



Economic Commission for Africa

THE THIRD AFRICAN DEVELOPMENT FORUM (ADF III)

Defining Priorities for Regional Integration



3 - 8 March 2002
Economic Commission for Africa
Addis Ababa, Ethiopia



Economic Commission for Africa

THIRD AFRICAN DEVELOPMENT FORUM
(ADF III)

**Defining Priorities
for Regional Integration**

3 - 8 March 2002
Economic Commission for Africa
Addis Ababa, Ethiopia

For this and other publications, please visit the ECA web site at the following address:
<http://www.uneca.org>

Or contact

Publications
Economic Commission for Africa
P.O.Box 3001
Addis Ababa, Ethiopia
Tel.:251-1-44 31 68
Fax:251-1-51 03 65
E-mail:ecainfo@uneca.org

The designations employed and the presentation of material in this publication do not imply or reflect the expression of any opinion on the part of the United Nations Economic Commission for Africa. The views expressed in this document are solely those of the speakers and authors.

Material in this publication may be freely quoted or reprinted. Acknowledgment is requested, together with a copy of the publication.

Written, edited and designed by Alex de Waal and Chantal Dupasquier, Lorna Davidson and Seifu Dagnachew. Photographs by Antonio Fiorente (pages 3,8,14,22,30,35 and 38), Bezework Belayhun (pages 20 and 26) and Russel Roberts (page 1).

Table of Contents

Foreword	1
1. Context and Goals of ADF III	3
2. The History, Prospects and Challenges for Regional Integration in Africa	8
3. Policies for Accelerating Regional Integration	14
4. Assessing Economic Integration in Africa	20
5. Building Human and Institutional Capacity	22
6. NEPAD: A Key Initiative for Regional Integration	26
7. The Perspectives of the Leaders: Heads of State Forum	30
8. The Way Ahead	35
9. Conclusion	38

Tables

1. Classification of countries within Regional Economic Communities	5
2. Macroeconomic convergence criteria for some RECs	15
3. Key macroeconomic indicators for 1994-1999	16

Boxes	
1. A Regional policy initiative: Air transport liberalization in Africa	18
2. NEPAD principles	28
3. Organs of the African Union	34
Annexes	
I. Key presentations	40
II. Symposium on the African Union	65
III. References for key documents	68
IV. Partners	70
V. Communication strategy and activities	71
VI. Exhibition	74
VII. Relevant websites	75

Foreword



The Economic Commission for Africa (ECA) created the African Development Forum (ADF) because of the need for a regular venue to bring Africa's leaders, national and international policymakers, and a wide range of stakeholders together to examine Africa's most profound problems, to learn best practices, to explore options for further progress and to accelerate actions for the collective good.

The first Forum (ADF I), focused on information and communications technology as an instrument for development and a means to leapfrog various stages of development. It led to significant public and private sector actions to accelerate the information revolution in Africa. The second Forum (ADF II) was on HIV/AIDS. ADF II stressed the importance of leadership at every level to prevent the spread of the disease and to help care for those living with it. Participants agreed that effective leadership in every sphere of African society is critical if we are to win the fight against this devastating epidemic that threatens to derail our development.

ADF III focused on a fundamentally important issue: the economic and political integration of the African continent. The overriding objective in convening ADF III was to contribute to the process of establishing and galvanizing the African Union (AU), as mandated by the Heads of State and Government of the Organization of African Unity (OAU) in July 2001. In devoting ADF III to the theme "Defining Priorities for Regional Integration" ECA aimed to provide the OAU/AU with a unique opportunity to benefit from expert analyses, obtain inputs from key stakeholders, and discuss publicly the challenges of regional economic integration and formation of the African Union.

The Forum discussed issues of integration, refined options, and agreed on a consensus statement and the way forward. By bringing together a wide spectrum of stakeholders – including government officials, parliamentarians, businesses, financial institutions, labour, civil society, international organizations and the Diaspora, ADF III helped to broaden the substantive input into the pro-

cess of establishing the AU, and to widen African ownership of the process. In this context, ADF III presented a timely opportunity to review the preliminary findings of a major ECA assessment of regional integration in Africa.

Africa's major development initiatives, such as the New Partnership for Africa's Development (NEPAD), include regional cooperation and integration as a central component. However, the success of development partnership initiatives, regional integration, and poverty reduction strategies crucially depend on engagement of a wider range of stakeholders including the private sector and civil society. ADF III was therefore a tremendous opportunity for all stakeholders, as well as experts, to provide inputs into Africa's strategies for economic development, with a special focus on regional issues.

This report summarizes ADF III proceedings and outcome. It is written in a journalistic style to ensure accessibility, ease of understanding and wide dissemination of the key issues and recommendations for the way forward. ECA hopes that this report will help to invite and stimulate government's partnership with the private sector and with civil society.

The record of the substantive discussions and outcomes of the conference that form the body of this report testifies to this. The conference report is therefore more than a record of intellectually important discussion, but also provides weight to advocacy efforts for the effective implementation of regional integration.

On behalf of the Commission, let me say how much we look forward to working with you on the follow-up to ADF III, and I assure you that the ECA remains fully committed to regional integration in Africa.

K.Y. Amoako

Executive Secretary

1

Context and Goals of ADF III

The Third African Development Forum (ADF III) took place between 3-8 March 2002 in Addis Ababa under the theme “Defining Priorities for Regional Integration in Africa”. It was convened in the context of the commitment by African Heads of State to create the African Union (AU). In his Opening Address, the Executive Secretary of ECA, Mr. K.Y. Amoako, stressed that “ADF III needs to consider where we are, what have been our best experiences, what are the pitfalls ahead, and what should be the sequence of next steps towards our new dream”.



HE Prime Minister Meles Zenawi of Ethiopia

Pan-Africanism reborn

The strong tradition of Pan-Africanism, as espoused by Kwame Nkrumah and other influential political leaders and thinkers of the independence era, is the foundation for a strong popular demand for African unity. African leaders and people alike have long recognized the economic and political benefits of integration. There have been numerous attempts to promote political and economic integration during the last 40 years. While these attempts have resulted in some advances in subregional cooperation and integration, Africa-wide integration efforts in the context of globalization have proved much more difficult: Africa has the deepest levels of poverty, lowest share of world trade, and weakest development of human capital and infrastructure. Economic integration is an imperative if Africa is to achieve accelerated development. As succinctly put by Mr. Meles Zenawi, the Prime Minister of the Federal Democratic Republic of Ethiopia, economic integration is “*the premier political and economic challenge that Africans are facing today*”.

The commitment to launch the AU at the Lusaka Summit of the Heads of State and Government in July 2001 represented a historic opportunity to accelerate regional integration – a challenge to Africa made all the more demanding by the far-reaching changes occurring in the global economy. The Constitutive Act of the African Union calls for a range of supranational institutions and also for an economic and monetary union. Special responsibility therefore falls upon all stakeholders, particularly the continent’s existing regional and subregional economic institutions – the Organization of African Unity (OAU) and its successor bodies in the African Union, alongside the Economic Commission for Africa (ECA), the African Development Bank (ADB), and the Regional Economic Communities (RECs). The AU provides an opportunity to rekindle 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 current, important but limited integration processes into a more far-reaching and effective continent-wide instrument for economic and political unification.

Africa’s integration and globalization

There is a worldwide trend towards accelerated regional economic integration with several experiments in sub-regional economic integration across the globe. Accelerating the pace of regional integration in Africa requires a strong and pertinent 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. First, regional integration in Africa must take on a different character to that in Europe, the Americas and East Asia. It is a ‘south-south’ integration of economies with weak industrial bases generally reliant on agriculture and with low levels of intra-regional trade. Second, the roles of Africa’s more powerful countries must be analysed 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. Third, the subregional integration framework, formed by Africa’s RECs, is the current reality. As such, a key issue was how to optimize the current configuration of RECs¹ as the building blocks for an eventual continent-wide union.

As emphasized in the speech of Mr. Omar Kabbaj, President of the ADB, “Effective regional institutions will be critical for the sustainability and effectiveness of any efforts at improving regional integration and economic co-operation”. The key lesson learned from these efforts around the world was that regional integration was a politically driven process underpinned by the recognition that sovereign interests were best advanced through regional actions. Therefore, relations between Africa’s leading national economies and their smaller neighbours would be a critical factor in the success of regional integration and in informing programmes to accelerate integration.

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. The process placed strains on important economic sectors and there would be losers as well as winners. Therefore, institutions and mechanisms to deal with the asymmetric impact of integration, as well as widespread political instability and persistent conflicts were needed. The history of integration ran parallel to a history of building strong multi-state institutions. Almost all of the challenges confronting Africa – certainly the regional trade and investment issues – required stronger and more financially viable subregional and regional organizations, backed by expert knowledge and understanding of the global economy.

