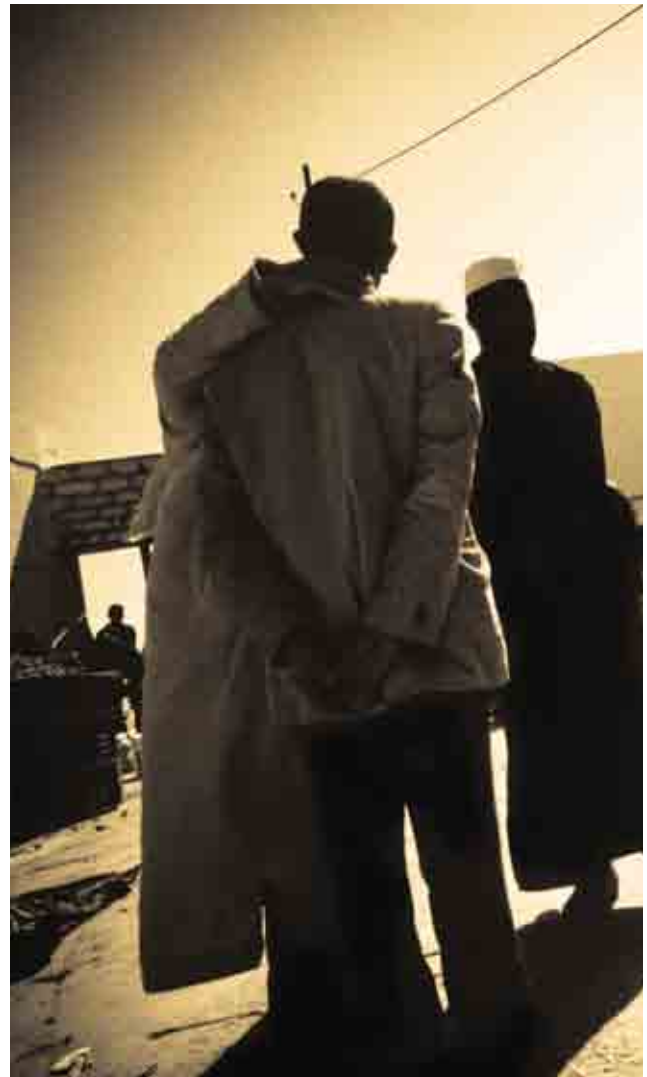




RESEARCH REPORT 18

Governance and APRM Programme

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Puzzling Over the Pieces

Regional Integration and the African Peer Review Mechanism

Terence Corrigan

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SAIIA has been working on the APRM since its inception in 2003. The programme has previously undertaken work in 22 African countries, developed an online APRM Toolkit with vital information on the APRM process, produced an extensive body of innovative research on governance and the APRM and has frequently commented on African governance issues in South African and international media. The programme is funded by the Swiss Agency for Development and Cooperation (SDC).

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ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
AEC	African Economic Community
AMU	Arab Maghreb Union
APRM	African Peer Review Mechanism
AU	African Union
BLNS	Botswana, Lesotho, Namibia and Swaziland
CEN-SAD	Community of Sahel-Saharan States
CET	common external tariff
CFA	Communauté Financière d'Afrique
COMESA	Community of Eastern and Southern African States
CRM	Country Review Mission
CRR	Country Review Report
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EPA	economic partnership agreement
EU	European Union
FTA	free trade agreement
GDP	gross domestic product
IGAD	Intergovernmental Authority on Development
MMTZ	Malawi, Mozambique, Tanzania and Zambia
NEPAD	New Partnership for Africa's Development
NPoA	National Programme of Action
OAU	Organisation of African Unity
REC	regional economic community
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAIIA	South African Institute of International Affairs
TFTA	Tripartite Free Trade Area
UNECA	UN Economic Commission for Africa
UNCTAD	UN Conference on Trade and Development
WAEMU	West African Economic and Monetary Union
WAMZ	West African Monetary Zone

EXECUTIVE SUMMARY

Regional integration has long been recognised as an important vehicle for Africa's development; currently, the African Union (AU) officially intends achieving a continent-wide common market by 2023 and a currency union by 2018. One of the goals of the African Peer Review Mechanism (APRM), the continent's indigenous governance assessment system, is to promote regional integration. The enquiries it has made into the integration attempts and experiences of the 19 countries that have undergone review so far provide valuable new insights.

In addition to a strong rhetorical commitment to integration on the part of successive generations of the continent's leadership, an extensive institutional architecture has been developed – predominantly in the form of regional economic communities (RECs) – to encourage co-operation and facilitate integration among neighbours. However, actual progress on integration has been limited. Some groupings have achieved free trade areas or customs unions, but none has advanced beyond this. Benefits from integration endeavours have been modest, entailing some increases in trade (with different communities reaping variable rewards) and some benefits in terms of infrastructure. Much remains to be done.

A range of dynamics has undermined Africa's efforts at regional integration. Politically, African countries have shown little desire to relinquish their sovereignty, and little supranational authority exists to ensure that countries remain committed to integration. Moreover, many hold multiple memberships of various regional communities, which commits them to sometimes conflicting goals, particularly as the degree of integration becomes deeper – it is, for example, not viable for a country to belong to two customs unions. Many African countries lack the administrative capacity to drive an integration agenda. Poor infrastructure may make political commitments or actions relatively meaningless in terms of actual benefits. Security concerns also divert the attention of regional bodies, and increase the reluctance of some countries to risk exposure to the problems of others.

These factors are compounded by a fear of the economic implications of opening borders – for example, states fear losing customs revenue, and smaller economies fear being unable to compete with their larger neighbours.

For most African countries, there is the additional matter of their relationships with non-African countries. Frequently, trade with these countries is far more important than with their neighbours, implying that there is only a modest incentive to pursue integration. This is especially the case where, as in the case of economic partnership agreements (EPAs), these two sets of relationships might not align neatly.

Finally, integration in Africa has found little space for non-governmental actors (such as business and civil society) to make a contribution. Although the need to involve them has been recognised, the generally statist orientation of integration efforts thus far has largely excluded important constituencies whose involvement might have given these efforts direction and purpose.

The report concludes by calling for a more focused and simplified integration agenda, one that primarily concerns itself with trade and dealing with the various hurdles. This must be accompanied by resolute political will that aims to see realistic goals translated into reality.

CHAPTER 1

INTRODUCTION

If properly conceived, regional integration offers many advantages for developing countries. First, closer trading links between these countries would strengthen their capacity to participate in world trade. Regional integration would enable many countries to overcome the obstacles represented by their relatively small domestic markets, by enabling producers to realize greater economies of scale and benefit from the establishment of regional infrastructures. A regional approach in key structural areas – such as tariff reduction and harmonization, legal and regulatory reform, payment systems rationalization, financial sector reorganization, investment incentive and tax system harmonization, and labour market reform – enables participating countries to pool their resources and avail themselves of regional institutional and human resources, in order to attain a level of technical and administrative competence that would not be possible on an individual basis. The regional approach also allows countries to assert their interests from a stronger and more confident position in the international arena.

Alassane Ouattara,
former Deputy Managing Director of the International Monetary Fund, 1999¹

Among the most important issues facing Africa is that of regional integration. As is true around the world, expanding technologies and changing political economies are making ever-stronger arguments for cross-border co-operation and the pooling of efforts by the continent's 55 countries.² 'De-fragmenting Africa', in the words of a 2012 World Bank study,³ is increasingly recognised by economists, development agencies, governments and supranational bodies as being key to competitiveness and development. But this apparent commitment travels alongside a deeply uneven record of actual progress on integration initiatives: plans for free trade areas or common markets have frequently faltered or been deferred. If regional integration in Africa is to be encouraged – indeed, if it is worth encouraging, or can be encouraged in its current form – a clear understanding of the dynamics of integration is vital.

Since its inception in 2003, the APRM has proven a valuable instrument for examining the governance processes of countries. Among its enquiries is an examination of the progress that participating countries are making on regional integration. This report analyses and evaluates countries' experiences of African regional integration, focussing – for the most part – on integration as it relates to trade and markets.⁴ It draws on the wealth of information collated in the APRM's Country Review Reports (CRRs) for the 17 countries that have been reviewed to date: Algeria, Benin, Burkina Faso, Ethiopia, Ghana, Kenya, Lesotho, Mali, Mauritius, Mozambique, Nigeria, Rwanda, Sierra Leone, South Africa, Tanzania, Uganda and Zambia. Using these countries as exemplars, the common themes around regional integration on the continent are interrogated.

The APRM is an examination of countries' governance systems. The focus of this report is on integration processes as seen from this level: it primarily concerns itself with how the various countries are taking part in regional integration initiatives, and their perspectives on it. An attempt is also made to show how the trends and dynamics identified by the APRM are reflected in (or contradicted by) other research. However, to place these national perspectives in context, it is necessary to pay some attention to the supranational institutions under which integration initiatives are taking place. Doing so requires examining material from outside the APRM.

This report begins with a general overview in Chapter 1 of the foundations of integration in Africa. In Chapter 2, the importance of integration in the APRM is examined. Chapter 3 presents a bird's-eye overview of the progress of integration as the APRM has presented and evaluated it. This is analysed further in Chapter 4, which discusses the various dynamics that the APRM has identified as having a bearing on integration. Chapter 5 explores the sometimes-overlooked role that extra-governmental interests – the broader populations of Africa's countries, and the private sector – play in the integration process. Finally, Chapter 6 presents the report's conclusions.

THE AFRICAN EXPERIENCE

Regional integration in Africa is an aspiration whose roots predate independence. The colonial-era integration schemes were not 'African' in conception; they were designed by the colonial powers to serve the interests of the various colonial systems. However, they were important antecedents in establishing some of the relationships that are reflected in today's regional communities. The East African Community (EAC), for example, has antecedent structures established in the first quarter of the 20th century, during which a customs union was created between the British-administered territories of Kenya, Tanganyika (the rump of latter-day Tanzania) and Uganda. This would evolve into a unified tax administration, and after independence in the 1960s a number of common functions were co-ordinated through the East African Service Organisation. This body was superseded in 1967 by the first EAC – which managed a customs union and common market as well as numerous infrastructural and administrative functions. This collapsed in 1977 – over political tensions between the states and concerns over Kenyan dominance on the part of the smaller states – but provided a wealth of lessons and a template for the contemporary EAC.⁵

The rising tide of independence in the 1960s made integration a central concern for the continent, and added a distinctly ideological dimension. Integration would establish economies of scale for the (presumed) greater prosperity of all. It also sought to replace the many disparate voices of its small countries with a clear and powerful one representing the people of the continent and their historical experience. Many of the first generation of independent African leaders saw continent-wide African integration as both a practical and an ideological imperative – Ghanaian President Kwame Nkrumah argued in 1963 for an African super-state in his book *Africa Must Unite*.⁶ Nkrumah's Ghana, Ahmed Sekou Touré's Guinea and later Modibo Keita's Mali formed a short-lived, loose confederation, the Union of African States.

These ambitions for an immediate and continental integration project were rejected by most of Africa's emerging states; preference was given to a gradual, evolutionary process. However, there was consensus on the need for integration on both economic and political grounds, for fostering development and pursuing the decolonisation of the remaining colonial possessions on the continent. (An aspect of the latter involved opposition to the minority-ruled states in Southern Africa.) In this respect, the continental body that emerged in May 1963 was given a deeply evocative name: the Organisation of African Unity (OAU).

Regional structures were established over the following decades. Thus, the Customs and Economic Union of Central Africa – the forerunner of the Economic Community of Central African States (ECCAS) – was established in 1964; the Permanent Consultative Council of the Maghreb – the forerunner of the Arab Maghreb Union (AMU) – in 1964; the first EAC in 1967; the Economic Community of West African States (ECOWAS) in 1975; the Southern African Development Coordination Conference in 1980 – which would evolve into the Southern African Development Community (SADC) in 1992; the Preferential Trade Area for Eastern and Southern Africa – which would become the Community of Eastern and Southern African States (COMESA) – in 1981; the Intergovernmental Authority on Drought and Development – later the Intergovernmental Authority on Development (IGAD) – in 1986; and finally the Community of Sahel-Saharan States (CEN-SAD) in 1998. Regional initiatives were also strongly encouraged by development institutions such as the UN Economic Commission for Africa (UNECA) and the African Development Bank (AfDB).

