

10. Regional Organizations or Economic Groupings II

Objectives

At the end of this chapter, students should be able to narrate the history of Lake Chad Basin Commission and the Niger Basin Commission, list the member countries and list the commissions' objectives.

10.1 Introduction

There is no better way to introduce these two economic communities than to quote the opening speech of (RTD) General Olusegun Obasanjo while playing host to The Niger Basin Commission in Enugu, Nigeria, in December 1977 (immediately after the FESTAC of 1977) "this Commission is a bridge and must be seen as such between the past, the present, and the future through its activities and functions to provide the community of the conventional Niger Basin (and one could add Chad Basin) with requisite collective will to surmount some of our social-economic difficulties". Some of these problems, according to the Nigerian head of state were the drought that struck Africa, south of the Sahara, the danger of fast encroaching desert, the scandalous devastation of herds of cattle and the decimation of the region's peoples by the drought, while the rich economic resources in the basin(s) did not make any impressive or positive contribution to the living standard of most of the inhabitants.

In other words, both basin's commissions were born with the same broad objectives in mind. The head of state continued, "since the River Niger unites rather than divides us, it is our sacred duty to preserve the origin". Basically, this was the thought in the mind of the founders of both organizations.

However, since each of the basins had a different history, career and achievements, it is appropriate to treat each of them separately here.

But one would say that these two basin commissions were founded on the altar of national emotions and practical economic and social problems of the areas.

10.2 The Lake Chad Basin Commission (LCBC)

Formation and Membership

This was founded on May 22, 1964 by convention and statute signed in N'Djamena, Republic of Chad, by heads of state of the four member countries. These four member states are Nigeria, Cameroun, Niger and Chad. Lake Chad Basin stretches between latitude 10° East covering approximately 427, 300 square kilometers of land and water in tropical Africa. The Lake Chad Basin Commission (LCBC) is an inter-African organization that links some Anglophone (old British colonies) and Francophone (old French colonies) African states around Lake Chad. Its meetings are held twice a year.

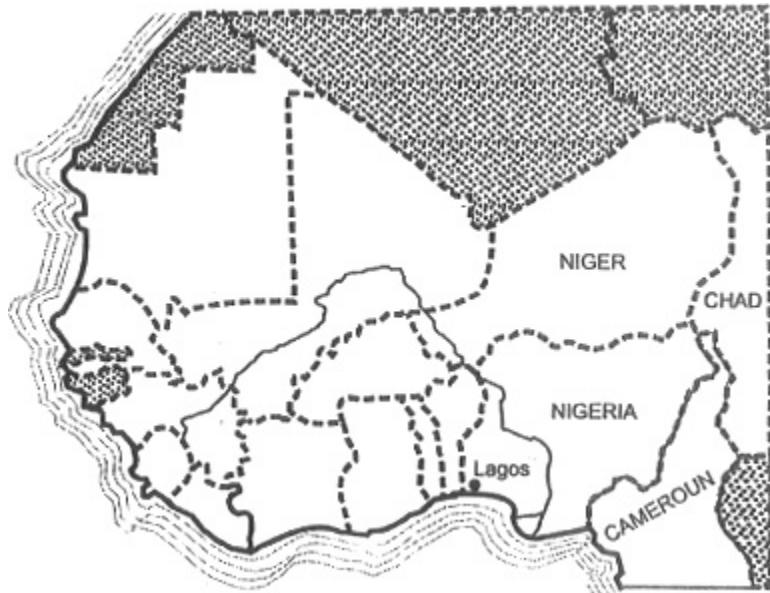


Fig. 10.1: Lake Chad Basin Commission

10.2.1 Objectives

These are the same for the Niger Basin Commission. Some of the objectives are:

- (a) To maintain a common destiny of the inhabitants of the basin who from time immemorial have been sharing the same historical heritage.
- (b) To intensify co-operation among the member states through control of the waters of the irrigation programmes.
- (c) To set up the means to regulate navigation and fishing on the Lake Chad; to develop plantations for the production of food crops which require processing.
- (d) To find answers to the absence of modern methods of production in agriculture fishing and other modes of occupation in which these developing; countries are connected.

10.2.2 The Secretariat as the Main Organ of the Commission

The Commission created a secretariat for the effective management of its operations. This secretariat employs, among others, experts and professionals including economists, agronomists, veterinarians, and engineers of both national and international repute. It maintains a payroll of over 300 permanent staff and a good number of daily paid workers serving on the various projects.

