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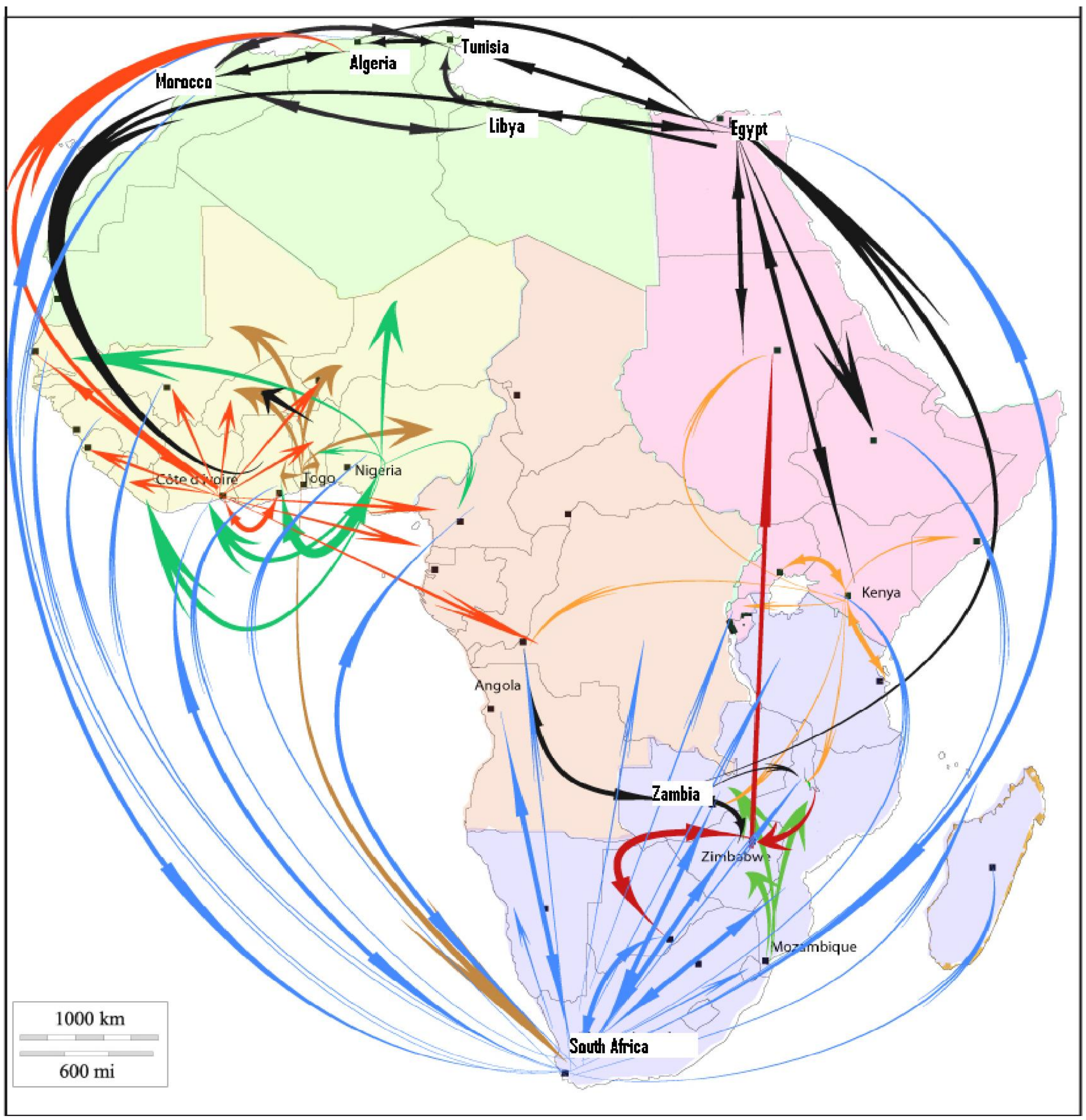
STUDY FOR THE QUANTIFICATION OF REGIONAL ECONOMIC COMMUNITIES (RECs) RATIONALIZATION SCENARIOS

STRUCTURE OF INTER-COUNTRY TRADE OF INTRA-AFRICAN TRADE LEADER COUNTRIES

PROVISIONAL REPORT



NOVEMBER 2009

Executive Summary

The study for the quantification of the RECs rationalization scenarios was conducted on the basis of AU policy guidelines, the surveys conducted in that context and the discussions held between the study experts and the chief executives of the eight (8) RECs recognized by the African Union (AU).

The quantification was carried out in two stages: the first helped to give a more concrete content to the scenarios identified by AU, ascertain their feasibility and deduce therefrom a membership configuration. The second stage of the study was devoted to an appraisal of the impact of each scenario on key macro-economic variables.

The exploratory work regarding the feasibility of the scenarios resulted in the formulation of the following proposals:

- With regard to regional membership of each African country and the possibilities of rationalization, the main observation is that the search for “optimal attachment” does not mean that the State concerned should leave any of the RECs in the event of multiple memberships.

  As a matter of fact, cooperation between the RECs take numerous forms, ranging from the problems of border security to economic and monetary, and indeed political union, all of which allow for the co-existence of regional communities that have different vocations.

  Thus, rather than renounce any of the RECs, the problems likely to be generated by multiple memberships can the resolved:

  (i) Either by the co-existence of the RECs with distinct and/or complementary vocations seeking to harmonize their policies – the case, for example, of ECOWAS and CEN-SAD or, indeed, of IGAD and COMESA;

  (ii) Or through the emergence of initiatives aimed at bringing together the RECs, as is the case of Tripartite. This initiative in fact constitutes an original response which, if successful, can be adapted to address the issue of rationality of the on-going regional integration processes and their convergence towards the Abuja Treaty; hence the strong focus on this initiative in the reflection carried out in this study;

  (iii) Or by membership of several RECs with the choice of an anchorage community.

As regards the relevance and viability of the various rationalization scenarios formulated by the different works that precede this study:

- the analysis culminated in the identification of four (4) scenarios, subject of the quantification exercise, namely:

(i) The “status quo” scenario whereby the on-going processes are to be pursued, while maintaining the multiple membership of RECs,

(ii) The “Abuja Treaty” scenario – Option 1, which envisages the delineation of States’ memberships in accordance with the five regions defined in OAU Council of Ministers Resolution CM/464 (XXVI),

(iii) The “Abuja Treaty” scenario – Option 2, or “anchorage communities” which in envisaging the formation of the five identified regions, gives a more flexible interpretation to the text,

(iv) The accelerated convergence scenario with envisages the association of RECs in supra-regional entities, drawing from the Tripartite constituted by SADC, EAC and COMESA.

It will be seen that the “Political Approach” scenario developed by AU studies, was not retained in the quantification exercise because it does not, strictly speaking, constitute an autonomous scenario for rationalization of the RECs. It is indeed more of an approach that seeks to underscore the importance of incorporating the political dimension (harmonization of policies, sovereignty of States, principle of subsidiarity) in the process of regional integration.

On the other hand, given the huge obstacles of political (consent of States) and legal (amendment of Treaties) nature that would crop up in the implementation of the said “Abuja Treaty” scenario, the consultancy firm oriented its reflection towards a flexible “Abuja Treaty” scenario tagged “Option 2” which imply less radical adjustment mechanisms. This scenario is quite akin to the ‘anchorage communities’ scenario developed by AU studies.

Thus, four (4) scenarios have been quantified. The first, known as the ‘status quo’ scenario is in fact a scenario of ‘continuity’. Under this scenario, it is assumed that each REC would, in its specific domain, set its own integration momentum. The second scenario called ‘Abuja Scenario – Option 1’, is anchored on the Abuja Treaty framework which advocates for each country a single membership of one and only one of Africa’s 5 Regions: ‘North’, ‘South’, ‘East’, ‘West’ and ‘Central’. Scenario 3 called the ‘Abuja Scenario – Option 2’ or “anchorage community”, also takes on the concept of single membership of one of the 5 Regions, while retaining most of the existing memberships, provided this does not impinge upon the process of harmonized economic integration. Lastly, scenario 4 known as ‘accelerated convergence’ scenario regards the current configuration of RECs as an unstoppable reality, but places their entire dynamics in the global process of integration of the Continent at large, while also taking into consideration the latest trends whereby some RECs are coming together to form 'Macro-RECs', as profiled in light of the Tripartite experience.

Thus, scenario 4 is inspired by the philosophy of the anchorage community scenario which allows for the co-existence of several forms of association, but proposes the delineation of the Continent into five broad regions called anchorage communities, each State belonging to only one of these regional RECs. However, this scenario pushes the integration process much further by proposing two anchorage communities instead of 5 - a community for the South and East embracing the existing Tripartite, and a community for the North, the Centre and the West, bringing together the territories covered by AMU, ECOWAS and ECCAS.

Quantification of the scenarios by means of macro-economic modelling was carried out in a way that identifies the impacts of the integration of the Continent in the form of "shock", and the benefits thus determined are assumed to be produced in one fell swoop and once and for all. The quantification establishes the outcomes of a continental integration process in 2 stages. The first stage is intra-RECs integration – according to the rationalisation scenarios of countries' membership of certain RECs or of each REC; and the second stage is continental level integration of the RECs. This quantification resulted in the establishment of the following principal outcomes, continent-wide details of which are provided in the Table hereunder:

1. Feasibility and Impact of 'Intra-RECs' Integration:

- v Status Quo Scenario: On account of the multiple memberships and the absence of firm commitment to integration even within the existing RECs, this scenario leads to limited impact in terms of improved GDP and employment. The increases in these two parameters are estimated, respectively, at 4.7% and 2.2% of their present levels, and this, for the entire period of intra-RECs integration. As regards the fiscal losses arising from changes in customs tariffs, the consolidated budget of all African countries will decline by around 1.3% in relation to the current GDP. This budgetary burden includes the cost of the reforms to be instituted which will amount to slightly over 11 US$ billion. The volume of external trade will be higher with increased exports and imports of the countries of the continent by 4.4% and 4.8% respectively, in relation to their present levels during this period of intra-RECs integration.

- v Accelerated Convergence Scenario: This consists of rationalization of countries' membership of the RECs through formation of 2 regional blocs covering the whole of Africa, producing the most significant effect with the concurrent integration of each of these blocs. The impact on Africa's GDP is estimated at 6.8%, and employment will see a 3.2 % rebound in relation to its current levels. Exports and imports will rise at the rate of 7.4% and 7.8% in relation to the start-up situation. The impact on fiscal revenues, due to the fact of integration, will be seen in the form of about 1% decline of the initial GDP percentage.

2. Feasibility and Impact of 'Inter-RECs' Integration and Formation of the AEC:

- v Given the status of States' commitment at the present time, the status quo scenario can only lead to the formation of partially integrated RECs. If the inter-RECs integration process continues with the same limitations, the result will be an inconclusive and partially integrated AEC. For the entire process leading to the (limited) integration of all the RECs, the overall impact of this scenario is estimated at an additional GDP of 5.9% in relation to its current level for the continent as a whole. Exports, imports and employment will rise in relation to the start-up situation by 7.1%, 6.7% and 3.2% respectively. The net fiscal losses of the consolidated budget of African States will climb to the equivalent of 1.1%. Apart from these losses, the budget will have to finance reforms estimated for this scenario at slightly over US$ 11 billion.

- v The other scenarios (Abuja 1 and 2 and Accelerated Convergence) are compatible with the emergence of a full AEC.

  a. The impact of creation of such continental economic union is identical for each of these scenarios. However, the intermediate results (intra-RECs integration stage) differ from one scenario to another. The impact of the creation of an AEC is, in terms of GDP, estimated at 13.5% of the current level (prior to intra-RECs integration) and at 8.6% additional employment in relation to the current situation. As regards fiscal revenue, there will be practically no change arising from the fact of creation of the AEC, as the decline in customs duty will be compensated by increased taxes on GDP which will see a net increase as mentioned earlier.

  b. Nonetheless, the appraisal of the scenarios resulted in the superiority of scenario 4 from the standpoint of qualitative, economic and social impact measured in cost/benefit terms. As a matter of fact, it emerges from the economic calculation that the Accelerated Convergence Scenario allows for a global impact of +15.2% Africa's exports, +13.9% Africa's imports, +13.5% Africa's GDP and +8.6% employment, obtained all through the process up to the advent of the African Economic Community. The calculations carried out sought to identify the effects in the form of a 'shock' and the benefits so determined are supposed to be produced at one fell swoop and once and for all. Calculated in a similar way, the cost of scenario 4 stands at 1.1% of Africa's GDP.

Thus, quantification of the scenarios resulted in the superiority of scenario 4 from the standpoint of quantitative, economic and social impact measured in cost/benefit terms. It flows from this quantification that the Accelerated Convergence Scenario is better indicated to most rapidly take advantage of the impact of the establishment of the AEC.

This outcome is predictable; for, this scenario consists of the convergence of the existing RECs towards 2 integration blocs, one in the East of the continent and other in the West; each bloc based on what already exists, but with robust coordination and parallel synergy within and between the 2 regional blocs towards the integration of the entire Continent by 2020. The gain in terms of time in relation to the initial Abuja project will be possible thanks to the coordinated progress of the 2 macro-RECs, with their mutual opening up being well prepared and anticipated.

The superiority of scenario 4 is a coherent outcome. Provided it is backed by a globalized harmonization momentum, multiple memberships can generate a faster process, thereby culminating in time saving and a "rapprochement" of benefits particularly as a result of all the "openings" to be generated by multiple memberships.

Scenario 4 – Accelerated Convergence – which is apparently a winner strategy is no less a challenge. It is indeed the harmonization strategy *par excellence*, particularly in terms of establishment of customs unions which constitutes the cornerstone of a successful integration process. Harmonization also involves the pace of movement as well as the rates chosen for the CETs.

It can therefore be posited that the calculations made in the context of this mission have made it possible to highlight the expected rationality, which is not to pitch "regional convergences" against "continental integration". Quite on the contrary; by highlighting the superior benefits generated by scenario 4, the quantitative method showed the way forward, and that is, on the one hand, the establishment of a global coherence framework and, on the other hand, flexibility of implementation which, in the circumstances, will allow for the integration of regional specificities and solidarities. In this regard, "actual" experience buttresses the relevance of this type of choice, especially with the first "East-South" Tripartite, formation of which is underway, and the second Tripartite "North-West -Central" which is similarly desirable (as clearly explained to the Consultant during the talks with the RECs, and more especially with CEN-SAD).

As regards the financial outlay needed to successfully accomplish accelerated integration of the continent (according to the preferred scenario), the study advocates the creation of a US$15 billion fund to fulfil the following objectives:

- v US$13 billion budget (US$9.3 billion for the transition from the current stage of integration to that of regional blocs) to finance the actions required to institute reforms in support of the integration process in its totality (transition from the current stage to that of African Economic Community),

- v In addition to the budget required to carry out the reforms, and as a way to fully control the process of introducing structural changes to the budgets of the most exposed States, it is suggested, for this scenario, that a total budget of US$1.2 billion be set aside for fiscal compensation.

- v Lastly, and in an attempt to generate cultural and scientific externalities and consolidate the sense of Community belonging on the part of the African elite in the service of the continent's development, it is proposed that a total financial outlay of US$0.8 billion be set aside to promote and support continent-wide centres of excellence for training in key areas.

Synoptic Results of the Quantification of RECs Rationalization Scenarios

Scenarios and Key indicators	Intra-RECs Integration based on current situation (1)				Total Effect of Intra and Inter-RECs integration in AEC (2)	
	Status quo	Abuja 1	Abuja 2*, or "Anchorage Communities"*	'Accelerated Convergence'	Status quo (inconclu-sive AEC)	Full AEC (Abuja 1 & 2, *'AC'*)
Total cost reforms and perpetual accession in US$ m	11,078	9,483	10,678	9,293	11,078	13,038
Cost of Reforms/GDP	1.0%	0.8%	1.0%	0.8%	1.0%	1.2%
Compensation for fiscal restructuring in US$ m				1,200		
Support to cultural and scientific externalities				8 .00		
Total financial outlay				11,293		15,083
Budget/initial GDP Var. (Transfers except cost of reforms)	-1.3%	-1.3%	-1.2%	-0.9%	-1.1%	0.1%
Variation total GDP in relation to initial GDP	4.7%	4.7%	5.6%	6.8%	5.9%	13.5%

Imp. Variation in %	4.8%	4.9%	5.4%	7.4%	6.7%	13.9%
Exp. Variation in %	4.4%	4.4%	5.6%	7.8%	7.1%	15.2%
Empl. Variation in %	2.2%	2.2%	2.7%	3.8%	3.2%	8.6%

(1) These results are in respect of the post intra-RECs integration stage. Status quo refers to the situation before the transition towards Tripartite according to the data available when the study was launched.
(2) The results are in respect of the entire process with its two stages (intra and inter-RECs integration. The status quo is a scenario for partial integration which reflects the present state of RECs member States' commitment to full integration.

Appropriation of scenario 4 by the various players of African economic integration, including the development partners, such as the European Union, should however trigger a "cultural change" consisting:

- *on the one hand, in no longer viewing the future of the RECs only in the context of Abuja, or in deepening and accelerating the regional integration processes only in the context of an African vision,*

- *but rather in understanding that Abuja exists only as the end result of the RECs processes and of the 'Macro-RECs', emergence of which the RECs could help bring about as part of the said processes.*

This dual observation is the key to the success of African economic integration in its entirety. In other words, the weakness of any link in the global chain of integration will affect the process as a whole. This means that rationalization will depend on the quality of the overall harmonization, the implementation capacities of each individual REC, and of the African Union Commission.

This new orientation should be at the base of a 'new chapter' of African economic integration in the context of which the global and the specific will be solidly articulated; and institutional, organizational, management and operational mechanisms identified and implemented. The choice of Scenario 4 would thus become a 'special moment' in the initialization of 'a new flexible and harmonized process' of African economic integration.

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INTRODUCTION: CONTEXT, OBJECTIVES AND METHODOLOGY

1. INTRODUCTION: CONTEXT, OBJECTIVES AND METHODOLOGY OF THE STUDY

1. The creation of the Organization of African Unity (OAU) in 1963 was in keeping with the will of the Heads of State and peoples of Africa to promote unity and solidarity among African States and project the ‘collective voice of the Continent’. Thus, the desire to build a closely-knit economic entity in the African Continent to contain both internal and external shocks and foster the economic and social wellbeing of the people is a relatively old idea. The Monrovia Symposium of 1979 may be regarded as the founding act in the progress of the idea of African Economic Community. The launch of the African Economic Community, the implementation timeframes of which were set forth in the Abuja Treaty of 1991, and then the establishment of the African Union in replacement of OAU, all demonstrate the will of African authorities to speed up Africa’s progress towards its economic and social integration.

2. During the signing of the Abuja Treaty, African States while expressing their reliance on the Regional Economic Communities, set for themselves the objective to work towards the creation of an African Economic Community (AEC) in six stages to be concluded in 2027.

3. Today, whereas the various regional integration processes are in place, each proceeding at its own pace, the African Union and the RECs have been led to brainstorm the possibility of optimizing these processes in a way that offers the African Continent every chance of achieving economic and political integration as speedily as possible.

4. The search for ways to accelerate the process has led AU and RECs policy makers to establish rationalization scenarios in furtherance of this objective. The said scenarios focus in particular on the phenomenon of multiple membership on the part of one and the same country, of several RECs and, more generally, on the identification of the ways and means to achieve speedy integration of the economies of the Continent as a whole.

5. As a way of advancing this brainstorming, the African Union Commission proposed the conduct of a series of three studies on the following subjects:

- ü Review of the stages defined in the Abuja Treaty and the scenarios proposed for rationalization of the integration process;
- ü Elaboration of a Minimum Integration Programme (MIP); and
- ü Quantification of RECs rationalization scenarios in terms of costs and benefits.

6. The African Union Commission entrusted to IDEACONSULT the responsibility to carry out this third study, i.e. the quantification of RECs rationalization scenarios in Africa. The quantification should help inform policy decisions on the implementation of any scenario that optimizes regional integration in Africa and thereby accelerates the process of continental integration.

7. The study is thus intended to undertake, for the States concerned, a quantitative evaluation of the impact on regional economies and the continental process, of a number of scenarios which, to some extent, review the regional integration process based on a number of criteria, namely: elimination of States' multiple membership of RECs; the co-existence of the RECs with different vocations and/or through harmonized policies and integration processes; the geographical delineation of the Continent into 5 five regions; 'Accelerated Convergence' in two supra-national entities – one in the East which could be the present Tripartite, and the other in the West and bringing together AMU, West Africa and Central Africa, etc.

8. In light of this general context and the objectives set by the Terms of Reference for the study, the approach adopted by the Consultant was couched on the following observations:

- The emergence of the existing RECs was driven by historical and political motivations, among which economic integration objectives were undeniably vital, but not the sole objectives;

- Certain RECs have become a more or less irreversible 'reality'; such realities often built on situations that are anchored on multiple membership; and

- The RECs integration processes are uneven; they do not follow the same dynamics nor are they necessarily convergent.

9. In view of the aforementioned context, the study aims to throw up the scenarios likely to result in continental integration, i.e. scenarios that are acceptable from the technical (required minimum institutional reforms that respect sovereignty, membership rationalization) and geopolitical perspectives and from the standpoint of conformity with the will of the States and their current commitment to the integration process. It will then undertake a quantification of the costs and benefits of each of the scenarios in respect of each and every State, all the RECs and the Continent at large.

10. The study entrusted to IDEACONSULT aims to 'quantify' the said scenarios in terms of the costs and benefits of each scenario in a way that generates recommendations on objective basis.

11. To achieve this objective, the consultancy firm came up with a methodology inspired by project evaluation techniques; and this led to the identification of two broad stages for the study:

(i) A first stage of appraisal of the feasibility of the scenarios identified: a feasibility that has to be analyzed from economic, geopolitical and institutional perspectives and in terms of the commitment of the players; and

(ii) A second stage of development of the feasible scenarios.

12. The appraisal of the feasibility of the various scenarios identified was informed by the exploratory work that was carried out, covering several areas:

- Talks with the 8 RECs recognized by the African Union, given the fact that audience with the executives of the RECs, stakeholders of integration, constitutes a source of precious information to detect the elements required to evaluate Member States' commitment in each REC, identify the features of each REC, assess the status of their respective integration processes, and thus boost the reflection on the feasibility of the scenarios in all its dimensions - political, economic, geographical, etc;

- Documentary research to retrace the integration processes of each of the 8 RECs and assess its degree of progress towards the attainment of its founding objectives;

- Deeper analysis of two specific integration processes – that of ECOWAS and that of the COMESA-SADC-EAC Tripartite – one located in the West of the Continent, and the other in the East; the first, for its geographical and historical coherence; and the second, for its innovative character and progress in terms of integration; the two entities further distinguishing themselves by their levels of intra-REC trade, which are the highest in the Continent;

- Analysis of intra-African trade situation, the intensity of the trade being a sound indicator of cooperation and economic integration within and among the RECs.

13. Four (4) Scenarios were quantified in terms of costs (cost of accession to RECs, cost of establishment of programmes) and benefits (GDP growth in Africa as a whole, in the RECs and in the States, resources reallocation and gains in terms of employment).

CONTEXT AND THE ISSUE OF RATIONALIZATION

2. CONTEXT AND THE ISSUE OF RATIONALIZATION

2.1. Key facts on the rationalization of integration

2.1.1. Good international practices in integration

14. Regional economic integration processes are accorded special attention by donors, development partners and research centres attached to governments or State organizations such as EU, OECD, etc, and the academia. These players have thus have launched several study, analysis, survey, modelling and research initiatives, resulting in substantial brainstorming with economic integration processes the point of focus.

15. One of the first elements highlighted by the aforementioned investigations concerns the virtually exponential proliferation of launches, with or without success, of initiatives with a view to concluding regional trade agreements (RTA) or embarking upon regional economic integration (REI) process. For instance, whereas in the early 90s, the number of regional agreements stood at less than 30, there is currently over 170 of such agreements notified, previously to GATT and thereafter to WTO, 110 thereof at the level of 'Eurafrica' axis, whereas for either of the 2 other axis – 'the Americas' and 'Asia-Oceania' – the number of the agreements is about 30.

16. Observation of the trends of integration processes over a period of about 20 years, especially the South-South type processes, has helped to highlight a number of points, reproduced hereunder, which could inform the analysis of the feasibility of the rationalization scenarios:

- Accession of a developing country to a regional bloc through reciprocal dismantling of tariff barriers guarantees for the country concerned a profitable impact in terms of market expansion;

- However, 'customs union' constitutes the most profitable solution - an integration process with protection vis-à-vis 'the rest of the world' allowing for industrial diversification and increased levels of wellbeing in the integration area, without asymmetry;

- This however raises the problem of agreement on Common External Tariff (CET). The most 'open' country tends to have a less cooperative comportment, even though agreement on a common trade policy is an optimum for all the countries of the area;

- 'Non-cooperation' and/or trade war have negative consequences for developing countries. For example, in protecting some countries against others, the countries of the region lose in terms of industrialization and growth, with greater dependence as far as their imports are concerned; generally, it would clearly be more favourable for a developing country to put in place a mechanism to remove trade barriers to goods originating from the other countries of the integration area;

- The impacts of economic integration relations are substantial, more so because:

  (i) The resultant economies are of considerable size,
  (ii) The production and consumption structures are diversified, and
  (iii) The geographical distances are reduced.

- Inversely, the impacts are relatively weaker, but non-negligible, for poor economies specialized in raw materials;

- It is also noteworthy that 'trade creations' are probable especially as:

  (i) Demands are elastic,
  (ii) The regions are protected,
  (iii) The costs are almost the same as global costs.

- With respect to South-South trade and homogeneous goods, the most advanced countries are winners, whereas the least advanced have an interest in remaining more open to 'global trade';

- Free trade agreements result in reduced tax revenues; such losses are less in the case of 'customs union'; tax compensation mechanisms are necessary for the 'loser' countries; this is one of the stumbling blocks in EPA negotiations, for example;

- Integration processes succeed better where there are hubs capable of exerting snowball effect through the market, investments and public transfers. One of the sticky points in ECOWAS, for example, is said to be related to the fact that Nigeria, the potential hub of the area, does not yet offer the benefits that go with such a position;

- North-South type EPAs generate greater growth impacts than those of the South-South, where these impacts are accompanied by investment and transfer flows. However, South-South agreements particularly 'region-

region' agreements can help improve partnership terms, consolidate the industrialization process and boost negotiating power;

- Certain factors are likely to maximize of the effects of integration, namely:

  (i) Existence of Interdependence of production systems specializations, according to comparative advantages,
  (ii) Existence of network effects produced by companies,
  (iii) Existence of agglomeration effects,
  (iv) Existence of institutional agreements that enhance the anchorage and the credibility of the process.

- These results show that Africa's integration, in the form of South-South integration and integration between countries, some of which are poor, is likely to produce limited results, if we limit ourselves to static effects. For this reason, the quantification will take cognisance of the dynamic effects potential, in terms of the impact of the integration project on the competitiveness of the economies concerned.

2.1.2. Key information on two African integration cases: ECOWAS and Tripartite

2.1.2.1. Case 1: ECOWAS

2.1.2.1.1. General context and status of trade

17. One of the overarching elements of ECOWAS region institutional system resides in the colonial period heritage, namely, 'the franc zone' which has proved beneficial to regional cooperation, albeit with 'discontinuities' such as the case of Nigeria and Ghana for example - English-speaking countries with substantial trade flows, but geographically 'disconnected'.

18. Historically, membership of great river and lake basin organizations was at the root of the emergence of the first institutional cooperation frameworks, i.e. the Niger Basin Authority (NBA) established in 1963; the Lake Chad Basin Commission (LCBC) in 1964; the Gambia River Development Organization (OMVG) in 1967 and the Senegal River Development Organization (OMVS) in 1972.

19. Other 'sectoral', 'environmental', etc mechanisms such as the *CEBV (Communauté Economique du Bétail et de l'Elevage* - Economic Community for Livestock and Meat Production) and CILSS (Permanent Inter-State Committee for

Drought Control in the Sahel) came into being prior to the establishment of ECOWAS in 1975, the ultimate objective being the creation of a regional market for West Africa.

20. Currently (2008), ECOWAS has a population of 279 million, and will hit the 396 million mark in 2025. The region's demographic strength is an established feature which is considered, depending on the angle from which it is viewed, both as a threat (in terms of the difficulties in mobilizing the resources required to meet social needs) and as an opportunity (in terms of markets and labour force). It is noteworthy that Nigeria accounts for 45% of the demographic weight of West Africa as a whole. The youthful nature of the West African population is similarly a characteristic feature, with the population of people aged less than 25 accounting for two-thirds (65%) of the population of the region. To underscore the peculiarity of the region, the less than 25s account for 30% of the population of Europe, for example.

21. The other socio-demographic factor with considerable economic impact is the urban population which currently stands at 125 million, but will surge to 250 million in 2025. This means that, by 2025, West Africa will have some 40 cities of over one million inhabitants and 400 cities with over a 100,000 inhabitants. Here again, there will be a colossal challenge in terms of basic facilities and services for these cities and, at the same time, a formidable socio-economic development opportunity. The conditions required for this opportunity to materialize needs to be prepared.

22. Two broad mechanisms would tend to underpin West African trade:

- The 'multilateral' commitments made under WTO, and
- Future EPA agreements with EU: this calls for transformation of the non-reciprocal preferences stipulated in the 2000 Cotonou Agreement into reciprocal preferences, negotiations on which are in progress, though not without difficulties.

23. In economic and growth terms, ECOWAS GDP (US$ 2000 constant) rose from 21 to 97 billion between 1960 and 2005, that is a *TAAM* of 3.5% over 45 years. At market value, ECOWAS GDP stood at US$170 billion in 2006, out of which Nigeria alone accounted for 57% (that is US$ 98 billion).

24. ECOWAS GDP/inhabitant for 2006 was US$650, i.e. 43% of the average for developing countries. This trend has been used to characterize ECOWAS as an 'LDC' region because 13 of the 15 countries that make up the 'Community' are officially classified as LDC by international development organizations. The GDP/inhabitant (US$ constant 2001) rose from 343 to 402 between 1996 and 2006, representing an annual increase of 1.6%. It is however noteworthy that this average trend masks the change that occurred in the period 2001-2006 (with 2.6% GDP/inhabitant growth) in relation to the preceding period 1996-2001, during which this ratio stood at only 0.6%.

25. Intra and extra-ECOWAS export and import trends in current US $ value, were as follows:

Table 1: Intra and extra-ECOWAS export and import trends (Unit: US$ billion)

US$ billion	**2004**	**2005**	**2006**	**2007**	**2008**
Intra-ECOWAS Import	2.8	3.7	7.1	5.8	9.9
Extra-ECOWAS Import	34.6	41.0	49.7	65.9	77.7
Intra-ECOWAS Export	3.3	4.7	4.3	5.2	7.0
Extra-ECOWAS Export	45.1	56.7	74.4	81.3	95.3
Proportion of intra/total import	7.6%	8.2%	12.5%	8.1%	11.3%
Proportion of intra/total export	6.8%	7.7%	5.5%	6.0%	6.8%
Proportion of intra/external trade	7.2%	7.9%	8.4%	7.0%	8.9%

Source: Trademap

26. Thus, the overall intra ECOWAS trade, though on the rise, remains below the 10% level. It should be observed however that the **intra-zone import** potential is **higher** than the **extra-zone export** potential, in view of the proportion of energy in ECOWAS external trade (Nigeria effect). This potential stood at over **10%** in 2006 and 2008.

2.1.2.1.2. The Issue of economic integration in West Africa and prospects

27. ECOWAS region has to find satisfactory responses to a series of questions, the two major ones being:

- UEMOA/ECOWAS monetary harmonization; and
- ECOWAS customs union and tariff protection through CET and EPA.

These questions could also be interdependent on a number of issues:

v **Monetary integration**

28. In 2000, six ECOWAS countries non-members of UEMOA (The Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone) announced their intention to create a new monetary union alongside UEMOA with a view to eventual merger of the two unions into one for all ECOWAS countries. By this approach, UEMOA would ultimately abandon the CFA franc for a new 'Eco' currency, of which the exchange regime in relation to the Dollar and the Euro will have to be determined. The objective would be to make this currency that of the whole of Africa, on completion of the six-stage process ending in 2028. This process would include in particular the merger of all ‘regional’ currencies.

29. The mechanisms and support measures to actualize the new West African Monetary Zone (WAMZ) are expected to be:

- Identification of convergence criteria;
- Creation of West African Monetary Institute (WAMI);
- Creation of a Central Bank (CBWA); and
- Organization of multilateral surveillance for the convergence process.

30. The convergence criteria chosen have been classified as:

(i) Principal criteria:
- Inflation: measured by consumer price variation,
- Budget balance (except aid, in percentage GDP),
- Foreign exchange reserve (in months of import) and
- Monetization (annual variation of net Central Bank receivables from government/tax revenues); and

(ii) Secondary criteria:
- Tax revenues (in % GDP),
- Public investments (% expenditure),
- Public salaries (% expenditure),
- Real interest rate, and
- Actual real exchange rate (in %).

31. The indicators chosen to monitor the above criteria are as follows: domestic inflation rate at 5%; budget balance above 4%; foreign reserve at above 3 months of import; monetization rate at below 10%; tax revenues at above 20% of GDP; public investment at above 20% of expenditures; public salaries at below 35% of expenditures; real positive interest rate and exchange rate variation at ‘stable’.

32. As at the ‘objective’ date which was 2005, no country had met the above criteria. Besides, there is the problem of WAMZ acceptability by the other ECOWAS countries, members of UEMOA. It is also noteworthy that 5 countries – Chad, Cameroon, CAR, Equatorial Guinea and Gabon are members of the ‘Franc Zone’ without being members of UEMOA.

33. Searches for ‘monetary’ positioning are in progress. In reality however these searches have strong economic content, and are being conducted by different countries and their partners (namely, the EU owing to the fixed CFA F/Euro parity, in terms of the cost/benefit of each variant). In addition, the optimal choice for the area has to be the same both for each country and for the region's economic and trade partners, especially EU.

34. On this score, ECOWAS has to take cognisance of the following elements:

(i) a 'monetary union' brings into play the following equation in terms of cost/benefit: on the one hand, there is economy 'gain' on transactions and, on the other, a loss of control of economic policy as a consequence of the elimination of the 'shock management' tool, i.e., exchange rate;

(ii) however, a comparison of intra-ECOWAS trade (nearly 8% of the average overall trade from 2004 through 2008) and intra-UEMOA trade (10% of the average overall trade over the same period of five years) shows that a 'plus' of 2 points would be expected for all 'ECOWAS' countries if integration was achieved. In any case, this benefit does not compensate for the monetary 'security' of UEMOA countries as provided by an exchange rate that is linked to that of Euro, and for a 30%-40% stake in all trade (transacted with EU). This explains why the current members of UEMOA will not be in a hurry to change the monetary integration mechanism;

(iii) moreover, in the view of the European Union in general and of France in particular, a new West African monetary union configuration that would include a country the size of Nigeria would require a re-consideration of the whole mechanism;

(iv) lastly, the fact that ECOWAS countries' exports hinge around 1 to 2 products: Burkina Faso (cotton), Côte d'Ivoire (cocoa), Mali (cotton), Niger (uranium, live animals), Senegal (refined petroleum, phosphate derivatives), Togo (cement, cotton), The Gambia (groundnuts), Guinea (aluminium), Ghana (cocoa), Nigeria (hydrocarbons), Sierra Leone (diamond, coffee), thus making these countries potentially vulnerable to disadvantageous shocks and necessitating the creation of a substantial stabilization fund.

v ECOWAS customs union and tariff protection through CET and EPA

35. The problems of finalization of the customs union, adoption of a CET and the EPA (Economic Partnership Agreement) negotiations arise at one and the same time. With regard to CET, what would be required is to implement an existing decision to adopt UEMOA CET, at the cost of taking on board, if need be, a number of 'exemption provisions', dispensations', etc. However, the partners could not reach a consensus as a result of the difficulties arising from the fact that the level of UEMOA CET barriers are considered to be ‘non-protective‘.

36. This concerns mainly agricultural products; and is particularly acute because, under the negotiations with EU, the European mechanisms emanating from the PAC provide protection for European goods, the effects of which will be negative in the event of liberalization of EU-Africa trade.

37. An appraisal of the situation of this West African regional organization helps to highlight a number of elements for reflexion:

- It will be observed, right away, that geographical and historical criteria are obvious factors of cohesion and viability of the regional communities: the community of language and history, and membership of regional cooperation processes such as river basin authorities, sectoral commissions, etc;

- Furthermore, one cannot but underscore the importance of an integrated and coordinated approach in responding to current and future challenges with which the Continent is faced, notably in regard to availability of basic facilities required to ensure the wellbeing and development of the people, i.e., roads, drinking water and sanitation infrastructure, electric energy, etc;

- The *de facto* advantages afforded by the EPAs with EU, with the dual exigencies of regional and, indeed, supra-national grouping: EU wish to deal with regional groupings rather than States, and the interest for African countries in negotiating with EU within the framework of regional groupings that have some degree of economic and demographic leverage;

- Existence of premises for a common monetary zone for West and Central Africa;

- Lastly, the need to create stabilization fund mechanisms to protect and support the most fragile economies, and also to rally them behind the economic and monetary processes.

2.1.2.2. Case 2: Regional economic integration process in Southern and Eastern Africa

2.1.2.2.1. Recent developments in the process

38. In October 2008 (in Uganda), the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA) and the Southern Africa Development Community (SADC) decided to establish a Free Trade Area comprising the member countries of the three blocs, with a view to establishing a single customs union, the first step in the process of creating a single Regional Economic Community, with the strategic goal of building an African Economic Community (AEC)[1]. This experience is crucial because it is the first of its kind since the creation of AU. Besides, it is not limited to rationalization through harmonization, the sole objective of which would have been to limit the negative effects of multiple memberships. Rather, the experience allows for the regrouping and indeed the merger, of the three RECs at least for the purpose of establishing a customs union.

39. This experience apparently benefited from the integration success stories of the three (3) partner RECs. As a matter of fact, at its Summit held in August 2008, SADC officially launched its Free Trade Area and also took the decision to establish a customs union by 2010, a Common Market by 2015 and a Monetary Union by 2018. Moreover, the EAC is, among the eight RECs recognized by AU, the most advanced in terms of trade integration given that it has already actualized its Customs Union and is aiming at a Common Market; while COMESA has launched the process leading to a Customs Union by the target date of 2010.

40. At the level of SADC, implementation of the FTA process has started: as of August 2008, manufacturers and consumers were no longer paying import duties on 85% of the goods traded among 12 of the 14 Member States of the organization. Angola and Democratic Republic of Congo are expected to accede to the free trade area in due course.

41. The COMESA Customs Union process has been implemented in the spirit of harmonization with the EAC process.

42. Moreover, the progress achieved in Southern Africa in the domain of food security and in agricultural and energy policies coordination constitutes substantial gains for the entire integration process.

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[1] The Summit of the three RECs brought together the 26 Member States that make up the 3 regional communities (without counting dual memberships).

2.1.2.2.2. Towards the Creation of a 'Tripartite' Regional Economic Community

43. The October 2008 Summit held in Uganda brought together top leaders of EAC, COMESA and SADC Member States. It set for itself the objective of enhancing cooperation and coordination between the 3 blocs in all areas, with the ultimate goal of establishing a single market. The 26 member countries of EAC, COMESA and SADC cover three regional blocs out of the eight Economic Communities recognized by the Africa Union.

44. The three Regional Economic Communities agreed to immediately embark upon the process of establishing a 'Single' Regional Economic Community. To this end, the Summit tasked a 'Tripartite commission' to draw up a road map for the creation of AEC. The speedy establishment of a free trade area for the member countries of the three blocs was approved with a view to establishing a customs union.

45. This SADC, COMESA and EAC Tripartite initiative constitutes an original response to the issue of rationality of the current regional integration processes and their convergence towards Abuja objectives. It is therefore a major focus area in the reflexion undertaken in the context of this study.

2.2. Description of specific integration processes by REC

2.2.1 Status of membership of the RECs

46. Of the 52 African States members of the African Union, except Morocco, (Annex 1) only 11 (28%) belong to only one REC: 4 ECCAS States, 5 SADC, 1 AMU and 1 ECOWAS State. None of these States is member of the RECs of East Africa (COMESA, EAC and IGAD). It is therefore in this region that the problem of multiple memberships emerges with the greatest acuity.

47. The States with dual membership are 33 in number (63%) in addition to Morocco. The 'REC couples' most concerned by dual membership are CEN-SAD/ECOWAS and COMESA/SADC:

- CEN-SAD/ECOWAS: 14 States,
- COMESA/SADC: 7 States,
- CEN-SAD/ECCAS: 3 States,
- CEN-SAD/AMU: 3 States,
- CEN-SAD/COMESA: 2 States (Egypt and The Comoros),

- COMESA/IGAD: Ethiopia,
- ECCAS-SADC: Angola,
- COMESA-EAC: Rwanda,
- CEN-SAD/IGAD: Somalia,
- SADC/EAC: Tanzania.

48. The large number of dual memberships for the first two pairs of RECs may be explained by the fact that two of them (CEN-SAD and COMESA) are real trans-regional organizations, the deployment of which renders somehow obsolete the delineation defined in the Abuja Treaty (The large regions: North, South, East, West and Centre). With respect to ECOWAS, 14 of its 15 members States, or 90%, are also members of CEN-SAD. Similarly, but to a lesser extent, 7 of the 15 Member States of SADC are also members of COMESA.

49. As regards the States with triple membership which are 7 in number (13%), these are all members of COMESA. The other most concerned RECs are, in decreasing order of membership, IGAD (5 States), CEN-SAD (4 States), EAC and ECCAS (3 States), SADC (2 States), AMU (1 State). Only ECOWAS is not concerned by triple membership. Thus, except for Libya, all these States belong to Southern and Central Africa.

50. Lastly, Kenya is member of 4 RECs, namely: COMESA, EAC, IGAD and CEN-SAD.

2.2.2. Integration process in EAC

51. The EAC was created in 2001 by **Tanzania, Kenya and Uganda. Burundi and Rwanda** joined in 2007[2]. The Community is thus made up of 5 East African States. The Seat of the organization is Arusha in Tanzania.

52. One of the features of the EAC is that it is not limited to trade integration. It also covers all spheres of economic and social integration. According to Article 5, paragraph 2, of the Treaty establishing the Community, the EAC aims to establish a ‘’political federation’’. [3]The Treaty enshrines the principle of "variable geometry" in regard to the

[2] The EAC was first established in 1967 but was subsequently dissolved in 1977.

[3] According to Article 5, "1. The objectives of the Community shall be to develop policies and programmes aimed at widening and deepening co-operation among the Partner States in political, economic, social and cultural fields, research and technology, defence, security and legal and judicial affairs, for their mutual benefit.

2. In pursuance of the provisions of paragraph 1 of this Article, the Partner States undertake to establish among themselves and in accordance with the provisions of this Treaty, a Customs Union, a Common Market, subsequently a

pace of integration which “signifies flexibility allowing for progression in co-operation among groups within the Community for wider integration schemes in various fields and at different speeds” (Article 7e). The statutory objectives of EAC are summarized in Annex 2.

53. The East African Community has established its own customs union embracing Kenya and Uganda (members of COMESA) as well as Tanzania (member of SADC).

54. It is in the process of creating a common market effective 2010, built on a customs union, the expected impacts being the facilitation of the movement persons and goods[4]. The countries of the REC have started to harmonize some of their legislations on taxation, competition, rules of origin, etc. Establishment of a consultation framework for the Central Banks is also in progress.

55. According to the chief executives of this REC, a ‘compensation mechanism’ (transitional period, common fund for development) exists for compensation to the countries with inadequate trade and development capacities. A fund with similar objectives has reportedly been established jointly with SADC[5]. EAC has also embarked on negotiations for establishment of a regional monetary union[6].

Monetary Union and ultimately a Political Federation in order to strengthen and regulate the industrial, commercial, infrastructural, cultural, social, political and other relations of the Partner States to the end that there shall be accelerated, harmonious and balanced development and sustained expansion of economic activities, the benefits of which shall be equitably shared”.

[4] A common external tariff (CET) entered into force in 2005. **In contrast**, free movement of persons came up against difficulties as a result of problems arising from the national sovereignty of States and their demographic disparities. The points of divergence comprise national identification document, access to and use of land, and permanent residence. Besides, it would appear that negotiation of the protocol which should determine the free movement of persons, goods and services is yet to take off, and is expected to be signed only in 2010.

http://www.rnanews.com/index.php?option=com_content&task=view&id=1279&Itemid=34

[5] Visit to EAC, September 2009

[6] The EAC Secretariat solicited the European Central Bank to conduct a study, objective of which is to evaluate the current level of preparations for monetary union by EAC partner States. The European Central Bank is expected to come up with proposals for an institutional framework and structure for an East African Monetary Union, elaborate a model protocol to serve as basis for the negotiations on monetary union within partner States, propose an institutional framework for the East African Monetary Institute which will embark upon the creation of an East African Central Bank and put forward a macro-economic convergence criteria monitoring and application mechanism in EAC Member States. The final report slated for January 2010 will showcase the strategy and road map to facilitate actualization of an East African monetary union.

http://www.afriquejet.com/actualites/economie/negociations-au-sein-des-pays-de-l’eac-sur-l’union-monetaire-2009090834634.html

56. Additionally, the EAC, COMESA and SADC are quite advanced in the domain of rationalization through the harmonization of their trade and customs mechanisms under the Tripartite. The two Secretariats of COMESA and EAC are working together to ensure that the CET and customs formalities of the two customs unions are harmonized.

57. The EAC is financed partly by its Member States through equal contributions to its budget. This budget stands at US$ 54.3 million, US$ 5.6 million of which is provided by each Member State (making a total of US$ 28 million). The rest is financed by extra-budgetary inputs provided by the international community. According to EAC executives, a two-year grace period was granted to the new members (Rwanda and Burundi), and their assessed contributions for that period were paid by the old members. As of today, all the countries have honoured their financial obligations, sometimes with negligible delay. According to the executives of this REC, multiple memberships have had no effect on the regularity of contributions payments by the Member States[7].

58. Intra-EAC external trade climbed to a substantially high level, over and above the levels observed in other RECs, especially as a result of the export potential of the area. The data for 2006, 2007 and 2008 derived from Trademap are presented in the Table hereunder. The EAC, the only Community to attain the stage of customs union, and this, as far back as January 2005, has apparently taken advantage of this status with respect to intra-regional trade.

Table 2: Intra-EAC trade trends between 2006 and 2008

US$ billion	**2006**	**2007**	**2008**
Intra-EAC import	1.0	1.2	1.7
Extra-EAC import	14.3	18.4	23.0
Intra-EAC export	1.2	1.6	2.0
Extra-EAC export	5.5	6.3	8.0
Proportion of intra/total import	6.5%	6.4%	7.4%
Proportion intra/total export	17.9%	20.3%	20.0%
Proportion intra/external trade	**11.1%**	**11.3%**	**11.9%**

Source:Trademap

59. The institutional mechanism on which the EAC organization is couched is presented in Annex 3.

2.2.3. Integration process in ECOWAS

60. The accession of 15 Member States of ECOWAS (**Benin, Burkina Faso, Côte d'Ivoire, The Gambia, Ghana, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo, Cape Verde and Guinea)** dates back to the establishment of the organization in 1975, except for Cape Verde which joined in 1976. Mauritania left the

[7] Visit to EAC, September 2009

Community in 2000[8]. Of the 15 member countries of ECOWAS, 8 are members of UEMOA[9] which has a more harmonized economic integration particularly as a result of its 'monetary union' mechanism.

61. According to Article 3 of the Revised ECOWAS Treaty, the aims of the Community are to "promote cooperation and integration, leading to the establishment of an economic union in West Africa in order to raise the living standards of its peoples, and to maintain and enhance economic stability, foster relations among Member States and contribute to the progress and development of the African Continent".

62. To achieve the objective of creating a common market, ECOWAS Treaty envisages the gradual elimination of customs duties on imports and exports among its members. It also provides for the establishment of a customs union over a period of 10 years effective from January 1990, through the gradual establishment of a common external tariff in respect of all goods imported into the Community from third countries.

63. The Most Favoured Nation Treatment clause is integrated into the legal framework of the Community. On this score, the Treaty provides that "Member States shall accord to one another in relation to trade between them the most favoured nation treatment. In no case shall tariff concessions granted to a third country by a Member State be more favourable than those applicable under this Treaty".

64. The existence of UEMOA within ECOWAS has resulted in the two groups of countries, UEMOA members and non-members, differentiating themselves through specific processes of regional integration and trade liberalization: the 8 members of UEMOA belong to the common currency (CFA Franc) zone and to the Euro zone, and portray some degree of convergence as regards their economic policies. UEMOA adopted a CET in 1998, reviewing it in 2000.

65. As regards 'ECOWAS countries non-members of UEMOA', trade liberalization is based on the ECOWAS Trade Liberalization Scheme (TLS) which entered into force in 1990. The TLS provides for establishment of a free trade area within 10 years, implying the total elimination of tariff and non-tariff barriers before the end of 1999 in respect of

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[8] Mauritania's withdrawal arose from the proposed creation of a community currency and from security concerns. Mauritania left the organization and edged towards Maghreb countries despite the fact that many of its nationals are established in West Africa.