Over the following decades, the OAU – and later its successor as of 2001, the AU – pushed for regional integration as a precondition for continental integration. In this vein, the 1980 Lagos Plan of Action proposed extensive co-operation and integration among the OAU's member states as part of a comprehensive solution to Africa's development problems. Although the Plan has been described as a 'statement of intent',⁷ it was followed by other initiatives – such as the African Charter for Popular Participation in Development and Transformation (1990)⁸ – that also stressed the importance of cross-border co-operation and regional integration. These efforts culminated in the 1991 Abuja Treaty, which established the African Economic Community (AEC). The latter's objectives were defined as follows:⁹

- to promote economic, social and cultural development and the integration of African economies in order to increase economic self-reliance and promote an endogenous and self-sustained development;
- to establish, on a continental scale, a framework for the development, mobilisation and utilisation of the human and material resources of Africa in order to achieve self-reliant development;
- to promote co-operation in all fields of human endeavour in order to raise the standard of living of African peoples, and maintain and enhance economic stability, foster close and peaceful relations among member states and contribute to the progress, development and economic integration of the continent; and
- to co-ordinate and harmonise policies among existing and future economic communities in order to foster the gradual establishment of the AEC.

The Abuja Treaty envisaged a continent-wide economic union, which would begin by consolidating the various RECs where they existed and establishing them where they did

not. Regional and continental integration were to be regarded as mutually supportive, with the RECs being the 'pillars' of the AEC.

The conversation around the integration agenda has continued. The New Partnership for Africa's Development (NEPAD), adopted by the OAU in July 2001, placed a premium on encouraging integration. The Pan-African Parliament, in theory intended to evolve into a continental legislature, was inaugurated in 2004. The AU's 2007 summit was dominated by debates around the establishment of a continental government, resurrecting the early pan-African ideal. To achieve these continental goals, the RECs would act as building blocks.

Despite the apparent importance placed on regional integration by Africa's development strategies, serious doubts have been raised about the efficacy of the efforts to achieve it. Integration remains one of contemporary Africa's leading unresolved governance questions. An understanding of the dynamics involved in the continent's integration endeavours is crucial if they are to yield their envisaged benefits.



African Union headquarters, Addis Ababa, Ethiopia

Source: <http://www.istockphoto.com/photo/african-union-headquarters-26498948?st=8e68480>

CHAPTER 2

INTEGRATION IN THE APRM

The emphasis on integration as a strategy for development was taken up in NEPAD in 2001. Continental in scope, it focused on governance reform, pledging to revitalise Africa's institutions to reverse its disappointing record on development. The NEPAD document stated: 'While globalisation has increased the cost of Africa's ability to compete, we hold that the advantages of an effectively managed integration present the best prospects for future economic prosperity and poverty reduction.'¹⁰ Integration was seen as a necessary strategy for the contemporary world: it was an important form of co-operation to deal with overarching African challenges and would create economies of scale that were not possible in Africa's many individual countries.

The APRM is an offshoot of the NEPAD initiative, and has arguably been the most resilient and long-lasting element of the latter. Intended to promote prudent developmental policies and good governance (see Box 1), its assumptions bear the imprint of NEPAD's thinking on integration. It defined its purposes as follows:¹¹

The primary purpose of the APRM is to foster the adoption of policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration through sharing of experiences and reinforcement of successful and best practice, including identifying deficiencies and assessing the needs for capacity building.

Box 1: What is the APRM?

The APRM is a process that encourages African societies to analyse their problems, assess their progress towards improved governance, and promote effective reform. As of November 2014, 34 countries have joined.

To participate in the process, a country's government will sign a Memorandum of Understanding with the continental APRM authorities indicating its willingness to undergo review. Domestic institutions are then established to facilitate an assessment of governance in the country. The results of this review are incorporated into a Country Self-Assessment Report, along with a draft National Programme of Action (NPoA), the latter being intended to address shortcomings. This is followed by a visit to the country of a Country Review Mission (CRM). This is a delegation of respected scholars and experts who conduct an independent study of the country and produce their own report. They are led by a member of the Panel of Eminent Persons, which is a small body of highly respected Africans who are responsible for managing the process across the continent. A draft CRR is submitted to

the country by the Panel and its Secretariat for comment, recommendations are put to the participating country, and the country is expected to amend its draft NPoA accordingly.

Important to note is that the APRM's enquiries are structured around adherence to a set of international and continental standards and codes, which in turn relate to its Questionnaire. It demands an examination of the country's performance in four broad thematic areas: democracy and political governance; economic governance; socio-economic development; and corporate governance.

The final CRR is produced by combining the previous ones. It is presented to the Forum of the Heads of State for discussion and final review. This body consists of the leaders of all participating countries. It tends to convene on the margins of AU summits (although not all AU members participate in the APRM). Once the country has been reviewed by the Forum, it agrees to deal with the various problems that have been identified. Other states undertake to assist the country in its efforts, and to take action if the country does not try to deal with these issues. Finally, the country reports annually on progress in implementing the NPoA, and prepares itself for subsequent reviews (which are meant to take place every five years).

African integration is intrinsic to the APRM. The APRM is premised on co-operation among African countries. They are to provide mutual assistance, peer pressure and – if necessary – sanctions to guarantee adherence to governance standards. One criterion for appointment to the Panel of Eminent Persons is a commitment to the 'ideals of Pan-Africanism'.¹²

Moreover, the idea of peer learning is explicit in its founding documents. According to the APRM's foundational documents, the findings of the reviews should be analysed and discussed in regional forums.¹³ Although it is not clear whether this is in fact happening to the extent envisaged, peer learning has been taken up by governments, scholars, think tanks and activists.

Equally importantly, within the socio-economic thematic area of its Questionnaire, the APRM enquires directly about the regional integration experiences of the participating countries. Its focus is on economic integration – trade, markets and monetary systems, for example – although the nature of integration endeavours is such that non-economic dimensions cannot be excluded. The Questionnaire (in its revised iteration)¹⁴ makes its enquiries in the following terms:¹⁵

- Objective 5: Accelerate and deepen regional integration in the monetary, trade and investment domain.
- Question 1: What regional economic organizations is your country a member of and what are the advantages?
- Question 2: In which areas and to what extent have your country's economic policies been harmonized with those of the RECs you have identified?
- Question 3: What are the challenges facing your country in the various RECs it is a member of? How can they be addressed?

Question 4: To what degree are informal cross-border economic transactions important to your country's economy?

The APRM's enquiries are primarily done through the lens of individual countries' experiences, although here again, the broader context of regional and continental institutions plays a significant role and cannot be ignored. Taken as a whole, the APRM provides valuable insight into the manner in which the continent's countries are relating to regional integration efforts, which in turn provides insight into the common dynamics affecting Africa's many integration schemes. It is around this set of themes that this study frames its enquiries into regional integration.

The picture that emerges is a mixed one. While an institutional framework in the form of the RECs and the AU has been established to drive integration, this amounts to a decidedly nominal commitment. In practice, it is undermined by a clutch of factors. These include countries holding memberships in multiple RECs, indifferent political will, political friction between countries, weak states, and underdeveloped trade and infrastructural links within the continent.

CHAPTER 3

MACRO-TRENDS:

HOW IS INTEGRATION PROGRESSING?

If integration is to be a viable strategy for Africa's future prosperity, it is important to understand its record thus far: its concrete achievements and failings as they have occurred, rather than the continent's aspirations or the expectations created by integration processes elsewhere. Doing so helps to frame the real potential and limits of regional integration. This in turn can inform well-judged policy adjustments. By helping to catalogue these experiences, the APRM performs a great service to the cause of regional integration.

FORMAL FRAMEWORKS: COMMITMENT AND ACCESSION

The AU recognises eight RECs as 'pillars' of continental integration: the AMU, CEN-SAD, COMESA, the EAC, ECOWAS, ECCAS, IGAD and SADC.

Every country on the continent is involved in at least one organisation working towards regional integration, with many involved in two or more. As Dr Soumana Sako, economist and onetime executive secretary of the African Capacity Building Foundation (and a former president of Mali) commented in 2006: 'Among the major regions of the world, Africa has the highest concentration of economic integration and cooperation arrangements.'¹⁶

The 17 countries reviewed through the APRM are involved in 10 distinct bodies working for regional integration. Of these, only two – Algeria and Mozambique – are involved in only one body; each of the others operates in two, three or four. The APRM appears ambivalent about the issue of multiple memberships. On the one hand, the Tanzania CRR suggests that accession is in itself a measure of commitment to integration: 'The CRM confirmed Tanzania's commitment to regional integration as demonstrated by its membership of two regional groupings and the continental body, the African Union.'¹⁷ However, several other reports¹⁸ take the opposite view, arguing that this membership overlap is a hindrance to regional integration. The latter approach is clearly more readily supported by the evidence: as is discussed in the next chapter, multiple memberships have proven to be a major hurdle to regional integration.

Table 1: Memberships of regional organisations working towards integration

	Arab Maghreb Union (AMU)	Community of Sahel-Saharan States (CEN-SAD)	Economic Community of West African States (ECOWAS)	West African Economic and Monetary Union (WAEMU)	West African Monetary Zone (WAMZ)	Common Market of Eastern and Southern Africa (COMESA)	Inter-governmental Authority on Development (IGAD)	East African Community (EAC)	Southern African Development Community (SADC)	Southern African Customs Union (SACU)
Algeria	X									
Benin		X	X	X						
Burkina Faso		X		X						
Ethiopia						X	X			
Ghana		X	X		X					
Kenya		X				X	X			
Lesotho									X	X
Mali		X	X	X						
Mauritius						X			X	
Mozambique									X	
Nigeria		X	X		X					
Rwanda						X		X		
Sierra Leone			X		X					
South Africa									X	X
Tanzania								X	X	
Uganda						X	X	X		
Zambia						X			X	

Sources: UMA, 'Home', <http://www.maghrebarabe.org/en/index.cfm>; ECOWAS, 'ECOWAS Member Countries', <http://www.comm.ecowas.int/sec/index.php?id=member>; West African Monetary Institute, 'Welcome to WAMI', <http://wormholedev.net/qwamz/?q=menuhome>; CEN-SAD, 'Welcome', <http://www.censad.org/>; SADC, 'Member States', <http://www.sadc.int/member-states>; COMESA, 'COMESA Member States', http://about.comesa.int/index.php?option=com_content&view=article&id=123&Itemid=121; SACU, 'What is SACU', <http://www.sacu.int/main.php?id=471>; IGAD, 'Agreement Establishing IGAD', http://igad.int/index.php?option=com_content&view=article&id=93&Itemid=153&limitstart=3

An overall model can be applied to integration schemes – general cross-border co-operation is formalised into a free trade area, then a customs union, a common market and monetary and economic union, perhaps progressing to a political union.¹⁹ The various ‘pillar’ RECs (although not all the regional communities on the continent),²⁰ as well as the AEC, are intended to progress along this path.²¹

The progress made in integration across the various RECs has been uneven. Taking the common commitment of the continent towards the AEC as a reference point, Dr Amadou Sy of the Brookings Institution groups Africa’s RECs into those that are ‘progressing’ and those that are ‘lagging’. Seen in the light of movement towards free trade areas, customs unions and common markets, the EAC, COMESA, ECOWAS and SADC have demonstrated considerably more resolve than CEN-SAD, IGAD and the AMU. Thus, while each of the ‘progressing’ groupings has made moves of some magnitude towards (at least) free trade areas, none of the ‘lagging’ groupings has.²²