¹ See Table 1 for the current classification of countries within the Regional Economic Communities

Box 1:

Classification of countries within Regional Economic Communities

Regional Economic Communities		Countries	
Names	Acronyms		
Central African Economic and Monetary Community	CEMAC	Cameroon	Congo, Republic of
		Central African Republic	Equatorial Guinea
		Chad	Gabon
Community of Sahel-Saharan States	CEN-SAD	Burkina Faso	Mali
		Central African Republic	Morocco
		Chad	Niger
		Djibouti	Nigeria
		Egypt, Arab Republic	Senegal
		Eritrea	Somalia
		Gambia, The	Sudan
		Libya	Tunisia
Economic Community of Great Lake Countries	CEPGL	Burundi	Rwanda
		DRC	
Common Market for Eastern and Southern Africa	COMESA	Angola	Malawi
		Burundi	Mauritius
		Comoros	Namibia
		DRC	Rwanda
		Djibouti	Seychelles
		Egypt, Arab Republic	Sudan
		Eritrea	Swaziland
		Ethiopia	Uganda
		Kenya	Zambia
		Madagascar	Zimbabwe
East African Community	EAC	Kenya	Uganda
		Tanzania	
Economic Community of Central African States	ECCAS	Burundi	DRC
		Cameroon	Equatorial Guinea
		Central African Republic	Gabon
		Chad	Rwanda
		Congo, Republic of	São Tomé and Príncipe
Economic Community of West African States	ECOWAS	Benin	Liberia
		Burkina Faso	Mali
		Cape Verde	Niger
		Côte d'Ivoire	Nigeria
		Gambia, The	Senegal
		Ghana	Sierra Leone
		Guinea	Togo
		Guinea-Bissau	

Inter-Governmental Authority on Development	IGAD	Djibouti	Somalia
		Eritrea	Sudan
		Ethiopia	Uganda
		Kenya	
Indian Ocean Commission	IOC	Comoros	Mauritius
		France (Reunion)	
		Madagascar	Seychelles
Mano River Union	MRU	Guinea	Sierra Leone
		Liberia	
Southern African Customs Union	SACU	Botswana	South Africa
		Lesotho	Swaziland
		Namibia	
Southern African Development Community	SADC	Angola	Namibia
		Botswana	South Africa
		DRC	Swaziland
		Lesotho	Tanzania
		Malawi	Zambia
		Mauritius	Zimbabwe
		Mozambique	
West African Economic and Monetary Union	UEMOA	Benin	Mali
		Burkina Faso	Niger
		Côte d'Ivoire	Senegal
		Guinea-Bissau	Togo
Arab Maghreb Union	AMU	Algeria	Morocco
		Libya	Tunisia
		Mauritania	

1. Country belongs to one REC
2. Country belongs to two RECs
3. Country belongs to three RECs
4. Country belongs to four RECs
5. The integration process in almost all the sub-regions is currently managed by two or more groupings. Most countries belong to two or more blocks. Of the 53 African countries, 30 are members of two RECs, 16 of three RECS while 6 are members of one REC and one country is a member of four RECs.

Involving stakeholders in regional integration

To date, dialogue on how Africa can move towards economic and political union has occurred mainly in the inter-governmental system, mediated by the OAU. There is widespread recognition of the need to involve other stakeholders too. This issue has been highlighted at OAU meetings held in June 2001 and again in June 2002, aiming to strengthen the participation of civil society in the African Union process. The involvement of civil society and the private sector is agreed to be essential for success. By defining the priorities and strategic policy choices, ADF III energized and defined steps towards accelerating and monitoring the process of regional integration in critical areas. ADFIII informed and added value to the ongoing moves towards an African economic and monetary union. As the Secretary-General of the OAU, Mr. Amara Essy, mentioned in his Opening Statement, *"This third ADF constitutes, undoubtedly, a mine of ideas, thoughts and recommendations for building the African Union"*.

Defining Priorities for Regional Integration

ADF III examined the integration experience in Africa as well as in other parts of the world, identified the priorities and policy options for accelerating the process in Africa, and elaborated the necessary steps for economic and monetary union in the African setting. It brought together a wide spectrum of stakeholders -- government, parliaments, business, finance, labour, civil society, international organizations and the Diaspora. Drawing on the political impetus from the formation of the African Union, ADF III helped to galvanize a broad-based and inclusive process to harmonize and accelerate integration efforts on the continent and build consensus around the key strategic actions that need to be taken. It also provided an opportunity to launch a process for the systematic monitoring of regional integration efforts in Africa.

Section I of this report has outlined the context and goals of ADF III. The following sections summarize the presentations and discussions that took place during ADF III. Section 2 reviews issues related to the history, prospects and challenges for regional integration in Africa. Section 3 summarizes the discussions on policies needed for accelerating regional integration. Section 4 addresses the issue of assessing economic integration in Africa. Section 5 summarizes the discussions on building human and institutional capacity. Section 6 provides a synthesis of the special seminar on NEPAD, while section 7 presents the perspectives of the leaders at the Heads of State Forum. Section 8 highlights the major conclusions of the Forum, and Section 9 provides some final thoughts on the ADF process.

2

The History, Prospects and Challenges for Regional Integration in Africa

Africa has a long history of projects for integration and unification, from early Pan-Africanism, to the establishment of OAU, on to projects for sub-regional integration through the RECs, through to the 1980 Abuja Treaty Establishing the African Economic Community, and to the current challenges of the 2001 Constitutive Act of the Africa Union in the context of the 21st century.

Professor Abdoulaye Bathily, Chairperson of the session on the history and perspectives for regional integration in Africa, noted that the history of regional integration in Africa is a rich one – both from the point of view of ideas and practical experience. He said that there were important lessons to be drawn from this experience for current initiatives on integration. He stressed that the session was important for providing an opportunity from a critical review of previous efforts, in order to enrich articulation of the vision for Africa's integration in the future.

The keynote speech of Professor Adebayo Adedeji, former Executive Secretary of the ECA, godfather of African economic integration and architect of many of Africa's recent initiatives to promote regional and sub-regional integration provided a compelling history, with powerful lessons to be learned.

Prof. Adedeji traced the impulse for integration back to the 18th century, covering the 1900 foundation of the Pan-African Congress and its historic 1945 Man-



Prof. Adebayo Adedeji, former Executive Secretary of the ECA

Defining Priorities for Regional Integration

chester, U.K. meeting, and culminating in the 1977 Lagos Plan of Action (LPA) and subsequent developments. He stated that despite the long history of efforts at integration, commitment by African countries to the move has been less than enthusiastic.

Phases of Africa's integration

Prof. Adedeji identified five phases in Africa's history of economic and political integration:

- The first phase, in the early 20th century, was the historic struggle for Pan-Africanism led by African leaders and Africans in the Diaspora. In parallel, colonial administrators established colonial federations in west, central and eastern Africa.
- The 1960s represented a second phase, in which numerous intersectoral and multilateral organizations were set up mostly at sub-regional level. But these were “too sweet to last,” and by the mid-1970s, regional integration hit its nadir. One of the casualties of that era was the East African Community, which was dismantled after disputes between its member States.
- The third stage was the period 1975-1983, during which a number of breakthroughs led to the establishment of sub-regional entities. ECA played a key role in the establishment of subregional blocs. However, the new institutions were superimposed on existing organizations, thus “duplicating their functions and not rationalizing them.” As a result, by the end of the period, most African countries belonged to multiple entities.
- In the 1980s and 1990s, the fourth stage, there was an attempt to reassert the ideals of Pan-Africanism through pragmatic regional cooperation. The LPA with its long-term and complex plan for creating an African Economic Community, formalized in the Abuja Treaty, represented this.
- Africa was now entering a fifth stage of integration, with the Constitutive Act of the African Union.

Why has integration not succeeded?

Prof. Adedeji noted that an “excessively economic approach” to integration was one of the reasons for Africa's failure to integrate. While African countries were attempting to achieve economic integration, some of them were at each other's throats, a situation that was clearly averse to a meaningful integration. “How can you disagree politically and cooperate economically?” he asked.

Other important reasons for Africa's limited success in achieving integration were said to include the:

- Failure of all African countries to achieve significant structural economic transformation;
- Lack of capacity to generate momentum for development and withstand external shocks;
- Absence of a shared regional political vision, values and stability;
- Lack of a people-centered integration process;
- Over-concentration on the choice and structure of institutions instead of focusing on the substantive issues; and
- Proliferation of institutions with overlapping mandates and tasks.

As pointed out by Prof. Adedeji, Africa's balance sheet demonstrates such problems as lack of political will, lack of sanctions against non-performers, and overlapping memberships. Others are the over-reliance of governments on tariff revenues, inequitable sharing of costs and benefits of integration, an unrealistic timetable, the practice by member States of signing protocols and not implementing them, and low private sector and civil society participation.

He also observed that what was currently needed was a ‘new regionalism’ consisting of political, economic, security, and coherence components in the context of globalization. Therefore, a major requirement for success of Africa's regional integration was provision for free movement of people across borders. “Nothing will do Africa a greater good than having a passport that every African can have access to”, he asserted.

Lessons from the East African Community

The discussant of Prof. Adedeji's paper, Mr. Nuwe Amany-Mushega, Secretary-General of the recently reinvigorated East African Community, wondered what would have happened if the original East African Community had survived. He argued that it would have expanded to include neighbouring countries, and would have been able to withstand political shocks including the collapse of Somalia and the genocide in Rwanda.

Referring to a common passport for African people, he contrasted the free movement of fish in Lake Victoria between the waters of the three countries that border the lake with the difficulties that have faced the citizens of the three countries moving across the common borders. In addition, he said, the ordinary people of the three countries, especially those living near the borders, were freely moving across borders and engaging in regional entrepreneurial activities, in contrast to the problems encountered by those engaging in formal business activities.

Mr. Amany-Mushega concluded the plenary session by saying that Africa's survival lay in the creation of larger political entities, which could better protect citizens' interests. Small countries had surrendered their sovereignty and have no control over their economic policies, but if Africa united then it could become strong. Otherwise, the countries would stagnate together.

Towards a common African citizenship

The demand for common African citizenship recurred throughout ADF III. In the breakout sessions, the participants at the Forum emphasized the issue of common citizenship. They pointed out that as regional integration created structures that transcend national borders, it would become increasingly important to factor this development in the definition and construction of citizenship as well as in addressing the broader issues associated with citizenship rights. The absence of full citizenship rights limited people's potential in many African countries. In fact, throughout ADF III, the issue of common citizenship unleashed strong emotions, with participants repeatedly criticizing government policies on visas, immigration, and nationality laws. Participants called for the dismantling of restrictions on freedom of movement and for rapid progress towards common citizenship and common passports. The recently created ECOWAS passport was held up as a model.

Lessons from elsewhere

Participants at the Forum wanted to know what lessons Africa could learn from the economic integration experiences in other regions of the world. In his Opening Address in the first session, the Prime Minister of Ethiopia stated, "we do not need to try to rediscover the wheel all the time. Though Africa's experience might be unique, there are experiences and benchmarks that apply to all, poor and rich, or whether they are from the North or from the South. There are those who have succeeded in regional integration. How they have made it, are experiences that we need to draw lessons from."