The secretariat serves as the executive organ of the commission and at its head is the executive secretary with six divisions – administration and economy, agriculture and animal husbandry, civil engineering, telecommunications, forestry and fisheries as well as water resources and hydrogeology.

10.2.3 Achievements

These are very impressive indeed.

- (a) In agriculture: The Federal Government of Nigeria, up to 1985, awarded contracts totaling ₦93,951, 803 for construction works in the following areas:

- (i) Bak Dyke (₦26,537,206)
 - (ii) Power Station and Civil Works (₦4,256,903)
 - (iii) Irrigation and drainage works (₦55,385,349)
 - (iv) Civil Works for power Station (₦7,772,845) – these figures were announced by Dr. William Osiogu, the Nigerian Minister for Works in 1976.
- (b) Other achievement are in the field of feasibility studies and pilot projects of its various programmes.
 - (c) With more funds and personnel, there have been achievements in integrated projects of accelerated development for the mutual benefit of the sub-region.
 - (d) In agriculture, the commission has four agricultural development centres, one in each member state. As at now, agricultural experts, hundreds of farm workers and trainee farmers are at work to extend each centre to as much as 1,250 acres of irrigated land.

A school of agricultural has been built in Nâ€™Gala, Nigeria, for training the extension workers of the four member states who will educate and assist farmers in modern methods of agriculture with a view to increasing food production.
 - (e) In order to improve animal husbandry in Assale and Serbeivel regions of Cameroun and Chad respectively, there are projects on wells, ponds and troughs; the creation of feed lots for grazing, as well as animal vaccination campaigns, are also undertaken for Nigeria and Niger.
 - (f) The Commission plans to create one fishing development centre in each member state in order to facilitate co-operation and ensure unmolested movement of fishermen of member countries.
 - (g) A re-afforestation plan to combat the effects of drought and desert encroachment in the region was launched in 1974 with the creation of a forestry reserve.
 - (h) A comprehensive water strategy for the basin has been drafted to ensure maximum use of extensive arable land of the basin. The commission has been engaged in digging wells and building boreholes for supplying water to villages and for irrigation purposes. (A lot of surface water from the rivers and the Lake is lost through evaporation during certain time of the year.)
 - (i) In the field of commerce, as far back as April 1973, the export agencies of member states produced a draft agreement for free trade in meat, cattle, and other agricultural products.
 - (j) On roads and communication, the Commission signed a grant agreement with the United States Agency for International Development (USAID) for financing the engineering basin and a rational use of its resources.
 - (k) At the 21st session of the Lake Chad Basin in June 1976, the Commissionâ€™s agreement for the construction of telecommunication facilities to link three cities in member countries was signed with the United States Agency for International Development (USAID) to include telephone, telegraph, telex and eventually television

services. Nâ€TM Djamena in Chad Republic, Kousseri in Cameroun Republic and Maiduguri, capital of Borno State in Nigeria were to be linked.

- (l) Another contract was for the financing of the final engineering designs of the commissionâ€™s road projects, with USAIDâ€™s assistance – the proposed projects are the Maltan/Foto Kol and Soujor/Yagona/Kaele Magada roads Maiduguri, capital of Borno in State of Nigeria.

10.2.4 Some of the Problems of the Basin

However, the Lake Chad Basin is â€œnot without its inherent problems. This was as revealed in a survey of Summer Journey through Chad Basinâ€ undertaken by Mustapha Lantaiwa in January 1988. According to him:

- (a) There is still need for more pest control.
- (b) Finance is still a limiting factor.
- (c) There is need for better study of surface and underground water.
- (d) Lake Chad water suffers occasional drying up.
- (e) The sub-region would benefit from more technical aid from friendly and sympathetic foreign governments and groups.

However, Lake Chad Basin Commission has been described as a shining example of unity of a sub-region of Africa.

10.3 The Niger Basin Commission (NBC)

As we said earlier on, this was also established due to the common ravages of economic, infrastructural and social inadequacies of a sub-region of Africa –part of the Sahara. It was formed in 1964 by eight countries: Nigeria, Cameroun, Mali, Republic of Benin, Chad, Guinea, Niger and Burkina Faso.

