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**AFRICA REGIONAL MULTIDIMENSIONAL INTEGRATION INDEX (ARMII)**

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## **ACRONYMS AND ABBREVIATIONS**

<b>AACB</b>	: Association of African Central Banks
<b>ACM</b>	: African Common Market
<b>AEC</b>	: African Economic Community
<b>AfDB</b>	: African Development Bank
<b>AMU</b>	: Arab Maghreb Union
<b>AUC</b>	: African Union Commission
<b>CEN-SAD</b>	: Community of Sahel-Saharan States
<b>CET</b>	: Common External Tariff
<b>CFTA</b>	: Continental Free Trade Area
<b>CM</b>	: Common Market
<b>CMI</b>	: COMESA Monetary Institute
<b>COMESA</b>	: Common Market for Eastern and Southern Africa
<b>CU</b>	: Customs Union
<b>EAC</b>	: East African Community
<b>EAMI</b>	: East African Monetary Institute
<b>ECCAS</b>	: Economic Community of Central African States
<b>ECOWAS</b>	: Economic Community of West African States
<b>FTA</b>	: Free Trade Area
<b>IGAD</b>	: Intergovernmental Authority on Development
<b>MIP</b>	: Minimum Integration Programme
<b>PTA</b>	: Preferential Trade Area
<b>REC</b>	: Regional Economic Community
<b>SADC</b>	: Southern African Development Community
<b>UNECA</b>	: United Nations Economic Commission for Africa
<b>VAT</b>	: Value Added Tax
<b>WAMI</b>	: West African Monetary Institute

**SUMMARY**

## **CHAPTER 1: INTRODUCTION: CONTEXT, RATIONALE AND METHODOLOGY**

### **1. Context**

Since African countries gained independence, the Heads of State and Government of the continent have adopted regional integration as an overriding priority for the development of Africa. They have therefore adopted several plans and programmes to achieve this goal such as the Abuja Treaty adopted in June 1991 whose ultimate objective is to establish an African Economic Community (AEC) going through various stages, including the Customs Union, the Free Trade Area, the Common Market and the Economic and Monetary Union. The Treaty, which entered into force in 1994, laid down a roadmap for the establishment of an African Economic Community, in six stages totalling a period of 34 years, by 2028. This sequential roadmap envisaged, as the initial stage, the establishment of regional blocs known as Regional Economic Communities (RECs).

Taking into consideration a new continental context<sup>1</sup> and in order to speed up the continental integration process with a view to establishing the AEC, the Heads of State reaffirmed in Sirte (Libya) in the "Sirte Declaration (1999)" their commitment to implement the stages advocated in the Abuja Treaty. To this end, the "Minimum Integration Programme" (MIP) has been developed by the RECs and the African Union Commission<sup>2</sup> (AUC) as a convergence and harmonization mechanism focusing on a few priority areas in which pan-African institutions in charge of regional integration could pool their efforts and build on positive experiences for successful continental integration.

Based on this goal of accelerating the integration process through the MIP, a Ten-Year Action Plan has been drawn up. The Plan not only identifies the main activities to be carried out and the projects to be implemented in order to accelerate the regional and continental integration process but also aims to give visibility to the integration process and to clarify the relationships between stakeholders and actors in terms of policy coordination and harmonization.

The slowness observed in the implementation of integration process based on the deadlines set in the Abuja Treaty and despite the will expressed in the Sirte Declaration can be attributed to a number of difficulties such as: the persistence of tariff and non-tariff barriers to trade, the divergence between the States in defining a common external tariff and the absence of financial compensation mechanisms for the establishment of the customs union (CU), obstacles to the free movement of persons and factors of production for the completion of the common market (CM), as well as weak harmonization of fiscal, monetary and financial policies at the regional level and overlapping RECs.

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<sup>1</sup> Abolition of apartheid and the advent of democracy in South Africa in 1994

<sup>2</sup> The year the MIP was instituted.

Beyond these constraints and in spite of the goodwill repeatedly expressed in favour of African integration, the implementation of integration programmes continues to be hampered by problems related to: 1) **The ratification** by Member States of texts and treaties relating to integration, particularly the texts establishing the CFTA and the Financial Institutions; 2) **The shortage of basic infrastructure** necessary for the interconnectivity of our national and regional markets; 3) **The weakness of the industrial fabric** for producing manufactured goods, which should boost intra-African trade currently estimated at only 12% and therefore still very low compared with intra-regional trade in other continents; 4) **The persistence and fear of the loss of national sovereignty** by some African leaders to advance the regional integration agenda; 5) **The difficulty of rationalizing** the Regional Economic Communities (RECs); 6) **The absence of a compensation mechanism** in the abandonment of certain national gains and policies to accelerate integration; (7) **The weakness of the banking and financial sectors**, which are essential for strengthening and deepening the financial markets and African institutions **vital to** mobilizing the financial resources needed to finance flagship projects; and 8) **Non-harmonization of statistics** for the design and monitoring-evaluation of integration programmes.

That is why fifty years after the establishment of the Organization of African Unity (OAU), which in 2001 became the African Union (AU), African leaders agreed to revitalize the integration and development process in Africa by adopting, in January 2015, Agenda 2063, which, with its associated flagship programmes, is now positioned as the African Union's major socio-economic development programme aimed at speeding up the process of structural transformation over the next 50 years.

It is in this spirit that the African Ministers responsible for integration, taking into account this new impetus given to the pan-African development programme, asked the relevant continental organizations, at their Sixth Conference in May 2013, to provide integration actors with a relevant tool for assessing progress made by countries and RECs in terms of integration.

Accordingly, the African Union Commission, in close collaboration with the African Development Bank (AfDB) and the United Nations Economic Commission for Africa (ECA), developed the Africa Regional Integration Index (ARII) which it made available to the various actors of African integration since 2016. Several experts from Member States and RECs contributed to this innovation in the evaluation of integration. The ARII is a tool for comparing levels of integration between countries and RECs.

## **2. Rationale**

### **2.1. The Africa Regional Integration Index (ARII)**

The Africa Regional Integration Index (ARII) is composed of five dimensions and 16 indicators. The five dimensions include: *trade integration, infrastructure integration, productive integration, free movement of people and financial integration*. The *MinMax*

standardization method has been used for calculating indicator values<sup>3</sup>. Indeed, since the basic indicators are expressed in different units, they have been standardized to bring them to the same scale before they can be significantly combined to obtain the composite index. This method has been used for its simplicity and allows for comparisons between African countries; which is the design goal of the ARII.

The production of the ARII was based on a scientific process with the following seven stages including:

- Selection of relevant dimensions and indicators;
- Indicator standardization procedures;
- Calculation of dimensional indices and the ARII;
- Calculation of REC composite indices;
- The ARII index stress test;
- ARII ranking methods;
- Methods of representing the ranking of countries.

The index is the fruit of close collaboration between the AUC, AfDB and ECA. It is a fundamental innovation in the process of evaluation of regional integration in Africa. Although this index is a major advancement in terms of evaluating regional integration, it still is unable to capture certain aspects of integration owing to its limitations.

## 2.2. Limits of ARII

The main role of the ARII is to provide a comparison between countries and RECs in terms of regional integration. Indeed, the methodology used for the design of this index has limitations in the evaluation of integration. Clearly, since the ARII uses the *MinMax* method to achieve the standardization obtained for countries and RECs, the ARII can only serve as a tool for comparison rather than evaluation of the level of implementation of an integrative programme. With regard to the performance of countries in the implementation of the different integrative programmes, the method on which the ARII index is based does not provide any information. In other words, a country can have the highest level of trade integration and lag behind in terms of implementation of the Abuja Treaty.

This reality is similar to the following school situation: ***"In a classroom, after a homework assignment, the highest score could be 7/20 while knowing that the average standard required is 10/20. After using the MinMax method, the score of 7/20 is brought to 1 on a scale of 0 - 1. Admittedly, the student with this score of 7/20 is the best compared to other students, but he is below the average level required by standards"***.

The index remains in the same line of thought to an extent that it can give an idea which is different from that actually observed. Increasingly, there are calls for a follow-up of the

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<sup>3</sup> The MinMax method is a standardization method based on the use of the smallest and higher values of a sample. The values range from 0 to 1; all other values fall between 0 and 1.

implementation of the decisions taken for the development of the continent. It therefore seems sensible to us to also monitor the implementation of integration programmes. This aspect of the evaluation that ARII is not addressing is, in light of our analysis, a weakness to be filled. Because, of course, a comparison between countries is fully meaningful, but in an environment characterized by a variable programme implementation pace, the ARII appears to be inadequate for drawing relevant lessons with a view to boosting the regional integration process.

In addition, the ARII is only relevant in a small number of areas of integration. In its first edition published in 2016, the issue of taking into account five dimensions for which data was available was raised. All the dimensions mentioned in the Abuja Treaty are not included in the composition of the ARII. Furthermore, new emerging areas such as migration and the environment contained in Agenda 2063 and that can influence integration were not taken into account in the development of the ARII.

Accordingly, the decision of the African Union Commission to institute a set of indicators summarized in an index called ***Africa Regional Multidimensional Integration Index (ARMII)*** is justified and relevant since these indicators will serve as a roadmap to help countries and RECs in assessing their efforts in the implementation of the Abuja Treaty.

### **2.3. Why the new index and what is its value added in the evaluation of regional integration?**

Since 1960, regional integration has always been a major issue for African Heads of State and Government as a long-term development strategy. Indeed, in view of the fragmentation of the continent into several smaller markets, regional integration appears as the way forward for the creation of a large market which facilitates the free movement of capital, goods, people and services. It is also the optimal way to facilitate investment in key areas of infrastructure, energy, agriculture and industry for structural transformation of the continent. Thus, the new index will measure the progress made by countries, group of countries and regional economic communities (RECs) in the implementation of integrative projects identified in the Abuja Treaty and those formulated in Agenda 2063.

