

Economic Integration and Economic Growth in ECOWAS Nations

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Abstract

The study explored the relationship between economic integration and economic growth in ECOWAS from 1986 to 2023. It utilized panel ARDL techniques, employing Pooled Mean Group (PMG) and Mean Group (MG) estimators, along with the Dumitrescu & Hurlin Granger non-causality test. The findings revealed that economic integration positively correlates with economic growth in both the short and long term, although significance is only evident in the long run. In contrast, trade integration showed a positive but insignificant relationship with economic growth across both timeframes, while financial integration exhibited a negative and insignificant relationship with growth in both the short and long term. The causality test indicated that economic integration has a one-way causation toward economic growth; there are bidirectional causal links between trade integration and economic integration; a two-way causation exists between financial integration and economic integration; and there is a one-way causal relationship from trade integration to financial integration. Based on these findings, the study recommends that policymakers in ECOWAS prioritize the deepening and sustaining of economic integration initiatives, with a focus on enhancing regional cooperation in infrastructure, trade policies, and regulatory frameworks to achieve long-term growth benefits. To strengthen trade integration, ECOWAS countries should invest in export capacity, reduce bureaucratic hurdles, and support competitive industries while implementing trade facilitation and capacity-building programs. The negative impact of financial integration on growth underscores the need to bolster financial systems by improving regulatory oversight, advancing capital market development, and promoting financial stability through robust institutional frameworks. Moreover, it is essential to establish stronger regional institutions to monitor financial and trade flows and provide technical support for effectively managing and harmonizing integration processes.

Keywords: *Economic Integration, Trade Integration, Financial Integration, Economic Growth and ECOWAS.*

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Background to the Study

Economic growth is a fundamental objective for both developing and developed countries, as it plays a vital role in enhancing productive employment through improved labour productivity. This growth is derived from the augmentation of both the quality and quantity of production factors, which include land, labour, capital, and entrepreneurship (Orji, Okafor, Obi, & Ukeje, 2022). It is essential for advancement since it elevates living standards, alleviates poverty and unemployment, and extends life expectancy. Nevertheless, attaining economic growth poses significant challenges for developing nations. In response to these challenges, developing nations have adopted economic integration strategies by establishing trading blocs and economic communities aimed at dismantling barriers and promoting the movement of goods, services, capital, and labour. In Africa, the various trade blocs and economic communities include the Southern African Development Community (SADC), Southern Africa Customs Union (SACU), Economic Community of Sahelian Countries (CEN-SAD), Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Economic Community of Central African States (ECCAS) and Economic Community of West African States (ECOWAS) among others (Olaniyan, 2008; Tanyanyiwa & Hakuna, 2014).

The neoclassical growth theory provides a comprehensive framework for understanding how economic integration influences economic growth by focusing on three core determinants: capital accumulation, labour, and technological progress. According to this theory, economic growth is driven primarily by an increase in capital stock, the effective use of labour, and advancements in technology. Economic integration enhances these growth drivers by enabling smoother capital flows across borders, which can lead to greater investment and improved resource allocation. It also promotes labour mobility, allowing workers to move to areas where their skills are most needed, thereby increasing productivity. Furthermore, by reducing trade barriers and harmonizing economic policies, integration facilitates the diffusion of technology and innovation, as countries are able to share and adopt new technologies more efficiently. Empirical research, including studies by Orji, et al (2022); Ejones, Agbola, and Mahmood (2021); Shah (2020); and Nguyen, Bui, and Vo (2019), supports this theory by demonstrating that economic integration stimulates economic growth.

The Economic Community of West African States (ECOWAS) was established on May 28, 1975, with the signing of the Treaty of Lagos. ECOWAS, comprising 15-member states, including Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Nigeria, Senegal, Sierra Leone, Togo, Mali, and Niger aims to promote economic integration by removing trade barriers, harmonizing economic policies, and creating a large unified market that can attract investment and stimulate economic activities (ECOWAS Treaty, 1975). Furthermore, the formation of ECOWAS was driven by the recognition that regional cooperation could mitigate the economic challenges faced by individual countries, many of which were grappling with underdevelopment, limited industrialization, and the remnants of colonial economic structures (Bassey, Etefia & Ebong, 2024; Klaus, 2024).

