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AFRICAN DEVELOPMENT FORUM III
“Defining Priorities for Regional Integration”

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CONCEPT PAPER

AFRICAN DEVELOPMENT FORUM III

“Defining Priorities for Regional Integration”

INTRODUCTION

1. The African Development Forum III (ADF III) focuses on regional economic integration in Africa in the context of the recent commitment by African Heads of State to create the African Union (AU). The launching of the AU at the Lusaka Summit of the Heads of State and Government in July represents a historic opportunity to accelerate regional integration – a challenge to Africa made all the more demanding today by the far-reaching changes occurring in the global economy. The Constitutive Act of the African Union calls for economic and monetary union. Special responsibility thereby falls upon all stakeholders, particularly the continent’s premier regional and sub-regional (accepted UN jargon for regional economic blocs; hereafter used in this sense) economic institutions, respectively, the Organization of African Unity (OAU) and its successor bodies, the Economic Commission for Africa (ECA), the African Development Bank (ADB), and the Regional Economic Communities (RECs).

2. Economic integration is an imperative if Africa is to achieve accelerated development. ADF III will reflect on the experience in Africa as well as other areas with regional integration, identify the priorities and policy options for accelerating regional integration in Africa, and elaborate the necessary steps for economic and monetary union in the African setting. It will bring together a wide spectrum of stakeholders -- governments, parliaments, businesses, financial institutions, labour, civil societies, international organizations and the Diaspora -- to discuss these issues, refine options and seek consensus on the way ahead. Drawing on the political impetus from the coming into force of the African Union, ADF III will help galvanize a broad-based inclusive process to harmonize and accelerate integration efforts in the continent and build consensus around the key strategic actions that need to be taken. It will also provide an opportunity to launch a process for the systematic monitoring of regional integration efforts in Africa.

3. In the short time since its existence, the ADF has registered a significant impact and rapidly gained recognition as an effective forum for informed dialogue and consensus building on urgent development issues of relevance to Africa, and for agreeing on implementation priorities and strategies at national, sub-regional and regional levels. ADF 1999 focused on ways to accelerate the information revolution in Africa and ADF 2000 on Africa’s leadership challenge to manage the crisis of HIV/AIDS.

4. ADF III will focus on five thematic clusters: Economic Policies for Accelerating Regional Integration; Physical Integration through Infrastructure Development; Regional Approaches to Regional Issues; Institutional Arrangements and Capacity; and the Peace and Security Architecture.

CONTEXT

5. There is a powerful worldwide trend towards accelerated regional economic integration, driven by three economic superpowers: the US, the European Union (EU) and Japan. Propelled by globalization, the age of economic nationalism is over. There are also several experiments in sub-regional economic integration across the globe. The key lesson to be learned from these efforts is that regional integration is a politically driven process underpinned by the recognition that sovereign interests are best advanced through regional

actions. Sustained political commitment is therefore a necessary first step towards regional integration.

6. The strong tradition of Pan-Africanism, as espoused by Kwame Nkrumah and other influential political leaders and thinkers of the independence era, provided a coherent political impetus for the continent's unity. There have also been numerous attempts to promote political and economic integration during the last 40 years. While this has resulted in some advances in sub-regional cooperation and integration, Africa-wide integration efforts have so far yielded little practical outcome. Looking ahead, Africa's particular circumstances make regional integration in the context of globalization that much more difficult since Africa has the deepest levels of poverty, lowest share of world trade, and weakest development of human capital and infrastructure.

7. In July 2000, Africa's leaders committed themselves to the creation of the AU. This is a political project with a major economic component, manifest in the commitment to economic and monetary union. The OAU is to be transformed into the Commission of the African Union. The AU provides an opportunity to rekindle the political commitment to Africa's unity. It also places the challenge of stepping up the pace of regional integration at the forefront of the continent's agenda. It obliges Africa's leaders, at all levels, to consider seriously how to transform today's important but limited integration processes into a more far-reaching and effective continent-wide instrument for economic and political unification.