#### **▪ An index exclusively dedicated to the evaluation of RECs**

The Abuja Treaty regards the RECs as pillars of the regional integration process for the establishment of the African Economic Community (AEC). However, an assessment of the results recorded by the RECs shows mixed results and slow progress towards the objectives of the Treaty due to the challenges listed above.

Thus, ARIMA aims to make a more comprehensive assessment of the regional integration process in the RECs for a better understanding of the reasons for the delays that they have experienced in implementing the Pan-African Regional Integration Agenda. ARIMA will also help to determine the gains, identify challenges, identify strengths and weaknesses, and assess opportunities that can help RECs achieve more successful results in regional integration.

An assessment of the integration by country would have been more interesting, but this approach does not make it possible to satisfy certain aspects in the evaluation of integration. When designing a framework that assesses both countries and RECs, the indicators to be chosen are necessarily those that are country-specific and measurable across countries. In this case, priority is given to the countries before proceeding to a certain aggregation to reach the level of the RECs. Given that, in the case of this study, the objective concerns and prioritizes the evaluation of the RECs, the reliability and quality of the indicators require us to build the monitoring and evaluation system based on the RECs.

Second, it is not possible to prioritize the assessment of RECs, that is, design or determine measurable indicators on RECs and step down to a component lower than the RECs. Our study, by its objective, differs from the IIRA which is intended to be an index for evaluating countries and the RECs at the same time. Our approach is in line with the integration policy pursued by the AUC by working with countries, but through the RECs. These RECs work with the AUC to achieve integration at the regional level with the countries.

- **The index takes into account new emerging areas**

The changes taking place on a global scale as well as the emerging issues which stem from globalization require the consideration of new areas that have an impact on integration and the future of African populations. These new areas include: the environment, migration, climate change, social and cultural integration all of which should be taken into account when designing development programmes. This study, which is intended to be exhaustive and quite complete, took care to include these new dimensions of integration.

By taking into account these emerging areas, the new index is different from the IIRA which, due to lack of data, was limited to five traditional areas of integration. It is in this sense that the new index can be considered as the fruit of a complementary study to that on the IIRA.

- **The new index, a monitoring and evaluation framework for the implementation of integration programmes and projects**

Unlike the IIRA, which, as demonstrated above, is based on the "MinMax" method and a logic of comparison between the countries and the RECs, the new index rather facilitates monitoring and evaluation of RECs in accordance with the implementation of the integration agenda. In fact, comparison in no way makes it possible to assess the level of the RECs in the implementation of programmes and does not highlight the efforts made in the context of the implementation of one of the integration agendas. The new index therefore fills a gap in the Africa Regional Integration Index, which could not forecast the implementation of an integration programme with reference to the objectives, deadlines and implementation action plans fixed.

The new index is therefore an evaluation framework acquired by the RECs in comparison with the objectives and stages set by the integration programmes.

## 2.4. Summary of value added of the new integration index

The new study carried out by the AUC, after the one carried out in collaboration with ECA and AfDB in 2016, presents a significant value added. As several voices have questioned the necessity of developing a new index, it appears important to highlight in Table 1 below the comparative elements of this new index in a bid to further underscore the need for this new index. Thus, we have summarized the differences between the two indices as follows:

**Table 1** : Summary of differences between the ARII and the new index

	IIRA	New ARMII
Objectives	Assess the level of integration of RECs and of countries by comparison	<ul style="list-style-type: none"> <li>Asses RECs through the implementation of major integration programmes.</li> </ul>
Methodology	The MinMax method	<ul style="list-style-type: none"> <li>The Objectives Method</li> <li>The Averages Method</li> </ul>
The value added of the new index		<ul style="list-style-type: none"> <li>Takes into account emerging areas like social integration, environmental integration and political integration.</li> <li>Use of thresholds</li> </ul>
Roles	Compare countries and RECs in their efforts to implement the process.	<ul style="list-style-type: none"> <li>Serve as the main instrument in the drafting of the report on the status of integration in Africa</li> </ul>

**Source:** AUC, 2018

## 3. Methodology

This study aims to fill these gaps and limits of the ARII cited above by adopting a clear and precise approach. First of all, integration is defined as a continuous, dynamic and complex process. It is therefore necessary to link the different areas and their indicators to these three characteristics.

As a continuous process, the study on areas and relative indicators should include this temporal, non-static dimension (t, t+1, ..., t+n) in order to understand their trend in line with the roadmap of the Abuja Treaty and the Agenda 2063. Since integration is a complex process, its trends are strongly linked to the political and historical context of countries and communities, interactions between States and the various sub-regional institutions and the international environment.

For these different elements to be taken into account, an institutional approach linking the proposed indicators to the vision and goals of each REC must be adopted in order to not only understand trends in the integration process for each area of integration in a particular way, on the one hand, and also to assess the progress or the delay of each REC in relation to the stages and timetable of the Abuja Treaty, as well as of Agenda 2063 and other integration programmes, on the other.

The methodology is therefore divided into the following three major steps, namely: *the selection of dimensions and indicators, the calculation of indicators and the determination of thresholds.*

### **3.1. Selection of Areas and Indicators**

Identifying areas was the most determining phase. Since this study is intended for monitoring and evaluation the integration efforts in the RECs, groups of countries and in countries, it would be worthwhile for all actors to be involved so that all areas selected would be unanimously agreed upon. A collective and participative methodology would spare the new index from criticism in the future, when the latter has reached its phase of use. This will also help to avoid the many criticisms that could affect the credibility of the index.

The selection of dimensions and indicators involved experts from the RECs, the Association of African Central Banks (ABCA), the Committee of Directors General of National Institutes of Statistics, as well as others from relevant AUC partner organizations such as ACBF, ECA and AfDB. The Department of Economic Affairs of the AUC coordinated the process.

The first meeting during which the issue of developing a new integration index was raised goes back in time to the first edition of the Forum on the Evaluation of the Minimum Integration Programme (MIP) which held on 21 and 22 October 2016 in Dakar, Senegal. The forum was organized by the African Union Commission (AUC) helped to identify integration indicators against which progress in integration by the Regional Economic Communities (RECs) would be assessed and compared. It brought together bankers, REC statisticians, national statisticians and independent experts. The meeting recommended that the AUC recruit consultants to further the study and to provide Africa with another integration assessment instrument.

The AUC organized a brainstorming meeting on the status of regional integration and the prospects for its acceleration from 28 to 30 December 2016 in Nairobi, Kenya. The draft document on the areas and indicators selected after taking into account the recommendations of the Dakar Forum was presented at this meeting for information purposes.

A RECs coordination meeting on regional integration issues was held on 17 and 18 July in Nairobi. At this statutory meeting which was aimed at taking stock of all the achievements, difficulties and prospects for African regional integration, the draft report on the assessment indicators was presented. Although it was approved, the meeting also made several recommendations for improving the document. The recommendations include taking into account the areas and priorities mentioned in Agenda 2063, considering the weaknesses of the ARII index as well as the involvement of several integration actors at the national, regional and continental levels.

In March 2018, the AUC organized another REC coordination meeting to discuss integration issues on the eve of the meeting between REC Chiefs and the AUC. At that technical meeting, the second draft report was presented to the various REC Experts to gather once again their impressions and suggestions. After expressing their satisfaction, the Experts took care to refine the areas and evaluation indicators that reflect the reality of the activities carried out by the RECs, the groups of countries as well as the countries in the implementation of integration programmes. The meeting therefore suggested the need to ensure close collaboration among all experts from all stakeholders in a bid to come up with a more elaborate document.

This report thus focuses on the rationale for the production of the new evaluation framework, the calculation of integration indicators and the determination of thresholds that will help to capture the level of progress of RECs in implementing integration programmes.

### **3.2. Calculation of Indicators**

Since indicators were selected on the basis of the implementation of the Abuja Treaty and Agenda 2063, the various calculations focused on the objectives assigned to each stage and to the different tool mentioned in these two integration agendas.

The indicators selected are quantitative for some and qualitative for others. Quantitative indicators can be measured from relevant variables for each area of integration while qualitative indicators are assessed on the basis of Community legal instruments. According to Cavoli (2012), integration indicators should be appropriate for measuring the degree of economic integration based on the following properties or principles:

- They should be simple and easy to understand;
- Data should be readily available for all sampled countries;
- They should be derived from economic rather than political considerations; and
- They should be supported by economic intuition about the behaviour of actors.

Since integration is a process, the indicators should incorporate this temporal dimension (t, t-1, t-2) and try to take into account all the elements of the trend relating to each integration area. Sub-regional integration in Africa covers complex phenomena and embraces diverse and often interdependent areas. The assessment of the progress (or stagnation) of integration cannot therefore be carried out using a single unit of measure. There are no reference units such as the kilometre for distance or a monetary unit (the Shilling, for example), to quantify integration, which would facilitate data comparisons in time and space (between regional economic communities).

To overcome this difficulty, one solution consists in defining and identifying qualitative and/or quantitative, objectively verifiable indicators relating to the criteria of the integration selected and that are able to account for the progress or delay of the integration area. These indicators for assessing progress in the areas of REC integration need to take into

account not only the intermediate objectives of each area but also the ultimate goals as decided in the integration agendas.

### **3.3. Determination of Thresholds**

Thresholds are an innovation in the evaluation of the implementation of integration and development programmes in general in Africa. They are a powerful monitoring and evaluation tool that will draw the attention of stakeholders to the revision of objectives, strategies and actions to improve integration agenda implementation.

Two methods were used to make the evaluation more precise. By combining two scientific methods to determine thresholds, the study became more rigorous.

The first method is based on indicators stemming from the objectives, priorities and results to be attained by the pan-African integration agendas. Indeed, for a number of key integration areas, very precise quantitative and qualitative objectives have been set in order to verify efforts made by the different RECs, groups of countries and countries, as well as by the AUC.

For each of these indicators, during this study, reference was made to these objectives in developing the thresholds: the Objectives Method.