Despite its ambitious goals, ECOWAS countries faces numerous challenges in achieving full economic integration. These include political instability, economic disparities among member states, inadequate infrastructure, and differing levels of commitment to integration policies (Alexander & Dimas, 2021). Additionally, non-tariff barriers, bureaucratic bottlenecks, and limited financial resources hinder the smooth implementation of integration initiatives. Moreover, external factors such as global market fluctuations and international trade agreements further complicate the dynamics of regional integration (Orang & Gabsa, 2024). Grasping how these elements interact is essential for evaluating the effect of economic integration on growth within ECOWAS nations. The subsequent sections of this paper are structured as follows: Section two outlines the literature review; and section three details the methodology employed. Section four discusses the results, while section five concludes with recommendations.

Literature Review

Conceptual Issues

Economic Integration

Economic integration refers to the process by which countries or regions reduce trade barriers and increase economic cooperation, leading to a more interconnected and interdependent economic landscape. The primary objective of economic integration is to enhance the efficiency of resource allocation, promote trade among member countries, and ultimately foster economic growth. Adeyemo (2023) defines economic integration as the process of lowering trade barriers and enhancing coordination between countries to encourage cross-border trade and investment. This can include removing tariffs on goods and services, establishing shared markets, and aligning economic policies among participating nations. Economic integration happens when neighbouring countries agree to merge their economic activities and coordinate policy efforts to achieve shared economic or political objectives. Orji, et al (2022) defined economic integration as the process of enhancing connectivity within a region's economies through improved collaboration supported by unified policies and initiatives.

Nguyen, Bui, and Vo (2019) argue that economic integration encompasses three main dimensions: overall integration, financial integration, and trade integration. Overall integration refers to the broad process of aligning and coordinating economic activities and policies among countries or regions to enhance economic cooperation. Financial integration involves the integration of financial markets and institutions, allowing for the free flow of capital and investment across borders, which helps synchronize financial policies and practices. Trade integration focuses on reducing barriers to trade, such as tariffs and quotas, to facilitate the smooth exchange of goods and services between nations. Together, these dimensions work to create a more interconnected and cooperative economic environment.

Economic Growth

Guru (2016) described economic growth in two ways: first, as a steady annual rise in a country's real national income over a long period, reflecting an upward trend in net national product at constant prices; second, as an annual increase in real per capita income over time.

According to Ayemere and Onyeukwu (2022), economic growth refers to the total market value of all finished goods and services made within a country's borders over a certain time span. According to Ijirshar (2015), economic growth encompasses the augmentation of an economy's potential to manufacture goods and services when compared between distinct time intervals. Ogundipe (2022) defined economic growth as the proportion of a country's annual production of goods and services to its population size. Anyanwu and Ojima (2021) defined economic growth as the progressive augmentation in the output of goods and services, encompassing the utilization of all economic production factors.

Theoretical Framework

Neoclassical Growth Theory

The neoclassical growth theory, which was developed primarily by Robert Solow and Trevor Swan in the 1950s, posits that long-term economic growth is determined by three main factors: labour, capital, and technological progress. At its core, the neoclassical growth model posits that long-term economic growth is driven by technological advancements and increases in capital and labour, while acknowledging the role of diminishing returns to capital and labour in the growth process. In the neoclassical model, the production function is typically characterized by diminishing returns to capital, meaning that as more capital is added, the additional output produced from each extra unit of capital decreases. This is contrasted with technological progress, which can offset the diminishing returns by making capital and labour more productive. The model emphasizes that the economy will converge to a steady-state level of output per worker, where growth in output per worker is driven primarily by technological progress rather than by the accumulation of capital alone.

