaty signed at Dakar, Senegal, on 10 January 1994, by the Heads of State and Governments of Benin, Burkina Faso, Cote d'Ivoire, Mali, Niger, Senegal, and Togo. On 2 May 1997, Guinea-Bissau, a former Portuguese colony, became the organization's eighth (and only non-Francophone) member state. UEMOA is a customs union and currency union between the members of ECOWAS. Its objectives include the promotion of greater economic competitiveness, through open markets, in addition to the rationalization and harmonization of the legal environment; convergence of macro-economic policies and indicators; creation of a common market; coordination of sectoral policies; and harmonization of fiscal policies.

Among its achievements, the UEMOA has successfully implemented macro-economic convergence criteria and an effective surveillance mechanism. It has adopted a customs union and common external tariff and has combined indirect taxation regulations, in addition to initiating regional structural and sectoral policies. A September 2002 IMF survey cited the UEMOA as "the furthest along the path toward integration" of all the regional groupings in Africa. Imohe, (2007) ECOWAS and UEMOA have developed a common plan of action on trade liberalization and macroeconomic policy convergence. The organizations have also agreed on common rules of origin to enhance trade, and ECOWAS has agreed to adopt UEMOA's customs declaration forms and compensation mechanisms.

- ***West African Monetary Agency***

The West African Monetary Agency (WAMA) was created by ECOWAS in 1996 after its transformation from the West African Clearing House (WACH). As WACH, it promoted multilateral payment facility within West African sub-region. In addition to its functions of routing and clearing trade transactions and services, the Agency is charged with monitoring, coordinating and implementing the ECOWAS Monetary Cooperation Programme (EMCP) in order to hasten the creation of the ECOWAS single currency. The agency is based in Freetown, Sierra Leone and has eight (8) Central Banks of ECOWAS member States as its members. These are: BCEAO (the common Central Bank of WAEMU countries), Bank of Cape Verde, Central Bank of The Gambia, Bank of Ghana, Central Bank of Guinea, Central Bank of Liberia, Central Bank of Nigeria and Bank of Sierra Leone. The organs of the agency are: Committee of Governors, Economic & Monetary Affairs Committee, Operations and Administration Committee, and the Directorate of the Agency. The daily tasks of WAMA are managed by the Directorate under the supervision of the two Technical Committees and the Committee of Governors. WAMA has facilitated the settlement of transactions within the sub-region, managed the Clearing and Payments System among member Central Banks in West Africa, strengthened monetary cooperation among ECOWAS member Central Banks, among others.

West African Monetary Agency



ECOWAS efforts in monetary integration

The main focus of the examination in this section is on provisions relating to monetary integration and the activities of the institutions responsible for promoting monetary union in the region. Other complementary efforts are also mentioned. The revised Treaty Source: expanded and broadened the scope of cooperation in monetary and financial matters to include the establishment of a monetary union under various Articles. The following main steps are identified:

- **West African Monetary Zone**

The West African Monetary Zone (WAMZ) is a group of six countries within ECOWAS formed in 2000. Member countries are: The Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone. The group has plan of introducing a common currency, the Eco, by the year 2015. The WAMZ is largely dominated by Nigeria, reflecting its status as Africa's largest oil producer and most populous country. All the members of group are English-speaking countries, except Guinea, which is Francophone. Along with Mauritania, Guinea opted out of the CFA franc currency shared by all other former French colonies in West and Central Africa. The organs of WAMZ are: Technical Committee supported by cross-cutting expert committees, Committee of Governors, Convergence Council of Ministers and the Summit of Heads of State and Government. The work of the Zone is handled by the West African Monetary Institute from its office in Accra, Ghana. The WAMZ is making effort to establish a strong stable currency on the side of the CFA franc, whose exchange rate is tied to the Euro and guaranteed by the French Treasury. The ultimate goal is for the CFA franc and Eco to merge, giving all of West Africa a single, stable currency. The launch of the new currency is being developed by the West African Monetary Institute based in Accra, Ghana. However, several of the WAMZ's countries are facing challenges of weak currencies and budget deficits, including inflation.