The second method used to calculate the thresholds is that of averages. Given that the MDO does not capture the full reality of the evolution of integration within the RECs, because the goals set at one point may be too ambitious a few years later. Thus, all RECs may be unable to attain certain stages of integration. Therefore the Averages Method corrects this weakness in the Objectives Method. It consists in considering the average evolution of the RECs. Subsequently, each CER is compared to this average value.

For the final calculation of thresholds, the results of these two methods make up the two dimensions of the threshold for each indicator. The final threshold is thus obtained by calculating the arithmetic average.

## **CHAPTER 2: DIMENSIONS OF INTEGRATION AND MONITORING/ EVALUATION INDICATORS**

### **1. Presentation of the Abuja Treaty and Agenda 2063**

The two major integration agendas that have become the main basic projects for the activities of the African Union are the Abuja Treaty and Agenda 2063. These two projects form the basis for the daily actions carried out by Heads of State and Government of the African Union for achieving the integration and development of the continent.

They were conceived with the ultimate goal of guiding the continent towards integration, peace and unity to represent a single and only force in the concert of nations. They contain

all integrating projects capable of fostering continental integration. As such, they should serve as a basic foundation for the design of any integration monitoring and evaluation framework in Africa.

### 1.1. The Abuja Treaty

The Abuja Treaty, which was adopted on 3 June 1991 and entered into force on 12 May 1994, reflects the vision of the Heads of State and Governments of the Organization of African Unity, whose general objective is to achieve the integration of the continent through the establishment of the AEC. To achieve its general objective, the Abuja Treaty has been subdivided into six main stages which are:

- Establishment and strengthening of Regional Economic Communities;
- Elimination of tariff and non-tariff barriers;
- Free Trade Area and Inter-REC Customs Union;
- Continental Customs Union;
- African Common Market;
- Pan-African Monetary and Economic Union.

This gradual approach is justified by the fact that integration should first be consolidated at the regional level, by establishing and strengthening the RECs, which would eventually merge into the African Economic Community.

The Abuja Treaty provides for a 34-year phased roll-out of a common market, an African Monetary Fund, an African Central Bank with a common currency, and an African Parliament. The Treaty also recommends strengthening cooperation in industry, agriculture, transport and energy. The Abuja Treaty is based on a specific plan of action, the time period of which is summarized in the following table:

**Table 2 : Time Period of the Abuja Treaty**

Dates	Stages
1994-1999	Strengthening of RECs and establishment of new RECs
2000-2007	Coordination and harmonization of activities Gradual elimination of tariff and non-tariff barriers
2008-2017	Free Trade Area and Customs Union
2018-2019	Continental Customs Union
2020-2023	African Common Market
2024-2028	Economic and Monetary Union

**Source:** African Union Commission, 2018

## 1.2. Agenda 2063

Agenda 2063 was adopted in 2015 by the Heads of State and Government of the African Union as a continental programme of structural and socio-economic transformation whose ultimate goal is to achieve a united, peaceful and prosperous Africa representing a dynamic force in the arena of nations.

Through its 7 aspirations and 12 flagship programmes, it proposes a coherent, pragmatic and achievable approach for the building of a socially cohesive African society where all the active forces, women and young people, are major actors and beneficiaries of the continental transformation process. Accordingly, Agenda 2063 should be considered as a unique opportunity to recreate the "African narrative" with a view to inspiring and energizing the African people and using their constructive energy to define and implement a feasible programme for unity, peace and development during the 21st century. The integration of the continental market is at the core of this transformative process through the establishment of the Continental Free Trade Area (CFTA).

Agenda 2063 was adopted with twelve flagship projects that are pillars of the African integration process. The projects are:

- **Integrated high-speed train network:** This initiative aims to connect all African capitals and commercial centres to facilitate the movement of goods, services and people, and further reduce traffic congestion in current and future systems;.
- **Pan-African Virtual University:** This project aims to accelerate the development of human capital, science, technology and innovation by improving access to higher education and continuing training in Africa, reaching a large number of students and professionals in multiple sites simultaneously by developing relevant and high quality open, distance and electronic learning (ODeL) resources; and ensuring that every African student has guaranteed access to the university in any part of the world at any time (Page 136 of the Agenda 2063 Framework Document).
- **Formulation of a Commodity Strategy:** This initiative aims to enable African countries to add value, derive greater benefits from their products, integrate into global value chains, and promote vertical and horizontal diversification rooted in value-added and local content development, as part of a holistic set of policies to promote the development of a socially and environmentally sustainable commodity sector.
- **Establishment of an annual African forum:** The purpose of this project is to bring together, once a year, political leaders, the private sector, academia and civil society in Africa to discuss developments and issues. constraints and measures needed to achieve the aspirations and objectives of Agenda 2063.
- **Accelerating the establishment of the Continental Free Trade Area in 2017:** This initiative aims to significantly speed up the growth of intra-African trade and more effective use of trade as a driver of growth and sustainable development. In particular, it plans to double the volume of intra-African trade by 2022, strengthen the African common position and policy space in global trade negotiations, and establish the following financial institutions within the agreed time frame: the

African Investment Bank and the Pan-African Stock Exchange (2016); the African Monetary Fund (2018); and the African Central Bank (2028/34).

- **African passport and free movement of persons:** This programme aims to accelerate continental integration. A common African passport to facilitate the free movement of persons is one of the pillars of African integration and the accelerated growth of intra-African trade. This programme is also aimed at transforming African laws, which remain generally restrictive on the movement of persons despite political commitments, to remove borders in order to promote the issuance of visas by Member States with a view to improving freedom of movement of all African citizens in all African countries by 2018.
- **Silencing the Guns by 2020:** This initiative aims to concretize the commitment of the AU Heads of State and Government gathered on the occasion of the 50th Anniversary of the establishment of the OAU; “not to bequeath the burden of conflicts to the next generation of Africans”. “To end all wars in Africa by 2020” and “make peace a reality for all African people and rid the continent of international wars, put an end to inter- and intra-community conflicts, human rights violations, humanitarian disasters and violent conflicts, and to prevent genocide”.
- **Implementation of the Grand Inga Dam project:** This project aims to stimulate energy production. Africa's hydropower potential remains virtually untapped with only seven percent of the hydroelectric power currently exploited; and Africa continues to have the lowest rate of hydropower utilization in the world. The optimal development of the Inga Dam will generate 43,200 MW of electricity (PIDA) to support existing regional power pools and their combined service to enable Africa to switch from traditional sources of energy to modern sources and to ensure that African citizens have access to clean and affordable electricity.
- **Pan-African Virtual Network:** This project, which aims to promote services, draws on a wide range of stakeholders and provides for the establishment of policies and strategies that will lead to transformational e-applications and services in Africa. This should lead to the improvement of physical infrastructure, especially the intra-African broadband terrestrial infrastructure and cyber security, thus making the information revolution the basis of service delivery. In addition, the African Internet Exchange System (AXIS), e-Transform Africa, which plans to transform Africa into an e-society, PIDA and the e-device parts factory deserve to be considered as priorities.
- **Space:** this project aims to strengthen Africa's use of space technology to support its development. Space is of paramount importance for Africa's development in all areas: agriculture, disaster management, remote sensing, weather forecasts, banking and financial systems, as well as defence and security. Africa's access to space technology products is no longer a luxury and that is why it is necessary to speed it up. Recent developments in satellite technologies make them very accessible to African countries. The Brazzaville meeting on space and air technologies highlights the need for appropriate policies and strategies to develop the regional market for space products in Africa.

- **Single African Air Transport Market:** This project aims to promote a single African air transport market to facilitate the air transport sector in Africa.
- **Continental financial institutions:** The establishment of African continental financial institutions is aimed at accelerating the integration and socio-economic development of the continent. These are institutions that play an important role in resource mobilization and financial sector management. The flagship projects described above will serve as catalysts for a large-scale transformation of the continent that will generate benefits in many of its regions. These projects will form the basis of the first Ten-year Implementation Plan of Africa's Agenda 2063.

## 2. Areas of Integration

The areas of integration were developed according to a methodology that is consistent with the objective of the study. They are derived from the major stages of the Abuja Treaty and Agenda 2063. The African Union Commission involved the various national, regional and continental experts to adopt areas that would be unanimously agreed. This is why areas have been discussed at several meetings.

The last of these meetings, which took place in March 2018 in Addis Ababa, Ethiopia, definitively adopted the areas to be used for the design of the African integration evaluation framework. The areas are derived from the four areas mentioned and pursued by the Abuja Treaty. They are:

- The preferential trade area;
- The free trade area;
- The Customs Union;
- The Common Market.

To better achieve these objectives, these broad areas have been split into smaller areas to allow much more comprehensive monitoring and evaluation of integration, including: 1) Free movement of persons; 2) Trade integration; 3) Infrastructure integration; 4) Integration of people or social integration; 5) financial integration and free movement of capital; 6) Monetary integration; 7) Institutional integration; and 8) Environmental integration.

### 2.1. Free movement of persons

The Free Trade Area includes the elimination of customs duties on the Community products and the free movement of persons and goods. It is one of the fundamental pillars on which integration actors should rely to ensure the successful integration of African regional integration.

Free movement of persons means that any national of a Member State of an economic integration organization (a Regional Economic Community, for example) has the right to move freely from one Member State to another without hindrance. This is one of the

fundamental criteria of the Free Trade Area and Customs Union. Freedom of movement of persons within the Community may be concretized by several actions, including the type and number of documents required at the entry of each country of the Community, and the difficulty in obtaining the documents required by the various countries.

## **2.2. Trade integration**

Trade integration implies the abolition of tariff and non-tariff barriers to economic transactions so that factors of production can circulate unhindered within the zone. According to the liberal conception, trade integration is assimilated to the liberalization of trade and factors of production. It is analysed in terms of the overall integration. The static theory highlights the creation and detours of the traffic and the second best. Trade integration deals with reducing distortions in national policies and bringing national borders closer to the international market.