Economic integration can be seen as a catalyst for economic growth within the neoclassical framework. By reducing barriers to trade and investment, economic integration increases the efficiency of capital allocation, leading to higher returns on investment. This enhances the accumulation of capital, a key factor in the neoclassical growth model. Moreover, integration facilitates the transfer of technology and innovation between countries, which can boost the overall level of technological progress in integrated economies. This technological diffusion is crucial for sustaining long-term growth, as emphasized by neoclassical theory. Integration also expands markets, allowing firms to benefit from economies of scale, increasing demand, and encouraging investment in production capacities. This not only raises capital accumulation but also drives technological advancements through heightened research and development. Furthermore, increased competition from integration spurs efficiency improvements and innovation, further promoting economic growth.

Economic Integration Theory

Economic integration theory, as articulated by Bela Balassa in the 1960s, is a foundational concept in international economics that describes the process through which countries reduce trade barriers and increase economic cooperation (Balassa, 1961). Balassa's work focuses primarily on the stages of economic integration, which he categorized into five distinct levels: preferential trade agreements, free trade areas, customs unions, common markets, and economic unions (Balassa, 1961). Each stage represents a deeper level of integration among

participating countries, with varying degrees of policy coordination and economic harmonization. The first stage, preferential trade agreements (PTAs), involves the reduction or elimination of tariffs between member countries for specific products. This arrangement allows member nations to gain a competitive advantage over non-member countries but does not require comprehensive policy alignment. The second stage is the formation of free trade areas (FTAs), where member countries agree to eliminate tariffs on goods traded among themselves while maintaining their own external tariffs against non-member countries. This stage promotes intra-regional trade but still allows for individual national policies regarding external trade.

The third stage involves the establishment of customs unions, which not only eliminate internal tariffs among member states but also adopt a common external tariff against non-member states. This requires a higher degree of policy coordination as members must agree on tariff rates for imports from outside the union. The fourth stage is the creation of common markets, which go beyond customs unions by allowing for the free movement of labour and capital among member states. This level necessitates further harmonization of regulations and policies to facilitate cross-border economic activities. Finally, Balassa identifies economic unions as the most advanced form of integration. Economic unions involve not only a common market but also coordinated monetary and fiscal policies among member states. This level requires significant political commitment and institutional frameworks to manage shared economic policies effectively. Balassa's theory emphasizes that while deeper integration can lead to increased efficiency and economic growth, it also poses challenges related to sovereignty and national policy autonomy. Balassa (1961) emphasized that each stage builds upon the previous stage, leading to increased levels of cooperation and interdependence among nations. This process enhances trade flows, increased efficiency, technological advancement, and ultimately higher rates of economic growth.

Empirical Review

Evgeniya and Maksim (2024) explored the impact of regional integration on economic performance in the Eurasian Economic Union (EAEU) from 1995 - 2020 through random effect panel data analysis. The study revealed that EAEU membership positively influences trade flows, and negatively impacts employment levels. Amaewhule and Ezeoma (2022) investigated economic integration and growth in the Economic Community of West African States (ECOWAS) from 2000 - 2021 using generalized method of moments (GMM) techniques. The study findings showed that increased export trade boosts GDP in ECOWAS nations, whereas increased import trade hinders economic growth. In a similar study, Orji et al. (2022) assessed the impact of regional integration on the economic progress of ECOWAS nations between 2010 and 2020, employing instrumental variable regression and dynamic panel data methods within the GMM-SYS framework. The study concluded that while aggregate regional integration has a positive and insignificant relationship with economic growth; trade and financial integration significantly and positively affect economic growth in ECOWAS countries.

