REPORT ON THE STATUS OF REGIONAL INTEGRATION IN AFRICA

THE EXECUTIVE SUMMARY

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BACKGROUND

Chapter 1, provides the historical context regarding the African integration process and the strides made by African leaders to achieve a united, integrated and prosperous continent as enshrined, among others, in the Abuja Treaty and AU Agenda 2063. More specifically, the Abuja Treaty lays the groundwork for the creation of the African Economic Community (AEC), whereby the economies of the Member States of the AU will be fully integrated, realizing the creation of an African Economic Community. The goal of the AEC is to transform the fifty three economies of Africa into a single economic and monetary union, with a common currency, free mobility of capital and labour. It is observed that the Sirte Declaration signed in 1999 and indeed the Constitutive Act of the African Union, aim at fast tracking Africa’s integration process, through the creation of key institutions such as the African Central Bank, an African Monetary Fund and an African Investment Bank, the African Court of Justice and the Pan-African Parliament. Suffice it to say that the process of establishing the three continental financial institutions mentioned above has been slow, on account of the slow ratification of the relevant instruments by Member States. The other institutions mentioned, namely the African Court of Justice and the Pan-African Parliament, although in place, have limited powers to effectively carry out their due mandates, as per the Abuja Treaty.

According to the Abuja Treaty objectives, Africa’s integration process is expected to be completed by the creation of the African Economic Community (AEC), following a six-step sequential approach of 34-years. The realization of the AEC is predicated on the progress achieved by RECs, which are considered the key pillars of Africa’s integration process, with the AU Commission playing a coordination role.

While a number of RECs have made some significant progress, this Report indicates that some others are far from achieving their visions and goals, as enshrined in their founding treaties. Among others, the issue of overlapping memberships of Member States in many RECs continues to pose a significant teething challenge and remains an intractable obstacle to deeper regional and continental integration. Overlapping memberships by Member States in many RECs not only exacerbate persistent funding and human capacity problems in support of regional programs, but also leads to challenges of effective coordination of policies and programs to foster closer and deeper regional and continental integration. While some progress has been achieved, the Report observes that significant bottlenecks stand in the way of deeper integration, including poor infrastructure networks, cumbersome administrative procedures which impede trade integration; narrowness of markets; lack of a diversified production base coupled with weak backward and forward linkages between agriculture and industry, as well as weak institutional and legal mechanisms for implementing regional and continental programmes and projects. In addition, the reluctance of Member States to cede sovereignty to key organs of the African Union is one of the bottlenecks that stand in the way of accelerated African integration process. Similarly, persistent conflicts in the Horn of Africa, parts of Central Africa, West Africa and Northern Africa present huge challenges to keep Africa’s integration process under the right conditions.
However, in spite of these seemingly teething challenges, the Report observes certain important objectives have been reached. In particular, the signing of the COMESA-EAC-SADC Tripartite Free Trade Area (FTA) on 22 October 2008, in Kampala, Uganda, was a big step in the right direction. More importantly, the Tripartite FTA encompasses 26 countries of the three RECs with a combined population of 527 million people, a total Gross Domestic Product (GDP) of US $624 billion and GDP per capita of US $1,184. The three RECs make up nearly half the African Union (AU) membership of 55 countries, contribute over 58% of the continent’s GDP, and account for 57% of the total population of the African Union.

The single FTA is established on a tariff-free, quota-free, and exemption basis, and adopt the principle of variable geometry by simply combining the existing FTAs of the three COMESA, EAC and SADC into a single FTA. Furthermore, this inter-REC FTA is expected to cushion and mitigate against persistent internal and external trading shocks; enlarge markets for goods and services for Member States concerned; increase the critical mass of trading instruments; eliminate the problem of multiple memberships; promote inter-REC and intra-African trade; and enhance the economic and social wellbeing of the people in the region. The Tripartite FTA is expected to stimulate the formation of other FTAs in other regions of Africa.

OBJECTIVES

The main objective of this Report is to present an assessment of the African integration process by highlighting key achievements, challenges, recommendations with respect to the various dimensions of the regional integration index and the Abuja Treaty, as well as lessons learned from of regional economic groupings such as the European Union.