Besides, its dual membership would appear to be a source of difficulties for it, especially in terms of its negotiations with development partners such as the European Union, for example.

[9] Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo. The other countries mostly anglophone, are not members of UEMOA.

the goods eligible for customs duty exemption (raw materials, traditional crafts and arts products, and the industrial goods identified in the agreement).

66. The establishment of an economic union is envisaged at the end of 15 years period, starting with the launch of a regional trade liberalization scheme. With respect to currency harmonization, ECOWAS took the first crucial step towards the creation of a West African Monetary Zone (WAMZ) in 2003. In furtherance thereof, the ECOWAS monetary union was expected to become effective in 2020, with the establishment of ECOWAS Central Bank and the issuance of its single currency. The economic and monetary union was to be achieved within five years following the creation of a customs union (Articles 54 and 55 of ECOWAS Treaty).

67. Other flagship initiatives, such as those listed below, are expected to help give concrete expression to ECOWAS progress towards integration:

- Introduction of a common passport; and

- Reduction of the currency barrier by allowing travellers within the Community to use the local currencies for specified goods.

68. As regards EPA negotiations, the EPA configuration 'West Africa-EU' embraces all the 16 States of ECOWAS, thus giving the Community an advantageous position in terms of negotiation capacity in contrast to other RECs such as COMESA, ECCAS or SADC which are faced with a situation whereby, for a given State, the negotiation is conducted in accordance with a specific configuration, whereas the same country is a fully-fledged member of other RECs with different configurations.

69. With respect to budget, financing mechanisms based on each member's quota were established for the funding of the organization's operation. The quota for each member is calculated at the rate of 0.05% applicable to the customs revenue derived from goods imported from non-member countries. This mechanism helped to mitigate the constraints which, for several years, impacted on the operational budget of the organization.

2.2.4. Integration process in ECCAS

70. ECCAS with headquarters in Gabon was established on 18 October 1983 by members of UDEAC (Customs and Monetary Union of Central Africa) and members of the Economic Community of the Great Lakes Countries (CEPGL), namely: Burundi[10], Rwanda[11] and former Zaire (now DRC[12]), as well as São Tomé and Principe.

71. The main objective that informed the creation of the organization was to expand UDEAC to further integrate the States of Central Africa. ECCAS had ten founder countries: **Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Gabon, Equatorial Guinea and São Tomé and Principe.** Rwanda withdrew from the REC[13] in 2007. Angola held an observer status in the organization up to 1999 when it became a member.

72. The goals of ECCAS as set forth in Article 4 are to promote and strengthen harmonious cooperation in all fields such as transport and communication, trade and customs. The goals have further been defined as follows:

a) Elimination between Member States of customs duties and any other charges having equivalent effect levied on imports and exports;

b) Abolition between the Member States of quantitative restrictions and other trade barriers;

c) Establishment and maintenance of an external common customs tariff;

d) Establishment of a trade policy vis-à-vis third States;

e) Progressive abolition between Member States of obstacles to the free movement of persons, goods, services and capital and to the right of establishment;

f) Harmonization of national policies in order to promote Community activities particularly in industry, transport and communication, energy, agriculture, natural resources, trade, currency and finance, human resources, tourism, education, culture, and science and technology.

73. ECCAS integration programme is similar to that which is defined in the Abuja Treaty in the sense that a calendar was established for actualization of the Economic

[10] Burundi is presently member of EAC, ECCAS and COMESA.

[11] Rwanda is member of EAC and COMESA.

[12] DRC is member of ECCAS, SADC and COMESA

[13] Rwanda decided to leave ECCAS and to withdraw its request for accession to the Southern African Development Community (SADC).

Community. The major difference is that, in the case of ECCAS, Article 6 stipulates that the Community shall be progressively established over a period of twelve years, subdivided into three four-year stages, starting from the entry into force of the Treaty. ECCAS Treaty also provides for:

- Gradual establishment of a customs union, implying the elimination of customs duty and non-tariff barriers;

- The adopted calendar indicates that the members shall avoid instituting new customs duties in respect of trade among Member States or increasing the existing duties;

- The next stage shall be the creation of a free trade area through the reduction and elimination of customs duties among the Member States;

- In furtherance of the creation of a customs union, a CET shall be instituted through the elimination of the differences between the respective member countries' tariffs and the adoption of common customs nomenclatures and statistics;

- The third stage shall lead to the establishment of a customs union;

- The principle of most favored nation treatment: ECCAS Treaty provides for a classic most favored nation clause (MFNC). However, Article 33 (4) adds another important proviso: "No Member State may conclude with any third country an agreement whereby the latter would grant such Member State tariff concessions not granted to other Member States". This provision which is legally impracticable and, indeed, unrealistic, seems to be aimed at making the MFNC multi-lateral, removing from it any bilateral dimension. In fact, this ambitious provision is such that it bars <u>an ECCAS Member State from becoming a member of another REC of which the other States are not members</u>. In reality, this provision does not seem to have ever been applied, given the fact that it apparently requires the Member States to withdraw from other RECs.

74. The Conference of ECCAS Heads of State and Government adopted the decision to establish a free trade area as far back as 2004. Tariff reduction was supposed to be zero by December 2007. The Summit also decided to create a Compensation Fund to cater for revenue losses. However, this decision remained theoretical owing to the numerous impediments to the convergence process for elimination of tariff and non-tariff barriers to trade[14]. The free trade agreement has been signed but is yet to be ratified.

75. Similarly, the proposed customs union and common market are yet to see the light of day[15]. The reluctance of the countries to cede part of their economic sovereignty and the persistence of conflicts explain, until recently, the slow pace of this process.

76. Of the 10 member countries of ECCAS, 6 (Cameroon, Central African Republic, Chad, Congo, Gabon and Equatorial Guinea) are members of CEMAC (former UDEAC). The integration process in this Community is more advanced, even in relation to all other RECs recognized by the African Union, with among other things the establishment of a customs and monetary union as far back as 1993.

77. As regards EPA negotiations, the 6 countries of ECCAS, including São Tomé and Principe and, since 2005, DRC, met for joint negotiation in the context of EPA configuration: 'ECCAS-EU'.

78. With respect to budget, the inputs of Member States are generated by the Community contribution (ICC)[16] made up as follows:

Table 3: States' contribution to ECCAS Budget

Countries	**% Contribution**
Angola, Cameroon, Congo, Gabon, Equatorial Guinea	13%
Chad, DRC	10%
Burundi, Central African Republic, São Tomé and Principe	5%

The annual budget was 2.7 billion CFA Francs in 2008, of which about 70% came from Member States' contributions.

79. With regard to intra-REC trade, this was very low (about 1% in 2006) and was clearly on steady decline between 2005 and 2008, to the extent of approaching 0%. This Community accounts for the lowest rate of intra-regional trade:

Table 4: Intra-ECCAS trade trends between 2005 and 2008

In billion US$	***2005***	***2006***	***2007***	***2008***
Intra-ECCAS import	***0.4***	***0.5***	***0.03***	***0.05***
Extra-ECCAS import	***16.7***	***22.5***	***26.4***	***33.6***
Intra-ECCAS export	***0.3***	***0.4***	***0.4***	***0.03***

[14] Especially armed conflicts and tensions, inadequate infrastructure, lack of trade promotion and support structures, commitment of certain States to several regional economic communities in the Continent.

[15] Intra-regional trade accounts for less than 2% of total trade.

[16] According to Decision 29/CEEAC/CCEG/XIII/07 of 30 October 2007 reviewing ECCAS autonomous financing mechanism, and Decision 30/CEEAC/CCEG/XIII/07 of 30 October 2007 on the new benchmark for distribution of the contributions to ECCAS annual budget by the Member States.

Extra-ECCAS export	***46.2***	***63.6***	***73.6***	***106.9***
Proportion of intra/total import	***2.2%***	***2.3%***	***0.1%***	***0.1%***
Proportion of intra/total export	***0.6%***	***0.6%***	***0.6%***	***0.03%***
Proportion of intra/external trade	***1.0%***	***1.0%***	***0.5%***	***0.1%***

Source: Trademap

2.2.5. Integration process in IGAD

80. IGAD was established in 1986 with the appellation Inter-Governmental Authority for Drought and Development (IGADD) with headquarters in Djibouti. Its objective was restricted to control of drought and desertification which caused famines, degraded the environment and triggered economic depression in the East Africa region between 1974 and 1984. Since then, and especially in the 90s, IGADD facilitated the coordination of regional level security policies.

81. IGAD covers the Horn of Africa and the northern part of East Africa. The 7 member countries are: **Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan and Uganda.** The region has an area of 5.2 million km^2 with a population of 160 inhabitants; and is very poor (exposed to recurrent cycles of drought). Only Kenya is not an LDC. The situation in the region worsened also as a result of unrests, wars and pandemics.

82. Towards the middle of the 90s, IGADD founder members decided to revitalize the organization and widen its mandate to cover political, economic, development, trade and security matters, like the other RECs. The new IGAD entity (the “D” for the word *drought* having been jettisoned) was intended to be ‘the Northern’ sector of the Common Market of Eastern and Southern Africa (COMESA), while SADC was to represent the ‘Southern’ sector. IGAD identified 3 priority cooperation objectives as far back as 1996:

- Conflict prevention, management and resolution as well as humanitarian issues;
- Infrastructure development (transport and communication);
- Food security and environmental protection.

83. On 25 February 1998, IGAD signed the Protocol governing relations between the AEC and the Regional Economic Communities, and worked together with COMESA and the East African Community to coordinate and harmonize their projects promotion policies to avoid duplication and soliciting the same donors for the same projects.

84. IGAD thenceforth set for itself the mission to achieve regional cooperation and economic integration among its Member States. The major thrusts of its actions are promotion of food supply security, environmental management, intra-regional trade and infrastructure development. However, one of the key objectives of the Authority continues to be resolution of conflicts and conflict early warning in the region (Somalia, Sudan, tensions between Ethiopia and Eritrea, etc). Parallel to such initiatives, the Authority also addresses other vital issues such as food security and development of appropriate policies for peacekeeping in the sub-region.

85. Anti-terrorism has since 2001 been one of the priorities of IGAD Member States (particularly with the adoption in 2003 of an implementation plan for prevention and combating of terrorism). To this end, IGAD Secretariat initiated a number of projects to enhance the capacities of the region's Member States to prevent, manage and resolve conflicts. Moreover, with the financial support of the European Union, IGAD established the initial mechanisms for conflict prevention and mediation capacities for the region. At the meeting of the Heads of State and Government held in January 2002 (the 9th Summit of IGAD), a Protocol establishing a conflict early warning and response mechanism (CEWRM) was adopted and the mechanism established in Addis Ababa in 2002[17].

86. The result is that IGAD is particularly engaged in the promotion of peace and stability in the sub-region. It seeks to create mechanisms for prevention, management and resolution of the conflicts between the States and within States through dialogue. In this regard, the Peace and Security Council of the African Union entrusted IGAD with the responsibility to deploy a peacekeeping force for Somalia *(IASOM).* IGAD is also responsible for an interim coordination mission pursuant to the establishment of the Eastern African Standby Brigade (EASBRIG) of the African Union Inter-African Force.

87. As part of its institutional organs, IGAD plans to establish a Parliament (not provided for in the Constitutive Convention) to be headquartered in Addis Ababa. For the States of the region with multiple memberships, this does not pose any particular problems given the fact that IGAD has a specific mandate different from that of COMESA, for example. Even though this mandate has been broadened, the issues of drought, peace and security remain predominant. For this reason, COMESA is currently more advanced than IGAD in terms of economic integration; whereas IGAD is more advanced than COMESA in other areas (drought control and peace and security matters).

88. Four member States of IGAD (Somalia, Djibouti, Eritrea and Sudan) are also members of CEN-SAD. Given the fact that CEN-SAD has a financing mechanism, dual-membership of IGAD/CEN-SAD does not pose any problem for the States of the region in terms of financial contribution to the operational budgets of these RECs.

[17] The unit will work in collaboration with other regional early warning units or CEWARU based in each IGAD Member State. The headquarters of CEWARU has been operational since 2003.

89. A situation of competition among these RECs (IGAD, COMESA and CEN-SAD) may arise if COMESA extends its mandate to cover peace and security matters, which seems to be the case at the moment. Similarly, if IGAD widens its mandate to include trade matters (at the 2008 Summit, the question of revitalization of IGAD was raised), this is likely to result in the duplication of the mandates of COMESA and CEN-SAD.

90. The financing of IGAD has two components:

a) The operations budget financed by Member States with additional input from the host State; and
b) Investments and special programmes financed by the traditional donors, with emergent donors (China and Turkey) currently being solicited.

Table 5: Member States' participation in IGAD Budget

Member States	**Participation**
Djibouti	**8.6%**
Eritrea	**5.7%**
Ethiopia	**21.7%**
Kenya	**22.9%**
Somalia	**0.0%**
Sudan	**22.9%**
Uganda	**18.3%**
Total allocation of States in US$, 2009	**5,288,057**

91. The following Table presents the trade among IGAD countries. IGAD's share of intra-zone trade lost one percentage point between 2006 and 2008, since it declined from 6.4% to 5.4% of the overall trade of IGAD countries.

Table 6: Intra-IGAD trade trends between 2006 and 2008

US$ billion	**2006**	**2008**
Intra-IGAD import	1.1	1.5
Extra-IGAD import	26.0	44.0
Intra-IGAD export	1.2	1.8
Extra-IGAD export	10.3	17.1
Proportion intra/total import	4.0%	3.3%
Proportion intra/total export	10.7%	9.5%
Proportion intra/external trade	6.4%	5.4%

Source: Trademap

2.2.6. Integration process in AMU

92. AMU was established in February 1989 by five Maghreb States: **Mauritania, Morocco** (headquarters of the REC), **Algeria, Tunisia and Libya.** Despite the geographical, linguistic and historical affinities of its member countries, AMU has progressed very little in terms of integration. It is probably this Community that has made the least gain in this regard, despite the numerous projects and options on offer.

93. In July 1990, AMU adopted an integration strategy with established timelines:

- ü Establishment of a free trade area before 1992, implying the elimination of administrative barriers and introduction of preferential tariffs;

- ü Establishment of a customs union with a common external tariff not later than December 1995;

- ü Creation of a common market for the Maghreb with the removal of the restrictions to the free movement of the factors, before 2000 at the latest; and

- ü Creation of an economic union through harmonization of economic policies.

94. However, the Summit of Heads of State of AMU has not met since 1994. AMU has continued to be a prisoner of the differences among its member countries. No stage of the above timelines could be implemented effectively. However, the Member States have forged relations of cooperation and, at times, established free trade areas among one another at bilateral level or through broader agreements (Agadir agreement, Arab League, etc).

95. The General Secretariat is the permanent “executive” structure of AMU, with headquarters in Rabat, Morocco. Over and above its administrative role and despite its limited means, the Secretariat played and in fact has continued to play a vital role in the conduct of integration endeavours. It currently has five departments, the scope of activity of which almost corresponds with that of AMU specialised ministerial committees (political affairs and information, food security, economic affairs, infrastructure, human resources). The Secretariat has in its staff establishment some fifteen officials; three per Member State, as well as local staff complement, most of whom are nationals of the host State.

96. The budget of the General Secretariat is relatively modest in relation to those of neighbouring regional organizations (about US$ 2.3 million). It is replenished annually by member countries on equal basis. A substantial proportion thereof goes to financing the day-to-day management of the Secretariat (remuneration of the officials, local salaries, etc). A meagre proportion is directed to activities aimed at enhancing the integration process. Like many organizations, AMU is also a beneficiary of donations and *ad hoc* support towards the building of its capacities.

97. Intra-AMU exchange rate is stable; and accounts for 2.7% of the overall trade of the area.

Table 7: Intra-AMU trade trends between 2006 and 2008

US$ billion	**2006**	**2007**	**2008**
Intra-AMU import	2.6	3.2	3.4
Extra-AMU import	*nr*	88.5	99.9
Intra-AMU export	2.5	2.9	3.43
Extra-AMU export	*nd*	134.2	152.9
Proportion intra/total import		3.5%	3.3%
Proportion intra/total export		2.1%	2.19%
Proportion intra/external trade		2.7%	2.7%

Source: Trademap

2.2.7. Integration process in SADC

98. The establishment of SADC dates back to April 1980, with the creation of the Southern Africa Development Coordination Conference (SADCC) sequel to the adoption of the Lusaka Declaration. The main objective of the organization was not to establish an integration mechanism, but rather to reduce the dependence vis-à-vis South Africa. Cooperation rather than the institution of binding commitments was the new organization's strategy. In 1992, when the Abuja Treaty was adopted, SADCC was transformed into the Southern African Development Community following the adoption of the SADC Declaration and Treaty in Windhoek, Namibia. This Treaty was subsequently amended in August 2001. The SADC trade programme was defined in the Protocol on trade concluded in August 1996, which entered into force on 25 January 2000.

99. The founding members of SADC are 9 in number: **Angola, Botswana (headquarters of the REC), Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe. Namibia** joined in 1990, **South Africa** in 1994, **Mauritius** in 1995, **DRC** in 1997, **Seychelles** in 1998 and **Madagascar** in 2005. Rwanda's candidature was rejected in 2005 for procedural reasons.

100. Currently, the major objective of SADC is anchored on political, economic and commercial interests. In accordance with the Protocol Agreement, the goal of SADC is to create a free trade area within eight years from the effective date of the Protocol, i.e. 2008. SADC indeed officially launched its free trade area at its annual Summit in August

2008. The Community was constituted by 12 Member States, except Angola and DRC[18]. The programme for the reduction of SADC tariffs is set forth in the SADC Protocol on trade which, though signed in 1996, became effective only in 2000. It stipulates that tariff reduction and elimination of other barriers to trade should be carried out on the basis of the principle of asymmetry within 8 years from "the entry into force of the Protocol". The programme provides that Member States of the Southern Africa Customs Union (SACU) should liberalize their trade at a more rapid pace than the other members of SADC[19]. The programme further provides for classification of the goods to be traded on duty-free basis. Category A goods should be liberalized immediately; category B goods should be subject to gradual liberalization, and category C goods composed of sensitive goods should be liberalized last. The SADC Protocol on trade contains the most favoured nation clause which obliges Member States to grant to or maintain preferential trade systems with third countries provided that such mechanisms do not undermine the objectives of the Protocol and that all the advantages conceded to third countries are also extended to other Member States.

101. The SADC regional integration programme may be defined as follows:

- ü Creation of SADC free trade area by 2008: the general objective of SADC Protocol on trade is to bring 85% of the overall intra-SADC trade to zero customs duty by 2008 (between 11 countries out of the 14 members of the organization) and the outstanding 15% liberalized not later than 2012. Angola, Democratic Republic of Congo and Malawi acceded to the free trade area at a later date;

- ü Establishment of SADC customs union by 2010;

- ü Creation of SADC common market, not later than 2015;

- ü Creation of SADC monetary union by 2016;

- ü and a single currency, not later than 2018.

102. COMESA and SADC set up a specialized working group in 2001 to coordinate their programmes. The 2 blocs are expected to judiciously resolve the issue of their composition to avoid being faced with contradictory obligations. COMESA and SADC

[18] The free trade area Protocol is yet to be ratified by DRC, as the country is still very much depedent on customs revenue. At the time of its accession to the Community, DRC's economic and commercial considerations were somehow eclipsed by political motivations particularly SADC support in its conflict with Uganda, Rwanda and Burundi. In contrast, in the case of Madagascar for example, economic and commercial stakes were substantial especially vis-à-vis South African businesses and in terms of reduction of economic dependence on France.

[19] SACU in existence since 1910 is made up of Botswana, Lesotho, Namibia, South Africa and Swaziland.

have eight members in common - members which have not acceded to any customs union but are all involved in the preparations for the establishment of customs unions under COMESA and SADC.

103. Intra-COMESA trade represents nearly 5% of the overall trade of the area, an average level in the African context. This 5% level comes in addition to the trade between COMESA and SADC which also stands at 5% to 6%. <u>As regards the Tripartite, intra-regional trade currently exceeds 30% of the overall trade of the area.</u>

2.2.8. Integration process in COMESA

104. The Common Market for Eastern and Southern Africa (COMESA) Treaty concluded by 23 Southern and Eastern African States in November 1993 was ratified at the Summit held In December 1994. COMESA replaced the Preferential Free Trade, adopting its key objective which is: promotion of regional economic integration through development of trade and investment.

105. COMESA is the largest regional economic grouping in Africa. Its trans-regional nature is reflected by the number of its Member States, nineteen of which belong to North, East and Central Africa regions.

106. In line with the constitutive treaty, a free trade area was created in 2000. Currently, 14 States are members of this free trade area.

Table 8: Membership of COMESA Free Trade Area

COMESA Free Trade Area: Member States	Burundi, Comoros, Djibouti, Egypt, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Zambia, Zimbabwe
COMESA Free Trade Area: Non-Member States	DRC, Eritrea, Ethiopia, Swaziland, Uganda

107. The creation of the free trade area is the prelude to the establishment of the customs union (slated for 2008) and a common market by 2014. However, there are problems of harmonization given the fact that five of the Member States of the customs union are not members of this free trade area. Nevertheless, the non-member countries voluntarily accord substantial tariff reductions. For example, Eritrea and Uganda grant 80% reduction on the general tariffs for goods originating from COMESA. Similarly, DRC concedes 70% tariff reduction; Swaziland and Ethiopia transact all trade with the other member countries on the basis of reciprocity. However, this does not seem to be adequate, as all the countries are expected to formally accede to the free trade area prior to establishment of the customs union.

108. COMESA Treaty provides for MFN treatment, but allows the Member States to accord preferential treatment to one another or to third States provided such treatment is extended to all the Member States. COMESA Treaty also provides that eligibility for the common market benefits and treatment be predicated on the condition that the goods should originate from Member States. A protocol has defined the content of the rules of origin based on pre-established criteria. However, EPA negotiation may generate some problems of harmonization since some COMESA member countries are at the same time members of SADC and EAC.

109. COMESA achieved significant progress with respect to harmonization of regulations among Member States ahead of the creation of a common market. Harmonization essentially affects customs texts (tariff classification, adoption of a common tariff nomenclature, standardization, etc) and insurance for vehicles circulating in COMESA region. Besides, a CET was proposed in respect of four categories of goods. As regards the sharing of tariff revenues, COMESA members have agreed that each Member State would collect its tax revenues at its national borders and would not share same with the other Members. However, this practice cannot but raise problems, especially when goods from outside COMESA are re-exported from one State to another.

110. COMESA has concluded agreements (‘memorandum’) with IGAD, EAC, SADC and CEN-SAD. These agreements have set forth the principle of policies harmonization among the RECs.

111. Regarding financial matters, COMESA operational budget amounted to US$ 9 million financed by Member States’ contribution. The budget increases from 7% to 9% annually. Inputs from the REC’s external partners are in the neighbourhood of US$ 27 to US$ 30 million, representing three times the operational budget. The contributors are EU, USAID, ADB, IFD, the World Bank and GTZ which recently started with the financing of a meeting. Additionally, GTZ finances the Cairo agency and the Nordic countries plan to finance climate change actions. Actual payments stand at around 80% to 90% of the amounts due. The problem of accumulation of arrears emerged at one time, but was resolved in 2000 (with debt rescheduling for the countries in difficulty). For the financing of COMESA activities and, in particular, to replace inputs from outside COMESA, a 0.25% or 0.5% rise in extra-COMESA imports or a VAT are under study (a study of several scenarios is underway).

112. In 2008, COMESA intra-regional trade accounted for slightly less than 6% of the overall trade of the area, which is lower than the rates observed in EAC, ECOWAS and SADC. Egypt accounts for a total of 20% of the intra-regional trade.

Table 9: Intra-COMESA trade in 2008

US$ billion	2008
Intra-COMESA import	6.53
Extra-COMESA import	126.9
Intra-COMESA export	6.74
Extra-COMESA export	110.6
Proportion intra/total import	4.9%
Proportion intra/total export	5.74%
Proportion intra/external trade	5.6%

Source: Trademap

2.2.9. Integration process in CEN-SAD

113. Established in February 1998 by six States: **Libya, Burkina Faso, Mali, Niger, Sudan and Chad,** CEN-SAD is the youngest of the RECs recognized by the African Union. It was established by virtue of the Treaty of the Sahel-Saharan States. Seventeen other members have since been admitted, thus making CEN-SAD the most trans-regional REC transcending linguistic, economic, geo-political and socio-cultural borders. **CAR and Eritrea** joined in 1999; **Senegal, Djibouti and The Gambia** in 2000; **Tunisia, Morocco, Nigeria and Egypt** in 2001; **Benin and Togo** in 2002; **Côte d'Ivoire, Guinea Bissau and Liberia** (2004) and **Ghana and Sierra Leone** in 2005. **Mauritania, Guinea, São Tomé & Principe and Kenya** are the latest members of the Community. CEN-SAD currently has a membership of 28 States.

114. The objectives of CEN-SAD are:

ü Establish a global economic union built on a strategy that supports a development plan consistent with the national development plans of the countries concerned and covering investment in the agricultural, industrial, energy and socio-cultural domains;

ü Improve land, air and maritime transport and communication facilities among Member States through implementation of common infrastructure projects;

ü Eliminate the impediments to free movement of goods, merchandise and services;

ü Institute the right of establishment for Member States' nationals;

ü Develop intra-community trade;

ü Coordinate the educational systems;

ü Ensure peace and security by adopting a charter in this regard.

115. In contrast to the other RECs, the geographical coverage of CEN-SAD does not correspond to any of the 5 geographical regions identified in the Abuja Treaty[20]. This means that CEN-SAD is made up of countries all of which are members of other RECs[21]. The Community may be regarded as a supra-regional entity, the goal of which is to bring together States and RECs for the pursuit of common objectives such as desertification control, water resource mobilization and conservation, etc.

116. The Community's institutional mechanism consists of: the Assembly of Heads of State and the Leader, Executive Council, General Secretariat, Sahel-Saharan Trade and Investment Bank and the Economic, Social and Cultural Council. The General Secretariat is based in Tripoli and the cost of its operation is fully borne by Libya. Some 10 senior officers distributed between two departments and some 60 employees constitute the core staff and these operate in three languages of the African Union. The optimal staff establishment is estimated at 160, including 30 senior officers.

117. CEN-SAD has, since its establishment, been implementing sectoral policies and programmes enabling it to progress towards the creation of a free trade area, a common market and a solidarity space. On this score, several legal instruments have been elaborated: 'Conflict Prevention, Management and Resolution Mechanism', 'Convention on Security Cooperation', 'Transport and Transit Cooperation Convention', and 'Maritime Transport Cooperation Agreement'. The broad framework of an economic programme has been put in place, covering infrastructure, transport, mines, energy, telecommunication, the social sector, agriculture, environment, water resources and animal health. A special solidarity fund has been established and a preliminary draft free trade area treaty is in preparation. CEN-SAD however places a lot of premium on issues such as desertification (the Great Green Wall project), water resource mobilization and on cooperation in these areas between North African and sub-Saharan countries.

118. The budget of CEN-SAD amounts to US$7 million. It is distributed on solidarity basis, the most solvent countries contributing more than the others. Libya, in particular,

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[20] CEN-SAD covers an area of 13.94 million km^2 that is, 46% that of Africa, and is home to 47% of Africa's population or 419.28 million inhabitants.

[21] The 28 member countries of CEN-SAD are also members of other RECs: 14 are members of ECOWAS including all the eight member countries of the West African Economic and Monetary Union (UEMOA). The other ten countries are members of COMESA (7), AMU (4), ECCAS (3) which are also members of the Central African Economic and Monetary Community (CEMAC) and of IGAD (Djibouti, Eritrea, Somalia and Sudan). Besides, seven countries – Djibouti, Egypt, Libya, Morocco, Somalia, Sudan and Tunisia - are members of the League of Arab States (LAS) composed of 22 African and non-African countries.

bears not only over a half of the budget (60%) but also inputs extra-budgetary resources. At the moment, CEN-SAD does not have any integration project, but in several areas (transport, rural development, desertification, food security, commodities, etc.), it is seeking to become the linchpin between Africa's different regions, particularly the South and North of the Sahara.

119. The greatest challenge facing CEN-SAD is the harmonization and coordination of its own trade liberalization policies and programmes with those already being implemented by the various RECs to which its members also belong. For this reason, CEN-SAD has established a tradition of permanent contact with the other RECs, and its meetings are open to all RECs and to the African Union.

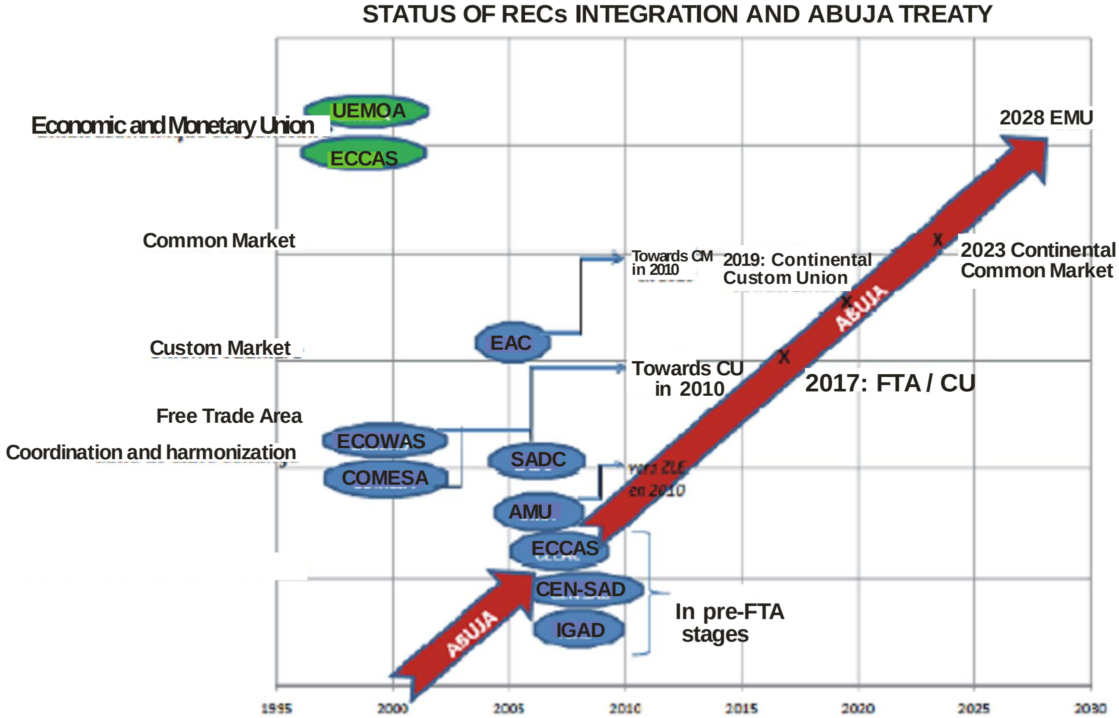
120. In 2008, the overall goods trade among CEN-SAD countries accounted for over US$3 billion, representing a non-negligible 7.5% of intra-regional trade.

Table 10: Intra-CEN-SAD trade in 2008

US$ billion	**2008**
Intra-CEN-SAD import	14.49
Extra-CEN-SAD import	196.4
Intra-CEN-SAD export	16.78
Extra-CEN-SAD export	217.9
Proportion of intra/total import	6.9%
Proportion of intra/total export	7.15%
Proportion of intra/external trade	7.5%

Source: Trademap

2.2.10. Summary of the status of the integration processes



121. The following conclusions may be drawn from the analysis of the state of progress of the 8 RECs:

- The EAC is the most advanced of the 8 RECs in terms of its integration objective, given the fact that it has already actualized its customs union;
- 3 RECs have established free trade areas and are preparing for transformation to a customs union by 2010. The RECs in question are ECOWAS, COMESA and SADC;
- AMU is preparing the texts in respect of a free trade area and could, in the event of institutional activation, achieve this stage in 2010;
- ECCAS has signed a text in respect of a free trade area but the said text has never been ratified by the Member States;
- IGAD and CEN-SAD are, from the perspective of economic integration process, at the stage of establishing coordination and harmonization mechanisms, and are preparing for free trade area;
- Most RECs are ahead in relation to the calendar defined by the Abuja Treaty which provides for establishment of free trade areas and customs unions in the RECs by 2017.

122. Fourteen large regional groupings currently exist in Africa, in addition to those groupings that associate certain countries with other regions (the Arab League, for example). However, only 8 Regional Economic Communities are recognized by the African Union. Besides, African countries are also associated, bilaterally or multi-laterally through several North-South Agreements in their most diverse forms, with the EU (Economic Partnership Agreements – EPAs) or other industrialized countries.

123. Progress may be slow, but some regional groupings have nevertheless made progress towards integration. This is the case with West Africa and the part of Africa covered by COMESA, EAC and SADC which accounts for the highest volume of intra-regional trade. However, despite the long standing nature of the idea of integration, the results are relatively modest:

(i) The structure of African States' and the RECs' exports is deeply immersed in historical links with 'the rest of the world' especially Europe. Intra-REC trade has remained quite meager. According to UNCTAD, regional trade does not benefit all the members of these groupings on equal terms. In ECOWAS region, for example, 3 countries (Nigeria, Côte d'Ivoire and Senegal) alone account for 90% of intra-regional exports and nearly 50% of intra-regional imports.

(ii) In most of these RECs, over 80% of the exports continue to be directed to markets outside Africa. The European Union and the United States of America account for over 50% of these exports. Although socio-cultural and political solidarities among African countries are strong, the impacts of integration remain generally weak.

124. Despite the progress achieved, Africa is still faced with several difficulties, such as:

(i) <u>Difficulties stemming from harmonization of policies;</u>

(ii) <u>Inadequate political will to implement integration decisions.</u> This is particularly perceptible in the slow pace of protocols ratification process, the absence of mechanisms for execution of programmes and decisions and the lack or ineffective application of sanctions mechanisms against States that fail to honor their treaty obligations;

(iii) <u>Apprehension on the part of States to cede some of their competencies:</u> despite the fact that any meaningful integration process necessarily goes with voluntary, progressive and controlled transfer of 'part of competencies in furtherance of Community objectives on the basis of the principle of subsidiarity';

(iv) The absence of compensation mechanisms for the temporary losers in the integration process: this is all the more crucial because in the African context, a substantial proportion of the income of most States is derived from custom duties;

(v) The inadequacy of the physical integration infrastructure;

(vi) Poor involvement of the private sector;

(vii) Membership of more than one REC: Some typical examples of malfunction will illustrate this constraint: the EAC (East African Community) has already established a customs union for the Community, but there are four members of COMESA and one member of SADC in that organization. Five members of SADC are also members of a REC not recognized by the African Union, namely, the Southern Africa Customs Union (SACU). COMESA and SADC have seven members common to the two organizations and the seven countries in question are involved in preparations for their respective customs unions.

2.3 Overview of the current status of African countries' economies and markets

125. The countries of the African continent, as an economic bloc and, in particular, those countries in the Sub-Saharan segment, mostly occupy a very low position in the global economic classification. Going by the last 3 years, whereas the African continent is home to 14% of the global population, it accounts for less than 3% of the global GDP and receives only 3% of foreign direct investment. As regards global goods trade, the continent accounts for only 2.7 % of imports and 3.2 % of exports. These rates are even lower in the services sector: 1.7% and 1.8% of imports and exports, respectively.

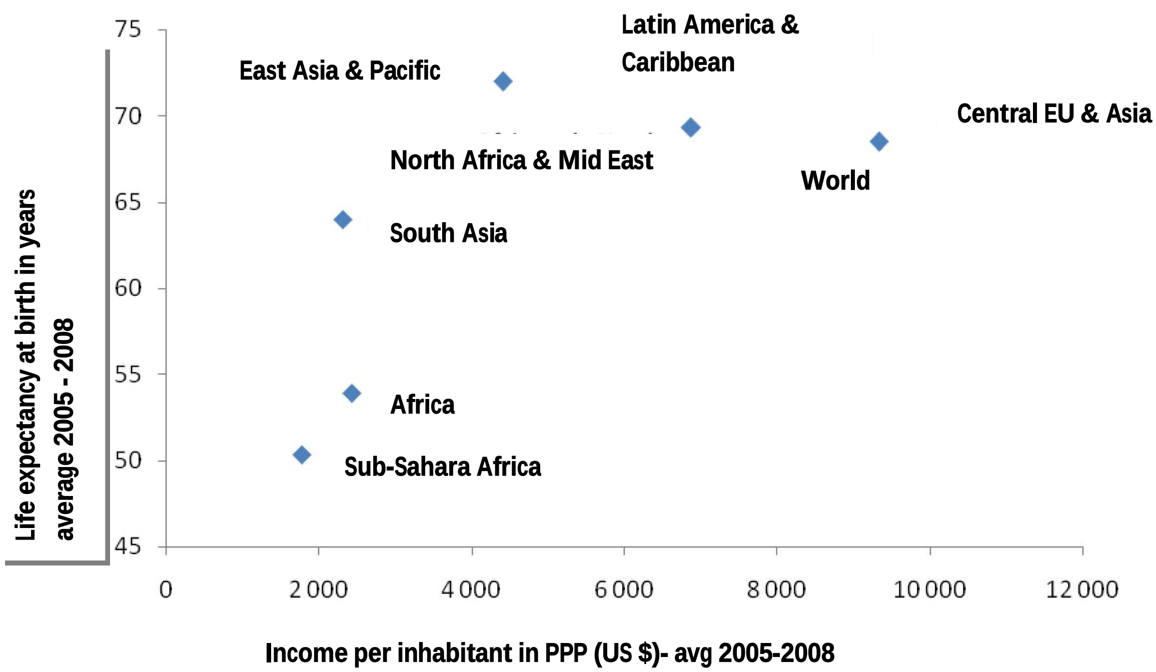
126. Beyond the relatively unfavourable general positioning, the situation is quite mixed if the countries are considered on individual basis. Pockets of dynamism indeed exist, and it is important to take cognizance thereof in the modelling, given the fact that the magnitude of the impact of integration depends on the quality of the markets as well as on their dimension.

2.3.1 Socio- Economic Positioning of the African Continent in relation to Other Regions of the World

127. The positioning of the African continent in terms of the level of income per inhabitant and life expectancy at birth indicates that it is still far below the global average as shown in the graph hereunder:

Figure 1: Income per Inhabitant and Life Expectancy (2005 – 2007 average)

Figure 1. Revenu par habitant et espérance de vie (moyenne 2005-2007)



Source: World Bank Indicators

128. The above 2 indicators very well summarize all the economic problems of the continent: income per inhabitant (in the MDCs) below US$2,000 and the lowest life expectancy. The table hereunder provides other indicators of the African economy compared to other regions of the world.

Table 11: Comparative Macro-Economic Indicators

Indicators and world regions	**Africa**	**Sub-Saharan Africa**	**Central Europe & Asia**	**South Asia**	**Latin America and the Caribbeans**	**East Asia and the Pacific**	**World**
GDP Agriculture (% of total GDP)	**16,3%**	**16,0%**	7,3%	18,3%	6,0%	12,3%	3,0%
Total external debt (% of GDP)	**25,5%**	**26,2%**	37,9%	20,6%	24,5%	18,3%	-
FDI, Input flows (in % of GDP)	**3,6%**	**2,9%**	4,4%	1,7%	2,7%	3,5%	3,2%
GDP growth rates %)	**6,0%**	**6,0%**	7,0%	8,7%	5,7%	10,0%	3,7%
Net captal formation (% of GDP)	**22,5%**	**20,7%**	23,0%	33,7%	21,3%	38,3%	22,0%
Industrial GDP (% of total GDP)	**37,3%**	**31,7%**	33,7%	28,7%	33,7%	46,7%	28,0%
Inflation Rates (%)	**10,3%**	**7,3%**	8,7%	7,7%	6,3%	5,0%	5,3%
Proportion of overall trade in GDP (% of GDP)	**58,9%**	**58,3%**	56,7%	33,0%	41,3%	75,0%	49,3%
Military expenditure (% of GDP)	**2,2%**	**1,3%**	3,0%	3,0%	1,0%	2,0%	2,0%
Mobile telephone subscription rate (per 100 inhabitants)	**22,0%**	**17,7%**	80,0%	15,3%	54,7%	35,7%	42,3%
Net migration rate	**0,0%**	**-0,1%**	-0,4%	-0,2%	-1,2%	-0,2%	
Annual Population growth rate (%)	**2,5%**	**2,0%**	0,0%	2,0%	1,0%	1,0%	1,0%
HIV prevalence rate (% of population between 15-49 years)	**4,7%**	**5,0%**	1,0%	0,0%	1,0%	0,0%	1,0%
GDP per inhabitant in relation to purchasing power ($ prevailing rate)	**2 420**	**1 762**	10 227	2 304	9 023	4 402	9 331
Life expectancy at birth (years)	**54**	**50**	69	64	73	72	69

Source: World Development Indicators (WDI) 2005-2008 averages for countries for which data are available

129. The situation in Sub-Saharan Africa is quite similar to that of South Asia (World Bank classification) with the notable exception of income per inhabitant and life expectancy. As regards the global average, a few positive points need to be highlighted if cognizance is taken of GDP level:

- Greater economic openness measured by the proportion of international trade in GDP;

- Relatively better attraction to foreign investments GDP. In terms of FDI input flows in relation to GDP, Africa as a whole exceeds the global average as well as that of South Asia and Latin America and the Caribbean;

- An acceptable status of external indebtedness rates;

- An acceptable level of economic growth.

130. In contrast, the negative points are as follows:

- Low rate of investment;
- Technological backwardness;
- Poor state of health of the population;
- Preponderance of the primary sector

2.3.2 Positioning of the African Continent in terms of Governance

131. Economic theory and good practices reviews recognize in an increasingly forceful way the contribution of institutions to sustainable growth and economic development. Since the 90s, several international organizations have published international ratings of markets quality and economic institutions as these relate to the markets of a growing number of countries.

132. The central idea underlying these indicators is that the performance of a market economy depends on a number of characteristics of its markets, production factors and the institutions with which the enterprise is supposed to deal. On the whole, these indicators are in fact driven by the institutional capital and the quality of the markets. These are the elements that will intervene in the facilitation of external trade and, in particular, in the distribution of the dividends of integration.

133. The indicators in question are available for most African economies. In this study, we shall use the most recent of these indicators to position the economy of the Continent as a whole in relation to the global average. An examination of African countries' scores and classifications confirm the critical positioning of African economies in their entirety. Some advantageous points however pass unnoticed. We are going to enumerate hereunder, based on the indicators, some strengths and weaknesses of the Continent's economy in terms of trade and economic integration. To this end, we shall use the average ratings of African countries or the average scores in relation to the average global scores (for the countries for which information is available both for Africa and for the world). The graphs hereunder present a summary of the classifications or average performance of African countries in relation to international classification or, as the case may be, in relation to world classification.

134. The weaknesses of the African economy may be summarized by the following points (the sources of the indicators are in parentheses) categorized under four major problems that weigh heavily on the classification of the Continent's economy taken as a whole:

- Difficulty of doing business as reflected by the low scores in the following two indicators: starting a business (Ease of Establishing Business, Doing Business), business and investment freedom (Economic Freedoms Index, Economic Freedom);

- Shortcomings in the customs environment and difficulty of crossing borders. Three indicators from different sources reflect these shortcomings: customs (Customs, a component of the World Bank Logistics Performance index), trading across borders (Ease of Cross-Border Trade, Doing Business), and border administration (Trade Indicator – Enabling Trade, World Economic Forum);

- Quality of infrastructure, competences and information systems as reflected by the following indicators: transport and communication infrastructure (Enabling Trade, World Economic Forum), logistics infrastructure (Logistics Performance index, Word Bank), logistics competence (Logistics Performance index, Word Bank), tracking and tracing of goods (Logistics Performance index, Word Bank);

- Security and the rule of law, as reflected by the risks indicators in respect of political stability and violence (Governance Index, World Bank), corruption risks (Governance Index, World Bank), exposure to corruption (Economic Freedom);

135. On the other hand, Africa is correctly positioned in relation to the global average in terms of the following points:

- Local cost of logistics (index>1, World Bank Logistics);
- Taxation (Fiscal Freedom>1, Economic Freedom);
- Currency (Monetary Freedom>1, Economic Freedom);
- Market access ("Market Access" close to 1, Enabling Trade, World Economic Forum).

Figure 2: Africa's Governance and Business Environment Indicators[22]

Figure 2.1: Indicators on Ease of Doing Business - Doing Business - (World Bank)[23]

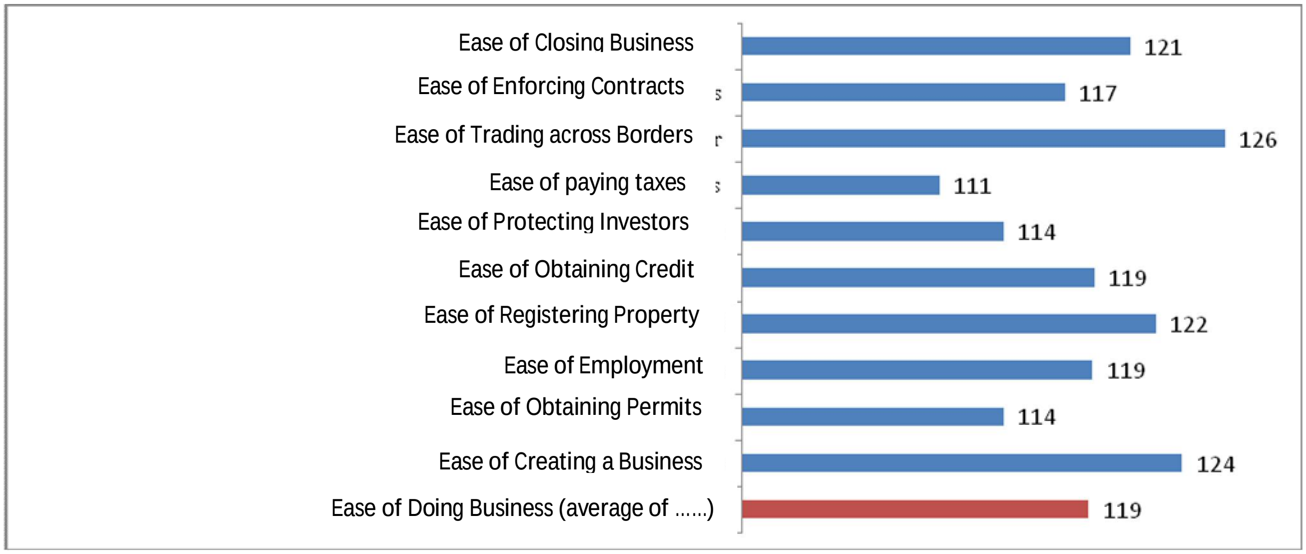
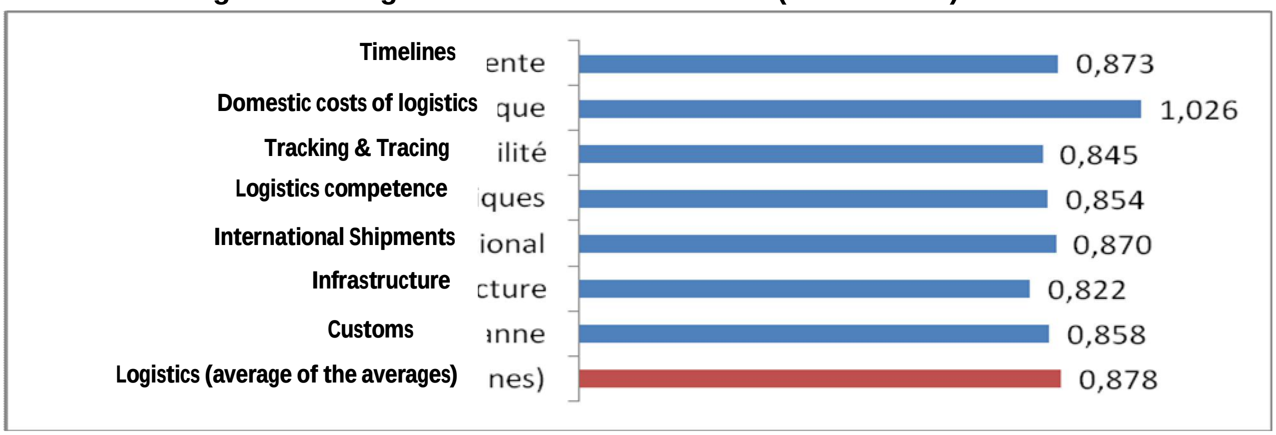


Figure 2.2: Logistics Performance indices (World Bank)[24]



22 Source : Study compiled on the basis of World Bank, Heritage Foundation, Kaufmann, World Economic Forum Indicators. The data used are those published on the website of each of these organizations, on their specialized WebPage on this theme.

[23] The values represent the 2010 classifications of African countries out of nearly 230 countries for each component (Source: www.worldbank.org).

[24]The values represent the relation between the average scores of African countries in 2009 for each component and the average scores for the World. The scores for the most advanced countries of the world exceed 4. The poorest countries at world level had an average of 2.3 (Source: www.worldbank.org). The average score for the World stands at around 2.7. At less than 1 in terms of the relation presented in the graph, Africa is positioned below the global average.