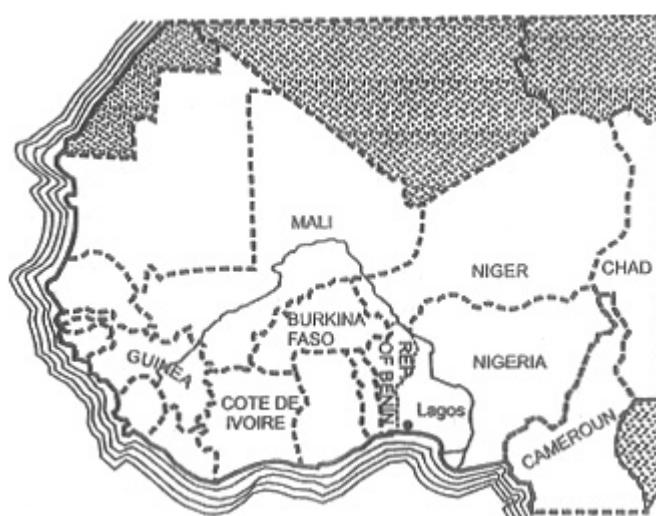


Fig. 10.2: Niger Basin Commission

10.3.1 Areas of Achievement

Principally, the areas of achievement are in the provision of water dams and irrigations for the production of agricultural products. All the member countries scored very highly in this regard, especially Nigeria which maintained one water basin authority in almost every state; examples of some authorities are Ogun/Osun, Owena, Hadejia, Niger Basin, etc.

Such projects have been greatly emphasized in Nigeria for example the 1986 budget gave a substantial amount to the River Basin authorities. However, there has been a lot of controversies as to whether value has been obtained for such large government investments on the river basin authorities. For instance, one argument is whether such large sums of money could not have been better utilized on small-scale farming. It has also been argued whether the water distribution from the dams, in some parts of northern Nigeria, has been effective.

But one issue is clear, there has been a great variety of staple food products emanating from the basin authority farm projects.

10.3.2 Major Problems of the Niger Basin Authority

These were highlighted in the address of General Obasanjo when playing host to one of the sessions of the commission in December 1977 at Enugu:

- (a) external aids were not fully utilized – he gave an example of one ₦12 million that was wasting away unused in spite of needs – even when at the same time, the total available finances were inadequate;
- (b) the Commission scored poorly in terms of concrete achievements;
- (c) the re-organization of the executive secretariat and preparation of the first five-year development programme have not succeeded – bringing about a change of attitude towards this regional organization;
- (d) there was a lukewarm attitude to the importance of the basin as a vehicle for development – a situation caused by member states and the bureaucracy of the Commission;
- (e) out of the many resolutions passed, only a few had been implemented;
- (f) the heads of states of member countries have not given the Commissionâ€™s management the leadership it deserves;
- (g) the Commission itself has done little to prove that it deserves encouragement and leadership;
- (h) no impact has been made on poverty alleviation, in spite of its fair increase in national income;
- (i) its irrigation programmes were adjudged too ambitious;
- (j) the provision of personnel and the materials needed for implementation programmes to cope with the problems highlighted are inadequate.

10.4 International Economic Groupings

10.4.1 European Economic Community (EEC)

This is otherwise known as The European Common Market or as recently called, the European Union. The EEC was formed in January 1958 with six original members: West Germany, France, Italy, Belgium, the Netherlands and Luxemburg. The U.K., Denmark and Ireland joined later in 1973. Greece became a full member in 1981, while Spain and Portugal joined in 1985.

(a) Objectives /Functions

- (i) To eliminate among member states duties, quantitative restrictions on trade, and to remove obstacles to the free movement of persons, services and capital.
- (ii) To establish a common customs tariff against non-members countries.
- (iii) To co-ordinate economic policies, including remedy to balance of payments problems.
- (iv) To adopt common policies on agriculture and transport.
- (v) To create an European Social Fund to improve employment opportunities and to raise standards of living in member countries.
- (vi) To establish an European Investment Bank in order to promote economic growth.
- (vii) In the final analysis, to achieve a political union and talk with one voice like the U.S.A.

(b) Obstacles

The EEC member states experience some problems

- (i) *Imbalance between contributions to EEC budget and benefits derivable:* For some of the members, the contributions they make towards EEC budget are far in excess of the aid they receive.
- (ii) *Loss of national sovereignty:* There is loss of individual memberâ€™s sovereignty. After joining the EEC, some member countries gave up their national parliamentary sovereignty for that of the EEC parliament. The United Kingdom in particular was restless about this change of national pride.
- (iii) *Higher food prices:* While surplus food production was dumped in markets outside the EEC at give away prices, members have to pay highly for agricultural products in order to see that the least efficient farmers have a decent living income. For instance, the U.K. which was noted for her tradition of low food prices became a high food price country immediately she entered the EEC.
- (iv) *Over-investment in agriculture leading to over-production:* The policy of protecting the least efficient farmer and the most efficient means over-investment of resources in agriculture and this leads to over-production.
- (v) *Uneconomic disposal of surplus agricultural products:* Surplus food items have to be dumped at subsidized prices to non-member states of the EEC.
- (vi) *Loss of local markets:* For some members, joining EEC meant losing some local markets for export goods and of their ample supply of cheap food and labour. For

instance, the U.K. experienced this with some of the commonwealth countries in West Africa, while Italy, West Germany and France had similar experiences with their former colonial states.

