

ABSTRACT

Labour Market Challenges to Regional Economic Integration in West Africa and how they can be overcome – A Political Economy Approach

by

Franklyn Lisk

CSGR, University of Warwick, UK, and CREPOL, Dakar

The sixteen West African countries which make up the ECOWAS regional economic community are characterised by enormous diversity and contrast in terms of land area, demographic characteristics, macroeconomic valuation and resource endowment. The region contains the most and least populous countries in Africa; countries that are industrialising fast and on the verge of graduating into middle-income countries and others that are least developed and subsisting at very low income levels; and countries that are rich in natural resources and others that are resource poor. The diversity of the ECOWAS economies, against a background of inherited political fragmentation, represents a major challenge to *regional economic integration*. At the same time diversity provides the rationale for pursuing mutually beneficial economic cooperation and regional integration which is undoubtedly essential for building markets; creating robust economies; increasing opportunities for growth and employment creation; and attracting new sources of investment finance. The present era of globalization has further accentuated the imperative of regional economic integration in the ECOWAS region and the other RECs in Africa (as well as at the continental level).

It is against this background that the paper will explore and analyse the labour market (LM)[and related employment challenges to regional economic integration in West Africa. This will be done mainly from the standpoint of two major concerns: (1) *imbalances and distortions in labour markets* which suppress sustainable socio-economic opportunities to increase employment and raise productivity; and (2) *restrictions on labour absorptive capacity* in the growth pattern, such infrastructure constraints, poorly developed financial markets, weak and imprecise regulatory procedures for investment and business, which prevent optimal use of human capital. Common to these two concerns is the lack of harmonization of policies, regulations and procedures that govern investment and trade at the regional and continental level which, in turn, reinforces labour market constraints to regional economic integration.

The paper will highlight what is arguably the most serious manifestation of the labour market challenges to sustainable development and economic integration in the ECOWAS region, the *youth challenge*. Like other regions in the continent, about two-thirds of the ECOWAS population are under 25 years; however, employment prospects for this large young population are far from promising – even for the better educated. The problem is further compounded by the continuing migration of skill and talent from the region – the so-called ‘brain drain’. Without prompt and adequate

interventions to address the current waste of human capital that is associated with high youth unemployment and underemployment in West Africa, the region's 'youth bulge' would represent a drawback on growth and indeed on the drive for regional integration, rather than good prospect for reaping a significant 'demographic dividend' as experienced by several fast growing countries in Asia in the 1980s and 1990s. The paper will demonstrate that in order to benefit from the potential created by demography for accelerating the pace of regional integration, ECOWAS countries should invest in young people through demand-driven skills training and knowledge needed for formal labour market participation, including literacy and numeracy, and meaningful and structured workplace learning experience. It will be emphasized that the need to catalyze and accelerate demographic transition to support regional integration requires not only effective labour market policies, but also compatible policies in other areas like education, health, trade and macroeconomic management. The point will also be made that the region's diaspora represents a significant resource for enhancing regional economic integration and transforming the brain drain into a brain gain.

In terms of what should be done to overcome labour market challenges to regional economic integration, the paper adopts a *political economy approach* that focuses on opportunities and interventions in specific areas that are crucial for achieving labour market and employment gains and driving the regional integration agenda. These include: access to education, training and productive knowledge; institutional development and capacity building; trade promotion and global competitiveness; infrastructure and agriculture investments; efficient management of natural resources; innovative and transformative regional and international partnerships, including trilateral relations; and government – business partnership opportunities. A wider political economy approach is regarded as practical and amenable to the urgent need to sensitize both public and private sector leaders and policy-makers in the ECOWAS region about the importance of labour market conditions for achieving and deepening regional economic integration. Implicit in a political economy approach that is focused on labour market challenges is the need for a growth pattern that is 'inclusive', in order to provide wider and equal access to sustainable employment and socio-economic opportunities for a broader number of people. The political economy approach also supports the view that solution to regional integration, particularly from the perspective of labour market challenges, is not so much about adoption of summit declarations and signing of agreements at regional and continental levels, or even about changing laws and regulations within countries; the vital question concerns "vested interests" of key stakeholders and, hence, a need to focus on the real reasons why economic and labour market institutions do not function as they are obliged by law and agreement to do or why multinational actions and regional public goods that imply mutual benefits are ignored by national entities.