8. Accelerating the pace of regional economic integration in Africa requires a strong and nuanced understanding of similar processes across the world, along with an appreciation of the specific conditions in Africa. In this regard, a number of observations have to be kept in mind. Regional integration in Africa must take on a different character to that in Europe, the Americas and East Asia. It is 'south-south' integration of economies with weak industrial bases, which are generally reliant on agriculture and have relatively low levels of intra-regional trade. The roles of Africa's more powerful countries must be analyzed with care. Examples of successful regional integration elsewhere point to the central role of economically powerful states as the core and the motor for integration. Relations between Africa's leading national economies and their smaller neighbours will therefore be a critical factor in the success or otherwise of regional integration and in informing programmes to accelerate this integration. The sub-regional integration framework in the form of the RECs is the reality of today. As such, a key issue is how the current RECs configuration can be harmonized to optimize their role as building blocks for an eventual continent-wide union.

9. The speed of integration is a key factor. To date, integration in Africa has been slow. Achievements to date and future prospects for sub-regional integration must be critically assessed. Additionally, Africa's regionalization must be seen as a step towards globalization, as a means of better enabling Africa to meet the challenges of competing in the global economy. Moreover, in the integration process there are losers as well as winners. The process will place strains on important economic sectors. Institutions and processes to contain the problems that will arise from these losers need to be developed.

10. The institutional arrangements have contributed little towards the attainment of the desired integration outcomes, and endemic political instability and persistent conflict have undermined the process of regional integration. The history of integration runs parallel to a history of building strong multi-state institutions. Almost all of the big issues confronting Africa – and certainly the regional trade and investment issues – require stronger and more financially viable sub-regional and regional organizations. Added to this, expert knowledge and understanding are the primary credentials for participating and contributing in the global economy.

11. Above all, regional economic integration is a political project as much as an economic one: it will succeed only if the political incentives, processes and capacities are there. To date, dialogue on how Africa can achieve union has been largely restricted to the inter-governmental system, mediated by the OAU. This issue was recently highlighted at a meeting organized by the OAU to strengthen the participation of civil society in the Africa Union process. It was also underscored during the Lusaka OAU Summit. The involvement of all aspects of civil society, including the private sector, is therefore essential for success.

ADF III GOALS AND THEMATIC FOCUS

12. ADF III is supportive of, and complementary to, a succession of initiatives by African Heads of State. The Abuja Treaty, which came into force in 1994, aims at the creation of the African Economic Community by 2025. Subsequently, the agreements of the OAU in Sirte, Libya in 1999 and 2001 demonstrate renewed determination to move ahead with continent-wide integration. The Constitutive Act of the African Union and the Pan-African Parliament, and the Draft Protocol to the Treaty Establishing the African Economic Community Relating to the Pan-African Parliament, articulate these commitments. A number of RECs -- including the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Economic Community of West African States (ECOWAS), the Southern African Customs Union (SACU), the Economic Community of Central African States (ECCAS) and others -- are also making progress towards sub-regional economic integration.

13. The coming into force of the Constitutive Act of the African Union provides a timely opportunity to focus on what needs to happen institutionally and at policy level to galvanize regional integration. By defining the priorities and strategic policy choices, ADF III aims to energize and define steps towards accelerating and monitoring the process of regional integration in critical areas. In doing so, it aims to inform and add value to the ongoing moves towards an African economic and monetary union. Towards this overarching objective, ADF III will:

- ***Reflect on Africa's historic initiatives for political and economic unity and examine regional integration experiences from other regions:*** The Forum will bring together experts on regional integration from Africa as well as from across the world that can critically assess the experiences of the various regions with a view to drawing lessons for Africa.
- ***Consolidate lessons learned and identify best practices:*** The Forum will draw upon the rich experience of ongoing sub-regional initiatives to develop practical action points for furthering economic integration processes.
- ***Define priorities and strategic actions needed to accelerate regional integration:*** In the context of the AU, the Forum will discuss and agree upon practical policy and institutional measures needed to add value to, and accelerate, the regional integration process.