Zimbabwe and Botswana customs post

Source: <http://www.istockphoto.com/photo/botswana-zimbabwe-custom-border-3092657?st=3af476e>

Table 2: Status of Abuja Treaty goals, by REC

Progressing RECs					
REC	Free trade area (AEC by 2017)	Customs union (AEC by 2019)	Common market (AEC by 2023)	Common visa	Monetary union (AEC by 2028)
EAC	Yes	Yes, since 2009	Yes, since 2010	In progress, such as a 90-day tourist visa covering Kenya, Rwanda and Uganda	No, estimated deadline is 2015
COMESA	Yes, since 2000 (NB: Not all COMESA countries are members of the FTA)	Yes, launched in 2009, but some challenges with implementation	No	In progress towards this goal	No, working towards framework for monetary co-operation
ECOWAS (NB: the WAEMU is scheduled to merge with ECOWAS: deadline 2020)	Yes, since 2006 (NB: ECOWAS Trade Liberalisation Scheme, working on a common external tariff [CET] nomenclature)	No, estimated deadline is 2015; The WAEMU operates as a customs union with a CET	No	In progress, a majority of ECOWAS states issue an ECOWAS passport, progress on brown card, Eco-visa; residence permits being replaced by biometric card	No, but CFA is in use in WAEMU states; estimated deadline for WAMZ to adopt common currency was 2015, but this will not be met. A merger between the WEAMU and WAMZ currencies is planned for 2020 – difficulties in WAMZ may delay this
SADC	Yes, since 2008 (NB: Working on merging external tariffs)	No, estimated deadline was 2013 (not achieved); SACU is a long-standing customs union among South Africa, Botswana, Lesotho, Namibia and Swaziland	No, estimated deadline 2015	In progress, although visa-free entry for member states' citizens is envisaged, this is a long way from implementation, visas required by various countries for other's citizens, new requirements for entry to South Africa further restrict access	No, estimated deadline for monetary union is 2016, single currency 2018

Lagging RECs					
REC	Free trade area (AEC by 2017)	Customs union (AEC by 2019)	Common market (AEC by 2023)	Common visa	Monetary union (AEC by 2028)
ECCAS	Yes, since 2004, problems with implementation	No	No	No, plans exist for a 90-day visa for members	Yes, Economic and Monetary Community of Central Africa
CEN-SAD	No, pre-free trade area, last deadline 2010 (NB: Working on tariff phasedown)	No	No	No, but visas for diplomats and service personnel are in place	No
IGAD	No, pre-free trade area (NB: implementing Minimum Integration Plan)	No	No	No, but bilateral agreements are in place	No
AMU	No, pre-free trade area	No	No	No, only Tunisia offers visa-free access to citizens of other AMU states; a trilateral agreement exists between Libya, Morocco and Tunisia; other states require visas	No

Source: Adapted from Sy A, 'Will There Be an African Economic Community?', Testimony before the Congressional Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations on the African Economic Community, 9 January 2014, <http://www.brookings.edu/research/testimony/2014/01/09-african-economic-community-sy>

Among the 'progressing' RECs, ECOWAS, COMESA and SADC, for example, have each existed for several decades. The EAC, while much younger – having come into existence in its current form only in 2000 – mirrors various colonial and post-colonial integration schemes, particularly between Kenya, Tanzania and Uganda. While tensions exist within these RECs, they have been managed sufficiently to enable at least some internal coherence and a degree of common cause on regional integration. Regional infrastructure projects in ECOWAS and a growing customs union in the EAC are expressions of this. The EAC,

ECOWAS and SADC are also clustered around a regional power – Kenya, Nigeria and South Africa respectively – that can contribute resources and political weight to regional projects.

A brief mention must be made at this point of the COMESA–EAC–SADC Tripartite, established in 2005, which has aimed to harmonise REC policies on trade and infrastructure provision. In 2008, it was agreed to set up a free trade area between the three RECs. If successful, this would create a free trade system encompassing around half the states of the AU, as well as more than half of its population and gross domestic product (GDP).

The AMU, CEN-SAD and IGAD (as well as ECCAS) have proven relatively ineffective as vehicles for integration. This could largely be a consequence of political and security dynamics, as well as the internal weaknesses of participating states. For example, the AMU has endured tensions between its members, and it is revealing that some 15 years elapsed between the AMU summit in 1996 and the following one held in 2012.²³ Although recognised as one of the RECs constituting the AEC, the AMU has not yet signed the protocol establishing a formal relationship with it. CEN-SAD owes its existence largely to the political ambitions of the late Libyan leader Muammar Gaddafi – as he tried to shift Libya's orientation from an 'Arab' power to an 'African' one – and has lacked a clear regional focus.²⁴ IGAD has suffered from conflict between Ethiopia and Eritrea and the state failure of Somalia.²⁵ Moreover, while overlapping memberships are a general feature of Africa's RECs, they are especially debilitating for some of the lagging ones. CEN-SAD's membership, for example, overlaps with those of no fewer than five other RECs, while taking in a remarkably broad geographical and political region. For these reasons, Wolff-Christian Peters of the German Development Service argued in a 2010 study: 'None of these four RECs seems capable of becoming a functional building bloc for the AEC in the near future.'²⁶

EVIDENCE EMERGING FROM THE APRM

At country level, two general observations can be made about the APRM reports. The first is that they generally commend the various participants on their commitment to and achievements in regional integration. The second is that despite the role of ideology and politics in much of the thinking about regional integration, the reports give no indication that this is a significant driver of the process. While all the reports stress the importance of integration, the focus of their enquiries is largely on the economic imperatives. Some even stress explicitly that regional integration is pursued for its perceived economic benefits.²⁷

The only country belonging to the **AMU** that has undergone review is Algeria. The CRR is highly complimentary of Algeria's commitment to Africa, and views it as a bridge between North Africa and sub-Saharan Africa.²⁸ The Algeria CRR commends the country for having ratified various instruments within the AMU and suggesting renewed efforts on integration, although it notes that its long-term vision for this integration process is not clearly defined.²⁹ The Algeria CRR does, however, implicitly recognise the disappointing state of the AMU.³⁰ Much of what Algeria is doing to promote 'integration' – such as cross-border infrastructure initiatives or scholarships for African students – has taken place outside the relevant formal institutional framework, and can be more aptly described as bilateral or multilateral engagement with partner countries.

The Kenya CRR notes that the **EAC** makes ‘considerable political and economic sense’³¹ for participating countries. It appears to have learnt from previous unsuccessful regional integration experiences. It relies on permanent institutions, attempts to ensure a healthy distribution of benefits and has tried to encourage the involvement of civil society and the private sector.³² The countries in its fold are harmonising tariffs and customs in order to consolidate their customs union.³³ More recently, a common tourist visa for Kenya, Rwanda and Uganda was introduced.³⁴ Macro-economic convergences – an imperative for a workable common currency – are ongoing, with the Uganda report listing this as one of its key successes.³⁵ (It should be noted that the Rwanda report does not deal with the EAC, as it was produced prior to Rwanda’s accession.)

Among the **ECOWAS** countries, the APRM records progress in establishing the policy and institutional frameworks for regional integration. This is found in the CRRs on Benin,³⁶ Burkina Faso,³⁷ Mali³⁸ and Nigeria.³⁹ Somewhat surprisingly, given its historic commitment to the ideals of pan-Africanism, the Ghana CRR is vague on its progress, noting only that the country is committed to regional integration and that there is a broad societal consensus on the desirability of Ghana’s playing an active role in it.⁴⁰

The role of Nigeria as a driver of regional integration comes through clearly in its CRR. It notes Nigeria’s contribution to the establishment of institutions for regional integration schemes, and states that its trade and monetary policies ‘agree with the main thrust of the ECOWAS Charter’.⁴¹ Nigeria has played an important part in the broader process of continental co-operation and integration, providing support to the AfDB and assistance to other African countries through its Technical Aid Corps.⁴² This involves sending Nigerian volunteers in various fields to assist with development work in other developing countries, and is recognised as a ‘Best Practice’ by the APRM.⁴³ However, it does appear that – as in the case of Algeria – Nigeria’s regional and African co-operation endeavours do not all go through the formal institutions designed to facilitate regional integration.

COMESA’s integration agenda is dealt with in three CRRs – those of Ethiopia, Rwanda and Zambia. The CRR on Rwanda asserts that there is ‘tremendous political will and general support for regional integration in Rwanda’.⁴⁴ Rwanda claims to be making good progress in implementation, having abolished numerous tariff and non-tariff barriers.⁴⁵ Zambia is fully committed to the COMESA process as host of the COMESA secretariat, although its attention is divided between COMESA and SADC.⁴⁶ Ethiopia, by contrast, is a founding member of COMESA, but at the time of its review it was not a member of a free trade area,⁴⁷ although in early 2014 it agreed to ratify the relevant treaty and join it.⁴⁸

Efforts at integration through **SADC** are progressing, but ‘at a slow pace’.⁴⁹ As the dominant regional power, South Africa’s CRR comments that it has ‘quite naturally’ taken a leading role in these initiatives, having signed and ratified the relevant agreements and assisted in building the regional architecture.⁵⁰ Other countries – Lesotho,⁵¹ Mozambique,⁵² Tanzania⁵³ and Zambia⁵⁴ – have committed themselves to SADC’s objectives.

It is less clear how much progress has been made in actually implementing them. The Tanzania CRR, for example, says that the country has made ‘commendable’ progress on implementing the Free Trade Protocol. It offers as evidence – in rather general terms – a number of measures taken to achieve this, such as ‘progressively’ dismantling tariff and non-tariff barriers to trade.⁵⁵ The Mozambique CRR says that the country has done ‘relatively well in aligning itself in international, regional and subregional integration schemes’.⁵⁶ However, it provides little information on this. It acknowledges that non-tariff

barriers complicate trade and cites a few measures taken to promote cross-border trade, such as 'one-stop border posts' – although such initiatives do not necessarily add up to significant movement on establishing a free trade area. Moreover, it notes that the current account is not liberalised, and that doing so was not, at the time of the report, planned.⁵⁷

While SADC has set ambitious targets, including adopting a common currency by 2018, numerous prerequisites for a common currency still do not exist.

Mention should be made of **SACU**, the body that links South Africa to Botswana, Lesotho, Namibia and Swaziland (the so-called BLNS states) – although only Lesotho is a signatory to the APRM. For the BLNS states (especially Lesotho and Swaziland), SACU is a critically important body, more so than SADC, as it accounts for a significant proportion of their revenue. In fact, the APRM identifies Lesotho's dependence on SACU transfers as a key strategic weakness for the country.⁵⁸ On the other hand, various interests in the BLNS complain that the arrangement has benefitted South Africa disproportionately by providing it with a captive market in which their less developed industries cannot compete.⁵⁹

SACU countries have attempted to harmonise their policies, but this has seen limited progress since, as the Lesotho CRR points out, the focus of the organisation remains on revenue sharing.⁶⁰ There are ongoing negotiations in an attempt to reform SACU and give it a more developmental focus. South Africa particularly wishes to see a shift from the current practice of making unfettered transfers to a form of development assistance, which will require funds to be invested in infrastructure, health and education, for example.