Theoretical issues in monetary union

Since the seminal paper of Mundell (1961), the theory of optimum currency areas (OCAs) has been used in the analysis of monetary union issues. The traditional theory of OCAs stems from the recognition that foreign trade imposes special trading costs (such as transport and monetary trade costs) that are not encountered in domestic trading. The monetary trade costs arise because of the existence of multiple currencies and multiple units of account. In a modern economy, unlike the barter system, multiple currencies raise problems of currency conversion. The theory compares and balances the costs and benefits of forming a monetary union Ogunkola, (2005) . The net benefit is usually viewed as accruing to the union as a whole rather than to the individual cooperating countries. Indeed, the net benefit is a crucial factor in the formation of a monetary union on economic grounds. The main benefit of a monetary union is the reduction in transaction costs derivable from the elimination of separate national currencies. The point here is that the cost of exchanging different currencies is a stumbling block to intra-regional trade. These costs are regarded as a net dead-weight loss for the union as a whole. Another benefit is the elimination of the degree of uncertainty associated with exchange rate movements Ogunkola, (2005). If a single currency as opposed to multiple national currencies is in circulation in a union, there will be no exchange rate variability; hence the risk premium usually built into real interest rates will be reduced. Other things being equal, the implication is that a project that was hitherto (prior to monetary union) not viable will become viable. Thus, in a sense, a monetary union promotes investments. The promotion of market integration and the strengthening of price stability within the monetary union are other benefits. Intraregional trade that was suppressed because of the swings in exchange rates and the maintenance of different units of accounts will be promoted in a monetary union setting. The main cost of a monetary union, on the other hand, is the member country’s loss of the ability to manipulate the value of its currency and to conduct an independent monetary policy such as devaluing its currency and adjusting its interest rate as a tool for macroeconomic adjustment. Inasmuch as a nominal exchange rate has real effects, the elimination of national currencies in a monetary union has a cost. Exchange rate as a policy instrument can affect relative prices such as the real wage and the relative price of traded to non-traded goods.

When economies surrender their national currencies, the management of shocks is left to other policy instruments such as fiscal policy. However, since macroeconomic disturbances affect different economies differently, the analysis of costs of forming a monetary union has been understandably concentrated on asymmetric shocks and alternative adjustment mechanisms. If the costs facing the countries are asymmetric, then the formation of a monetary union among them may not be beneficial as it can lead to deeper recession and more a pronounced business cycle (Bayoumi et al., 1997). There are efforts at distinguishing between supply and demand shocks. The issues in alternative adjustment mechanisms have focused on labour mobility within the union, wages and prices, and fiscal policy among others.

The traditional theory of OCAs can be appreciated from the perspective of the costs of forming a monetary union. The first criterion is the high degree of factor mobility, especially labour. This is an essential element in the formation of an enduring monetary union (Mundell, 1961). Mundell postulates that if there is a high degree of labour mobility within a region, the cost of forming a monetary union in the region will be minimized. The view is that high mobility of factors of production allows an economy within a monetary union to deal with asymmetric shocks through migration, lessening the need for adjustment through exchange rate changes. Thus, it can be averred that this proposition is based on an alternative adjustment mechanism.

The second criterion, postulated by McKinnon (1963), is based on a similar argument.

If there is a high degree of openness among nations prior to the establishment of a monetary union, the formation of such a union is likely to be beneficial as most prices are already being determined in the market. Indeed, the deviations from the law of purchasing power parity of individual countries are a reflection of country risks. Formation of a monetary union among countries with a high degree of openness eliminates the divergences of different national currencies in the union. Since this is likely to have been minimal prior to the formation of the union, the benefits of eliminating transaction costs, relative to the overall costs of monetary union, will ultimately be beneficial to the region.