Consequently, in the session reviewing experiences of regional integration in other parts of the world, the speakers were asked to focus on the following specific questions: What were the preconditions for successful integration? Did integration require a dominant economy to drive the process forward? What were the costs and benefits of integration? How would integration address the fears of smaller countries? What mechanisms were needed to address the fears of smaller countries? What stresses would integration impose on governments, and how could governments address them?

In his presentation, Mr. Walter Kennes of the European Union (EU), highlighted the following points:

- The fundamental objectives that inspired the EU were the need to establish peace and security in Europe and to achieve economic growth. It is therefore not too dissimilar to the current African Union project.
- Reviewing the historical evolution of the union, from the Marshall Plan in 1948, the European Coal and Steel Corporation in 1951, to the present-day European Union, he noted that the goals were initially modest, and a full Customs Union was only achieved by 1968.

Defining Priorities for Regional Integration

- The Single Market Act of 1992, which led to the free movement of people and liberalization of the service sector, was a major breakthrough.
- The European institutional structure was designed to balance the needs of large and smaller States. While the European Commission looked after the interest of Europe as a whole, the European Council dealt with the interest of member States.
- An important principle governing decision-making in the EU has been the notion of subsidiarity, which ensured that EU decisions were taken at the level at which they were most effective. The rulings of the European Court of Justice supersede national legislation.
- All prospective members of the Union agreed to implement the entire package already agreed by existing members, and it was usually not possible to belong to another grouping at the same time as the EU. The preconditions for membership included respect for human rights and good governance.
- The polarization effect of integration, which has led some countries to benefit more than others initially, was usually temporary and the benefits of integration over time led to equalization for all.
- Europe was currently grappling with divergent views on the pace of integration (too slow for some, too fast for others) and a convention had been established as a result of the Nice Treaty of 2002 to review the future shape of the Union.

The second presenter, Mr. Robert J. Berg, examined integration in Latin America and noted that while there were many “false starts”, integration was now taking shape on the sub-continent. He said the lessons suggested that:

- Integration was not an end in itself, but a process to support economic growth strategies, greater social equality and democratization.
- Sustained political vision and regional statesmanship were essential elements.
- Integration worked better as part of an overall strategy of structural reform and liberalization.
- A healthy and strong multilateral system, such as a fully functioning World Trade Organization (WTO), for example, should support integration and vice versa.
- An institutional framework should be designed to fit the actual programme being promoted, rather than to fulfill unrealistic desires.
- Regional integration and structural reforms had instilled greater confidence in member countries to move into broader areas of integration.
- An integration initiative was easier to launch than to sustain.
- Integration should be grounded in regional and multilateral law, thereby avoiding ad hoc decision-making.
- Automatic and universal liberalization worked best.
- Monitoring, such as ECA’s draft Annual Report on Integration in Africa (ARIA) was an important component of integration.

The discussant, Professor Ali El-Agraa, argued that although the AU embraced 800 million people, the total GDP of the whole continent was smaller than that of France. He noted that one of the problems the AU faced was the concentration of its economic activity in certain areas of the continent. Structures established needed to deal with this problem. He said that Europe solved the problem through structural funds, which came under four main headings: regional development, social cohesion, agriculture, and fisheries.

These funds made up about one third of the European Commission’s total spending, which amounted to about 300 billion euros, less than 2 per cent of European GDP. The various structural funds covered areas inhabited by about 51 per cent of Europe’s population. Prof. El-Agraa stressed that Africa would have to deal with the challenges of similar disparity in activity, which market forces alone could not solve.

The question of financing an AU version of the EU's social funds was addressed at the Forum, with many participants of the opinion that it would prove too expensive for Africa. Professor El-Agraa said it was imperative for the AU to attract foreign investment, which was the only way to bring about cohesion. In order to attract this investment, it was important to establish strong institutions, which would command investor confidence.

Peace and security

ADF III endorsed a strong consensus that the absolute prerequisite for regional integration in Africa was peace and security on the continent. In this area, there were many complex issues to be addressed. Are some of Africa's conflicts—including those in the Great Lakes and the Horn—partly attributable to the absence of effective structures for regional peace and security? Can we identify a firm or evolving consensus on a doctrine to guide Africa's peace and security efforts? Is the current system workable, whereby peace-related efforts were mostly being undertaken at a sub-regional level in an ad hoc manner? How can the AU and the Conference on Security, Stability, Development and Cooperation in Africa (CSSDCA) work together with an effective division of labour? How should they relate to sub-regional organizations? What are the roles for Africa's most powerful States? How should the economic dimensions of conflict be addressed? What should be the modalities for post-conflict reconstruction?

The Chairperson of the session on Africa's peace and security architecture was Ambassador Olara Otunnu, serving as the UN Secretary-General's Special Representative for Children in Armed Conflict. He started by noting that in his extensive travels around the continent of Africa he had seen the condition of the African people and what Africans were doing to each other, especially their women and children. Referring to the discussions needed on peace and security, he stressed that:

- Peace and security should be high on the regional integration agenda;
- The regime for peace should be for and on behalf of the people of Africa;
- The HIV/AIDS epidemic must be treated as a key security issue;
- Africans must be responsible for building peace and security architecture; and
- Countries should commit to implementing their treaty obligations and this required committed leadership.

Dr. Salim Ahmed Salim, former Secretary-General of the OAU, indicated that there was a "symbiotic linkage between peace and security on the one hand, and the process of African integration on the other hand." He said that even though peace was not prevailing in many areas of Africa at the moment, this should not be seen as cause for pessimism, but rather as the impetus for establishing more effective institutions.

While peace and security promoted the conditions for integration, the experience of other societies confirmed that the process of integration could serve as a basis for the consolidation of peace and security. Poverty and scarcity of critical resources had instigated instability and insecurity in societies, he said, but shared resources, such as water, grazing and pastoral lands had also triggered conflicts. He was of the opinion that the factors that were triggering and compounding conflicts in societies tended to lie in the structures of political and economic governance, and the social relations that arose there from. However, he warned, economic governance should not be focused wholly on market and monetary efficiencies. Economic outcomes should foster social inclusiveness to avoid marginalization of social groups and regions.

Africa's structures for peace and security

Dr. Salim pointed out that Africa has several peace and security organs, principally led by RECs, and they should not be dismissed as irrelevant. He stressed three issues that prevented RECs from functioning optimally:

- Resources, including having to rely on donor funding;
- Synergy between conflict management structures, both vertically and horizontally; and
- An early warning system.

Defining Priorities for Regional Integration

Dr. Salim recommended that in building the new peace and security infrastructure, the AU should move away from a narrow focus and include social and political dimensions. He added that the norms of state conduct should also include promotion of human rights and reiterated that economic governance should not focus on market forces alone.

Professor Peter Anyang-Nyong'o, the first discussant, noted that three African countries currently embroiled in internal conflicts, namely Sudan, the Democratic Republic of Congo and Angola, when put together were bigger than the United States, and probably had more natural resources. All they were waiting for was peace, so that they could make use of their human capital, land, and natural resources. He said that the breakdown of peace and security in Africa was in part a result of the erosion of African ethical values and philosophies. The quest for peace and security should therefore aim to rehabilitate and revitalize those values as well as the ways and means through which they were transmitted from the old to the young, for example, by including them in the education curricula.

He urged that, in pursuit of peace and security, it was desirable and necessary to seek harmonization and coordination between the AU and RECs. The AU should seek means of clarifying the roles and responsibilities of these different African organizations, and should create a formal mechanism for cooperation between them. It should also convene a summit to discuss peace, security and development in Africa, with the main objective being the drawing up of a blueprint for stopping conflict. The summit could set a timetable for conflict settlement, arrange for transitional governments in war-torn countries, and establish a peace fund for the reconstruction of war-torn areas.

Priorities for achieving peace in Africa

Dr. Ibrahim Wani, the second discussant, mentioned that governments had already passed several resolutions, but had done little to put the agreements into practice. Therefore, as the OAU became the AU, many Africans were skeptical about realizing. Dr. Wani expressed his opinion that membership of the AU should be open only to countries that show respect for human rights and democracy. He noted that the many challenges that Africa faced included acceleration of regional integration, adoption of effective economic policies and development of adequate infrastructures.

3

Policies for Accelerating Regional Integration

Economic policies

The convergence of countries' economic policies, more specifically fiscal and monetary policies, was identified as a key requirement for accelerating regional integration in Africa. The importance of ensuring that the macroeconomic policies adopted to promote regional integration were compatible with poverty reduction, growth and development was also stressed.

At the beginning of the plenary session dedicated to this issue, Professor Samuel Mweta Wangwe highlighted four principles to guide economic policy in Africa in the context of a globalizing world. He indicated that economic policy should:

- Aim at positioning Africa better in the world economy;
- Ease access to new markets by facilitating penetration and the development of capacities to supply and compete in those markets;
- Create incentives to enhance the role of the private sector; and
- Be people-oriented, given the reality of poverty in Africa.

The creation of a conducive environment for regional integration in Africa depended on four key factors, he added.

- Adoption of a regional approach in the formulation of policy as opposed to the current emphasis on national frameworks.



Ms Mari Yvonn Plessis Fraissard, World Bank

Report on the Third African Development Forum

- Adoption of a regional approach in the formulation of policy as opposed to the current emphasis on national frameworks. This implied that countries would have to cede some degree of sovereignty in economic policy-making for the collective interest.
- Enhancement of production capacities, with cross-border investment taking a more central stage in the formulation of macroeconomic policies.
- Development and coordination of sectoral policies that are essential to diversification and expansion of production in Africa, especially new agricultural, industrial and infrastructural policies.
- Establishment of effective mechanisms for enhancing policy analysis and policymaking, to accelerate regional integration.²

The discussant, Professor Delphin Rwegasira, identified constraints to regional integration. Among these were poor macroeconomic policies, low productivity, weak infrastructure, and lack of financial resources. In his view, Africa should take advantage of existing political will in the region and in the international community to accelerate the pace of regional integration on the continent. He warned that globalization called for a faster rate of integration, and that the new policies adopted in the process towards integration had to be sustained to be effective. Finally, Prof. Rwegasira stressed the fact that the quest for integration should deal with issues of sectoral coordination, infrastructure, convergence of fiscal and monetary policies, trade, and private sector involvement.