The specific objectives of the Report are:

- To present the achievements made by the Member States, the RECs and the AUC. In accordance with their respective mandates, the report identifies and reports on the status of the tools and elements that have been put in place for the implementation of integration agenda;
- To review the challenges hindering the African integration process. The originality here is to consider these challenges as opportunities that African countries and institutions in charge of integration can harness to accelerate the process of creating AEC and foster the structural transformation needed to tackle poverty, inequalities and the marginalization of Africa at the international level;
- To analyze the perspectives in terms of integration for the Member States, the RECs and the AUC. New visions of integration are tackled with innovative solutions that serve as recommendations to stimulate a new dynamic in the integration process.

METHODOLOGY

With regard to Methodology and Data, the Report highlights that, prior to data collection, the New Multidimensional Index of African Integration was developed and
adopted in 2018 by the Experts of the RECs, Central Banks and National Statistical Institutes (INS). The objective of developing this Index is for it to serve as a tool for monitoring and evaluating the performance of regional integration achieved by each REC. This index was used as a basis to design a structured questionnaire which was used to capture achievements of RECs during the data collection exercises. The questionnaire was composed of eight dimensions which had a set of questions respectively. The 8 dimensions are: (i) trade integration; (ii) free movement of persons; (iii) infrastructure integration; (iv) political and institutional integration; (v) monetary integration; (vi) financial integration; (vii) social integration; and (viii) environment management. The questionnaire provided the opportunity for the RECs to report on their achievements and challenges, using the indicators developed by the new Multidimensional index of integration, above.

The actual visits made by representatives of the AU Commission (including discussions held with various Chief Executives of RECs and their Experts), were aimed at collecting reliable data, which consequently, contributed to the preparation of the Report.

KEY FINDINGS: ACHIEVEMENTS, CHALLENGES, PERSPECTIVES, COMPARATIVE ANALYSIS AND SPECIFIC RECOMMENDATIONS

CONTINENTAL ACHIEVEMENTS, CHALLENGES AND PERSPECTIVES

Chapter 2, of the Report takes a detailed stock of the Africa’s major economic and political integration initiatives, with a view to underscoring what has already been achieved so as to set the momentum for an even more accelerated pace and better performance, looking forward. This Chapter also highlights other key milestones reached including the signing of the Lagos Plan of Action, as well as other initiatives such as the Abuja Treaty, the Sirte Declaration and the Constitutive Act of the African Union and AU Agenda 2063. The Report provides progress on the status of the establishment of proposed Pan-African financial institutions, including the ratification processes. Finally, this Chapter provides details of the major initiatives undertaken by the AU Assembly, within the framework of the Abuja Treaty. More specifically, focus is put on the Pan-African institutions that were proposed in the Abuja Treaty namely: the African Central Bank; the African Investment Bank; and an African Monetary Fund. It is noteworthy that although these institutions are expected to play important roles in fostering Africa’s integration agenda, to-date, none of them is operational, owing to slow ratification of the relevant instruments.

REGIONAL ACHIEVEMENTS, CHALLENGES, PERSPECTIVES AND SPECIFICS RECOMMENDATIONS

Chapter 3 of the Report provides an overview of the status of integration in Africa on the basis of the performance of each REC. This Chapter also identifies the key challenges and specific recommendations as a way forward. The key message emerging from this section of the Report is that, while the achievements of RECs are laudable, the successes registered remain mixed. On the whole, invariably all the 8 RECs recognised by the AU face teething challenges of funding and human capacity constraints; overlapping memberships; weak implementation apparatus of key
regional integration programmes and projects and lack of focus and institutional alignments. Persistent conflicts and insecurity and infrastructure bottlenecks remain pervasive obstacles to deeper integration. Going forward, it is recommended that the need to devise innovative mechanisms of funding cannot be overemphasized, among others. The Report provides a summary account of the achievements, challenges and recommendations per REC. It is important to note that the points presented for each REC are not detailed enough: a long list is presented in the Full Report.