Figure 2.3: Trade Facilitation - Enabling Trade - (World Economic Forum)[25]

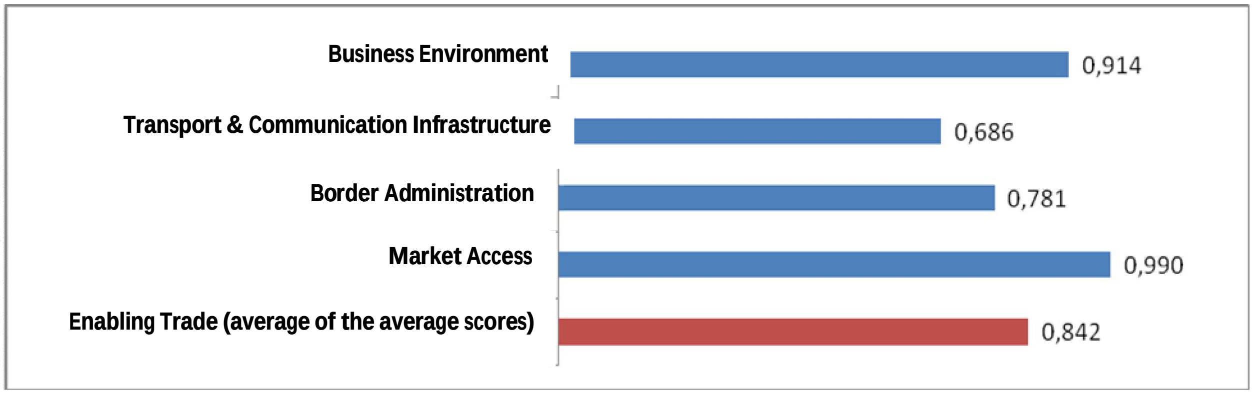


Figure 2.4 : Economic Freedom -Economic Freedom (Heritage Foundation)[26]

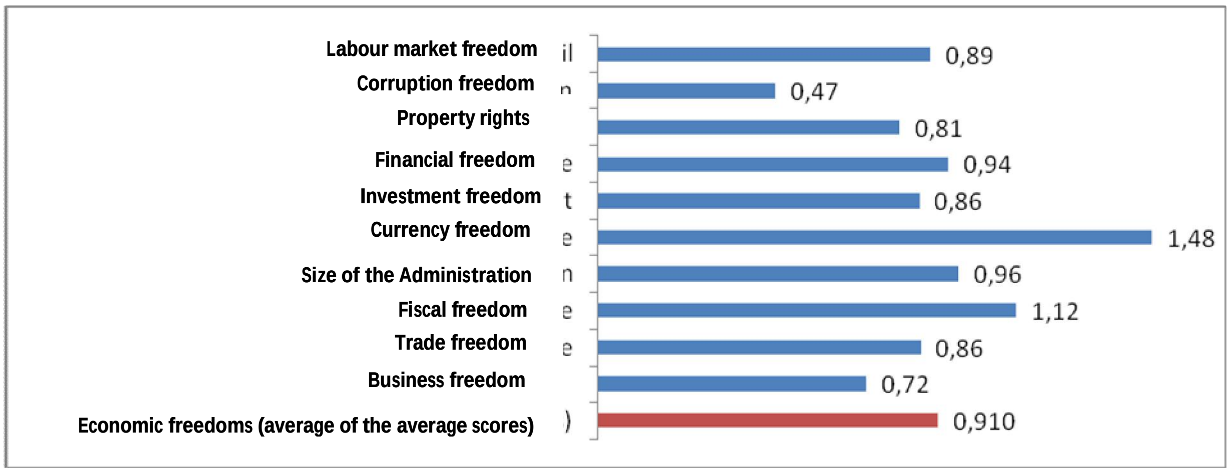
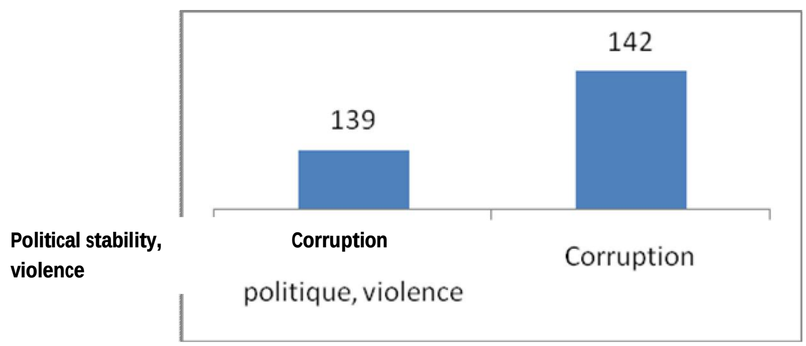


Figure 2.5: Governance Indicator (Governance, Kaufmann & World Bank)[27]



[25] The values indicate the relation between average score of African countries in 2008 in relation to the average score of the countries of the World. Source : www.worldbank.org

[26] The values represent the relation in 2009 between Africa's average score and that of the World. Source : www.heritage.org.

[27] The values represent the average 2008 classifications of African countries in terms of governance components, out of a total of slightly over 200 countries of the World. Source : www.worldbank.org

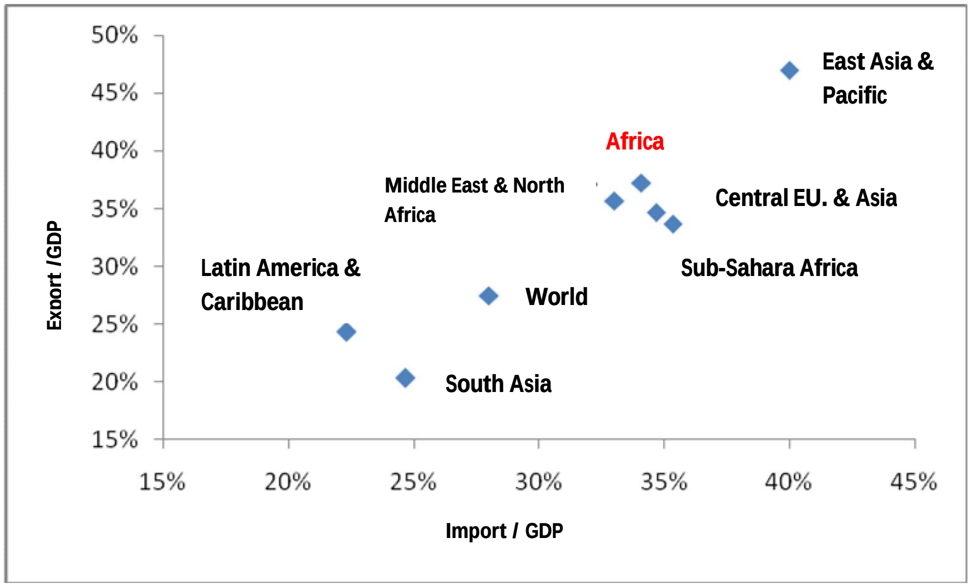
3. ANALYSIS OF THE FEASIBILITY OF THE RATIONALIZATION SCENARIOS

3.1 Typological Classification of the RECs and their member countries in terms of trade

3.1.1 RECs intra-African trade

136. Openness to external trade is higher than the world average if the whole of the African Continent is taken into consideration. With its import and export rates at above 30%, Africa is excelled only by Central Europe and East Asia as shown in the graph hereunder:

Figure 3: Indicators on the openness of the region to the World (2005-2007 average)



Source: Compiled from the World Bank development indicators

137. Despite the openness to trade, the level of inter-African trade remains low. African countries trade less than 10% of their goods and services among themselves (Table below) even though some regions have relatively high trade levels:

Table 12: Intra and Inter-RECs trade in 2006 (% of their overall trade)

Trade in 2006	AMU	COMESA	ECCAS	ECOWAS	SADC	AFRICA
AMU	2.6%	0.7%	0.1%	0.5%	0.2%	4.0%
COMESA	0.8%	4.8%	0.5%	0.2%	6.5%	10.8%
ECCAS	0.3%	1.2%	0.8%	1.5%	3.0%	6.1%
ECOWAS	0.6%	0.2%	1.1%	9.1%	2.1%	12.8%
SADC	0.2%	5.1%	1.2%	1.5%	9.0%	11.9%
AFRICA	1.2%	2.6%	0.7%	2.6%	3.5%	8.9%

Source: Selected Statistics on African countries, ADB Department of Statistics, 2008

138. SADC, ECOWAS and COMESA countries transact more trade with Africa than the other RECs. SADC for example conducts 12% of its overall trade with African countries. Inversely, SADC accounts for 3% of Africa's overall trade, the highest observed.

139. ECCAS obtained over 15% of its imports from African countries as against only 2.3 % of its exports.

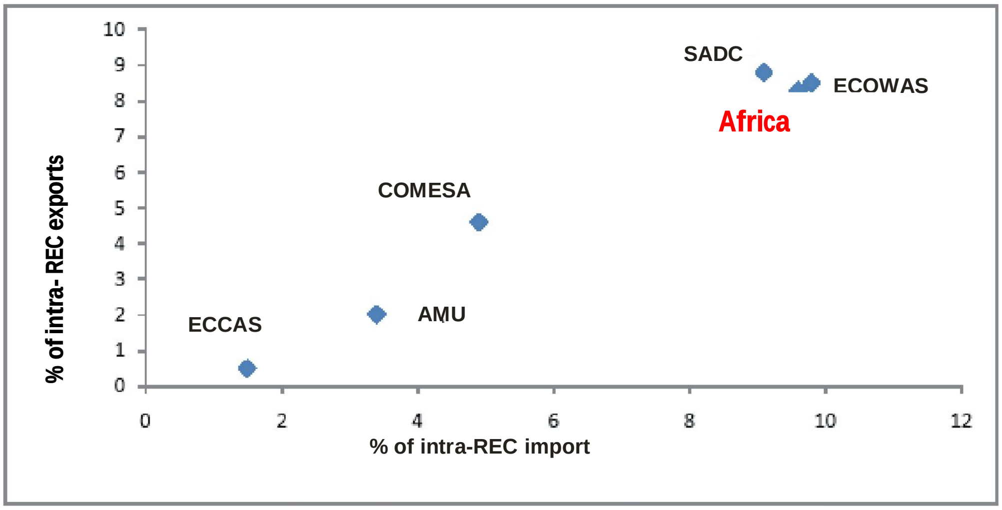
Table 13: RECs and Africa's Trade with African countries (% of overall external trade)

RECs	**Exports to Africa in % of overall exports**	**Imports from Africa in % of overall imports.**
AMU	3.2	5.1
ECCAS	2.3	15.4
SADC	11.9	12.0
ECOWAS	12.6	13.0
COMESA	9.1	12.1
Africa	**8.3**	**9.6**

Source: Selected statistics on African countries, ADB Department of Statistics, 2008

140. SADC and ECOWAS countries followed by COMESA, transacted more intra-country REC trade than the other RECs.

Figure 4: RECs Intra-Regional Trade (in % of total external trade)



Source: Selected statistics on African countries, ADB Statistics Department

141. According to Trademap data for 2008, the East African Community accounts for intra-regional trade level higher than that of the above three areas (11% of the overall trade of the area in 2006 and nearly 12% in 2008), reflecting the impact of the establishment of a free trade area followed by a customs union as far back as 2005.

142. Lastly, it is noteworthy that between the RECs, the highest level of trade is observed between SADC and COMESA which may be explained by the weight of South Africa in intra-African trade; but this trade level also reflects the coherence of the Tripartite process.

143. The difference between ECOWAS, COMESA, EAC and SADC in terms of their inter-RECs trade may be explained by the more advanced stage of cooperation and integration of these RECs, the dimension of each of these RECs, several members of which have heavy economic weight, and by their geographical circumstances which place them in a position to transact more intense trade. This state of cooperation for some of the RECs has considerable impact on the Continent's integration. It challenges the argument as to the poor complementarity among African countries which is supposedly at the root of the low level of trade between them.

144. It is also noteworthy that in the case of Africa, the relatively high openness rate is accompanied by a more substantial share of agriculture and the primary sector in value added. This proportion stands at over 15% in Africa, whereas it is below 10% of the global average. The openness and size of the primary sector constitute some of the characteristics of the trade patterns of past periods, even though there have been, for certain African countries, a progression in terms of external trade in goods that generate greater value added.

145. Lastly, the 2008 data show that part of intra-African trade increased slightly (11% for exports and 9.5% for imports, according to Trademap data). A significant proportion of Africa's trade with the rest of the world and other African countries is commodities based, with energy topping the list. However, the proportion of other products is not negligible and intra-African trade is no less diversified than Africa's trade with the rest of the world (Table 13). This is an indication of the possibilities offered by intra-regional trade.

Table 14: Nature of the goods traded by the African Continent

Goods	Proportion of African exports to Africa	Proportion of African exports to the rest of the world	Proportion of African imports from the rest of the world
Combustible minerals, mineral oils, products of their distillation	32.3%	13.3%	62.9%
Natural or cultured pearl, gem stones or similar stones	6.4%	0.7%	4.3%
Nuclear reactors, boilers, machines, appliances and tools	4.3%	13.3%	1.7%
Automobiles, tractors, cycles and other vehicles, etc	3.7%	8.5%	1.7%
Cast iron, iron and steel	3.1%	3.9%	2.5%
Electrical and electronic machines, appliances and materials	2.7%	8.3%	1.6%
Cast iron, iron and steel products	2.6%	3.5%	0.5%
Maritime and river navigation (boats…)	2.6%	3.5%	0.5%
Plastic materials and plastic products	2.5%	2.8%	0.6%
Salts, sulphur, earth and stones, lime, limestone and cements	2.3%	1.4%	0.9%
Ores, scoria and ashes	2.1%	0.5%	3.1%
Cotton	2.0%	1.4%	0.5%

Source: Compiled from Trademap statistics, 2008

146. To conclude, the following observations regarding goods trade, are relevant:

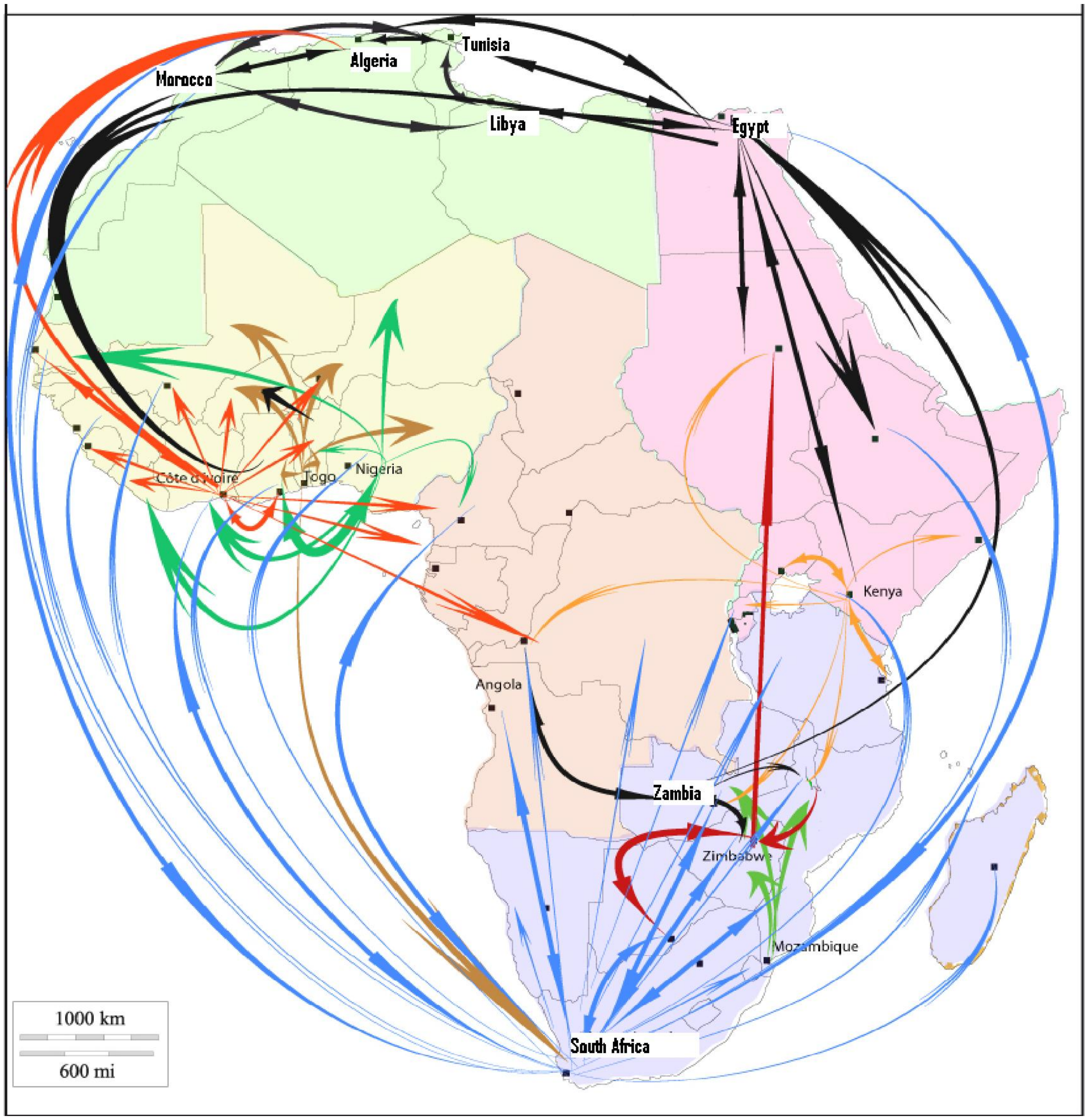
- Low level trade, caused more by the level of GDP than by openness;
- Certain African regions are more integrated with Africa than others, particularly in the South, outside international markets;
- Commodities have a significant place in Africa's trade, but the potential for more elaborate goods is not negligible;

- The diversity of intra-African trade is comparable with that of Africa's trade with the rest of the world.

3.1.2. Countries leaders of intra-African trade

147. A global analysis of Africa's trade as illustrated by the map hereunder, based on the latest year's Trademap data, showcases the 13 countries that are leaders of intra-African trade, and accounting for two-thirds of intra-continental trade.

STRUCTURE OF INTER-COUNTRY TRADE OF THE LEADER COUNTRIES' INTRA-AFRICAN TRADE



- In the East/South entity made up of COMESA, EAC, IGAD and SADC, six countries are identifiable and are classified in accordance with their trade intensity, namely: **South Africa (24% of intra-African trade), Zambia (4%), Egypt (3.8%), Zimbabwe (3%), Kenya (2.3%) and Mozambique (2.2%).** South Africa is present in most African markets, while Egypt maintains commercial relations essentially with COMESA and AMU countries. Lastly, Kenya's impact extends over a relatively large number of COMESA, SADC and Central African countries.

- In the North/West/Centre entity, 7 countries have been identified: **Nigeria (8.8%), Côte d'Ivoire (4.2%), Angola (3.8%), Tunisia (3.2%), Libya (2.8%), Algeria (2.3%) and Togo (1.3%).** Côte d'Ivoire, Nigeria and Togo have trade relations mainly with the countries of their area. Same is the case for Tunisia, Algeria and Libya. Angola maintains significant commercial flows mainly with South Africa. Detailed results are presented in Annex 8.

148. An identification of the major countries that contribute to the intra-trade of each REC (Annex 7) highlights the following key elements:

(i) All the States that are members of both **ECOWAS** and **CEN-SAD** (13 out of 15, the two other States having only one membership) have members of these two RECs as their principal suppliers in Africa. The ‘first supplier’ countries are Côte d’Ivoire (first supplier for five countries), Ghana (first supplier for two countries), Nigeria (first supplier for 4 countries), Senegal (first supplier for two countries) and Togo (first supplier for one country). This status may be an indication of the economic weight of these States measured in terms of GDP and population size, as well as geographical positioning. Thus, two and, indeed, three countries emerge in ECOWAS/CEN-SAD from the perspective of their intra-REC trade prowess, namely: Ghana, Nigeria and Côte d’Ivoire.

(ii) There are also States ‘non-members’ of any of the two RECs (ECOWAS and CEN-SAD) that are equally ‘suppliers’, particularly **South Africa** which is clearly the ‘pivot’ of intra-African trade.

(iii) As regards ECCAS Member States, their 5 major trade destinations are Democratic Republic of Congo, Central African Republic, Chad, Burundi and Angola.

- **For Central African Republic,** the major suppliers are ECCAS Member States (except South Africa), including the first supplier country – Cameroon – which accounts for a significant proportion of its imports - 55%.

- **As for Chad,** this country trades with member countries of both the other RECs and of ECCAS, especially CEN-SAD. However, its first supplier is Senegal, member country of ECOWAS and of CEN-SAD, with 52% share of the trade.

- **Burundi** is commercially well grounded in Africa covered as it is by EAC, COMESA and IGAD. Its major suppliers (Kenya and Uganda) account for a total of 57% of the country’s trade, though it also trades with other countries of the region covered by Tripartite. Its relations with EAC-COMESA offer it obvious advantages in terms of trade and commercial access to the Indian Ocean.

- **DRC and Angola** have as common denominator the fact that they have the same first supplier – South Africa (59% for the first and 65% for the second country). However, Angola's trade linkages are more geared towards the North East and West (Egypt, Nigeria and Côte d'Ivoire), whereas the DRC is, from the perspective of trade, more grounded in the SADC-COMESA-EAC region. The trade configuration in East Africa covered by **COMESA-EAC-IGAD** is as follows:

(iv) **The Comoros and Kenya** have as common denominator the fact that they both have **South Africa** as first supplier country with 37% and 54% of intra-African trade, respectively. In terms of anchorage, **Kenya and Uganda** are inclined towards the EAC/COMESA space whereas the Comoros is rather oriented towards COMESA.

(v) As for **Egypt,** its major suppliers are quite varied, 3 countries of which are members of AMU. However, one member country of SADC-COMESA, namely **Zambia,** is the first country supplier with respect to its intra-African trade and accounts for 32% thereof.

(vi) Three countries (**Djibouti, Eritrea and Sudan)** are members of COMESA-IGAD-CEN-SAD. **Ethiopia** is member of CEN-SAD and IGAD. The first suppliers of these countries are generally the neighbouring countries. This is the case with Djibouti, Ethiopia being its first supplier with 53%; Eritrea with Djibouti as first supplier at 31%; The Sudan which has Egypt as first supplier at 42% and, lastly, Ethiopia with The Sudan as first supplier at 37%. For all these cases, the trade anchorage offered by COMESA-IGAD space would appear to be the most coherent. As for Rwanda, the COMESA-EAC anchorage seems to be more coherent, with Kenya as its first supplier, accounting for 35%.

(vii) As regards the space covered by the **COMESA-SADC-EAC** Tripartite arrangement, trade relations are dominated by **South Africa** which is the first supplier for all the countries of this group. Its share of the intra-African trade of the area is relatively substantial at not less than 43%, with 96% peak for Swaziland. The average for these countries that have South Africa as first supplier is in the neighbourhood of 65%. Besides, the group is integrated as far as its trade is concerned. Except for **Egypt,** these countries trade mainly with one another.

(viii) As for the **AMU-CEN-SAD** space, the trade structure is as follows:

- **Algeria** has **Egypt** as its first supplier with 35% share. This trend may be explained by geographical contiguity (*MENA* countries) and in particular by Egypt's weight in Africa. This observation is also applicable to South Africa which is among the suppliers of the three Maghreb countries (Algeria, Mauritania and Morocco);

- **Senegal** is the first supplier country for **Mauritania** at 27% which seems natural given their geographical proximity and their historical and cultural bonds;

- Lastly, it must be said also that the difficulties in energizing AMU do not prevent inter-country trade in the area. For example, the first country supplier for **Morocco** in Africa is **Algeria.**

3.2 Problem of 'regional membership' by country and rationalization possibilities

149. One of the key objectives of this study is to identify the 'RECs membership' most appropriate for each country based on a number of criteria: geographical proximity, beneficial integration in the trade system, economic synergy and socio-cultural solidarity.

150. The search for such 'optimal placement' <u>does not mean that the state in question should quit any of the RECs in case of multiple membership.</u> The forms of cooperation among the RECs are numerous and varied, ranging from issues of safeguarding borders to economic, monetary and indeed political union, through all the intermediary stages of physical integration and gradual harmonization of trade, fiscal, financial and monetary policies. It is not necessary nor is it desirable to create new institutions to deepen or rationalize integration. The African experience is rich and differs from other integration experiences in other regions of the world. The objective of this section is to examine the positioning of each State in relation to the RECs to which it belongs, with a view to optimising such positioning.

3.2.1. Membership rationalization possibilities for EAC countries

3.2.1.1. Diagram of country multiple membership and special features

151. The multiple memberships of RECs for the five EAC Member States are shown in the following Table:

Table 15: Countries' accession to EAC and other accessions

Country and REC	Accession (1)	Accession (2)	Accessions (3) and (4)
Kenya	EAC	COMESA	IGAD / CEN-SAD
Uganda	EAC	COMESA	IGAD
Burundi	EAC	COMESA	ECCAS
Rwanda	EAC	COMESA	
Tanzania	EAC	SADC	

152. In addition to being a member of EAC, Kenya belongs to IGAD, CEN-SAD and COMESA. Kenya is distinguishable by several special features: first, it is a founder member of the EAC. Besides, by virtue of its geographical and demographic status and its level of industrial development, Kenya may be regarded as the linchpin of the EAC. Kenya is highly involved in the projects of this REC (especially in the construction of a vital road and rail network designed to open up Burundi and Rwanda, a section of which will pass through Kenya[28]). Lastly, if 'Tripartite' is taken into consideration, the problem of multiple membership arises for Kenya vis-à-vis IGAD/CEN-SAD rather than vis-à-vis COMESA.

153. Uganda is member of both IGAD and COMESA. This country is also a founder member of the EAC. Uganda is geographically landlocked. Its border with Kenya offers it access to the Indian Ocean. The country is involved in EAC activities including those relating to peace and security[29]. Like Kenya, Uganda is faced with **the** problem of multiple membership vis-à-vis IGAD rather than vis-à-vis COMESA-EAC (Tripartite).

154. Burundi is member of ECCAS, COMESA and EAC. Its membership of EAC offers it obvious benefits more so as Tripartite will afford it access to a more promising market than membership of only EAC.

155. Rwanda is also a member of COMESA. The country is in the same situation as Burundi. It is surely not a founder member but owing to its geographical and geo-political situation as well as the benefits it could derive from access to sea ports, it has an interest in developing a regional cooperation and integration approach that allows it

[28] See site http://www.burundi-gov.bi/spip. php?article 1113

[29] http://www.afriquejet.com/afrique-central/burundi/le-burundi-a-un-exercise-militaire-des-pays-membres-de-l'eac-2009090434399.html. In the same vein, an EAC Memorandum of Understanding on Cooperation in defence matters was signed in 1998 and reviewed in 2001. It is currently in the process of being transformed into a Protocol. In pursuance of this Memorandum, the first joint military manoeuvre involving mainly the armed forces of Uganda organized for the first time by the defence forces of EAC Member States took place in the North-East of Tanzania in September 2009.

access to the sea. Moreover, despite its limited resources, Rwanda participates actively in EAC and contributes to its programmes. The establishment of Tripartite is likely to resolve Rwanda's problem of multiple membership.

156. Acceleration of implementation of the Tripartite arrangement will also help resolve the problems of multiple membership facing **Tanzania** which is also a member of SADC.

3.2.1.2 Rationalization possibilities for EAC countries

Table 16: Membership Proposal for EAC Countries

States	**Current Membership**	**Membership Proposal in Case of Rationalization**	**Explanation**
Rwanda	EAC /COMESA	Tripartite	• Member of LVBC (Lake Victoria Basin Commission) an emanation of the EAC, in charge of integrated management of the natural resources of the area, for development and poverty reduction; • Actively participates in EAC and contributes to its programmes; • 92% of Rwanda's intra-African trade transacted with Kenya,
Tanzania	EAC /SADC	Tripartite	• Member of LVBC; • Hosts EAC Headquarters; • 88% of Tanzania's intra-African trade transacted with South Africa, Kenya and Egypt - all members of the RECs that make up the Tripartite.

States	Current Membership	Membership Proposal in Case of Rationalization	Explanation
Burundi	EAC /ECCAS/ COMESA	Tripartite	• Member of LVBC; • Nearly 98% of its intra-African trade transacted with Uganda (27%), Kenya (30%) , Tanzania, South Africa, Egypt, Rwanda, Zambia and Madagascar; • Geo-political and historical bonds especially with Rwanda ; • Membership, with Rwanda, of three RECs: EAC/COMESA and ECGL (Economic Community of Great Lakes countries)
Kenya	EAC/IGAD/COMESA/CEN-SAD	Tripartite	• Headquarters of LVBC; • Founding Member of EAC; • Highly engaged in EAC projects ; • 87% of Kenya's intra-African trade transacted with South Africa, Egypt, Tanzania, Uganda, Swazland, all members of the RECs that make up the Tripartite
Uganda*	EAC/IGAD/ COMESA	Tripartite	• Member of LVBC; • Founding member of EAC ; • Its border with Kenya affords it access to the Indian Ocean. • The country is engaged in EAC activities including issues of peace and security.

*The data on the intra-African trade of the countries were compiled from Trademap 2008 database
nb: rather than on Uganda's intra-African trade data

3.2.2 Membership Rationalization Possibilities for ECOWAS Countries

3.2.2.1 Diagram of ‘countries’ multi-membership and features

Table 17: Current Accessions of ECOWAS Countries

Country and REC	Accession (1)	Accession (2)
Benin, Burkina Faso, Côte d'Ivoire, The Gambia, Ghana, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo, Guinea	ECOWAS	CEN-SAD
Cape Verde	ECOWAS	

157. All the States (14) with dual membership within ECOWAS are members of CEN-SAD. Cape Verde has initiated steps to accede to CEN-SAD.

158. Thus, rationalization of multiple memberships within ECOWAS arises exclusively in respect of CEN-SAD. This rationalization could be achieved in cognizance of the following elements:

- In relation to CEN-SAD, which was established in 1998, ECOWAS is relatively old. It was created in 1975 with the ultimate objective of establishing a regional market for West Africa.

- The integration process in ECOWAS is relatively advanced with, in particular, the establishment of a monetary union within the Community and the liberalization of movement of persons (see paragraph 56 et seq. above). Therefore, in terms of gains, membership of ECOWAS should be safeguarded and strengthened.

- In contrast, CEN-SAD has apparently further developed sector policies and programmes: desertification, water resource mobilization, cooperation between North African and Sub-Saharan countries.

- CEN-SAD has developed a tradition of permanent contact with other RECs, and its meetings are open to all of them. As a supra-regional entity, the mission of which is to bring together the States and the RECs under common objectives, membership of CEN-SAD is not incompatible with membership of ECOWAS provided the two RECs develop a sectoral approach and harmonize their policies.

159. This means that, for all the States concerned, rationalization could be resolved only through anchorage within ECOWAS which has its geographical, geo-political, economic, monetary, security and social justification. This anchorage is not at variance with membership of CEN-SAD on condition that a harmonization between the two RECs is developed in a way that enables the States to retain their membership of CEN-SAD and do not lose the gains achieved by their membership of ECOWAS.

3.2.2.2 Rationalization Possibilities for ECOWAS Countries

Table 18: Membership Proposal for ECOWAS

<table>
<tr><th>States</th><th>Current Memberships</th><th>Membership Proposal in case of Rationalization</th><th>Explanations</th></tr>
<tr><td>Benin, Burkina Faso, Côte d'Ivoire, The Gambia, Ghana, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo, Guinea</td><td>ECOWAS - CEN-SAD</td><td>ECOWAS with harmonization with CEN-SAD</td><td>

Well established West African identity;
Geo-political and historical proximity;
8 French-speaking African countries are members of UEMOA (CFA zone);
At the meeting held in Sirte in 2007 (9th Ordinary Session of the Assembly of Heads of State and Government of CEN-SAD) the idea of ‘Tripartite’ between CEN-SAD, ECOWAS and AMU was mooted;
The fact that the RECs could co-exist and specialize was proposed by CENSAD representatives (during the talks in the context of the study) ; for example, for CEN-SAD : desertification, water resource mobilization and cooperation of North African and Sub-Saharan ECOWAS countries; conflict management and economic cooperation;
CEN-SAD is not engaged in EPAs with EU because there is no framework of cooperation between the two. It can, however, follow the negotiations through AMU and ECOWAS member countries.

<table>
<tr><th>Country</th><th>1st Partner African Country</th><th>% of 1st Country</th></tr>
<tr><td>Cape Verde</td><td>Equatoriale Guinea</td><td>29%</td></tr>
<tr><td>Guinea</td><td>South Africa</td><td>27%</td></tr>
<tr><td>Benin</td><td>Côte d'Ivoire, Ghana</td><td>24% each</td></tr>
<tr><td>Burkina Faso</td><td>Côte d'Ivoire</td><td>38%</td></tr>
<tr><td>Côte d'Ivoire</td><td>Nigeria</td><td>80%</td></tr>
<tr><td>The Gambia</td><td>Côte d'Ivoire</td><td>59%</td></tr>
<tr><td>Ghana</td><td>Nigeria</td><td>41%</td></tr>
<tr><td>Guinea Bissau</td><td>Senegal</td><td>94%</td></tr>
<tr><td>Liberia</td><td>Nigeria</td><td>91%</td></tr>
<tr><td>Mali</td><td>Senegal</td><td>44%</td></tr>
<tr><td>Niger</td><td>Côte d'Ivoire</td><td>23%</td></tr>
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States	Current Memberships	Membership Proposal in case of Rationalization	Explanations		
			Nigeria	Togo	45%
			Senegal	Nigeria	55%
			Sierra Leone	Côte d'Ivoire	58%
			Togo	Ghana	25%

3.2.3 Membership Rationalization Possibilities for ECCAS Counties

3.2.3.1 Diagram of 'Countries' multiple membership and features

Table 19: Current Accessions of ECCAS countries

Country and REC	Accession (1)	Accession (2)	Accession (3)
Central Africa	ECCAS	CEN-SAD	
Chad	ECCAS	CEN-SAD	
Burundi	ECCAS	COMESA	EAC
Congo DR	ECCAS	SADC	COMESA
Angola	ECCAS	SADC	
Cameroon	ECCAS		
Congo (Brazzaville)	ECCAS		
Gabon	ECCAS		
Equatorial Guinea	ECCAS		
São Tomé and Principe	ECCAS	CEN-SAD	

160. The States having multiple memberships are as follows:

- **Central African Republic, Chad and São Tomé & Principe** which are also members of CEN-SAD. In terms of geographical proximity, these countries are fully representative of ECCAS which is at the centre of Africa. CAR and Chad are equally members of the Central Africa Economic and Monetary Community, *CEMAC*[30]*.* Chad plays a vital role in the Bank of Central African States, an institution of CEMAC, of which it is traditionally the Secretary

[30] The Treaty establishing CEMAC was signed on 16 March 1994 in N'djamena, Chad. The Headquarters of CEMAC is at Bangui, Central African Republic. The two RECs are closely related. On 24 January 2003, the European Union concluded a funding agreement with ECCAS and CEMAC on condition that the two institutions merge into a single organization. ECCAS have responsibility for peace and security in the sub-region.

General. Obviously, Chad may also be regarded as a founder member of CEN-SAD but this is a trans-regional REC.

- **Angola and DRC** are also members of both SADC and COMESA. The two countries are deeply involved in ECCAS activities particularly in peace and security matters[31]. Although the two countries are commercially quite present in SADC and COMESA, their commitment to COMESA-SADC for DRC, and SADC for Angola, is relatively low key, going by their non-membership of the free trade areas of the two RECs. It is therefore proposed that these two countries be anchored to 'ECCAS' area.

- **Burundi** is member of EAC and COMESA. From the geographical, geo-political and cultural perspectives, Burundi as an African stakeholder in the Great Lakes, has very close affinity with its neighbours especially Rwanda. History made the two countries even closer, especially as they have experienced similar development of their political institutions. Moreover, the two States are landlocked. Burundi's commitment to ECCAS is relatively less significant than its commitment to the other RECs of which it is member. Even though Burundi is often associated with Central Africa, its status as a landlocked State has resulted in this country having an interest in coming closer to the REC which comprises one or several neighbouring Member States that afford it access to the sea, thus reducing its export costs. On this score, Kenya and Tanzania have sea ports that provide access to the Indian Ocean.

3.2.3.2 Rationalization Possibilities for ECCAS Countries

Table 20: Membership Proposal for ECCAS Countries

States	Current Memberships	Membership Proposal in case of Rationalization	Explanations
Chad	ECCAS , CEN-SAD	ECCAS	• Member of the Central Africa Economic and Monetary Community (CEMAC) which negotiates EPAs with EU ; • Plays an important role in the Bank of Central African States, an institution of CEMAC or, as is customary, occupies the post of Secretary General.
São Tomé & Principe	ECCAS , CEN-SAD	ECCAS	• Geographical position ; • Angola : 1st African trading partner (80% of trade)

[31] In this regard, Angola has offered to train the first "Regional Standby Brigade" of the Central African Multi-National Force (COPAX) scheduled to be operational in 2010.

http://www.panapress.com/newslatf.asp?code=fre005465&dte-03/12/2008

States	Current Memberships	Membership Proposal in case of Rationalization	Explanations
Central African Republic	ECCAS, CEN-SAD	ECCAS	• Geographical position; • Member of CEMAC, • Member of CICOS (International Commission for the Congo Basin, Oubangui, Sangha) • Cameroon : 1st African trading partner (55% of trade)
Angola	ECCAS, SADC	ECCAS	• Geographical position; • Future Member of CICOS (International Commission for the Congo Basin, Oubangui, Sangha) • Highly involved in CEMAC peace and security activities • Non-accession to SADC FTA.
Congo DR	ECCAS SADC and COMESA	ECCAS	• Geographical position; • Member of CEMAC, • Member of CICOS (International Commission for the Congo Basin, Oubangui, Sangha) • Cameroon: 1st African Trading Partner (55% of trade).
Cameroon	ECCAS	ECCAS	• Geographical position; • Member of CEMAC • Member of CICOS (International Commission for the Congo Basin, Oubangui, Sangha) • Choice of ECCAS as single membership
Congo (Brazzaville)	ECCAS	ECCAS	• Geographical position; • Member of CEMAC • Member of CICOS (International Commission for the Congo Basin, Oubangui, Sangha) • Choice of ECCAS as single membership
Gabon	ECCAS	ECCAS	• Geographical position; • Member of CEMAC • Member of CICOS (International Commission for the Congo Basin, Oubangui, Sangha) • Choice of ECCAS as single membership • Cameroon : 1st African trading partner (38%)
Equatorial Guinea	ECCAS	ECCAS	• Geographical position; • Choice of ECCAS as single membership; • Member of CEMAC
Burundi	ECCAS, EAC and COMESA	Tripartite	• Cf. 3.2.1.2 (Rationalization Possibilities for EAC Countries)

3.2.4 Membership Rationalization Possibilities for IGAD Countries

3.2.4.1 Diagram of 'Countries' multiple membership and features

Table 21: Current Accessions of IGAD Countries

Country and REC	Accession (1)	Accession (2)	Accession (3)
Djibouti	IGAD	COMESA	CEN-SAD
Eritrea	IGAD	COMESA	CEN-SAD
The Sudan	IGAD	COMESA	CEN-SAD
Kenya	IGAD	COMESA	EAC
Uganda	IGAD	COMESA	EAC
Ethiopia	IGAD	COMESA	
Somalia	IGAD		CEN-SAD

161. The problem of multiple memberships equally arises for all IGAD member countries. Four categories of membership may be identified:

(i) **Ethiopia**: Is member of both COMESA and IGAD. Geographically, Ethiopia is a landlocked country. For reasons arising from conflicts and its relation with neighbouring countries, only Djibouti allows it access to the sea and hence to trade with the outside world. Moreover, for several reasons more especially its demographic (nearly 80 million) and geo-political weight (headquarters of AU and of ECA), localization of water resources and its deep involvement in IGAD programmes particularly on conflict prevention, Ethiopia may be regarded as one of the pivotal countries of IGAD. Its membership of COMESA is not problematic given the fact that, as already indicated, the mandates of the two RECs are statutorily quite complementary. IGAD makes explicit reference to the objectives of COMESA. Besides, it has observer status in the Tripartite (COMESA, SADC and EAC) negotiations. Additionally, IGAD has elaborated a memorandum agreement with COMESA, though, formally, an inter-regional coordination mechanism is yet to be set up.

(ii) **Somalia** is member of both CEN-SAD and IGAD. It is the only country of the group that is not a member of COMESA. Somalia is deeply involved in IGAD activities owing to the prevailing political insecurity situation in the country. In this regard, IGAD has since 1998 undertaken several mediation initiatives to assist in the peace and national reconciliation endeavours. A committee was in particular established in this regard in 1998, comprising delegates from seven Member States of IGAD, AU and the Arab League. This committee is known as the technical committee of the States with borders with Somalia. It was revitalized in 2003 and has since become the Facilitation Committee for the Somali peace process[32].

(iii) Djibouti, Eritrea and Sudan. All the three countries are members of COMESA, CEN-SAD and IGAD but each has its specificities vis-à-vis IGAD. Besides, the state of progress of integration is not the same in each REC. For example, whereas COMESA is in the process of moving towards a customs union after having established its free trade area, IGAD is implementing a minimum integration programme. In contrast, CEN-SAD is yet to attain an advanced stage of integration.

- **Djibouti:** It is the headquarters of IGAD and hence participates actively in its operation. The country's involvement with CEN-SAD is apparently less significance but it certainly derives benefits from the fact that it allows Ethiopia (IGAD member) access to its ports, especially as Ethiopia is yet to be involved in the COMESA free trade area.

- **Eritrea:** its situation is comparable with that of Djibouti, except that its coastline is larger and if it re-establishes sustainable peace with Ethiopia it can derive benefits therefrom.

- **Sudan:** It is not erroneous to say that the history of IGAD is somehow intertwined with that of the peace and national reconciliation process in The Sudan. Since its creation up to now, IGAD has accomplished many initiatives in favour of The Sudan. It may even be said that it is the peace process in The Sudan towards the mid-90s that drew attention to IGAD and revitalized the organization, resulting in a change of name for the organization and the creation of a conflicts management department in the new IGAD[33].

(iv) Kenya and Uganda. These two countries are both members of **COMESA, EAC and IGAD. Kenya** is also member of CEN-SAD. The participation of

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[32] See Internet site of the Institute for Security Studies

http://iss.co.za/AF/RegOrg/unity_to_union/pdfs/igad/IGADProfileFr. pdf

[33] Article 18 of the Agreement establishing IGAD states that all the Member States shall react collectively to ensure peace, security and stability which are conditions *sine qua non* for economic development.

See Internet site of the Institute for Security Studies

http://iss.co.za/AF/RegOrg/unity_to_union/pdfs/igad/IGADProfileFr. pdf these two States, especially Kenya, is beneficial to IGAD given their weight and also the mission of IGAD. However, the benefits that they could derive from COMESA and EAC (under the Tripartite) seem to be greater.

(v) In conclusion, given that IGAD is in the process of entering into rapprochement with Tripartite, this arrangement could be actualized through the following elements:

- The mandates of COMESA and IGAD being statutorily very complementary, IGAD will be concerned explicitly with the objectives of COMESA;

- IGAD has observer status in the Tripartite negotiations (COMESA, SADC, EAC);

- Elaboration of a Memorandum of Understanding with COMESA for inter-regional coordination.

(vi) This would, in fact, resolve the problem of multiple membership and IGAD could be integrated through agreements as part of a larger group including other RECs and, hence, other States

3.2.4.2 Rationalization possibilities for IGAD countries

Table 22: Membership Proposal for IGAD Countries

States	Current Memberships	Membership Proposal in case of Rationalization	Explanations
Ethiopia	COMESA, IGAD	Tripartite	• Geographical and historical situation; • Pivotal member of IGAD; • Strong ties with Djibouti which affords it access to the sea; • High involvement in IGAD programmes, in particular, conflict prevention ; • Elaboration by IGAD of a Memorandum of Understanding with COMESA; • 37% of intra-Africa trade transacted with The Sudan. • Special energy programmes (Ethiopia
Somalia	CEN-SAD, IGAD	Tripartite	• Geographical and historical situation; • Ties with other neighbouring countries which should enable it to get integrated into the same regional economic

States	Current Memberships	Membership Proposal in case of Rationalization	Explanations
Djibouti	COMESA, CEN-SAD, IGAD	Tripartite	• Geographical and historical situation; • Host IGAD Headquarters; • High involvement in IGAD Programmes; • 53% of its intra-African trade
Eritrea	COMESA, CEN-SAD, IGAD	Tripartite	• Geographical and historical situation; • High involvement in IGAD Programmes; • 31% of its intra-African trade
The Sudan	COMESA, CEN-SAD, IGAD	Tripartite	• Geographical and historical situation ; • IGAD led pacification process; • Special Energy programmes (Ethiopia-Sudan)
Uganda	COMESA, EAC, IGAD	Tripartite	• Cf. 3.2.1.2 (Rationalization possibilities for EAC countries)
Kenya	COMESA, EAC, IGAD, CEN-SAD	Tripartite	• Cf. 3.2.1.2 (Rationalization possibilities for EAC countries)

3.2.5. Membership rationalization possibilities for AMU countries

3.2.5.1. Diagram of countries' multiple membership and specificities

Table 23: Current accessions of AMU countries

Countries and RECs	Accession (1)	Accession (2)	Accession (3)
Morocco	AMU	CEN-SAD	
Tunisia	AMU	CEN-SAD	
Libya	AMU	CEN-SAD	COMESA
Algeria	AMU		
Mauritania	AMU	CEN-SAD	

162. Of the above listed Member States, four have multiple membership:

(a) Morocco, Mauritania and Tunisia are members of CEN-SAD, and

(b) Libya is a member of CEN-SAD and COMESA.

163. Rationalization of multiple memberships within AMU therefore arises exclusively in relation to CEN-SAD for Tunisia, Morocco and Mauritania; and in relation to CEN-SAD and COMESA for Libya. This could be achieved in cognizance of the following:

- Though established way back in 1989, AMU has not realized any stage of its integration calendar adopted in 1990 (see 2.2.6). Over the years, Maghreb States have nurtured relations of cooperation and at times have built free trade areas, through bilateral or wider agreements. Moreover, 'economic' or 'bottom up' Maghreb is being irreversibly built (movement of persons, business relations, investment projects, etc.). Though political difficulties persist and continue to hamper the creation of the Union, Maghreb integration have the chance of being accomplished at institutional level in view of the historical, cultural and economic bonds existing between the 5 members, the fact that anchorage within AMU seems to be more achievable than anchorage within CEN-SAD owing to the very many States involved (28 in CEN-SAD) and the fact that this Community has remained a 'virtually continental entity' which does not in any way or very little reflect, integrationist type solidarities.

- Thus, in terms of gains, membership of AMU should be safeguarded and integration within that Community strengthened pending the resolution or attenuation of the political difficulties.

- Harmonization with CEN-SAD (for Tunisia, Morocco and Mauritania) should not generate any problems since, as has already been indicated, this Community has apparently further developed its sector policies and programmes (desertification, water resource mobilization, cooperation between North African countries and Sub-Saharan countries). As a supra-regional entity, the mission of which is to bring together the States and RECs under common objectives, membership of CEN-SAD is not incompatible with membership of AMU provided the two RECs develop a sectoral approach and harmonize their policies.

- This means that, for all the countries concerned, rationalization could be resolved only through anchorage within AMU which has its geographical and historical justifications. This anchorage is not at variance with membership of CEN-SAD provided harmonization between the two RECs is developed.

- For Libya in contrast, its triple membership of AMU, COMESA and CEN-SAD is more problematic in as much as the first two have established a calendar for achieving economic integration. The solution could be found in the harmonization of the two RECs, particularly in the creation of their customs unions. This clearly presupposes that the political obstacles within AMU are resolved.

3.2.5.2. Rationalization possibilities for AMU countries

Table 24: AMU countries' membership proposals

States	Current membership	Membership proposal in case of Rationalization	Explanations
Tunisia, Morocco, Mauritania, Algeria	CEN-SAD, AMU	AMU/harmonization CEN-SAD	• Geographical continuity; • Historical, cultural and geo-political dimensions • Economic Maghreb irreversibly under construction
Libya	AMU, CEN-SAD, COMESA	AMU/harmonization CEN-SAD	• Significant trade flows (Algeria-Morocco: 35% of intra-African trade), (Tunisia-Libya: +50%)

3.2.6. Membership Rationalization possibilities for SADC countries

3.2.6.1. Diagram of countries' multiple membership and specificities

Table 25: Current accessions of SADC countries

Countries and RECs	Accession (1)	Accession (2)	Accession (3)
Madagascar	SADC	COMESA	
Malawi	SADC	COMESA	
Mauritius	SADC	COMESA	
Seychelles	SADC	COMESA	
Swaziland	SADC	COMESA	
Zambia	SADC	COMESA	
Zimbabwe	SADC	COMESA	

Tanzania	SADC	EAC	
DRC	SADC	ECCAS	COMESA
Angola	SADC	ECCAS	
South Africa	SADC		
Botswana	SADC		
Lesotho	SADC		
Mozambique	SADC		
Namibia	SADC		

164. The problem of multiple membership of SADC arises in respect of:

- Madagascar, Malawi, Mauritius, Seychelles, Swaziland, Zambia and Zimbabwe, stakeholders in COMESA and SADC,
- Tanzania which is also member of EAC,
- Angola, member of ECCAS, and
- DRC which is member of two RECs: ECCAS and COMESA.