Policy framework

Concerning the policy framework, the participants urged African governments to create a politically and economically stable environment, and to review the policy and regulatory frameworks with the objective of making the private sector in Africa an engine of economic growth. Furthermore, governments should also provide training opportunities for economic operators, disseminate information, facilitate access to credit, notably, by strengthening credit institutions and supporting the development of strong capital markets, and by providing support for an enhanced role for women in the private sector. The participants also agreed that economic policy is a dynamic process, and policies need to be revisited frequently in order to adapt to new developments.

In his assessment of the overall macroeconomic picture and the fiscal positions of African RECs, Dr. Alemayehu Geda mentioned during the breakout session on fiscal and monetary policies that some RECs had established targets for inflation and budget deficits.³ However, performance across countries varied greatly, and in the majority of cases, the targets were not being met.⁴ Attaining macroeconomic convergence among the members of the RECs was a challenge that had rarely been achieved but for regional integration to succeed and the pace towards integration to accelerate, the difficulties had to be overcome.

Box 2:

Macroeconomic convergence criteria for some RECs

RECs	Inflation (Annual average in %)	Budget deficit (% of GDP)	External debt (% of GDP)
CEMAC	£3%	0% (2004)	£70% (2004)
COMESA	<10%	<-10%	<50%
ECOWAS	£10% (2000) £5% (2003)	£-5% (2000) £-4% (2003)	-----
UEMOA	£3%	0%	£70% (2002)

Source: Data compiled from UEMOA, CEMAC, ECOWAS, COMESA documents (2001)

² The issue of capacity building is explored in greater detail in section 5 of the report.

³ See box 2 for inflation and budget deficit targets for RECs.

⁴ Box 3 presents some key macroeconomic indicators for RECs.

Box 3:**Key macroeconomic indicators for 1994-1999¹**

RECs	GDP Growth rate (%)		Inflation (GDP deflator)		Budget deficit (% of GDP)		External debt (% of GDP)	
	1999	1994-99 ²	1999	1994-99 ²	1999	1994-99 ²	1999	1994-99 ²
CEMAC	2.17	6.50	10.17	10.83	-1.47	-3.33	96.74	112.26
CEN-SAD	3.09	3.83	3.33	11.58	-3.27	-3.88	74.62	79.74
CEPGL	2.56	0.49	0	13.72	-9.27	-6.34	66.19	74.74
COMESA	3.03	2.94	11.12	15.66	-5.86	-6.14	92.95	102.39
EAC	4.47	4.60	6.67	13.79	-1.70	-1.73	83.17	89.09
ECCAS	2.29	4.24	8.56	16.79	-6.24	-7.15	164.60	175.86
ECOWAS	3.46	3.49	4.57	12.42	-5.33	-5.16	111.86	114.42
IGAD	4.18	4.25	7.20	15.66	-2.32	-5.50	82.51	97.32
IOC	2.03	1.89	5.25	8.49	-4.23	-5.88	74.28	74.71
MRU	-2.40	-0.20	15.00	13.59	-7.63	-6.42	114.54	107.08
SACU	2.67	3.47	8.00	9.56	-5.28	-1.91	20.85	22.49
SADC	3.04	3.46	14.25	16.81	-6.59	-5.18	95.17	104.37
UEMOA	4.18	4.15	1.00	11.41	-3.63	-3.76	125.77	129.83
UMA	3.23	3.78	4.25	6.91	-0.78	-0.46	90.93	99.85

1. *Source:* ECA Staff, data compiled from World Development Indicators, 2001

2. Average over the period

Fiscal and monetary policies

With respect to fiscal policy, Dr. Geda, focused on the rationale for fiscal policy harmonization in Africa. Because of externalities at country level, and linkages between fiscal, monetary, and exchange rate policies, he warned that tax competition among countries should be avoided. Also, monetary union, that is, formation of an optimum currency area, required flexibility and mobility of labour, which would be significantly enhanced by adopting a harmonized framework for fiscal policies in African countries.

Mr. Frédéric Korsaga, the second presenter in the breakout session, supported the argument that implementation of an economic and monetary union would be a significant step towards faster regional integration in Africa. He also reiterated the need to formulate macroeconomic policies at regional level and not only at the national level. He further argued that the main objective of a common monetary policy in Africa should be price stability. Responsibility for achieving this objective should be given to an independent central bank. Moreover, he said, to ensure transparency and accountability, the objective and performance should be quantifiable. He concluded his presentation by suggesting a process for integration in Africa that would proceed in the following order:

- Integration of markets;
- Convergence of macroeconomic policies; and
- The adoption of a common currency.

Trade

In the breakout session on trade, the participants noted that Africa faced several economic problems related to trade. Among the most critical were excessive dependence on agricultural commodities, lack of market openness and liberalization, endemic poverty, weak macroeconomic policy environment, weaknesses in governance, political instability, conflicts, and national markets that were too small.

Defining Priorities for Regional Integration

Regional trade agreements were seen as a means to economic growth through attracting resources and technology to transform economies, increase trade, expand economies of scale, reduce the cost of production and promote peace and unity on the continent. Such agreements could also help countries to use their comparative advantages and improve their industrial efficiency. Furthermore, they could also strengthen political commitment to an open economy, improve technical, managerial and negotiation skills and competencies, educate the public and more actively engage the business community.

The discussion following this presentation on trade focused on the benefits as well as challenges that African countries faced in formulating and implementing trade policies. The common view was that regional integration was of great importance for economic development and poverty reduction in African countries, and that trade and related policies constituted the core of any effort to integrate the region.

The participants suggested that, in implementing the Constitutive Act of the African Union, trade policies should be seen as a priority. There was a consensus that the trade problems faced by African countries must be accorded significant priority if the efforts were to yield the expected results. This implied the adoption of effective and concerted macroeconomic policies by REC members and a regional strategy for infrastructure development.

Infrastructural development

The integration of transport, communications and energy infrastructure was seen as a critical component of regional integration. Strategies identified included improved connectivity, completion of missing links in transport networks, development of more efficient communications, and exploitation of the potential for pooling power grids. Mechanisms that included public-private partnerships should encourage private sector investment in physical infrastructure.

In his opening remarks, the Chairperson of the plenary session on physical integration through infrastructural development, H.E. Abdelhamid Aouad, Minister of Planning and Economic Projections of the Kingdom of Morocco, underscored the importance of infrastructure for economic and social development. He noted that the session provided an opportunity to discuss the various infrastructural development initiatives of relevance to Africa. Moreover, he underscored the crucial role of investment and integration as prerequisites for the development of the key areas of rail, road, river and maritime transport, as well as telecommunications and information and communication technologies (ICTs) as essential vehicles for trade.

The discussion focused on challenges and opportunities in energy, water, ICTs, transport and public-private partnerships for infrastructural development. It was mentioned that Africa lagged behind in terms of the quality and quantity of services, with the consequence of reducing its competitiveness at the global level. Weak and poorly integrated domestic markets, slow economic growth, poverty and inequality further worsened this situation.

In the energy sector, it was noted that although Africa was endowed with abundant resources such as crude oil, natural gas, coal, uranium and hydropower, there were serious imbalances in their distribution. This situation strongly favoured regional approaches for their exploitation. The constraints confronting the sector were similar to those encountered in other sectors. These included war and conflict, lack of political support for various initiatives and state control. Despite all these factors, some initiatives existed that enabled easy and low-cost supply of energy, examples of which included the Southern Africa and the West Africa Power Pools and the Mediterranean Power Pool.

Regarding the water sector, it was observed that Africa used only about 4 per cent of its water, with access and availability being highly variable. Yet, Africa had over 60 internationally shared water basins, which clearly demonstrated the potential benefits of regional cooperation. Several good initiatives were cited including the Africa Water Vision and various basin-wide initiatives. The need for African nations to cooperate, share, and use water rationally was emphasized.

On ICTs, it was noted that their role was expanding rapidly with the emergence of knowledge-based economies.⁵ They had great potential in such fields as health and education. Their use in such sectors would enable Africa to bypass some intermediate stages of development. However, many indicators showed that Africa was still the least served by telecommunication and internet services, though there were a number of encouraging trends.

In the first paper presented at the session on infrastructure, Mr. G.W. Giorgis noted that the transport sector in Africa was hampered by both physical and non-physical barriers, including poor cross-border connectivity, maintenance, security and inadequate financing. The railway system was worst affected by heterogeneous

Box 1:

A regional policy initiative: Air transport liberalization in Africa

Appropriate policy

Convinced by the need to ensure the provision of safe, reliable, efficient and affordable air services in Africa, and in pursuing their efforts to establish a climate of cooperation, the African Ministers in charge of civil aviation decided to liberalize air transport markets in Africa within a few years. This decision was endorsed by the OAU Heads of State and Government meeting in Lome in July 2000. Since August 2000, it has become a binding instrument to States parties to the Abuja Treaty.

Subregional organizations have adopted the appropriate protocol and have prepared plans and activities to ensure its implementation. Mechanisms have been set up to ensure the uniform application of the decision to avoid misinterpretations and conflicts.

Donor support

Due to the pertinence of the liberalization policy adopted and the commitment shown by States to work together, some bilateral donors have already agreed to provide financing. A \$US780, 000 grant has been provided by the World Bank to strengthen the capacity of CEMAC and ECOWAS to assist member States in implementing the decision and monitoring the impact of the liberalization. To further assist these two sub-regions, the ADB has financed a study to identify and assess the relevant parameters for monitoring the status of the implementation of the decision. The study has also evaluated the adequacy of existing aviation facilities and infrastructure to support the liberalization. The European Union has financed similar activities for UEMOA countries.

Lessons learned

- The overlapping of countries belonging to ECOWAS and UEMOA has created duplication of donor activities. Hence, there is a need for coordination among donors and authorities at subregional and national levels.
- It is envisaged that ECOWAS and CEMAC will establish units to assist member States implement the decision.
- The concerned Ministers in charge of civil aviation have agreed to delegate some powers of the relevant authorities in charge of air transport regulation to a body under the supervision of the units planned to be established at ECOWAS and CEMAC.