**AMU.** AMU has made some commendable progress based on its Treaty objectives. The UMA region faces challenges of political instability, insecurity, limited cooperation among Member States and limited infrastructural links. For many years, the fact that UMA had limited cooperation with AUC posed another key challenge. As a recommendation, UMA Member States need to put in place strategies to address these challenges, including working closely with other RECs to emulate their lessons, such as ECOWAS’s method of self-financing.

**CEN-SAD.** In terms of achievements made, since its creation, CEN-SAD has carried out works in the direction of improving the climate of peace and security between its Member States. It has a Charter for Peace and Stability and a Protocol on the Conflict Prevention, Management and Resolution Mechanism and a Security Cooperation Convention. Furthermore, owing to environmental threats to the CEN-SAD countries, the authorities are also focused on environmental protection and management. More specifically, the Great Green Wall Initiative, agreed by the Heads of State and Government of both the ECOWAS and AU, to promote the fight against desertification and the socio-economic development of the vulnerable areas concerned, is a major achievement.

In terms of challenges, CEN-SAD lacks the necessary funds to finance its ambitious regional integration programmes and projects. Its heavy reliance on donors to fund key projects remains very unpredictable and disruptive. The ongoing security challenges in Libya and terrorist incidents by Boko Haram and ISIS pose serious challenges to deepening integration within the CEN-SAD region. In terms of key recommendations, there is urgent need to redefine CEN-SAD’s five- or ten-year priorities in line with its vision and the new dynamics in the region and to devise means of addressing protracted security problems.

**COMESA.** In terms of key achievements, in line with its vision of being a fully integrated, internationally competitive and economically prosperous regional economic community, COMESA has developed several initiatives covering the following areas: - trade liberalization: establishment of a free trade area by eliminating non-tariff barriers (NTBs), including removal of exchange restrictions, by removing foreign exchange taxes, eliminating import and export quotas as well as roadblocks, by simplifying customs formalities, extending working hours at borders. More specifically, to enhance trade integration, COMESA has designed and implemented various trade integration programmes and instruments related to free trade area, customs union, trade facilitation, and transit facilitation including coordinated border management through one-stop border posts; the resolution of non-tariff barriers to trade; the digital free trade; effective customs instruments such as ASYCUDA;
simplification of customs documentation. COMESA also has adopted a Common External Tariff (CET) as a way of deepening trade integration.

Regarding the key challenges, while the progress achieved by COMESA is laudable, this REC still faces many challenges. These, among others, include high donor dependence in funding key regional integration programmes, poor infrastructure networks; persistent macroeconomic vulnerability; limited policy coordination; and human capacity constraints.

In terms of recommendations, in respect to financial constraints, it is recommended that COMESA borrow a leaf from ECOWAS in developing sustainable sources of financing. Given that COMESA is a huge market, it is also recommended that Member States focus on improving value chains and also invest in industries that can significantly improve processing and value addition processes.

**EAC.** In terms of key achievements, EAC currently remains the most advanced in terms of the level of integration, having achieved a common market, with the goal of achieving a monetary union and ultimately a political confederation.

Since 2005, EAC Member States have recorded progress in the implementation of the Customs Union, leading to significant increases in investments and trade and tariff reductions. Several commendable achievements have been made in the area of infrastructure development, with a particular focus on regional roads, railway lines; air transport and water transport. In terms of key challenges, despite the progress made in the implementation of the EAC projects and programmes, a number of challenges still persist. For instance, the customs union and common market are not yet fully operational. In spite of the progress attained by Member States, EAC, as is the case with other RECs, faces significant challenges of funding its own programs and of human capacity. Furthermore, it is yet to implement fully both the customs union and common market. Moving forward, it is recommended that EAC Member States remove completely remaining non-tariff barriers and operationalize fully the common market Protocol. Furthermore, EAC faces serious challenges of implementing key regional integration programs owing to limited funds and weak human capacity. Emulating lessons from ECOWAS in this regard is recommended.