Ejones, Agbola, and Mahmood (2021) examined the impact of regional integration on economic growth in the East African Community (EAC) from 1988 - 2017. Using feasible generalized least squares (FGLS) and panel corrected standard error (PCSE) estimators for data analysis, they reported that regional trade agreements (RTAs) and trade openness positively influence economic growth. RTAs within the same region have a more pronounced effect on economic growth. Shah (2020) examined the relationship between regional economic integration and economic growth in South Asian countries from 1980 - 2015 via the continuously-updated and bias-corrected (CupBC) method and the Dumitrescu–Hurlin panel causality test. The findings suggest that economic integration significantly spurs economic growth in this region, but both democracy and human capital are negatively related to economic growth. Additionally, bidirectional causality was found between economic integration and democracy, regional integration and human capital, democracy and human capital, and democracy and labour. Nguyen, Bui, and Vo (2019) studied the economic integration and growth nexus in Vietnam from 1986 - 2015 via the Autoregressive Distributed Lag (ARDL) model and the Granger causality test. The study found that economic integration positively impacts economic growth, with causal relationships existing between overall integration and financial integration, as well as between trade integration and financial integration.

Methodology

The study examined the nexus between economic integration, and economic growth in ECOWAS between 1986 - 2023 using ex-post facto research design. The types of data used were economic growth rate obtained from world bank, as well as economic integration index, trade integration index and financial integration index obtained from the KOF Swiss Economic Institute. The data collected were analysed using panel ARDL and Dumitrescu & Hurlin Granger non-causality test.

Theoretical model and model specification

Following economic integration theory, Balassa, (1961) argued that growth is determined by economic integration. Thus,

$$EGR = EII \tag{1}$$

Where EG represent economic growth rate and the EII represents the economic integration index. However, the model developed by Nguyen et al (2019) decomposed economic integration into overall economic integration index (OEI), trade integration index (TII) and financial integration index (FII) which was adopted as the study model. Thus, equation (1) becomes:

$$EGR = f(OEI, TII, FII) \tag{2}$$

Transforming equation (2) into stochastic and panel forms results in the following equation:

$$EGR_{it} = \beta_0 + \delta EGR_{i,t-1} + \beta_1 OEI_{it} + \beta_2 TII_{it} + \beta_3 FII_{it} + \mu_{it} \tag{3}$$

In line with a standard dynamic panel data model, which includes a lag of the dependent variable as a regressor, a panel ARDL model is specified as follows:

$$y_{it} = \alpha y_{i,t-1} + \beta' x_{it} + \mu_{it} \quad (4)$$

$$\mu_{it} = \eta_i + \varepsilon_{it} \quad (5)$$

By applying the standard linear dynamic panel model to equation (3), the models can be rephrased as follows:

$$EGR_{it} = \beta_0 + \delta EGR_{i,t-1} + \beta_1 OEI_{it} + \beta_2 TII_{it} + \beta_3 FII_{it} + \eta_i + \varepsilon_i \quad (6)$$

Where β_0 represents the intercepts and β_1 to β_3 are the parameter coefficients to be estimated for the growth model.

The error correction version of equation (6) is given by:

$$\Delta EGR_{it} = ec_{i,t-1} + \sum_{j=1}^p \delta_j \Delta EGR_{i,t-j} + \sum_{j=0}^p \beta_{1j} \Delta OEI_{i,t-j} + \sum_{j=0}^p \beta_{2j} \Delta TII_{i,t-j} + \sum_{j=0}^p \beta_{3j} \Delta FII_{i,t-j} + \eta_i + \varepsilon_i \quad (7)$$

Where the error correction term ($ec_{i,t-1}$) for the growth model is as follows:

$$ec_{i,t-1} = \theta_i [EGR_{i,t-1} - \beta_1 OEI_{it} - \beta_2 TII_{it} - \beta_3 FII_{it}]$$

The group-specific speed of the adjustment coefficient, $\theta_i = -(1 - \delta_i)$, is expected to be less than zero ($\theta_i < 0$). This coefficient measures how long it takes the system to return to its long-run equilibrium following any distortions. The variables are expected to have a positive a priori expectation.