Kenen (1969) proposes the third criterion, which is the degree of product diversification among the countries intending to form a monetary union. The assumption is that a more diversified economy is less likely to suffer from a country-specific shock and the country’s exchange rate is therefore less useful in macroeconomic adjustment. Thus, surrendering (to the union) the exchange rate policy is less painful to such an economy. Vaubel (1978) provided the linkage between these three criteria and changes in real exchange rate as follows. First, if labour is highly mobile, unemployment in an area within the monetary union will be eliminated through labour migration to

other areas in the union. Thus, fewer attempts would be made to change the real wage through exchange rate depreciation. Second, if trade between members of a monetary union is highly diversified, according to Vaubel (1978), the law of large numbers reduces the probability and the size of changes in each country's terms of trade. Hence countries whose external transactions are highly diversified will experience only small real exchange rate changes. rate changes, for the openness of an economy is, if at all, negatively correlated with stock of exchange rate illusion available for real adjustment through nominal exchange rate
changes. Observed real exchange rate changes tend to be smaller, the more open the potential member economies are vis-à-vis each other Ogunkola, (2005).

Protocols and Articles on Monetary policy of ECOWAS

The following are some of the protocols of ECOWAS related to monetary policies.

Article 51

Money, finance and payments

In order to promote monetary and financial integration, and facilitate intra-Community trade in goods and services and the realization of the Community's objective of establishing a monetary union, Member States undertake to:

a. study monetary and financial developments in the region;

b. harmonize their monetary, financial and payments policies;

c. facilitate the liberalization of intra-regional payments transactions and, as an interim measure, ensure limited convertibility of currencies;

d. promote the role of commercial banks in intra-community trade financing;

e. improve the multilateral system for clearing of payments transactions between Member States, and introduce a credit and guarantee fund mechanism;

f. take necessary measures to promote the activities of the West Africa Monetary Agency in order to ensure convertibility of currencies and creation of a single currency zone;

g. establish a Community Central Bank and a common currency zone.

Article 52

Committee of West African Central Banks

1. There is hereby established a Committee of West African Central banks comprising the Governors of Central Banks of Member States. This Committee shall, in accordance with the provisions of this Treaty, prepare its own rules of procedure.

2. The Committee shall, from time to time, make recommendations to the Council on the operation of the clearing system of payments and other monetary issues within the Community.

Article 53

Movement of Capital and Capital Issues Committee

1. For the purpose of ensuring the free movement of capital between Member States in accordance with the objectives of this Treaty, there is hereby established a Capital Issues Committee which shall comprise one representative of each of the Member States and which shall, subject to the provisions of this Treaty, prepare its own rules of procedure.

2. Member States shall, in appointing their representatives referred to in paragraph 1 of this Article, designate persons with financial, commercial or banking experience and qualifications.

3. The Capital Issues Committee, in the performance of the duties assigned to it under paragraph 1 of this Article, shall:

   (a) ensure the unimpeded flow of capital within the Community through:

      (i) the removal of controls on the transfer of capital among the

Member States in accordance with a timetable determined by Council;

(ii) the encouragement of the establishment of national and regional stock exchanges; and

(iii) the interlocking of capital markets and stock exchanges.

(b) ensure that nationals of a Member State are given the opportunity of acquiring stocks, shares and other securities or otherwise of investing in enterprises in the territories of other Member States;

(c) Establish a machinery for the wide dissemination in the Member States of stock exchange quotations of each Member State;

(d) Establish appropriate machinery for the regulation of the capital issues market to ensure its proper functioning and the protection of the investors therein.

Article 54

Establishment of an economic union

1. Member States undertake to achieve the status of an economic union within a maximum period of fifteen (15) years following the commencement of the regional trade liberalization scheme, adopted by the Authority through its Decision A/DEC.1/9/83 of 20 May 1983 and launched on 1 January 1990.

2. Member States shall give priority to the role of the private sector and joint regional multinational enterprises in the regional economic integration process.

Article 55

Completion of economic and monetary union

1. Member States undertake to complete within five (5) years following the creation of a Custom Union, the establishment of an economic and monetary union through:

   (i) the adoption of a common policy in all fields of socio economic activity particularly agriculture, industry, transport, communications, energy and scientific research;

   (ii) the total elimination of all obstacles to the free movement of people, goods, capital and services and the right of entry, residence and establishment;

   (iii) the harmonization of monetary, financial and fiscal policies, the setting up of West African monetary union, the establishment of a single regional Central Bank and the creation of a single West African currency.