**ECCAS.** In terms of key achievements, ECCAS has made some progress in the area of enhancing closer regional integration. In spite of the unexploited rich resource potential of the ECCAS region, intra-ECCAS Member States remains very low. Poor infrastructure, restrictive customs and immigration procedures; persistent conflicts; poor policy coordination as well as huge financial and human capacity constraints are some of the challenges that need to be addressed. It is recommended, that ECCAS Member States emulate the progress made by ECOWAS in devising innovative mechanisms of self-sufficiency, in terms of funding. To boost intra-ECCAS trade, the importance of putting in place the necessary regional infrastructure, in terms of roads, railways, telecommunications and oil pipelines cannot be overemphasized.

**ECOWAS.** The Protocol on the Free Movement of Persons is considered as one of the significant achievements made by ECOWAS whose programmes are being implemented. The implementation of the Protocol on the free movement of persons,
goods and services has led to increased intra-regional trade among the Member States. In order to fast-track the creation of the customs union, ECOWAS in 2015 commenced the implementation of the Common External Tariff (CET) and as of June 2018 all Member States, except Cabo Verde, are implementing ECOWAS Common External Tariff. Furthermore, in 2017, ECOWAS Member States adopted a common Customs Code to strengthen this regulatory architecture of the customs union and to streamline customs procedures, which is expected boost intra-ECOWAS trade. ECOWAS has also implemented several key infrastructure projects including major regional roads, railways, and oil pipelines.

ECOWAS should also be commended for pioneering a self-financing initiative for supporting regional integration programs, thereby reducing heavy reliance on donors. However, some of the challenges that ECOWAS faces include: insecurity and terrorist attacks; macroeconomic policy harmonization; poor infrastructure networks; limited funding for regional integration; and human capacity constraints. As a recommendation, mobilization of necessary funding to address these challenges is critical. Addressing persistent security problems caused by Boko Haram and ISIS requires urgent attention.

**IGAD.** In terms of achievements, IGAD has moved forward in establishing an effective peace and security architecture for the resolution of conflicts. Furthermore, commendable progress has been registered in the areas of environment and food security and even infrastructure. However, a number of IGAD Member States still face teething challenges such as vulnerability to conflicts, refugees, and IDPs and environmental degradation and climate change. The aridity of the IGAD region poses significant challenges including extreme weather conditions, which continue to adversely agriculture and sustainability of biodiversity, which is critical to ensure human life. As a recommendation, the need to devise regional strategies to overcome challenges of persistent conflict and environment management and climate change mitigation interventions cannot be overemphasized.

**SADC.** SADC has also registered commendable achievements in terms of fostering deeper trade integration, infrastructure development, and regional programmes in agriculture, environment, and the social sector. The Organ on Politics, Defence and Security cooperation has done a commendable job. However, SADC also faces a serious problem of funding and the need to operationalize fully the Free Trade Area Protocol cannot be overemphasized.

As a recommendation, Member States need to move forward the SADC Trade Protocol to another level. The work done in areas of macroeconomic surveillance is commendable. Furthermore, efforts have to be put into enhancing the principle of free movement of persons. The wide prevalence of HIV/AIDS pandemic remains a major challenge that requires regional intervention.

**COMPARATIVE ANALYSIS**

Chapter 4 of the Report attempts to undertake a comparative analysis of the governance of integration in Africa, drawing lessons from other regional integration arrangements, such as the European Union (EU). The Report achieves this, taking
into consideration the implementation of the Abuja Treaty and key legal instruments entered into, such as the Sirte Declaration, the Constitutive Act of the African Union as well as the achievements and challenges of RECs, which are the foundations of Africa’s integration process. The Report notes that, in spite of the numerous treaties, protocols, proclamations, and decisions that have been signed by AU Heads of State and Government, tangible positive results on the ground remain scanty. In contrast, the EU, which the African Union has constantly tried to emulate, notably in terms of institutional structure and even integration trajectory, has achieved a lot since it was established in 1958. The Report concludes that the dismal performance of the African integration process could be explained by structural, institutional, legal and enforcement bottlenecks, which remain protracted and are not addressed sufficiently.