SACU's future is uncertain and it has aptly been described as undergoing a crisis.⁶¹ According to Prof. Roman Grynberg, of the Botswana Institute for Development Policy Analysis, there is resistance in South Africa to the continued transfer of funds through SACU to its neighbours. He also argues that SACU offers no trade advantages to South Africa that cannot be claimed through the SADC Free Trade Agreement (FTA). However, the significant dependency of the smaller SACU countries on the revenue derived from their SACU membership makes the prospect of its abolition politically hazardous, both for them and for South Africa. Ending these transfers would have severe repercussions for the BLNS countries' viability as states. For South Africa, the destabilising impact of possible state failure on its borders induces caution, particularly in the country's presidency, about abolishing SACU.⁶² Says independent research consultant and SAIIA Research Fellow Talitha Bertelsmann-Scott: 'All the member states have key interests in a future for SACU that does not involve a retreat on regional integration. Economically, the BLNS cannot survive without South Africa's support and politically South Africa cannot afford any more failed states on its doorstep.'⁶³

Mauritius is an outlier of sorts. A member of both SADC and COMESA, both Mauritius' geography and economic outlook (as well as its abundance of foreign direct investment) have produced a perspective on integration that prioritises securing economic opportunities in Africa. According to the Mauritius CRR, SADC and COMESA are important vehicles for achieving this. Official attitudes to the two blocs differ somewhat, with SADC being more negatively regarded since Mauritius runs trade deficits with this region, while its trade with COMESA is in surplus.⁶⁴ It seeks co-operation rather than integration.⁶⁵ In fact, it has resorted to protectionist measures against imports from South Africa.⁶⁶

Mauritius' trade relationships with Africa are concentrated on a few countries – South Africa, Seychelles and Madagascar are mentioned. The CRR comments: 'A major challenge facing Mauritius is, therefore, how to increase trade with African countries in a balanced

and diversified manner. Otherwise, even the economic incentive for promoting economic cooperation will reduce [sic].⁶⁷

IS AFRICA BENEFITING FROM INTEGRATION?

The effort and funds that have gone into the various regional integration efforts should be justified by returns on investment. The key measure of this is increasing trade. Easier movement of goods across borders tends to be the first step in a regional integration process, under a preferential trade agreement as outlined in the Balassa model. This will – in theory – expand opportunities for businesses, lower prices and offer consumers greater choice, helping all to prosper. Trade benefits garnered in this way demonstrate to countries the advantages of further integration, such as through a formal FTA and free trade area, followed by a customs union, and so forth. This is the pattern Africa's initiatives are designed to follow. However, as the previous section has shown, little formal progress has been made under the Balassa model.

The CRRs offer little evidence of tangible benefits from the integration undertaken thus far. Fewer than half of the 17 CRRs deal with this issue at all, and those that do offer at best a 'flavour' of the benefits that may be accruing.

The CRRs of the EAC states – Kenya, Tanzania and Uganda – indicate that the body has been beneficial for trade,⁶⁸ although the Uganda CRR comments that more needs to be done to secure the full potential benefits.⁶⁹ In ECOWAS, the Burkina Faso, Nigeria and Mali CRRs comment on growth in trade – in terms of both volumes and the range of goods available – as a result of integration initiatives.⁷⁰ They are optimistic about the future benefits, such as that which is expected to accrue from the ECOWAS CET.⁷¹ In the SADC region, the Lesotho and Mozambique CRRs credit regional integration with increases in trade and the growing availability of goods and services at reasonable costs.⁷²

Overall, the impression created by the APRM reports is that regional integration is making a small impression on intra-African trade. The Ethiopia CRR frames it well: 'There is no doubt that intra-African trade in goods is very low, but its potential for growth is high. Moreover, it should be stressed that regional trade is the stepping stone to participating in international trade.'⁷³

The limits of intra-African trade are shown in the trade statistics as reported by the UN Conference on Trade and Development (UNCTAD). (See Appendix.) A survey of the top five trading partners (import and export) of the 17 countries under review shows that most of the latter maintain their dominant trade relationships with markets outside Africa, typically the European Union (EU) and China. Trade between neighbours – typically centred on trade links with a regional power (or with South Africa, something of a special case) – is far less important. For example, Algeria, Ethiopia, Nigeria and South Africa do not count a single African country among their top five import or export partners. A recent analysis presented in UNCTAD's 2013 *Economic Development in Africa Report* noted that on average, over the period 2007 to 2011, African countries' exports within the continent accounted for only 11% of total African merchandise exports – a paltry proportion when measured against around 70% in Europe, 50% among developing countries in Asia, and 21% in Latin America and the Caribbean.⁷⁴



Koupela, Burkina Faso is a hub for road transport across African countries

Source: <http://www.istockphoto.com/photo/departure-43307088?st=5b459e6>

This is not to say that regional integration has had no impact. UNCTAD's analysis contends that despite limitations, regional organisations do appear to be facilitating modest increases in trade. It notes:⁷⁵

With the exception of the Economic Community of Central African States (ECCAS), for each African regional economic community, a significant part of their trade with Africa takes place within their own regional trade bloc. This confirms that the formation of regional blocs in Africa has facilitated the creation of trade among its member countries.

Table 3: Intra-African trade, 1996–2011

RECs	Share of Africa in total trade (%)			Share of REC in African trade (%)		
	1996–2000	2001–2006	2007–2011	1996–2000	2001–2006	2007–2011
CEN-SAD	9.3	10.0	10.2	74.5	67.7	64.7
COMESA	16.6	13.5	13.3	30.8	42.6	48.6
EAC	24.0	26.0	23.1	57.6	49.4	52.1
ECCAS	8.3	7.7	9.3	21.0	18.7	19.8
ECOWAS	13.7	14.7	14.2	76.2	72.7	65.5
IGAD	17.3	15.1	14.3	53.4	48.4	40.5
SADC	34.2	16.1	16.4	94.6	83.6	78.4
AMU	4.2	4.0	5.0	67.1	63.5	59.5

Source: UNCTAD, 'Intra-African trade: Unlocking private sector dynamism', *Economic Development in Africa Report 2013*. Geneva: UN, 2013, p. 20

These numbers underline the disappointing state of both intra-African and intra-REC trade. Matching Sy's conception of progressing and lagging RECs, there appears to be a noticeable difference in intra-REC trade between the two groups. Among the 'progressing' RECs, intra-REC trade hovers at something above 10% of their total trade flows; among the 'lagging' RECs it constitutes less than 7%. The countries of the AMU and ECCAS each conduct less than 3% of their trade within their respective RECs.

The countries of the EAC, by contrast, appear to have done best in intra-African trade – a relatively healthy quarter of their trade is with Africa, of which slightly over half is within the REC. Moreover, Kenya, Rwanda and Uganda each count several of their partner countries in the EAC among their top trading parties. Interestingly, the EAC has made more progress than any of the other 'pillar' RECs in its integration efforts, a function in part of the complementarity of member states' economies, which has made intra-REC trade a sensible economic choice⁷⁶ (other reasons for this are touched on in the following chapters).

A vital subsidiary point to be made about the importance of intra-African trade concerns the composition of that trade: while African exports to the outside world are dominated by commodities and extractives, intra-African trade is more diversified and includes a higher proportion of manufactured goods. Properly encouraged, regional integration and increased trade in value-added products could be a significant driver of African development.⁷⁷

A further consideration that is both crucial for a proper understanding of the economic benefits of regional integration and intensely difficult to quantify, is the role of informal trade. It is difficult to monitor, but it certainly makes a hefty contribution to cross-border trade on the continent – a sort of integration of micro-entrepreneurship. This should not be overlooked.

Finally, not all regional integration benefits relate to trade. Some integration schemes in Africa have aimed for developmental goals, seeking to remedy blockages to economic activity or ensure long-term economic sustainability. From the CRRs, it is not clear how extensive or successful this facet of integration has been, although several mention it. The Algeria CRR notes regional electricity networks operating 'within the intra-Maghrebi cooperation framework'.⁷⁸ The Zambia CRR is an exception in noting the infrastructural development that has taken place as a result of regional initiatives, notably from the North-South Border Corridor, an initiative of the SADC–EAC–COMESA Tripartite FTA.⁷⁹ Sierra Leone notes that it has received 'institutional support from regional arrangements, especially in the context of the Mano River Project'.⁸⁰ However, research supported by SAIIA and the European Centre for Development Policy Management in the SADC region showed that there had been some successes (sometimes not sustained and existing alongside failures) in the co-operative management of, for example, water resources and conservation areas.⁸¹

IN PERSPECTIVE

Regional integration in Africa clearly remains an incomplete project. None of the eight 'pillar' RECs has proceeded beyond formative customs unions, or indeed free trade areas.

Even the better performing RECs have made limited progress in regional integration. Some sub-regions have achieved more. But the work of regional integration is ongoing.

Seen in this light, the accession and institution creation for which the APRM commends its participants represent progress. They represent an acknowledgement, in theory at least, of the importance of regional integration in Africa's development. Subsidiary initiatives – such as the establishment of Ecobank, an indigenous private sector banking company intended to provide services across the ECOWAS region, as well as the various infrastructure projects being conducted – also demonstrate progress on integration. Beyond this, there are more symbolic demonstrations of commitment, such as the annual African Integration Week in Mali⁸² or the CEN-SAD Games. However, the pace and depth of integration are for the most part disappointing. Deadlines for reaching markers along the integration continuum are routinely missed, or implemented with ongoing difficulties.

The Uganda CRR provides a compelling synopsis of the barriers inhibiting regional integration. These serve as a template for understanding the dynamics on the continent as a whole:⁸³

The lower-than-expected performance of the regional integration initiative is ascribed to inadequate coordination between regional and national policies; inadequate infrastructure linking member countries; limited trade among member states due to the production of similar goods; limited information about economic and trade opportunities in member countries; limited direct incentives for attracting investors within the region; restrictions on the movement of labour in some member states; and lack of harmonised tax regimes in member states.

The benefits of the integration achieved have also proven visible but modest. Increases in trade between countries involved in integration schemes are small compared to the general orientation towards the outside world. For most African countries, markets in Asia, Europe and North America matter considerably more than those in their neighbours.

NPoA commitment

A number of CRRs – those of Benin, Burkina Faso, Ethiopia, Ghana, Kenya, Nigeria, Sierra Leone, Tanzania and Uganda – pledge to enhance, accelerate and consolidate the process of integration, in all its facets – trade, regulatory and monetary policy harmonisation – within the various RECs. National and regional policies should be brought into line with one another, and agreements must be implemented by all parties involved.⁸⁴

CHAPTER 4

MICRO-TRENDS: INTEGRATION DYNAMICS

If Africa's integration endeavours have not yielded the progress or produced the benefits that its proponents have envisaged, the logical question is why this has been the case. It is in addressing this question – the 'why' – that the APRM's enquiries are most valuable.

THE POLITICS OF INTEGRATION

Even if the hoped-for benefits of regional integration are economic, the process of undertaking it is fundamentally a political one. This is expressed in a number of different ways.

The rationale behind regional integration holds that larger units will generate greater economic benefits. In Africa, a complementary argument has been that the continent's fragmentation has obstructed development and marginalised its common interests. On the other hand, national sovereignty is the visible signifier of liberation from colonial domination. The continent's states provide the basis for political organisation and for the power of national leaders. Where social stresses are widespread, state power provides leaders with the tools to respond. As Prof. Thandika Mkandawire of the London School of Economics and Political Science observes, sacrificing countries' sovereignty and moving towards regional governance requires firm political will and leadership.⁸⁵ The AU has also acknowledged this.⁸⁶

In practice, African states have been reluctant to surrender sovereignty,⁸⁷ concerns about losing control over policy being reflected in the Tanzania and Lesotho CRRs.⁸⁸ Very little supranational authority exists to hold governments to commitments once these are made. As Dr Mohabe Nyirabu of the University of Dar es Salaam commented: 'Implementing community protocols on trade and market integration may be undermined by concerns about diminishing national sovereignty and the independence of national policy making. Thus, the unwillingness of governments to subordinate immediate national political interests to long-term regional goals or to cede essential elements of sovereignty to regional institutions is one of the biggest obstacles to regional integration.'⁸⁹

Interestingly, the strong commitment of the EAC's political leadership to regional integration (allowing for some reluctance on Tanzania's part) has been an important factor in the relative success of this bloc.⁹⁰ This is not remarked on in the CRRs.