14. In furtherance of these goals, ADF III will focus on five thematic clusters:

- i. **Economic Policies for Accelerating Regional Integration:** This cluster will focus on convergence of macroeconomic policies -- monetary, fiscal, trade and exchange -- including consistency of national and integration targets and supporting policies. Towards this goal, it will identify the key strategic policy

actions that will need to be taken at the regional, sub-regional and national levels. The cluster will also look at the issue of losers and winners in the process of forging convergence and how to address it in practical terms;

- ii. **Physical Integration through Infrastructure Development:** This cluster will focus on priorities for infrastructure development as a means to step up the pace of regional integration. It will look at the regulatory framework for regional projects, financing of such projects, and services to be delivered by supra-national institutions. The cluster will look at modalities for agreeing, designing and implementing regional infrastructure projects, and for attracting and servicing investment in these sectors. The clusters will also look at how -- taking advantage of improved regional infrastructure -- strategic lines of industry, or enterprises, can be regionalized to increase their competitiveness in the global economy;
- iii. **Regional (Continent-wide) Approaches to Regional (African) Issues:** This cluster will look at issues and challenges that can be defined in a regional context and which would be more effectively addressed through regional approaches. These include science and technology, education and research, and food security planning and response. In this context, a point of focus will be to explore avenues for proactively using regional integration frameworks to address challenges to development such as HIV/AIDS and other infectious diseases, riparian issues and environmental questions.
- iv. **Institutional Arrangements and Capacity:** This cluster will look at the optimal institutional configuration for an accelerated regional integration process. In the context of the steps needed to operationalize the AU, and drawing on the experience of other regions, it will examine the question of sequencing of the establishment of the key structures under the AU, as well as their mandates and inter-relationships. In addition, it will candidly assess the requirements for rationalizing sub-regional groupings and harmonizing country membership in these groupings. It will also look at capacity needs, including the skills mix, of these institutions.
- v. **The Peace and Security Architecture:** Given the clear link between peace and development, this sub-theme will take stock of the successes and failures of the peace and security architecture on the continent. It will examine how this architecture can be rationalized and harmonized to ensure the necessary conditions for an accelerated AU. A key question will be how the peace and security architecture can address post-conflict transformation issues, and bridge the gap between conflict and normative development.

15. **The ADF III is an exercise in coalition building and consensus-building.** If it is to succeed, the process of regional integration in Africa should engage the broadest and deepest possible range of interests internally, as well as from Africa's international development co-operation partners. Participation at ADF III will therefore include a very broad spectrum of stakeholders.

THE ADF III PROCESS

16. **ADF III Preparatory Process:** The third African Development Forum process is already underway. ECA is undertaking a comprehensive study to provide an analytic framework through which Africa can critically assess its regional integration experiences, and

define benchmarks towards accelerated integration. The Forum will provide an opportunity to discuss the results of this study, which will be published in 2002 as the first Annual Report on Regional Integration in Africa (ARIA). ARIA will bring to bear experiences in critical aspects of regional integration at country as well as the sub-regional and regional levels, and as such will constitute a regular tool for policy dialogue and engagement on regional integration.

17. Background papers are being prepared on issues related to the five thematic clusters of ADF III. The papers will also reflect the experiences of other regions of the world in addressing these issues. Based on these papers, policy options to accelerate and upgrade Africa's regional integration will be identified for discussion at the Forum.

18. A Steering Committee has been established to provide overall guidance and orientation to the ADF III process. The Steering Committee includes ECA, the OAU, the ADB, the RECs and other key institutional partners, as well as a number of distinguished African personalities. It will meet twice before the Forum – in October and on the eve of the Forum.

19. To provide space for as wide a range of perspectives as possible in the preparatory process to ADF III as well as to broaden participation in the Forum itself, ECA – working with Africa Action – will launch an Internet-enabled electronic roundtable discussion on the five thematic clusters of ADF III. All postings will be available on the ADF III web site, which will also feature the preparatory work and other challenging policy discussion papers to enable participants to prepare for the Forum. Key issues raised in the roundtable will be included among issues to be discussed at the Forum. Selected participants in the roundtable will be invited to attend the Forum in person.

20. The RECs are a key component of the preparatory process at the sub-regional level, and will be an important factor in ensuring that the appropriate constituencies at sub-regional as well as national level in African countries are sensitized as to the goals of ADF III. In addition, the RECs are involved in the selection of participants, as well as in sponsoring or brokering the sponsorship of participation.