There are four main forms of trade integration, ranging from a flexible association of trading partners to a fully integrated group of nation-states:

- I. **A free trade area**, where members eliminate trade barriers between themselves, but each continues to operate its own barriers against non-members.
- II. **.A customs union**, where members eliminate trade barriers between themselves and establish uniform barriers against non-members, particularly a common external tariff system.
- III. **A common market**, that is, a customs union that also provides for the free movement of labour and capital across national borders.
- IV. **An economic union**, that is, a common market that also provides for the unification of the general objectives of members in terms of economic growth, etc., and the harmonization of monetary, fiscal and other policies.

## **2.3. Infrastructure Integration**

Trade in a given area is guaranteed not only by the preferential trade area, but also by infrastructure development. Taking into account the physical infrastructure (road, rail, air, maritime, telecommunications, energy, etc.) is decisive for the facilitation and development of trade, on the one hand, and the free movement of persons, on the other, within an integrated space.

For a group of countries of the same community, infrastructure integration is a process for the establishment of common infrastructure to facilitate the realization of several activities. An infrastructure is a set of interconnected elements providing the framework for the operation and realization of the activities of a city, country or continent.

## **2.4. Integration of people or social integration**

Social integration strengthens the free movement of persons. Social integration refers to the structural, cultural and identity aspects of integration. It is mainly based on a deliberate effort to cooperate between individuals and groups of different nationalities. It is a process of social cohesion between nationals and immigrants. Social integration mainly takes into account the inter-personal relationships to be integrated, based on the knowledge of the social links that an individual has with his direct and indirect professional and political environment.

## **2.5. Financial integration and the free movement of capital**

The common market, which is one of the objectives of the Abuja Treaty, aims to achieve a community space, without internal borders, in which the free movement of goods, persons, services and capital is ensured and where macroeconomic policies are partially harmonized.

Financial integration can be understood as a process by which a country's financial markets are linked or integrated with those of other countries or of the rest of the world. There are many ways to integrate a country's capital markets. This can be done by being a member of a regional integration community where formal protocols have been adopted to integrate the community's financial markets. Under such an arrangement, the regional integration community removes or minimizes restrictions on the free movement of capital and harmonizes all financial rules, regulations and procedures.

## **2.6. Monetary integration**

The Sixth Stage of the Abuja Treaty provides, no later than 2018, for the setting up of an African Economic and Monetary Union, through the consolidation of the African Common Market, and the establishment of an African Monetary Fund, an African Central Bank and an African Parliament.

Monetary integration goes beyond financial integration insofar as Member States establish a common currency and a central bank, giving up sovereignty over monetary and exchange rate policies, which are henceforth entrusted to a supra-regional central bank.

Monetary integration is characterized by the following criteria:

- Completion of a single market by removing all internal barriers to the free movement of persons, goods, capital and services in the region;
- The similarity of economic and social structures and the adoption of a sustainable convergence programme. The degree of convergence is assessed on the basis of the following criteria: *(i) a high degree of price stability, (ii) sound public finances, (iii) a stable exchange rate, and (iv) long-term stable interest rates;*
- The establishment of a regional monetary institute tasked mainly with ensuring the technical preparation for the creation of the single currency and the monitoring of macroeconomic convergence criteria.

## **2.7. Institutional integration**

This area is characterized by the establishment of community institutions relating to legislation, justice, defence and currency. Theoretically this is the final stage of the integration process. It can be done in several stages.

The objectives include: promulgating uniform laws and legislation to strengthen regional integration; ensuring that the REC Treaty is interpreted in compliance with the law; resolving conflicts and maintaining peace; eliminating costs related to foreign exchange operations and risks; and, facilitating the free movement of persons, goods and services through the single-currency payment arrangement.

The first step at community level is the establishment of community institutions such as the parliament, the court of justice or defence force, etc.

The second step, which is the final step at the continental level, consists of:

- Defining citizenship, coupled with the adoption of a continental passport, an anthem and a motto;
- Surrendering State sovereignty in political, economic, financial and monetary spheres.

## **2.8. Environmental Integration**

The concept of sustainable development, based on an approach that takes into account not only economic objectives but also social and environmental objectives, is well established and highlighted in the development cooperation objectives of the RECs and of Agenda. 2063. However, the implementation of sustainable development remains a challenge both locally and globally. Climate change represents a huge additional challenge for Africa's development, interacting with existing environmental trends and intensifying pressures. They also offer an extraordinary opportunity to stimulate new thinking and to promote more sustainable development paths in line with the regional integration project.

Increasingly, environmental conditions are also related to security issues and potential conflicts, particularly related to access to natural resources and their management. 'Environmental refugees' and the resulting social and political problems. The eradication of poverty in a development context is a fundamental objective of the AU's development policy; Given the important contribution of environmental goods and services to the livelihoods of the poorest, effective integration of the environment is a crucial element in the fight against poverty.

## **CHAPTER 3: INDICATORS AND THRESHOLDS**

After defining the areas, this section of the study deals with the selection of indicators and how they are calculated as well as their different thresholds. These are clearly described with their definitions, calculation methods, interpretations and sources.

### **1. Monitoring and Evaluation Indicators**

For each of the selected dimensions, there is an evaluation objective that derives from the Abuja Treaty Action Plan or Agenda 2063 and complies with either the agreed deadlines, priorities or is based on the integration tools. These objectives are the basis of the logic for the selection of indicators.

The indicators are intended to assess the progress made by each REC in implementing the Abuja milestones and the vision and aspirations of Agenda 2063. They also allow some sectors to be prioritized based on available resources or the priorities of the Member States. So, it is necessary to take into account this reality of autonomous evolution of the RECs in the execution of integration agendas. The dimensions to be retained are supposed to take into account the exhaustiveness of the domains which would not be unfavourable to any REC during the evaluation of the achievements.

As mentioned above, the indicators selected are of two types: quantitative and qualitative based on the objectives of the integration agendas, with some indicators being quantifiable and others non-quantifiable.

For the calculation of the indicators, the notion of step-by-step integration has been taken into account with regard to the tools or instruments to be established. It was agreed that there are 3 main steps for the establishment of the integration instruments which are: discussions and reflections, drafting of the agreement on the instrument, signature and ratification of the agreement on the instrument. This consideration makes the evaluation more realistic because the intermediate phases are taken into account. When an instrument is not yet effective in an REC, the evaluation is able to determine the value of the REC for this indicator which is the level at which it is in the process of setting up this instrument. So for all the indicators with binary modalities, we retain that there are intermediate values between 0 and 1.

#### **1.1. Indicators of free movement of persons**

The Third Stage of the Abuja Treaty provides for the establishment of a Free Trade Area within each Regional Economic Community through the elimination of trade barriers and the creation of a customs union, as well as the adoption of a common external tariff. This implies free movement of persons and goods, which involves the adoption of a number of measures and policies within the RECs.

For free movement to be concretely achieved, the States must implement the second stage of the Abuja Treaty which recommends the coordination and harmonization of the

activities of Regional Economic Communities, as well as the gradual harmonization of customs duties in relation to third States. These measures entail a long process, characterized by several agreements, treaties and conventions between States. It would be extremely tedious to conduct an assessment that covers the entire process, given that RECs have different processes. That is why the study lays greater emphasis on the ultimate objective, which is the achievement of tangible and concrete results. Therefore, the indicators used to evaluate the effectiveness of free movement are:

- **Community passport**
- **Visa between Member States**
- **Free Movement Protocol**

**Table 3 : Indicators of the Free Movement of Persons**

Indicators	Definitions	Method of calculation	Interpretation	Source
Community Passport (Qualitative Indicator)	The community passport is a document or identification issued by the authorities of all countries of the community to their citizens	The calculation is based on whether or not the document exists in the community <b>Yes=="1", No=="0"</b>	A value of 1 means that the community is working towards integration through the creation of instruments to facilitate free movement. A value of 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process	Airports, frontier posts, les Ministries in charge of Foreign Affairs and of Integration, Embassies and consulates, RECs Secretariats
Visas between Member States (Qualitative Indicator)	The Visa is a document issued by the competent authorities of a country to a foreigner and which the latter should present upon entry into the territory of that country.	The calculation is based on whether or not the document exists in the community <b>Yes=="1", No=="0"</b>	A value of 0 means that the community is working towards integration through the establishment of instruments to facilitate free movement. The value of 1 indicates that the community has not succeeded in making this instrument a reality. However, it could be in an advanced stage in the process.	Airports, frontier posts, les Ministries in charge of Foreign Affairs and of Integration, Embassies and consulates, RECs Secretariats
Free Movement Protocol (Qualitative Indicator)	The free movement protocol is an agreement in principle between States for the purpose of progressively guiding them to achieve free movement of persons in the zone.	The calculation is based on whether or not the document exists in the community <b>Yes=="1", No=="0"</b>	A value of 1 means that the community is working towards integration by effectively engaging in the process of free movement. However, it should redouble efforts if it has not reached the community passport. The value of 0 means that the community has not succeeded in concretely establishing itself in the process of free movement of persons.	RECs Secretariats

**Source : CUA, 2018**

## 1.2. Trade Integration Indicator

In the process of integration of Regional Economic Communities (RECs), trade integration is at the second and third stages of the Abuja Treaty. It is characterized by the elimination of customs duties, tariff and non-tariff barriers. These provisions are expected to result in an increase in the volume of intra-African trade and a reduction in the independence of African countries vis-à-vis imports of manufactured goods from third countries.