One important feature of Africa’s integration process is that key decisions are still agreed by consensus, rather than through binding legal imperatives, which makes enforcement problematic, and at the discretion of Member States. The Reports observes that, this explains why most important protocols, directives, regulations and decisions passed by the Assembly of the African Union, as well as other key organs of the Union are either not ratified, ratified slowly, or not implemented, at all. In the same connection, while key institutions such as AU Commission, African Court of Justice and Human Rights as well as the Pan-African Parliament have been established to accelerate Africa’s integration process, it is paradoxical that none have been given appropriate powers to enforce decisions. The report concludes that, one important explanation for this situation is that the powers of these institutions remains quite limited due to the reluctance of Member States to cede their sovereignty.

The report highlights five key lessons from the EU’s integration process as follows:

(i) First, in the case of the EU, decision-making and enforcement mechanisms, have been relegated to key institutions and this is easier because Member States are united to cooperate for a common purpose and to achieve specific goals. For instance, the Council, European Court of Justice (ECJ), European Parliament and European Central Bank have continued to have their role and powers on integration matters increase significantly, at the urging of Member States. The Council has both agenda setting and enforcement powers. The ECJ has powers to, among others, settle disputes, whenever they arise and to interpret laws. In principle, the Parliament has a final say on budgetary proposals from the Council of Ministers. It can also dismiss the entire Commission with a vote of censure. Consequently, this enhances their credibility and effectiveness in fostering the European integration agenda. In contrast, the powers of decision, monitoring and enforcement are attributed to the Assembly, which is the political Summit meeting of the Union. The African Union Commission serves as a Secretariat and has limited agenda setting powers. Strategic issues are still referred to the Council of Ministers, through the Permanent Representatives Committee (PRC).

(ii) Second, the EU’s integration process, especially in the early stages had dedicated ‘champions’ who motivated closer cooperation and deeper economic integration. The leaders of France and Germany at different periods ensured EU survival, especially during tumultuous times. Their drive to put behind the problems caused by long periods of wars (including the after effects of World War II and the
subsequent Cold War) helps to cement new relationships among historical enemies (such as Germany and France). In addition the benefits derived from the free movement of goods, services, persons and capital became practical rallying points for other members to join the EU.

(iii) Third, another important lesson to learn from the EU is that in order for meaningful economic integration to take place, concerned Member States and their leaders have to make genuine investment, in terms of time, energy and resources. Taking note of EU’s integration example, this process was never easy. There was much disagreement along the way, and Member States had to make necessary compromises to enjoy common benefits, derived from belonging to a larger community. These included, among others, larger markets, defense, the ‘Four Freedoms’, to mention but a few. In several ways, by keeping together, smaller poorer countries overcome financial and human capacity constraints more easily than would have been the case if they were to face these problems single-handed.

(iv) Fourth, the importance of timing and sequencing and pragmatism cannot be overemphasized. Another important element to note regarding EU’s integration process is that timing and sequencing, and indeed prioritization, matter in determining the success and failure of regional integration initiatives. Although it is generally good to be ambitious both in terms of integration projects or programmes or even initiatives, these have to be proportional to the resources and time available. When problems arise, Member States need to be flexible to change course, and even amend treaties, where necessary. Furthermore, European leaders, supported by key institutions, espoused a pragmatic approach of realizing closer cooperation and integration – and instead of spending all the time perfecting the Single Market programme, other important initiatives to push towards an Economic and Monetary Union (EMU) were advanced. This approach helped to generate huge multiplier effects on an existing Single Market.

(v) Finally the EU’s integration process is citizen-oriented. EU Treaties make provisions that promote the democratic rights of European citizens. The Single Market, as interpreted by the ECJ, establishes a basic legal framework covering the general principles of the EU’s action, for example, the principle of non-discrimination between Member States’ citizens and the specific application of the Four Freedoms. Under European law, Member States have certain key obligations to fulfil, in broad terms. They must, unless they can establish a clear justification for not doing so, allow for the free movement of citizens from anywhere in the EU; allow companies formed under another Member State’s laws to set up on the same basis as their own; allow individual or corporate service providers to set up in any Member State or deliver services across a border, and allow their citizens to receive those services; allow capital (investment, dividends, interest) and payments to flow freely within and outside the EU. The protection of ‘public interest’ has made EU’s integration process attractive to its Member States, and every effort is made to respect decisions made by the Community, and this principle is jealously guarded by European law.