Since the launching of the decision, several new routes have been opened by African airlines, providing more choices to users.

Source: ECA, 2002.

⁵ During the Forum, the ICT Focus Group recognized that ICTs could have a substantial impact on regional integration if the right policies, programmes and mechanisms were in place. The group recommended that regional integration efforts should mainstream information society and digital inclusion issues in their plans and programmes. Consequently, they recommended action in the following areas: policy and regulation, integration, infrastructure development, and capacity strengthening.

Defining Priorities for Regional Integration

gauges, lack of business-like management and delays in reform. Maritime and aviation transport were also riddled with numerous constraints. Priority actions in this sector were needed in the areas of policy reform, facilitation, physical development and maintenance, safety and security and, environmental protection.⁶ Regarding public-private partnerships, he noted that cooperation to close the financing gap in infrastructural development was much needed.

The second presentation highlighted the difficulty in having a single and manageable system for the whole continent. Mr. Kenneth Button noted that a well thought out infrastructure was behind all successful regional integration efforts. The critical stages to be followed in order to move successfully from rhetoric to realization included:

- Coordinating infrastructure investment decisions across countries;
- Optimizing use of existing infrastructures; and
- Integrating infrastructural development with other development strategies in the region.

Other areas of importance included:

- Maintenance of existing infrastructure with available resources; and
- The need to adopt a new paradigm that focuses on infrastructural networks rather than corridors.

In the medium- to long-term, two challenges were identified. These included:

- The political and institutional setup regarding the distribution of responsibilities; and
- The need for new resources, particularly through greater involvement of the private sector.

The presenter concluded that the central strategy should ensure that each part of Africa is able to make use of its comparative advantages, build on synergies and share benefits with others. Flexibility was deemed essential for progress.

Responding to the presentations, the first discussant, Mr. Alhaji Bamariga Mohamed Tukur, noted the clear correlations that existed with regard to size, utility and efficiency of infrastructural systems. The financing of infrastructural development should not be governed by limited geopolitical considerations, he advised, further noting that the rapid movement of people, goods and services was crucial in facilitating regional integration. He urged governments to act more as facilitators rather than as obstacles to business, and was hopeful that the NEPAD initiative would help in addressing this issue. He used several examples of how private and public sector cooperation had produced significant results in promoting infrastructural development in Africa.

The second discussant, Ms. Maryvonne Plessis-Fraissard, called for better formulation of regional policies and more effective regulation bodies and integration frameworks. These she said, would ensure a multiplier effect in the establishment of networks. The importance of thorough consultations through various forums was also underscored.

In the discussions that followed, the assessment of water quality and quantity as well as the treatment of environment as a cross-cutting concern were stressed as important factors in infrastructural development. It was recommended that the potential of new and renewable resources be fully exploited. The need for acceptable benchmarks, including relevant and appropriate analysis of the environmental impact of infrastructural development, was highlighted in the context of the strong environmental lobby against projects dealing with such aspects as hydropower, roads across tropical forests and oil pipelines. It was strongly recommended that social aspects of infrastructural development should also be taken into full consideration in investment decisions.

In conclusion, the session recognized that in meeting the challenges posed by infrastructural development, actions were needed at country, sub-regional and regional levels and that using the opportunities provided by regional integration demanded a great deal of time and consultation.

⁶ Box 1 shows examples of regional policy initiatives in air transport.

4

Assessing Economic Integration in Africa

Economic integration is a complex and challenging task that requires a well-developed system for analysis, assessment, measurement and monitoring. Addressing this pivotal issue, Mr. Yousif Suliman, Director of the Regional Co-operation and Integration Division (RCID) of ECA, presented an overview of the Annual Report on Integration in Africa (ARIA). ARIA, an ECA project to analyse and monitor integration efforts in Africa, assessed the effectiveness of those efforts, and provided a sound analytical basis for taking actions to promote regional coherence. The report was intended to provide quantifiable benchmarks for progress, which would enable policymakers to evaluate their programmes, policies and outcomes and which would hold them accountable for implementation performance.

The presentation provided Mr. Suliman with the opportunity to clarify ARIA's scope and approaches. He mentioned that the report contained multisectoral analyses, macroeconomic indicators as well as human development and labour market integration indexes. In preparing the draft overview, 52 African countries were covered and all RECs visited. The report included innovative quantitative and qualitative indicators that covered four dimensions:

- REC performance;
- Trends in major economic sectors;
- Trends across countries and sub-regions; and
- Critical issues for regional integration.

The integration indicators covered eight sectors of activity:



Yousif Suliman, director, RCID

Defining Priorities for Regional Integration

- Trade and market integration;
- Monetary, fiscal and financial integration;
- Transport;
- Communications;
- Industry;
- Energy;
- Food and agriculture;
- Human development; and
- Labour markets.

Each sector comprised a subset of variables. The variables had trends calculated as a weighted average of the components, starting in 1994. This was the year that the Abuja Treaty Establishing the African Economic Community came into force.⁷

Mr. Alan Gelb, Chief Economist for the Africa Region at the World Bank, who served as the discussant, acknowledged the timeliness and importance of ARIA. He acknowledged that such reporting provided clear and objective information on integration in Africa and was also a useful monitoring tool for the NEPAD initiative. He suggested that the beneficiaries and losers, and ways to address the potentially large-scale inequities that might result from regional integration, should be resolved before addressing infrastructure and investment issues. He added that the World Bank's public-private partnerships had been extremely useful in policy analysis and could complement ECA's monitoring and analysis process in preparing ARIA. Mr. Gelb also stressed that, for designing relevant indicators, it was essential to incorporate the experiences of those on the ground, who lived and worked between regions.

In general, participants welcomed the ARIA initiative as a necessary tool for keeping track of progress on Africa's integration process. However, many were of the view that the report focused mainly on assessment of implementation within formal institutional settings without capturing ordinary people's perceptions and experiences as to how the integration process was proceeding and affecting their daily lives. Participants agreed that ARIA should also illustrate the practical experiences and problems encountered by people. In this context, assessment of issues such as experiences encountered at border crossings, with emphasis on gender dimensions, and the extent to which free movement was enhancing ARIA's relevance as an instrument for adjustment and change.

In his closing remarks, Mr. K.Y. Amoako, drew attention to the years of work that went into the design of the first ARIA and assured participants that it was his intention to continue to receive concrete suggestions for incorporation in the process.

⁷ For further details on ARIA, see the overview at <http://www.uneca.org/adfiii>.

5

Building Human and Institutional Capacity

Throughout ADF III, a cluster of overlapping issues emerged that were associated with the need to build Africa's human and institutional capacity. The need for capacity building was stressed in both plenary and breakout sessions, as well as in the African Union Symposium and by stakeholder Focus Groups. Among the themes that participants stressed were human capacity as a prerequisite for institutional capacity, governance capacity as a precondition for capacity to implement integration, and building capacity as both a technical and a political process.

Human capacity and the HIV/AIDS pandemic

The HIV/AIDS pandemic was recognized as the number one threat to Africans both in terms of lives lost and for its wider implications for institutions and capacities. ADF III helped to reinforce the focus on HIV/AIDS that had been the theme of ADF II. The Focus Group specifically devoted to HIV/AIDS intensively studied the challenge to regional integration posed by the pandemic, as well as the ways in which a regional approach to combating the pandemic could be most advantageous.

The HIV/AIDS Focus Group brought together representatives of UN agencies, the OAU/AU, National AIDS Committees/Councils, NGOs and civil society organizations (CSOs) and people living with HIV/AIDS. It was an opportunity for retrospective analysis and discussion of ADF II and the way forward. The Focus Group identified HIV/AIDS as an integral part of the issues needing to be addressed in Africa's



Prof. Ali M El-Agraa, Fukuoka University in Japan

Defining Priorities for Regional Integration

process of regional integration. The health sector could and must benefit from integration. The group pointed to specific regional components to the HIV/AIDS pandemic, including the role of migrants and refugees in increasing exposure to HIV, and the role of regional centres of excellence in developing scientific and programmed responses to the pandemic. A number of current regional initiatives, including AIDS Watch Africa and the African Centre for HIV/AIDS Management (ACHAM) had been established and a mechanism was being set up to monitor the Abuja Declaration, which emerged from the April 2001 Summit on HIV/AIDS, TB, Malaria and other related infectious diseases.

The HIV/AIDS Focus Group concluded with a series of recommendation that included supporting human rights, mainstreaming HIV/AIDS within regional integration agendas including NEPAD, broadening participation in decision-making, enhancing access to care and support, and institutional capacity building for measures to respond to HIV/AIDS.⁸

Human rights

Respect for human rights was acknowledged as an intrinsic element of human capacity building. A range of participants stressed that respect for human rights was a precondition for Africans to realize their full potential. Representatives of the African Diaspora also urged that their potential be recognized as a human right, and that they be allowed to develop roles and opportunities on the continent. Halting and reversing the brain drain also required that professionals could be sure that their rights would be respected in their countries of origin.

The Human Rights Focus Group also called for inclusion of various human and peoples' rights adopted by the OAU, and ratified by African States, in the Constitutive Act of the Union. It also recommended that both ECA and OAU should organize training of trainers to sensitize and educate African CSOs on all aspects of the AU, as well as the relevant protocols and conventions that governments signed with respect to human rights.⁹

Gender issues

Africa's human and institutional capacity potential can only be realized if women are fully involved. The importance of mainstreaming gender concerns was raised throughout the ADF. The Gender Focus Group stressed the need to pay attention to gender as a crosscutting issue in the context of all of the priorities for economic and political integration. Concerning macroeconomic policies, the group advocated analysis of the gender-differentiated impacts of macroeconomic policies (monetary, fiscal, and trade), and the use of gender analysis of budgets. The group underlined women's need for efficient infrastructure to reduce their time burden in informal trade, particularly as it related to cross-border trade. The group stressed the need for women to be involved in operationalizing regional integration and urged that the Beijing commitment of a minimum of 30% positions in legislatures and executives to be filled by women should be respected.¹⁰ There was also concern about the gross under-representation of women in decision-making about strategies for conflict prevention, management and resolution, despite their unique experiences in conflicts.