165. Taking into consideration the fact that the establishment of Tripartite (SADC-EAC-COMESA) is likely to resolve the problem of multiple memberships and in the end potentially result in the creation of a single sub-regional organization, the problem of multiple memberships will arise only for Angola and DRC being members of ECCAS. Even in the event of non-creation of a new institution bringing together the three RECs, establishment of a single free trade area and single customs union is likely to put an end to the negative effects of multiple memberships.

1) Democratic Republic of Congo formally joined SADC 1997, but did not also accede to its free trade area. Its geographical position at the centre of Africa and its position in relation to and in the two RECs, i.e. founding member of ECCAS and non-accession to the FTA of SADC, strengthen its anchorage within ECCAS.

2) In contrast, Angola's position is more problematic in as much as it has not acceded to the FTA of SADC but is, however, a founding member of ECCAS. Viewed from this angle, even if its anchorage may be suggested to be within the latter Community, which could be legitimately contested, one can equally, for geographical and/or economic reasons defend its

anchorage within SADC and hence, in the Tripartite. The choice of either proposal should be left to the sovereign decision of this State.

3.2.6.2. Rationalization possibilities for SADC countries

Table 26: SADC countries' membership proposals

States	***Current memberships***	***Membership proposed in case of rationalization***	***Explanations***
Madagascar, Malawi, Mauritius, Seychelles, Swaziland, Zambia, Zimbabwe	COMESA-SADC	*Tripartite*	• Geographical continuity • Historical, cultural and geo-political dimensions • Significant trade flows generated essentially by trade with South Africa
South Africa, Botswana, Lesotho, Mozambique	SADC	*Tripartite*	
Tanzania	EAC-SADC	*Tripartite*	*cf. 3.2.1.2 (Rationalization possibilities for EAC countries*
Angola	ECCAS-SADC	*ECCAS*	*Cf. 3.2.3.2 (Rationalization possibilities for ECCAS countries)*
DRC	ECCAS-SADC-COMESA	*ECCAS*	*Cf. 3.2.3.2 (Rationalization possibilities for ECCAS countries)*

3.2.7 Membership rationalization possibilities for COMESA countries

3.2.7.1. Diagram of countries' multiple membership and specificities

Table 27: Current accessions of COMESA countries

Country and REC	**Accession (1)**	**Accessions (2)**	**Accessions (3-4)**
Djibouti	COMESA	CEN-SAD	IGAD
Eritrea	COMESA	CEN-SAD	IGAD
The Sudan	COMESA	CEN-SAD	IGAD
The Comoros	COMESA	CEN-SAD	

Egypt	COMESA	CEN-SAD	
Libya	COMESA	CEN-SAD	AMU
Kenya	COMESA	EAC	IGAD / CEN-SAD
Uganda	COMESA	EAC	IGAD
Rwanda	COMESA	EAC	
Burundi	COMESA	EAC	ECCAS
Ethiopia	COMESA		IGAD
Madagascar	COMESA	SADC	
Malawi	COMESA	SADC	
Mauritius	COMESA	SADC	
The Seychelles	COMESA	SADC	
Swaziland	COMESA	SADC	
Zambia	COMESA	SADC	
Zimbabwe	COMESA	SADC	
DR Congo	COMESA	SADC	ECCAS

166. Since the establishment of COMESA, four States have left that Community: Mozambique and Lesotho in April 1997, Tanzania in August 1999 and Namibia in 2004. Angola suspended its participation. COMESA currently has a membership of 19 States.

167. The objective of COMESA is to establish a free trade area and a customs union for its members. In the longer term, it plans to establish a monetary union by 2025.

168. On the occasion of the 12th ministerial meeting held in Lusaka on 30 November 2001, it was decided to liberalize inter-bank commercial transactions, institute a COMESA fund to finance regional integration projects and boost foreign direct investments.

169. Regarding the free trade area, custom duties have been at zero level since 31 October 2000 among several COMESA States (Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, The Sudan, Zambia and Zimbabwe). This free trade area resulted in significant surge in the trade between these countries (+30% in the first two years). Burundi and Rwanda joined the free trade area in 2003. The free trade area currently has a membership of 11 countries out of the19 member countries of the Community.

170. Thus, two categories of countries may be identified:

- **Those that have joined the free trade area:** Burundi, Comoros, Djibouti, Egypt, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, The Sudan, Zambia and Zimbabwe; and

- **Those that have not acceded to the free trade area:** Democratic Republic of Congo, Eritrea, Ethiopia, Swaziland and Uganda.

171. The first group may be regarded as deeply involved in the activities and programmes of COMESA. Two sub-groups may be identified in this first group:

- **Those that are members of SADC and/or EAC:** Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Zambia, Zimbabwe and Swaziland. For these countries, participation in COMESA is not problematic. The establishment of Tripartite is likely to resolve the issue of multiple membership.

- **Those that are members of other RECs in addition to COMESA.** This is the case with Burundi which is member of both ECCAS and EAC. The involvement of this State in COMESA free trade area strengthens its membership of this REC or, if need be, of the EAC which is a member of the Tripartite. This is also the case with Kenya given the benefits that it can derive from membership of the Tripartite. It is also the case with Egypt which, as a result of its geo-political and commercial prowess, is a vital component of COMESA. It is equally the case with the Comoros (also member of CEN-SAD) for which participation in COMESA procures considerable benefits in terms of poverty reduction and foreign investment.

172. The second group does not seem too involved in COMESA programmes especially its free trade area. In this group, Swaziland could sidetrack this aspect through its commitment to SADC, and Uganda to EAC. The others can do the same in the RECs to which they are committed the most.

3.2.7.2. Rationalization possibilities for COMESA countries

Table 28: COMESA countries' membership proposals

State	Current memberships	Proposed membership in case of rationalization	Explanations
Egypt	CEN-SAD-COMESA	COMESA	• Accession to FTA; • Significant economic weight within COMESA
The Comoros	CEN-SAD-COMESA	COMESA	• Accession to FTA;
Kenya	COMESA-EAC-IGAD-CEN-SAD	Tripartite	Cf. Preceding paragraphs
Madagascar	COMESA-SADC		

State	Current memberships	Proposed membership in case of rationalization	Explanations
Malawi	COMESA-SADC		
Maurtius	COMESA-SADC		
Rwanda	COMESA- EAC		
Seychelles	COMESA-SADC		
Zambia	COMESA-SADC		
Zimbabwe	COMESA-SADC		
Swaziland	COMESA-SADC		
Uganda	COMESA-EAC-IGAD		
Burundi	ECCAS- COMESA-EAC		
The Sudan	COMESA-CEN-SAD-IGAD		
Eritrea	COMESA-CEN-SAD-IGAD		
Ethiopia	COMESA-IGAD		
Djibouti	COMESA-CEN-SAD-IGAD		
DRC	ECCAS-SADC-COMESA	ECCAS	
Libya	AMU-COMESA-CEN-SAD	AMU/harmonisation CEN-SAD	

3.2.8. Membership rationalization possibilities for CEN-SAD countries

3.2.8.1. Diagram of 'countries' multiple membership and specificities

Table 29: Current accessions of* CEN-SAD *countries

Countries and RECs	Accession (1)	Accession (2)	Accession (3)
Benin	CEN-SAD	ECOWAS	
Burkina Faso	CEN-SAD	ECOWAS	
Côte d'Ivoire	CEN-SAD	ECOWAS	
Gambia	CEN-SAD	ECOWAS	
Ghana	CEN-SAD	ECOWAS	

Guinea Bissau	CEN-SAD	ECOWAS	
Liberia	CEN-SAD	ECOWAS	
Mali	CEN-SAD	ECOWAS	
Niger	CEN-SAD	ECOWAS	
Nigeria	CEN-SAD	ECOWAS	
Senegal	CEN-SAD	ECOWAS	
Sierra Leone	CEN-SAD	ECOWAS	
Togo	CEN-SAD	ECOWAS	
Guinea	CEN-SAD	ECOWAS	
Central African Rep.	CEN-SAD	ECCAS	
Chad	CEN-SAD	ECCAS	
São Tomé	CEN-SAD	ECCAS	
Djibouti	CEN-SAD	COMESA	
Eritrea	CEN-SAD	COMESA	
Sudan	CEN-SAD	COMESA	
Comoros	CEN-SAD	COMESA	
Egypt	CEN-SAD	COMESA	
Somalia	CEN-SAD	IGAD	
Morocco	CEN-SAD	AMU	
Tunisia	CEN-SAD	AMU	
Mauritania	CEN-SAD	AMU	
Kenya	CEN-SAD	COMESA	IGAD/EAC
Libya	CEN-SAD	AMU	COMESA

3.2.8.2. Rationalization possibilities for CEN-SAD countries

173. All CEN-SAD Member States have dual, triple or quadruple membership. The proposal here is that Member States retain their memberships of other RECs. CEN-SAD would then harmonize its programmes, policies and activities with these RECs, or adjust its mandate towards cooperation objectives. Another solution very close to the reality is that CEN-SAD should specialize in areas in which it offers greater value added and expertise in relation to the other RECs (rural development, desertification, water management, bridge between the north and south of the Sahara, etc).

3.3. Analysis of the Relevance, Viability and Implications of the various 'Rationalization' Scenarios

174. The Abuja Treaty and the Constitutive Act of the African Union consider the Regional Economic Communities as the building blocks of the Continent's integration. Despite the achievements and gains realized in certain regions, integration of the Continent through the African Economic Community (AEC) certainly remains a distant objective but constitutes a real challenge.

175. The leaders of AU and the RECs, as well as African States are conscious of this situation. In both the United Nations Economic Commission for Africa (ARIAL II) and in the African Union, certain RECs and other regional and international institutions, scenarios have been devised with a view to rationalizing the RECs. Several of such scenarios are comparable or derive one from the other. The scenarios conceived within the context of this study are seven in number. The first four were designed and proposed by the African Union in April 2007.

3.3.1. Relevance, Viability and Implications of the 'Maintaining the Status Quo' Scenario

176. It is this approach that will generate the least possible upheaval. The scenario aims at maintaining the current status of the Regional Economic Communities recognized by the African Union with multiple memberships. The approach should however take cognizance of the RECs not recognized by the AU particularly because of the effectiveness of some of them in matters of integration, the gains achieved and the obligations of the Member States vis-à-vis the RECs concerned.

177. In the event that this hypothesis regarding the 'not recognized' RECs is not taken into consideration, another variant under this same scenario would be to retain the status quo only for the 8 recognized RECs. Those 'not recognized' would ultimately have to 'merge' with the recognized RECs or harmonize their programmes with the recognized RECs through agreements.

178. Maintaining the status quo has negative implications on several fronts:

- Ø ***Unsatisfactory nexus between the African Union and the RECs***

179. As things are at the moment, <u>*AU does not have sufficient supra-national powers vis-à-vis the RECs or Member State*s:</u> the various Protocols signed between AU and the RECs have not been satisfactorily implemented. The most recent of such Protocols adopted on 27 January 2008 is vague in terms of the obligations of the RECs and the binding nature of AU Decisions (Article 22 in particular). The study carried out by the Commission for Africa (ARIAL II) rightly points out that the proliferation of agreements between African States and non-African States (Association Agreements with EU, *NPE* Agreements, Free Trade Agreements, etc) is likely to boost external influences which Africa cannot control and, inversely, erode the powers of African Union institutions and organs[34].

Ø ***Overlapping membership***

180. According to available data[35], States' membership of several organizations is virtually systematic: 95% of the Member States of any given REC are also members of another REC going by all the 14 RECs in Africa, rather than just those recognized by the African Union. Multiple membership leads to overlapping memberships and stretches the otherwise very limited resources that the concerned countries devote to regional integration[36].

181. Moreover, it has sometimes been reported that many countries which belong to more than one REC have difficulty honouring their contributions and obligations vis-à-vis such RECs. The poor rate of participation in meetings and the numerous contradictions in programmes implementation at national level exacerbate this situation[37], even though this argument may somehow be mitigated. However, <u>going by the visits made to the RECs generally, it would appear that there are no insurmountable problems in regard to payment of contributions by the States with dual or multiple memberships</u>. These Member States discharge their obligations even though delays occur here and there. Moreover, generally, the budgets of the various RECs do not seem to be overly heavy in terms of resources, given the fact that numerous activities and programmes of the RECs are financed by the extra-budgetary inputs of international partners[38].

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[34] ARIAL II p.130

[35] African Union Commission, Consolidated Report of the Accra and Lusaka Consultative Meetings; Meeting of Governmental Experts on Rationalization of the Regional Economic Communities (RECs): Burkina Faso, 27-31 March 2006, § 12 and seq.

[36] Ibid

[37] Ibid

[38] Visit to the RECs, September 2009

Ø *Duplication of programmes and objectives*

182. Multiple memberships could be a source of inefficiency in the implementation of RECs programmes. This makes the configurations more complex when the RECs are in a situation of competition. There is currently a substantial number of duplications and repetitions of RECs programmes, thus contributing to the ineffectiveness of African regional integration programmes. Such duplications and repetitions are apparently frequent in the area of trade, monetary and financial matters and infrastructure. <u>In the absence of coordination and harmonization of the planning and programming processes, it is improbable that the current functioning of the RECs will enable them to play an effective role in the realization of continental integration.</u> Thus, despite the fact that over a half of African RECs have similar programmes in regard to trade and markets integration, the level of intra-African trade still remains significantly low.

183. <u>The lack of harmonized instruments</u> governing trade and integration programmes has compelled the RECs to devise their own rules of origin, for example. Such rules are not always compatible. This is also true for the most favoured nations' clause. Besides, the development partners often highlight the constraints of multiple memberships as constituting obstacles to the optimization of development support measures.

Ø *Poor results in terms of the objective of free movement of goods, persons and capital*

184. <u>Maintaining the status quo will not develop the free movement of goods, persons, capital and services.</u> One of the objectives of AU and most of the RECs remains the realization of a higher volume of trade. Judging from the intra-regional trade objectives set forth by the RECs, only one-fifth of the RECs have attained their objectives, while the activities of the other four-fifths fell below the expected economic growth objectives. Movement of persons has continued to be minimal[39], even though most of the RECs have abolished entry visa requirements for the nationals of the Member States concerned.

Ø Summary of the advantages and disadvantages of the status quo scenario

Strengths	*Weaknesses*
- The process does not generate any disruption	- Multiple memberships are maintained both in the recognized RECs and in the

[39] Ibid

	other RECs; - Absence of visibility both in African States and at international level - Non-attainment of the expected results in terms of trade and free movement of persons, capital and services
Opportunities	***Threats***
	- Risk of erosion of the powers of AU institutions and organs; - Proliferation of programmes and lack of harmonization of RECs policies - Can constitute an obstacle to the continental integration process

3.3.2. Relevance, Viability and Implications of the 'Abuja Treaty Approach' and 'Anchorage Communities' Scenarios

185. Abuja Treaty (Article 1 (d) and Resolution CM/Res. 464 (XXVI) of the 26th Ordinary Session of the Council of Ministers of the Organization of African Unity, divided Africa into five (5) regions, namely:

- ü North Africa
- ü West Africa
- ü Central Africa
- ü East Africa, and
- ü Southern Africa

and hence, into five regional communities:

- ü Economic Community of North African States (ECNAS),
- ü Economic Community of West African States (ECOWAS),
- ü Economic Community of Central African States (ECCAS),
- ü Economic Community of East African States (ECEAS), and
- ü Economic Community of Southern African States (ECSAS).

186. This Scenario is more ‘natural’ in terms of geographical proximity as attested by several studies. However, it does not offer a solution to a number of ambiguities. After having divided Africa into five ‘Regions’ (Article 1 (d), Article 1 (e) defines ‘sub-region’ as ‘at least three States of one or more regions’[40]. Thus, Article 1 lends itself to the understanding that a State can be member of any sub-region, defined not necessarily on the basis of geographical proximity, because such a State can be part of a sub-region, the other Member States of which belong to different regions in the sense of Article 1 (d). Thus, the formal division of the Continent into five regions loses its relevance.

187. Moreover, while underscoring some measure of ‘geographical’ rationality (the five regions principle), the Abuja Treaty recognizes the existence of some complexity in the African regional configuration which cannot be understood solely from the geographical perspective. An analysis of the actual processes of formation of African RECs (in a wide sense and not only those recognized by AU) shows that a wide variety of criteria govern these groupings: natural elements, commercial considerations, population movements and migrations, infrastructure and means of communication, etc.

In reality, the key concern of the Abuja Treaty and of OAU Council of Ministers Resolution CM/Res. 464 (XXVI) continues to be the building of an African Economic Community. In furtherance of this objective, the ‘shortest’ way and hence ‘the most desirable’ would be that of a State being a member of one region only, according to the State’s geographical positioning. However, the sub-regional entities which do not meet the exclusively geographical criteria, could continue to exist provided this does not constitute a cog in the wheel of progress towards the accomplishment of the fundamental objective of the entire endeavour – that of building the AEC.

188. Thus, the relevance and viability of the ‘Abuja Treaty Scenario’ are predicated on the possibility of establishing a measure of coherence between the ultimate objectives of mono-membership on the one hand, and the reality of the multi-dimensional ‘profusion’ of African ‘regional’ formations, on the other. This point brings to the front burner at least two major obstacles to the implementation of the ‘Abuja Treaty’ Scenario, presented hereunder:

- ***Political obstacles***

189. <u>The Scenario which consists in creating one ‘REC per Region’ must require the consent of all the States concerned, for them to withdraw from one or two RECs to join that of their Region (withdrawal – merger).</u> The agreement among the States in this regard must be unanimous. The only supreme organ, an organ that could have sufficient

[40] Highlighted by the Consultant

legitimacy to implement such a Scenario is ‘the Assembly of Heads of State of AU’. However, in the present state of affairs, AU does not yet benefit from enough ‘transfer of powers’ from Member States to be able to decide on this process and embark upon its implementation with the requisite authority, legitimacy and resources.

Ø ***Legal obstacles***

190. This derives from the complexity of the implementation and relates essentially to the complex problems inherent in the dissolution and succession of organizations (transfer of functions, rights, obligations, standards, assets and debts, transfer of employees and redeployment of staff, responsibilities). It also necessitates significant modification of existing treaties or, depending on the case, the adoption of new constitutive treaty of a new organization as well as appropriate protocols; and even though the law of international organizations offers possibilities of a solution, implementation remains quite constraining. This is neither realistic nor desirable irrespective of the cost or efforts deployed (creation of new institutions, etc.) or the expected objectives: It is uncertain that these disruptions, institutional disruptions in particular, will be able to usher in better results in terms of integration and rationalization.

191. Given the aforesaid, two options under the ‘Abuja Treaty’ Scenario are hereby proposed (cf. Annexes 4 and 5).

- The first option is compliance with the Abuja Treaty ‘to the letter’ with the consequence that certain States would have to ‘withdraw from-merge with’ certain RECs, in the event of multiple memberships.

- The second option which is based on some measure of flexibility in regard to compliance with the ‘spirit’ of the Abuja Treaty will safeguard all the memberships but will ‘specialise’ them. This ‘option 2’ allows for evolvement towards the concept of ‘anchorage communities’.

192. The implications of Option 1 of the ‘Abuja Treaty’ Scenario are as follows:

ü **For North Africa,** this will entail the withdrawal-merger of some Member States from CEN-SAD (Morocco, Tunisia, Libya and Mauritania) and from COMESA (Libya). These countries may not want to take such action, for legitimate sovereignty considerations.

ü **For West Africa,** 14 out of the 15 Member States would have to orientate exclusively towards ECOWAS.

- ü **For Central Africa, r**ationalization will require that some of the Member States (Chad, Central African Republic and São Tomé) withdraw from-merge with one REC, and others (DRC) to withdraw from two RECs.

- ü **With regard to Southern Africa,** only withdrawal-merger from COMESA, for Swaziland, Zambia and Zimbabwe, can resolve the problem of multiple memberships.

- ü **As regards East Africa,** rationalization in accordance with Abuja Treaty will require withdrawal from-merger with certain RECs for the countries having dual or triple memberships (Comoros, Madagascar, Mauritius, Seychelles, Somalia, Tanzania and Kenya).

193. It emerges from the aforesaid that Option 1 of Abuja Treaty Scenario is being proposed only 'for memory', to highlight the insurmountable obstacles in the path of 'restrictive' understanding of the Abuja Treaty as shown in the summary hereunder:

Ø ***Summary (SWOT analysis) of the 'Abuja Treaty Approach Scenario, Option 1'***

Strengths	***Weaknesses***
- The process presents some degree of 'natural' legitimacy. -	- Approach based on regional proximity whereas many other factors and shared interests dictate the emergence of Regional Communities; - The text does not radically exclude multiple memberships which could be maintained more or less in the unrecognized RECs; - Need for the consent of all the States concerned for withdrawal from one or two RECS to join the REC of their region; - Number of withdrawal-merger decisions stand at 40.
Opportunities	***Threats***
- Proper visibility of the regional logic	- Proliferation of programmes and lack of harmonization of RECs policies ; - Can constitute an obstacle to the continental integration process,

194. The 'anchorage communities scenario' which is interpreted as Abuja Treaty Option 2 (cf. Annex 5), also described as 'well rooted communities scenario', draws its substance from the elements common to the other scenarios, and hence from the principle that the 'Region' constitutes 'a natural geographical space'. It, therefore, follows that there will be 'a REC per Region' and that a State cannot belong to more than one Community. However, as 'anchorage' is also sociological, ethnic, historical or cultural in dimension, this scenario borrows from the 'status quo' scenario the criteria governing the grouping together of states. Nonetheless, as the anchorage scenario is consistent with a new impetus that contributes to the advent of an African economic community, it follows that this scenario is inconsistent with the idea of 'status quo' and is clearly different from it.

195. On the basis of the aforesaid, the following implications had been highlighted:

- ü Given the fact that the 'anchorage community' can co-exist with other forms of association, this scenario does not debar a State from being a member of several 'integration' groupings. It therefore follows that it is not necessary to transform the mandate of certain RECs which could lead to integration of the region or the continent according to their specificities and vocations

- ü This scenario however, implies that all African States are in the obligation to belong to only one REC 'in the sense of Abuja Treaty' i.e, 1 REC for each broad natural region. It therefore, follows that the 5 RECs are supposed to meet the 'well-rooted communities' profile:

  - Ø AMU for North Africa;
  - Ø ECOWAS for West Africa;
  - Ø ECCAS for Central Africa;
  - Ø COMESA for East Africa;
  - Ø SADC for Southern Africa.

196. The implications of Abuja Treaty Option 2 or 'Anchorage Communities Scenario' are as follows:

- ü Transform the mandate of certain RECs into that of cooperation and/or specialized RECs, in the sectors in which they have specific expertise, leaving the processes of 'economic integration' to other RECs which have more of this mission. Thus, within such RECs, States can develop actions compatible with their multiple membership.

- ü However, one of the adjustment mechanisms needed to 'safeguard the spirit of Abuja', is that the States have to opt for 'a single integration REC. This would also be the case for Libya which could have 'integration membership' with AMU and cooperation/specialization membership with CEN-SAD; the consequence of which would be its withdrawal from COMESA, another integration REC. Another solution, no doubt more realistic, would be to take advantage of Libya's membership of COMESA to enable it to play the role of bridge between the North-West-Central RECs and the RECs of East and Southern Africa. In the same vein, Egypt could continue to be member of COMESA and, at the same time, retain its membership of CEN-SAD. In the event that the transformation of CEN-SAD mandate proves to be unfeasible, the only solution would be the harmonization/coordination of the existing RECs through inter-RECs agreements and common programmes and projects in the area of trade, free movement, common customs tariff, etc.

ü With regard to the States with dual membership vis-à-vis SADC and are also members of COMESA, the radical solution would have to be to leave COMESA for SADC. However, the emergence of the Tripartite (COMESA, SADC and EAC) option could offer more optimal framework to overcome the constraints of multiple memberships.

ü As regards the RECs 'not recognized' by the African Union such as UEMOA and CEMAC, but which have achieved significant progress in terms of integration, these RECs could enhance the pace of the process by 'extending' their integration gains and expertise to the strategic membership RECs, namely, ECCAS and ECOWAS.

Ø ***Summary of the Advantages and Disadvantages of the 'Abuja Treaty Approach Option 2' or 'Anchorage Communities Scenario'***

Strengths	***Weaknesses***
- Process presents some degree of 'natural' legitimacy; - No overlapping of concurrent programmes ; - Number of withdrawal-merger decisions less than 10; - Approach based on regional proximity but takes on board other factors and shared interests that determine the emergence of regional communities; - Each State is member of one economic integration REC.	- Multiple memberships may be maintained in the unrecognized RECs.
Opportunities	***Threats***
- Proper visibility of the regional logic; - Specialization of the RECs according to their vocations and skills; - All the RECs are maintained ; - The gains of unrecognized RECs extended.	- Proliferation of programmes and lack of harmonization of RECs policies ; - Can constitute an obstacle to the continental integration process.

3.3.3. Towards an 'Accelerated Convergence' Scenario

197. The establishment of the 'Tripartite' in Kampala in October 2008 which brought together SADC, COMESA and EAC constitutes an original endeavour. Indeed, the Tripartite arrangement does not prevent any State from being a member of the 3 'integration' RECs. This also implies that it is unnecessary to modify the mandate of these RECs. The Tripartite could also lead in the very long term to the organic grouping of the 3 RECs thanks to the birth of a single organization. On the other hand, this process presupposes that no Member State of the Tripartite can be member of one (or several) RECs other than those that are members of this consortium. This also does not require any other measure or transfer of competencies, and will not result in institutional disruption nor in the creation of new entities with constitutive texts. The idea is that rationalization can be carried out not only on the basis of 'enhanced coordination agreements' between the RECs or rather any kind of Transitional Integration Coordination (TIC) arrangement among the RECs. This option draws from international best practices and, in particular, the history of GATT which operated for nearly half a century on the basis of simple agreements outside any rigid institutional framework. It will therefore be necessary to put in place a new scenario called 'Accelerated Convergence' towards continental integration.

198. The implications of this 'Broad Natural Region' of the 'Accelerated Convergence Scenario' are as follows:

- **For West Africa,** in addition to what was said earlier about CEN-SAD, the action required here is to conclude association agreements with the Tripartite. ECOWAS will also have to conclude its 'process of internal harmonization' with UEMOA;

- **For East Africa,** its involvement in the SADC/COMESA/EAC Tripartite is already consistent with the objective of the Accelerated Convergence Scenario;

- **For Central Africa,** the 'Accelerated Convergence Scenario' implies, for some of the States such as Angola and DRC, the clarification of 'their choice of an anchorage community' which means, for example, a clear choice for ECCAS. This can open the door to the conclusion of an association agreement, similar to that of the Tripartite, among the RECs that cover the North, West and Centre spaces of Africa (for example, CEN-SAD/ ECCAS/ECOWAS/AMU) ultimately leading to the functional grouping of the concerned RECs around a regional convergence hub.

- ü **For Southern Africa,** the Scenario requires the choice by Swaziland, Zambia and Zimbabwe of their anchorage Community (probably SADC geographically speaking, or that failing, COMESA). In any case, membership of Tripartite is likely to resolve the issue of multiple membership. The States concerned would have no need to withdraw from any of the RECs.

199. In conclusion, the Accelerated Convergence Scenario, even though it requires enhanced measures and, in particular, the establishment of inter-REC harmonization framework through the conclusion of agreements or arrangements, the creation of flexible coordination organs does not necessitate significant institutional and legal adjustments, nor in particular the creation of a new organization through the adoption of a new treaty and with the transfer of the sovereignties of the RECs to the new organization. It is therefore, a less expensive solution in terms of institutional, financial and human resources. This solution is, besides, more credible for the purposes of international partnership because it does not create intermediary levels between the RECs and AU. Lastly, the solution is likely to create a new momentum towards economic integration in the Continent because it no longer encourages dispersed RECs with overlapping programmes but rather establishes large integration hubs which would work in functional and permanent concert under the supervision of the continental organization (AU). The States (Angola, DRC, Libya and Egypt) anchorage of which raises difficulties owing to their multiple memberships of trans-regional RECs, could indicate their choice of anchored Community. Implementation of this Scenario will require two types of parallel measures:

- ü Deepening of integration for some RECs which cover 2 or several regions (CEN-SAD, IGAD and COMESA), readjustment of their mandates on establishment of free trade areas and effective creation of customs unions that are harmonized with the RECs of the Tripartite consortium, etc;

- ü Developing of technical groupings, *ad hoc* flexible organs specialized according to activity areas, and implementation of functional relations that enable the Member State of the consortium to position all the integration-related institutions and activities within a single functional lead Community.

200. Thus, with respect to the Accelerated Convergence Scenario option, rationalization is indeed more advanced than in the 5 anchorage communities described above because these communities will be regrouped into 2 functional entities or Rationalized Integration Blocs (RIB):

(1) The first entity covering the North, West and Central Africa Regions (AMU, CEN-SAD, ECOWAS and ECCAS); and

(2) The second, covering the South, Eastern Africa, and the East and Southern Africa (COMESA, EAC, IGAD and SADC).

201. As has just been indicated, the advantage of this Scenario is that it does not require the withdrawal-merger from the RECs except where a State's membership of a REC undermines the logic of this Scenario; nor does it require the transformation of the mandates of the RECs.

202. In addition, the 2 hubs, comprising several RECs, will further advance the objective of integration of Africa because between the States and the African Union, there will no longer be 'small' sub-regional organizations but rather 2 large entities bringing together several RECs which will be the functional interlocutor of the States, the RECs and AU pending the full integration of the continent and the creation of one single African economic community.

Ø ***Summary of the Advantages and Disadvantages of the 'Accelerated Convergence' Scenario***

Strengths	***Weaknesses***
- The process presents some degree of 'natural legitimacy'; - No overlapping of concurrent programmes ; - Number of withdraw-merger decisions stands at 12 - Approach based on regional proximity but takes on board other factor and shared interests that govern the emergence of regional communities ; - Flexible approach based on existing institutions. No creation of new institutions - Pragmatic approach based on the adoption of arrangements and inter-RECs harmonization framework	- Multiple memberships can be maintained but within the framework of 2 supra-regional entities.
Opportunities	***Threats***
- Can be a catalyst for the process of continental integration ; - Proper visibility of the regional logic; - Specialization of the RECs according to their vocations and skills; - All the RECs are maintained ; - Harmonization and, indeed, unification of economic policies; - The gains of the unrecognized RECs extended.	- Need for RECs agreement for movement towards this option.

3.3.4. Other Scenarios: Relevance, Viability and Implications of the 'Political Approach' Scenario

203. The two following Scenarios have been analyzed only to offer additional insight into what has so far been said, and to consolidate the ideas previously mooted. As a matter of fact, the 'political approach' Scenario developed by AU studies is not, strictly speaking, an autonomous Scenario for RECs rationalization. The meaning of 'Scenario' relates to the fact that rationalization of integration institutions should not be regarded as a technical process but rather one that falls within the realms of politics, given that the issue of sovereignty (transfer of competence, conclusion of agreements, harmonization of laws, etc) is at stake. This 'Scenario' also highlights the fact that a decision to chose one dimension or another will be made on the basis of national interest and, in particular, in cognizance of the 'anchorage' issue; which brings us back to the previous Scenario.

3.3.5. Other Scenarios: Relevance, Viability and Implications of the 'Variable Geometry' Scenario

204. The concept consists in adopting strategies that are both pragmatic and multi-dimensional for the conception and implementation of rationalized regional integration agreements. This would entail, *inter alia*, initiating gradual steps towards integration such that would offer 'sub-groups' of countries the possibility of moving faster than the larger but less homogeneous group. This approach which is called 'the variable geometry approach' thus consists in leaving it to the existing sub-regional and regional integration groupings to evolve at their own pace, while allowing the entities that are most performing in terms of harmonization to also evolve at their own speed. To this end, this approach will require the introduction of mechanisms (decisions by majority rather than by consensus, principle of subsidiarity) that allow for effective implementation.

205. This so-called 'variable geometry approach' has been tried and tested in several entities across the world, especially in Europe where the performing bodies somehow served as engine in the implementation of rather ambitious integration projects. The approach has even been envisaged by some African RECs like EAC[41]. However, it is more of a mechanism to speed up integration using appropriate tools (enhanced

[41] *Article 7: Operational Principles of the Community: e*)"the principle of variable geometry which allows for progression in cooperation among groups within the Community for wider integration schemes in various fields and at different speeds".

cooperation, speedy implementation of treaties without awaiting the accession of all Member States of a group, etc) than a solution, direct at least, to the problems of RECs rationalization. Variable geometry could be canvassed irrespective of the Scenario (Abuja Treaty, anchorage Community and even status quo scenario with wider integration endeavours). In other words, this mechanism cannot all alone resolve the distortions resulting from multiple memberships. It does not stop overlapping and duplication of activities.

3.3.6. Other Scenarios: Relevance, Viability and Implications of the 'Minimum Integration Programme' Scenario

206. The Minimum Integration Programme (MIP) is, strictly speaking, not a rationalization Scenario but is intimately linked to it. Indeed, like the rationalization of the RECs, the strategic objective of the MIP is the actualization of the African Economic Community and the integration of the Continent through appropriate means and mechanisms. The concept of MIP is anchored on the variable geometry approach. Its genesis and formation are based on the following considerations:

- Integration of the Continent is faced with numerous recurrent obstacles that can paralyse every momentum towards regional and continental integration, such as financing, lack of human resources, multiple membership, duplication of mandates, insufficient cooperation between the RECs, poor coordination and harmonization of policies, weak institutional infrastructure, incoherence of the policies of Pan-African institutions, etc. The result is that development partners and donors are generally unable to comprehend the priority regional and continental activities, projects and programmes due to proliferation of players and the lack of institutional and organizational clarity, all of which can fracture all the more the process of integration.

- The integration approach to realizing the advent of the African Economic Community as instituted by the Abuja Treaty is regional in nature. It is couched on the building blocks of integration, namely, the RECs. However, the track record of these RECs is quite mixed: some have achieved significant progress in various domains since their creation, while others have evolved more slowly. For example, ECOWAS, ECCAS, SADC and COMESA have attained the stage of free trade area. EAC is the only Community that has reached the stage of customs union, and this, way back in January 2005 and launched a common market in 2010. In contrast, IGAD and, to a lesser extent, CEN-SAD is still at the level of activities coordination and harmonization among their Member States. COMESA and ECOWAS were expected to establish customs union in the course of 2009. ECCAS and SADC planned to launch their respective customs union in 2010[42].

- The result is that, in relation to the timelines set forth by the Abuja Treaty for the creation of a customs union in each REC by 2017, the situation of the RECs (with the exception of IGAD) though mixed, is quite advanced in relation to the objectives of the Abuja Treaty. It has generated reflection aimed at devising an agreement **on a continental framework for coordination, convergence and collaboration** among the RECs for attainment of the ultimate objective, namely, integration of the Continent and an African Economic Community. This consensual framework among Member States, the RECs and the African Union Commission known by the appellation "Minimum Integration Programme[43], MIP" would be the linchpin between or the common denominator for African continental integration players.

- Indeed, to offer an effective and durable solution to this recurrent issue, the Commission, executive organ of the African Union, decided to put in place a Minimum Integration Programme in close cooperation with the RECs and in agreement with Member States (CAMI II, III and IV). The MIP which is composed of activities and projects under activity sectors and sub-sectors is the consensual programme of all the stakeholders of the regional and continental integration process[44]. The programme fits perfectly into the various stages of the Abuja Treaty. Its implementation will require four-yearly evaluation concomitant with that of the four-year Strategic Plan of the African Union, the aim being to introduce therein such adjustments as are likely to inject the necessary effectiveness[45] into the programme implementation.

- <u>The MIP is therefore perceived as a mechanism for convergence among the RECs</u> which is expected to focus on key areas of concern at regional and

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[42] MINIMUM INTEGRATION PROGRAMME (MIP), AFRICAN *UNION, Content, Implementation and Monitoring Mechanisms, Mai 2009, page 7.*

[43] Ibid

[44] The MIP comprises three stages. Stage 1 involves priority activities required for creation of free trade areas and customs union with a view to integration. The activities include gradual elimination of tariff and non-tariff barriers, simplification and harmonization of rules of origin, signing of partnership agreements between the RECs, completely free movement of persons, goods, services and capital, development of infrastructure, improvement of governance in the RECs, development of the educational system in Africa, etc.

[45] Ibid and pages 12 and 54

continental levels, in which the RECs can enhance their cooperation and benefit from the comparative advantages and integration good practices of each and everyone. The Programme was developed in accordance with the variable geometry integration approach whereby the RECs are expected to move at different speeds in the integration process. The RECs would continue to implement their respective programmes (considered as their own priority programmes) and at the same time endeavour to work towards accomplishment of the other activities contained in the MIP.

- In conclusion, the MIP will foster rationalization given that it allows for greater harmonization of the priority activities and programmes of the RECs[46]. Besides, the Accelerated Convergence Scenario which provides for establishment of two supra-regional entities, one covering the North, West and Central regions with AMU, ECOWAS, ECCAS and CEN-SAD, and the other covering the East and South and comprising COMESA, SADC, EAC and IGAD, is coherent with the delineations provided for in the Minimum Integration Programme.

3.3.7. Other Scenarios: Relevance, Viability and Implications of the 'Sectoral Approach' Scenario

207. This Scenario places a premium on 'sectoral' approach under the auspices of specialized bodies with continental vocation. The strategy consists in backing immediate and direct sectoral integration without intermediary stages[47]. This Scenario however faces numerous feasibility related obstacles given the fact that it would be difficult to realize the creation of 'sectoral RECs' since the RECs have an overarching mission. However, the gains achieved by some RECs imply a measure of specialization and undeniable value added in relation to the other RECs. This is the case of IGAD and CEN-SAD.

3.4. Institutional pre-requisites for the feasibility of rationalization

208. The institutional mechanism would have to be 'directly and proportionally related to the nature, size and scope of the issues to be integrated'. On this score, a strong institutional framework can serve as a springboard, whereas a weak institutional and

[46] See http://www.africanexecutive.com/modules/magazine/articles.php?article=4721&magazine=252

[47] Report of the consultative meeting on the rationalization of the Regional Economic Communities for Southern and East Africa, African Union Commission, Meeting of Experts on Rationalization of the Regional Economic Communities, Lusaka, Zambia: 9-10 March 2006,§ 35

decision-making system that is minimalist or of an average level can hardly bring about an ascendant integration momentum[48].

209. With respect to regional integration, the institutional mechanisms have to be aligned with the degree of integration. Authors have in this regard distinguished between negative integration and integration 'by abstention' which require that tariff and non-tariff obstacles to trade in goods and services be 'eliminated' or 'should not be instituted'. This stage of integration does not require sophisticated nor supra-national institutional framework, but only legal and administrative decisions.

210. On the other hand, positive or 'active' integration is applicable to more complex sequences such as establishment of common trade or external sectoral 'policies', free movement of persons, services and capital, implementation of harmonized monetary policies geared to creating a common currency, building a common market, complete economic union[49] up to the advent of an 'economic and monetary', and indeed a 'political' union. These integration sequences require a more complex institutional framework and a robust decision-making mechanism, and should result in the transfer, at times substantial, of competencies for them to be positioned at the supra-national level. This theoretical framework clearly constitutes a model to be attained and applied to the most advanced forms of regional integration.

211. The institutional 'organs' of African RECs are comparable and are inspired by the structure of the European Union with:

- A 'supreme' organ representing the Heads of State and Government with different appellations (Authority, Assembly or Council). Only SADC presents a peculiar feature: its Constitutive Treaty provides for a troïka composed of the outgoing President, the incumbent President and the incoming President whose powers somehow duplicate those of the supreme organ;

- A 'policy' execution organ often called Council of Ministers (or Executive Council in CEN-SAD), composition of which is quite variable depending on the agenda of meetings (Foreign Affairs, Cooperation, Industry etc);

- A 'judicial' organ;

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[48] Soldatos P., 1989, *Le Système institutionnel et politique des Communautés européennes dans un monde en mutation: théorie et practique,* Bruxelles, Bruylant, 1989, p. 185. See also Luaba Lumu NTUMBA, Ressemblances et dissemblances institutionnelles entre la CEDEAO, la CEEAC et la ZEP, available on http://www.idrc.ca/fr/ev-68395-201-1-DO TOPIC html

[49] For the notions of negative integration and positive integration, see Pinder J., "Positive and Negative Integration: Some Problems of Economic Union in the EEC", *World Today,* No. 3, 1968, p. 90-91.

- ü An 'advisory' organ; and
- ü An 'executive' secretariat.

212. Irrespective of the REC, the organic and functional position occupied by the Assembly of Heads of State is preponderant. The 'Assembly' exercises close control over most of the other organs (Council of Ministers, Secretariat, Economic and Social Council, Court of Justice, etc) which are under its purview. All important decisions belong to the Assembly of Heads of State or must have its approval.

213. The RECs thus have two key political organs (Assembly of Heads of State and Council of Ministers). These two organs, however, meet at very irregular intervals (once a year for the Assembly, and twice a year for the Council – see the Table in Annex 3). Compared for example to the organs of the European Union[50], this periodicity does not allow for regular monitoring of the integration process. Besides, it is likely to generate inertia and increase administrative bottlenecks and the timeframes for implementation of decisions. For example, decisions of the Council of Ministers could take 6 months before being approved or otherwise by the Assembly and implemented[51]. Moreover, the composition of the Council of Ministers in the RECs is not homogeneous[52] and this does not facilitate harmonization and effective monitoring of decisions.

214. Certain organs exist only in some RECs. For instance, the legislative organ (Parliament) has been established only in ECOWAS, EAC and AMU. The role played by such Parliaments is variable: it is more active in some RECs (EAC and ECOWAS) than in others (AMU). Generally, the legislative assemblies of the RECs are not elected by direct universal suffrage; they represent national parliaments and do not have the powers to enact laws that are directly applicable in Member States. Their role is either purely advisory (AMU) or functionally dependent on the Assembly of Heads of State (EAC and ECOWAS). These structures are a duplication of the Pan-African Parliament

[50] The European Council which brings together European Heads of State and Government meets at least three times a year. The Council of Ministers of the European Union holds fifty to sixty sessions a year.

[51] See Luaba Lumu NTUMBA, *Ressemblances et dissemblances institutionnelles entre CEDEAO, la CEEAC et la ZEP*, available on website http://www.idrc.ca/fr/ev.68395-201-1-DO TOPIC.html.

[52] EAC for example: Ministers responsible for regional cooperation of each Member State and such other Member States' Ministers as they may decide. CEN-SAD and ECOWAS: any Minister. SADC and IGAD: Foreign Ministers; COMESA: Ministers appointed by the respective Member States.

provided for by a Protocol to the Abuja Treaty, which has an exclusively advisory function[53].

215. An autonomous judicial organ is supposed to be a primordial element in the process of regional integration. For some ‘community regions’ like Europe, this body played a decisive role in the building of a ‘Community law’ and of the ‘legal framework’ necessary for integration. This organ exists in all the RECs except IGAD and CEN-SAD. Its role is to ensure proper interpretation/application of the Constitutive Treaties of the RECs. Its seizure in case of litigation or alleged violation of the Treaty does not differ much depending on the RECs. It is always seized by the Assembly of Heads of State either in case of dispute or to proffer advisory opinion. Member States can also seize the judicial organ in case of dispute. However, very few RECs (COMESA) provide for seizure by the Council of Ministers, as the Council of Ministers can seize the organ only for the purpose of seeking advisory opinion. Besides, it may be observed that among the key competences of their courts, all RECs have no provision for Member State/REC litigation. Lastly, only the Courts of Justice of COMESA and EAC provide for seizure of the Court by private individuals (moral and physical persons) (see Table in Annex 3). The result is that in most RECs, the judicial organ remains rather dependent on the Assembly of Heads of State and is not sufficiently open to the civil society and the world of business.

216. An economic and social organ is provided for only by ECOWAS, COMESA, ECCAS and CEN-SAD. However, its composition is purely administrative (technicians/civil servants appointed by the States). It is clearly not representative of the socio-professional world or of the private sector which are indispensable catalysers of regional integration. Some RECs have created such organs as would foster greater integration/rationalization. This is the case of ‘the ECOWAS Cooperation, Compensation and Development Fund’, the ‘Committee of Central Bank Governors’ for COMESA and ECOWAS, the ‘Integrated Committee of Ministers’, the ‘National Committees of SADC’ and indeed ‘the Development Banks’.

217. Most of the RECs have resemblances in terms of the functioning of the Assembly of Heads of State. For example, the Assembly meets once a year (except for SADC where it meets twice a year). Delegation of powers to an organ (Council of Ministers of REC) or to a Minister (Member State of REC) is practised only in ECOWAS, EAC and

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[53] However, the Protocol to the Abuja Treaty in its Article 2-3 provides that “the ultimate aim of the Pan-African Parliament shall be to evolve into an institution with full legislative powers, whose members are elected by universal adult suffrage. However, until such time as the Member States decide otherwise by an amendment to this Protocol:

(i) The Pan-African Parliament shall have consultative and advisory powers, only;” Members of the Pan-African Parliament shall be appointed according to the same modalities as the parliaments of the RECs (Article 4 of Abuja Protocol).

ECCAS. The more 'inter-governmental' rather than 'supra-national' nature of most RECs is quite evident.

218. The most widely used mode of decision-making in most RECs is consensus. Only a few RECs (ECOWAS and IGAD) provide for three modes of decision-making depending on the issue at stake (unanimity, consensus or qualified majority); unanimity only (for AMU) or majority only (for CEN-SAD). It is now a known fact that, despite its merits, the consensus rule is not the best for the building of an autonomous Community will vis-à-vis the Member States. Often, the search for compromise which this rule is supposed to reflect, results in inertia and lack of drive on the part of other Community implementation and monitoring organs. Going by international best practices, it is the rule of qualified majority that is likely to improve the decision-making mechanisms and allow for the emergence of a relatively autonomous will of a regional entity as against the will of its members.

219. The designation of the acts of the Assembly or the Council of Ministers may differ from one REC to another. Thus, in practically all the RECs, the Assembly takes 'Decisions' binding on all its Member States. In contrast, other rules apply in other RECs which have different normativity. This is the case with the 'Directives' issued by the Summit of Heads of State or the Council of Ministers of COMESA and ECCAS, which 'Directives' are binding only on those to which they are addressed. Other organisations (ECOWAS, COMESA, ECCAS and EAC) provide for the notion of 'Regulations' issued by the Council of Ministers which are binding on the Member States. Still others provide for 'Recommendations' that are not binding (COMESA and EAC). The result is heterogeneity of acts, the scope and applicability of which are not always well defined. The need for harmonization of RECs terminologies and establishment of a hierarchy of standards among the various RECs and between them and the African Union is imperative.

3.5. Permeability of RECs formation in the States and interdependence of rationalization processes

220. Three categories of RECs may be identified:

ü The RECs that seem to be implicitly closed to membership of other States: For example, ECOWAS Treaty, in contrast to all the other RECs, makes no provision for the accession of third States. The absence of such provision certainly does not exclude a new accession provided the Treaty is amended accordingly. We should however point out that this REC is the most advanced in terms of its coverage of West Africa. Over two-thirds (13 out of 15) of ECOWAS Member States have dual membership only. The two others (Cape Verde and Guinea) belong to only ECOWAS. It is the establishment of CEN-SAD in 1999 that introduced dual membership in ECOWAS. The geographical criterion also seems to play out for SADC (Southern Africa), AMU (North Africa) and to a lesser degree for ECCAS (Central Africa).

- The second category of RECs is half-open (or half-closed). Membership of the RECs is reserved specifically for neighbouring States: it is open to other States under certain conditions. This is the case with COMESA where membership is reserved for members of the Preferential Trade Area (PTA) of Eastern and Southern Africa, and open on condition of the agreement of neighbouring States, to Member States of Eastern and Southern Africa as well as to 'Immediate neighbouring States of a Member State.' This kind of provision is also to be found in the EAC Treaty in which membership is open on the condition of 'geographical proximity [of the concerned State] and its interdependence with the other Member States'; and in IGAD Treaty which provides that membership shall be open to any 'African State of the sub-region'. This affords IGAD Member States very many possibilities of rationalizing their memberships.

- The third category is that of RECs, membership of which is open to a wider category of States. This is the case with AMU which is open to "States belonging to the Arab Nation or the African Community"; as well as with CEN-SAD which is open "to all African States".

221. The geographical criterion played a vital role during the first stages of creation of the RECs in establishing their authority/legitimacy within the geographical space, aspirations of which the RECs in question were supposed to represent. However, this criterion has been progressively diluted. For certain RECs, the States were free to conclude that they can be bound by other types of solidarities as strong as the geographical criterion. This resulted in a relaxation of the 'geographical' criterion for membership or cooption. This is the case with COMESA in which the notion of 'immediate neighbours of a Member State' is likely to limitlessly widen the interpretation of the criterion. Only IGAD uses the notion of 'sub-region' (also used by the Abuja Treaty) and the EAC which implicitly uses the criterion of 'geographical proximity'. Here again, however, these expressions are not always relevant to circumscribe the RECs to a formal geographical framework in the sense of the Abuja Treaty (North, South, West, East and Center). Some RECs employ other criteria that are so porous that they geographically cover the entire African Continent. This is the case with AMU or CEN-SAD in particular, the geographical coverage of which is similar to that of the African Union itself as stipulated in the constitutive Treaties. Clearly, therefore, it is difficult in some of these cases to speak of 'African Economic Community' in the sense of the Abuja Treaty, as some RECs have a marked trans-regional coverage[54].