Estimation Procedure

The study employed several econometric techniques to ensure robust analysis of panel data. It used panel unit root tests, specifically the Im, Pesaran, and Shin (IPS) and Levin, Lin, and Chu (LLC) tests, to assess the stationarity of variables, with Breitung confirming the results. The aim was to have variables either stationary at level, $I(0)$, or integrated of order one, $I(1)$. Given the study's larger time series relative to cross-sections ($T > N$), the study preferred dynamic panel ARDL models, applying the Pooled Mean Group (PMG) and Mean Group (MG) estimators. The PMG constrains long-run coefficients across countries, while the MG allows full heterogeneity. The Hausman test was used to decide between PMG and MG, based on long-run homogeneity assumptions. The study also employed the Dumitrescu & Hurlin Granger non-causality test, accounting for cross-sectional dependence and allowing for heterogeneous causality across countries, making the analysis more flexible and applicable to the varying economic structures in ECOWAS nations.

Results and Discussion

Panel Unit Root Test

The panel unit root tests are carried out using the Levin, Lin, and Chu (LLC) test, the Im, Pesaran, and Shin (IPS) test, and the Breitung test. In the literature, these tests are categorized into stationary versus non-stationary tests, tests for cross-sectional independence versus cross-sectional dependence, and tests for homogeneous versus heterogeneous cases. Consequently, the results for these tests on the relevant variables are summarized and displayed in Table 3.

Table 1: Panel Unit Roots Test Results

Variables	Im, peseran and shin (IPS)		Livin, Lin and Chu (LLC)		Breitung	
	w-t-b stat	P-Value	Adjusted t-stat	P-Value	Lambda stat	P-Value
EGR	-9.2877	0.0000***	-7.4755	0.0000***	-6.0118	0.0000***
OEI	2.6995	0.9965	-2.0390	0.0207***	5.0382	1.0000
TII	-1.9903	0.0233***	-1.7490	0.0401***	-1.1377	0.1276
FII	0.0550	0.5219	0.8075	0.7903	-1.1696	0.1211
First Differences						
D.EGR	-22.3648	0.0000***	-17.5747	0.0000***	-6.0876	0.0000***
D.OEI	-15.9141	0.0000***	-14.7093	0.0000***	-7.9349	0.0000***
D.TII	-14.1626	0.0000***	-12.2004	0.0000***	-8.9150	0.0000***
D.FII	-15.1292	0.0000***	-13.4950	0.0000***	-9.5010	0.0000***

Source: Authors' Computed from STATA 17 Output.

Table 1 indicates that the integration properties of each series differ across the various tests, generally ranging between I(0) and I(1). For example, the LLC test shows that the economic growth rate, overall economic integration, and trade integration are stationary at levels, whereas financial integration is stationary at the first difference. In contrast, the IPS and Breitung tests reveal that the economic growth rate and trade integration are stationary at levels, while overall economic integration and financial integration are stationary at the first difference. As a result, the conclusions derived from the Breitung test align with those from the IPS test. This reflects a mixed order of integration among the variables, thus supporting the application of the panel ARDL method.

Granger Non-causality Test

This study examined the panel granger non-causality test between economic integration and economic growth in ECOWAS using Dumitrescu & Hurlin (2012) granger non-causality test and the result is presented in Table 2.

Table 2: Dumitrescu & Hurlin (2012) Granger non-causality test results

Null Hypothesis	Zbar statistics	Prob
OEI does not Granger-cause EGR	2.5373	0.0112***
EGR does not Granger-cause OEI	1.6561	0.0977
TII does not Granger-cause EGR	1.7441	0.0811
EGR does not Granger-cause TII	-0.0860	0.9314
FII does not Granger-cause EGR	0.0625	0.9501
EGR does not Granger-cause FII	0.7912	0.4288
TII does not Granger-cause OEI	2.7630	0.0057***
OEI does not Granger-cause TII	2.9930	0.0028***
FII does not Granger-cause OEI	2.4448	0.0145***
OEI does not Granger-cause FII	4.5319	0.0000***
FII does not Granger-cause TII	0.9530	0.3406
TII does not Granger-cause FII	2.3803	0.0173***

Source: Authors' Computed from STATA 17 Output.