A major concern for African countries is the influence of 'hegemons'. This is probably nowhere more pronounced than in respect of South Africa, the continent's most sophisticated and (until Nigeria's recent recalculation of its finances) largest economy. The South Africa CRR notes that it is committed to integration in Southern Africa, and has 'naturally taken a leading role in these institutions'.⁹¹

South Africa's influence is particularly strong on its immediate neighbours, several of which are bound to it through SACU and the Common Monetary Area. This was the

case even prior to South Africa's democratisation. Lesotho, aside from South Africa the only SACU and CMA state participating in the APRM, demonstrates the implications of this relationship. The Lesotho loti is linked to the South African rand, and the latter is legal tender in Lesotho. While this gives it some degree of monetary stability, it also compromises Lesotho's ability to run its own monetary policy⁹² – which means that an important policy tool is in the hands of a neighbour whose interests may not always concur with its own. Lesotho's competitiveness as an exporter hinges greatly on South Africa's actions, carrying the risk of hiking production costs and prices.

For the APRM, South Africa's dominance creates a responsibility towards its neighbours, both moral and practical. Noting that it has invested a great deal in its African diplomacy, its CRR nevertheless warns that South Africa must strike a balance between being a regional hegemon and being a regional partner to its weaker neighbours⁹³ – not an unusual sentiment in the region.⁹⁴ This in turn may imply that South Africa should from time to time voluntarily subordinate its own interests to those of its neighbours – a big demand to make on a country with its own pressing socio-economic problems and global political ambitions. The difficulty of reconciling South Africa's interests to those of its neighbours may ultimately prove fatal for SACU.

It should be noted again that a regional hegemon can be an important element in driving regional integration. This has been the case globally (Germany in the EU, for example) and historically (the erstwhile Transvaal after the Anglo-Boer War, whose economic dominance created the practical conditions for the creation of the Union of South Africa in 1910). Where there is a perception that this dominance is misused, such a state can severely undermine the attractiveness of integration. This has arguably been the case in IGAD, where Ethiopia would fit the bill as a natural regional hegemon but has failed to achieve this because of its strained relations with its neighbours.⁹⁵

Furthermore, common values, political culture and even interests are elusive. Certainly, over the past decade, regional and national African institutions have shown far more resolve in dealing with coups than the erstwhile OAU did. The APRM represents an attempt – however imperfect – to hold countries to governance standards. Yet there are inherent political differences between states that make it difficult to find common ground, even among members of the same REC. In SADC, tensions have arisen between Botswana and Zimbabwe over Botswana's criticism of Zimbabwe's democratic failings and the consequent influx of Zimbabwean refugees.⁹⁶ In COMESA, Ethiopia and Eritrea maintain an uneasy truce, having been at war between 1998 and 2000.⁹⁷ Both Kenya and Ethiopia have been embroiled in conflict in Somalia over the past decade.⁹⁸ And in CEN-SAD, strains emerged between Chad and Sudan during the Darfur conflict, with each state accusing the other of aiding rebels.⁹⁹

Perhaps nowhere are political factors so much an issue hindering integration as in the AMU. The Algeria CRR notes that fallout from the ongoing conflict in Western Sahara and the failure to set up the necessary regional institutions (the Maghrebi Commercial Bank, for example) have stalled progress in this bloc.¹⁰⁰ Key inhibiting dynamics in the AMU have been disputes between Algeria and Morocco, and general disagreements over the position of Western Sahara, an issue that has also soured relations between Morocco and the AU. Morocco pulled out of the OAU in 1984 after the Polisario Front declared the Sahrawi Arab Democratic Republic, and has not been a member since then. The instability caused by the 'Arab Spring' has recently pushed regional integration into the background.¹⁰¹

An important consequence of these political obstacles is the general weakness of Africa's regional institutions,¹⁰² which have mostly been unable to steer integration processes or have received inadequate support from their national governments to do so. Since Africa's aspirations are extensive (integration is not confined merely to matters of trade or economics) this is debilitating to the progress of regional integration overall. This is the case even in the 'progressing' RECs.

If regional integration is to succeed, dealing with its political dimensions is a priority – a major element of which is demonstrating the political will to enforce agreements concluded to advance integration. The record is mixed.

The fate of the SADC Tribunal is an instructive, if extreme, case. Originally intended to 'build a house of justice' in the region, it offered citizens a forum to challenge their governments. However, after the Tribunal ruled against Zimbabwe over its controversial seizure of farms owned by white people, SADC appeared to back Zimbabwe's objections and effectively shut it down – later reconstituting it with the mandate solely to adjudicate cases between states.

On the other hand, the past two decades have seen a greater commitment to enhanced governance standards. The RECs and the AU have demonstrated greater resolve in dealing with countries' political failings than was the case previously. Countries undergoing coups have been suspended from membership of these bodies – Madagascar from SADC and the AU in 2009, Mauritania from the AU in 2008, Mali from ECOWAS and the AU in 2012, and the Central African Republic from the AU in 2013. And while SADC tightened access to its tribunal, the COMESA Court of Justice ruled in favour of a Mauritian importer who challenged customs duties charged on goods from Egypt.

For Africa, building the trust and political commitment to integration that will enable difficult and painful trade-offs will depend largely on the commitment of states' political leaders. One likely enabling condition is upholding common governance standards – in other words, harmonising political values. This is recognised by the APRM and NEPAD. The AU, too, has attempted to promote the idea of continental unity based on shared values.¹⁰³ A commitment to 'democracy' is nearly universal across the continent, at least rhetorically. Whether this can be a viable platform for integration is uncertain.

MULTIPLE MEMBERSHIPS

A variant of the political challenges confronting regional integration in Africa concerns the overlap between the continent's various regional blocs, the so-called 'spaghetti bowl' phenomenon. Countries may join different RECs for different reasons, the upshot being that African countries typically belong to two or more RECs, pursue duplicated programmes and are committed to conflicting objectives. When integration deepens – particularly around the customs union stage – multiple memberships cease to be viable. A country cannot, for example, impose two sets of common external tariffs.¹⁰⁴ As Sako has noted:¹⁰⁵

Africa's regional economic integration and cooperation process is characterised by a multiplicity of schemes and overlapping memberships and mandates. Membership of regional integration in Africa has become so pervasive that there is no country on the

Continent that does not belong to at least one grouping. Twenty-seven of the fifty-three Member States of the AU belong to two or more integration schemes. Among the major regions of the world, Africa has the highest concentration of economic integration and cooperation arrangements.

Several of the CRRs – those of Uganda,¹⁰⁶ Tanzania,¹⁰⁷ Mauritius¹⁰⁸ and Zambia¹⁰⁹ – identify the multiplicity and overlapping membership of Africa's RECs as an impediment to integration efforts. It appears that strategic or political goals – rather than economic ones – dominate the decision to join an REC.¹¹⁰ This in turn raises serious questions about African countries' real commitment to the blocs to which they belong and the processes to which they are nominally committed.

In this vein, part of the process of setting Africa on a clearer path of regional integration requires settling the issue of membership overlap, and for individual countries to decide on the RECs within which their future lies. A few countries have made this choice: Mozambique, for one, left COMESA to commit itself to SADC. Others have thus far avoided making the choice. The Zambia CRR notes that it should choose between COMESA and SADC but apparently feels little need to do so.¹¹¹

If states are reluctant to relinquish their overlapping memberships, a possible alternative solution is to expand the terms of integration, by integrating various blocs – this is what the Tripartite Free Trade Area (TFTA), established by the heads of state of SADC, the EAC and COMESA in 2008, is attempting.¹¹² However, while this deals with the overlap issue, it presents a slate of complexities of its own: finding a formula that works for a far larger number of states that can accommodate the relevant RECs' different rules of origin regimes is a daunting challenge.¹¹³

Meanwhile, the AMU has an inverse problem: non-membership. The AMU is as yet outside the framework of the AEC, although the AEC's design is premised on its involvement. Moreover, its own membership includes one state – Morocco – that is not a member of the AU. While the Algeria CRR praises the integration and co-operation among these states (it even mentions Morocco's involvement in this process favourably),¹¹⁴ it is unclear how any agreement including Morocco would be reconciled to the broader objective of AU-led, continent-wide integration.

NPoA commitments

Surprisingly for such a widely recognised problem only two CRRs – those of Uganda and Zambia – indicate that they will reassess memberships of multiple RECs to deal with the problem of membership overlap.¹¹⁵

ADMINISTRATIVE IMPEDIMENTS

Regional integration rests significantly on the quality of technical and governance skills available to participating states.¹¹⁶ Too often, African states do not have access to these

skills. This retards progress on regional integration. Explains Trudi Hartzenberg, director of the Trade Law Centre in South Africa:¹¹⁷

A fundamental underlying problem is that of weak states. Weak states, in the sense of lacking institutional capacity are common in Africa; they lack the capacity to make and effectively implement policy and regulation. This also has an impact on regional integration in Africa. There is much evidence of strong political commitment to regional integration, but very poor performance on the implementation of commitments.

For the APRM, the theme of poor or inadequate state capacity is continuous, touching on most aspects of the review. The Sierra Leone CRR sums this up: ‘Good laws and regulations do exist but effective implementation is a problem.’¹¹⁸

The problems are extensive and wide-ranging; in fact, the capacity problems described throughout the CRRs have a bearing on the prospects for regional integration. Corruption and a lack of professionalism in the civil service, for example, are not merely moral and legal problems; and the damage they inflict is not limited to the misappropriation of resources. They can severely undermine a country’s ability to manage its borders and its economic regulations. Thus, in Burkina Faso trade has been held up by corruption, bureaucratic inefficiency or indifference, and the ‘customs export system’.¹¹⁹

In discussing regional integration, the CCRs point out that the key issues relate to the difficulties in steering complicated reforms necessary in integration processes, such as implementing trade policy or regional protocols. This is discussed in the reports on Uganda,¹²⁰ Benin¹²¹ and Tanzania.¹²² Similarly, many countries have serious policy gaps, suggesting a lack of preparedness to deal with the challenges posed by engagement with the outside world. The Mozambican government, for example, views tourism as a major wealth creator, but the CRR notes that at the time the review was conducted it had no tourism policy.¹²³ Likewise, Lesotho has no ‘documented’ trade policy, only an ‘implied’ one.¹²⁴



Transport hub in Lagos, Nigeria

Source: <http://www.istockphoto.com/photo/busy-african-city-48812356?st=ccd609d>

In some countries, these failings are extreme. The Burkina Faso CRR points out that the Burkinabe authorities complain that while they have applied preferential tariffs to their regional partners, goods originating from their country do not receive this consideration elsewhere.¹²⁵ However, the CRR found that Burkina Faso was still taxing exports, which was at odds not only with integration but also with its own policies.¹²⁶

Together, these deficiencies cast doubt on the capability of African states to steer regional integration efforts as they exist – this is especially the case given the harsh and unforgiving economic and political environment within which these endeavours are taking place.

ECONOMIC CONSIDERATIONS

While integration theory holds that closer links and lower barriers between countries contribute to the prosperity of all, the process of integration may impose its own set of costs. These are likely to be immediate and measurable, resulting in reluctance, if not outright resistance to integration schemes.