Institutional capacity

Higher education was highlighted as one of the key requirements for Africa to build the necessary institutional capacity for development as well as integration. An ad hoc higher education caucus convened during ADF III, and a breakout session was also devoted to the issue. This group asked, how should Africa's higher education and research priorities be defined? What was the role of the university in Africa in the 21st century? What was the role for regional cooperation in establishing centres of excellence in higher education, scientific research and public policy analysis?

⁸ The complete text of the statement prepared by the HIV/AIDS Focus Group is available at the following address: www.uneca.org/adfiii.

⁹ The complete text of the statement prepared by the Human Rights Focus Group is available at the following address: www.uneca.org/adfiii.

¹⁰ The complete text of the statement prepared by the Gender Focus Group is available at the following address: www.uneca.org/adfiii.

The discussions ranged widely and included analysis of the role of the Diaspora. Participants noted that Africa's sub-regions had many diverse educational systems. Institutions were not evenly distributed, and virtually all were seriously under-funded. Both lack of resources and inefficient use of networks limited learning and knowledge-creation capacities. The group concluded that creating a harmonized sub-regional qualification framework would promote the integration of education institutions. Such regional qualifications would promote access to institutions and facilitate accreditation and free movement of skills

The business sector was urged to be the key driver and consumer of knowledge products. In developed economies, it was an engine for higher learning and research. Creating an enabling environment for business to be involved in knowledge creation was seen as very important. This could be done, for example, through endowed professional chairs, support for dedicated research centres and programmes that have possibilities for commercialization, and specific financial incentives for companies involved in skills development and research. The higher education breakout session recommended the creation of subregional systems of innovation in science and technology to drive research. It called for intensified high-level attention to the issue, including an AU extraordinary summit on education and development in Africa.

ICTs were agreed to be another dimension to capacity building. Maintaining the momentum established at ADF I on ICTs, the ICT Focus Group discussed various aspects linking ICTs to regional integration and agreed that there was a need to introduce ICT policies at the national level, sensitize the citizenry on ICT uses and applications, strengthen local ICT capacity, set up internet-based databanks and liberalize the telecommunications sector (see section 3).¹¹

Capacity building for integration

ADF III recognized the need for building enhanced institutional capacities to promote regional political and economic integration. Such capacity building had various components. Professor Ali El-Agraa, the presenter at the breakout session, examined two key questions relating to AU's institutional capacity requirements.

- What should be the AU priorities to ensure that appropriate capacities are built?
- How could these capacities be built without undermining other governance requirements?

Most of his presentation focused on the question of financing the institutions necessary for integration. "Finance for the infrastructure has to come from international aid agencies since the private sector would likely not oblige," he concluded.

Prof. El-Agraa said since Africa was so vast, funding could not be provided to every country. Therefore, he suggested choosing a few centers to work with. However, this was likely to antagonize countries in the areas not chosen and contribute to a polarization of economic activity. He said if the selection were to be based on existing market forces, then FDI would inevitably head for the areas which already had some infrastructure provision, as demonstrated by the case of the East African Community, where benefits had been disproportionately distributed towards Kenya. He said institutional capacity building would require credible mechanisms for selection of centres, for identifying sources of and attracting FDI, for agreeing on the provision of incentives and assurances for FDI, and for distribution of the benefits across Africa.

Prof. El-Agraa also said that while some might argue that these mechanisms already existed within the African Investment Bank (AIB) and ADB (with its specialized technical committees), those technical committees had 'too wide a remit'; that AIB was concerned with domestic investment and ADB with project finances in certain areas of Africa. He recommended that new institutions should be established, and that these would also require foreign assistance.

¹¹ The complete text of the statement prepared by the ICT Focus Group is available at the following address: www.uneca.org/adfiii.

Implementing Treaty commitments

Another concern at ADF III was the extent to which African governments were actually implementing their commitments to regional integration, as undertaken in the series of agreements at both regional and sub-regional level. A breakout session was devoted to this important subject. It was noted that the rule of law and compliance with agreements were essential for effective regional integration and for the establishment and maintenance of peace and security in the region. Key issues raised included the pervasive lack of adherence to the rule of law as well as non-compliance with regional agreements, which has rendered the regional institutions and instruments in Africa ineffective. Participants also noted that the capacity for managing regional agreements was weak in most member States, resulting in undue delays in signing and ratifying agreements as well as in ensuring requisite reporting and implementation actions. This problem was compounded by proliferation of regional institutions and agreements, which dissipated limited human and financial resources. In addition, agreements were often hastily negotiated and concluded without consultations with both domestic and regional stakeholders, resulting in apathy and lack of popular support. Parliaments were not sufficiently involved and many were only called upon to rubber stamp agreements already concluded.

This discussion led to significant conclusions, focusing on the need for workable mechanisms and frameworks for implementation, monitoring and enforcement of obligations. It was agreed that fuller and more effective mobilization of popular, political and legal support in African countries for timely ratification and implementation of agreement would promote people-centred regional integration. Lastly, a broader interpretation of sovereignty as relevant to integration would make leaders more enthusiastic in complying with obligations that enhanced the potency of integration and cooperation agreements. The breakout session also noted the OAU project on the preparation of the ratification kit for mobilizing and encouraging ratification of the protocol to the African Charter on Human and Peoples Rights for establishing the African Court on Human and People's Rights. This project could be broadened into a general framework for treaty management.

The creation of political backing for the AU project was the subject of another breakout session. Building political will and capturing the idealism for mobilizing energy for integration were identified as important components of the regional project. Establishing an effective AU would require the strong commitment of governments, political parties and civil society and their involvement in all levels of the Union's activities. According to participants at ADF III, the best way to gain popular support for the project was by presenting and explaining it to all Africans. Given past experience and the fair amount of skepticism among the population, political leaders must demonstrate their strong commitment and inspire the idealism to overcome the constraints and difficulties.

6

NEPAD: A Key Initiative for Regional Integration

The New Partnership for Africa's Development (NEPAD) was recognized as the leading continental initiative for an effective development partnership for Africa. NEPAD, an inter-governmental initiative begun by the Presidents of South Africa, Algeria, Nigeria, and Senegal, has gained an unprecedented profile with the international donor community, notably in seizing the attention of the G-8. However, for many Africans, NEPAD remained something of a mystery. How did it differ from previous grand plans for African economic development? How did it relate to the AU? Was it a blueprint for a list of development projects, or was it a new way of doing business? Did it endorse the 'Washington Consensus' or did it challenge it with a new paradigm?

It was also noted that to date, NEPAD had been developed by African governments, with relatively little consultation with citizens, parliamentarians and civil society. As a result, Africans were hungry for knowledge about NEPAD. The ADF Seminar on NEPAD, introduced into the programme at the last moment in response to popular demand, was a major opportunity for stakeholders to learn about it and for key officials associated with it to listen to popular voices.

Professor Wiseman Nkulu (Head of the NEPAD Secretariat, Chairperson of the NEPAD Steering Committee and Economic Advisor to President Thabo Mbeki) and Ambassador Alokun-Olokun (member of the NEPAD Steering Committee, Head of the NEPAD Steering Team in Nigeria and Advisor to President Olusegun Obasanjo) made presentations that were followed by wide-ranging discussions.



Prof. Wiseman Nkulu Chairman of NEPAD Steering Committee

NEPAD as a framework

Prof. Wiseman described NEPAD as a framework for social and economic development in Africa, a programme of action different from previous initiatives because it was being driven by the political will of African leaders. It also became evident that it was driven by political realism. Africa had to act if its present precarious position vis-à-vis other regions was to end, and this action must be based on a sober assessment of the weakness of Africa and the need to adopt economic development models founded on sound economic and corporate governance. This realism also extended to an appreciation of the reasons why past development initiatives had not succeeded, leading to the conclusion that a new modality of international partnership was needed.

NEPAD aimed to make it possible for Africa to meet the Millennium Development Goals (MDGs) of halving poverty by 2015. Its main focus was on poverty reduction as the overriding goal. If achieved, this goal would contribute to achieving all the other goals. Achievement of the poverty reduction goal required annual growth of 7%, a target achievable only under the right conditions. For example China had grown by about 8% annually for two decades. A major mobilization of new resources, both within Africa and from the international community was needed.

To achieve the required growth rates, Africa's current finance gap was in the region of \$54 billion per annum. Filling this gap primarily meant a major mobilization of domestic resources, increasing domestic investment up to 33% of GDP. Increased official development assistance and improved market access could contribute the remainder.

However, NEPAD was not primarily a funding-driven programme; still less was it seen as a blueprint for specific projects. Rather, its core was a new way of doing business and a new partnership between Africa and the developed world. Alongside reducing poverty, NEPAD's second principal long-term aim was to advance the empowerment of women. Yet, it had not yet systematically integrated gender issues into the different programmes it envisaged. Participants underlined that meeting MDGs required incorporating the concerns of women.

Differences between NEPAD and former initiatives

ADF III participants questioned the ways in which NEPAD differed from previous initiatives for Africa's development. Before NEPAD, the African landscape had been littered with failed initiatives, development plans and programmes of action. Of note were the regional initiatives of the Lagos Plan of Action and the Abuja Treaty Establishing the African Economic Community. For a variety of reasons including a lack of capacity and political will, plus resource shortfalls and outside interference, these past initiatives were unsuccessful. NEPAD had emerged in a different environment, primarily within the continent but also reflecting changed international circumstances. It had been designed to overcome past failings, and included new development trends and preferences.

It was pointed out that concerted efforts for African recovery started in 1999, and crystallized into NEPAD by October 2001. Three years earlier, President Abdelaziz Bouteflika, President Thabo Mbeki and President Olusegun Obasanjo were the Chairpersons of OAU, the Non-Aligned Movement and G-77 respectively. They seized the opportunity of their unique positions to address the problems of peace and security, as well as poverty and underdevelopment in Africa. They were mandated by OAU to study the possibilities for accelerated debt relief for Africa. Meanwhile, President Mbeki was developing his vision of an 'African Renaissance', enshrined in the Millennium Plan for Africa's Recovery Programme (MAP). Soon after, President Abdoulaye Wade of Senegal sponsored the OMEGA Plan, focusing on the need for infrastructural development and education, while Mr. K.Y. Amoako, Executive Secretary of the ECA, developed his Compact for African Recovery at the request of Africa's Ministers of Finance and Economic Planning.