Trade integration indicators should therefore take into account both the instruments ensuring the removal of the various barriers and the volume of trade within the community. Following this logic, the selected trade integration indicators are:

- **The Common External Tariff (CET)**
- **Intra-Community imports of goods (as % of GDP)**
- **Intra-Community imports of services (as % of GDP)**
- **Intra-Community exports of goods (as % of GDP)**
- **Intra-Community exports of services (as % of GDP)**

**Table 4** : Trade Integration Indicators

Indicator	Definitions	Calculation Method	Interpretation	Source
Common External Tariff (CET) (Qualitative Indicator)	The CET is a common tariff for community members, often linked by a free trade agreement. The application of a common external tariff means that a product coming from a country outside the community will be taxed at the same rate regardless of its point of entry into the area	The calculation is based on whether or not the document exists in the community <b>Yes=="1", No=="0"</b>	A value of 1 means that the community is working towards integration through the creation of instruments to facilitate trade integration. A value of 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	Ministries of Trade, Ministries of Integration, RECs Secretariats, etc..
Intra-community imports of goods/services (Quantitative Indicator)	It is the total imports of goods/services made by countries of the same community between themselves.	$\frac{\text{import of goods between countries of the community}}{\text{Total GDP of the community}}$ $\frac{\text{import of services between countries of the community}}{\text{Total GDP of the community}}$	The value of the indicator is between 0 and 1. The closer the value is to 1, the more the community is deemed to be contributing to the objective of trade integration with a high level of trade within its borders. Otherwise, the community is not integrated from the standpoint of trade in goods and services within its borders.	Ministries of Trade, National Institutes of Statistics, RECs Secretariats, etc.
Intra-community exports of goods/services (Quantitative Indicator)	It is the total exports made by countries of the same community among themselves	$\frac{\text{export of goods between countries of the community}}{\text{Total GDP of the community}}$ $\frac{\text{export of services between countries of the community}}{\text{Total GDP of the community}}$	The value of the indicator is between 0 and 1. The closer the value is to 1, the more the community is deemed to be contributing to the objective of trade integration with a high level of trade within its borders. Otherwise, the community is not integrated from the standpoint of trade in goods and services within its borders.	Ministries of Trade, National Institutes of Statistics, RECs Secretariats, etc.

**Source** : African Union Commission, 2018

### 1.3. Infrastructure Integration Indicators

Infrastructure is an essential component of the Free Trade Area, which appears under Stage 3 of the Abuja Treaty. It contributes to both trade and the free movement of persons. Infrastructure covers several sectors, including, *inter alia*, transport (air, sea and rail), telecommunications and energy. The indicators developed are intended to highlight the manner in which the RECs put in place common and regional infrastructure to facilitate

trade and the free movement of persons. For infrastructure, the evaluation indicators selected are:

- **Intra-community roaming costs;**
- **Proportion of intra-community flights;**
- **Proportion of cross-border roads**
- **Existing railway network between the countries of the community**
- **Intra-community electricity trade per capita.**

**Table 5:** Infrastructure Indicators

Definitions	Calculation Method	Interpretation	Source	Definitions
Intra-community electricity trade	It is the community's electricity imports and exports for a year.	$\frac{\text{Intra - Community Electricity (Export + Import)}}{\text{Community's total electricity consumption}}$	This value is between 0 and 1. The closer the value is to 1, the greater the community's effort to integrate in terms of infrastructure. Otherwise, the community is not integrated from the standpoint of infrastructure	Ministries of Energy, National Institutes of Statistics, RECs Secretariats.
Proportion of cross-border roads	It is the number of cross-border roads by the number of inhabitants in the area considered	$\frac{\text{Number of cross - border roads within the REC}}{\text{Number of inhabitants}}$	This value is between 0 and 1. It could be normalized for greater significance. The closer the value is to 1, the greater the community's efforts to integrate in terms of infrastructure. Otherwise, the community is not integrated from the standpoint of infrastructure.	Ministries of Energy, National Institutes of Statistics, RECs Secretariats.
Existing railway network between countries of the community	It is the number of railway lines by the number of inhabitants in the area considered	$\frac{\text{Number of railway lines within the REC}}{\text{Number of inhabitants}}$	This value is between 0 and 1. It could be normalized for greater significance. The closer the value is to 1, the greater the community's efforts to integrate in terms of infrastructure. Otherwise, the community is not integrated from the standpoint of infrastructure	Ministries of Energy, National Institutes of Statistics, RECs Secretariats
Proportion of intra-community flights	It is the share of flights taking place in the community during a year.	$\frac{\text{Intracommunity flights}}{\text{Total number of flights}}$	This value is between 0 and 1. The closer the value is to 1, the greater the community's effort to integrate in terms of sub-regional transport. Otherwise, the community is not integrated from the standpoint of infrastructure.	Ministries of Transport, Airports, National Institutes of Statistics
Intra-community roaming costs	It is the total charges incurred to route calls made from a mobile phone by an operator	For a better appreciation of this indicator, the variation of the roaming costs is used for the calculation.	This value is between 0 and 1. The closer the value is to 1, the greater	Ministries of Telecommunications,

Definitions	Calculation Method	Interpretation	Source	Definitions
	other than that of the subscriber, <i>especially</i> from a foreign country	$\frac{\sum (P_i - \bar{P})^2}{\text{Number of countries in the community}}$ Where $P_i$ stands for the country prices, and $i$ and $\bar{P}$ the average price in the area.	the community's effort to integrate in terms of infrastructure. Otherwise, the community is not integrated from the standpoint of infrastructure.	National Institutes of Statistics

**Source:** African Union Commission, 2018

#### 1.4. Social Integration Indicators

Free movement of persons is reflected in the manner in which individuals who move from one country to another are integrated into the community. It is a further step in the evaluation of the free movement of persons. The way in which people are socially integrated is a yardstick for the assessment of the effectiveness of the application of free movement policies.

The indicators selected thus make it possible to assess the rights that are granted to members of the community who are in countries other than their country of origin. These indicators are:

- **Right of settlement;**
- **Right of residence;**
- **Access to labour markets;**
- **Access to land.**

**Table 5:** Social Integration Indicators

Indicators	Definition	Calculation Method	Interpretation	Sources
Right of settlement	It is the possibility, recognized by all the countries of the community, and conferred on every citizen of one of the countries of the community to settle in any other country of the community without being subject to difficulties or obstacles related to his nationality..	The method of calculating this indicator is binary. There are two modalities: either the right of settlement exists or it does not. <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards the social integration of people through the implementation of policies. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be in at an advanced stage in the process.	Embassies, Ministries in charge of Foreign Affairs, Ministries of Integration, Ministries of the Interior or National Security, etc.
Right of residence	This is the possibility recognized by all the countries of the community and conferred on every citizen of one of the countries of the community to reside in any other country of the community without facing obstacles related to his nationality, race, etc.	The method of calculating this indicator is binary. There are two modalities: either the right of residence for a foreigner exists in another country of the community or it does not. <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards the social integration of people through the implementation of policies. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	Embassies, Ministries in charge of Foreign Affairs, Ministries of Integration, Ministries of the Interior or National Security, etc.
Access to the labour market	It is the possibility for a national of a country of the community to have access to the labour market	The method of calculating this indicator is binary. There are two modalities: either access to the labour market (civil service) by a	A value of 1 means that the community is working towards the social integration of people through policy implementation.	Ministries of Labour or Employment, Ministries of Civil Service, National Institutes

Indicators	Definition	Calculation Method	Interpretation	Sources
	(civil service) of another country other than his own.	foreigner exists in another country of the community or it does not. <b>Yes == "1", No == "0"</b>	The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process	of Statistics
Access to land	It is the possibility for a national of a country of the community to have access to land in another country other than his own.	The method of calculating this indicator is binary. There are two modalities: either access to the land by a foreigner exists in another country of the Community or it does not. <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards the social integration of people through policy implementation.  The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	Embassies, Ministries in charge of land issues, Ministries of Integration, Ministries of the Interior and Security, etc.

**Source:** African Union Commission, 2018

### 1.5. Financial Integration Indicators

The regional common market provided for by the Abuja Treaty for each REC is supposed to facilitate financial integration through the harmonization of financial and trade policies, and policies relating to the free movement of capital, etc.

The indicators used to evaluate the efforts of RECs to achieve this integration are:

- **The regional payment system;**
- **The regional stock exchange;**
- **The clearing house;**
- **Regional macro prudential standards.**

**Table 6 :** Financial Integration Indicators

Indicators	Definition	Calculation Method	Interpretation	Sources
Regional payment system	A payment system is a system consisting of a set of instruments, banking procedures and interbank money transfer systems designed to ensure the circulation of money.	The method of calculating this indicator is binary. There are two modalities: either the regional payment system exists in the community or it does not. <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards financial integration through policy implementation. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	Central Banks, Ministries in charge of the Economy and Finance, etc.
Regional Stock Exchange	The Regional Stock Exchange is a financial market in which transactions in securities and commodities of all countries in the region are carried out. It is the place where publicly traded equities and bonds are sold and bought by investors.	The method of calculating this indicator is binary. There are two modalities: either the regional stock exchange exists in the community or it does not. <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards financial integration through policy implementation. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	Central Banks, Ministries in charge of the Economy and Finance, etc.
Clearing house	The clearing house is a financial institution - an intermediary between the buyer and the seller - which guarantees the management of transactions, the correspondence between the debit and credit positions of the various parties involved, the	The method of calculating this indicator is binary. There are two modalities: either the clearing house exists in the community or it does not. <b>Yes == "1", No == "0"</b>	A value of 1 means the community is working towards financial integration through policy implementation. The value 0 means the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	Central Banks, Ministries in charge of the Economy and Finance, etc.

Indicators	Definition	Calculation Method	Interpretation	Sources
	offsetting of balances, margin calls, etc.			
Macro prudential standards	Macro prudential standards are the set of policies aimed at avoiding a large-scale disruption in the delivery of financial services that could have serious consequences for the real economy.	The method of calculating this indicator is binary. There are two modalities: either the macro prudential standards exist in the community or they do not. . <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards financial integration through policy implementation. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	Central Banks, Ministries in charge of the Economy and Finance, etc.

**Source:** African Union Commission, 2018

## 1.6. Monetary integration indicators

One of the goals of the Abuja Treaty and Agenda 2063 is to guide the Continent towards an Economic and Monetary Union. This would mean that each REC should be able to have policies and instruments to facilitate monetary integration.