222. Most RECs were established on a multi-dimensional foundation and it is often difficult to isolate the distinguishing criteria. Cooperation as well as economic and trade cooperation form the bottom line objectives of all the RECs, but other criteria may be introduced, criteria whose weight in the formation and dynamics of RECs is not always easy to measure with the required precision. This is the case with the cultural criterion or that of historical solidarities[55]. Thus, ECOWAS for example played a vital role in political integration, promotion of democracy and good governance as well as in peace and security in the sub-region[56], but this active commitment on the part of ECOWAS to these political objectives is a factor conducive to the accomplishment of economic integration.

223. This observation may be transposed to several other RECs, particularly with respect to the 'peace and security' criterion which is one of the peculiar specificities of regional economic integration in Africa. Indeed, given the fact that integration cannot be conducted in a climate of conflict, all the RECs have incorporated the 'peace and security' dimension into their key objectives. Some RECs (like IGAD) place a premium on the objective of drought control.[57]

3.6. Summary of Rationalization Scenarios

224. The scenarios proposed in the Table below highlights the immediate option of formally suppressing multiple memberships (by State decision), and hence the accession to one single regional REC (in the sense of Abuja Treaty) - a progressive option for convergence towards 2 large functional communities, implementation of which is justified by the following criteria:

- o The will on the part of States to take advantage of multiple membership in certain cases:

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[54] According to Article 27 (3) of the Constitutive Act of the African Union, "Any Member State may accede to this Act".

[55] See Article 2 of ECOWAS Treaty which provides that the States " decide that ECOWAS shall ultimately be the sole economic Community in the region for the purpose of economic integration..."

[56] In this regard, ECOWAS in 1990 established a West African Peacekeeping Force (ECOMOG) with three objectives: prevention, management and resolution of conflicts; peacekeeping in the region; and creation of the conditions necessary for the holding of free and fair elections.

[57] One of the objectives of IGAD is to "promote peace and stability in the sub-region and create mechanisms within the sub-region for prevention, management and resolution of conflicts between and within the States through dialogue".

- o The concern to avoid upsetting the existing balances and take into account both the sovereignties of States and the utility of all the RECs in achieving continental integration:

- o The concern to prioritise the imperative of enhanced harmonization (particularly the creation of free trade areas and common customs union) over all other considerations, so as to eliminate the negative effects of multiple membership:

- o The need to place a premium on geographical proximity in view of its significant implications on crucial aspects of integration such as the cost of trade, movement of persons, etc.

- o Cognizance of extra-economic factors of anchorage such as geographical, cultural and historical factors.

- o Establishment of such functional communities does not necessitate substantial, institutional and legal reforms, but rather harmonization/unification of existing RECs policies. Establishment of the COMESA/SADC/EAC Tripartite within a relatively short timeframe is convincing proof that such a process is realizable rapidly for the North West zone of the continent

- o The re-grouping of the 8 existing RECs into 2 large continental hubs will help to speed up the process of integration of the continent.

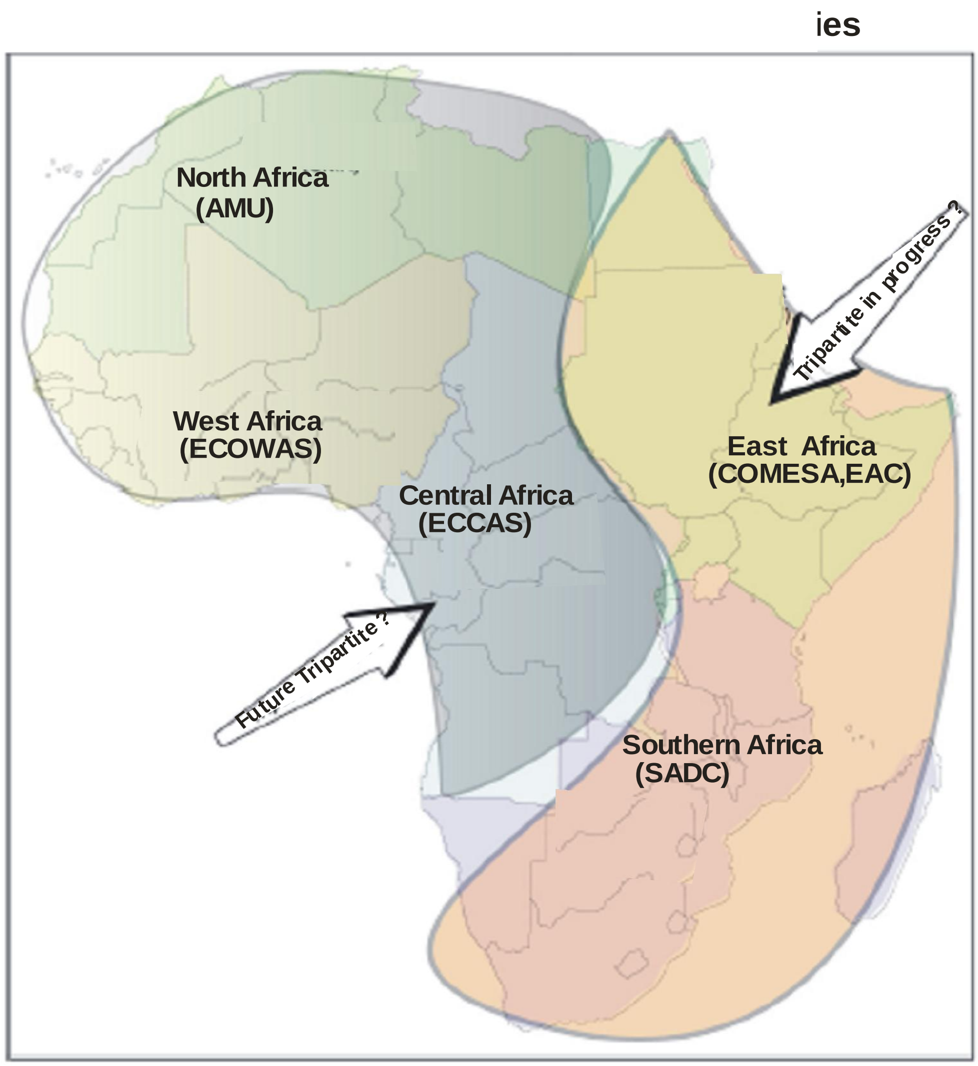
- o The number of the formal withdrawals-mergers of States from/with the RECs to which they have opted to accede is limited to around 12 as against around 14 in the case of Abuja 1 scenario.

Table 30: Summary of the Scenarios

States	Status quo	Abuja 1	Abuja 2 or Anchorage Communities	Accelerated Convergence
Benin, Burkina Faso, Côte d' Ivoire, The Gambia, Ghana, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo, Guinea, Cape Verde (In the process of accession to CEN-SAD	**ECOWAS/CEN-SAD**	Withdrawal CEN-SAD	**ECOWAS** with harmonization with CEN-SAD (or transformed mandate)	N-W Community
Tunisia, Mauritania and Morocco	**CEN-SAD/AMU**	Withdrawal CEN-SAD	**AMU** with harmonisation (or transformed mandate)	N-W Community

Libya	**COMESA,CEN-SAD, AMU**	Withdrawal CEN-SAD and COMESA	**AMU** harmonization with **CEN-SAD** (or transformed mandate), withdrawal **COMESA**	N-W Community withdrawal COMESA
Algeria	**AMU**	AMU	**AMU**	N-W Community
Central African Republic, Chad, São Tomé	**CEN-SAD/ECCAS**	Withdrawal CEN-SAD	**ECCAS** with harmonization with CEN-SAD (or transformed mandate)	N-W Community
Cameroon, Gabon, Congo, Equatorial Guinea	**ECCAS**	ECCAS	**ECCAS**	N-W Community
Angola	**ECCAS-SADC**	Withdrawal SADC	Withdrawal SADC	N-W Community
DRC	**ECCAS-SADC-COMESA**	Withdrawal SADC and COMESA	Withdrawal SADC and COMESA	N-W Community Withdrawal SADC and COMESA
Burundi	**ECCAS-COMESA-EAC**	Tripartite, withdrawal ECCAS	Tripartite, withdrawal ECCAS	S-E Community Withdrawal ECCAS
Egypt, Comoros	**CEN-SAD-COMESA**	**Tripartite** withdrawal CEN-SAD	**Tripartite** with harmonization with CEN-SAD (or transformed mandate)	S-E Community withdrawal CEN-SAD
Somalia	**CEN-SAD-IGAD**	Withdrawal CEN-SAD	**IGAD**	S-E Community withdrawal CEN-SAD
Ethiopia	**COMESA-IGAD**	Withdrawal COMESA	**COMESA** with harmonization with IGAD (or transformed mandate)	S-E Community
Djibouti, Eritrea, Sudan	**COMESA,CEN-SAD, IGAD**	**IGAD** withdrawal **CEN-SAD-COMESA**	**IGAD,** harmonization Tripartite, withdrawal CEN-SAD	S-E Community, withdrawal CEN-SAD
Uganda	**COMESA, EAC,IGAD**	**Tripartite,** withdrawal IGAD	**Tripartite,** harmonization IGAD	S-E Community
Kenya	**COMESA-EAC,IGAD, CEN-SAD**	**Tripartite** withdrawal IGAD/ CEN-SAD	**Tripartite,** harmonization IGAD, withdrawal CEN-SAD	S-E Community, withdrawal CEN-SAD
Madagascar, Malawi, Mauritius, Seychelles	**SADC-COMESA**	**Tripartite**	**Tripartite**	S-E Community
Swaziland, Zambia, Zimbabwe				
Rwanda	**COMESA-EAC**	**Tripartite**	**Tripartite**	S-E Community
Tanzania	**SADC-EAC**	**Tripartite**	**Tripartite**	S-E Community
South Africa, Botswana, Lesotho, Mozambique, Namibia	**SADC**	**Tripartite**	**Tripartite**	S-E Community
Number of withdrawals envisaged		**40**	**9**	12

Figure 5: Representation of Functional Accelerated Convergence Communities



APPRAISAL OF THE SCENARIOS:

COST/BENEFIT ANALYSIS

4. APPRAISAL OF THE SCENARIOS: COST/BENEFIT ANALYSIS

4.1. Quantification methodology, hypotheses and data

225. Modelling the rationalization of Regional Economic Communities (RECs) in Africa is a rather unusual exercise. A number of work has been done to evaluate the impact of the various possible choices in respect of regional integration (free trade area, customs union, common market, etc), but practically none of the works was concerned with the issue of rationalization of all the RECs.

226. The integration process in Africa, compared to the other regions of the world, is set apart by the fact that it involves economies that are faced with the greatest development challenges and which, through integration, are in search of new bases for growth and improvement of the wellbeing of their peoples.

227. Given these specificities, the modelling of RECs rationalization must be consistent with the problem posed - which is evaluation of the impact of the Scenarios set forth by the African Union Commission and identification of the sources of the effects of integration and the channels for propagation of the said effects in the context of African economies. Therefore, a choice has to be made as to the modelling techniques suited to the problem on hand and to the context of African economies.

4.1.1. Modelling of integration in literature

228. Regional integration is a concept covering two complementary notions:

- The trade dimension and its implications in terms of economic policy. This entails the integration of markets at the level of a given region. This notion is the most developed in the literature of international trade.

- The geo-political dimension and its implications at institutional and infrastructural levels. This notion acquired greater importance in recent decades given the fact that integration movements by way of market integration gradually edged towards a need for greater institutional harmonization (and indeed the federation of institutions) and for more common infrastructure initiatives.

229. For Africa, the targeted integration is that which allows for the simultaneous coverage of the above two notions. For this reason, we shall review the concept of integration which focuses on the trade dimension and conclude with, or give some importance to, other dimensions of integration.

230. Regional trade integration aims at making no distinction between local and foreign goods and services, as well as factors of production (Balassa 1976). In literature, there are 4 main types of regional integration distinguishable by their objectives, sectors covered and membership:

- Free trade area: this implies the reduction or elimination of trade barriers among the Member States, with such barriers retained vis-à-vis non-member countries.

- Customs union: this also implies the reduction or elimination of trade barriers among Member States and the adoption of common customs tariff policy (Common External Tariff) vis-à-vis non-member countries.

- Common market: this form of integration is distinguishable from customs union by the reduced barriers to the mobility of the factors of production.

- Economic union: in this form of integration, the members harmonize their national economic policies including exchange rate and monetary policies.

231. Regional integration was influenced by several theoretical analyses, ranging from the customs union theory of Viner (1950) and Meade (1955) to the new theories of international economy and growth. The arguments justifying the benefits of regional integration have evolved from the traditional to the non-traditional benefits which at times touch on the non-economic. The literature and practice of economic policies have generated the emergence of many stages of trade integration culminating in a customs, and indeed political, union. Balassa (1961) developed a scheme eliminating barriers in 5 stages (Table hereunder), a scheme which has continued to be the reference for all forms of integration.

Table 31: Forms of Integration

	No tariffs/quota	Common external tariff	Free movement of the factors	Harmonization	
				of economic policies	of policies and institutions
Free trade area	x	…	…	…	…
Customs union	x	x	…	…	…
Common market	x	x	x	…	…

Economic union	x	x	x	x	…
Full economic integration	x	x	x	x	x

232. Trade integration will spark a modification of external trade flows and volume. The source of this modification can be either trade diversion or trade creation. Viner (1950) was among the first to define the conditions that facilitate the creation of trade through regional integration.

- Trade is created when the products of inefficient producers are replaced, after elimination of customs tariffs, by less expensive imports from more efficient producers in a region.

- Trade will be diverted when inefficient producers of a region are favoured in relation to more efficient producers from outside the region through customs tariff fixing. This trade diversion situation reduces economic wellbeing.

233. Empirical applications on regional integration have, in a majority of cases, underscored a net positive effect on 'trade creation' both in *ex-post* studies on the European Community (in the 50s and 70s) and in *ex-ante* studies on most of the emerging free trade areas. The positive effects, modest in some cases and more pronounced in others, depend on several factors.

234. The most cited factors are the following:

- Economic importance of member countries and the size of the free trade area (Schiff – 1996).

- Geographical proximities, economic and trade affinities or indeed the complementarity of resources and endowments (Summers – 1991, and EU – 1995, Wonnacott – 1981, 1992).

- Presence of imperfect competition, technological barriers or entry barriers (Helpman and Krugman – 1985, and Krugman – 1980, Haaland and Wooton -1992, Smith and Venables – 1992, Harrison, Rutherford and Tarr – 1994, Baldwin and Venables – 1995.

- Improved terms of goods trade in favour of member countries, to the detriment of non-member countries (Winters and Chang – 1996)

235. The beneficial effects of integration are often attributed to several factors, the most cited of which are:

- The economy of scale and efficiency effects of the production outfit as well as the traditional benefits deriving from increased competition (Krugman – 1991).

- Stimulation of investment among member countries as well as investments from outside the integration area (Kydland and Prescott – 1997, Staiger – 1995).

- Signals as to the economic and political orientation of the country (as well as the solidness of the economic climate, the competitiveness of the industry, 'sustainability' of exchange rate, etc) which reassures foreign investors (Perroni and Walley – 1994).

- The widest capacity for coordination and arbitration between the various economic policies and the conduct of multi-lateral negotiations with greater visibility and broader negotiating power.

- Increased cost of war and reduced number of conflicts among the countries (Polachek, SW, 1992).

236. For the purposes of this study, two major conclusions may be retained from the above review of integration literature:

v **Trade integration offers a potential for gains:**

  ü Gains in terms of markets and improved resource allocation. This type of gain can be achieved through potential development of exports and imports and their impacts on the economy of member countries.

  ü Gains in terms of the quality of the business climate, competitiveness, improved public management, etc. This type of gain is increasingly being buttressed by recent integration experiences. Trade integration generates improved productivity not only at the level of enterprises but also in the entire economy of the member country.

v **Trade integration has secondary effects which have to be controlled. These include:**

- ü The costs of transition on the productive systems, employment, etc., and the costs arising from the decline in customs revenue, for the countries that have already achieved significant trade prior to integration.

- ü The risk of trade diversion leading to decreased wellbeing and depriving the member countries from accessing goods with the best international price.

v **The** above conclusions will be used in the design of the quantification model. More especially, it will taken into account in the quantification of the impact of improved business climate on integration (1st conclusion) and of the imperative of creating a substitute to decreased customs duty (2nd conclusion) to avoid a deterioration in the situation of the State budget.

4.1.2. Modelling techniques used and major results

237. Three categories of models are often used to capture the *ex-ante* impact of an integration programme:

- ü Gravitation models,

- ü General calculable equilibrium model, and

- ü Macro-econometric models.

v Gravitation models are reposed on the idea that the less the distance, the greater the volume of trade. Distance embodies all the costs of transport and of the transaction required for a product to access the market of another country. Gravitation models offer the advantage of measuring the potential for gains, for example, in terms of increased trade in case of regional integration. They do not however allow for direct modelling of the effects on other economic variables such as the impact on the budget, the effects on employment, etc. They also hardly make it possible to obtain information on transition periods.

v General calculable equilibrium models are currently in use because in the initial historical versions, their results are presented in terms of the effects on wellbeing, which are likely to embody all the other effects. It is these models that compare the situation 'with' and the situation 'without' integration. The versions available for operational use do not make it possible to have information on transition periods nor realistic indications on a number of variables. For example, prices are regarded as adjustment variables for resources re-allocation whereas, in reality, prices can be subject to some measure of rigidity.

v Macro-econometric models are used to project, with simulations, the shocks of regional integration. Except very sophisticated systems are used, these models do not allow for integration of all the interactions of the various markets of the economy and its international climate. They however offer the advantage of helping to target the study on the evolution of the key variables through the process of adjustment to the new situation.

v The choice made for the purpose of this study is a macro-econometric model focalized on the effect of integration on trade and GDP and, hence, on the State budget and employment. This model will be used in the same way as the general calculable equilibrium models in the sense that attempts will be made to simulate the total impact (and at one go) of integration on the key variables without seeking to determine the trajectory between the point of departure and the point of arrival. In view of the number of countries involved, it would be illusory to seek, with the rather few detailed information available, to determine precisely the path between the 2 situations with and without integration. The method chosen for this study is however similar to the practices adopted by literature for simulation of the effects of integration.

238. The objective of the quantitative studies of regional integration is either to analyse their *'ex-post'* impact or *'ex-ante'* simulation of the expected effects. Among the results established by empirical studies, the following examples may be cited:

v **For the European Union:**

ü 2.5% reduction in the cost of trade in manufactured goods sequel to integration led to annual 1% GDP increase mainly under the effect of enhanced competition (Harrison, Rutherford and Tarr-1994).

ü The positive effect on wellbeing varies between 1% and slightly over 3% depending on the country. The rest of the world, in certain Scenarios, experiences a slight deterioration of its wellbeing. The most significant effects are those relating to the mobility of the factors of production, especially mobility of capital (Gasiorek, Smith and Venables – 1992), Haaland and Norman – 1992, Harrison, Rutherford and Tarr – 1994.

- ü Trade creation, the greatest proportion of which is the creation of EU Member States' exports to the countries of the East. These countries for their part benefit from access to a larger market, Community export markets, an integrated transport network, availability of quality goods at competitive prices and low political risk in the domain of trade. The effect of trade diversion is reflected by the fact that the European Union imports from middle income countries of the Union, and the countries of the East reduce their imports from OECD countries (Wilhelmsson – 2006, Martin and Turrón – 2001, and Adam *et al* – 2003).

- ü Two countries with the same currency create trade three times more than two countries with two different currencies (Rose – 2000).

- ü Bilateral trade for 22 developing countries and 15 European countries saw an increase of between 4% and 10%. For non-member countries, the increase stands at between 8% and 16%, and this, over the period 1992 – 2002 (Micco, Stein and Ordonez – 2003). This result is however contested (Berger and Nitsch – 2005) because it is said to arise more from a trend than the effect of integration.

v **For the Association of South East Asia Countries (ASEAN):**

- ü Intra-regional trade increased considerably as a result of the reduced tariff barriers among the member countries (Adams and Park – 1995).

- ü Trade creation in the Asian Free Trade Area (AFTA) could attain the 19% level (with pre-Uruguay Round tariffs) but with meagre contribution to the wellbeing of the member countries (0.23 – 0.26) except for Singapore and Malaysia (1.3 – 3.86). With the post-Uruguay Round tariffs, the effects are less significant (Lewis and Robinson – 1996).

- ü Increased intra-regional trade and GDP of member countries which would be higher in Singapore and Malasia following the tariff reduction (Adams and Horridge – 2000), using the GTAP model.

v **For MERCOSUR:**

- ü MERCOSUR adopted a discriminatory tariff policy vis-à-vis non-member countries. Consequently, member countries transacted trade at a high cost while non-member countries reduced their exports to member countries (Yeats – 1997).

ü The cost of intra-regional transport is lower than that of inter-regional transport (the rest of the world is represented by the United States) and the margin between the two is capable of generating gains among MERCOSUR member countries (Mjadi and Winters – 1997).

ü In the event of imperfect competition, MERCOSUR countries will see 1% to 2% annual GDP increase as well as a positive and significant effect on wellbeing (Flores – 1997). With yields at constant level, the same positive effect on wellbeing is expected but at lower rates – less than 0.25% GDP a year (Hinojosa – Ojeda, Lewis and Robinson – 1997, Giordano – 2002, and Diao et al – 2003).

ü The gains of the MERCOSUR area in terms of real GDP percentage are very close in both cases of perfect and imperfect competition if the costs of transaction are taken into account. Such gains stand at around 2.5% to 3.2% for the tariff elimination Scenario within the American free trade area and the European Union, respectively. These figures will be 5% to 6% if other costs affecting international trade are not taken into account. The gains can be accumulated when openness is chosen vis-à-vis the two entities (Monteagudo and Watanuki – 2003).

v **For Africa:**

ü In the 90s, African trade was wrongly regarded as having fallen below expectation (Foroutan and Pritchett – 1993); observations refuted by others such as Coe and Hoffmaister – 1998, and Rodrik – 1998.

ü In the case of SADC, the increased imports from member countries stood higher than the decreased imports from non-member countries (Lewis *et al* – 2003).

ü Also in the case SADC, the net effect was positive with increased trade at 7% under the free trade agreement (with a potential for loss in the terms of trade).

ü According to other Scenarios (free trade agreement, customs union and indeed open regionalism), wellbeing will rise if export elasticities are sufficiently high (Evans, 2001).

ü Despite the simultaneous existence of trade creation and trade diversion effect, the net effect is positive for South Africa, the imports and exports of which will increase whereas the effects observable for the rest of the countries are insignificant (Andriamananjara and Hillberry – 2001).

ü Intra-COMESA trade is not significant and the coefficients of the explanatory variables are not substantial except for the GDP variable. This is due to the problem of complementarity among the countries and the countries' multiple memberships of RECs (Geda and Kebret – 2008).

ü For ECOWAS countries, trade creation is twice higher than was the case during the pre-integration period (Cernat – 2001).

ü The intra-regional trade coefficients are positive for all the integration regions except COMESA. For the customs unions – UEMOA and CEMAC – the coefficients show that trade creation for member countries stood at 3.1% and 3.3%, respectively (Carrere – 2004).

ü The net effect of trade diversion in CEMAC and the effects of trade creation in COMESA and ECOWAS (Gvetnkom – 2008).

ü The advantage that a customs union can bring to bilateral trade and economic growth is established, and this, as a result of the credibility of the Central Bank (Anyanwu – 2003).

ü Establishment of a customs union will undeniably, under certain conditions, confer on the member countries of CEMAC, UEMOA and ECOWAS a measure of credibility and solidity in terms of macro-economic indicators. It is necessary to include, among the conditions, technical and financial assistance so as to make it costly to exit from the Union (Guillaume and Stasavage – 2000).

ü Transport costs in Africa are 136% higher than such costs in other regions. Reducing transport costs by half in Africa will generate a five-fold increase in trade (Limao and Venables – 2001). Such costs vary from country to country and by product, and would impose effective protection higher than customs tariff especially in landlocked countries (Amjadi et al – 1995). In these countries, transport costs stand at above 50%, and the volume of trade at below 60% for coastal countries.

- ü There is a positive relationship between port efficiency and infrastructure services, whereas the customs and the regulatory climate constitute the major obstacles to intra-regional trade. The regions covered in Africa are CEMAC, COMESA, ECOWAS, SADC and UEMOA (Njinkeu et al – 2008).

- ü The integration projected by AMU could rake in up to 1 additional employment point and nearly 2 GDP points for the countries of the region (Ideaconsult – 2009).

239. In conclusion, the following information may be retained from previous works:

- ü Regional integration could generally produce significant effects especially subsequent to trade creation, as well as improved quality of the markets (competition, reduced transaction costs, etc).

- ü For advanced countries, the gains of integration derive from the widening of markets (European Union) whereas for developing countries (African Union) the gains relate to improved quality of the markets – transaction costs in particular. This means that the key motivation for integration as far as Africa is concerned should be the implications in terms of the quality of the economies.

- ü The gains partly depend on specific factors, language, culture, proximity, which amplify the positive effects of trade.

- ü The gains in Africa can be more significant than what is generally perceived provided the effects of integration on infrastructure, transaction and transport costs, etc are taken into consideration.

- ü Advanced forms of economic integration, customs union in particular, call for a number of precautionary measures if the effects are to be positive.

240. The above information indicates that the effects of integration will differ depending on countries' relative size and quality of the markets. These are the two broad channels through which the effects of integration will be consolidated and scaled up. At this juncture therefore these two elements will be analyzed in relation to the various African economies.

241. Given the above information, for the purpose of modelling of Africa's case in this study, cognizance will be taken of the impact of the improved business climate which comes with integration, for the quantification of its effects on the economies of the continent. Moreover, the model adopted for this study will draw from the aforementioned results of literature in terms of the numerical value of the parameters and elasticities.

4.2 Hypotheses and choice of modelling for appraisal of RECs 'rationalisation'

4.2.1 Hypotheses and Scenarios

242. Rationalisation of the RECs may be analysed from three different perspectives:

- A country's preferred choice of membership of a particular REC,
- Integration programme of the REC and its timeframes,
- Effective accession of a given country, member of a REC, to a REC programme.

243. The question of feasibility, a country's objective for joining any REC and the analysis of the rationalization scenarios envisaged have been addressed in previous Chapters. The quantification takes this preliminary analysis into consideration and focuses on the appraisal of the membership scenarios based three elements: countries' membership/REC programme/actual commitment of countries to the programme.

The 4 Scenarios analyzed are:

- ü The Status quo,
- ü Abuja 1,
- ü Abuja 2 or Anchored Community Scenario,
- ü Accelerated Convergence.

244. The element relating to a country's actual commitment to a REC programme has been used only in the case of the 'status quo' scenario in which all the multiple memberships exist. For the other scenarios, given the fact that there is rationalization and choice of accession, it is assumed that each country will be effectively committed to the project of the REC to which it has acceded.

245. Moreover, in simplified terms, it is believed that the ultimate mission of all the RECs is to go through the following four stages culminating in the African Economic Community (AEC):

- Free Trade Area: liberalization of agricultural and industrial goods trade (100% customs duty reduction);

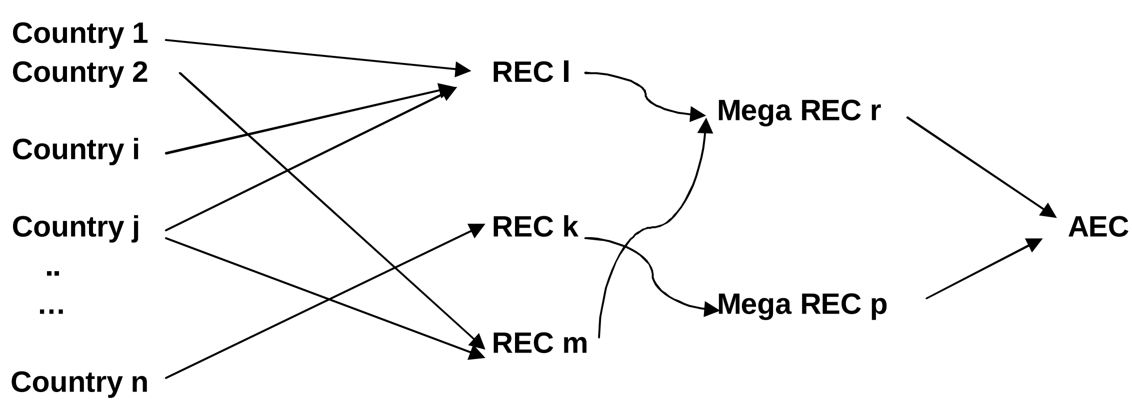
- Customs Union: review of custom duties in order to unify them under three categories (agricultural, industrial and services);

- Common Market: liberalization of services (without customs duty) and of the movement of the production factors, particularly labour;

- Economic Integration: establishment of a single currency (ultimately) and above all, the harmonization of economic policies.

246. It is assumed that RECs member countries would embark on these stages simultaneously and that once all the RECs have passed through these four stages, they would open up to one another in order to form an AEC.

247. The framework hereunder illustrates the above progression. However, there is a fundamental difference in the scenarios that needs to be underlined. The status quo, Abuja 1 and Abuja 2 scenarios provide for direct transition from the REC stage to the AEC stage, whereas the 'Anchored Community' scenario provides for a REC process accompanied by an intermediary supra-regional process which will eventually culminate in an AEC. Such accompaniment has to be embarked upon as quickly as possible.



248. The envisaged procedure takes into consideration the fact that one member country can also belong to several RECs. However, the various RECs to which a country belongs can be at different stages of integration. This fact was taken into account in the modelling.

249. Besides, sub-regional organizations such as UEMOA, CEMAC and SACU have already reached, in some cases, more advanced integration levels. Additionally, the countries that are members of these organisations and at the same time members of the regional RECs find themselves more advanced than the rest of the member countries of the same RECs. This was also taken into consideration.

250. The treatment of the question of progression towards AEC was carried out according to the comparative static approach used in general calculable equilibrium models. As such, the calculations have been carried out as if everything was taking place at a given moment in time and producing effects in the course of that same moment.

251. It is thus the principle of shock that has been used and the calculation of the total effect was carried out at one go. However, two sub-moments have been considered, i.e. that of progression of integration within a REC and the moment of the progression towards AEC. More specifically, two movements have been compared: the movement towards integration within a REC and the movement towards AEC based on the same existing situation. The difference between the two provides the impacts of each of the two stages, with almost cross-cutting effects.

252. This treatment does not in itself resolve the thorny problem of convergence from the existing situation towards integration in RECs and then from RECs to AEC. However, the procedure makes it possible to quantify the input of each progression and, in particular, set a target for all the transitions. By setting a target and devising a vision of the challenges involved in the progression towards this target, the partners will be in a position to mobilize in terms of accompaniment towards attainment of the final status.

4.2.2 Major specificities of the model chosen

253. Here, the term model describes the range of equations used to simulate a stage of integration and calculate its impact. All these equations are based on the equilibrium between resources and employment as well as on interactions of the related aggregated variables. The model is therefore macro-economic in nature, with sectoral desegregation into three branches:

1) Agriculture, natural resources and agro-food products;

2) Industrial goods; and

3) Services.

254. The basic equation of the model is therefore, with the usual notations:

$$Y + M = C + I + X$$

255. Each African country has an equation which describes this computable equation.

256. Presented in the Annex is a comprehensive technical note indicating the disaggregated form of this equation and all the equilibriums it has taken into account, but which are not mentioned here.

257. As regards the impact on employment, the measurement has been carried out based on the effect of trade policies on economic growth. This GDP growth is translated into employment with the aid of growth related employment elasticity co-efficient . The following formula is used for each country (with an index suited to each country):

$$dL/L = eL/g.dY/Y$$

Where:

dL/L: represents employment growth rate;

dY/Y: represents GDP growth rate generated by the shock of the integration process; and

eL/g: represents employment growth elasticity in relation to the elasticity of economic growth.

258. This elasticity (eL/g) has been chosen in 0.3-4.5 interval by country and by level of imports variation sequel to trade liberalization. The interval allows for a marginal decreasing effect. The value of this elasticity has been kept rather high to take cognizance of the effects of production system rationalization; given that trade integration is accompanied by a trend towards competition which triggers the search for productivity gains that require more capitalistic technologies.

259. With respect to budget cost, the following equation allows for calculation of the effects on the budget:

$$G = t\,Y + c\,M$$

G representing the overall fiscal revenue deriving from taxes and levies on production; and revenues Y at the rate t and customs duties c on imports M. It follows that the effects of each stage of integration is calculated as follows:

dG = t dY + c dM + dc M

where d represents the variation of the variable or of the parameter concerned following the shock of simulated integration.

260. Besides, provision has to be made for an expenditure additional to these costs to, as will be explained later, finance a special continental integration accompaniment programme.

261. For each country, the world is divided into three broad groups:

1) The countries or the RECs to which that country belongs, with which it is going to establish new trade systems ranging from free trade area to economic integration;

2) The other African countries;

3) The rest of the world.

262. It is noteworthy that the rest of the world comprises differentiated entities given the geographical specialization of the trade each African country.

ü For each country, the transition from one stage of integration to another is reflected in a modification of one or several variables of this relation, the effects of which the other will experience;

ü The closure of the system is carried out on the assumption that the total exports variation among African countries is equal to the total inter-African imports variation;

ü The model is reproduced in a calculation mock-up, i.e, a folder containing bound sheets;

ü In each sheet, a line is assigned to each African country. Trade is represented by a bilateral trade matrix (54 African countries plus the rest of the world);

ü The system is thus focalized on the trend of external trade sequel to establishment of a trade regime or the progression towards economic integration;

ü In addition to the iterative chain relation set out by the calculation mock-up, a number of *ad hoc* adjustments are necessary particularly to modulate elasticities by country. In some cases, this also is made necessary to avoid instability of the equilibrium.

263. The point of departure is a shock on the trade regime which occurs in the following manner:

1) For the creation of a free trade area with the countries of one REC, what is needed is a variation of customs duties. A one-time shock was assumed, consisting of 100% duty reduction depending on the level of customs tariffs;

2) For customs union: the shock consists of an adjustment of the customs duties of all the member countries of the REC, upwards or downwards, depending on the current level so as to establish the same rate vis-à-vis third countries. The rate chosen for the shock is close to the current minimum (about 5%), which constitutes a de-protection vis-à-vis the rest of the world and non-member countries of the REC. To simplify matters, it was assumed that all the RECs would undertake the adjustment simultaneously;

3) For common market, this involves a reduction of customs duties on services. This in reality entails all sorts of restrictions regarded as equivalent to customs duty on industrial goods (except agro-food products). This choice is justified by the fact that common market ushers in freedom of movement of services in addition to free trade area and customs union. This is the element lacking in the other forms of integration. The stages being followed presently at global level and at the World Trade Organization are a revealing indicator of this ultimate stage towards a common market. The liberalization of services trade (according to 4 modes, i.e. consumption in the territory, cross border trade, service delivery and establishment in external territory) should be followed by an alignment of a range of regulations which guarantee fair competition and transform the entire integrated market into a common market. To evaluate the impact of such integration, it is necessary to have an indication regarding the amplification of services trade in each and every country participating therein. To this end, the choice is to represent the obstacles constraining this trade through a proxy - customs duties on services. These are regarded as similar to those imposed on industrial and agro-food products. This treatment is justified by the fact that services in general accompany the supply of industry goods and hence experience similar obstacles.

4) For economic union, it is the convergence towards a uniform exchange rate vis-à-vis an international currency accompanied by a convergence of the parity of purchasing powers. This modification represents what the theory

predicts for convergence of the costs of the factors in case of common market.

264. Economic policy and economic agents especially enterprises have, in respect of these shocks, two springboards for action which have been incorporated in the calculations:

- ü Economic reforms to achieve structural improvement of competitiveness. In this regard:

    a) A special programme is envisaged to design and sustain these reforms and is represented by a cost that has been evaluated and integrated into the calculations of the effects of integration.

- ü This programme provides for immaterial type actions (studies, counseling, training, meetings, etc.). In fact, the infrastructure type material integration expenses form part of *ad hoc* programmes for most RECs, and human resource related expenses are often limited to training and skills upgrading for the staff used in other protection related tasks. The accompaniment actions that engender additional expenses are limited to those intended to change texts and procedures and put in place the competencies for their implementation. These actions are as follows, depending on the stage of integration (the cost estimates is based on the consultant's experience in similar activities):

    1) For implementation of the free trade area, it is needful to allow for establishment of a compatible customs information system for the various countries. Implementation of such a system calls for the acquisition-development of applications, the procurement of equipment, harmonization of statistics and training of customs personnel. Each REC will have to pilot, coordinate and pool the programmes to be followed by each country. Accordingly, there will be need to make provision for a common portion of the implementation cost (US$20m) and a variable portion depending on the number of countries that have acceded to the RECs, at the rate of US$5m per country.

    2) For implementation of the customs union, there would be need to make provision for a range of studies, experts valuations, consultation meetings, communication and publications (through the use of digital facilities etc.) to harmonize access to markets. Such actions will be undertaken at the level of the RECs and the countries. With regard to the common portion (at RECs level), it has been estimated that these actions will require from each REC a financial outlay of US$5m, and for each member country, a similar amount of US$5m.

3) As regards implementation of common market, it is needful to make provision for the strengthening of the institutions of the various countries through the conduct of studies, expert valuations and training as well as for the cost of meetings and consultations, publications, etc. The expenses to be undertaken at the level of each REC are valued at US$5m and for each member country, the estimated amount stands at US$10m.

4) As for the establishment of customs union, it is needful to make provision for actions in support of enterprises and the private sector. This is the stage in which enterprises and the private sector cannot be given any treatment different from that accorded to other countries. There is a convergence of economic policies and hence, it is important that the private sector endow itself with its own resilience and innovation capacities as much as in the countries. A financial outlay US$5m will be needed by each REC to disseminate good practices, while US$20m will be required by each country to support its private sector to enable it get integrated into the national innovation system, improve its professional organization capacity, etc.

ü The cost of the support programmes will be shared among the countries in accordance with their mode of contribution. This is uniform for the RECs, with the exception of IGAD, contributions of which are proportional to the population. It has been proposed that these actions be spread over a total period of five years. The actions relate to the integration stage as regards the estimated budget outlay. However, it is possible to anticipate the stages and launch the actions of a future stage simultaneously with those of the on-going stage. It is intra-REC consultation and RECs-AU consultations that will facilitate the programming in a way that allows for more precise spread over time, while keeping to the total period of five years.

ü In addition to the actions targeted and that relate to the integration stages, it would be necessary to make provision for building the management capacities of the RECs and of the AU in the domain of integration policy. The activities of the RECs and the AU (in terms of monitoring and piloting of the integration process) will double. Thus, the operational budgets of the RECs should be reviewed upwards with a view to doubling them. The amounts envisaged in this regard in the estimates are those contained in the current budgets, i.e. an annual additional contribution of US$5m by each country to the RECs of which it is member, with the exception of COMESA for which US$9m has been assessed to each member given the current budget of this organization. Here also, the contributions are to be made in accordance with the current mode of contribution (equal distribution or contribution proportional to the population).

ü Estimation of the global cost over the entire period of integration is effected by the actualization of this amount for payment in permanent annual contributions. This action makes it possible to maintain the consultation bodies (REC and AU-integration entity) beyond the period of implementation of the programme in a way that takes on board the new functions of coordination of the continent's economic policies.

ü The contribution and the cost of specific actions have been estimated in accordance with the number of countries' memberships of the RECs (one and the same country very often belonging to several RECs). Besides, it takes cognizance of the contributions to be paid to regional groupings (CEMAC, UEMOA, CMA and the free trade area of the South - PTA). It is noteworthy that, going by the 8 official RECs and these 4 sub-groupings, the total number of memberships stands at 137, whereas there are only 53 countries in Africa, in additional to Western Sahara. The integration process calls for harmonization of these various memberships and it is needful to take them into consideration for evaluation of the cost of the special programme.

b) Improved business climate will be a consequence of the special support programme and of trade liberalization. On the other hand, improved economic freedom comes generally with economic integration and produces productivity effects.

c) The outcomes of this special support programme are used to attenuate import trends sequel to reduced customs duties, and to stimulate exports. This point has been addressed in an exogenous manner. It tallies with what has been observed in several countries that are advanced in terms of integration into the global economy. In the calculations, it was felt that competitiveness improves in relation to the degree of acceleration of opening measured by the sum of exports and imports growth rates. Production is thus correlated with competitiveness, itself correlated with opening which, in turn, experiences the effects of liberalization. The elasticity of production to opening is modulated inversely with the level of the business climate situation, as well as the level of competitiveness and of economic freedoms (according to the indicators of the international organizations mentioned earlier).

ü Exchange rate adjustment, which often occurs in the event of trade liberalization, in replacement of tariff protection. Exchange rate has been used in the calculations to allow for the smoothening of the trends, and thus enable them to stay at acceptable levels. Monetary authorities often conduct themselves in accordance with this simple principle, even though this will no longer be possible at a more advanced stage of integration.

265. The implications of these shocks have been captured through the modification of:

1) Country's imports from:

a) Each member country of the REC,
b) Countries of the rest of Africa, especially with respect to the effect of trade diversion, and
c) The rest of the world, with respect to the effects of trade diversion.

By applying this calculation to all African countries, the evolution of the exports of the country concerned on the African market is obtained, with desegregation by country, and the possibility of categorization by REC.

2) Exports to the rest of the world (except Africa), sequel to the implications of economic reforms on exchange rate adjustments.

3) The effects on imports and exports which produce impacts on GDP (inter-sector reallocation of resources) and on employment following inter-sectoral transfer; which takes place on the basis of output differences measured by elasticities that are modulated with the level of development.

4) Reallocation of resources among the sectors through the transfer of employment from the sectors losing production to other activities.

5) All these impacts are represented as effect on State revenue. A decline in revenue results from the loss of customs duty; but an increase in the other production related revenues also takes place where the level of production rises, which is generally the case.

266. The elasticities used were chosen *ad hoc* based on several considerations:

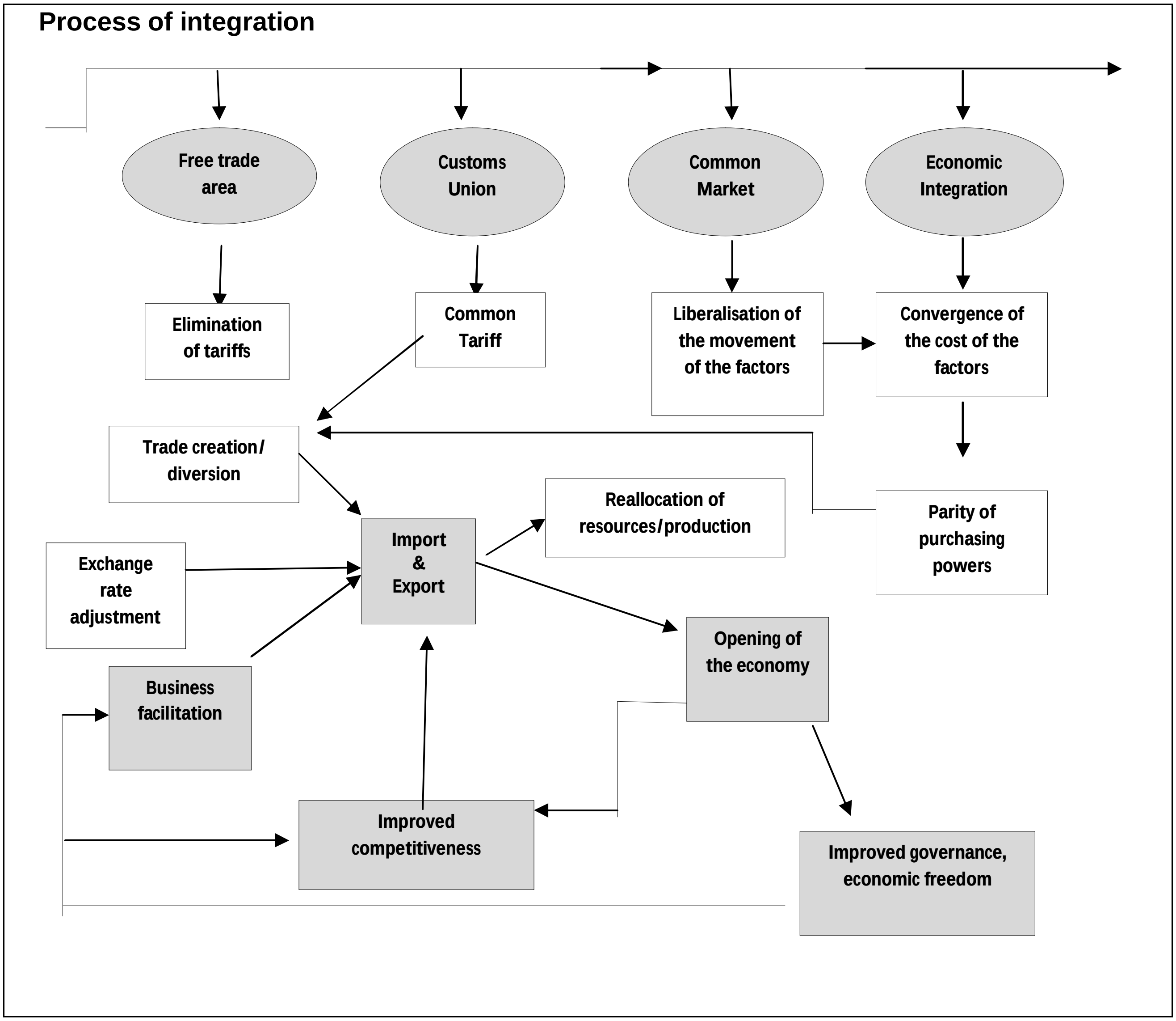
1) Information on the impact on the global economy, obtained from recent studies (cf. the literature revue made above);

2) The outcomes of the discussions held in the course of the study with the RECs executives. It was possible in particular to take into account as far as possible certain African realities; for example, the volume of informal international trade, the progress achieved in the implementation of the programmes that foster trade integration, etc. All these have dictated the choice of rather intermediary elasticities. In other words, the international trade relations of African countries would be more developed than what the statistics show. The implications of openness would therefore not be as significant for the closed countries;

3) In some cases, modulation of elasticities by country to take on board the state of development, the quality of the business climate, the size, etc;

4) The need for a convergence of the interactions of the variables to obtain a point of equilibrium, despite the problems of data.

267. The chart hereunder describes some of the interactions incorporated in the calculations:



4.3 Quantification of RECs Rationalization Scenarios in Africa

268. The quantification of RECs rationalization scenarios in Africa necessitated two types of data treatment. The first type relates to the building of data bases both for basic quantitative data and for elasticities. The second type of data treatment relates to the conduct of simulations especially the transformation of qualitative scenarios into quantifiable configurations and the deduction of results that facilitate decision. These two points are presented hereunder.

It should be recalled that this study is of special nature. It aims at conducting a detailed analysis by country, of the impact of several complex regional integration scenarios. At the same time, there is no complete data base which covers all African countries. Besides, for some countries, data is not available, are not sufficiently recent or do not meet recognized statistical standards.

4.3.1 The data bases used

269. The building of the data bases was dictated by several considerations, among which the following may be mentioned:

- The absence of complete data series for all African countries on external trade such as exports by group of products (with homogeneous nomenclatures) and for the same year. The most complete source of data is Trademap. It has the disadvantage of not providing information on African countries' bilateral trade and for the same year. Besides, bilateral trade in services is not available.

- The absence of precise data on the levels of customs protection and of actual tariffs for all African countries (average in relation to actual trade).

- Sometimes, quite substantial changes in external trade resulting from the prevailing circumstances.

270. It is therefore needful to beef up the available data through extrapolations, the use of averages and through a number of *detours*. The key hypotheses employed and the most significant data treatments carried out are thus:

Ø Sustained use of international data sources as primary data bases in a way that yields maximum data comparability. To this end, the data used are:

  o World Bank development indicators for GDP, economic growth, population, openness rates, external indebtedness and external investment flows. Other variables have been consulted such as those relating to internet use, poverty, etc., but have not been used directly. The data series consulted cover the period 1960-2009. However, only the period 2006-2008 furnishes most of the complete data (for African countries as a whole);

  o Trademap data on external trade (African countries' external trade) with intermediary desegregation into: (i) primary and agricultural products, including agro-food products, (ii) industrial goods, and (iii) services (all services covered).

Ø The missing external trade data were completed by extrapolation using pertinent ratios of World Bank development indicators. The most robust hypothesis was to regard the structure of export and import as being the same as that of the productive systems for the missing years, especially with respect to services. This hypothesis was also tested against the existing data and an average error of about 3% was observed. Some rare cases of up to 10% error margin were similar observed and this was also taken into account in the interpretation of the results.

- The customs tariffs used are those in respect of the Most Favoured Nation as published by WTO. The said tariffs have been used for the large sectors.

- Export tariffs were neglected owing to lack of information.

- The baseline year was constituted by simple arithmetical average for the years 2005-2007 to which the average annual growth rate for the period was applied to construct a series for 2008.

- As regards bilateral trade in services, it was assumed as being proportional to that of industry.

- Regarding the free trade areas between African countries and countries outside Africa, the fact was taken into account that over 80% of exports and imports were transacted with the latter. This was done by reducing as appropriate the order of magnitude of trade diversion risks. In fact, trade diversion has more chances of occurrence with respect to relatively advanced countries.