10.4.3 International Bank for Reconstruction and Development (IBRD) (The World Bank)

This is otherwise referred to as the World Bank. It was established in 1945 as a result of the UNO (United Nations Organization) Bretton Woods agreement of 1944, immediately, after World War II.

The IBRD was setup in order to redress some of the devastating consequences of the World War II. This was setup almost at the same time with the International Monetary Fund (IMF). It has 148 members which subscribed to the whole of its capital. It is governed by a Board of Governors, Executive Directors and a President.

Objectives/Functions

- (i) To lend money to the public sector or private institutions of member countries with guarantee from the central bank of the borrowing country.
- (ii) To give support to development corporations, such as Nigerian Industrial Development Bank now (Nigeria Industrial Bank).
- (iii) To work closely with private investors for the establishment and improvement of productive private enterprises in member states.
- (iv) The overall objective of IBRD is to raise standards of living in developing countries through making loans available for development projects; and providing technical assistance where there is none in the area of project appraisal.

Problems

- (i) The World Bank has been too rigid in its lending function. It could have adopted a more viable or client-friendly one.
- (ii) The non-liberal approach have not given the less developed countries (LDC) equal access to the World Bank like the developed nations.
- (iii) Some countries do not pay their dues.
- (iv) Some countries take loans and don't service their debts.

10.4.3 International Monetary Fund (IMF)

(a) Introduction

The IMF was established in 1947 as a result of a conference sponsored by the United Nations at Bretton Woods in New Hampshire, U.S.A. in 1944. IMF had then forty original members, with Ethiopia as the only African country. Now, there are 146 member states, 118 of which are from the Third World. It is run by a Board of Governors whose members are finance ministers or governors of the central bank of member countries.

(b) Objectives/Functions

The IMF objectives are:

- (i) Facilitate the expansion and balanced growth of international trade.
- (ii) Maintain orderly exchange arrangements and avoid competitive exchange depreciation among members, that is, to maintain a stable exchange rate.
- (iii) Assist in the establishment of a multilateral system of payments between members with the elimination of foreign exchange restrictions which hamper the growth of world trade.
- (iv) Lend financial resources on a short-term basis to members with serious balance of payments problems.
- (v) Give technical assistance to members who request it in respect of monetary and fiscal policies.

(c) Problems

- (i) *The preferential treatment to developed countries:* Because of the overwhelming influence of the industrially advanced countries (resulting from the Bankâ€™s operation of weighted system of voting), the Fund does not give enough attention to the problems of the less developed countries.
- (ii) *Rigidity of application:* As in the World Bank itself, the Fund is too rigid and its balance of payment support loans are given under terms of severe â€œconditionalityâ€ which often require the borrowing country to deflate its economy significantly to fulfil the terms.
- (iii) *Insufficiency of international liquidity (finance):* In spite of the objective of the Fund, supply of international liquidity is sometimes inadequate. This is because such supply is still tied to the availability of gold and dollars up to 25%.
- (iv) *No free convertibility all the time:* Because free convertibility of currency is tied to high gold reserves, it is not always possible for some national currencies to be freely converted all the time. For instance, Great Britain went off the free convertibility scheme between 1947 and 1959.
- (v) *Occasional devaluations:* Contrary to one major objective of maintaining stable exchange rates in accordance with the spirit and letter of the Bretton Woods agreement, member states on some occasions had to lower their exchange rates during periods of financial crises, e.g. the English pound sterling was devalued in 1951, 1955, 1961, 1964 and 1967. In 1967, Denmark and Spain did the same.

10.4.4 The United Nations Conference on Trade and Development (UNCTAD)

(a) Introduction

This conference was convened by the United Nations General Assembly in 1964 at the request of the less developed countries (LDC). Its headquarters was sited in Geneva, Switzerland. There are 140 member countries of which 130 are members of the UN. UNCTAD has been meeting in full session, at least once every four years since 1964.

(b) Objectives and Functions

- (i) To increase the share of the less developed countries in World trade.
- (ii) To facilitate the industrialization of the LDC.
- (iii) To increase the aid given by the developed countries to the less developed countries.