The CRRs note widespread concern about the impact of tariff reductions, since doing so erodes countries' tax bases. For countries with limited sources of revenue, foregoing tariffs can make a significant dent in state resources. The Uganda CRR states that a major hindrance to regional integration is that the 'dynamic gains and losses' from the EAC Customs Union have not been clear.¹²⁷ In Kenya, customs receipts 'may' be affected by integration.¹²⁸ The Rwanda CRR notes the fall in customs revenue, which had hitherto accrued from COMESA imports.¹²⁹ It is revealing that these concerns are raised in the CRRs of member countries of the EAC, in which integration has proceeded relatively well. The decline in tariff revenue is a painful inevitability. Outside of the EAC, the Ghana CRR notes that the trade gains from integration have been disappointing.¹³⁰ Fear of losing revenue has – at the time of its CRR's preparation – kept Ethiopia out of the COMESA free trade area.¹³¹

Countries' wish to protect their industries is an important consideration in any integration process. Where industries are immature, this can be expected to be particularly problematic. This is not limited to the poorer countries in Africa, but to its wealthier ones too – in fact, it may well be of greater importance to the latter because they have a degree of industrialisation to protect. Thus, in Nigeria, protectionism of local producers remains, despite the opening up of the economy. Agricultural goods attract high tariffs, although these are produced by its neighbours and are a crucial component of the latter's exports¹³² – implying that Nigeria's actions are short-circuiting much of the rationale for regional integration. The Burkina Faso CRR refers to a 'persistent tendency to protect local production'.¹³³ Mauritius has taken protectionist measures against South African textiles.¹³⁴

Some CRRs raise concerns about the potential for stronger economies – South Africa in SADC, Kenya in the EAC, or Nigeria in ECOWAS – to overwhelm less developed ones.¹³⁵ In SADC, the Tanzania CRR reports fears of losing sovereignty and control over domestic policy, as future decisions move from national to regional level, while the trade deficit with the bloc fuels resistance within Tanzania to integration.¹³⁶ Says its CRR: 'Adequate steps will need to be taken to reverse this trend. This will require identifying and tackling

binding constraints.¹³⁷ The Kenya CRR expresses concerns that integration through the EAC may undermine producers in Tanzania and Uganda and ‘raises the question’ as to whether compensation should be considered.¹³⁸

To address this, compensation mechanisms have been used in some blocs. SACU, for example, redirects a disproportionate share of its revenue to the smaller countries. SADC attempted to ease the introduction of its FTA through a transitional measure allowing variable rules of origin.¹³⁹ This was the so-called Malawi, Mozambique, Tanzania and Zambia (MMTZ) Special Dispensation, which allowed these four countries more leeway than others in using imported fabrics for their textile industries.¹⁴⁰ Likewise, the WAEMU included a provision for lost customs revenue arising from the implementation of its CET. The Burkina Faso CRR notes that the country has suffered a loss of revenue owing to the removal of customs barriers, but it is satisfied with compensation received under the system established by the WAEMU.¹⁴¹ Questions have, however, been raised about the efficiency of this system, with cumbersome processes and lengthy delays involved in claiming compensation.¹⁴² The EAC adopted a slightly different approach with its asymmetrical arrangement in introducing its customs union. Uganda and Tanzania were allowed to phase in tariff reductions vis-à-vis Kenyan imports over a transitional period, while Kenya undertook to drop tariffs on their goods from the outset.¹⁴³

The removal of tariff barriers has not opened up economies entirely. Non-tariff barriers – such as stringent labelling requirements and sanitary standards – remain, and may impose even greater burdens on trade. This is covered in the CRRs on Uganda,¹⁴⁴ Ethiopia,¹⁴⁵ Mali¹⁴⁶ and South Africa.¹⁴⁷ Mauritius has also imposed non-tariff barriers to deter competition from SADC and COMESA.¹⁴⁸

Labour and residence rights are particularly sensitive issues in any integration scheme. In Africa, this is especially acute, as widespread poverty and the limited pool of opportunities provide fertile ground for conflict. Occasional outbreaks of violence against foreigners in South Africa – most notably in the winter of 2008 – illustrate this. Despite integration processes, countries still attempt to keep control of their labour markets. This is unlikely to change unless integration contributes to growth, which produces a rapid expansion of opportunities.

Despite in-principle commitments to free movement, action has been slow. SADC has been trying to agree on and adopt a framework for free movement for nearly 20 years; only in 2005 was the SADC Protocol on Facilitation of Free Movement of Persons tabled. While 13 states have signed it, only six have ratified it.¹⁴⁹ The EAC has moved a considerable distance towards greater harmonisation of work permits,¹⁵⁰ but periodic deportations of non-nationals continue to occur. Thus, even as the EAC was moving towards an agreement on a monetary union, Tanzania’s President Jakaya Kikwete pledged to remove some 35 000 Rwandese, Burundian and Ugandan nationals from the country. Many of them had lived in Tanzania for decades.¹⁵¹

In the ECOWAS region, a common visa has eased movement among countries. In practice, this is subject to the discretion of border officials and ‘unofficial’ controls – another example of the impact of shaky administrative systems, and a point admitted by senior politicians.¹⁵²

Another important limitation on trade is the lack of complementarity in economies – neighbours frequently produce the same products and do not have the same scope for intricate webs of cross-border interaction that businesses in Europe may have. This is noted in the CRRs on Algeria¹⁵³ and Uganda.¹⁵⁴

Encouragingly, though, the reports on Mozambique,¹⁵⁵ Sierra Leone¹⁵⁶ and Rwanda,¹⁵⁷ while acknowledging the costs and challenges of regional integration, also see clearly the means to meet them. Fundamentally, it means broadening the available revenue sources by expanding their economies. In this, regional integration could play a positive role. As the Rwanda report notes: ‘In time, the expansion of the tax base ensuing from the positive production effects of integration was expected to more than counter the negative effect.’¹⁵⁸

NPoA commitments

A large majority of the CRRs – those of Algeria, Benin, Ethiopia, Ghana, Kenya, Lesotho, Mali, Mauritius, Mozambique, Nigeria, Rwanda, Sierra Leone, South Africa, Tanzania and Zambia – deal with the economic considerations surrounding regional integration. Most intend to expand trade and available markets through regional integration and monitoring the agreements in place. This will involve dealing with delays and inefficiencies at customs posts, as well as attempting to promote informal cross-border trade.¹⁵⁹ Several pledge to strengthen local industries, so as to make them better able to compete in the world market; existing industries should be made more efficient and economies should be diversified to allow for competition in a wider spread of activities.¹⁶⁰ Others commit to conducting research to establish the costs and benefits of regional integration.¹⁶¹

INFRASTRUCTURAL BARRIERS

While a policy framework to encourage integration is necessary, the physical means to service markets across borders is critical. Policy cannot encourage goods and people to cross borders when roads and railways will not allow their movement.

The poor state of much of Africa’s physical infrastructure is placing its economic prospects in jeopardy. This was a central preoccupation of the NEPAD initiative and remains a pressing concern today. According to a 2010 study by the World Bank and the French Agency for Development, the continent is also falling behind other developing regions in making up its infrastructural deficits.¹⁶²

On just about every measure of infrastructure coverage, African countries lag behind their peers in the developing world. This lag is perceptible for low and middle-income countries in Sub-Saharan Africa relative to other low- and middle-income countries. The differences are particularly large for paved roads, telephone main lines, and power generation. For all three, Africa has been expanding stocks much more slowly than other developing regions; so unless something changes, the gap will continue to widen.



A cargo train is hauled by a blue diesel locomotive as it passes en route to Zambia from Zimbabwe

Source: <http://www.istockphoto.com/photo/african-cargo-train-between-zimbabwe-and-zambia-19523102?st=9ba7194>

This is reflected in a number of the CRRs, which record the hurdles posed to businesses by inadequate infrastructure.¹⁶³ A key issue here is transport, particularly the limited reach and poor quality of roads – the Burkina Faso report notes additionally that the quality of vehicles presents a hazard. The Rwanda CRR points out that improved infrastructure is imperative if the country is to be viewed as a competitive investment destination.¹⁶⁴ The Tanzania CRR remarks that the TFTA may introduce heightened competition to national markets, making a focus on national competitiveness and an enabling business environment all the more essential.¹⁶⁵

It is estimated that Africa would need to spend \$93 billion a year to clear its infrastructural backlog. Around a third of this would be for ongoing maintenance.¹⁶⁶ Although investment is being made in infrastructure, it is insufficient. In recent years Africa's advances in infrastructure have been most pronounced in mobile telecommunications. This is important, but it is the hard infrastructure, such as roads and bridges, that is most meaningful for the goods-based trade in which the continent's small-scale entrepreneurs engage.

Regional infrastructural development strategies are critical for the success of integration.¹⁶⁷ Africa needs more of the sort of infrastructure initiatives described in the Algeria CRR, such as the Trans-Sahara Highway, linking Algeria, Tunisia, Mali, Niger, Chad and Nigeria.¹⁶⁸ Similarly, the Sierra Leone CRR points to the Mano River Union electricity project as an example of beneficial regional infrastructure development.¹⁶⁹

NPoA commitments

Just under half of the CRRs – those of Benin, Burkina Faso, Lesotho, Mozambique, Sierra Leone, Tanzania and Uganda – specifically commit themselves to improving the business environment. This includes regulatory reform, establishing and strengthening institutions promoting development, and upgrading infrastructure.¹⁷⁰

EXTRA-AFRICAN RELATIONSHIPS

Africa's trading relationships with countries outside the continent are frequently better established and more lucrative than those between neighbours. Owing to Africa's frayed transport infrastructure, they may also be easier and more cost effective to trade with. This is clearly seen in the structure of trade – ie, the largest trading partners – of most of the countries under review. It is not uncommon even for landlocked countries to conduct more trade with non-African countries than with their African peers. (See Appendix.) For the most part, however, this dimension is not addressed in the CRRs. The Algeria CRR is an exception, pointing out that its economic linkages are heavily oriented towards Europe,¹⁷¹ rather than towards its neighbours.

It must be noted, however, that in the absence of strong supranational institutions and – more importantly – compelling opportunities within Africa, it is inevitable that African countries will be distracted from regional commitments by outward links.

Another thorny issue, addressed at length only in the Ethiopia CRR, is the impact of economic partnership agreements (EPAs) with the EU. Critics have warned that these could work against regional integration by diverting potential trade between neighbours to the European market, and because the EPAs may enshrine conditions that contradict those that members of the RECs offer to one another.¹⁷² The Ethiopia CRR advises caution about EPAs, calling on Ethiopia to reject any agreement that will undermine regional integration. It argues that effective regional arrangements are preferable and could create stronger positions from which to enter global markets.¹⁷³ This also matches other commentators' criticism of EPAs, ie, of these creating contradictions between neighbouring economies in pursuit of access to the important European market.¹⁷⁴

There is no obvious solution to this problem. It requires choosing between the immediate benefits of aligning with extra-African markets, and the possible longer-term benefits that would accrue from forging close, institutionalised regional ties and using them as a platform to engage with the wider world. Given the largely unimpressive record of Africa's RECs, the incentives for focusing on regional integration are limited.

Turning this around requires dealing with the blockages that inhibit regional trade, raise the costs of imports and exports within regions and divert trade out of the continent. But more than this, it requires will and leadership, in terms of being willing to forgo opportunities in the wider world in the short term and pushing integration regionally.

SECURITY CONSIDERATIONS

Security and stability are essential for countries' economic development. Where societies have to deal with conflict, a focus on survival is likely to take precedence over development. And where security threats or instability arise in a country, the instinctive response of its neighbours is to close borders. This has been a serious problem in Africa, predominantly in relation to intra-state conflicts. A UNECA report argues:¹⁷⁵

Peace and security continue to be one of the major challenges affecting Africa's integration and development efforts. This is why peace and security have been acknowledged as critical to [the] creation of the right environment upon which regional integration in all aspects can be fostered. To date, a number of African countries continue to experience conflicts and civil wars which has adversely impacted on the implementation of regional integration activities and programmes. The destructive and recurrent nature of these conflicts has had far-reaching consequences on the state, the region and the continent as a whole, creating an environment of perpetual insecurity.

While tackling conflict and insecurity extensively elsewhere in the CRRs, the APRM does not deal with this as a major factor in the integration process. The Uganda CRR is an exception, referring to that country's relationship with the Democratic Republic of the Congo (DRC) – 'tense and prone to conflict' – as impeding regional integration.¹⁷⁶ However, conflict cannot be overlooked. According to Dr Mohammed Ibn Chambas, former ECOWAS president, ECOWAS has been distracted from its developmental goals by security crises since the 1990s.¹⁷⁷ Crises in the Sahel region and instability following the 'Arab Spring' have done likewise for CEN-SAD.¹⁷⁸ COMESA has also commented on the threat that terrorism poses to integration.¹⁷⁹ The virtual absence of movement on integration in ECCAS is largely a consequence of the conflict in several of its states.¹⁸⁰

Beyond political conflict, crime and banditry impose their own significant costs on trade. Burkina Faso has seen the removal of controls on its borders increase insecurity and robbery in cross-border trading operations.¹⁸¹ In Benin, there is widespread extortion on the roads and at the borders.¹⁸² Violence and harassment have become a major concern on crossings between Zambia and the DRC and a significant burden for businesses attempting to operate across the borders.¹⁸³

All of this highlights the hindrances to regional integration that conflict and security pose. To tackle these, measures to address security threats have been included in all of the RECs' plans.¹⁸⁴ Until these threats are brought under control, the continent's integration regimes will be compromised.