4.3.2 Scope and Limitations of the Results

271. It is necessary to point out that the estimations made have some limitations and should be interpreted with caution especially because of the following:

1) Absence of sufficient data from the same source, and hence non-standardized results (written *nr*) for a number of countries.

2) The calculations presumed such level of market flexibility as would allow for reallocation of resources, especially labour.

3) The effects of integration are considered holistically even though greater details were subsequently provided.

4) The impact quantification simulations are based on the principle that integration generates 'voluntarist' effort to improve the business climate as well as a reallocation of resources. These two phenomena play proportionally on the size (in terms of GDP and initial bilateral trade) of the space of which a given country is member.

5) The current status of the integration process in Africa is conditioned by the evolution of the RECs. The stimulations are aligned to the progressions outlined in the chart above.

4.3.3 Presentation of the Results in cost/benefit Terms

272. An initial simple simulation calculated on the basis of countries' tariffs multiplied by their import was carried out so as to evaluate the custom duties of which African States' budgets would be deprived if they totally eliminated the duties on goods trade. This first simple estimation yields the following results:

- All things being equal, the revenue loss will, all in all, account for an average of about <u>0.8% GDP</u> for all African countries.

- <u>However, this percentage represents the average of a wide range of rates</u> the lowest of which is, practically, 0% (Libya), as against nearly 25% (Liberia), 14.5% (Equatorial Guinea) and 7% (The Gambia).

273. The cost of liberalization is, in reality, more complex than the simple loss of customs revenue. As a matter of fact, this cost has three different components:

- <u>The cost of integration policy support and enhancement programme.</u> This represents the definitive expenses mobilized by a special programme with the aim to prepare the economies to upscale their level of competitiveness and align their governance to a more open economic system. The estimation of the cost of the programme was carried out and incorporated in this model.

- <u>The social cost</u> of transition from the existing economic status to a new status. This comprises the costs arising from resource reallocation. It represents the waiting and adaptation time for transition from one specialization to another. Such costs have not been estimated in the present model. The necessary estimations can be carried out at the level of each country. However, experience shows that if integration is well managed (well prepared through reforms) it will, by this very fact, produce a cost far below all possible fears.

- <u>The so-called liberalization budget.</u> This represents the customs revenue losses that can occur when tariffs are reviewed downwards. In fact, it does not represent real costs but rather a modification of transfers. For a State, it is important to have fiscal revenues but it is not imperative that these revenues should always come from the same source. These costs have been indicated to provide an idea as to the implications of fiscal reforms and to underscore the need to seek new sources of fiscal income.

274. Having said this, trade integration experience shows that certain countries find it difficult to speedily restructure their fiscal revenues. It is, therefore, needful for the partners to make provision for a common financial outlay to support these countries so as to achieve convergence. Budget compensation funds have been established in Africa, for example in ECOWAS and COMESA; and this constitutes good practices worthy of emulation. For this reason, the study has established criteria to identify the countries which could, *à priori,* experience difficulties during restructuring of their budget to replace customs generated resources by other resources. The Table hereunder presents the results of this identification which should however be considered as indicative. It provides the basis for the estimation of the financial outlay required to carry out the reforms aimed at controlling the process of structural change in the budgets of the most exposed States. For the 'accelerated convergence scenario' retained by the study, the estimate underscores the need for a total of US$1.2b for fiscal compensation. This amount is calculated on the basis of state of the indicators chosen during the period of transition from the current situation of these economies to integration in regional blocs. A compensation recuperation mechanism will help to replenish the fund and enable it to intervene (as the needs are more reduced) during the phase of transition from integration into blocs to integration into two regional blocs.

- ü The cost of dissemination of community culture: to generate cultural and scientific externalities and consolidate community sense of belonging in the African elite in the service of the continent's development, it is proposed that a financial outlay totalling US$0.8b be set aside to promote and support centres of excellence for continental training in key areas.

Distribution of African Countries according to Initial State and Impact of Integration (Stage of transition from the current state to integration by regional blocs- Accelerated Convergence Scenario)

Classification of countries according to initial state and impact of integration. (transition from the current state to integration of regional blocs		Impact of Integration on State Budget								Number of Countries
		High (over 2% GDP deficit)				Low (Less than 2% GDP deficit)				
		Cost of Reformed Programmes for Integration				Cost of Reform Programmes for Integration				
		Low (less than 1% GDP)		High (over 1% GDP)		Low (less than 1% GDP)		High (over 1% GDP)		
		Potential Increase in Imports		Potential Increase in Imports		Potential Increase in Imports		Potential Increase in Imports		
		Low (below 10%)	High (above 10%)	Low (below 10%)	High (above 10%)	Low (below 10%)	High (above 10%)	Low (below 10%)	High (above 10%)	
Revenue per inhabitant Low to moderate (Less than … Impact of Integration on GDP	Low (less than 3%)			Chad				Lesotho		2
	Moderate (3% to 5%)	Sudan			Comoros			Eritrea		3

Classification of countries according to initial state and impact of integration. (transition from the current state to integration of regional blocs)		Impact of Integration on State Budget								Number of Countries
		High (over 2% GDP deficit)				Low (Less than 2% GDP deficit)				
		Cost of Reformed Programmes for Integration				Cost of Reform Programmes for Integration				
		Low (less than 1% GDP)		High (over 1% GDP)		Low (less than 1% GDP)		High (over 1% GDP)		
		Potential Increase in Imports		Potential Increase in Imports		Potential Increase in Imports		Potential Increase in Imports		
		Low (below 10%)	High (above 10%)	Low (below 10%)	High (above 10%)	Low (below 10%)	High (above 10%)	Low (below 10%)	High (above 10%)	
	High (above 5%)	Ethiopia	Ghana	Benin Liberia	Djibouti Equa. Guinea Rwanda Togo Zambia	Nigeria	U. R. Tanzania	C. African R. Guinea Kenya Madagascar Mauritania	Burkina Faso Burundi Côte d'Ivoire D. R. of Congo Gambia Guinea-Bissau Malawi Mali Mozambique Niger S. T. and P. Senegal Sierra Leone Somalia Uganda Zimbabwe	32
High (above US$1000)	Impact of integration on GDP: Low (Less de 3%)							Western Sahara		1
	Moderate (3 to 5%)	Algeria Morocco								2
	High (above 5%)	Egypt Tunisia		Congo		Angola Lib. A. Jam.	Cameroon South Africa	Cape Verde Gabon Mauritius Namibia	Botswana	14

Classification of countries according to initial state and impact of integration. (transition from the current state to integration of regional blocs	Impact of Integration on State Budget								Number of Countries
	High (over 2% GDP deficit)				Low (Less than 2% GDP deficit)				
	Cost of Reformed Programmes for Integration				Cost of Reform Programmes for Integration				
	Low (less than 1% GDP)		High (over 1% GDP)		Low (less than 1% GDP)		High (over 1% GDP)		
	Potential Increase in Imports		Potential Increase in Imports		Potential Increase in Imports		Potential Increase in Imports		
	Low (below 10%)	High (above 10%)	Low (below 10%)	High (above 10%)	Low (below 10%)	High (above 10%)	Low (below 10%)	High (above 10%)	
							Seychelles Swaziland		
Number of Countries	6	1	4	6	3	3	14	17	54

Countries that can sustain integration. Macro-economic surveillance is however, recommended

Countries to be supported in accordance with the development of macro-economic situation.

Countries to be supported.

275. To complete/validate the results deriving from the model implemented in the context of the study, the consultant also conducted a simulation based on GTAP (Global Trade Analysis Project):

ü This is a general, multi-regional and multi-sectoral equilibrium model. It was applied to the African Continent, delineated into three broad regions: North Africa, SADC-COMESA-EAC Tripartite and the rest of Africa. The hypothesis used is that of implementation of a fully-fledged free trade area between and within the three broad regions.

ü The results in terms of impact on the output of these regions are modest (cf. Table hereunder). Even though the baseline data are rather outmoded in the GTAP model – dating back to the early 2000s – the results are close to the reality in structural terms. Africa's share of global GDP stays at 2%. The modest results deriving from simulation is attributable to the fact that the effects of the changes in the business climate, sequel to integration, have not been directly captured. In the GTAP (such as we have used) only a part of the effects of sectoral reallocation has been captured sequel to the elimination of customs duties within the African Community.

Table 32: Results of GTAP (Global Trade Analysis Project) based Simulation

Indicators & Regions	The Region's GDP % Increase	The Region's Initial GDP value (US$ m) constant)	The Region's new GDP Value – constant Price (US$ m constant)	The Region's GDP Increase (US$ m constant)
North Africa	0.08	147,904.28	148,028.64	124.36
Tripartite	0.16	87,474.55	87,612.63	138.08
Rest of Africa	0.02	322,383.69	322,447.03	63.34
Rest of the World	0.00	30,720,656.00	30,720,482.00	-174.00

276. The major results, details of which are to be found in Annexes 9 to 13, generated by the model used in this study, are analyzed hereunder:

Table 33: Results of the Quantification and Comparison of the Scenarios

	Pre-RECs Stage				Global effect of integration
	Status Quo	Abuja 1	Abuja 2 of Anchorage Community	Accelerated Convergence	
Cost of reforms/GDP	1%	0.80%	0.90%	0.80%	1.10%
GDP variation in relation to initial GDP (%)	4.70%	4.80%	5.40%	6.80%	13.50%
Imports variation (%)	4.80%	4.90%	5.50%	7.40%	13.90%
Exports variation (%)	4.40%	4.50%	4.70%	7.80%	15.20%
Employment variation (%)	2.20%	2.30%	2.60%	3.80%	8.60%

Source: Our calculations

(i) Integration may procure for Africa <u>a quite substantial improvement of GDP level:</u>

- o In the best Scenario, the GDP growth potential is estimated at <u>6.8</u>% for integration into large regional blocs in addition to <u>+6.7</u>% obtained during the integration of the large regional blocs into a single economic community; thus making a total GDP growth of 13.5%;

- As regards employment, the gains are estimated at +3.8% for the pre-AEC stage with additional +4.8% following the transition to AEC. This represents an equivalent of nearly 2 percentage points of additional growth during the integration period.

(ii) The integration gain for Africa varies quite widely among the scenarios:

- For the regional blocs formation period, for example, the lowest gain is achieved by the Status Quo and Abuja 1 Scenario (4.8%), whereas this stands at 5.5% for Abuja 2 Scenario;

- The highest gain is achieved by the convergence scenario (6.8%).

(iii) On the other hand, it would be needful to embark upon an ambitious programme at a cost of nearly 1.1% of Africa's GDP for one year. Such a programme will comprise:

- A component to finance the existing accessions to the RECs over several years;

- A special programme to prepare for the integration from the perspective of institutional capacities. This cost is incurred on one-time basis but a new GDP level would have been achieved.

(iv) The gains are nearly the same in terms of the outputs of the free trade area and the outputs of the rest of the integration stages.

(v) Several countries will have difficulty bearing the cost of the programme. A system of solidarity, for example, with contribution by only the most endowed countries (for example, those countries that have attained 1.5 times Africa's revenue threshold per inhabitant) will make it possible to reduce the weight for the poor countries without making this a burden for the others.

(vi) Part of the gain in terms of growth derives from the indirect impact of African integration on the continent's trade with the rest of the world. This generates improved competitiveness on the international market, from which African economies may benefit on the international market in addition to the effects of trade diversion of which certain countries may take advantage.

(vii) Qualitatively:

- The overall effect of integration in AEC (taking the two stages of pre-AEC and transition to AEC into account) is expected to be similar for all the scenarios. This is due to the fact that implementation timeframes have not been taken into consideration. However, for some of the scenarios, it is the problem of feasibility that can hamper the realization of the scenario. For example, the effect of transition of the integrated regional blocs to one single AEC is more significant in the case of anchored community than in that of the Status Quo scenario. It must be said that it is difficult to evaluate the outcome of the Status Quo scenario. Indeed, this scenario will have to face the same adapted procedure during the stage of formation of the regional blocs. This will take more time and will ultimately have less impact as has been mentioned earlier if some countries continue to refrain from acceding to the programmes of their RECs;

- As regards the various intermediary calculations, it is always the case of customs union that poses the greatest problem. This is the most delicate point which can derail the whole process because it touches on the tariff policy of each country or groups of countries vis-à-vis outside the world. This is a point of impasse which is nowadays observed in ECOWAS;

- The transition to AEC may be delayed for several years if the process is not adequately planned: regional blocs would be established after tough discussions and these regional blocs have to be re-examined with a view to their integration;

- The most significant problem faced by the integration process is the institution of the reforms in line with the progress of negotiations. Reforms and economic policies harmonization are as vital as the conclusion of agreements. It is entirely possible, in reality, to anticipate the transition of regional blocs towards AEC through continued consultation between the two large regional blocs defined by the Anchored Community Scenario.

4.3.4 Comparison of the Scenarios

277. The Accelerated Convergence Scenario will procure more gains for the pre-AEC formation period and, at least, as much as the Abuja 1 and Abuja 2 (or anchored community) Scenarios for the period of transition towards AEC. The gains derive from the fact that the Scenario ushers in greater opening among the countries. The best Scenario is in fact that which allows for the most rapid opening. The time gained has value.

278. All the Scenarios, except the status quo Scenario which poses feasibility problems, end up with the same results at the final or near final stage. This is due partly to the method of quantification; but for the most part, it is also the reality, because irrespective of the path adopted, the implications will be the same if implementation is coordinated.

279. It is preferable not to judge the Scenarios on the basis of fiscal revenue losses. These are too apparent. As long as there is additional growth, taxation can bring in more revenue, in another form, than customs duties. Besides, these customs duties will stop being whittled away by informal trade, international agreements, etc.

280. The Accelerated Convergence Scenario has the advantage of allowing for greater visibility of the integration process and for projecting its outcome. In more concrete terms, it will facilitate the preparation of the integration of the regional blocs into a single AEC during the formation of these blocs.

4.3.5 Cost of Implementation

281. As regards the cost of the support programme, it is necessary to once again highlight the two components:

- A capacity building and technical support component (component II in the Table below) together with the cost of accessions, which will help strengthen the capacities of both the African Union and the RECs in the coming period to manage the programme, conduct studies, etc. This entails an additional annual contribution of countries to each REC to enable these RECs to act more effectively to implement reforms, pool experiences, undertake coordination, etc. Given the current state of membership, the contributions are calculated on the basis of number of membership and not on number of countries. The amounts indicated in the Table below represent the current value of permanent additional contribution. Therefore, it is unnecessary to take cognizance of the two stages of RECs integration towards regional blocs and then the regional blocs towards integration in AEC[58].

[58] It is also to be observed that the number of countries' memberships of RECs takes cognizance of the fact that there are, in addition to the eight official RECs, four other regional groupings (UEMOA, CEMAC, CMA and a free trade area of the South – FTA Com

- o Integration harmonization support component (component I in the Table hereunder) meant to be assigned to countries for implementation of reform programmes. The estimates are based on the number of countries and the usual cost of the actions envisaged. The reforms in question will be conducted in two broad stages. The first will be integration by regional bloc. The second will be carried out between the two regional blocs to constitute the AEC.

- o The Table hereunder presents an estimate of the funds required to execute the programme. It will be noted that this cost is relatively modest. It derives from the fact that the costs of economic reforms do not include the administrative management of countries, the role of which will change and, for this reason, It will not be necessary to envisage additional costs. It will be necessary, however, to make provision for skills upgrading, awareness building actions, infrastructure costs, etc. which had not been taken into consideration because they had already been provided for and implemented by other RECs programmes.

Table 34: Cost of reforms under the anchorage Scenario[59]

Cost of reform by heading, stage and region (anchorage scenario in US$ million)	**Integration of regional blocs**			**Transition to AEC (4)**	**General total (5) = (3) + (4)**
	North-Western bloc (1)	**South Eastern bloc (2)**	**Total (3) = (1) + (2)**		
Number of countries	**31**	**23**	**54**	**54**	**54**
Number of Membership of RECs	**66**	**71**	**137**	**54**	**-**
Support to integration (I) = (a) + (b) + (c) + (d)	**1,880**	**1, 905**	**3,785**	**3,745**	**7,530.0**
Information System (a)	340.0	300.0	640.0	600.0	1,240.0
Harmonization of market access (b)	220.0	225.0	445.0	435.0	880.0

[59] The budget for the special programme is calculated in accordance with the stages of integration (from RECs towards regional blocs and then from these blocs towards AEC). It takes into account the number of countries' membership of the RECs. The costs of reforms depend on the RECs of membership, for, there is need for harmonization and coordination more especially as membership is more complex at the start of the process. It is also to be observed that the number of countries' memberships of RECs takes cognizance of the fact that there are, in addition to the eight official RECs, four other regional groupings (UEMOA, CEMAC, CMA and a free trade area of the South – FTA Com). As regards the number of countries, there are 53 African States members of the AU, but in official calculation, there is Western Sahara, but not Morocco. In the treatment carried for this study, the choice has been made to consider that there are 54 entities designated as 54 countries.

Institutional building (c)	500.0	480.0	980.0	990.0	1,970.0
Support to enterprises and the private sector (d)	820.0	900.0	1,720.0	1,720.0	3,440.0
Technical support to implementation (II)	**2653**	**2854.7**	**5,508.3**	**-**	**5,508.3**
General total (III) = (I) + (II)	**4,533.6**	**4,759.7**	**9,293.3**	**3,745.0**	**13,038.3**

Source: The study estimates

282. The two types of additional effort mentioned above should be added to the cost of reform implementation which comprises the following:

- o An amount for compensation for the restructuring of the budget of the most exposed countries (a total of US$1.2b); and
- o An amount to generate externalities and disseminate community culture (total of US$0.8b).

283. By way of summary, the total financial outlay to support speedy continental integration is indicated in the Table below.

Table 1: Summary Table of Financial Outlay and Impact of the Accelerated Convergence Scenario for Africa's Integration

Indicators and Integration Stage	Transition towards functional communities	Transition from the current stage towards continental integration
Total cost of reforms and perpetual accession US $m	9,293.3	13, 038.3
Cost of reforms/GDP	0.8%	1.2%
Compensation for fiscal restructuring (US$ m)	1,200	-
Support to cultural and scientific externalities	8 00	-
Total financial outlay	11, 293.3	15, 083.3
Variation Budget/initial GDP (Transfers-other than cost of reforms)	-0.9%	0.1%
Total GDP variation in relation to initial GDP	6.8%	13.5%

Var. Import in %	7.4%	13.9%
Var. Export in %	7.8%	15.2%
Var. Employment in %	3.8%	8.6%

4.4 Description of Detailed Results Tables

284. The Tables in Annexes 9, 10, 11 and 12 present the major results of the simulations. Two criteria have been used in presenting the results:

1) Integration stage - two stages:
   a) Integration at infra-regional level - pre-AEC stage; and
   b) Integration leading to AEC.

2) Results by country or by REC.

285. There are four summary Tables:

1. The results of integration in regional blocs during the pre-REC formation period. This is the period when the RECs are working towards the formation of an integrated region covering the REC member countries. In this Table, the results are presented by scenario (in lines) or by REC.

2. The results of integration in regional blocs by country. The results are provided for the entire integration process up to the stage of economic union, and are made out by country (in lines) and by scenario.

3. Integration of the Continent into an AEC. This is provided for in the analysis of Abuja and 'Accelerated Convergence Scenarios'. The simulation is conducted in a way that allows for a single economic community for the entire continent. The outcome is the same irrespective of the rationalization of the existing RECs scenario. For this reason, the impact of full integration of the continent procures the same effect once it is achieved in its totality. Consequently, the final result is identical irrespective of the intermediary scenario (transition of RECs towards regional blocs). These results are meant for the entire process; that is, the process leading to the formation of AEC through that of establishment of functional regional blocs. The results are presented by country (the scenario is known as 'Accelerated Convergence' but it is identical – in terms of ultimate results – with other AEC scenarios).

4. As regards the status quo scenario, the integration process will ultimately not culminate in the building of a single continental community. This scenario has been used in the study to show the input of rationalization of current membership by elimination of multiple memberships without the

construction of integrated regional blocs larger than the current RECs (like in the other scenarios). The final situation is a juxtaposition of the RECs without multiple memberships.

5. Some details on the intermediary stages leading from the current situation to the AEC, through free trade area stage, etc. The results are presented by stage (in lines) and by RECs (in columns).

286. For the purpose of presenting an overview of the impacts of integration by stage and by country, a series of summary tables are presented hereunder:

Table 2 : Summary of the impact of integration by stage (the study scenario – accelerated convergence) 1/4

Results of the simulations by country and stage of integration (*the study scenario – accelerated convergence*)	Indicators of current stage			**impact of African Integration : Transition from current stage to integration in blocs (*the study scenario – accelerated convergence*)**						
	Initial GDP	Initial Pop	GDP per inhab. initial PPA	Initial GDP per inhab	Impact on Budget (REC)	Impact on GDP (REC)	Cost of Reforms (REC)	Impact X (REC)	Impact M (REC)	Impact Employment (REC)
Algeria	> = 2% de Af.	>=2% de Af.	> = 1500 $	> = 1000 $	< = -2% of Budget	> 3 à 5%	< 1% of GDP	< = 5%	< 10%	> 2%
Angola	> = 2% de Af.	< 2% de Af.	> = 1500 $	> = 1000 $	> - 2% of Budget	> 5% of GDP	< 1% of GDP	> 5%	< 10%	> 2%
Benin	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	< = -2% of Budget	> 5% of GDP	> = 1% of GDP	> 5%	< 10%	> 2%
Botswana	< 2% de Af.	< 2% de Af.	> = 1500 $	> = 1000 $	> - 2% of Budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	< = 2%
Burkina Faso	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	> - 2% of Budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	< = 2%
Burundi	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	> - 2% of Budget	> 5% of GDP	> = 1% du PIB	> 5%	> = 10%	> 2%
Cameroon	< 2% de Af.	< 2% de Af.	> = 1500 $	> = 1000 $	> - 2% of Budget	> 5% of GDP	< 1% of GDP	> 5%	> = 10%	< = 2%
Cape Verde	< 2% de Af.	< 2% de Af.	> = 1500 $	> = 1000 $	> - 2% of Budget	> 5% of GDP	> = 1% of GDP	> 5%	< 10%	> 2%
Central African Republic	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	> - 2% of Budget	> 5% of GDP	> = 1% of GDP	> 5%	< 10%	< = 2%
Chad	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	< = -2% of Budget	<= 3% of GDP	> = 1% of GDP	< = 5%	< 10%	> 2%
Comoros	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	< = -2% of Budget	> 3 à 5%	> = 1% of GDP	< = 5%	> = 10%	> 2%
Congo	< 2% de Af.	< 2% de Af.	> = 1500 $	> = 1000 $	< = -2% of Budget	> 5% of GDP	> = 1% of GDP	> 5%	< 10%	> 2%
Côte d'Ivoire	< 2% de Af.	>=2% de Af.	> = 1500 $	< 1000 $	> - 2% of Budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	> 2%
D. Rep. of the Congo	< 2% de Af.	>=2% de Af.	< 1500 $	< 1000 $	> - 2% of Budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	< = 2%

Djibouti	< 2% de Af.	< 2% de Af.	> = 1500 $	< 1000 $	< = -2% of Budget	> 5% of GDP	> = 1% of GDP	< = 5%	> = 10%	> 2%
Egypt	> = 2% de Af.	>=2% de Af.	> = 1500 $	> = 1000 $	< = -2% of Budget	> 5% of GDP	< 1% of GDP	< = 5%	< 10%	> 2%
Equatorial Guinea	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	< = -2% of Budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	> 2%
Eritrea	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	> - 2% of Budget	> 3 à 5%	> = 1% of GDP	< = 5%	< 10%	> 2%
Ethiopia	< 2% de Af.	>=2% de Af.	< 1500 $	< 1000 $	< = -2% of Budget	> 5% of GDP	< 1% of GDP	> 5%	< 10%	> 2%
Gabon	< 2% de Af.	< 2% de Af.	> = 1500 $	> = 1000 $	> - 2% of Budget	> 5% of GDP	> = 1% of GDP	> 5%	< 10%	> 2%
Gambia	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	> - 2% of Budget	> 5% of GDP	> = 1% of GDP	< = 5%	> = 10%	> 2%

	Critical level of the indicator. Regular monitoring is recommended.
	Manageable level. Periodic surveillance is recommended.
	Neutral level. The outcomes to be established by stage.
	Encouraging level. Progression of reform to be monitored.

***Table 3: Summary of the impact of integration by stage (the study scenario – accelerated convergence* 2/4**

Results of the simulations by country and stage of integration (*the study scenario – accelerated convergence*)	Indicators of current stage			**impact of African Integration : Transition from current stage to integration in blocs (*the study scenario – accelerated convergence*)**						
	Initial GDP	Initial Pop	GDP per inhab initial PPA	Initial GDP per inhab	Impact on Budget (REC)	Impact on GDP (REC)	Cost of Reforms (REC)	Impact X (REC)	Impact M (REC)	Impact Employment (REC)
Ghana	< 2% de Af.	>=2% de Af.	< 1500 $	< 1000 $	< = -2% of budget	> 5% of GDP	< 1% of GDP	> 5%	> = 10%	< = 2%
Guinea	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	> - 2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	< 10%	> 2%
Guinea-Bissau	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	> - 2% of	> 5% of	> = 1% of	< = 5%	> = 10%	> 2%

					budget	GDP	GDP			
Kenya	< 2% de Af.	>=2% de Af.	< 1500 $	< 1000 $	> - 2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	< 10%	> 2%
Lesotho	< 2% de Af.	< 2% de Af.	> = 1500 $	< 1000 $	> - 2% of budget	<= 3% of GDP	> = 1% of GDP	< = 5%	< 10%	> 2%
Liberia	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	< = -2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	< 10%	> 2%
Libyan A. Jam.	> = 2% de Af.	< 2% de Af.	> = 1500 $	> = 1000 $	> - 2% of budget	> 5% of GDP	< 1% of GDP	< = 5%	< 10%	> 2%
Madagascar	< 2% de Af.	>=2% de Af.	< 1500 $	< 1000 $	> - 2% of budget	> 5% of GDP	> = 1% of GDP	< = 5%	< 10%	> 2%
Malawi	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	> - 2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	> 2%
Mali	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	> - 2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	> 2%
Mauritania	< 2% de Af.	< 2% de Af.	> = 1500 $	< 1000 $	> - 2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	< 10%	> 2%
Mauritius	< 2% de Af.	< 2% de Af.	> = 1500 $	> = 1000 $	> - 2% of budget	> 5% of GDP	> = 1% of GDP	< = 5%	< 10%	> 2%
Morocco	> = 2% de Af.	>=2% de Af.	> = 1500 $	> = 1000 $	< = -2% of budget	> 3 à 5%	< 1% of GDP	< = 5%	< 10%	> 2%
Mozambique	< 2% de Af.	>=2% de Af.	< 1500 $	< 1000 $	> - 2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	> 2%
Namibia	< 2% de Af.	< 2% de Af.	> = 1500 $	> = 1000 $	> - 2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	< 10%	> 2%
Niger	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	> - 2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	> 2%
Nigeria	> = 2% de Af.	>=2% de Af.	> = 1500 $	< 1000 $	> - 2% of budget	> 5% v	< 1% of GDP	> 5%	< 10%	< = 2%
Rwanda	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	< = -2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	> 2%
S. T. and P.	< 2% de Af.	< 2% de Af.	> = 1500 $	< 1000 $	> - 2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	> 2%
Senegal	< 2% de Af.	< 2% de Af.	> = 1500 $	< 1000 $	> - 2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	> 2%
Seychelles	< 2% de Af.	< 2% de Af.	> = 1500 $	> = 1000 $	> - 2% of budget	> 5% of GDP	> = 1% of GDP	< = 5%	< 10%	> 2%
Sierra Leone	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	> - 2% of budget.	> 5% of GDP	> = 1% of GDP	< = 5%	> = 10%	> 2%
Somalia	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	> - 2% of	> 5% of	> = 1% of	> 5%	> = 10%	> 2%

					budget	GDP	GDP			
South Africa	> = 2% de Af.	>=2% de Af.	> = 1500 $	> = 1000 $	> - 2% of budget	> 5% of GDP	< 1% of GDP	> 5%	> = 10%	< = 2%
Sudan	> = 2% de Af.	>=2% de Af.	> = 1500 $	< 1000 $	< = -2% of budget	> 3 à 5%	< 1% of GDP	< = 5%	< 10%	> 2%
Swaziland	< 2% de Af.	< 2% de Af.	> = 1500 $	> = 1000 $	> - 2% of budget	> 5% of GDP of GDP	> = 1% of GDP	> 5%	< 10%	> 2%
Togo	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	< = -2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	< = 2%
Tunisia	> = 2% de Af.	< 2% de Af.	> = 1500 $	> = 1000 $	< = -2% of budget	> 5% of GDP	< 1% of GDP	> 5%	< 10%	> 2%
Uganda	< 2% de Af.	>=2% de Af.	< 1500 $	< 1000 $	> - 2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	< = 2%
U. Rep. of Tanzania	< 2% de Af.	>=2% de Af.	< 1500 $	< 1000 $	> - 2% of budget	> 5% of GDP	< 1% of GDP	> 5%	> = 10%	< = 2%
Western Sahara	< 2% de Af.	< 2% de Af.	> = 1500 $	> = 1000 $	> - 2% of budget	<= 3% of GDP	> = 1% of GDP	< = 5%	< 10%	> 2%
Zambia	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	< = -2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	< = 2%
Zimbabwe	< 2% de Af.	< 2% de Af.	< 1500 $	< 1000 $	> - 2% of budget	> 5% of GDP	> = 1% of GDP	> 5%	> = 10%	> 2%

Critical level of the indicator. Regular monitoring is recommended.

Manageable level. Periodic surveillance is recommended.

Neutral level. The outcomes to be established by stage.

Encouraging level. Progression of reform to be monitored.

***Table 4 : Summary of the impact of integration by stage (study scenario – accelerated convergence)* 3/4**

Results of the simulations by country and by integration stage (study scenario - accelerated convergence)	**Total impact of African integration: Transition from current stage to integration of the Continent (study scenario –accelerated convergence)**					
	Impact Budget (REC)	Impact on GDP (REC)	Cost of the reforms (REC)	Impact X (REC)	Impact M (REC)	impact on Employment (REC)
Algeria	< 2%	> 1%	< 1%	< 5%	< 10%	< = 2%
Angola	> = 2%	> 1%	< 1%	> = 5%	< 10%	> 2%
Benin	< 2%	> 1%	> = 1%	> = 5%	< 10%	> 2%
Botswana	< 2%	< = 1%	< 1%	> = 5%	> = 10%	< = 2%
Burkina Faso	< 2%	< = 1%	> = 1%	> = 5%	> = 10%	< = 2%
Burundi	> = 2%	< = 1%	> = 1%	> = 5%	> = 10%	> 2%
Cameroon	< 2%	< = 1%	< 1%	< 5%	< 10%	< = 2%
Cape Verde	< 2%	< = 1%	> = 1%	< 5%	< 10%	< = 2%
Central African Republic	< 2%	< = 1%	> = 1%	> = 5%	< 10%	< = 2%
Chad	< 2%	< = 1%	< 1%	< 5%	< 10%	< = 2%
Comoros	< 2%	> 1%	> = 1%	< 5%	< 10%	> 2%
Congo	< 2%	> 1%	> = 1%	< 5%	< 10%	> 2%
Côte d'Ivoire	> = 2%	> 1%	< 1%	> = 5%	< 10%	> 2%
D. Rep. of the Congo	> = 2%	> 1%	< 1%	> = 5%	> = 10%	> 2%
Djibouti	> = 2%	> 1%	> = 1%	< 5%	< 10%	> 2%
Egypt	< 2%	> 1%	< 1%	< 5%	< 10%	< = 2%
Equatorial Guinea	> = 2%	> 1%	> = 1%	> = 5%	> = 10%	> 2%
Eritrea	< 2%	> 1%	> = 1%	< 5%	< 10%	< = 2%
Ethiopia	< 2%	> 1%	< 1%	> = 5%	< 10%	> 2%
Gabon	< 2%	> 1%	< 1%	> = 5%	< 10%	> 2%
Gambia	> = 2%	> 1%	> = 1%	< 5%	> = 10%	> 2%

Critical level of the indicator. Regular monitoring is recommended.

Manageable level. Periodic surveillance is recommended.

Neutral level. The outcomes to be established by stage.

Encouraging level. Progression of reform to be monitored.

Table 5 : Summary of the impact of integration by stage (study scenario – accelerated convergence) 4/4

Results of the simulations by country and by integration stage (study scenario - accelerated convergence)	Total impact total of African integration: Transition from current stage of integration of the Continent (study scenario –accelerated convergence)					
	Impact Budget (REC)		Impact Budget (REC)		Impact Budget (REC)	
Ghana	< 2%	< = 1%	< 1%	> = 5%	> = 10%	> 2%
Guinea	< 2%	> 1%	> = 1%	< 5%	< 10%	> 2%
Guinea-Bissau	> = 2%	> 1%	> = 1%	< 5%	> = 10%	> 2%
Kenya	< 2%	< = 1%	< 1%	> = 5%	< 10%	> 2%
Lesotho	< 2%	< = 1%	> = 1%	< 5%	< 10%	< = 2%
Liberia	> = 2%	> 1%	> = 1%	> = 5%	< 10%	> 2%
Libyan A. Jam.	< 2%	> 1%	< 1%	< 5%	< 10%	< = 2%
Madagascar	< 2%	> 1%	> = 1%	< 5%	< 10%	> 2%
Malawi	> = 2%	< = 1%	> = 1%	> = 5%	> = 10%	> 2%
Mali	> = 2%	> 1%	> = 1%	> = 5%	> = 10%	> 2%
Mauritania	> = 2%	> 1%	> = 1%	> = 5%	< 10%	> 2%
Mauritius	< 2%	> 1%	> = 1%	< 5%	< 10%	< = 2%
Morocco	< 2%	< = 1%	< 1%	< 5%	< 10%	< = 2%
Mozambique	> = 2%	< = 1%	< 1%	> = 5%	> = 10%	> 2%
Namibia	> = 2%	> 1%	> = 1%	> = 5%	< 10%	> 2%
Niger	> = 2%	> 1%	> = 1%	> = 5%	> = 10%	> 2%
Nigeria	< 2%	> 1%	< 1%	> = 5%	< 10%	> 2%
Rwanda	< 2%	< = 1%	> = 1%	> = 5%	> = 10%	> 2%
S. T. and P.	> = 2%	> 1%	> = 1%	> = 5%	> = 10%	> 2%
Senegal	< 2%	< = 1%	< 1%	> = 5%	> = 10%	> 2%
Seychelles	> = 2%	> 1%	> = 1%	< 5%	< 10%	< = 2%
Sierra Leone	< 2%	< = 1%	> = 1%	< 5%	< 10%	> 2%
Somalia	> = 2%	> 1%	> = 1%	> = 5%	> = 10%	> 2%
South Africa	< 2%	< = 1%	< 1%	> = 5%	> = 10%	< = 2%
Sudan	< 2%	< = 1%	< 1%	< 5%	< 10%	< = 2%
Swaziland	> = 2%	> 1%	> = 1%	> = 5%	< 10%	> 2%
Togo	< 2%	< = 1%	> = 1%	> = 5%	> = 10%	> 2%
Tunisia	< 2%	< = 1%	< 1%	< 5%	< 10%	< = 2%
Uganda	< 2%	< = 1%	< 1%	> = 5%	> = 10%	> 2%
U. Rep. of Tanzania	< 2%	< = 1%	< 1%	> = 5%	< 10%	> 2%
Western Sahara	< 2%	> 1%	< 1%	< 5%	< 10%	< = 2%
Zambia	< 2%	< = 1%	< 1%	> = 5%	> = 10%	< = 2%
Zimbabwe	> = 2%	> 1%	> = 1%	> = 5%	> = 10%	> 2%

Critical level of the indicator. Regular monitoring is recommended.
Manageable level. Periodic surveillance is recommended.
Neutral level. The outcomes to be established by stage.
Encouraging level. Progression of reform to be monitored.

IMPLEMENTATION RECOMMENDATIONS

5. IMPLEMENTATION RECOMMENDATIONS

5.1. The Recommended Scenario

287. In light of the analysis of the scenarios feasibility and of quantification, a recommendation of the most interesting scenario will, without any iota of doubt, fall on the 'Accelerated Convergence' scenario. This choice is largely motivated by the results and also by various considerations in terms of feasibility and acceptability of the scenario by the States and the RECs. These considerations are summarized hereunder:

(i) The comparison of the results in terms of GDP gain and employment is in favour of the 'Convergence' scenario, without resulting in higher cost of implementation. Only the status quo scenario generates a higher cost owing to the retention of the current membership situations and, hence, of contributions to the budget of the RECs. However, in all the cases, this cost is relatively modest in relation to the gains procured by integration.

(ii) The 'Accelerated Convergence' Scenario, like the Abuja 2 or 'Anchorage Community' Scenario, has the great advantage of limiting the number of the adjustments required to achieve mono-membership of large regional RECs, whereas for implementation of the Abuja 1 Scenario, it is assumed that there would be some forty withdrawals.

(iii) Actualization of the two large integration regions paves the way for preparation of continental integration in terms of the number of participants, but at a more reduced level. Besides, it tallies with the natural direction already chosen by the communities of the East and of the South by way of the Tripartite, and as recommended by the RECs interviewed, notably CEN-SAD.

(iv) Additionally, the large regions proposed very well reflect the reality of the economic ties between countries, as demonstrated by trade flows, fostered by geographical proximity, among other things.

(v) The RECs and the African Union are currently 'at a cross roads' as far as integration is concerned: practically all of them are preparing to establish a customs union, the stage recognized as the most difficult in the integration process (tariff adjustment, revenue losses, etc). It is therefore desirable that they associate with one another in a way that pools their expertise and mechanisms, consult with and adjust to one another with a view to achieving continental integration. The choice of the two functional supra-community entities will help, through coordination/common programmes, to bring together the countries which currently maintain regular trade relations and thus have an interest in entering into agreements to strengthen these ties.

5.2. Implementation Recommendations

288. The data treatment and the various simulations carried out in this study highlight the following elements:

1) The gains in terms of growth are not only substantial; they are also more significant than has been observed in other experiences. This is presently as a result of the point of departure of African economies. There is great potential for improvement of the business climate which will be reflected in a fresh wave of economic growth. Integration of African economies will help boost this improved market quality which, in turn, will improve export to the rest of the world.

2) It will be needful to pay greater attention to economic integration if access to AEC is to succeed. This will involve a really harmonized minimum integration programme which has to be established in consultation with all the various partners.

289. In particular, actions would be needed in three complementary directions:

a) Enhancing the harmonization of the progression towards integration, especially with respect to customs union. It would be needful to avoid having to redo the work accomplished among the RECs after that same work has been done within the RECs;

b) Building institutional capacities at continental level for the conduct of trade integration programmes. This should involve both the Union at large and the regional level, on the scale of the RECs;

c) Conducting increasing number of studies on continental integration in addition to the work done with respect to the regions would be necessary. It would be useful in this regard to establish an integration observatory in the Commission, backed by regional outreach branches. The building of data bases could provide support for scientific research and develop reflection on this issue;

d) The new African economic institutions (African Central Bank, etc…) will thus have to play a vital role in support of the integration programmes.

5.2.1 Recommendations for enhanced harmonization of the progression to integration

290. Economic integration involves the implementation of a number of reforms by member countries of the economic community:

- Liberalizing goods and services trade,
- Unifying protection vis-à-vis the countries of the rest of the world,
- Liberalizing the movements of capital,
- Liberalizing the movement of persons,
- Harmonizing the tax system and competition conditions,…
- Coordinating economic policies,
- Progressively establishing a single currency.

291. Going by these significant landmarks achieved in regional economic integration, it could be observed that the RECs, for all sorts of reasons, are not at the same stage in terms of realization of the objectives of economic integration, even though their objectives are, by and large, identical (ZLE, CU, CM, EU).

292. The creation of two functional regional supra-communities comprising the existing RECs, like the Tripartite experience, does not constitute a change of policy in relation to the objectives of the RECs on the one hand, and the African Union and the Abuja Treaty philosophy on the other; rather, it is an innovative step that would pave the way to re-launch and speed up the integration process while carrying out concurrently the harmonization of policies and the progressive establishment of the 4 free movements (goods, services, persons and capital) not only at the level of each REC but also among the RECs, without disrupting the existing institutional edifice.

293. Apart from these aspects of policies harmonization and economic integration, access to a larger market and to a more extensive geographical area should foster the actualization of common sectoral projects and physical integration programmes (road and rail infrastructure, electricity integration, etc.).

294. Moreover, decisions in respect of economic integration in terms of goods trade development and mobility of persons and capital should necessarily be accompanied by establishment of initiatives, trade networks and indeed sectoral policies particularly in the spheres of education, culture, health and environment. These support measures will enhance the emergence of *de facto* solidarity among Africans and boost the feeling of African citizenship.

295. As a matter of fact, among all the economic integration experiences across the world, that of the European Union is apparently the most successful both quantitatively and qualitatively. However, whereas the consolidation of European institutions and the widening of economic integration measures played a critical role in the development of this process, the progressive affirmation of the feeling of European citizenship which supplements national citizenship without replacing it, is expected to be a key factor of cohesion and mobilization around the objectives of integration. Nonetheless, such sense of belonging can be explained by several points and the common interest which unite Europeans (language, culture, religious denomination, etc.) and also by the perceived economic and social well-being.

296. In the case of Africa, several unifying areas which intimately affect Africa's population could be the subject of the support measures. These include *inter alia:*

1) Health, especially the control of STDs and endemic diseases such as malaria;

2) Poverty reduction and improvement of food security;

3) Sustainable development and preservation of the environment;

4) Rural development as well as agricultural and agronomic research;

5) Information technologies development (ICT);

6) Sports and culture;

7) Education;

8) Security.

297. Most of the themes listed above are inter-related and cannot be addressed separately. Taking for example, agronomic research, the first objective would be to contribute to improving food security and reduce poverty, or indeed, to find solutions to the conflict between livestock producers and farmers which poses a threat to security of persons and property in certain areas.

298. Moreover, preliminary work could be undertaken as follows:

- An inventory of all Africa-wide institutions in each REC and each Member State according to area of activity;

- Appraisal of each institution;

- Identification of specialties according to the priorities of each region and the opportunities offered.

299. The objective of this exercise would be, in the first instance, to encourage collaboration and inter-institutional exchanges with a view to ensuring, in the second instance, the emergence of networks of multi-disciplinary regional centres of excellence.

300. The aim of such networks of centres of excellence would be to foster multi-disciplinary and multi-sectoral partnerships between the academia and research institutions, industry, the private sector in general, government and non-profit organizations. The partnerships nurtured by this initiative will produce ideas which will be transformed into economic and social advantages for the benefit of all African citizens.

301. The networks of centres of excellence will be developed on the basis of the following 5-pillars:

- Mobilization of research excellence;
- Training of qualified staff;
- Establishment of networks and partnerships with industry and other relevant partners;
- Transfer of new knowledge to users; and
- Promotion of a structure for effective management of the networks.

302. These networks will make it possible eliminate the obstacles between the disciplines, institutions and sectors, as well as among researchers and their partners, and put in place a collaborative and multi-disciplinary approach to develop skills in research areas of strategic importance.

303. The creation of such networks which could be lodged in existing structures, at the level of the African continent and under the initiative of the African Union and the RECs would make it possible ‘to create bridges’ between the existing institutions, present common and unifying projects to potential donors, involve the private sector which could benefit from knowledge and skills feedback in terms of R & D and, lastly, provide concrete response as well as apply innovative ideas to improve the economic and social well-being of the African citizen.

304. Eight areas of interest have been defined above to enable each REC to establish a network of centres of excellence in accordance with the knowledge and experience acquired, advantages for the subject, the availability of qualified human resources and of the concerned enterprises.

305. The cost of one network of centres of excellence is estimated at US$80m, representing a global budget estimated at US$800m to be included in the cost of rationalization and integration.

306. Lastly, the sequence of the economic integration process leading to continental integration, comprises the following six broad stages:

- **Stage I:** Through detailed studies and communication plan, consolidate the accession of the concerned players in furtherance of the strategy for fast-tracking African economic integration which respects the Anchorage Communities; raise funds for implementation and identify the financing (3 years);

- **Stage II:** Put in place the institutional mechanism for implementation of African economic integration especially through capacity building (3 years with overlapping of 2 years);

- **Stage III:** Speed up the four-stage 'FTA-CU-CM-EU' processes for harmonization and convergence of the various RECs (6 years with full overlapping);

- **Stage IV:** Support the four-stage 'FTA-CU-CM-EU' processes of the East-South Tripartite (EST) (6 years with full overlapping);

- **Stage V:** Establish the West-North Tripartite and implement its four-stage integration process (6 years, thanks to the effect of EST experience, with overlapping;

- **Stage VI:** Launch the East-South Tripartite/West-North Tripartite process and put in place the African Economic Union (AEU) effective from 2016 (5 years)

5.2.2 Recommendation regarding detailed study, communication plan and elaboration of texts for adoption of Acceleration Strategy

307. The studies advocated are essentially institutional, organizational, legal and financial; and the objective is to prepare all the mechanisms and elaborate all the procedures that enable the African Union to assume the piloting of economic integration. This action embraces the following:

- Conception of the institutional and organizational articulation of coordination and harmonization of the 4 levels of integration: ‘Country’ – ‘REC’ – ‘supra-REC’ – ‘AU’, and estimates for capacity building;

- Evaluation of the financial impacts of integration and the compensation mechanisms for the 4 levels (transitional) of integration;

- Identification of harmonization standards;

- Elaboration of the legal frameworks for liberalization of services and free movement of capital;

- Analysis of the implications of international agreements on African integration processes;

- Elaboration of communication plan.

308. The communication plan could be incorporated in a unifying message: ‘**2011-2020: Decade of the Africa’s Economic Emergence**’ *(DAEOE-2020).* The target would be:

Ø The populations and the civil society, including the private sector;

Ø Governments, policy bodies within the RECs and the Tripartites;

Ø Development partners.

309. One the obstacles to the progress of integration which could be at the root of the observed slow pace of the process resides in the approaches which have difficulty arbitrating between ‘sovereignty’ and ‘harmonization’. To attenuate this difficulty, the approach proposed would be to elaborate **Integration Acceleration Agreements** which would also incorporate investment and development partnership policies. The incorporation of partnership and investment policies, or inversely, the resumption of the integration processes under new conditions based on global development strategies, could become a decisive factor in improving the rationalization of these processes, while effectively underscoring the benefits of a more coherent strategy that would reconcile physical integration projects and economic integration processes.

5.2.3 Recommendation regarding the establishment of institutional and capacity building mechanism

310. One key observation to be made in respect of rationalization of the RECs is the deficit of coordination at the level of the Continent and in the African Union in particular. For various reasons such as lack of human, technical and material resources, etc, the African Union is not yet endowed with an effective mechanism for operational coordination with the RECs. A body of rules and instruments indeed exist, but these have remained ineffective and are hardly applied by the RECs. One of the crucial conclusions that this study has come up with is the deficit of sustained relation between the AU Commission and the various RECs.

311. The first crucial recommendation is therefore the need to improve relations and communication between the RECs and AU Commission. Establishing or strengthening an organ or unit at continental level for coordination among the RECs is essential. Such an organ, in addition to serving as catalyser or initiator in programmes preparation and oversight, will have the task of harmonizing policies and assigning responsibilities. The said organ has to operate in permanent consultation with the RECs which indeed constitute the building blocks of economic integration. It has to be endowed with substantial human and material resources in various areas of integration to enable it to offer effective assistance to the RECs as far as harmonization is concerned.

312. In the same vein, the presence of any form of permanent mission of the RECs in the African Union will certainly be vital to consolidating relations and improving communication between the RECs and the AU. Such a mission should cover all sectors and areas of integration.

313. Moreover, a department responsible for integration should be created in the AU. Such a structure will play the important role of overseeing the priority areas of integration.

314. This coordination can succeed only if the organ in question is vested with real powers - accepted as such by the RECs - in the area of management of existing or future agreements in accordance with the objectives and timeframes that must be respected by the States and the RECs.

315. The creation of the 'Tripartite' is a very positive initiative as far as rationalization is concerned. This initiative is, at the moment, undertaken outside the African Union. It is important to position such initiatives in a flexible, concerted and coordinated framework negotiated with the AU and the Tripartites created or to be created. This framework could in the long run culminate in the creation of a Permanent Unit for coordination between the Tripartites and AU.

316. The Accelerated Convergence Scenario does not therefore require extensive institutional and legal adjustments or significant transfer of the competencies of States and of the existing RECs. It is on couched on the idea that rationalization should be conducted on the basis of improved existing mechanisms and, in particular, the conclusion of inter-RECs harmonization arrangements or RECs-AU coordination that does not necessitate the creation of additional integration levels or organs. Thus, rationalization will be carried out somehow from 'the bottom' on the basis of *ad hoc* agreements and arrangement negotiated and accepted by all the concerned parties (States, RECs, hubs of functional RECs, African Union). With respect to international partnership, this scenario is likely to win the support of the international community and development partners. It will help to infuse a new impetus into continental economic integration because it will no longer permit of the emergence of dispersed RECs with overlapping programmes but will instead put in place broad integration hubs which would work in concert and under the supervision of one continental organization, namely, the African Union.