The indicators used for evaluating monetary integration are:

- **Number of currencies in circulation in the area;**
- **Volume of trade involving payments in regional currencies;**

**Table 7 :** Financial Integration Indicators

Indicators	Definition	Calculation Method	Interpretation	Sources
Number of currencies in circulation in the area	The currency is the payment instrument in place at a given time and place that is supposed to serve as a medium of exchange, store of value and a unit of account.	The calculation is simple. It consists merely in counting all the recognized national currencies. The number of currencies corresponds to the number of countries in the community.	The value is generally between 0 and 1. However, for some rare cases, it can be greater than 1. The higher the value, the less integrated the country is at the monetary level.	RECs, Ministries of the Economy and Finance, Central Banks, etc.
Volume of trade involving payments in regional currencies	It is the total imports and exports of the community for which payments are made in a currency of the region.	$\frac{\text{Intra comm}(\text{Imports} + \text{Exports}) \text{ paid for in regional currencies}}{\text{Total intra comm. (Imports} + \text{Exports)}}$	The value is generally between 0 and 1. The higher the value, the less integrated the country is at the monetary level.	Central Banks, Ministries in charge of Trade, RECs

**Source:** African Union Commission, 2018

## 1.7. Institutional and Political Integration Indicators

In all integration processes, the institutional and political level is the final phase, which comes in only when the communities have achieved excellent results in several areas.

The assessment of the Abuja Treaty in this area seems inconsistent as of today, but since this study is intended to be a dynamic evaluation instrument; it is important to take into account all the areas covered by the Abuja Treaty.

Thus, the indicators selected for this area of integration are:

- **The Regional Parliament;**
- **The Regional Court of Justice;**
- **The Regional Armed Forces;**
- **The Regional Central Bank;**
- **The Regional University.**

**Table 8 : Institutional Integration Indicators**

Indicators	Definition	Calculation Method	Interpretation	Sources
Regional Parliament	The Regional Parliament is generally an elected assembly representing the peoples of the different States of a given community. It is an indicator of effective institutional and political integration.	The method of calculating this indicator is binary. There are two modalities: either the Regional Parliament exists in the community or it does not <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards institutional integration through the operation of a parliamentary institution. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	RECs
Regional Court of Justice	The Regional Court Of Justice is a specialized court which tries Members of Governments and State officials of the countries of a given region for acts committed in the exercise of their functions and for which they are held criminally liable.	The method of calculating this indicator is binary. There are two modalities: either the Regional Court of Justice exists in the community or it does not <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards institutional integration through the operation of a judicial institution. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	RECs, Ministry of Justice, etc.
Regional Armed Force	A Regional Army is a structured organization of armed men and women from different countries of the community, set up to ensure order, democracy and the defence of the territorial integrity of the region or community.	The method of calculating this indicator is binary. There are two modalities: either the Regional Army exists in the community or it does not <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards institutional integration through the setting up of a regional institution. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	RECs, Ministries in charge of Defence, etc.
Regional Central Bank	It is a financial institution responsible for managing a currency common to all the countries of the Community.	The method of calculating this indicator is binary. There are two modalities: either the Regional Central Bank exists in the community or it does not <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards institutional integration through the setting up of a regional financial institution. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	RECs, Ministries in charge of the Economy and Finance, etc.
Regional University	It is an institution responsible for training students from Member States of a community.	The method of calculating this indicator is binary. There are two modalities: either the Regional University exists in the community or it does not <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards institutional integration through the setting up of a university institution. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	RECs, Ministries in charge of Higher Education, etc.

**Source:** African Union Commission, 2018

## 1.8. Environmental integration indicators

The environment is a recent dimension that has been integrated into development processes in countries around the world. In Africa, although not yet fully considered as a full dimension in the development process, its importance is gradually increasing.

As the area of the environment is emerging in Africa, the indicators selected focus on the establishment of a community system that acts in favour of the environment. Thus, the focus has been on programmes and institutions common to countries working for the day-to-day management of environmental activities in RECs.

The indicators selected are:

- **Regional Environmental Management Plan;**
- **Regional regulatory institution for environmental protection activities;**
- **Community carbon tax;**
- **Regional Integrated Water Resources Management Programme (IWRM) ;**
- **Regional Institution for Integrated Water Resources Management (IWRM) ;**
- **Regional centre for collecting geo-spatial data on water resources.**

**Table 9** : Environmental Integration indicators

Indicators	Definition	Calculation Method	Interpretation	Sources
<b>Regional Environmental Management Plan</b>	A Regional Environmental Management Plan is a set of policies and programmes for continental and global environmental visions	The method of calculating this indicator is binary. There are two modalities: either the Plan exists in the community or it does not <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards environmental integration through the implementation of a plan. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	RECs
<b>Regional regulatory institution for environmental protection activities</b>	A regional regulatory institution for environmental protection activities is a specialized structure in charge of regulating and monitoring activities carried out within the REC in respect of the environment.	The method of calculating this indicator is binary. There are two modalities: either the regional institution exists in the community or it does not <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards environmental integration through the establishment of a regional institution for the environment. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	RECs, Ministries in charge of the environment, etc.
<b>Community carbon tax</b>	The carbon tax is a tax added to the selling price of products or services depending on the amount of greenhouse gases, such as carbon dioxide (CO <sub>2</sub> ), emitted during their use.	The method of calculating this indicator is binary. There are two modalities: either the community carbon tax exists in the community or it does not <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards environmental integration through the implementation of a regional carbon tax. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	RECs, Ministries in charge of the environment, etc.
<b>Regional Integrated Water Resources Management Programme (IWRM)</b>	It is a Programme that aims to contribute to a wide dissemination of sustainable water management policies within the region	The method of calculating this indicator is binary. There are two modalities: either the regional programme exists in the community or it does not <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards environmental integration through the implementation of a water resources management programme. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	RECs, Ministries in charge of the environment
<b>Regional Institution for Integrated Water Resources Management (IWRM)</b>	It is an institution that aims to contribute to a wide dissemination of sustainable water management policies within the region	The method of calculating this indicator is binary. There are two modalities: either the institution exists in the community or it does not <b>Yes == "1", No == "0"</b>	A value of 1 means that the community is working towards environmental integration through the establishment of a regional water resources management institution. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	RECs, Ministries in charge of the environment, etc.
<b>Regional centre for collecting geo-spatial</b>	It is an organization that brings together countries of	The method of calculating this indicator is binary. There are two modalities: either	A value of 1 means that the community is working towards	RECs, Ministries in charge of the

Indicators	Definition	Calculation Method	Interpretation	Sources
data on water resources	the region and whose mandate is to collect the necessary information on water resources for dissemination to countries to guide their policies.	the centre exists in the community or it does not Yes == "1", No == "0"	environmental integration through the establishment of a regional centre. The value 0 means that the community has not succeeded in making this instrument a reality. However, it could be at an advanced stage in the process.	environment, etc.

Source : AUC, 2018

## 2. Calculation of Sectoral Integration Indices

The purpose of this study is sectoral evaluation with regard to the implementation of the key integration agendas. After having listed and defined the different areas with the indicators that define them, this part is dedicated to the calculation of the indices for each of the areas selected.

The sectoral indices are indeed composite indices that take into account the indicators defined and calculated for each integration dimension. The method used to obtain the sectoral indices is that of the arithmetic average. All indicators are transformed into quantitative variables between 0 and 1. Then, using the arithmetic average of the values of the indicators a value which also lies between 0 and 1 is obtained. This value makes it possible to assess the level of integration in each REC.

The arithmetic average was used for the calculation of these sectoral indices because it is impossible and difficult to integrate weights or to consider the different indicators with different importance. To achieve this, the arithmetic averages method has been used. Indeed, since the different priorities of RECs cause them to invest in the programmes they consider more important; it is difficult to build indices by assigning different weights to certain sectors or sub-sectors. This also helps to stem controversies that could lead to rejection or refusal to use this new index.

## 3. Indicator Thresholds

As mentioned above, this report includes the definition of a threshold value against which the level of integration of RECs would be compared. This will make it possible to deduce whether or not the RECs are in phase with the pre-established process for the implementation of the different integration agendas. Thresholds are an important dimension in the production of monitoring and evaluation systems. However, it requires a lot of precision and logic, especially when the project or programme objectives are not defined in qualitative terms.

The two major agendas on which the new African Integration Index is based contain both qualitative and quantitative objectives. Thus, care must be taken to transform each of the qualitative objectives into a quantitative objective. As difficult as it may be, when successful, this objective quantification exercise represents a very important added value in monitoring and evaluation systems because it makes it possible for stakeholders to have in their possession alerts regarding delays in implementation, to identify difficulties and obstacles and to make consistent decisions at all times.

The African Union Commission has therefore added this feature to the new evaluation framework so that it can serve as an evaluation tool that can help not only to assess achievements and compare the RECs, but also alert decision-makers and other stakeholders on the appropriate policy that will lead to achievement of the objectives set in the various integration agendas. With this in mind, the report combines two methods for defining thresholds. These two methods are: **the averages method and the objectives method.**

Both methods make it possible to determine more coherent thresholds which not only take into account the integration objectives set at continental and regional level, but also the average pace of implementation of the Regional Economic Communities (RECs).

### **3.1. The Averages Method**

In statistics, the average is considered as a measure of central tendency, that is, it helps to understand, with the aid of a unique number, what is typical of a dataset. This method is used to determine the thresholds of calculated indices; it makes it possible to define the speed with which all the RECs evolve in the implementation of the integration programmes.

The logic behind this method is that RECs may not be able to achieve the results expected when the Abuja Treaty and Agenda 2063 were adopted. They could therefore be ahead of the curve in certain areas based on their initial resources and priorities.. It is therefore necessary to understand the average level of development of RECs in order to challenge RECs below this value on the fact that it is absolutely necessary to implement policies to be at the average level of these RECs. Indeed, integration is considered as a global movement to which all countries and RECs must adhere and define effective policies so as not to remain on the sidelines of the process. Because the purpose of all programmes and agendas is the integration of the entire continent.

The Averages Method can be summarized as follows:

- Calculation of each indicator;
- Calculation of sector indices;
- Arithmetic average of the sectoral indices.