NPoA commitments

Two of the CRRs – those of Benin and Ghana – commit to addressing concerns relating to conflict, insecurity and crime, in the sense of physical security and with regard to corruption in cross-border trade, as part of their integration endeavour.¹⁸⁵



In Nechisar National Park, not far from the town of Arba Minch, three Ethiopians stand on the lakeshore. Two are tending to a fishing net. One other is walking with a rifle on his shoulder, carried for self-defence given the history of tribal conflict in the area

Source: <http://www.istockphoto.com/photo/fishing-nets-and-rifles-17164501?st=7ab7d22>

IDENTITY ISSUES

A powerful motivator behind integration in Africa has been the view that it would represent an overcoming of the continent's often-painful past. Integration, and beyond it, true unification, would not only serve Africa's economic interests but also act as a political, cultural and even moral statement. It is not, however, self-evident that all countries in Africa share this commitment. The Mauritius CRR notes that Mauritius' sense of itself in terms of ancestry and culture – not to mention economic links – leans towards Asia. Ordinary Mauritians tend to see themselves as Asian, and do not seem to attach much importance to integration with Africa.¹⁸⁶ Mauritius' commitment to regional integration is based largely on economic considerations. This is a 'fragile' basis. The CRR notes:¹⁸⁷

A focus on purely economic calculations and gains often leads to acrimonious negotiations and disputes over the distribution of benefits and an unwillingness to make sacrifices for the long-term goal of integrating regions. Political, social and cultural ties and a sense of identity are therefore often necessary to sustain this process during difficult times.

Other cultural or geopolitical orientations and fault lines challenge African integration. Dr Abdourahmane Idrissa of the University of Niamey remarks that, as a philosophy, pan-Africanism is rooted in sub-Saharan Africa. It has no real counterparts elsewhere in the developing world. It arose from the particular experience of colonisation in sub-Saharan

Africa and the ‘imagination’ of the ‘black race’. This is not a dominant identity across the entire continent – or across the populations of such societies as Mauritania, where the upper class has an affinity with the Arab world.¹⁸⁸

North Africa, for example, is economically oriented northward and has important cultural links with the Middle East, also holding membership of the Arab League. Africa’s Muslim-majority countries are also involved in the Organisation of Islamic Cooperation – a body promoting co-operation on the basis of shared religious heritage.

Africa, in other words, is not necessarily in all matters and at all times a priority in the decisions that African countries make – and ‘Africa’ may signify different things in different contexts. The assumption that a sense of belonging to Africa can underwrite African integration may require revision.

CHAPTER 5

BROADENING THE RELATIONSHIP: THE EXTRA-GOVERNMENTAL DIMENSION

While regional integration needs the consent and guidance of government, a social consensus in its favour is an important asset. Research has shown definite interest among ordinary Africans in the progress of integration, as well as recognition of the potential benefits in terms of freer movement and opportunities for business – while recognising the weaknesses in current institutions and practices.¹⁸⁹

The APRM records an uneven understanding of regional integration among ordinary people. Although two of the CRRs – those of Ghana¹⁹⁰ and Nigeria¹⁹¹ – refer to broad societal support for integration, the overwhelming conclusion that emerges is of a lack of popular awareness of it. This is the case irrespective of the REC; the CRRs of Kenya,¹⁹² Ghana,¹⁹³ Ethiopia,¹⁹⁴ Mozambique,¹⁹⁵ Tanzania,¹⁹⁶ Mauritius¹⁹⁷ and Uganda¹⁹⁸ all explicitly indicate that public awareness of integration efforts is inadequate or non-existent.

Beyond the endorsement of African citizens, the involvement of the business community is an indispensable part of successful economic integration; after all, businesses organise the resources and exploit the opportunities that larger markets produce. The Benin CRR points to West Africa's Ecobank as 'an example of the success of private regional cooperation for the promotion of trans-national investments and regional integration on the Continent'.¹⁹⁹ Ecobank's significance is that it demonstrates that an enterprising business community can benefit by thinking of the opportunities available across national borders – and in doing so, can realise the benefits that regional integration aims for.

Indeed, referring to the SACU region, an analysis by SAIIA researcher Mark Schoeman notes that declining funds from tariff revenues demands better domestic resource mobilisation – something that needs private sector involvement. Involving the private sector in regional integration will also make it possible to tap into private sector resources. These may be financial but can also involve skills and, perhaps more importantly, insights to inform policy change to encourage growth.²⁰⁰

In this respect as well, the APRM suggests that very little involvement appears to be forthcoming. To some extent – as in Burkina Faso²⁰¹ – the private sector is too small, underdeveloped and inadequately formalised and organised to become meaningfully involved in integration. In other cases, little information has been made available to encourage such involvement. Several CRRs make the latter point, namely those of Ghana,²⁰² Mozambique,²⁰³ Nigeria,²⁰⁴ Tanzania²⁰⁵ and Uganda.²⁰⁶

Mauritius is an exception. Its private sector has evolved a productive relationship with government and is integrated into its external strategies – even becoming involved in its negotiating strategies.²⁰⁷ The Mauritius CRR credits this relationship with having played an essential role in the country's economic success.²⁰⁸

The absence of the private sector has long been recognised as a limitation of African regional integration. Writing in the 1990s, two Ghanaian academic observers, Prof. Ernest Aryeetey and Dr Abena Oduro, explained:²⁰⁹

[A] feature of integration in Africa is the lack of active involvement of the private sector in the formulation of decisions, protocols etc. This is largely because most of the regimes at the time the agreements were ratified, were statist in outlook. Domestic economic policy did not actively encourage private enterprise. Second, the integration arrangements were negotiated among leaders of regimes that were in most cases not democracies ... The result was often a lack of sufficient knowledge about some of the provisions of treaties by both the private sector and national agencies whose activities should have been affected by the decisions made at the heads of state and ministerial levels.

Other work supports this position. One study published by the German Gesellschaft für Internationale Zusammenarbeit in 2011 examined the engagement of the private sector in the EAC, ECOWAS and SADC. Although each of these had a formal commitment to involve the private sector, this was not taking place properly.²¹⁰ This is especially the case in SADC and ECOWAS. The EAC has had more success in involving the private sector in its activities: the East African Business Council has ‘observer status’ in EAC institutions, and in this capacity attends meetings of the Council of Ministers and Heads of State, where the chair may even allow it to speak.²¹¹

The approach of African businesses to integration is pragmatic: it seeks new opportunities and is in favour of initiatives to provide them. A study of business in the SADC region by Dr Nick Charalambides for the European Centre for Development Policy Management demonstrates that reducing tariffs and harmonising rules and standards are important measures for business, although there is a view that governments are not firmly committed to their own integration initiatives. Some companies even feel that doing business is easier with countries that are *not* ‘integrated’ with their own.²¹² On the other hand, a study of businesses in the EAC shows that they tend to view positively the benefits of this bloc’s arrangements, with large majorities of Kenyan, Tanzanian and Ugandan companies believing that its customs union has been successfully implemented.²¹³ However, irrespective of how well the political and administrative aspects of integration are handled, the scope for taking advantage of opportunities depends on the practical realities of the business environment. It is in this area that both the APRM CRRs and other research highlight factors such as poor transport infrastructure and unreliable electricity as major problems.²¹⁴

Two issues merit attention. The first is the potential of Africa’s more developed business communities to drive regional integration. One reason for the relative success of the EAC is that Kenya’s business community is behind integration.²¹⁵ Research on South African business ventures in Africa, published in 2004, argued that the growing presence of South African companies on the continent was making a small but marked difference. Among the issues this research raised was the ongoing failure of integration efforts to deal with some key hindrances to business – such matters as infrastructure and conflicting regulatory regimes.²¹⁶ To deal with these, co-operation between business and government is essential. Building these relationships and harnessing them to integration schemes are important goals for the continent.



Nairobi city centre

Source: <http://www.istockphoto.com/photo/nairobi-kenya-23450480?st=a062a0c>

The second is the role of the informal sector. Many of the CRRs deal with the informal sector as part of the economic make-up or as a corporate governance concern, but not as a factor in integration. It is, however, of great importance in African trade. Owing to the generally small scale of individual operations, small profit margins, and the need for traders to travel across borders personally, the state of hard infrastructure is critical – arguably more so than for formal sector businesses. So too is the general border management. Informal traders tend to be more susceptible to being harassed by corrupt officials than are representatives of larger businesses, since they do not have the same recourse to the law or political influence that the latter can call upon. Informal traders are severely disadvantaged when visas or other barriers to entry are imposed, or where border officials abuse their authority. These problems have been observed in the SADC region, and appear to hit women traders particularly: women constitute a majority of informal traders, often trading in very small volumes of goods, and officials tend to see them as easier targets for extortion or sexual harassment.²¹⁷

However, informal sector cross-border trade is an important activity. As well as providing earnings to traders, it services markets that might otherwise be ignored – as with Nigerian petroleum products traded in rural parts of West Africa.²¹⁸ Integration should therefore not be conceived as solely focussed on the formal sector – it is deeply important for the continent’s informal operators. There is evidence of that informal traders have used initiatives such as the SADC FTA to their advantage.²¹⁹ Whether it is possible to involve the informal sector in the process is uncertain, especially at the higher, policymaking levels. However, integration policy and its implementation must be sensitive to the projected impact on this economy.

It does appear as though the limitations of the statist trajectory of integration and the advantages of business support are being recognised. Some moves are being made to encourage more input from business. The APRM argues that greater sensitisation is needed. In Uganda, it was expected that various integration mechanisms would be debated across society and passed by Parliament, but it does not seem as though this has happened.²²⁰ In Tanzania, a plan to promote awareness is underway.²²¹ In ECOWAS, the REC's parliament has called for more involvement from stakeholders.²²² In a similar vein, the Algerian Confederation of Employers has assisted in pushing plans for expanding regional integration in the AMU.²²³ All of these suggest that there is enthusiasm for finding a role in integration for business and society at large, although this still has to be put into action.

NPoA commitments

A number of CRRs – those of Benin, Burkina Faso, Ghana, Kenya, Mozambique, Sierra Leone and Uganda – address the lack of involvement by the private sector and civil society. Their NPoAs pledge to conduct sensitisation programmes to increase public understanding of and support for countries' integration activities,²²⁴ and to involve the private sector in regional integration initiatives.²²⁵

CHAPTER 6

CONCLUSION

As regards regional integration, the aim is not simply to be part of the international trend but to conceptualise an integration project which, while having a political vision, at the same time embodies an economic rationale by taking into consideration incentive mechanisms for private agents. It is this political vision that allows long-term strategic objectives to be considered and justifies the adoption, in the short term, of a proactive approach and of terms and conditions that are likely to encourage economic operators from different countries to trade among themselves.

Algeria CRR²²⁶

For Africa, the rich possibilities of regional integration have thus far largely failed to materialise. The APRM joins those voices calling for a more aggressive and immediate march towards integration.²²⁷ However, the material presented in the reports implicitly cautions against attempting to do so. Numerous hindrances to integration in Africa exist, each of which must be overcome if integration is to be placed on a sustainable trajectory.