317. For successful implementation of this scenario, improvements seem necessary within the RECs or some of the RECs presented hereunder:

§ The <u>periodicity of the meetings of the political organs</u> (Assembly of Heads of State and Government and Council of Ministers) should be enhanced in line with best international practices (EU for example).

§ <u>The composition of RECs Councils of Ministers should be as homogeneous as possible</u>. This will facilitate the harmonization and effective follow-up of decisions.

318. The legislative assemblies of the RECs are not elected by direct universal suffrage. They represent national parliaments and do not have specific powers to enact laws that are directly applicable in member countries. Their role is either purely consultative or they are functionally dependent on the Assembly of Heads of State. These structures can duplicate the Pan-African Parliament which has exclusively consultative functions as provided for under the Protocol to the Abuja Treaty. The recommendation here is to develop this consultative function by strengthening, for example, regular consultation between the legislative assemblies of the RECs and national parliaments, and achieve *'de facto'* harmonization of Member States legislation without having to confer on RECs assemblies any *'de jure'* legislative role which should, in any case, remain a strategic objective to be attained, in accordance with international best practices like those of the European Union. This pragmatic approach is, besides, in conformity with the practice of some of the States in certain RECs and with African traditions in general[60].

319. The establishment of a ‘community law’ and a ‘legal framework’ required for the integration and rationalization calls for the long-term widening of the competences of organs such as the Courts of Justice and the Economic and Social Councils to allow for participation of the private sector and the world of business in the integration/rationalization endeavour.

320. Lastly, delegation of power should as far as possible be widened in the RECs. The ‘inter-governmental’ nature of some of the RECs should be able to be toned down.

321. The modes of decision-taking should give special weight to the rule of qualified majority, at least for technical and non-political matters; an action likely to improve the decision-making mechanism and allow for the emergence of a relatively autonomous will of the regional entity as against the will of its members.

322. Finally, the typology of the acts enacted by the organs of the RECs and the hierarchy of standards of the various RECs and of the AU should be harmonized. A harmonization mechanism within the AU in consultation with the RECs seems necessary.

323. Thus, the community law standards enacted in the RECs can be defined in the following manner, as in fact is the case in certain RECs and in good international practices (European Union in particular). These standards should be distinguished thus:

- **Primary law**: this comprises the constitutive treaties of the RECs and of the AU, and similar acts (protocols, conventions annexed to treaties). These acts top the hierarchy of community standards. This means that all the acts adopted by the RECs are necessarily primary law pursuant to the constitutive treaties and should be in conformity with these treaties: they are “derived acts of law”. The same is the case for external agreements between the RECs or AU and third countries or the agreements between RECs member States and those concluded by any of them with third countries.

[60] For example, within COMESA, the non-participation of certain States in the FTA did not prevent some of these States from voluntarily according substantial reduction: Eritrea and Uganda, for instance, accord 80% reduction on the general tarriff rates for goods originating from COMESA. Similarly, Democratic Republic of Congo concedes 70% tarriff reduction; Swaziland and Ethiopia conduct all trade transactions with other members on the basis of reciprocity.

- **Derived law**: comprising acts enacted by African institutions (RECs, AU) in the exercise of their functions as set forth by the treaties. Such acts may be distinguished in accordance with their binding or non-binding nature:

1) Binding acts

324. These are acts which create legal obligation for all those for which they are meant:

- Examples are **"Decisions"** taken by the Assembly of Heads of State or by the Council of Ministers which are "obligatory" for all Member States, without an act to transpose such decisions to the national level.

- This is also the case with **"Directives"** issued by the Assembly of Heads of State or the Council of Ministers, which are binding only on those for which they are meant (a Member State, several Member States or a group of Member States). A "Directive" produces an effect internally only where national legislators adopt an act transposing it into domestic law and align the national legislation with the objectives defined in the Directive and with the national specificities of each State. Directive is used to harmonize national legislations, especially for the realization of FTA, customs union or single market.

- **Decision** is an act which allows for the regulation of special situations. It is binding only on those it expressly addresses: Member State(s), enterprise(s) or individual(s). Like Directives, Decision requires an act transposing it into domestic law.

2) Non-binding acts

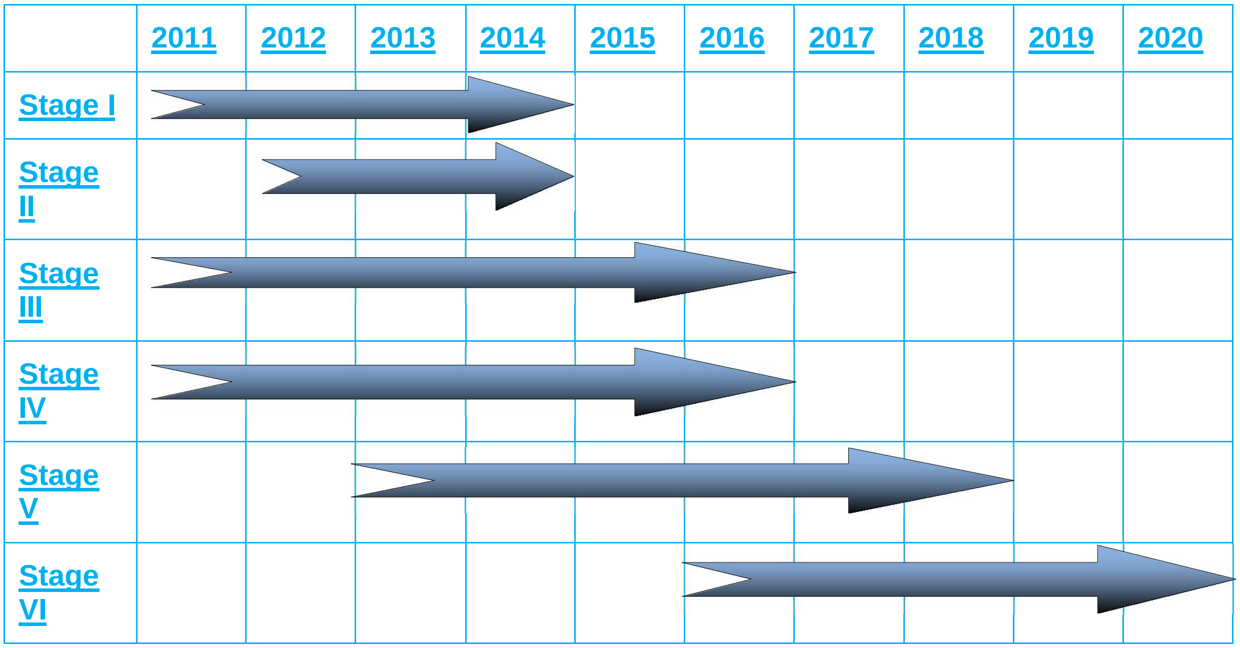
325. Non-binding acts do not create legal obligation: their appellation is varied: recommendations, resolutions, declarations, agreements, deliberations, common actions or positions, etc. Their value is essentially moral or political, and they express the position of institutions, RECs or the AU on a given problem or may clarify the scope of a binding community act. They may also precede a decision process.

3) Jurisprudence

326. The jurisprudence of the judicial bodies of the RECs and AU comprises all the decisions and advisory opinions rendered. It helps to clarify African law and monitor respect thereof. It constitutes a source of law essential for the functioning and development of the institutions of integration.

5.2.4. Implementation Timeframes

327. As has been indicted above, it is proposed to have a more rapid integration process, a multi-speed process demanded by African States in accordance with the following timelines:



328. This macro-planning has the advantage of meeting the objectives of shortening the overall process of continental economic integration; and this, thanks in particular to the following overlappings:

- The two processes of adoption of the Acceleration Strategic Plan and of Capacity Building are spread over acceptable durations (3 years + 3 years, with 2 years overlapping);
- Acceleration of the actualization of RECs integration process is regarded as a "shot fired", relatively independent of the Integration Acceleration Strategy;
- Establishment of East-South Tripartite is a process parallel to that of the RECs concerned;
- Establishment of the West-North Tripartite takes off only in 2013, and will take just 6 years to be established thanks to the experience gained from the East-South Tripartite;
- Establishment of the AEU takes off in 2016 when the RECs integration and the East-South processes are almost completed and with the conclusion of Capacity Building;
- Thanks to the overlappings, the AEU process per se takes 5 years, but ends

just 2 years after the conclusion of the establishment of the West-North Tripartite.

329. Details of the stages are illustrated in the timelines given hereunder:

- **Stage 1: 2011-2014**

  Through detailed studies and communication plan, consolidate the accession of the concerned players to the strategic acceleration of African economic integration which respects the Anchorage Communities; raise funds for implementation and identify the financing (3 to 5 years);

	2011	**2012**	**2013**	**2014**
Detailed study				
Communication				
Integration Acceleration Agreements				
Financing Plan				

- **2012-2014**:

  Put in place the institutional mechanism for implementation of African economic integration especially through capacity building of the institutions (3 years with 2 years overlapping);

	2012	**2013**	**2014**
Establishment of effective member countries/RECs/AU coordination mechanism			
Harmonization of member countries/RECs/AU (legal, etc) frameworks and terminology			
Improvement of decision-making process			

- **<u>2011-2016:</u>**

Speed up the four-stage 'FTA-CU-CM-EU' processes for harmonization and convergence of the various RECs (6 years with full overlapping);

	2011	**2012**	**2013**	**2014**	**2015**	**2016**
FTA of the RECs						
CU of the RECs						
CM of the RECs						
Economic Union of the RECs						

- **<u>2011-2016</u>**:

Support the four-stage 'FTA-CU-CM-EU' processes of the East-South Tripartite (EST) (6 years with full overlapping);

	2011	**2012**	**2013**	**2014**	**2015**	**2016**
FTA of the EST						
CU of the EST						
CM of the EST						
EU of the EST						

- **2013-2018**:

Establish the West-North Tripartite and implement its four-stage integration process (6 years, thanks to the effect of EST experience, with overlapping;

	2013	**2014**	**2015**	**2016**	**2017**	**2018**
ZLE de la T. O-N						
UD de la T. O-N						
MC de la T. O-N						
UE de la T. O-N						

- **2016-2020**:

Launch the East-South Tripartite/West-North Tripartite process and put in place the African Economic Union (AEU) effective from 2016 (5 years)

	2016	**2017**	**2018**	**2019**	**2020**
FTA AEU					
CU AEU					
CM AEU					
EU AEU					

ANNEXES

Annex 1: RECs Memberships

Country and REC	Membership (1)	Membership (2)	Membership (3)	Membership (4)	No. of Membership	
Cape Verde	ECOWAS				1	
Cameroon	ECCAS				1	
Congo	ECCAS				1	
Gabon	ECCAS				1	
Equatorial Guinea	ECCAS				1	
South Africa	SADC				1	
Botswana	SADC				1	
Lesotho	SADC				1	
Mozambique	SADC				1	
Namibia	SADC				1	
Algeria	AMU				1	11
Guinea	ECOWAS	CEN-SAD			2	
Mauritania	AMU	CEN-SAD			2	
Benin	ECOWAS	CEN-SAD			2	
Burkina Faso	ECOWAS	CEN-SAD			2	
Côte d'Ivoire	ECOWAS	CEN-SAD			2	
Gambia	ECOWAS	CEN-SAD			2	
Ghana	ECOWAS	CEN-SAD			2	
Guinea Bissau	ECOWAS	CEN-SAD			2	
Liberia	ECOWAS	CEN-SAD			2	
Mali	ECOWAS	CEN-SAD			2	
Niger	ECOWAS	CEN-SAD			2	
Nigeria	ECOWAS	CEN-SAD			2	
Senegal	ECOWAS	CEN-SAD			2	
Sierra Leone	ECOWAS	CEN-SAD			2	
Togo	ECOWAS	CEN-SAD			2	
Central African Rep.	ECCAS	CEN-SAD			2	
Chad	ECCAS	CEN-SAD			2	
São Tomé & Principe	ECCAS	CEN-SAD			2	
Angola	ECCAS	SADC			2	
Comoros	COMESA	CEN-SAD			2	
Egypt	COMESA	CEN-SAD			2	
Rwanda	COMESA	EAC			2	
Ethiopia	COMESA	IGAD			2	
Somalia	IGAD	CEN-SAD			2	
Madagascar	SADC	COMESA			2	
Malawi	SADC	COMESA			2	
Maurice	SADC	COMESA			2	
Seychelles	SADC	COMESA			2	
Swaziland	SADC	COMESA			2	

Country and REC	Membership (1)	Membership (2)	Membership (3)	Membership (4)	No. of Membership	
Zambia	SADC	COMESA			2	
Zimbabwe	SADC	COMESA			2	
Tanzania	SADC	EAC			2	
Morocco	AMU	CEN-SAD			2	
Tunisia	AMU	CEN-SAD			2	34
Burundi	ECCAS	COMESA	EAC		3	
Congo DR	ECCAS	SADC	COMESA		3	
Djibouti	COMESA	CEN-SAD	IGAD		3	
Eritrea	COMESA	CEN-SAD	IGAD		3	
Sudan	COMESA	CEN-SAD	IGAD		3	
Uganda	COMESA	EAC	IGAD		3	
Libya	AMU	COMESA	CEN-SAD		3	7
Kenya	COMESA	EAC	IGAD	CEN-SAD	4	

Annex 2: Statutory Objectives of the RECs

RECs	General Objectives	Integration Objectives	Implementation
EAC	Develop policies and programmes aimed at widening and deepening cooperation among Member States in the political, economic, social, cultural, research, technological, defence, security, legal and judicial affairs, peace and security fields	- Customs union; - Common market; - Later, monetary union followed by political federation	- Protocol on establishment of an East African Customs Union - 2004; - Protocol for creation of a common market; - Ongoing study for monetary union; - Ongoing study for EAC, SADC and COMESA merger
ECOWAS	Economic, social and cultural cooperation	Economic union in stages:- Harmonization; - Creation of joint enterprises; - Creation of a common market through: free trade area, common external tariff and common trade policy; - Establishment of a monetary union, free movement; - Regional agreement on cross border investments; - Regional investment code; - Community population policy	- Convention on Cross-Border Cooperation in ECOWAS; - ECOWAS Agricultural Policy
COMESA	- Sustainable growth and development of Member States; - Joint adoption of macro-economic policies and programmes; - Creation of climate propitious for foreign, cross-border and local investment; - Promotion of peace, security and stability among Member States with a view to upscaling	Contribution to the establishment, advancement and achievement of the objectives of the African Economic Community in the areas of: - Trade liberalization and customs cooperation: establish a customs union;	Customs union: ongoing study for EAC, SADC and COMESA merger

RECs	General Objectives	Integration Objectives	Implementation
	economic development in the region	- Transport and communication; - Industry and energy; - Monetary and financial matters; - Agriculture; - Economic and social development	
SADC	Sustainable and equitable economic growth and socio-economic development; Combating poverty; Development/cooperation promotion; Democracy, peace, security and stability	Harmonize socio-economic and political policies; Gradual elimination of the obstacles to free movement	14 protocols; Ongoing study for EAC, SADC and COMESA merger
ECCAS	Cooperation and development in the areas listed	Elimination of customs duties and non-tariff barriers; Establishment of a common external tariff; Establishment of a common trade policy; Free movement; Harmonization of national policies	Implementation in 12 years sub-divided into three stages of 4 years each: 1. Fiscal and customs regime stability; timetable for elimination of tariff and non-tariff barriers and harmonization of customs tariff towards common external tariff; 2. Creation of a free trade area; 3. Establishment of a customs union. 18 Protocols have been adopted
CEN-SAD	Promotion of external trade; Peace and security.	Creation of a global economic union; Freedom of movement and of establishment; Improving means of	Peace and security charter

RECs	General Objectives	Integration Objectives	Implementation
		transport and communication; Coordination of educational and pedagogic systems	
IGAD	- Promotion of joint development strategies; - Creation of a climate conducive to external trade; - Achievement of regional food security; - Common struggle against drought; - Environmental protection; - Promotion of peace and stability in the sub-region and creation of mechanism in the sub-region for inter and intra State conflict prevention, management and resolution through dialogue	- Harmonization of policies; - Promotion and attainment of the objectives of COMESA and those of the African Economic Community	
AMU	Multi-dimensional objectives especially in regard to defence: safeguarding the independence of each Member State	Work gradually towards free movement of persons, services, goods and capital; Pursue common policies in various areas; Establish common projects and elaborate global and sectoral programmes	

Annex 3: Institutional Mechanisms of the RECs

Organs	ECOWAS	COMESA	SADC	IGAD	EAC	ECCAS	AMU	CEN-SAD
Policy Organs	Authority of Heads of State and Government	Conference of Heads of State and Government	Summit of Heads of State and Government, Troïka comprising the outgoing, incoming and future President	Assembly of Heads of State and Government	Summit of Heads of State and Government	Assembly of Heads of State and Government	Presidential Council	Council of Heads of State
Executive Organ	Council of Ministers	Council of Ministers	Council of Ministers	Council of Ministers	Council of Ministers of Cooperation	Council of Ministers	Council of Ministers of Foreign Affairs	Executive Council
Legislative Organ	Parliament				Legislative Assembly		Advisory Council	
Judicial Organ	Court of Justice (members appointed by Arbitration Tribunal)	Court of Justice	Tribunal		Court of Justice	Court of Justice	Judicial Authority	
Economic and Social Organ	Economic and Social Council	Advisory Committee of Business Persons and Other Interest Groups				Consultative Committee		Economic, Social and Cultural Council
Technical Committees	Technical Committees	Technical Committees			Sector Committees	Specialized Technical Committees	Specialized Ministerial Committees	
Other Organs	Cooperation, Compensation and Development Fund; Committee of Central Banks; Committee on capital	Committee of Central Bank Governors; Inter-governmental Committee; Secretariat	Defence , Security and Cooperation Policy Organ; Integrated Committee of Ministers; Permanent Staff	Committee of Ambassadors; Secretariat	Coordination Committee; Secretariat;	General Secretariat	Follow-up Committee; General Secretariat	General Secretariat

Organs	ECOWAS	COMESA	SADC	IGAD	EAC	ECCAS	AMU	CEN-SAD
	related issues		Members Committee; Secretariat; National SADC Committees;					
Autonomous Institutions of the REC	Investment and Development Bank; West African Health Organization			Development Bank; Lake Victoria Fishing Organization; Inter-University Council; Civil Aviation Academy;				Development Bank

Annex 4: Abuja Treaty Approach Scenario: Option 1

Country & REC	**Status Quo**		**Abuja Scenario Option 1**								
	Current Memberships	**No. of Existing RECS**	**EAC**	**AMU**	**IGAD**	**ECCAS (CEEAC**	**SADC**	**ECOWAS (CEDEAO**	**COMESA**	**CEN-SAD**	**No. RECs.**
Benin	ECOWAS, CEN-SAD	2						x			1
Burkina Faso	ECOWAS, CEN-SAD	2						x			1
Côte d'Ivoire	ECOWAS, CEN-SAD	2						x			1
Gambia	ECOWAS, CEN-SAD	2						x			1
Ghana	ECOWAS, CEN-SAD	2						x			1
Guinea Bissau	ECOWAS, CEN-SAD	2						x			1
Liberia	ECOWAS, CEN-SAD	2						x			1
Mali	ECOWAS, CEN-SAD	2						x			1
Niger	ECOWAS, CEN-SAD	2						x			1
Nigeria	ECOWAS, CEN-SAD	2						x			1
Senegal	ECOWAS, CEN-SAD	2						x			1
Sierra Leone	ECOWAS, CEN-SAD	2						x			1
Togo	ECOWAS, CEN-SAD	2						x			1
Cape Verde	ECOWAS	1						x			1
Guinea	ECOWAS, CEN-SAD	2						x			1
Central African Rep.	ECCAS, CEN-SAD	2				x					1
Chad	ECCAS, CEN-SAD	2				x					1
Burundi	ECCAS, COMESA,EAC	3	x						x		**Tripartite**
Angola	ECCAS, SADC	2				x					**1**
DRC	ECCAS, SADC,COMESA	3				x					**1**
Cameroon	**ECCAS**	**1**				**x**					**1**
Congo	ECCAS	1				x					**1**
Gabon	ECCAS	1				x					**1**
Equatorial	ECCAS	1				x					**1**

Country & REC	Status Quo		Abuja Scenario Option 1								
	Current Memberships	**No. of Existing RECS**	**EAC**	**AMU**	**IGAD**	**ECCAS (CEEAC**	**SADC**	**ECOWAS (CEDEAO**	**COMESA**	**CEN-SAD**	**No. RECs.**
Guinea											
São Tomé and Principe	ECCAS, CEN-SAD	2				x					**1**
Djibouti	COMESA, CEN-SAD, IGAD	3			x						**1**
Eritrea	COMESA, CEN-SAD, IGAD	3			x						**1**
Sudan	COMESA, CEN-SAD, IGAD	3			x						**1**
Comoros	COMESA, CEN-SAD	2							x		**1**
Egypt	COMESA, CEN-SAD	2							x		**1**
Kenya	COMESA,EAC,IGAD, CEN-SAD	4	x						x		**Tripartite**
Uganda	COMESA,EAC,IGAD	3	x						x		**Tripartite**
Rwanda	COMESA, EAC	2	X						x		**Tripartite**
Ethiopia	COMESA, IGAD	2			x						**1**
Somalia	IGAD, CEN-SAD	2			x						**1**
Madagascar	SADC,COMESA	2					x		x		**Tripartite**
Malawi	SADC, COMESA	2					x		x		**Tripartite**
Mauritius	SADC, COMESA	2					x		x		**Tripartite**
Seychelles	SADC, COMESA	2					x		x		**Tripartite**
Swaziland	SADC, COMESA	2					x		x		**Tripartite**
Zambia	SADC, COMESA	2					x		x		**Tripartite**
Zimbabwe	SADC, COMESA	2					x		x		**Tripartite**
Tanzania	SADC,EAC	2	x				x				**Tripartite**
South Africa	SADC	1					X				**1**
Botswana	SADC	1					X				**1**
Lesotho	SADC	1					X				**1**
Mozambique	SADC	1					X				**1**

Country & REC	Status Quo		Abuja Scenario Option 1								
	Current Memberships	**No. of Existing RECS**	**EAC**	**AMU**	**IGAD**	**ECCAS (CEEAC**	**SADC**	**ECOWAS (CEDEAO**	**COMESA**	**CEN-SAD**	**No. RECs.**
Namibia	SADC	1					X				**1**
Morocco	AMU, CEN-SAD	2		x							**1**
Tunisia	AMU, CEN-SAD	2		x							**1**
Libya	AMU, COMESA,CEN-SAD	3		x							**1**
Algeria	AMU	1		X							**1**
Mauritania	AMU, CEN-SAD	2		x							**1**
New Number of RECs Member Countries		**104**	**5**	**5**	**5**	**9**	**13**	**15**	**13**	**0**	**65**
Current Number of RECs Member Countries			5	5	7	10	15	15	19	28	**104**

Annex 5: Abuja Treaty Approach Scenario: Option 2 or Anchorage Communities

Country & REC	**Status Quo**		**Abuja Scenario Option 2**								
	Current Memberships	**No. of Existing RECS**	**EAC**	**AMU**	**IGAD with transformed mandate**	**ECCAS CEEAC**	**SADC**	**ECOWAS CEDEAO**	**COMESA**	**CEN-SAD with transformed mandate**	**No. of integrated RECs**
Benin	ECOWAS, CEN-SAD	2						x		x	1
Burkina Faso	ECOWAS, CEN-SAD	2						x		x	1
Côte d'Ivoire	ECOWAS, CEN-SAD	2						x		x	1
Gambia	ECOWAS, CEN-SAD	2						x		x	1
Ghana	ECOWAS, CEN-SAD	2						x		x	1
Guinea Bissau	ECOWAS, CEN-SAD	2						x		x	1
Liberia	ECOWAS, CEN-SAD	2						x		x	1
Mali	ECOWAS, CEN-SAD	2						x		x	1
Niger	ECOWAS, CEN-SAD	2						x		x	1
Nigeria	ECOWAS, CEN-SAD	2						x		x	1
Senegal	ECOWAS, CEN-SAD	2						x		x	1
Sierra Leone	ECOWAS, CEN-SAD	2						x		x	1
Togo	ECOWAS, CEN-SAD	2						x		x	1
Cape Verde	ECOWAS	1						x		x	1
Guinea	ECOWAS, CEN-SAD	2						x		x	1
Central African Rep.	ECCAS, CEN-SAD	2				x				x	1
Chad	ECCAS, CEN-SAD	2				x				x	1
Burundi	ECCAS, COMESA,EAC	3	x						x		**Tripartite**
Angola	ECCAS, SADC	2				x					**1**
DRC	ECCAS, SADC,COMESA	3				x					**1**
Cameroon	**ECCAS**	**1**				**x**					**1**
Congo	ECCAS	1				x					**1**
Gabon	ECCAS	1				x					**1**

Country & REC	Status Quo		Abuja Scenario Option 2								
	Current Memberships	**No. of Existing RECS**	**EAC**	**AMU**	**IGAD with transformed mandate**	**ECCAS CEEAC**	**SADC**	**ECOWAS CEDEAO**	**COMESA**	**CEN-SAD with transformed mandate**	**No. of integrated RECs**
Equatorial Guinea	ECCAS	1				x					**1**
São Tomé and Principe	ECCAS, CEN-SAD	2				x			x		**1**
Djibouti	COMESA, CEN-SAD, IGAD	3			x				x		**1**
Eritrea	COMESA, CEN-SAD, IGAD	3			x				x		**1**
Sudan	COMESA, CEN-SAD, IGAD	3			x				x		**1**
Comoros	COMESA, CEN-SAD	2							x	x	**1**
Egypt	COMESA, CEN-SAD	2							x	x	**1**
Kenya	COMESA,EAC,IGAD, CEN-SAD	4	x		x				x		**Tripartite**
Uganda	COMESA,EAC,IGAD	3	x		x				x		**Tripartite**
Rwanda	COMESA, EAC	2	x						x		**Tripartite**
Ethiopia	COMESA,IGAD	2			x				x		**1**
Somalia	IGAD, CEN-SAD	2			x						**1**
Madagascar	SADC,COMESA	2					x		x		**Tripartite**
Malawi	SADC, COMESA	2					x		x		**Tripartite**
Mauritius	SADC, COMESA	2					x		x		**Tripartite**
Seychelles	SADC, COMESA	2					x		x		**Tripartite**
Swaziland	SADC, COMESA	2					x		x		**Tripartite**
Zambia	SADC, COMESA	2					x		x		**Tripartite**
Zimbabwe	SADC, COMESA	2					x		x		**Tripartit**

Country & REC	Status Quo		Abuja Scenario Option 2								
	Current Memberships	**No. of Existing RECS**	**EAC**	**AMU**	**IGAD with transformed mandate**	**ECCAS CEEAC**	**SADC**	**ECOWAS CEDEAO**	**COMESA**	**CEN-SAD with transformed mandate**	**No. of integrated RECs**
											e
Tanzania	SADC,EAC	2	x				x				**Tripartite**
South Africa	SADC	1					x				**1**
Botswana	SADC	1					x				**1**
Lesotho	SADC	1					x				**1**
Mozambique	SADC	1					x				**1**
Namibia	SADC	1					x				**1**
Morocco	AMU, CEN-SAD	2		x						x	**1**
Tunisia	AMU, CEN-SAD	2		x						x	**1**
Libya	AMU, COMESA,CEN-SAD	3		x						x	**1**
Algeria	AMU	1		x							**1**
Mauritania	AMU, CEN-SAD	2		x						x	**1**
New Number of RECs Member Countries		**104**	**5**	**5**	**7**	**9**	**13**	**15**	**17**	**23**	**94**
Current Number of RECs Member Countries			5	5	7	10	15	15	19	28	**104**

Annex 6: Accelerated Convergence Scenario

Country & REC	Status Quo		*Accelerated Convergence* Scenario								
	Current Memberships	**No. of RECS**	**EAC**	**AMU**	**IGAD**	**ECCAS CEEAC**	**SADC**	**ECOWAS CEDEAO**	**COMESA**	**CEN-SAD**	**Supra-Regional REC**
Benin	ECOWAS, CEN-SAD	2						x		x	N-W Community
Burkina Faso	ECOWAS, CEN-SAD	2						x		x	N-W Community
Côte d'Ivoire	ECOWAS, CEN-SAD	2						x		x	N-W Community
Gambia	ECOWAS, CEN-SAD	2						x		x	N-W Community
Ghana	ECOWAS, CEN-SAD	2						x		x	N-W Community
Guinea Bissau	ECOWAS, CEN-SAD	2						x		x	N-W Community
Liberia	ECOWAS, CEN-SAD	2						x		x	N-W Community
Mali	ECOWAS, CEN-SAD	2						x		x	N-W Community
Niger	ECOWAS, CEN-SAD	2						x		x	N-W Community
Nigeria	ECOWAS, CEN-SAD	2						x		x	N-W Community
Senegal	ECOWAS, CEN-SAD	2						x		x	N-W Community
Sierra Leone	ECOWAS, CEN-SAD	2						x		x	N-W Community
Togo	ECOWAS, CEN-SAD	2						x		x	N-W Community
Cape Verde	ECOWAS	1						x			N-W Community
Guinea	ECOWAS, CEN-SAD	2						x		x	N-W Community
Central African Rep.	ECCAS, CEN-SAD	2				x				x	N-W Community
Chad	ECCAS, CEN-SAD	2				x				x	N-W Community

Country & REC	Status Quo		*Accelerated Convergence* Scenario								
	Current Memberships	**No. of RECS**	**EAC**	**AMU**	**IGAD**	**ECCAS CEEAC**	**SADC**	**ECOWAS CEDEAO**	**COMESA**	**CEN-SAD**	**Supra-Regional REC**
Burundi	ECCAS, COMESA,EAC	3	x						x		S-E Community
Angola	ECCAS, SADC	2				x					N-W Community
DRC	ECCAS, SADC,COMESA	3				x					N-W Community
Cameroon	ECCAS	1				x					N-W Community
Congo	ECCAS	1				x					N-W Community
Gabon	ECCAS	1				x					N-W Community
Equatorial Guinea	ECCAS	1				x					N-W Community
São Tomé and Principe	ECCAS, CEN-SAD	2				x				x	N-W Community
Djibouti	COMESA, CEN-SAD, IGAD	3			x				x		S-E Community
Eritrea	COMESA, CEN-SAD, IGAD	3			x				x		S-E Community
Sudan	COMESA, CEN-SAD, IGAD	3			x				x		S-E Community
Comoros	COMESA, CEN-SAD	2							x		S-E Community
Egypt	COMESA, CEN-SAD	2							x		S-E Community
Kenya	COMESA,EAC,IGAD, CEN-SAD	4	x		x				x		S-E Community
Uganda	COMESA,EAC,IGAD	3	x		x				x		S-E Community
Rwanda	COMESA, EAC	2	x						x		S-E Community
Ethiopia	COMESA,IGAD	2			x				x		S-E Community
Somalia	IGAD, CEN-SAD	2			x						S-E

Country & REC	Status Quo		***Accelerated Convergence*** **Scenario**								
	Current Memberships	**No. of RECS**	**EAC**	**AMU**	**IGAD**	**ECCAS CEEAC**	**SADC**	**ECOWAS CEDEAO**	**COMESA**	**CEN - SAD**	**Supra-Regional REC**
											Community
Madagascar	SADC,COMESA	2					x		x		S-E Community
Malawi	SADC, COMESA	2					x		x		S-E Community
Mauritius	SADC, COMESA	2					x		x		S-E Community
Seychelles	SADC, COMESA	2					x		x		S-E Community
Swaziland	SADC, COMESA	2					x		x		S-E Community
Zambia	SADC, COMESA	2					x		x		S-E Community
Zimbabwe	SADC, COMESA	2					x		x		S-E Community
Tanzania	SADC,EAC	2	x				x				S-E Community
South Africa	SADC	1					x				S-E Community
Botswana	SADC	1					x				S-E Community
Lesotho	SADC	1					x				S-E Community
Mozambique	SADC	1					x				S-E Community
Namibia	SADC	1					x				S-E Community
Morocco	AMU, CEN-SAD	2		x						x	N-W Community
Tunisia	AMU, CEN-SAD	2		x						x	N-W Community
Libya	AMU, COMESA,CEN-SAD	3		x						x	N-W Community
Algeria	AMU	1		x							N-W Community

Country & REC	Status Quo		*Accelerated Convergence* Scenario								
	Current Memberships	**No. of RECS**	**EAC**	**AMU**	**IGAD**	**ECCAS CEEAC**	**SADC**	**ECOWAS CEDEAO**	**COMESA**	**CEN - SAD**	**Supra-Regional REC**
Mauritania	AMU, CEN-SAD	2		x						x	N-W Community
New Number of RECs Member Countries		104	5	5	7	9	13	15	17	21	**92**
Current Number of RECs Member Countries			5	5	7	10	15	15	19	28	**104**

Annex 7: African Countries' Trade by REC

Principal REC and Memberships	Countries and Key Indicators	Membership 1	Major Suppliers in Africa	Country's share of Intra-African Trade	1st Country	% of 1st Country
ECOWAS / CEN-SAD	Cape Verde	ECOWAS	Equatorial Guinea, Cote d' Ivoire, Senegal, South Africa, Morocco, Ghana, DRC, Liberia	97%	Equatorial Guinea	29%
	Guinea	ECOWAS	South Africa, Gabon, Côte d'Ivoire, Morocco, Liberia, Senegal	90%	South Africa	27%
	Benin	ECOWAS, CEN-SAD	Côte d'Ivoire, Ghana, Togo, Nigeria, Senegal, South Africa, Mauritania, Cameroon	95%	Côte d'Ivoire, Ghana	24% each
	Burkina Faso	ECOWAS, CEN-SAD	Côte d'Ivoire, Togo, Benin, Ghana, Senegal, South Africa	94%	Côte d'Ivoire	38%
	Côte d'Ivoire	ECOWAS, CEN-SAD	Nigeria, Mauritania, South Africa, Morocco, Senegal, Ghana	94%	Nigeria	80%
	Gambia	ECOWAS, CEN-SAD	Côte d'Ivoire, Senegal, Nigeria, Morocco, South Africa	95%	Côte d'Ivoire	59%
	Ghana	ECOWAS, CEN-SAD	Nigeria, South Africa, Congo, Côte d'Ivoire, Togo, Morocco, Egypt, Namibia	97%	Nigeria	41%
	Guinea Bissau	ECOWAS, CEN-SAD	Senegal, Gambia, Morocco	99%	Senegal	94%
	Liberia	ECOWAS, CEN-SAD	Nigeria, Côte d'Ivoire	98%	Nigeria	91%
	Mali	ECOWAS, CEN-SAD	Senegal, Côte d'Ivoire, South Africa, Benin, Ghana, Togo	96%	Senegal	44%
	Niger	ECOWAS, CEN-SAD	Côte d'Ivoire, Nigeria, Togo, Ghana	70%	Côte d'Ivoire	23%
	Nigeria	ECOWAS, CEN-SAD	Togo, South Africa, Botswana, Egypt, Ghana	87%	Togo	45%
	Senegal	ECOWAS, CEN-SAD	Nigeria, Côte d'Ivoire, Morocco, South Africa, Egypt	87%	Nigeria	55%
	Sierra Leone	ECOWAS, CEN-SAD	Côte d'Ivoire, South Africa, Nigeria, Senegal	87%	Côte d'Ivoire	58%
	Togo	ECOWAS, CEN-SAD	Ghana, South Africa, Côte d'Ivoire, Nigeria, Benin, Senegal	88%	Ghana	25%
Principal REC and Memberships	**Countries and Key Indicators**	**Membership 1**	**Major Suppliers in Africa**	**Country's share of Intra-African Trade**	**1st Country**	**% of 1st Country**
ECCAS	Cameroon	ECCAS	Nigeria, Equatorial Guinea, Côte d'Ivoire, Mauritania, South Africa, Congo, Egypt, Morocco	91%	Nigeria	63%
	DRC	ECCAS, SADC, COMESA	South Africa, Zambia, Kenya, Côte d'Ivoire, Uganda	93%	South Africa	59%
	Gabon	ECCAS	Cameroon, South Africa, Côte d'Ivoire, Morocco, Togo, Congo, Tunisia, Senegal	89%	Cameroon	38%
	Equatorial Guinea	ECCAS	Côte d'Ivoire, Morocco, South Africa, Senegal, Nigeria, Tunisia	99.6%	Côte d'Ivoire	60%
	São Tomé and Principe	ECCAS	Angola, Gabon, Nigeria	98%	Angola	80%
	Central	ECCAS,	Cameroon, DRC, Congo, Gabon, South	96%	Cameroon	55%

	African Rep.	CEN-SAD	Africa			
	Chad	ECCAS, CEN-SAD	Senegal, South Africa, Nigeria, Burundi, Côte d'Ivoire, Tunisia	95%	Senegal	52%
	Burundi	ECCAS, COMESA, EAC	Uganda, Kenya, Tanzania, South Africa, Egypt, Rwanda, Zambia, Madagascar	98%	Kenya, Uganda	30% and 27%
	Angola	ECCAS, SADC	South Africa, Namibia, Egypt, Nigeria, Côte d'Ivoire	98%	South Africa	65%
	Congo	ECCAS	Uganda, Kenya, Tanzania, South Africa, Egypt, Rwanda, Zambia, Madagascar			
COMESA/ EAC/IGAD	Comoros	COMESA, CEN-SAD	South Africa, Côte d'Ivoire, Uganda, Nigeria, Tunisia, Ghana, Senegal, Egypt	96%	South Africa	37%
	Egypt	COMESA, CEN-SAD	Zambia, Algeria, Libya, Kenya, South Africa, Tunisia	92%	Zambia	32%
	Djibouti	COMESA, CEN-SAD, IGAD	Ethiopia, Egypt, South Africa, Kenya	99%	Ethiopia	53%
	Eritrea	COMESA, CEN-SAD, IGAD	Djibouti, Egypt, Kenya, South Africa, Sudan	96%	Djibouti	31%
	Sudan	COMESA, CEN-SAD, IGAD	Egypt, Kenya, Zimbabwe, Ethiopia, Niger	88%	Egypt	45%
	Rwanda	COMESA, EAC	Kenya, Uganda, South Africa, Tanzania	92%	Kenya	35%
	Kenya	COMESA, EAC,IGAD	South Africa, Egypt Tanzania, Uganda, Swaziland	87%	South Africa	54%
	Uganda	COMESA, EAC, IGAD	nd			
	Ethiopia	COMESA, IGAD	Sudan, Egypt, South Africa, Kenya, Libya, Morocco, Swaziland, Somalia, Djibouti	98%	Sudan	37%
	Somalia	IGAD, CEN-SAD	Kenya, Ethiopia, South Africa, Egypt	99%	Kenya	63%
Principal REC and Memberships	**Countries and Key Indicators**	**Membership 1**	**Major Suppliers in Africa**	**Country's share of Intra-African Trade**	**1st Country**	**% of 1st Country**
SADC/ COMESA/ EAC	South Africa	SADC	Angola, Nigeria, Zimbabwe, Zambia, Mozambique	80%	Angola	36%
	Botswana	SADC	South Africa, Zimbabwe	99%	South Africa	97%
	Lesotho	SADC	Malawi, Mauritius, Namibia, Zambia	98%	Malawi	40%
	Mozambique	SADC	South Africa, Swaziland, Namibia, Zambia, Zimbabwe, Egypt	96%	South Africa	90%
	Namibia	SADC	South Africa, Zimbabwe	98%	South Africa	97%
	Madagascar	SADC, COMESA	South Africa, Mauritius, Swaziland, Egypt , Seychelles	93%	South Africa	60%
	Malawi	SADC, COMESA	South Africa, Mozambique, Tanzania, Zambia, Kenya, Zimbabwe	98%	South Africa	43%
	Mauritius	SADC, COMESA	South Africa, Kenya, Egypt, Madagascar, Seychelles	83%	South Africa	64%
	Seychelles	SADC, COMESA	South Africa, Mauritius, Kenya	96%	South Africa	51%
	Swaziland	SADC, COMESA	South Africa, Namibia, Lesotho	99%	South Africa	96%

	Zambia	SADC, COMESA	South Africa, DRC, Zimbabwe	93%	South Africa	73%
	Zimbabwe	SADC, COMESA	South Africa, Botswana, Mozambique, Malawi, Zambia	98%	South Africa	63%
	Tanzania	SADC,EAC	South Africa, Kenya, Egypt	88%	South Africa	71%
AMU/ CEN-SAD	Algeria	AMU	Egypt, Tunisia, Côte d'Ivoire, Morocco, South Africa	94%	Egypt	35%
	Mauritania	AMU	Senegal, Côte d'Ivoire, Morocco, South Africa, Togo, Egypt, Tunisia	95%	Senegal	27%
	Morocco	AMU, CEN-SAD	Algeria, South Africa, Egypt, Tunisia, Libya	86%	Algeria	35%
	Tunisia	AMU, CEN-SAD	Libya, Algeria, Egypt, Morocco, Côte d'Ivoire	96%	Libya	48%
	Libya	AMU, CEN-SAD, COMESA	Tunisia, Egypt, Kenya	99%	Tunisia	53%

Annex 8: African Countries' Trade by REC

No.		Proportion of Intra-African Imports	Number of countries significantly import sources	Proportion of Intra-African Exports	Number of countries significantly export destinations	Proportion of overall intra-African trade = (intensity)	Number of import and export partner countries/ 2 x (total number of countries) =(outreach/hub)	Trade integration ranking (I+O)/2
1.	South Africa	13.8%	14	34.9%	25	24.4%	36.8%(=39/106)	30.6%
2.	Côte d'Ivoire	5.3%	6	3.1%	13	4.2%	17.9%(=19/106)	11.05%
3.	Egypt	3.2%	7	4.6%	12	3.8%	17.9%(=19/106)	10.85%
4.	Nigeria	3.4%	5	14.2%	8	8.8%	12.3%(=13/106)	10.6%
5.	Kenya	2.3%	5	2.2%	8	2.25%	12.3%(=13/106)	7.25%
6.	Namibia	5.8%	6	2.3%	5	4.05%	10.4%(=11/106)	7.2%
7.	Zimbabwe	4.5%	5	1.9%	4	3.3%	8.5%(=9/106)	5.9%
8.	Algeria	1.4%	5	3.1%	4	2.24%	8.5%(=9/106)	5.4%
9.	Tunisia	3.9%	4	2.4%	4	3.15%	7.55%(=8/106)	5.35%
10.	Libya	3.0%	2	2.6%	4	2.8%	5.7%(=6/106)	4.25%
11.	Mozambique	2.4%	1	2.0%	4	2.2%	4.7%(=5/106)	3.45%
12.	Togo	0.2%	0	2.4%	7	1.3%	6.6%(=7/106)	3.4%
13.	Angola	2.6%	2	4.9%	1	3.75%	2.8%(=3/106)	3.3%

The above Table highlights 3 'strong'/'viable' hubs:

- **'South' Hub, comprising: SA+ZAM+ZIM+MOZ; (S-Hub, about 56% of intra-African Trade)**
- **'North' Hub, comprising: EGY+ALG+TUN+LIB; (N-Hub, 17% of intra- African Trade)**
- **'West Hub', comprising C-d'IV+NIG+TOG; (W-Hub, #19% of intra-African Trade?)**

and two 'weak' hubs/development in progress

- **'East Hub' comprising KEN; (E-Hub # 3% of intra-African trade)**

- **'Centre Hub' comprising ANG; (C-Hub # 6% of intra-African trade)**

Annex 9: Comparison of the Scenarios by REC: Pre-AEC Stage

Comparison of the Scenarios by REC: Pre-AEC Stage		AFRICA	EAC	AMU	IGAD	ECCAS	SADC	CEN-SAD	ECOWAS	COMESA
Indicators on current situation	% of Africa's Population	-	13.1%	9.2%	13.7%	12.4%	18.5%	0.6%	29.4%	24.7%
	% of Africa's GDP	-	4.5%	24.6%	4.9%	8.7%	29.8%	4.5%	19.0%	22.5%
	GDP / Inhabitant (US$ MAC)	**2,373**	**1,100**	**6,010**	**970**	**1,359**	**3,347**	**-**	**1,407**	**2,403**
	Number of Member Countries of the REC	54	5	5	7	10	15	28	15	19
Status Quo	Number of countries really engaged in the REC	54	5	6	5	9	13	1	15	14
	% of Africa's population	-	13.1%	9.2%	13.7%	12.4%	18.5%	0.6%	29.4%	24.7%
	% of Africa's GDP	-	4.5%	24.6%	4.9%	8.7%	89.8%	4.5%	19.0%	22.5%
	Total cost of reforms and perpetual accession in US$ million	**11,078.3**	1,392.4	1,009.6	1,106.4	1,638.4	2,628.3	323.3	3,004.2	3,718.1
	Cost of reforms / GDP	**1.0%**	2.7%	0.4%	2.0%	1.7%	0.8%	0.6%	1.4%	1.5%
	Variation of budget / initial GDP (transfers except	**-1.3%**	-1.3%	-3.5%	-4.0%	-0.2%	1.0%	0.4%	-0.6%	-2.2%
	Variation of total GDP in relation to initial GDP	**4.7%**	4.5%	2.5%	3.4%	10.4%	5.7%	2.7%	4.0%	5.3%
	Variation of imports in %	**4.8%**	6.0%	4.6%	4.5%	1.7%	7.7%	1.0%	4.9%	2.8%
	Variation of exports in %	**4.4%**	8.6%	1.7%	1.4%	3.8%	7.7%	2.1%	5.7%	4.4%
	Variation of employment in %	**2.2%**	1.7%	0.7%	1.3%	2.9%	3.6%	0.8%	2.3%	3.1%
	Number of member countries of the REC	**54**	5	6	5	9	13	0	15	13
	% of Africa's population	**-**	13.1%	9.2%	13.7%	12.4%	18.5%	-	29.4%	23.3%
	% of Africa's GDP	**-**	4.5%	24.6%	4.9%	8.7%	29.8%	-	19.0%	15.9%
	Total cost of reforms and perpetual accession in US$ million	**9,483.3**	1,204.2	802.7	801.3	1,391.7	2,638.9	-	2,426.7	3,135.5
	Cost of reforms / GDP	**0.8%**	2.4%	0.3%	0.5%	0.4%	0.8%	-	1.1%	1.8%

Comparison of the Scenarios by REC: Pre-AEC Stage		AFRICA	EAC	AMU	IGAD	ECCAS	SADC	CEN-SAD	ECOWAS	COMESA
Abuja 1	Variation of budget / initial GDP (transfers except the cost of	**-1.3%**	-1.2%	-3.5%	-4.0%	-0.2%	1.0%	-	-0.6%	-2.3%
	Variation of total GDP in relation to initial GDP	**4.7%**	5.2%	2.6%	3.4%	10.4%	5.7%	-	4.0%	6.9%
	Variation of imports in %	**4.9%**	6.5%	4.6%	4.5%	1.7%	7.8%	-	4.9%	3.5%
	Variation of exports in %	**4.5%**	9.6%	1.7%	1.5%	3.9%	7.8%	-	5.7%	7.0%
	Variation of employment in %	**2.2%**	2.0%	0.7%	1.3%	3.0%	3.6%	-	2.3%	3.2%
Abuja 2 or anchorage communities	Number of member countries of the REC	**54**	5	6	7	9	13	23	15	17
	% of Africa's population	**-**	13.1%	9.2%	28.8%	12.4%	18.5%	44.1%	29.4%	36.1%
	% of Africa's GDP	**-**	4.5%	24.6%	7.8%	8.7%	29.8%	42.8%	19.0%	20.7%
	Total cost of reforms and perpetual accession in US$ million	**10,678.3**	1,308.9	968.8	1,552.9	1,516.2	2,634.5	4,764.3	3,008.0	4,202.7
	Cost of reforms / GDP	**1.0%**	2.6%	0.4%	1.8%	1.6%	0.8%	1.0%	1.4%	1.8%
	Variation of budget / initial GDP (transfers except the cost of	**-1.2%**	-1.0%	-3.4%	-2.8%	-0.1%	0.9%	-2.3%	-0.4%	-2.5%
	Variation of total GDP in relation to initial GDP	**5.6%**	6.2%	3.6%	5.7%	10.9%	5.4%	5.2%	5.3%	8.1%
	Variation of imports in %	**5.4%**	6.8%	5.2%	4.3%	1.9%	7.8%	4.7%	8.3%	2.5%
	Variation of exports in %	**5.6%**	11.9%	2.7%	7.2%	4.4%	8.7%	5.3%	8.1%	7.4%
	Variation of employment in %	**2.7%**	2.3%	1.1%	2.5%	2.9%	3.6%	2.5%	3.0%	3.1%

Comparison of the Scenarios by REC: Pre-AEC Stage		AFRICA	EAC	AMU	IGAD	ECCAS	SADC	CEN-SAD	ECOWAS	COMESA
Convergence	Region		North West Bloc				South East Bloc			
	Number of member countries of the REC	**8+2**	**31**				**23**			
	% of Africa's population	**-**	51.0%				49.0%			
	% of Africa's GDP	**-**	52.3%				47.7%			
	Total cost of reforms and perpetual accession in US$ million	**9,293.3**	4,975.4				4,317.9			
	Cost of reforms / GDP	**0.8%**	0.8%				0.8%			
	Variation of budget / initial GDP (transfers except the cost of	**-0.9%**	-1.6%				-0.2%			
	Variation of total GDP in relation to initial GDP	**6.8%**	6.4%				7.1%			
	Variation of imports in %	**7.4%**	7.4%				7.3%			
	Variation of exports in %	**7.8%**	6.2%				10.4%			
	Variation of employment in %	**3.8%**	3.2%				4.4%			