2. The Authority may at any time, on the recommendation of the Council, decide that any stage of' the integration process shall be implemented more rapidly than otherwise provided for in this Treaty.

Achievement of ECOWAS So Far

The major achievements of ECOWAS through the years cut across all sectors and include:

i. The adoption of the Macroeconomic Convergence Report by the ECOWAS Convergence Council

ii. Establishment of the ECOWAS Monetary Institute (EMI)

iii. Adoption of methodological guides for the harmonization of Public Finance Statistics, Government Financial Operations Tables (TOFE), External Trade Statistics, Balance of Payment (BOP) and International Investment Position (IIP).

iv. Conclusion of the review of the Sahel Strategy document and its action plan to boost regional security.

v. Formulation of an ECOWAS Common Trade Policy (CTP) and ECOWAS Trade Development Strategy.

vi. Completion of the Economic Partnership Agreement (EPA) with the signing by 13 Member States.

vii. Custom Union in the offing with the implementation of the CET by Eight Member-States.

viii. Free Movement of goods and persons boosted with the adoption of the ECOWAS Biometric Identity Card to facilitate mobility and promote security in the region.

ix. Drafting of a Regional Border Management Manual for use in immigration/security training institutions.

x. Launching of the Ecolink project, which aims to transform and improve key operations within the ECOWAS Community.

xi. The Systems, Applications & Products (SAP) component of Ecolink aims at improving the financial management systems and ensuring real-time information for effective decision-making in the Community Institutions.

xii. Promotion of strategic products for food security and sovereignty including combating cross-border livestock disease.

xiii. Renewed efforts to enhance the environmental governance, general environmental protection, capacity building as well as Sustainable resource management for development in the Member States.

xiv. Re-award of the contract for the construction of the Sèmè-Kraké Joint Border Post (Benin-Nigeria)

xv. Evaluation of tenders completed for the works, contract for final engineering designs for the rehabilitation of sections of the Enugu-Bemenda road between Nigeria and Cameroon and the construction of a Joint Border Post (JBP) and a Border Bridge at Mfum border.

xvi. Feasibility study for the extension of the West African Gas Pipeline Network concluded.

xvii. Development of Regional Power Market with the setting up of regulatory and economic environment.

xviii. Promotion of renewable energy and energy efficiency technologies and services.

xix. An ECOWAS Directive on Energy Efficiency Buildings (EEB) aimed at promoting energy efficiency in buildings in ECOWAS Member States has been developed by ECREEE.

xx. Establishment of a Regional Centre for Disease Control.

xxi. Maintain and strengthen the actions undertaken to consolidate peace and security in the region.

xxii. Consolidating the implementation of the, Common Market, Trade Liberalization Scheme (TLS) and the Protocol on Free Movement of persons, goods and services.

xxiii. Signing of the Supplementary Act on Dakar-Abidjan Corridor, and laying of the first stone for the regional electricity project. The project covers Cote d'Ivoire, Guinea, Liberia and Sierra Leone.

xxiv. The regional peace and security architecture provides for conflict prevention, management and resolution, as well as early warning System. The latter allows ECOWAS to analyse human security issues and anticipate political crises, food shortages, health problems and disasters.

xxv. ECOWAS is now poised in the coming years to intensify efforts aimed at sustaining peace and political stability already achieved, in order to create the best conditions for the development of the region.

Likely Cost and Benefits of Adoption of Single Currency among Members of ECOWAS

Under the circumstances, one may well ask what benefit a country like Nigeria or Ghana or the other members of ECOWAS derive through control over their own currencies? Or in the context of real-world complexities, maybe one should rather ask what benefit do the state and its proxies in West Africa derive, and what benefits do the people of the region derive? Inflation and currency manipulation have acted as a sovereign tax throughout history mostly for the benefit of the few. Exchange rate manipulation allows officials to serve specific interest groups but at least also in theory to hit specific economic development goals.

In the case of Nigeria, limited naira convertibility and potential volatility act as tax on foreign portfolio flows as well as direct investments. Currency manipulation can serve specific goals but will corrode trust. Constituents can therefore not be taxed forever. It is not just any other tax. The importance of foreign exchange reserves indicates when trust wears thin. Foreign merchants have little appetite for the naira.