The APRM is part of a strong putative commitment to integration in Africa; and while the CRRs indicate that this is shared by the APRM's participating countries, their records on integration suggest a more ambivalent approach. Concerns about a loss of sovereignty and undermining local industries overwhelm much of the in-principle commitment to open markets and free trade. A forthright message emerging from the APRM is that regional integration entails costs. While the proposed trade-off – set out explicitly in some of the CRRs – is that short-term hardship will ultimately be rewarded by long-term prosperity, the immediate shocks of a loss of tariff revenue for poor countries (and a loss of political control by national elites) may be severe. Action is frequently half-hearted and incomplete.

This ambiguity towards Africa's regional integration initiatives underlines the critical importance of political will and political commitment by its leadership. If these initiatives are to succeed, they will need to be driven by decisive leadership, and by a belief in their importance. To a significant degree this appears to have been the case among the EAC countries, but it has been less in evidence elsewhere. Future APRM reviews may do well to reflect on this.

A strong case could be made for reviewing Africa's current integration path. The APRM CRRs correctly point out the difficulty of retaining membership of multiple RECs, and call for countries to decide in which their futures lie.²²⁸ This makes eminent sense. However, since countries join different RECs seeking different benefits, this may be extremely difficult to achieve in practice.

Similarly, the CRRs lay out the weaknesses and capacity deficits of Africa's states. This is a problem with profound implications for regional integration schemes, and which is also present in its regional institutions.

Between imperfect will, the complications of overlapping membership and limited capacity, there are good grounds to rethink Africa's integration model. Rather than proceeding with the continent's present ambitious institutionalised approach, a strong case could be made for taking an approach that aims to achieve and consolidate more limited goals, such as free trade areas and joint infrastructure projects. Such an approach would also need to stress limited but well-functioning institutions. Peter Draper, Senior Research Fellow at SAIIA, puts it succinctly:²²⁹

A much more limited approach is required, one that prioritises trade facilitation and regulatory cooperation in areas related primarily to the conduct of business; underpinned by a security regime emphasising the good governance agenda at the domestic level. Care should be taken to design the ensuing schemes in such a way as to avoid contributing to major implementation and capacity challenges in establishing viable and legitimate states at the national level.

In other words, for much of the continent, attempting to map out a full integration agenda in terms of the Balassa framework may not be advisable.

Another dimension highlighted by the CRRs is the state-centred nature of integration. The enthusiasm of ordinary people and the involvement of the business community would do much to consolidate integration. A strong business voice is particularly important, as it is business opportunities, work and wealth creation that provide the strongest arguments for integration – and the best counter to concerns about declining revenue. Business must be offered a position to identify the practical blockages that exist in current arrangements, and to suggest participatory solutions. Where strong private sectors exist – in South Africa, Ghana, Kenya and Nigeria, for example – bringing in their representative bodies should be comparatively simple. It is, however, equally critical that the interests of the continent's informal sector be taken into account and that integration programmes attempt to provide for the needs of entrepreneurs in this part of the economy.

A critical subsidiary issue is the general business context within which integration is undertaken. Africa's economies tend to be underdeveloped, and struggle with inhospitable business climates. Ultimately, these need to be remedied. Without thriving, energetic business communities, much of the potential benefit of larger markets is not seized. It is encouraging that this point is recognised by the countries themselves. The NPoAs recognise the importance to regional integration of ensuring that an accommodating environment for business activity is provided.

Finally, it is striking that the APRM reports say relatively little about the lessons to be learned from Africa's experience of regional integration thus far. Where this is done, it is in very general terms. It is true that Africa's record on regional integration has been disappointing, but it is equally true that it has recorded some gains. More importantly, its experience, even when it resulted in failure, holds valuable lessons for policymakers. As a vehicle for peer learning, the APRM should seek to share these lessons in more detail and to highlight the options available for prudent and successful regional integration.

Postscript: Macro-economic convergence

The APRM CRRs offer some insights on the integration process beyond free trade and customs unions. For the most part these processes are less advanced than their trade-driven integration; the insights the CRRs offer also tend to be specific to the time in which they were compiled. Nevertheless, ensuring the compatibility of countries' macro-economic fundamentals is imperative if deeper integration is envisaged. A report by UNECA explains the importance of this:²³⁰

Effective implementation of monetary integration is a prerequisite for the creation of [the] African Economic Community. Stable economies in terms of their inflation, interest rates, and levels of employment, among others, are instrumental in the attainment of regional integration among African countries. There is no doubt that prudent macro-economic policies would bring economic growth and sustainable development; price stability among the regions; and promotion of trade flows, among others.

Several African RECs are pursuing macro-economic convergence, with the aim of introducing common currencies. These are built around a set of targets for macro-economic management, and reflect the recommendations of the Association of African Central Banks' African Monetary Cooperation Programme. A 'primary' set of indicators requires controlling the overall budget deficit; controlling inflation; minimising financing of the budget deficit by the Central Bank; and ensuring reserves are sufficient to cover several months of imports. A 'secondary' set includes such indicators as having stable exchange rates, keeping tax revenue to GDP at a determined level, eliminating domestic arrears and ensuring the non-accumulation of new arrears. In addition, some RECs consider other factors such as public debt, the current account balance and the public wage bill.²³¹

The **EAC** has been working on convergence as part of its integration strategy for over a decade. A set of macro-economic targets was proposed through the EAC's second *Development Strategy* (2001–2005),²³² but these have not been achieved consistently.²³³ A research report produced by the European Central Bank²³⁴ concluded that a common currency would not be feasible. In 2013, a protocol was signed by the member states of the EAC on achieving a monetary union by 2024. This will be managed by the EAC Monetary Institute (scheduled for 2015), and the East African Surveillance, Compliance and Enforcement Commission, which will monitor convergence (scheduled for 2018).²³⁵

Convergence in **COMESA** stems from its founding treaty – member states would work towards harmonisation and ultimately a monetary union. This goal would, according to the initial timeline, have to be reached by 2025. To align with the continental plan for a monetary union by 2021, COMESA drew its objective forward, to 2018.²³⁶ To assist in these efforts, the COMESA Monetary Institute was established in 2011.²³⁷ However, COMESA has also found convergence difficult. Data presented by the head of the COMESA Monetary Institute in 2013 suggested that over half of COMESA's members were failing to achieve any given criterion.²³⁸ Of the APRM CRRs, only Ethiopia's describes its experiences in this regard, admitting it has not done well on convergence.²³⁹ As a result, COMESA's record on

convergence has led to scepticism about the feasibility of a monetary union. Says Rwandan economist Prof. Manasseh Nshuti: 'We are not yet ready for the COMESA currency. We haven't even achieved the EAC Monetary Union that we have always been singing about.'²⁴⁰

ECOWAS member states are in an interesting position. The francophone countries (along with Guinea-Bissau) are bound together in the **WAEMU**. This is a free trade area and customs union with a common external tariff, its members using a common currency managed by a regional bank and backed by France. The anglophone countries are attempting to move towards a common currency through the **WAMZ**. The objective is to merge the two blocs under a single regional currency by 2020. There is little possibility that this will be achieved. The launch of a common currency for the WAMZ has repeatedly been postponed. Originally scheduled for 2002, it was pushed through a series of delays, with the latest – set for 1 January 2015 – being called off.²⁴¹ Meanwhile, the macro-economic convergence targets for which all ECOWAS countries must aim have proven elusive. The CRRs point out that macro-economic convergence remains problematic, proving slow and difficult for the countries involved.²⁴² The conclusions of the CRR mirror those of other observers and ECOWAS itself; namely that different countries have difficulties meeting different indicators.²⁴³ While progress is being made, the bloc does not appear to have reached the level of mutual compatibility that would make a currency union possible.

In **SADC**, the importance of macro-economic convergence in preparation for a monetary union is recognised in the Regional Indicative Strategic Development Plan,²⁴⁴ while a Memorandum of Understanding between the constituent states commits them to their targets.²⁴⁵ A SADC Central Bank would be established by 2016, and a common currency by 2018.²⁴⁶ However, as in the other blocs, progress has been uneven,²⁴⁷ and the Zambia CRR comments: 'It is hard to find a Zambian who believes that this calendar is likely to be achieved.'²⁴⁸ This is echoed by Dr Rob Davies, South Africa's Minister of Trade and Industry, who has stated that it is highly unlikely that the timeline can be met.²⁴⁹

APPENDIX

IMPORT AND EXPORT PATTERNS, 2014

Country	Top export partners	% of total exports	Top import partners	% of total imports
Algeria	EU	55.3	EU	52.3
	US	15.0	China	11.8
	Canada	7.1	Argentina	3.6
	Brazil	4.7	Turkey	3.6
	Turkey	3.7	US	3.5
Benin	Nigeria	48.5	EU	41.2
	China	11.7	China	12.6
	EU	7.2	Togo	10.9
	India	5.2	Malaysia	4.6
	Chad	4.1	Nigeria	3.8
Burkina Faso	N/A		EU	33.1
	N/A		Côte d'Ivoire	10.7
	N/A		China	9.8
	N/A		US	4.3
	N/A		Togo	3.9
Ethiopia	EU	28.4	China	21.6
	China	11.1	Saudi Arabia	14.1
	Somalia	9.0	EU	14.0
	Saudi Arabia	6.6	India	8.3
	Switzerland	6.1	Kuwait	6.2
Ghana	South Africa	24.2	EU	33.1
	EU	23.5	China	17.2
	India	10.0	US	11.2
	United Arab Emirates	8.7	India	4.2
	Vietnam	7.2	South Africa	3.5
Kenya	EU	23.9	EU	18.6
	Uganda	12.7	China	12.6
	Tanzania	8.1	United Arab Emirates	12.1
	US	5.5	India	10.8
	United Arab Emirates	4.6	South Africa	6.2

Country	Top export partners	% of total exports	Top import partners	% of total imports
Lesotho	South Africa	48.9	South Africa	95.2
	US	31.8	Japan	2.5
	Canada	15.1	EU	1.6
	EU	1.9	Gambia	0.2
	Madagascar	0.6	US	0.2
Mali	South Africa	51.8	Senegal	25.1
	Switzerland	11.6	EU	19.7
	China	7.8	China	10.6
	Malaysia	5.0	Côte d'Ivoire	8.3
	EU	4.6	Benin	5.0
Mauritius	EU	58.8	India	22.5
	US	10.1	EU	22.4
	South Africa	9.8	China	16.1
	Madagascar	6.9	South Africa	6.5
	Japan	1.6	Malaysia	2.6
Mozambique	EU	40.5	South Africa	31.4
	South Africa	19.2	EU	22.9
	China	18.4	United Arab Emirates	7.4
	India	4.5	Bahrain	6.3
	Switzerland	2.5	China	5.7
Nigeria	EU	35.6	EU	23.3
	US	16.9	China	21.5
	India	11.1	US	13.6
	Brazil	7.5	India	8.0
	China	5.6	Brazil	8.0
Rwanda	Tanzania	32.6	EU	17.1
	DRC	21.6	Uganda	14.4
	Kenya	18.7	China	13.3
	Uganda	13.5	India	8.3
	Sudan	3.4	Kenya	8.3
Sierra Leone	N/A		N/A	
South Africa	EU	20.0	EU	28.7
	China	11.7	China	14.4
	US	8.7	Saudi Arabia	7.8
	Japan	6.2	US	7.4
	India	4.2	Japan	4.5

Country	Top export partners	% of total exports	Top import partners	% of total imports
Tanzania	South Africa	17.7	Switzerland	13.5
	Switzerland	14.4	EU	12.4
	EU	13.8	China	9.9
	China	9.5	United Arab Emirates	8.8
	India	8.7	South Africa	8.0
Uganda	EU	17.5	India	20.9
	Sudan	17.2	China	11.3
	Kenya	10.8	EU	10.8
	DRC	10.2	Kenya	9.8
	Rwanda	9.6	United Arab Emirates	7.5
Zambia	Switzerland	48.9	South Africa	35.7
	China	16.9	DRC	18.5
	South Africa	9.3	China	9.8
	DRC	6.5	EU	9.3
	EU	5.6	Kuwait	4.7

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