Following the directive of the OAU, the MAP and OMEGA initiatives were merged into the 'New African Initiative' in May 2001. This was renamed NEPAD in October 2001. President Hosni Mubarak of Egypt joined the four Heads of State sponsoring the initiative. At the inaugural NEPAD meeting in Abuja in October 2001, a 15-member Heads of State Implementation Committee was formed, with President Obasanjo as Chairperson. A NEPAD Steering Committee was also established, consisting of experts who were the personal representatives of the Heads of State. This Committee was located at the NEPAD Secretariat in South Africa.

NEPAD's principles and priorities

The programme of action would flow from the strategy for realizing the vision enshrined in NEPAD based upon the principles of African ownership of the goals and strategies for development, good governance for African development, the opening of developed country markets to products from Africa, long-term commitments of high-quality international assistance, and mutual accountability towards development outcomes. The objective of the new relationship was to exert concrete commitment from these partners in the priority areas identified above without loss of self-respect and dignity. The partnership was also based on the interest of the international donors, following the argument that a developing and stable Africa would benefit all of humanity. Box 2 summarizes the framework's basic principles.

Box 2: NEPAD principles

NEPAD's basic principles include:

- Transformation of the relationship between Africa and her development partners into one of genuine, sustained partnership, to replace patronage and ineffective, tied aid transfers;
- Establishment of African ownership and leadership, with a vision of the future shared by African leaders;
- Building the competitiveness of African countries, to make them more attractive to Africans (thereby slowing and reversing the brain drain), and to international investors;
- Restoration of peace, security and stability to the continent;
- Promotion of political democratization and good governance;
- Establishment of sound economic management and corporate governance;
- Promotion of human resource development, including combating HIV/AIDS and other diseases of poverty and improving the provision of education;
- Provision of key regional infrastructure including power, ICTs and transport;
- Improvement of market access to the developed world, especially for agricultural products;
- Increase in domestic resource mobilization; and
- Attraction of greater international capital flows.

Implementing NEPAD

As further conceived, the new mode of partnership operated on three levels:

- At the global level, Africa would establish a new relationship with donors, development partners and international institutions.
- At the regional level, African countries would co-operate in a range of activities such as joint ventures and cross-border projects, all of which would promote integration.
- At the national level, NEPAD envisaged a revitalized partnership among governments, the private sector and civil society.

One of the key instruments stressed for operationalizing NEPAD was the African Peer Review mechanism, which was under development. This was envisaged as part of the plan for developing sound structures for mutual accountability and for ensuring good governance.

The relationship between AU and NEPAD was a subject of concern for a number of participants at the Forum. Some raised fears that NEPAD was envisaged as a rival to the AU. Prof. Wiseman and Ambassador Aluku-Olukun laid this suspicion to rest, explaining that although NEPAD had largely developed independently of the OAU/AU, it was envisaged as a programme of the OAU/AU, and was subordinate to it. As AU institutions were set up, African Heads of State would implement the new framework for partnership and development.

Defining Priorities for Regional Integration

As the first major opportunity for NEPAD's leadership to engage in a truly substantive discussion with a wide range of African stakeholders, the NEPAD seminar resulted in a number of suggestions for the next stages of the initiative. These included:

- Mechanisms were needed to broaden the popular ownership through consultations at various levels.
- The secretariat should not rush to finalize the document simply to meet the deadlines of the G8 and AU, but should consult more widely and deeply.
- The document should be revised to include the core issues that some delegates believed were not addressed adequately, such as gender equity, debt burden, youth participation and revitalization of education. The document should also recognize the similarities and differences that exist among countries in Africa.
- Mechanisms for consultation and participation should be strengthened, in terms of dissemination of information about future conferences, workshops and other forums on NEPAD, the creation of mechanisms to incorporate youth participation and the representation of the private sector and civil society.
- The internal, domestic dimension should be emphasized. Programmes would be implemented at country level. Existing resources on the continent should be mobilized as much as possible, especially from the private sector. There had to be autonomy of the NEPAD process from external sources.
- NEPAD should be treated as a dynamic programme for review and enrichment over a very long period of time and should be incorporated into national development processes.
- Gender issues should be mainstreamed, and enough resources should be provided for implementing gender programmes.

7

The Perspectives of the Leaders: Heads of State Forum

The Heads of State Forum has been a highlight of previous ADFs, an opportunity for representatives of the stakeholder Focus Groups to engage in dialogue with the Heads of State and Government present. On the occasion of ADF III, Ethiopian Prime Minister, Meles Zenawi, and South African Vice President, Jacob Zuma, were present, and statements from the Presidents of Côte d'Ivoire and Algeria were read out by their representatives.



South African Vice President Jacob Zuma

Meles Zenawi: Key challenges for regional integration

Following the introduction by the Chairperson, Mr. K.Y. Amoako, Prime Minister Meles Zenawi opened with some “*personal thoughts*” on the case for economic integration and the obstacles it faced. He said the case for AU as a single economic space and a political framework to encompass all member States had already been established because today’s fractured, balkanized economies of Africa were simply not viable. If France considered its economic space too small to be properly competitive in the global economy, he asked why Africa, whose 53 nations have a combined GDP less than that of France, was still fragmented. He wondered why, despite similar economic and political systems, Africa had been unable to achieve the type of integration that it required. Prime Minister Meles Zenawi suggested that there were structural impediments to integration. “*The economies of our countries may be militating against regional integration*”. He pointed to three main components of this.

Defining Priorities for Regional Integration

- A substantial part of the revenue for African countries was derived from the exploitation of mineral resources, such as gold and oil. If these revenues were distributed across a smaller population they provided far greater per capita income than if they were shared more widely. Hence, there were powerful disincentives towards economic integration among mineral-rich countries.
- Despite economic liberalization measures, much of Africa's economy actually depended on an environment of patronage. Political economies depended heavily on resources dispensed by patrimonial networks based on state power, rather than the manufacture of value added. Thus there were powerful interests opposed to the dismantling of these state systems.
- There was a system of international patronage that transformed governments into rent-seekers. The current international system, whereby sovereign States automatically acquired membership in multilateral organizations, ensured that financial benefits accrued to States, simply by virtue of their possession of national sovereignty within the international system, and irrespective of their economic viability.

The Prime Minister concluded that if we removed the boundaries and have one economic and political space, we would also need to reform the system of international patronage that had been sustaining the current system. This complex system was the basis for our poverty, he said, and it needed to be replaced by economies based on the creation of value.

Turning to NEPAD, Mr. Zenawi said that it should not be confused with the 'Washington Consensus'. He outlined the key ways in which NEPAD was different:

- NEPAD was a new form of partnership that moved away from aid transfers based on patronage, towards transfers founded on a more open trading system that enabled Africa to develop economies based on the creation of value. A fundamental prerequisite for this was that the global market should be made more accessible. 'If the developed world opens up its agricultural markets, the resulting income for Africa would be seven times higher than the total amount of aid flowing to Africa,' he pointed out. This would enable a shift away from current trade relations based on dependency.
- NEPAD's focus on regional approaches was also a break with the past. Since regional integration would transform Africa's economies, it was rational to focus on regional infrastructure and the development of human resources.
- Enhancing political governance, including accountability and the rule of law, were essential components of NEPAD. This focus on the capable State was a major shift away from the ultra-liberal doctrines of the Washington Consensus.

Jacob Zuma: The path to sustainable development

Mr. Jacob Zuma, Deputy-President of South Africa, noted that the problems facing Africa were not unique to the continent. He pointed out that Europe faced a similar situation after the Second World War but was able to change this with the assistance of the Marshall Plan. He noted the imperative of regional integration and of building the AU, and addressed the question of free movement of people and the dismantling of border controls. These, he said, could only be instituted slowly, for fear of enabling the free movement of criminal elements. Europe, he pointed out, had only slowly reduced restrictions on free movement.

Mr. Zuma said that a new generation of leaders was emerging in Africa, ready to address issues of governance and accountability. Further, Africa was beginning to speak with one voice in its efforts to tackle the problems facing the continent. This entailed many significant changes. For example, peer pressure was making it possible to establish a peer review system for promoting good governance. The principle of non-interference in the internal affairs of member States needed to be reviewed, as countries could not remain indifferent to the problems afflicting their neighbours. A striking example of this was the acceptance of the principle that governments that come to power through military coups should not be accepted as members of the OAU/AU.

Mr. Zuma explained that the NEPAD Heads of State Implementing Committee (HSIC) was mandated by the OAU Summit. The rationale for the HSIC and its separation from the institutions of the OAU was the need to respond quickly and decisively to the challenges of Africa, with minimal bureaucracy. NEPAD's utilization of this mechanism was expected to speed such response.

Describing South Africa as a rainbow State with a variety of cultures and identities, he emphasized the role of the academic world and intellectuals in contributing to solutions to Africa's crises. It was through Africans' own efforts and own creativity that the continent would rise above its problem, he concluded.

Statements were then read out on behalf of the Presidents of Côte d'Ivoire and Algeria, expressing their hopes for regional integration and the benefits they anticipated that integration would bring to the continent.

Private sector challenges to the leaders

The dialogue between the representatives of the stakeholder Focus Groups and Mr. Zenawi and Mr. Zuma was stimulating. A representative of the private sector noted that the private sector in Africa was regressing because of lack of support from governments and from pressures of globalization, that were making it uncompetitive. He pointed to the de-industrialization that had accompanied economic liberalization in some countries. He asked the Heads of State what economic model Africa should adopt to create value, establish a viable industrial base and transform the private sector. A representative of the media also asked how the AU would differ from past integration efforts, and how it would resolve conflict and promote human rights.