Annex 10: Comparison of the Scenarios by Country: Pre-AEC Stage (Status Quo and Abuja 1)

Comparison of the Scenarios by country: Pre-AEC stage	Indicators current situation			Integration in Regional Blocs during the pre-AEC formation period															
				Status Quo								Abuja 1							
	% of Africa's Population	% of Africa's GDP	GDP / inha. (US$ MAC)	No. of REC strong commitment	Perpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers except cost of reforms)	Variation of total GDP in relation to initial GDP	Var. import %	Var. Export %	Var. employment. %	No. REC Memberships	P erpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers except cost of reforms)	Variation of total GDP in relation to initial GDP	Var. import %	Var. Export %	Var. employ. %
Algeria	3.5%	10.5%	7 197	1	87.5	0.1%	-2.6%	2.4%	5.7%	nr	nr	1	87.5	0.1%	-2.6%	2.4%	5.7%	nr	nr
Angola	1.8%	4.1%	3 800	1	169.2	0.4%	3.8%	18.0%	nr	4.3%	5.4%	2	127.2	0.3%	3.8%	18.0%	nr	4.3%	5.4%
Benin	0.9%	0.4%	1 257	1	239.8	5.0%	-3.0%	3.3%	8.0%	4.4%	nr	2	198.6	4.2%	-3.0%	3.3%	8.0%	4.4%	nr
Botswana	0.2%	1.0%	11 963	1	166.7	1.5%	0.9%	4.2%	10.0%	8.3%	nr	1	167.0	1.5%	0.9%	4.3%	10.0%	8.3%	nr
Burkina Faso	1.5%	0.5%	1 073	1	239.8	4.0%	-0.6%	nr	8.2%	13.0%	nr	2	198.6	3.3%	-0.6%	nr	8.2%	13.0%	nr
Burundi	0.9%	0.1%	320	2	326.7	36.7%	-2.0%	2.8%	4.1%	10.0%	nr	3	284.1	31.9%	-2.0%	2.9%	4.2%	11.6%	nr
Cameroon	1.9%	1.6%	2 010	1	152.8	0.8%	-2.1%	nr	6.1%	2.2%	nr	1	153.2	0.8%	-2.1%	nr	6.1%	2.2%	nr
Cape Verde	0.1%	0.1%	2 703	1	84.0	7.0%	0.0%	6.3%	2.3%	4.3%	nr	1	84.0	7.0%	0.0%	6.3%	2.3%	4.3%	nr
Central African Rep.	0.5%	0.1%	677	1	235.8	15.6%	-1.1%	nr	3.6%	3.5%	nr	2	194.9	12.9%	-1.1%	nr	3.6%	3.5%	nr
Chad	1.1%	0.6%	1 213	1	168.1	2.6%	-4.0%	5.8%	nr	nr	2.6%	2	127.2	2.0%	-4.0%	5.8%	nr	nr	2.6%
Comoros	0.1%	0.0%	1 140	1	235.8	57.1%	-9.0%	nr	7.4%	nr	nr	2	195.4	47.3%	-9.0%	nr	7.5%	nr	nr
Congo	0.4%	0.6%	2 647	1	152.8	2.1%	-8.1%	5.2%	5.0%	nr	nr	1	153.2	2.1%	-8.1%	5.2%	5.0%	nr	nr

Comparison of the Scenarios by country: Pre-AEC stage	Indicators on current situation			Integration in Regional Blocs during the pre-AEC formation period															
				Status Quo								Abuja 1							
	% of Africa's Population	% of Africa's GDP	GDP / inhab (US$ MAC)	No. of REC strong	P perpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers except cost of reforms)	Variation of total GDP in relation to	Var. import %	Var. Export %	Var. employ. %	No. REC Membership	P perpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers except cost of reforms)	Variation of total GDP in relation to	Var. import %	Var. Export %	Var. employ. %
Côte d'Ivoire	2.0%	1.6%	1 577	1	239.8	1.3%	0.2%	11.2%	6.0%	13.0%	5.0%	2	198.6	1.1%	0.2%	11.2%	6.0%	13.0%	5.0%
DRC	6.4%	0.7%	270	1	286.0	3.5%	-1.0%	6.3%	7.6%	13.7%	2.8%	3	202.2	2.5%	-1.0%	6.5%	7.6%	13.9%	2.9%
Djibouti	0.1%	0.1%	2 153	2	237.3	30.8%	-23.8%	nr	21.8%	nr	nr	3	154.4	20.1%	-24.0%	nr	21.8%	nr	nr
Egypt	7.9%	9.7%	4 957	1	235.8	0.2%	-3.5%	3.6%	nr	nr	nr	2	195.4	0.2%	-3.5%	3.7%	nr	nr	nr
Equatorial Guinea	0.2%	0.0%	453	1	152.8	47.5%	nr	nr	nr	4.3%	nr	1	153.2	47.6%	nr	nr	nr	4.4%	nr
Eritrea	0.5%	0.1%	620	1	208.3	16.4%	0.3%	nr	nr	nr	nr	3	126.2	9.9%	0.3%	nr	nr	nr	nr
Ethiopia	8.2%	1.4%	703	1	257.7	1.6%	-4.0%	nr	4.8%	2.5%	nr	2	232.2	1.5%	-4.0%	2.0%	4.8%	2.5%	nr
Gabon	0.1%	0.9%	12 750	1	152.8	1.5%	-2.4%	4.4%	4.1%	2.3%	nr	1	153.2	1.5%	-2.4%	4.4%	4.1%	2.3%	nr
Gambia	0.2%	0.0%	1 053	1	166.9	31.1%	-5.4%	13.9%	19.0%	nr	6.2%	2	125.7	23.4%	-5.4%	13.9%	19.0%	nr	6.2%
Ghana	2.4%	1.1%	1 230	1	166.9	1.3%	-2.8%	nr	10.1%	11.6%	nr	2	125.7	1.0%	-2.8%	nr	10.1%	11.6%	nr
Guinea	1.0%	0.3%	1 110	1	166.9	4.5%	-1.3%	2.5%	3.6%	3.8%	nr	2	125.7	3.4%	-1.3%	2.5%	3.6%	3.8%	nr
Guinea Bissau	0.2%	0.0%	453	1	239.8	74.5%	-1.9%	3.9%	5.5%	nr	nr	2	198.6	61.7%	-1.9%	3.9%	5.5%	nr	nr
Kenya	3.9%	1.9%	1 447	2	391.3	1.8%	-0.8%	7.4%	nr	8.9%	3.3%	4	291.9	1.3%	-0.6%	8.4%	nr	10.5%	3.8%

Lesotho	0.2%	0.1%	1 780	1	166.7	11.1%	0.4%	nr	nr	nr	nr	1	167.0	11.1%	0.4%	nr	nr	nr	nr
Liberia	0.4%	0.1%	257	1	166.9	26.7%	nr	nr	nr	22.3%	nr	2	125.7	20.1%	nr	nr	nr	22.3%	nr
Libya	0.6%	4.5%	13 607	3	323.3	0.6%	0.4%	2.7%	nr	2.1%	nr	3	240.2	0.5%	0.4%	2.7%	nr	2.1%	nr
Madagascar	2.0%	0.5%	873	2	236.9	4.0%	-0.7%	12.1%	nr	2.6%	5.4%	2	238.1	4.0%	-0.7%	12.3%	nr	2.6%	5.6%
Malawi	1.4%	0.3%	700	2	236.9	7.4%	-2.1%	9.1%	16.9%	19.5%	4.1%	2	238.1	7.5%	-2.0%	9.3%	17.3%	19.8%	4.2%
Mali	1.3%	0.5%	1 000	1	239.8	4.0%	2.7%	nr	5.9%	nr	12.1%	2	198.6	3.3%	2.7%	nr	5.9%	nr	12.1%
Mauritania	0.3%	0.2%	1 900	1	170.4	7.2%	-2.6%	3.1%	3.1%	5.7%	nr	2	129.2	5.4%	-2.6%	3.1%	3.1%	5.7%	nr
Mauritius	0.1%	0.6%	10 677	2	236.9	3.7%	7.5%	22.0%	nr	nr	6.6%	2	238.1	3.7%	7.5%	22.1%	nr	nr	6.6%
Comparison of the Scenarios by country: Pre-AEC stage	**Indicators on current situation**			**Integration in Regional Blocs during the pre-AEC formation period**															
				Status Quo								**Abuja 1**							
	% of Africa's Population	% of Africa's GDP	GDP / inhab (US$ MAC)	No. of REC strong commitment	Perpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers except cost of reforms)	Variation of total GDP in relation to initial GDP	Var. import %	Var. Export %	Var. employ. %	No. REC Membership	Perpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers except cost of reforms)	Variation of total GDP in relation to initial GDP	Var. import %	Var. Export %	Var. employ. %
Morocco	3.2%	6.0%	3 827	1	170.4	0.3%	-5.0%	nr	5.1%	nr	nr	2	129.2	0.2%	-5.0%	nr	5.1%	nr	nr
Mozambique	2.2%	0.6%	677	1	84.0	1.2%	-1.4%	4.7%	nr	13.5%	2.1%	1	84.4	1.2%	-1.4%	4.7%	nr	13.6%	2.1%
Namibia	0.2%	0.6%	4 797	1	166.7	2.5%	6.3%	nr	nr	nr	10.9%	1	167.0	2.5%	6.3%	nr	nr	nr	10.9%
Niger	1.5%	0.3%	620	1	239.8	6.5%	-0.4%	3.8%	17.9%	8.9%	nr	2	198.6	5.4%	-0.4%	3.8%	17.9%	8.9%	nr

Nigeria	15.4%	12.6%	1 667	1	166.9	0.1%	-0.3%	2.3%	2.5%	3.1%	nr	2	125.7	0.1%	-0.3%	2.3%	2.5%	3.1%	nr
Rwanda	1.0%	0.3%	810	2	241.6	8.4%	-4.4%	3.3%	6.0%	10.7 %	nr	2	242.4	8.5%	-4.4%	3.3%	6.1%	14.3%	nr
São Tomé and Principe	0.0%	0.0%	1 500	1	168.1	132.0%	-3.3%	5.3%	13.6%	5.8%	2.4%	2	127.2	99.9%	-3.3%	5.3%	13.6%	5.8%	2.4%
Senegal	1.3%	0.9%	1 583	1	239.8	2.5%	-1.7%	4.2%	12.7%	6.7%	nr	2	198.6	2.0%	-1.7%	4.2%	12.7%	6.7%	nr
Seychelles	0.0%	0.1%	14 363	2	236.9	31.9%	14.2%	nr	2.3%	nr	nr	2	238.1	32.1%	14.3%	nr	2.4%	nr	nr
Sierra Leone	0.6%	0.1%	607	1	166.9	11.6%	-2.3%	nr	8.5%	2.6%	nr	2	125.7	8.8%	-2.3%	nr	8.5%	2.6%	nr
Somalia	0.9%	0.1%	109	1	98.3	10.7%	1.2%	12.5 %	nr	10.6 %	5.6%	2	58.9	6.4%	1.2%	12.5%	nr	10.6%	5.6%
South Africa	5.0%	23.3%	8 900	1	166.7	0.1%	1.1%	3.6%	6.4%	4.8%	nr	1	167.0	0.1%	1.1%	3.5%	6.4%	4.9%	nr
Sudan	4.0%	3.3%	1 727	2	304.7	0.8%	-3.9%	nr	3.8%	nr	nr	3	229.6	0.6%	-3.9%	nr	3.8%	nr	nr
Swaziland	0.1%	0.2%	4 687	1	283.5	10.5%	7.1%	nr	nr	22.1 %	13.4%	2	284.7	10.6%	6.9%	nr	nr	22.1%	13.1 %
Togo	0.7%	0.2%	753	1	239.8	10.5%	-3.4%	nr	7.8%	3.8%	nr	2	198.6	8.7%	-3.4%	nr	7.8%	3.8%	nr
Tunisia	1.1%	2.8%	6 620	1	170.4	0.5%	-10.9%	4.9%	7.6%	3.8%	nr	2	129.2	0.4%	-10.9%	4.9%	7.6%	3.8%	nr

Comparison of the Scenarios by country: Pre-AEC stage	**Indicators current situation**		**Integration in Regional Blocs during the pre-AEC formation period**																
			Status Quo									**Abuja 1**							
	% of Africa's Population	% of Africa's GDP	GDP / inhab (US$ MAC)	No. of REC strong commitment	P erpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers except cost of reforms)	Variation of total GDP in relation to initial GDP	Var. import %	Var. Export %	Var. employ. %	No. REC Membership	P erpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers except cost of reforms)	Variation of total GDP in relation to initial GDP	Var. import %	Var. Export %	Var. employ. %
Uganda	3.2%	0.9%	957	1	260.2	2.5%	-1.9%	nr	8.4%	9.7%	nr	3	212.7	2.1%	-1.6%	nr	11.1%	9.9%	nr
U. Rep. of Tanzania	4.2%	1.3%	1 120	2	172.7	1.2%	-1.0%	3.5%	12.3%	7.2%	nr	2	173.0	1.2%	-1.0%	3.5%	12.3%	7.4%	nr

Western Sahara	0.3%	0.6%	1 913	1	87.5	1.3%	0.2%	nr	nr	nr	nr	1	87.5	1.3%	0.2%	nr	nr	nr	nr
Zambia	1.2%	0.9%	1 137	2	236.9	2.4%	-3.4%	3.1%	nr	16.5 %	nr	2	238.1	2.4%	-3.4%	3.1%	nr	16.7 %	nr
Zimbabwe	1.4%	0.3%	516	2	236.9	6.9%	-4.4%	nr	nr	nr	18.2%	2	238.1	7.0%	-4.4%	nr	nr	nr	17.8%
Total Africa	**100%**	**100%**	**2 373**	**8**	**11 078**	**1.0%**	**-1.3%**	**4.7%**	**4.8%**	**4.4%**	**2.2%**	**8**	**9 483.3**	**0.8%**	**-1.3%**	**4.7%**	**4.9%**	**4.4%**	**2.2%**
Average	-	-	1.28		0.31	1.85	-3.87	1.88	1.41	1.40	1.83		0.32	1.79	-3.88	1.87	1.40	1.38	1.82

Annex 11: Comparison of the Scenarios by Country: Pre-AEC Stage (Abuja 2 and Accelerated Convergence)

Comparison of the Scenarios by country: Pre-AEC stage	Indicators current situation			Integration in Regional Blocs during the pre-AEC formation period															
				Abuja 2 or Anchorage Communities								Accelerated Convergence							
	% of Africa's Population	% of Africa's GDP	GDP / inhab (US$ MAC)	No. of REC strong commitment	Perpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers except cost of reforms)	Variation of total GDP in relation to initial GDP	Var. import %	Var. Export %	Var. employ. %	No. REC Membership	Perpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers except cost of reforms)	Variation of total GDP in relation to initial GDP	Var. import %	Var. Export %	Var. employ. %
Algeria	1	87.5	0.1%	-2.5%	3.4%	5.7%	nr		nr	1	86.2	0.1%	-2.5%	3.7%	5.9%	nr	nr	1	87.5
Angola	1	127.2	0.3%	3.8%	18.2%	nr		4.3%	5.5%	1	127.8	0.3%	3.2%	13.6%	nr	6.4%	4.1%	1	127.2
Benin	2	240.1	5.0%	-2.6%	7.2%	7.3%		8.4%	3.2%	1	204.5	4.3%	-2.4%	8.7%	7.3%	10.1%	3.9%	2	240.1
Botswana	1	167.0	1.5%	0.9%	4.4%	10.0%		8.4%	nr	1	188.4	1.7%	1.0%	4.0%	14.6%	10.6%	nr	1	167.0
Burkina Faso	2	240.1	4.0%	-0.3%	nr	17.5%	nr		nr	1	204.5	3.4%	-0.1%	nr	21.1%	nr	nr	2	240.1
Burundi	2	283.5	31.8%	-1.9%	3.2%	4.8%		16.3%	nr	1	243.7	27.4%	-0.8%	7.3%	14.3%	nr	3.3%	2	283.5
Cameroon	1	153.2	0.8%	-2.0%	nr	6.1%		3.4%	nr	1	171.8	0.9%	-1.9%	nr	12.9%	6.0%	nr	1	153.2
Cape Verde	1	84.0	7.0%	0.1%	7.3%	2.3%		6.3%	2.2%	1	86.2	7.1%	0.5%	10.2%	2.7%	7.0%	3.1%	1	84.0
Central African Rep.	2	236.4	15.6%	-0.8%	nr	8.3%		3.6%	nr	1	213.5	14.1%	-0.8%	nr	8.4%	8.9%	nr	2	236.4
Chad	2	168.7	2.6%	-4.7%	nr	2.3%	nr		nr	1	127.8	2.0%	-4.7%	nr	2.3%	nr	nr	2	168.7
Comoros	2	236.3	57.2%	-8.6%	4.0%	11.9%	nr		nr	1	202.0	48.9%	-8.7%	4.3%	11.5%	nr	nr	2	236.3
Congo	1	153.2	2.1%	-7.6%	8.9%	5.0%		3.4%	2.7%	1	171.8	2.4%	-7.0%	12.5%	8.0%	5.3%	3.7%	1	153.2
Côte d'Ivoire	2	240.1	1.3%	1.4%	18.9%	10.8%		22.1%	8.5%	1	204.5	1.1%	2.6%	nr	12.6%	nr	11.8%	2	240.1

DRC	1	202.2	2.5%	-0.9 %	6.9%	7.6%		14.4%	3.1 %	1	202.8	2.5%	-1.2%	nr	nr	15.0%	nr	1	202.2
Djibouti	2	196.3	25.5%	-23.8%	nr	21.9%	nr		nr	1	200.6	26.1%	-8.5%	nr	nr	2.8%	nr	2	196.3
Comparison of the Scenarios by country: Pre-AEC stage	**Indicators current situation**			**Integration in Regional Blocs during the pre-AEC formation period**															
				Abuja 2 or Anchorage Communities								**Accelerated Convergence**							
	% of Africa's Population	% of Africa's GDP	GDP / inhab (US$ MAC)	No. of REC strong commitment	P perpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers	Variation of total GDP in relation	Var. import %	Var. Export %	Var. employ. %	No. REC Membership	P perpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers except cost	Variation of total GDP in relation	Var. import %	Var. Export %	Var. employ. %
Egypt	2	236.3	0.2%	-3.0%	7.3%	nr		2.0%	2.2%	1	202.0	0.2%	-3.1%	7.1%	nr	2.2%	2.1%	2	236.3
Equatorial Guinea	1	153.2	47.6%	nr	nr	nr		13.8%	22.5%	1	171.8	53.4%	nr	nr	nr	23.4%	nr	1	153.2
Eritrea	2	167.3	13.1%	0.2%	nr	nr	nr		nr	1	163.8	12.9%	0.4%	2.9%	nr	nr	nr	2	167.3
Ethiopia	2	257.9	1.7%	-3.8%	4.1%	2.1%		3.1%	nr	1	137.5	0.9%	-3.4%	8.7%	nr	7.6%	3.9%	2	257.9
Gabon	1	153.2	1.5%	-2.1%	6.4%	4.1%		3.6%	nr	1	171.8	1.7%	-1.8%	8.0%	7.9%	5.6%	2.4%	1	153.2
Gambia	2	167.2	31.1%	-2.6%	nr	nr	nr		11.7%	1	127.8	23.8%	-1.3%	nr	nr	nr	14.1%	2	167.2
Ghana	2	167.2	1.3%	-2.5%	nr	17.8%		12.5%	nr	1	127.8	1.0%	-2.3%	nr	21.8%	18.1%	nr	2	167.2
Guinea	2	167.2	4.5%	-0.8%	5.8%	4.5%		4.6%	2.6%	1	127.8	3.5%	-0.6%	7.2%	4.8%	5.0%	3.2%	2	167.2
Guinea Bissau	2	240.1	74.6%	0.0%	15.0%	12.7%	nr		6.8%	1	204.5	63.5%	0.7%	18.9%	15.3%	nr	8.5%	2	240.1
Kenya	3	350.2	1.6%	-0.3%	10.6%	2.1%		13.9%	4.8%	1	251.5	1.2%	0.0%	13.4%	4.8%	23.8%	6.0%	3	350.2
Lesotho	1	167.0	11.1%	0.4%	nr	nr	nr		nr	1	188.4	12.5%	0.4%	nr	nr	nr	nr	1	167.0
Liberia	2	167.2	26.7%	nr	nr	nr	nr		nr	1	127.8	20.4%	-24.7%	nr	nr	nr	nr	2	167.2
Libya	2	281.8	0.6%	0.7%	4.9%	nr		3.7%	nr	1	242.1	0.5%	0.7%	4.9%	nr	3.7%	nr	2	281.8
Madagascar	2	237.5	4.0%	-0.6%	12.7%	nr		2.9%	5.7%	1	202.0	3.4%	-0.6%	12.7%	nr	3.4%	5.7%	2	237.5
Malawi	2	237.5	7.4%	-1.9%	9.6%	17.9%		21.9%	4.3%	1	202.0	6.3%	-1.8%	10.2%	18.0%	nr	4.6%	2	237.5
Mali	2	240.1	4.0%	2.3%	22.8%	13.7%	nr		10.3%	1	204.5	3.4%	4.6%	nr	16.7%	nr	16.6%	2	240.1

Mauritania	2	170.7	7.2%	-1.9%	8.9%	4.5%		13.0%	3.3%	1	127.8	5.4%	-1.5%	11.9%	4.4%	15.3%	4.5%	2	170.7
Mauritius	2	237.5	3.7%	7.5%	22.3%	nr	nr		6.7%	1	202.0	3.1%	7.5%	22.1%	nr	nr	6.6%	2	237.5

Comparison of the Scenarios by country: Pre-AEC stage	**Indicators current situation**		**Integration in Regional Blocs during the pre-AEC formation period**																
			Abuja 2 or Anchorage Communities									**Accelerated Convergence**							
	% of Africa's Population	% of Africa's GDP	GDP / inhab (US$ MAC)	No. of REC strong commitment	Perpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers except cost of reforms)	Variation of total GDP in relation to initial GDP	Var. import %	Var. Export %	Var. employ. %	No. REC Membership	Perpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers except cost of reforms)	Variation of total GDP in relation to initial GDP	Var. import %	Var. Export %	Var. employ. %
Morocco	2	170.7	0.3%	-4.8%	2.6%	6.0%	nr		nr	1	127.8	0.2%	-4.8%	2.5%	6.0%	2.2%	nr	2	170.7
Mozambique	1	84.4	1.2%	-1.4%	4.7%	nr		13.7%	2.1%	1	87.8	1.2%	-0.1%	9.1%	nr	16.6%	4.1%	1	84.4
Namibia	1	167.0	2.5%	6.3%	nr	nr	nr		10.9%	1	188.4	2.8%	9.7%	nr	nr	nr	17.6%	1	167.0
Niger	2	240.1	6.5%	0.8%	9.0%	nr		15.2%	4.1%	1	204.5	5.5%	0.9%	14.7%	nr	18.2%	6.6%	2	240.1
Nigeria	2	167.2	0.1%	-0.3%	2.7%	3.7%		4.3%	nr	1	127.8	0.1%	0.1%	4.7%	4.0%	6.2%	nr	2	167.2
Rwanda	2	241.8	8.4%	-4.3%	3.5%	6.6%		16.3%	nr	1	202.0	7.1%	-3.4%	7.3%	15.8%	nr	3.3%	2	241.8
São Tomé and Principe	2	168.7	132.5%	0.6%	21.6%	nr		5.8%	9.7%	1	127.8	100.4%	0.6%	21.3%	nr	10.8%	9.6%	2	168.7
Senegal	2	240.1	2.5%	-0.9%	7.8%	21.7%		12.7%	3.5%	1	204.5	2.1%	-0.6%	9.2%	nr	15.1%	4.1%	2	240.1
Seychelles	2	237.5	32.0%	14.4%	nr	2.5%	nr		nr	1	202.0	27.2%	14.4%	nr	2.5%	nr	nr	2	237.5
Sierra Leone	2	167.2	11.7%	-2.0%	nr	12.3%		3.0%	nr	1	127.8	8.9%	-1.8%	2.6%	14.0%	3.3%	nr	2	167.2
Somalia	1	57.1	6.2%	1.3%	22.8%	nr		15.1%	10.3%	1	89.6	9.8%	5.1%	nr	nr	20.2%	20.0%	1	57.1
South Africa	1	167.0	0.1%	1.0%	3.2%	6.4%		5.8%	nr	1	188.4	0.1%	1.2%	3.8%	10.3%	8.4%	nr	1	167.0

Sudan	2	263.7	0.7%	-4.0%	nr	3.9%	nr		nr	1	210.1	0.6%	-4.0%	nr	3.8%	nr	nr	2	263.7
Swaziland	2	284.1	10.5%	6.9%	nr	nr		22.1%	13.1%	1	263.4	9.8%	10.2%	nr	nr	nr	19.7%	2	284.1
Togo	2	240.1	10.6%	-2.9%	2.3%	16.0%		7.0%	nr	1	204.5	9.0%	-2.7%	3.0%	19.6%	8.2%	nr	2	240.1
Tunisia	2	170.7	0.5%	-10.8%	4.7%	8.7%		4.8%	nr	1	127.8	0.4%	-10.7%	5.1%	8.5%	5.3%	nr	2	170.7
Comparison of the Scenarios by country: Pre-AEC stage	**Indicators current situation**		**Integration in Regional Blocs during the pre-AEC formation period**																
			Abuja 2 or Anchorage Communities									**Accelerated Convergence**							
	% of Africa's Population	% of Africa's GDP	GDP / inhab (US$ MAC)	No. of REC strong commitment	Perpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers except cost of reforms)	Variation of total GDP in relation to initial GDP	Var. import %	Var. Export %	Var. employ. %	No. REC Membership	Perpetual accession US$ m	Cost of Reforms/GDP	Initial (transfers except cost of reforms)	Variation of total GDP in relation to initial GDP	Var. import %	Var. Export %	Var. employ. %
Uganda	3	260.4	2.5%	-1.6%	nr	12.1%		11.7%	nr	1	169.1	1.6%	-1.0%	4.8%	17.9%	nr	2.2%	3	260.4
U. Rep. of Tanzania	2	173.0	1.2%	-1.0%	3.5%	12.3%		7.7%	nr	1	129.4	0.9%	-0.6%	5.3%	14.9%	12.2%	2.4%	2	173.0
Western Sahara	1	87.5	1.3%	0.2%	nr	nr	nr		nr	1	86.2	1.3%	0.3%	2.6%	nr	nr	nr	1	87.5
Zambia	2	237.5	2.4%	-3.3%	3.2%	nr		20.3%	nr	1	202.0	2.0%	-3.0%	4.8%	nr	nr	2.2%	2	237.5
Zimbabwe	2	237.5	6.9%	-4.3%	nr	nr	nr		17.5%	1	202.0	5.9%	2.6%	nr	nr	nr	nr	2	237.5
Total Africa	**8**	**10 678**	**1.0%**	**-1.2%**	**5.6%**	**5.4%**		**5.6%**	**2.7%**	**8**	**9 293**	**0.8%**	**-0.9%**	**6.8%**	**7.4%**	**7.8%**	**3.8%**	**8**	**10678**
Average	-	0.30	1.90	-4.26	1.65	1.40	1.19	1.60	-	0.26	1.79	-5.31	1.84	1.66	1.21	1.83	-	0.30	1.90

Annex 12: Total Impact of Integration

REC (Convergence): Total of the two stages (integration of the blocs and integration of the Continent)	Indicators on the current situation						Integration of the Continent including the pre-AEC formation period: total impact at final stage						
	No. of RECs membership	Population M hab.	% of Africa's Pop.	Initial GDP in US $ M	% of Africa's GDP	GDP/hab (US$ MAC)	and perpetual accession in US $ M	Cost of reforms / GDP	Initial (transfers except cost of reforms	Variation of total GDP in relation to initial GDP	Variation imports %	Var. Exp. In %	Var. Empl. in %
Algeria	1	33.4	3.5%	118 028	10.5%	7 197	128.1	0.1%	-2.2%	3.6%	5.7%	1.9%	1.7%
Angola	1	16.5	1.8%	45 733	4.1%	3 800	169.8	0.4%	5.9%	nr	3.8%	7.1%	10.0%
Benin	1	8.8	0.9%	4 780	0.4%	1 257	284.0	5.9%	-1.2%	8.1%	7.1%	9.4%	8.0%
Botswana	1	1.9	0.2%	11 277	1.0%	11 963	299.8	2.7%	1.8%	4.8%	nr	9.3%	2.4%
Burkina Faso	1	14.4	1.5%	5 989	0.5%	1 073	284.0	4.7%	0.8%	1.7%	nr	nr	2.0%
Burundi	2	8.2	0.9%	891	0.1%	320	325.5	36.5%	1.7%	4.7%	nr	nr	8.1%
Cameroon	1	18.2	1.9%	18 410	1.6%	2 010	269.8	1.5%	-1.5%	1.7%	18.4%	5.0%	1.1%
Cape Verde	1	0.5	0.1%	1 207	0.1%	2 703	128.1	10.6%	1.3%	7.5%	3.1%	6.7%	4.5%
Central African Rep.	1	4.3	0.5%	1 513	0.1%	677	311.5	20.6%	-0.4%	1.9%	12.8%	4.6%	1.5%
Chad	1	10.5	1.1%	6 419	0.6%	1 213	169.8	2.6%	-4.4%	1.4%	3.2%	1.5%	1.2%
Comoros	1	0.6	0.1%	413	0.0%	1 140	283.9	68.7%	-7.7%	4.0%	17.3%	0.1%	4.0%
Congo	1	3.7	0.4%	7 155	0.6%	2 647	269.8	3.8%	-5.7%	9.9%	9.6%	3.9%	6.4%

REC (Convergence): Total of the two stages (integration of the blocs and integration of the Continent)	Indicators of the current situation						Integration of the Continent including the pre-AEC formation period: total impact at final stage						
	No. of RECs membership	Population M hab	% of Africa's Pop.	Initial GDP in US $ M	% of Africa's GDP	GDP/Hab (US$ MAC)	and perpetual accession in US $ M	Cost of reforms / GDP	Initial (transfers except cost of reforms	Variation of total GDP in relation to initial GDP	Variation imports %	Var. Exp. In %	Var. Empl. in %
Côte d'Ivoire	1	18.9	2.0%	17 842	1.6%	1 577	284.0	1.6%	6.6%	nr	21.1%	nr	22.8%
D. Rep. of the Congo	1	60.6	6.4%	8 201	0.7%	270	244.8	3.0%	2.2%	7.9%	nr	nr	9.3%
Djibouti	2	0.8	0.1%	769	0.1%	2 153	284.0	36.9%	-0.5%	nr	nr	3.1%	nr
Egypt	1	74.2	7.9%	109 215	9.7%	4 957	283.9	0.3%	-2.3%	7.4%	nr	2.4%	4.0%
Equatorial Guinea	1	1.6	0.2%	322	0.0%	453	269.8	83.8%	nr	nr	nr	nr	nr
Eritrea	1	4.7	0.5%	1 273	0.1%	620	204.1	16.0%	0.8%	3.0%	nr	1.7%	2.7%
Ethiopia	1	77.1	8.2%	15 622	1.4%	703	177.9	1.1%	-2.5%	5.8%	nr	7.0%	7.8%
Gabon	1	1.3	0.1%	9 927	0.9%	12 750	269.8	2.7%	-0.4%	7.4%	10.9%	4.2%	4.9%
Gambia	1	1.7	0.2%	537	0.0%	1 053	169.8	31.6%	5.5%	nr	nr	1.7%	nr
Ghana	1	23.0	2.4%	12 861	1.1%	1 230	169.8	1.3%	-0.5%	-1.0%	nr	nr	2.1%
Guinea	1	9.2	1.0%	3 676	0.3%	1 110	169.8	4.6%	0.7%	6.6%	5.4%	4.8%	7.0%
Guinea Bissau	1	1.6	0.2%	322	0.0%	453	284.0	88.2%	4.7%	nr	nr	1.2%	18.8%
Kenya	2	36.6	3.9%	21 813	1.9%	1 447	333.3	1.5%	2.0%	nr	8.4%	nr	11.5%

REC (Convergence): Total of the two stages (integration of the blocs and integration on the Continent)	**Indicators of the current situation**						**Integration of the Continent including the pre-AEC formation period: total impact at final stage**						
	No. of RECs membership	Population M hab	% of Africa's Pop.	Initial GDP in US $ M	% of Africa's GDP	GDP/Hab (US$ MAC)	and perpetual accession in US $ M	Cost of reforms / GDP	Initial (transfers except cost of reforms	Variation of total GDP in relation to initial GDP	Variation imports %	Var. Exp. In %	Var. Empl. in %
Lesotho	1	2.0	0.2%	1 507	0.1%	1 780	299.8	19.9%	0.5%	nr	0.3%	0.7%	nr
Liberia	1	3.6	0.4%	626	0.1%	257	169.8	27.1%	-17.3%	nr	nr	nr	nr
Libyan A. J.	3	6.0	0.6%	49 929	4.5%	13 607	325.5	0.7%	1.3%	5.3%	2.2%	4.0%	2.6%
Madagascar	2	19.2	2.0%	5 979	0.5%	873	283.9	4.7%	1.2%	nr	nr	3.1%	11.6%
Malawi	2	13.6	1.4%	3 194	0.3%	700	283.9	8.9%	1.5%	10.8%	nr	nr	11.1%
Mali	1	12.0	1.3%	6 011	0.5%	1 000	284.0	4.7%	15.8%	nr	nr	nr	nr
Mauritania	1	3.0	0.3%	2 381	0.2%	1 900	169.8	7.1%	0.7%	nr	5.2%	nr	9.7%
Mauritius	2	1.3	0.1%	6 469	0.6%	10 677	283.9	4.4%	8.6%	nr	1.4%	1.5%	8.7%
Morocco	1	30.5	3.2%	66 760	6.0%	3 827	169.8	0.3%	-4.5%	2.8%	7.2%	2.0%	1.2%
Mozambique	1	21.0	2.2%	7 110	0.6%	677	128.1	1.8%	4.2%	nr	nr	nr	12.4%
Namibia	1	2.0	0.2%	6 713	0.6%	4 797	299.8	4.5%	17.3%	nr	1.3%	nr	nr
Niger	1	13.7	1.5%	3 699	0.3%	620	284.0	7.7%	4.2%	nr	nr	nr	13.4%
Nigeria	1	144.7	15.4%	141528	12.6%	1 667	169.8	0.1%	0.9%	3.1%	6.2%	4.8%	4.5%

REC (Convergence): Total of the two stages (integration of the blocs and integration on the Continent)	Indicators of the current situation						Integration of the Continent including the pre-AEC formation period: total impact at final stage						
	No. of RECs membership	Population M hab	% of Africa's Pop.	Initial GDP in US $ M	% of Africa's GDP	GDP/Hab (US$ MAC)	and perpetual accession in US $ M	Cost of reforms / GDP	Initial (transfers except cost of reforms	Variation of total GDP in relation to initial GDP	Variation imports %	Var. Exp. In %	Var. Empl. in %
Rwanda	2	9.5	1.0%	2 862	0.3%	810	283.9	9.9%	-1.6%	12.3%	nr	nr	6.9%
São Tomé and P.	1	0.2	0.0%	127	0.0%	1 500	169.8	133.4%	5.0%	nr	nr	9.2%	18.0%
Senegal	1	12.1	1.3%	9 710	0.9%	1 583	284.0	2.9%	1.4%	8.6%	nr	nr	7.7%
Seychelles	2	0.1	0.0%	742	0.1%	14 363	283.9	38.3%	17.6%	nr	6.1%	0.6%	nr
Sierra Leone	1	5.7	0.6%	1 434	0.1%	607	169.8	11.8%	-0.9%	2.4%	21.1%	3.2%	3.1%
Somalia	1	8.4	0.9%	917	0.1%	109	130.0	14.2%	15.3%	nr	nr	nr	nr
South Africa	1	47.4	5.0%	260 822	23.3%	8 900	299.8	0.1%	1.7%	2.6%	nr	8.0%	2.1%
Sudan	2	37.7	4.0%	36 672	3.3%	1 727	291.9	0.8%	-3.7%	1.9%	3.7%	1.7%	1.6%
Swaziland	1	1.1	0.1%	2 696	0.2%	4 687	374.8	13.9%	21.7%	nr	3.8%	nr	nr
Togo	1	6.4	0.7%	2 275	0.2%	753	284.0	12.5%	-1.1%	2.7%	nr	7.7%	4.3%
Tunisia	1	10.1	1.1%	31 650	2.8%	6 620	169.8	0.5%	-10.4%	4.9%	10.5%	5.0%	1.8%
Uganda	1	29.9	3.2%	10 318	0.9%	957	209.5	2.0%	0.2%	2.5%	nr	nr	4.5%
U. Rep. of Tanzania	2	39.5	4.2%	14 834	1.3%	1 120	169.8	1.1%	0.8%	4.0%	24.4%	10.9%	5.5%

REC (Convergence): Total of the two stages (integration of the blocs and integration on the Continent)	**Indicators of the current situation**						**Integration of the Continent including the pre-AEC formation period: total impact at final stage**						
	No. of RECs membership	Population M hab	% of Africa's Pop.	Initial GDP in US $ M	% of Africa's GDP	GDP/Hab (US$ MAC)	and perpetual accession in US $ M	Cost of reforms / GDP	Initial (transfers except cost of reference	Variation of total GDP in relation to initial GDP	Variation imports %	Var. Exp. In %	Var. Empl. in %
Western Sahara	1	3.0	0.3%	6 676	0.6%	1 913	128.1	1.9%	0.7%	1.3%	nr	0.1%	2.0%
Zambia	2	11.7	1.2%	9 866	0.9%	1 137	283.9	2.9%	-1.1%	2.1%	nr	nr	2.8%
Zimbabwe	2	13.3	1.4%	3 418	0.3%	516	283.9	8.3%	22.2%	nr	nr	nr	nr
Africa total	**8**	**940.7**	**100%**	**1 121 117**	**100%**	**2 373**	**13 038.3**	**1.2%**	**0.1%**	**13.5%**	**13.9%**	**15.2%**	**8.6%**
Standard deviation/average	-	1.44	-	2.14	-	1.28	0.28	1.77	17.06	1.57	1.61	1.29	1.60

Annex 13: By Country Comparison of Accelerated Convergence Scenario: Impact of Integration Stage

Convergence (pre-AEC stage): results by country and by integration stage	Free Trade Area			Customs Union			Common Market			Economic Integration		
	Var. of budget/initial GDP (transfers. except cost of reforms)	Var. of total GDP in relation to initial GDP	Var. Empl. in %	Var. of budget/initial GDP (transfers. except cost of reforms	Var. of total GDP in relation to initial GDP	Var. Empl. in %	Var. of budget/initial GDP (transfers. except cost of reforms)	Var. of total GDP in relation to initial GDP	Var. Empl. in %	Var. of budget/initial GDP (transfers. except cost of reforms	Var. of total GDP in relation to initial GDP	Var. Empl. in %
Algeria	0.2%	2.1%	0.4%	-2.6%	1.0%	0.5%	-0.1%	1.2%	0.4%	0.0%	0.1%	0.0%
Angola	1.5%	6.8%	2.7%	1.2%	1.9%	0.9%	0.5%	2.1%	0.6%	0.1%	0.3%	0.1%
Benin	0.4%	8.9%	0.6%	-3.5%	0.7%	0.2%	0.6%	5.6%	1.7%	0.1%	1.2%	0.4%
Botswana	0.3%	11.2%	0.7%	0.6%	1.4%	0.4%	0.0%	nr	nr	0.1%	0.4%	0.1%
Burkina Faso	0.4%	nr	nr	-0.7%	nr	nr	-0.1%	0.5%	0.1%	0.2%	2.0%	0.9%
Burundi	-0.7%	24.7%	nr	-1.0%	0.0%	0.0%	0.6%	5.8%	2.6%	0.3%	2.3%	0.7%
Cameroon	-0.1%	5.9%	nr	-1.6%	nr	nr	-0.2%	1.3%	0.4%	0.1%	0.6%	0.2%
Cape Verde	0.2%	7.4%	0.5%	-0.6%	2.2%	1.0%	0.2%	2.5%	0.8%	0.7%	3.5%	1.0%
Central African Rep.	-0.1%	8.8%	0.1%	-0.8%	0.2%	0.0%	0.0%	0.9%	0.3%	0.0%	0.2%	0.1%
Chad	-0.2%	1.5%	nr	-2.8%	nr	nr	-1.8%	1.6%	0.7%	0.0%	nr	nr
Comoros	0.0%	0.1%	0.2%	-8.5%	0.4%	0.2%	-0.4%	3.2%	1.0%	0.1%	0.4%	0.1%
Congo	0.6%	4.9%	1.1%	-5.8%	2.7%	1.1%	-2.1%	5.0%	1.5%	0.2%	0.9%	0.3%
Côte d'Ivoire	3.2%	nr	10.2%	-1.0%	0.2%	0.1%	0.3%	2.8%	0.8%	0.0%	nr	nr
DRC	0.8%	13.7%	nr	-1.9%	nr	nr	0.0%	3.3%	1.0%	0.0%	nr	nr
Djibouti	9.0%	2.8%	16.9%	-27.1%	nr	nr	1.1%	19.2%	5.8%	8.5%	nr	15.9%
Egypt	0.1%	1.4%	nr	-3.7%	0.5%	0.2%	-0.1%	1.5%	0.5%	0.6%	5.1%	1.5%
Equatorial Guinea	13.5%	nr	nr	-69.2%	nr	10.7%	-40.6%	nr	nr	3.0%	20.7%	6.2%
Eritrea	0.0%	1.6%	0.2%	0.2%	0.8%	0.3%	0.1%	1.2%	0.3%	0.1%	0.5%	0.2%
Ethiopia	0.0%	7.1%	0.1%	-4.0%	0.4%	0.2%	-0.1%	1.5%	0.5%	0.8%	6.6%	2.0%
Gabon	0.7%	5.9%	1.5%	-2.2%	1.2%	0.5%	-0.4%	1.5%	0.5%	0.1%	0.2%	0.1%

Convergence (pre-AEC stage): results by country and by integration stage	Free Trade Area			Customs Union			Common Market			Economic Integration		
	Var. of budget/initial GDP (transfers. except cost of reforms)	Var. of total GDP in relation to initial GDP	Var. Empl. in %	Var. of budget/initial GDP (transfers. except cost of reforms	Var. of total GDP in relation to initial GDP	Var. Empl. in %	Var. of budget/initial GDP (transfers. except cost of reforms)	Var. of total GDP in relation to initial GDP	Var. Empl. in %	Var. of budget/initial GDP (transfers. except cost of reforms	Var. of total GDP in relation to initial GDP	Var. Empl. in %
Gambia	0.5%	1.7%	9.7%	-2.5%	0.8%	0.2%	-0.4%	1.3%	0.4%	1.2%	10.5%	3.2%
Ghana	-0.6%	19.0%	nr	-2.0%	nr	nr	-0.2%	nr	nr	0.4%	3.3%	1.0%
Guinea	-0.4%	4.7%	nr	-1.2%	nr	nr	0.3%	2.7%	0.8%	0.7%	5.5%	1.7%
Guinea-Bissau	2.2%	1.2%	5.5%	-1.9%	2.1%	0.6%	0.3%	4.7%	1.4%	0.1%	0.5%	0.1%
Kenya	1.2%	nr	4.2%	-1.6%	0.2%	0.1%	-0.1%	0.2%	0.1%	0.4%	3.2%	1.0%
Lesotho	0.0%	0.8%	nr	0.4%	0.8%	0.4%	0.0%	0.3%	0.1%	0.0%	nr	nr
Liberia	-1.8%	nr	8.3%	-33.4%	1.7%	0.8%	6.1%	nr	13.6%	4.4%	22.0%	6.6%
Libyan A. Jam.	0.2%	3.6%	0.6%	0.2%	0.8%	0.4%	0.3%	2.2%	0.7%	0.0%	nr	nr
Madagascar	-0.1%	2.8%	0.5%	-1.8%	0.6%	0.3%	0.4%	4.2%	1.3%	0.8%	6.8%	2.0%
Malawi	-0.9%	nr	nr	-2.3%	nr	nr	0.7%	6.1%	1.8%	0.6%	4.6%	1.4%
Mali	5.6%	nr	15.0%	-1.6%	nr	nr	0.2%	1.9%	0.6%	0.3%	1.5%	0.5%
Mauritania	0.2%	14.6%	1.4%	-2.2%	nr	nr	0.0%	4.0%	1.8%	0.5%	3.7%	1.1%
Mauritius	0.5%	2.1%	1.2%	6.5%	18.1%	8.2%	0.5%	0.2%	0.1%	0.0%	0.1%	0.0%
Morocco	-0.1%	2.3%	0.0%	-4.7%	0.8%	0.4%	-0.1%	1.4%	0.4%	0.1%	0.2%	0.1%
Mozambique	-1.3%	15.5%	nr	-0.4%	0.0%	0.0%	0.9%	8.3%	3.7%	0.7%	5.1%	1.5%
Namibia	8.2%	nr	16.4%	1.1%	1.6%	0.7%	0.2%	0.8%	0.2%	0.2%	0.3%	0.1%
Niger	0.6%	16.5%	3.7%	-0.4%	0.6%	0.2%	0.4%	4.2%	1.3%	0.3%	2.5%	0.7%
Nigeria	0.7%	6.6%	1.9%	-0.6%	nr	nr	-0.1%	0.5%	0.2%	0.0%	nr	nr
Rwanda	-0.2%	nr	0.1%	-3.7%	0.3%	0.1%	0.0%	3.2%	1.0%	0.5%	3.5%	1.1%
S. T. and P.	1.6%	10.6%	6.3%	-1.7%	1.7%	0.5%	0.5%	5.7%	1.7%	0.3%	1.3%	0.4%
Senegal	0.6%	14.5%	2.2%	-1.5%	1.2%	0.3%	0.2%	3.0%	0.9%	0.1%	0.5%	0.1%

Convergence (pre-AEC stage): results by country and by integration stage	Free Trade Area			Customs Union			Common Market			Economic Integration		
	Var. of budget/initial GDP (transfers. except cost of reforms)	Var. of total GDP in relation to initial GDP	Var. Empl. in %	Var. of budget/initial GDP (transfers. except cost of reforms	Var. of total GDP in relation to initial GDP	Var. Empl. in %	Var. of budget/initial GDP (transfers. except cost of reforms)	Var. of total GDP in relation to initial GDP	Var. Empl. in %	Var. of budget/initial GDP (transfers. except cost of reforms	Var. of total GDP in relation to initial GDP	Var. Empl. in %
Seychelles	1.2%	0.6%	3.0%	11.1%	nr	nr	0.6%	5.0%	1.5%	1.5%	8.6%	2.7%
Sierra Leone	-0.3%	3.3%	nr	-1.9%	nr	nr	0.1%	1.9%	0.6%	0.3%	2.3%	0.7%
Somalia	0.9%	17.7%	5.8%	0.4%	3.4%	1.0%	3.4%	nr	9.2%	0.4%	3.0%	0.9%
South Africa	0.2%	9.4%	0.3%	0.7%	2.1%	0.6%	0.0%	0.1%	0.0%	0.2%	0.7%	0.3%
Sudan	-0.1%	1.6%	nr	-4.1%	nr	nr	0.2%	2.1%	0.6%	0.1%	0.5%	0.1%
Swaziland	8.8%	nr	17.6%	0.3%	0.2%	0.1%	0.9%	3.3%	1.0%	0.2%	0.8%	0.3%
Togo	0.5%	7.2%	nr	-3.9%	nr	nr	0.6%	6.8%	2.0%	0.0%	nr	nr
Tunisia	-0.2%	5.6%	0.2%	-10.2%	2.6%	1.1%	-0.5%	0.8%	0.2%	0.2%	1.3%	0.5%
Uganda	-0.3%	nr	nr	-1.2%	nr	nr	0.0%	1.5%	0.4%	0.4%	3.5%	1.0%
U. Rep. of Tanzania	-0.2%	11.1%	0.1%	-1.0%	nr	nr	0.2%	2.4%	0.7%	0.3%	2.8%	0.8%
Western Sahara	0.0%	0.1%	0.0%	0.1%	0.5%	0.2%	0.1%	1.2%	0.4%	0.1%	0.8%	0.2%
Zambia	-1.3%	nr	nr	-1.7%	nr	nr	0.3%	3.6%	1.1%	-0.4%	1.9%	0.6%
Zimbabwe	2.2%	nr	24.9%	-1.0%	0.3%	0.1%	4.1%	18.1%	8.2%	-2.7%	0.4%	0.1%
Total Africa	**0.4%**	**3.0%**	**1.5%**	**-1.6%**	**1.1%**	**0.2%**	**0.0%**	**1.4%**	**0.9%**	**0.2%**	**1.3%**	**0.7%**
North West Bloc	0.5%	3.6%	1.6%	-2.2%	0.8%	0.2%	-0.1%	1.6%	0.8%	0.1%	0.4%	0.3%
South East Bloc	0.3%	2.2%	1.3%	-0.9%	1.5%	0.2%	0.1%	1.2%	1.1%	0.3%	2.2%	1.1%

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