### **3.2. The Objectives Method**

The objectives method is one whereby the objectives set by Heads of State and Government and stakeholders in integration are taken into account.. The study is expected to make a comparison between the level of RECs in terms of implementation of integration agendas and the goals to be achieved. The new index is expected to be an instrument for monitoring and evaluating the Abuja Treaty, Agenda 2063 and other integration programmes adopted and taken into account by the AUC in its integration policy. The objectives contained in these different programmes should be used: to determine the thresholds below or above which the RECs could be judged- and we could

also determine the obstacles faced by these RECs in order to help them have sufficient resources to keep pace with the previously defined action plans.

This method constitutes the second dimension of the composite threshold. Its implementation is not easy when it comes to objectives that have not been set in a fragmented form. Sometimes, the objectives do not explicitly cover the indicators selected. The values are determined by logical evaluation of the objectives set in the Abuja Treaty and in Agenda 2063.

The objectives method has been defined and constructed as follows:

- **For all quantitative indicators for which quantitative values have been defined as objectives**, it is sufficient to simply fragment it over time by spreading it over the period until the final date. For example, if for a given variable X, it has been said to increase this value to 50 by 2030, whereas in 2018 it is 20; then it is necessary to achieve an increase of 30 over the remaining 12 years to reach 2030. If we spread 30 over 12 years evenly, we need a 2.5 increase, the thresholds from 2019 to 2025 shall be as follows :

	2019	2020	2021	2022	2023	2024	2025
X	22.5	25	27.5	30	32.5	35	37.5

For all indicators whose objectives have been defined in terms of integration instruments or tools such as protocol institutions, etc., it is sufficient to implement these instruments in 3 specific phases: (i) *Phase of discussions and exchanges between Member States*; (ii) *Phase of drafting agreements, treaties, protocols*; (iii) *Negotiation Phase for signature and ratification*.

The first two phases represent half (50% or 0.5) of the process of creating the integration instrument, and ratification represents the other half. For instruments that are supposed to be in place before 2018, the reality of the RECs has led to the conclusion that the ratification phase must have been completed by half of the Member States. Thus, the threshold for these integration instruments or tools is 75% (or 0.75). If 2018 is not the end year of the instrument implementation process, then we simply consider the suggested step in the integration agendas and the corresponding threshold. This threshold is evenly distributed over the entire period until maturity.

- For objectives relating to banking, financial, monetary, etc.; the objectives of these institutions are automatically retained. This is the case of the convergence criteria for central banks, which are set by the Association of African Central Banks (ABCA).

## **CHAPTER 4: GENERAL CONCLUSION**

The AUC undertook this study with a view to producing a more understandable and broader monitoring and evaluation framework for the integration process. With the prior existence of an index (ARII), the AUC also wanted to broaden the base of integration assessment tools. The purpose of this study was therefore to suggest a set of indicators that could be used to evaluate developments in the integration process of Regional Economic Communities according to the stages and deadlines of the Abuja Treaty on the one hand, and the vision of Agenda 2063 on the other hand. To this end, a methodical and scientific approach was developed for the preparation of this report.

In the first section, the context, basis, and rationale of the preparation of this report were recalled and explained. The existence of ARII required the study to rigorously specify its objectives, methodology and added value in terms of assessing integration. This section has set the scene for a better understanding of the work done by the AUC.

Since the Abuja Treaty and the Agenda are the two key programmes on which the entire study is based, it was necessary to recall, in a second section, the main stages, the goals of the Abuja Treaty and of Agenda 2063. The deadlines for each step and the other initiatives taken were recalled as a compass for the evaluation. This section equally made an overview of the vision of Agenda 2063, highlighting the areas of integration selected among the eight priority projects. The selected dimensions were then presented in this section in order to link them to specific goals of the Abuja Treaty and Agenda 2063. There are 8 (eight) dimensions, as follows : (i) *free movement of persons*; (ii) *Trade integration* (iii) *integration of persons or social integration*, (iv) *infrastructure integration*, (v) *financial integration*, (vi) *monetary integration* (vii) *institutional integration* and (viii) *environmental integration*.

In section three, the relevant criteria related to each institutional form of integration according to Balassa's vision was proposed. The components of each integration area and their criteria were defined. These criteria are based mainly on the features of institutional integration and the preconditions to be fulfilled in order to cross the integration process stages. The section chose the criteria indicators for each area of integration and the method for calculating these indicators. This choice is based on three main principles: (i) be simple and easy to understand; (ii) data readily available for all RECs member countries; (iii) formulate from economic concepts rather than political considerations; and (iv) be supported by economic intuition on the behaviour of actors. For each indicator, care was taken to specify its goal, the data source and sometimes the verification source. Two categories of indicators were highlighted: qualitative indicators and quantitative indicators. With regard to the qualitative indicators, a binary relation was selected for their measurement: where the indicator is effective, the number "1" is attributed otherwise "0". These indicators are intended to evaluate the integration process of REC member countries and especially to compare progress in their integration process. Finally, the third section also proposed to determine a threshold or indicator standard from which a criterion can be considered as fulfilled. Before that, the underlying challenges or problems to the determination of this threshold or standard were reviewed.

This report presents a new index that increases the options and tools available to policy-makers to improve their perception of the integration process in order to define appropriate strategies for the implementation of Agenda 2063 and the Abuja Treaty. It was designed to improve the quality of the assessment of the integration process. It is therefore available for policy-makers, researchers, academics, etc.. The most fervent wish of the AUC is that it becomes the main tool for assessing integration par excellence.

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# **ANNEXES**

**Annex 1: Progress made by RECs in the Implementation of the Abuja Treaty**

<b>Regional Economic Community</b>	<b>Degree (s) of Economic Integration Envisaged</b>	<b>Degree of Economic Integration Achieved</b>	<b>Deadline for Treaty and Assembly Decisions*</b>
EAC	Free trade area Tripartite free trade area Customs union Common market Economic and monetary union	Yes (2000) Yes (2015) Yes Yes (2005) Yes (2010) Partially	2017 2017 2017 2023
ECOWAS	Free trade area Tripartite free trade area Customs union Common market Economic and monetary union	Yes (2001) No Yes (2015) No No	2017 2017 2017 2023
COMESA	Free trade area Tripartite free trade area Customs union Common market Economic and monetary union	Yes (2000) Yes (2015) Yes (2009) No No	2017 2017 2017 2023 2028
IGAD	Economic cooperation Free trade area Tripartite free trade area* Customs union Common market Economic and monetary union**	Yes No No No No No	2017 2017 2017 2023 2028
ECCAS	Economic and social cooperation Free trade area Tripartite free trade area** Customs union** Common market** Economic and monetary union**	Yes Yes No No No No	2017 2016 2017 2023
SADC	Economic cooperation Free trade area Tripartite free trade area Customs union** Common market** Economic and monetary union**	Yes Yes (2008) Yes (2015) Yes (2010) No No	2017 2017 2017 2017 2023
CEN-SAD	Economic cooperation Free trade area Tripartite free trade area ** Customs union** Common market** Economic and monetary union**	Yes No No No No No	2017 2017 2016 2017 2023
AMU	Trade Agreements Free Trade Area Tripartite Free Trade Area** Customs Union Common Market** Economic and monetary union**	Yes (2010) No No No No No	2017 2016 2017 2023 2028

\*Decision of the African Union Assembly/AU/Dec.394 [XVIII].

**Annex 2: Commercial and Productive Integration: Overview**

	<b>Regional Economic Communities</b>							
	EAC	ECOWAS	COMESA	SADC	ECCAS	IGAD	AMU	CEN-SAD
<b>Trade Facilitation Measures</b>								
Import Duties on Community Products	0%	5.9%	1.9%	3.8%	1.9%	1.8%	2.6%	7.4%
Single Customs Declaration Document	Yes	Yes	Yes	Yes	No	No	No	No
Common Non-Tariff Nomenclature	Yes	Yes	Yes	Yes	No	No	No	No
<b>Free Movement of Persons</b>								
Community Passport	Yes	Yes	No	No	No	No	No	No
Phasing out of Visas			Yes	Yes	No	No	No	No
Community Identity Card	Partially	No	No	No	No	No	No	No
Harmonisation of Academic and Professional Qualifications	Yes	No	No	No	No	No	No	No
Right of Residence	Common Market protocol in force (2010)	Residence and Establishment Protocol in force (1979)	Residence and Establishment Protocol Adopted but not in force(2011)	Residence and Establishment Protocol Adopted but not in force(2011)	No	No	No	No
Right of Establishment	Common Market protocol in force (2010)	Residence and Establishment Protocol in force (1979)	Residence and Establishment Protocol Adopted but not in force(2011)	Residence and Establishment Protocol Adopted but not in force(2011)	No	No	No	No
<b>Transport Facilitation Measures</b>								
Axle Load Limit	Yes	Yes	Yes	Yes	No	No	No	No
Harmonised Bid Guarantee Scheme	Yes	No	Yes	Yes	No	No	No	No
Carrier License	Yes	Yes	Yes	Yes	No	No	No	No
Customs Agreement on Interstate Road Transit	Yes	Yes	Yes	Yes	No	No	No	No
Project Financing Facilitation	Yes	Yes	Yes	Yes	No	No	No	No
Regional Development Bank	Yes	Yes	Yes	Yes	No	No	No	No

**Source:** African Union Commission, 2018

### Annex 3: Fiscal and Financial Integration: Overview

	REGIONAL Economic Communities							
	EAC	ECOWAS	COMESA	SADC	ECCAS	IGAD	AMU	CEN-SAD
<b>Tax Harmonisation</b>	Yes		No	Yes	No	No	No	No
Harmonisation of VAT	Yes	Directive adopted in 2009 but not in force			No	No	No	No
Harmonisation of Excise Duties	Yes	Directive adopted in 2009 but not in force			No	No	No	No
<b>Financial and Banking Harmonisation</b>								
Capital Account Liberalisation	Yes	Yes	Yes	Yes	No	No	No	No
Regional Settlement and Payment Systems	Yes	Yes	Yes	No	No	No	No	No
Harmonisation and Regulation of the Banking system	Yes	Yes	Yes	Yes	No	No	Yes	No
Regional Stock Exchange Regulatory Authority	No	No	Yes	Yes	No	No	No	No