CONCLUSION AND RECOMMENDATIONS
Chapter 5 provides overall Conclusions and Recommendations and a way forward.

CONCLUSION

As was noted above, the Report concludes that the African integration process has recorded undeniable achievements. Most of the RECs have completed milestones that are in compliance with the various stages of the Abuja Treaty. Free movement of people is now a reality in most RECs. More importantly, landmark signing of the AfCFTA and Free Movement of Persons in March 2017, in Kigali, Rwanda, by the AU Heads of State and Government, is a good move in the right direction. However, although key institutions have been established in line with the Abuja Treaty, their powers remain limited owing to the reluctance of Member States to cede sovereignty. As was mentioned above, the decision-making process based on consensus is problematic in the sense that decisions signed are not legally binding, and countries that do not implement never face sanctions of any form. The Report is of the view that the current method of financing regional and continental integration is both unpredictable and unsustainable. The fact that donors fund most of these programs is problematic and requires a major shift. Furthermore, the division of labour between the AUC and RECs has not been clarified yet – and still remains work in progress. It is also argued that persistent conflicts on the continent have adversely affected the pace of integration and diverted limited resources earmarked for development. The Report observes that lack of political will reduces the level of implementation of numerous decisions taken both at the REC and continental levels. Furthermore, the problem of multiple memberships is costly both in financial and human terms, and does not allow for advancing into deeper forms of regional and continental integration. The COMESA-EAC-SADC Tripartite offers lessons for addressing overlapping memberships, which other RECs should emulate.

RECOMMENDATIONS

As a way forward, several recommendations are worth mentioning.

The African Union Commission should:

(i) Continue to coordinate the implementation of the African Integration Agenda while conducting, in collaboration with RECs, annual evaluations based on the newly developed and adopted African multidimensional regional integration index (AMRII);

(ii) Devise a minimum integration programme (MIP) that can be implemented over one or two years in order to increase accurate implementation with specific objectives and timeframe;

(iii) Set up an awareness mechanism to sensitize African citizens to integration issues through an annual integration forum that will include professional, academicians, women, the private sector, the diaspora and other African stakeholders;

(iv) Accelerate the implementation of the Kigali decision on the 0.2 percent for AUC funding to create financial autonomy for RECs, AUC and other continental and regional institutions;
(v) Intensify advocacy efforts aimed at AU Member States, for them to ratify, domesticate and implement the AU legal instruments such as treaties, protocols related to the financial institutions, the AfCFTA, the Panafri
can institutions for statistics; the AU Passport and others;

(vi) Strengthen cooperation between the AUC and RECs by improving information sharing and data collection, by monitoring analysis and disseminating progress and challenges;

(vii) Strengthen collaboration between AU and Members States by nominating a specific focal point (Ministry, Department or other structure);

(viii) Propose a champion REC in the area of integration in which the REC has made significant progresses so that it can be emulated by other RECs;

(ix) Align the policies according to the priorities, the capacity of financing, and the emerging issues.

The RECs should:

(i) Align their programmes and action plans with the continental integration Agenda for Integration, which includes the Abuja Treaty, Agenda 2063 and its Ten-year implementation plan;

(ii) Strengthen their cooperation with each other with a view to sharing experiences and best practices;

(iii) Develop their local capital market in order to raise funds for the efficient funding of infrastructure;

(iv) Be organic structures of the African Union, rather than just building blocks with a terminal role. The establishment of permanent Liaison Offices at both the AUC and the RECs should be effected as soon as possible.

Member States should:

(i) Sign, ratify and domesticate the AU legal instruments related to the integration tools of the Abuja Treaty and Agenda 2063;

(ii) be fully involved in the mobilization of domestic resources and accelerate the implementation of the Kigali decision on the 0.2 percent for AUC funding, to be able to finance the implementation of Agenda 2063 and the African Integration Fund;

(iii) Align their national development plans with regional and continental programs to maximize effectiveness;

(iv) Identify an anchored REC with which the country intends to achieve the integration objectives, that can only be achieved with a single REC such as the Common External Tariff (CET), the Customs Union) to solve multiple membership issues.