(c) Problems

- (i) *Talking-shop mainly*: It is full of much talk but little action.
- (ii) *Prevalence of grievances*: There are complaints about long-term decline in the commodity terms of trade economy of the LDC. There are fluctuations in the earnings from primary exports.
- (iii) There are tariff and non-tariff barriers in the market of the developed countries against the export of manufacturers and semi-manufacturers of the LDC.

Summary

Like the Economic Community of West African States (ECOWAS), the Lake Chad Basin Commission and the Niger Basin Commissions (LCBC and NBC respectively) were formed among some West African countries to foster not only the spirit of sub-regional co-existence but also for their economic, social and infrastructural development with a view to raising the standard of living of their people. Towards this objective, the LCBC concentrated seriously on the development of agriculture, water resources, re-afforestation, commerce and roads, and has an impressive record of achievements in all these fields. The NBC concentrated on the use of water dams and irrigation facilities to forge the growth of agricultural products and has recorded some success. But the question remains whether its performance could not have been better.

Some of the handicaps of LCBC include lack of funds and the occasional drying up of Lake Chad. However, as regards the NBC, some of its problems are from the member countries themselves, beside the non-availability of technical, financial and material aid.

The NBC has eight member countries while the LCBC has only four.

Revision Questions

Essay Questions

1. State some of the objectives of the LCBC.
2. Who are the member states of the NBC? State the date of its formation.
3. Some West African countries are members of the ECOWAS, NBC and LCBC at the same time. What do you consider the likely advantages and disadvantages of such plurality of membership?
4. Write short notes on any THREE of the following and state their objectives and advantages
 - (i) EEC, EC, EU
 - (ii) IBRD
 - (iii) IMF
 - (iv) UNCTAD

(v) ECOWAS

5. State and discuss FIVE problems facing the Niger Basin Commission.

Objective Questions

1. Which of the following groups belong to the Niger Basin Commission?
 - A. The Republic of Guinea, Burkina Faso and Nigeria
 - B. Ghana, Liberia and the Republic of Benin
 - C. Mali, Liberia and Nigeria
 - D. Ghana, Burkina Faso and Chad
2. One area of great achievement of the Basin Commissions is
 - A. ample provision of water dams and irrigation
 - B. pest control needs greater efforts
 - C. finance still proves a limiting factor to operations
 - D. there is room for more technical aids

(JAMB 1999)

3. Which of the following countries are members of the Lake Chad Basin Commission?
 - A. Nigeria and Mali
 - B. Benin and Nigeria
 - C. Niger and Cameroun
 - D. Chad and Benin

(JAMB 2002)

4. One of the main objectives of establishing the Niger Basin Commission was to
 - A. develop infrastructure to facilitate economic activities
 - B. promote trade among member states to improve standards of living
 - C. carry out research for the development of fresh water fisheries
 - D. embark on a comprehensive survey of the available water resources

(JAMB 2001)

5. The secretariat of the Niger Basin Commission is located at
 - A. Ouagadougou, Burkina Faso
 - B. Abuja, Nigeria
 - C. Niamey, Niger
 - D. Bamako, Mali

(JAMB 1995)

6. One of these does not agree with the aims and objectives of the Basin Commissions (Chad and Niger)
 - A. elimination of customs duties among member states
 - B. establishment of a fund for co-operation, compensation and development
 - C. elimination of balance of payment problems within member states
 - D. harmonization of agricultural policies
7. Which one of these is NOT a function of the IMF

- A. assisting members with serious balance of payment problems
 - B. stimulating the growth of international trade
 - C. giving technical assistance to members who request for it in respect of monetary and fiscal policies
 - D. facilitating a pool of gold resources and national carriers on behalf of members
8. Which of these organizations is also known as the International Bank For Reconstruction and Development?
- A. the World Bank
 - B. United Nations Conference on Trade and Development
 - C. IMF
 - D. the Bank for Commerce and Industries
9. One positive achievement of the World Bank is that
- A. it was responsible for some national reconstructions in Europe after World War II
 - B. it never made enough international liquidity available for growth of international trade
 - C. some of its loans are tied to severe conditionalities
 - D. some of its prescriptions for financial crises are unsuitable to African economies
10. The secretariat of UNCTAD is at
- A. Abuja, Nigeria
 - B. Geneva, Switzerland
 - C. Bonn, Germany
 - D. London, England

Project

On a map of West Africa

1. Show all the member states of
 - (i) NBC
 - (ii) LCBC
2. Indicate, if any, other countries in West Africa which do not belong to any of the three economic blocs discussed in this chapter.