Source : AUC, 2018

### Annex 4: Monetary Integration: Overview

	Regional Economic Communities							
	EAC	ECOWAS	COMESA	SADC	ECCAS	IGAD	AMU	CEN-SAD
Currency Convertibility	Yes	No	No	No	No	No	No	No
Adoption of a Convergence Programme	Monetary cooperation programme adopted and multilateral monitoring mechanism functional	Monetary cooperation programme adopted and multilateral monitoring mechanism functional	Monetary cooperation programme adopted and multilateral monitoring mechanism functional	No	No	No	No	No
Establishment of a Monetary Institute	East African Monetary Institute in 2001 (EAMI)	West African Monetary Institute (WAMI)	COMESA Monetary institute (CMI)	No	No	No	No	No

Source: AUC, 2018

**Annex 5: Infrastructure Integration: Overview**

	Regional Economic Communities							
	EAC	ECOWAS	COMESA	SADC	ECCAS	IGAD	AMU	CEN-SAD
<b>Transport</b>								
<b>Transport Facilitation Measures</b>								
Single Border Post	Yes	Yes	Yes	Non	No	No	No	No
<b>Energy</b>								
Regional and/or Sub regional electric power network	Yes	Yes	Yes	Yes	No	No	No	No

**Source:** AUC, 2018

**Annex 6: Institutional Integration: Overview**

	Regional Economic Communities							
	EAC	CEDEAO	COMESA	SADC	ECCAS	IGAD	AMU	CEN-SAD
<b>Regional Parliament</b>	Yes	Yes	Yes	Yes	No	No	No	No
<b>Regional Court of Justice</b>	Yes	Yes	Yes	Yes	No	No	No	No

**Source:** AUC, 2018

**Annex 7: Some thresholds by the Objectives Method**

Areas	Indicators	Goals considered or related	Integration programmes	Thresholds (2018)	Sectoral threshold by MDO
Free movement of persons	Community passport	Regional Free Trade Area (Stage 3, Abuja Treaty) 2008-2017 Free movement of persons (Aspiration 2, target d. Agenda 2063) by 2023 in all RECs	Abuja Treaty  Agenda 2063	0.75	0.75
	Visa between Member States	Regional Free Trade Area (Stage 3, Abuja Treaty) 2008-2017 Free movement of persons (Aspiration 2, target d. Agenda 2063) by 2023 in all RECs	Abuja Treaty  Agenda 2063	0.5	
	Free Movement Protocol	Regional Free Trade Area (Stage 3, Abuja Treaty) 2008-2017	Abuja Treaty	1	
Trade integration	Common External Tariff (CET)	Gradual elimination of tariff and non-tariff barriers (Step 2, Abuja Treaty, 2000-2007)	Abuja Treaty	1	N/A
	Intra-Community imports	N/A	N/A	N/A	
	Intra-Community exports	N/A	N/A	N/A	
Infrastructure integration	Cost of roaming	N/A	N/A	N/A	N/A
	Proportion of intra-Community flights	N/A	N/A	N/A	
	Intra-Community trade in electricity	N/A	N/A	N/A	
Social integration	Right of establishment	NA	N/A	N/A	

	Right of residence	N/A	N/A	N/A	N/A
	Access to the labour market	N/A	N/A	N/A	
	Access to land	N/A	N/A	N/A	
Financial integration	Regional payment system	N/A	N/A	N/A	N/A
	Regional Stock Exchange	N/A	N/A	N/A	
	Clearing house	N/A	N/A	N/A	
	Regional macro prudential standards	N/A	N/A	N/A	
Monetary integration	Number of currencies in circulation	N/A	N/A	N/A	N/A
	Share of trade settled in regional currencies	N/A	N/A	N/A	
Institutional and political integration	Regional Parliament	N/A	N/A	N/A	N/A
	Regional Court of Justice	N/A	N/A	N/A	
	Regional Armed Force	N/A	N/A	N/A	
	Regional Central Bank	N/A	N/A	N/A	
	Regional University	N/A	N/A	N/A	

**Source** : AUC, 2018

#### **Annex 8:** Practical Case Study

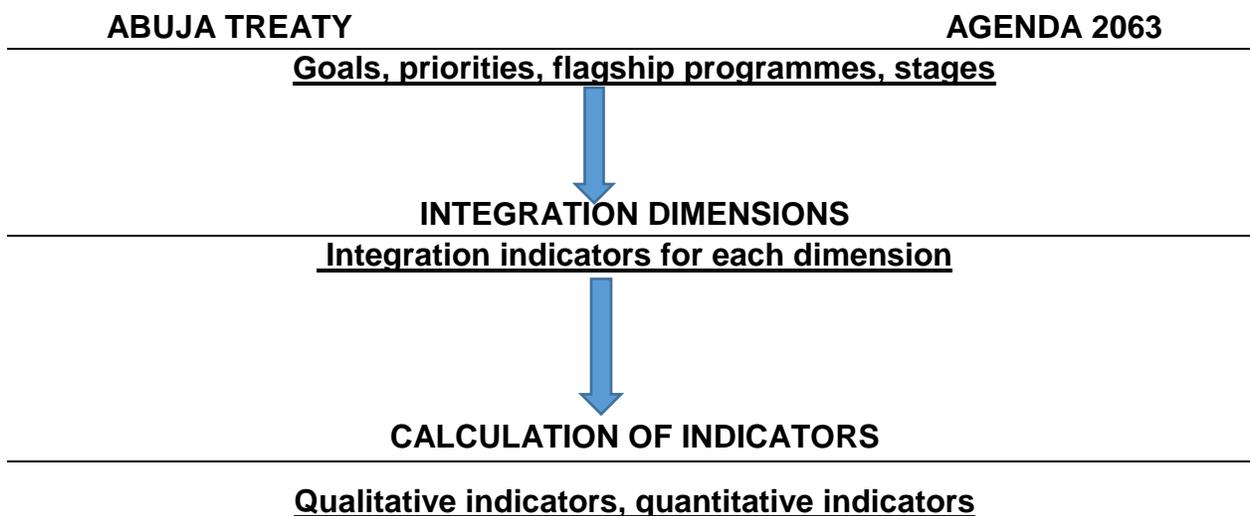
This case study concerns fictitious RECs on which data on the defined indicators are recorded. Then the methods for calculating indicators and thresholds are applied. We therefore consider 3 RECs (A, B, C) that completed the questionnaire with the indicator questions. Then, the data are processed by the methods of index calculation, and threshold calculation.

The table summarizes the calculations of the different thresholds.

Areas	Indicators	A	B	C	MM threshold	MDO threshold	Final threshold
Free movement of persons	Community passport	1	1	0	0.67	0.75	0.72
	Visa between Member States	0	1	0	0.33	0.5	0.41
	Free Movement Protocol	1	1	1	1	1	1
	<b>Sectoral index (I1)</b>	<b>0.67</b>	<b>1</b>	<b>0.33</b>	0.67	0.75	0.72
Trade integration	Common External Tariff (CET)	1	1	0	0.67	1	0.83
	Intra-Community imports	0.15	0.23	0.1	0.16	N/A	0.16
	Intra-Community exports	0.18	0.21	0.18	0.19	N/A	0.19
	<b>Sectoral index (I2)</b>	<b>0.44</b>	<b>0.48</b>	<b>0.1</b>	0.64	N/A	0.64
	Cost of roaming	0.78	0.85	0.65	0.76	N/A	0.76

Infrastructure integration	Proportion of intra-Community flights	0.35	0.22	0.14	0.24	N/A	0.24
	Intra-Community trade in electricity	0.14	0.27	0.12	0.18	N/A	0.18
	Sectoral index (I3)	0.42	0.45	0.30	0.39	N/A	0.39
Social integration	Right of establishment	1	1	1	1	N/A	1
	Right of residence	1	1	1	1	N/A	1
	Access to the labour market	1	1	0	0.67	N/A	0.67
	Access to land	0	1	0	0.33	N/A	0.33
	Sectoral index (I4)	0.75	1	0.50	0.75	N/A	0.75
Financial integration	Regional payment system	1	1	1	1	N/A	1
	Regional Stock Exchange	1	1	0	0.67	N/A	0.67
	Clearing house	0	1	1	0.67	N/A	0.67
	Regional macro prudential standards	0	1	1	0.67	N/A	0.67
	Sectoral index (I5)	0.50	1	0.75	0.75	N/A	0.75
Monetary integration	Number of currencies in circulation	0.75	0.64	0.67	0.69	N/A	0.69
	Share of trade settled in regional currencies	0.2	0.15	0.24	0.2	N/A	0.2
	Sectoral index (I6)	0.47	0.39	0.45	0.44	N/A	0.44
Institutional and political integration	Regional Parliament	1	1	0	0.67	N/A	0.67
	Regional Court of Justice	1	1	0	0.67	N/A	0.67
	Regional Armed Force	1	0	1	0.67	N/A	0.67
	Regional Central Bank	0	0	0	0	N/A	0
	Regional University	0	1	1	0.67	N/A	0.67
	Sectoral index (I7)	0.60	0.60	0.4	0.53	N/A	0.53

## Annex 9 : Summary of the African Regional Multidimensional Integration Index (ARMII)





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## CALCULATION OF SECTORAL INDICES

For each dimension, a composite index (based on the average) is calculated on the basis of the values of the indicators of that dimension



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## THE CALCULATION OF THE ARMII COMPOSITE INDEX

An average is established on the 8 sectoral indices to obtain the IRIMA value for each REC



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## DEFINITION OF THRESHOLDS

Taking into account the goals, priorities and programmes of Agenda 2063, the Abuja Treaty and the average level of RECs in the implementation of Agenda 2063