Table 2 show that there is a unidirectional causation running from economic integration to economic growth. This means that when economies become more integrated, it is expected that their economic performance will improve. This finding aligns with the findings of Shah (2020) and Nguyen, Bui, and Vo (2019). Furthermore, there is bidirectional causality between economic integration and trade integration. This implies that, as countries become more economically integrated, their trade relationships and activities increase, and vice versa. This mutual relationship suggests a positive feedback loop where efforts to enhance trade can also promote broader economic integration, and policies encouraging economic integration may naturally lead to an expansion in trade activities. Similarly, there is bidirectional causality between economic integration and financial integration. This means that as countries reduce trade barriers and enhance economic cooperation, they also tend to liberalize their financial markets, allowing for greater cross-border investment and financial flows. Conversely, as financial markets become more integrated, they facilitate trade by providing access to capital and reducing transaction costs, thereby promoting further economic integration. This finding agrees with the findings of Nguyen, Bui, and Vo (2019). Last, there is one-way causal relationship running from trade integration to financial integration. This suggest that when countries become more engaged in international trade, it encourages and necessitates greater financial flows and cross-border investment opportunities, thereby deepening financial integration.

Panel ARDL Test

The selection of the Panel-ARDL framework is supported by the integration characteristics of the variables utilized in the model. Nevertheless, this study applies robust heterogeneous panel techniques, specifically the Pooled Mean Group (PMG) and Mean Group (MG) estimators.

Table 3: Panel ARDL regression results

Variables	MG	PMG
Long Run Estimates		
OEI	0.434 (0.115)	0.075 (0.003)***
TII	0.133 (0.067)	0.048 (0.083)
FII	0.118 (0.485)	-0.009 (0.735)
Short Run Estimates		
OEI	-0.351 (0.544)	0.142 (0.612)
TII	0.029 (0.745)	0.047 (0.609)
FII	-0.072 (0.194)	-0.097 (0.189)
ECT(-1)	-0.605 (0.000)***	-0.920 (0.000)***
Hausman test		
X² (Prob)		
MG vs. PMG	2.88 (0.4109)	

Source: Authors' Computed from STATA 17 Output.
Probabilities in brackets ()

Table 3 displays the estimation results from the analysis conducted in this study, featuring Panel ARDL models estimated using the Pooled Mean Group (PMG) and Mean Group (MG) methods. The Hausman test is applied to identify the most efficient model under the null hypothesis. In comparing MG and PMG using the Hausman test, the results indicate that the null hypothesis favouring PMG cannot be rejected, suggesting that PMG is more suitable than MG. Thus, PMG is identified as the most efficient estimator among the heterogeneous estimators evaluated.

Based on the PMG estimator, several significant findings emerge. Economic integration has a positive relationship with economic growth both in the short and long run but was only significant in the long run, implying that economic integration only have a long run effect on economic growth in ECOWAS nations. This is theoretically plausible. This means that the immediate benefits of integration, such as increased trade or investment, are not substantial enough to produce noticeable or statistically significant changes in economic growth over the short term. The long-term significance, however, implies that economic integration plays a crucial role in shaping economic development over time. This could be because the full benefits of economic integration, such as enhanced cross-border investments, economies of scale, better allocation of resources, and improved competitiveness, take time to materialize. In the short run, countries may face adjustment costs, such as industry restructuring or shifts in employment patterns, aligning regulations, and overcoming initial trade imbalances which can temporarily dampen growth. However, the long-term significance of the relationship

indicates that the full economic benefits of integration in ECOWAS nations unfold gradually. Over time, as countries reduce trade barriers and harmonize policies, they experience increased economic cooperation, higher levels of trade, and more foreign direct investment. This leads to better resource allocation, enhanced productivity, and the diffusion of technology and innovation. In the long run, these cumulative benefits drive significant and sustainable economic growth across the region. Thus, for ECOWAS nations, this indicates that sustained integration efforts are crucial for fostering long-term economic development, even if short-term gains are limited. This finding corroborates with the findings of Orji, et al (2022), Shah (2020), and Nguyen, Bui, and Vo (2019).