Considering the successful adoption of the Euro by the European Union, travel between ECOWAS countries is projected to become much easier in terms of costs.

First, the costs of converting currencies will be eliminated for individuals who want to travel to member states.

Secondly, exchange rate uncertainty which has plagued many West African countries for years will also be eliminated. Travelers seeking to travel from countries with unstable currencies are sometimes uncertain about which way the exchange rate will move. If it moves in their favour, it makes travel a bit cheaper, but any other way could make the trip cost much more. A single currency gets rid of the uncertainty within the single currency zone.

Countries such as Cape Verde, which have long been top tourist destinations for foreigners, will seem more accessible to ECOWAS members who make use of the same currency and this will boost tourism between the states.

Price transparency is another sector that a single currency will aid. For example, a 1L bottle of water in Nigeria costs N400 on the average. However, to buy that same bottle of water at the border of Benin Republic will cost you 1000CFA, which converts to about N625. Not thinking about it, it might seem normal or difficult to compare it's not like you can carry around a calculator with you around when you travel, to check prices. If products are in the same currency, though, price comparison becomes straightforward. This will help travelers identify cheaper products easily.

Further, consider the proposed Pan-African Payment and Settlement System to be launched by the African Export and Import Bank. This new digital platform will enable settlement of transactions between African countries in local currencies and reduce dependence on hard foreign currencies. The new platform to be designed in support of the African Continental Free Trade Agreement is expected to boost intra-area trade by making cross-border payments easier, cheaper and safer. Under the circumstances, one wonders why ECOWAS would, in parallel, embark on the politically complex pursuit of a single currency.

Finally, this proposal is not without possible challenges for instance, The euro lessons show that even with robust institutions and strong political commitment, sustaining a single currency remains a challenge. These challenges are likely to be much more difficult to surmount in West Africa where the pre-conditions for success, including strong political will and robust institutions, are evidently absent. Let us also be clear that the euro was never just about monetary policy and trade. It was shaped by a vision of a united Europe. And this does not appear to be an entirely fruitless effort, especially in the eyes of Europeans coming of age in the new millennium.

Conclusion

In a quest to ensure the success of the process of the creation of the ECOWAS Single Currency in a timely manner, the following recommendations must be adhered to: ensure free movement of labor and capital within the region, including thorough flexible wages and the banking system; increase Intra-regional trade, including the elimination of formal and informal barriers to trade and developing infrastructure to facilitate trade; continue to pursue vigorously the reforms by Member States in the areas of monetary and fiscal policies management for the credibility of the future Single Currency.

Parliament also needs to complement the effort of the ECOWAS Commission to ensure effective monitoring of the implementation of the single currency and interface with member states to ratify the implement protocols and decisions relating to the single currency, and through the Single Currency will make it possible to lift the commercial and monetary barriers, lower the cost of transaction and spark up economic activities in the region and the Parliament may have to include consultations on:

- choice of countries eligible to join the single currency
- preparation of legislation for the single central bank
- amendments to the Treaty that have an impact on the monetary union arrangements
- arrangements being made for the introduction of the banknotes and coin of the monetary union by Member States

- the nomination of the head of the single central bank framework of information flow between the prospective ECOWAS Monetary Institute and the Parliament (annual report presentation)

To ensure the sustainability of the ECOWAS single currency, it is require continuing efforts to harmonise monetary and budgetary policies. This requires the strengthening of the multilateral surveillance mechanism through greater involvement of Central Banks and other financial institutions or Ministries.

It recommended that member states continue and expedite budget consolidation efforts through tax revenue mobilisation and the improvement of the quality of public expenses: ensure continued sustainability of public debt through the adoption of appropriate debt strategies. Persevere in ongoing reforms in the structural transformation of economies, promote regional integration through the free movement of factors of production, create a permanent integration framework among the ECOWAS commission, WAMA, WAMI and the ECOWAS parliament, put in place a communication mechanism to reach the greater proportion of the people through national parliaments and civil society organisations.

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