21. *The Forum Format:* What makes the Forum unique is the participatory way in which the discussions take place. The Forum is designed to provide as much room for interactive dialogue as possible. There will be pre-Forum meetings, plenary sessions and additional special sessions where participants will meet the experts, participate in roundtables debates, benefit from workshops and discuss the main themes, issues and background papers.

22. Special working groups will allow key stakeholder groups to develop positions for presentation to the whole Forum. The key task for each stakeholder group will be to critically evaluate the main options in specific areas, to energize regional integration in Africa. Groups might also wish to pose options of their own, and will be asked to add their views on special issues. These stakeholder groupings will include policy makers; officials charged with promoting sub-regional and regional cooperation; business and labour experts; leaders in public and private finance; academics; experts in physical integration; communication specialists; and leading analysts in peace and security issues.

23. Based upon this configuration, participants at ADF III will be asked to discuss and debate the options for regional integration in Africa. Consensus will be sought on the best way to accelerate and upgrade Africa's economic integration.

24. **Post-Forum actions:** The conclusions and recommendations of ADF III will be conveyed, through the OAU, to the Summit of Heads of State and Government, due to be held in Pretoria, South Africa, in July 2002. Africa's leaders will be asked to consider the outcomes of ADF III as a contribution towards concretizing the AU implementation agenda.

25. The final report of ADF III will include the basic documentation prepared for the Forum, a report of the discussion within the Forum, the Consensus statement from the Forum, and actions endorsed on ways to accelerate regional integration in Africa.

26. Also in the year 2002, ECA will launch its new Annual Report on Regional Integration in Africa to systematically monitor the continent's progress towards integration. This annual publication will also help maintain the momentum on the policy dialogue and political commitment required for integration in Africa to be achieved.

HOW YOU CAN PARTICIPATE

27. Interested parties from all sectors of society (government, private sector, NGOs, media, international organizations, etc) should complete the attached registration form and send it by fax or e-mail to the ADF III Secretariat by the deadline indicated on the form. Alternatively, you can visit the ADF III website and fill in and submit the form electronically (see contacts below).

28. Exhibition space, with a priority on those organizations with extensive intra-African operations, will be offered on the basis of a demonstrated relationship to the content of the Forum. To register as an exhibitor, please check the relevant box in the attached registration form.

29. Details will be announced shortly on the ADF III electronic roundtable on regional integration.

30. The ADF III Secretariat is located within ECA. Contact information is as follows:

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**ADF III GENERAL PROGRAMME
Timetable for Programme of Work**

9/12	10/12	11/12	12/12	13/12
O P E N I N G	P/S 9:30-11:00 Economic Policies for Accelerating Regional Integration (Cluster i)	P/S 9:30-11:30 The Peace and Security Architecture (Cluster v)	B/O 9:30-11:00 Presentation of 2 Specialist papers & their discussion Five parallel sessions for the (i) to (v) clusters	P/S 10:00-13:00 Forum of Heads of State and Government
	P/S 11:30-13:00 Physical Integration through Infrastructure Development (Cluster ii)	P/S 12:00-13:00 Official presentation of ARIA	B/O 11:30-13:00 Presentation of 2 Specialist papers & their discussion Five parallel sessions for the (i) to (v) clusters	
	Lunch Break 13:00-14:30	Lunch Break 13:00-14:30	Lunch Break 13:00-14:30	Lunch Break 13:00-14:30
	P/S 14:30-16:00 Regional (Continent-wide) Approaches to Regional (African) Issues (Cluster iii)	P/S 14:30-16:00 Panel Discussion on AU Institutional arrangements	B/O 14:30-16:00 Presentation of 2 Specialist papers & their discussion Five parallel sessions for the (i) to (v) clusters	P/S 15:00-18:00 Closing Session Including the Message of ADF III and Usual Ceremonials
P/S 16:30-18:00 Institutional Arrangements and Capacity (Cluster iv)	B/O 16:30-18:00 Special Group discussion of P/S Lead Speeches and ARIA presentations Chairperson + 1 or 2 speakers	B/O 16:30-18:00 Presentation of 2 Specialist papers & their discussion Five parallel sessions for the (i) to (v) clusters		

P/S = Plenary Session
B/O = Break out Sessions for Groups according to their (i)-(v) Specialty
(i)-(v) = The five clusters