Similarly, trade integration exhibited a positive and insignificant relationship with economic growth in ECOWAS countries both in the short and long run. This means that, although trade integration may lead to some economic benefits like increased trade volumes, access to larger markets, and improved resource allocation, these effects have not been substantial enough to significantly influence overall economic growth in the ECOWAS region. This could be that ECOWAS countries may not be exporting enough goods and services to fully capitalize on the potential benefits of trade integration, such as increased market access, foreign exchange earnings, and greater economies of scale. Insufficient export activity can limit the gains from trade, as countries cannot effectively leverage external markets to boost production, investment, and overall economic growth. The finding implies that trade integration alone has not been a strong driver of growth for ECOWAS economies, and other supportive measures may be needed to enhance its effectiveness. This study agrees with findings of Evgeniya and Maksim (2024), and Ejones, Agbola, and Mahmood (2021).

Lastly, financial integration exerts a negative and insignificant relationship with economic growth in ECOWAS nations both in the short and long run. This could be due to several factors inherent in the region's economic and financial landscape. Firstly, financial integration might expose these economies to external shocks and volatility from global markets, which they may not be adequately equipped to handle due to underdeveloped financial systems or regulatory frameworks. Secondly, the benefits of financial integration, such as increased capital flows and investment opportunities, might not be evenly distributed across all member states, leading to disparities in growth outcomes. Additionally, if local industries are unable to compete with foreign entities due to lack of competitiveness or innovation, financial integration could result in capital flight or crowding out of domestic investments. Furthermore, weak institutional structures and governance issues prevalent in some ECOWAS countries can hinder the effective utilization of integrated financial resources for productive purposes. This finding is at variance with the findings of Caporale, Sova, and Sova, (2023). Moreover, the error correction term (ECM) had a negative sign in the expected direction, signifying a statistically significant relationship. This suggests that if there is a temporary deviation from the long-run equilibrium, the variables possess the capacity to adjust and return to their normal equilibrium relationship within a relatively fast period.

Conclusion and Recommendations

The findings indicate a nuanced relationship between economic integration and economic growth in ECOWAS nations. Economic integration overall has a positive impact on growth, but its significance is only evident in the long run. This suggests that while integration efforts, such as reducing trade barriers and improving economic cooperation, may not yield immediate substantial results, they are crucial for long-term sustainable growth in the region. On the other hand, trade integration shows a positive but statistically insignificant relationship with growth in both the short and long run. This suggests that, although efforts to promote trade are beneficial, they have not been strong enough to significantly boost economic growth in ECOWAS. Finally, financial integration has a negative and insignificant relationship with growth in both the short and long run. This negative outcome implies that financial integration may not be beneficial to economic growth in its current form within the region, possibly due to issues such as weak financial systems, capital flight, or insufficient regulatory frameworks. Based on the findings, the study recommends the followings:

- i. Given that economic integration has a significant impact on growth in the long run, policymakers in ECOWAS should focus on deepening and sustaining integration initiatives. This includes enhancing regional cooperation on infrastructure, trade policies, and regulatory frameworks to ensure that the benefits of integration fully materialize over time.
- ii. To make trade integration more effective, ECOWAS countries should prioritize policies that enhance their export capacity. This could include investing in infrastructure, reducing bureaucratic barriers, and supporting industries that can compete in international markets. Trade facilitation and capacity-building initiatives would help countries take better advantage of the opportunities provided by trade integration.
- iii. The negative relationship between financial integration and economic growth suggests that financial markets within ECOWAS may not be fully equipped to handle the pressures of integration. It is important to strengthen the region's financial systems by improving regulatory oversight, enhancing capital market development, and promoting financial stability. Policymakers should ensure that financial integration is accompanied by strong institutional and regulatory frameworks to mitigate risks such as capital flight or financial instability.
- iv. Given the diverse economic structures in ECOWAS, building stronger regional institutions that can manage and harmonize integration processes is essential. This includes setting up monitoring mechanisms for financial and trade flows, providing technical support to member countries, and facilitating the adoption of best practices in trade and financial management.

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