Responding, Mr. Zenawi agreed with the need for public-private partnerships. He said that a strong State was necessary for a vibrant private sector, as had been demonstrated by the accelerated development achieved in East Asia. Another lesson from Asia was the need for non-reciprocal access to developed countries' markets in order to get a jump-start on development. Mr. Zenawi explained an important difference between the OAU and the AU: the agenda of the OAU was political liberation and the achievement of independence, while that of the AU was promotion of economic and political governance and socio-economic development. He also re-emphasized the partnership aspect of NEPAD, to show that there could be mutually shared goals between Africa and its development partners.

Mr. Zuma, responding to the same question, confirmed the analysis of the Ethiopian Prime Minister. He said that Africans were still dealing with the legacy of the colonial period in terms of the dependent structure of African economies. He further pointed out that heavy agricultural subsidies in the developed world militated against development in Africa. Referring to the proliferation of RECs, he said that although they had overlapping functions and mandates, they could still serve as building blocks for the AU.

The AU and guarantee of human rights

The representative of the Human Rights Focus Group asked how the AU planned to implement its guarantees on human rights when there were no provisions regarding sanctions against guilty States. He also wondered how we could be sure that Heads of States would sign the enabling Protocols when only five States had so far signed the protocol for the African Court. He raised the question of how to make sure that their commitment would be respected.

"We should not expect the Union to help us overcome our problems," Mr. Zenawi said in response to the questions. The AU was a union of States which could only create the appropriate environment. It was designed to help in two ways, by setting a standard by which every country would be measured and through peer review. The peer review mechanism would ensure that the performance of all States would be open to scrutiny. He noted that the AU was not envisaged as a supranational entity that could enforce its decisions, but it would help in monitoring adherence to principles and in building consensus.

The challenge of HIV/AIDS

Mr. Amoako raised the question of the implications of the HIV/AIDS pandemic, which he said was the greatest threat to the stability of the continent. In response to this point, a member of the HIV/AIDS Focus Group said the seriousness of the pandemic should be reflected within NEPAD and should change from one of a concern for depletion of human capacity to one of human survival. There was also a special need to consider the implications of the pandemic for integration as far as cross-border activities were concerned. She suggested that migrant communities should be provided with assistance as they move across borders.

Making the AU more people-friendly

Dr. Tajudeen Abdul-Raheem, representing the Civil Society Focus Group¹² asked how Civil Society Organizations (CSOs) could be mainstreamed within the AU so as to make it 'people-driven'. He stressed the need to build a constituency for the AU among African people. He said Africans were skeptical of their leaders and asked how the concept of unity could be taken seriously when African leaders were known for not paying their dues to the OAU. He also urged Ethiopia to take its responsibility as the diplomatic capital of Africa, and remove visa requirements for Africans coming to attend AU and other meetings in the city.

Mr. Zuma said the question of open borders was being discussed at the highest level and that an open border could create problems for law enforcement agencies. Mr. Zenawi said that he preferred not to answer the question about visas immediately. However, a few days after the conclusion of ADF III, the Ethiopian Government announced that invitees to international conferences would be able to obtain their visas on arrival at Addis Ababa.

Seeking gender equity

The representative of the gender Focus Group asked how the AU would ensure the implementation of gender policies to tackle such issues as women's access to education and compliance by governments with the minimum gender requirements. She noted that the Constitutive Act of the Union had no provisions to address such gender concerns, and wondered how such concerns could be added.

Mr. Zuma said the gender issues raised by the representative were being addressed by African countries, but noted that action was not on the same level across countries. He noted, for instance, that South Africa had legislation on the issues, the implementation of which was being debated. The AU, when launched, would address such issues. On the human rights issues raised, he said the reason for the transformation of the OAU into the AU was the need for the continent to be able to deal with current issues confronting Africa. 'We believe that the AU must develop its structures to deal with all the concerns,' he said.

The role of parliamentarians

The representative of the Parliamentarians Focus Group¹³ asked if the Heads of State believed Africa's parliaments and parliamentarians should participate in NEPAD, and if so, what their role would be.

Mr. Zenawi said it was imperative that Africa's parliaments should participate. He said NEPAD was a way of designing and implementing economic and political policies, stressing that it was the role of parliaments to scrutinize and approve such policies. 'When we make policies, we have parliaments to approve such policies and budgets,' he said. Mr. Zuma concurred.

¹² The complete text of the statement prepared by the Civil Society Focus Group is available at the following address: <http://www.uneca.org/adfiii>.

¹³ The complete text of the statement prepared by the Parliamentarians Focus Group is available at the following address: <http://www.uneca.org/adfiii>.

Box 3:

Organs of the African Union

The Assembly of the Union is the assembly of Heads of State and Government, and is the supreme organ of the Union, which meets at least once per year in a Summit meeting. It is chaired on an annual basis by the Head of State or Government of one member State. This continues unbroken from the Assembly of the OAU.

The Commission is the secretariat of the African Union. Headed by a Commissioner, a deputy and Commissioners for the specialized organs, it will undertake the day-to-day work of the African Union. For an interim period of one year from the inaugural Summit of the AU in July 2002, the staff of the Secretariat of the OAU will serve as the Commission.

The Executive Council is the twice-yearly meeting of Foreign Ministers, which has powers delegated to it by the Assembly. This also continues largely unchanged from the OAU.

The Permanent Representatives Committee is composed of the African ambassadors to the African Union. It prepares the meetings for the Executive Council and is responsible for the day-to-day supervision of the Commission. This substantially expands the responsibilities of the ambassadors to the OAU.

The Peace and Security Council consists of 15 ambassadors to the AU, selected by the Assembly, with responsibilities for promoting regional peace and security, and responding to threats. This replaces the Central Organ of the OAU and inherits the Conflict Management Centre.

The Pan African Parliament will ultimately become the highest legislative and representative organ of the African Union. Initially it will consist of five parliamentarians (at least one of whom will be a woman) from each country. It is planned to move towards a directly elected parliament.

The Court of Justice is envisaged as the highest judicial authority of the Union. Its precise authority has yet to be determined.

Specialized Technical Committees are envisaged for the following: Rural Economy and Agricultural Matters; Monetary and Financial Affairs; Trade, Customs and Immigration Matters; Industry, Science and Technology, Energy, Natural Resources and Environment; Transport, Communications and Tourism; and Education, Culture and Human Resources.

The Economic, Social and Cultural Council (ECOSOCC) will be a forum at which trade unions, professional associations and civil society organizations can be represented, and make their input into the activities of the Union.

The Financial Institutions of the African Union are planned to include the Africa Central Bank; the African Monetary Fund; and the African Investment Bank.

Africa in ten years' time

In summing up the dialogue, Mr. Amoako asked the two leaders to take a long-term perspective on where Africa would be in the next ten years. Mr. Zenawi prefaced his answer by recalling that there were structural impediments to Africa's efforts to transform its economies and achieve regional integration. Such factors, he said, were both internal and external. He anticipated that, in ten years, the external environment would have changed significantly, permitting Africa to make remarkable progress. Within the intervening years, both Africa and the other regions of the world would have realized *"that we are in the same boat and should take care of it together."* By then, said Mr. Zenawi, *"the concept of partnership would have caught up."*

In Mr. Zuma's view, in ten years' time, the distances between African countries would be shorter, *"so that we will no longer be flying to Europe to reach a city that is a few kilometres away."* Africans in ten years time would be working more closely together, he said. African people would also recognize themselves as one people, just as the world would recognize them, and give them their due respect. In a decade, Mr. Zuma added, standards should have risen higher, with good governance well rooted, making the continent *"a good place to live"*.

8

The Way Ahead

The Closing Session was convened to adopt the final Consensus Statement, 14 and it was also an opportunity for two Nobel Laureates, Professors Robert Mundell and Wole Soyinka, to address the Forum. In introducing the Consensus Statement, Mr. K.Y. Amoako said that he *“hoped it would add value for our leaders as they chart the way forward.”*

Dr. Andrew Mullei, the Rapporteur General of ADF III, presented a summary of the Consensus Statement, in three parts:

- Part I was the Preamble which dealt with the consensus of the conference in the fields of the desirability and necessity of the African Union and regional integration, and the importance of core values of participation and democratic constitutionalism.
- Part II was the major substantive part of the Consensus Statement, which presented the main challenges ahead, such as broadening participation and deepening ownership of the process, accelerating regional integration, peace, security, democracy and human rights, ensuring an effective African Union, and fostering the international partnership.
- Part III defined ‘The Way Ahead’. This final section was concerned with the steps that should be taken to implement the consensus arising from the ADF III conference.

The Secretary-General of the OAU, Mr. Amara Essy, said that the Consensus Statement would be brought to the attention of the African Union. He indicated that the Consensus Statement and all the relevant documentation



Prof. Wole Soyinka, Nobel Laureate in Literature

¹⁴ The complete text of the Consensus Statement can be found at the following address: <http://www.uneca.org/adfiii>.

prepared by the meeting of the OAU's technical team would be submitted to the upcoming meeting of OAU Ambassadors and the Council of Ministers. He commended the efforts made at ADF III and reiterated that the establishment of the African Bank was essential but required a gradual approach. Citing the example of Europe, which took a long time to create the EU, Mr. Essy said Africa could not implement its vision of Union in a short period of time. However, he encouraged all stakeholders to join hands to ensure that there would be no failure to transform the OAU to the AU. He also warned that the task ahead would not be easy as the OAU would be expanding from four to seventeen main organs.

Ambassador Ibrahim Gambari, United Nations Under-Secretary General, read a message of support from the Secretary-General of the United Nations, Mr. Kofi Annan. In the message, Mr. Annan expressed solidarity with the ADF process and hoped that the various initiatives on Africa, including NEPAD, would be successfully coordinated for the continent's benefit. He pointed out that ECA played a regional leading role in support of NEPAD processes.

Professor Mundell: Reflections on a single monetary system

Professor Robert Mundell, Nobel Laureate in Economics, outlined the benefits of forming an African monetary system, citing examples from Europe and Asia. He provided a historical overview, beginning with the dismantling of the international monetary system in the early 1970s. That, explained Prof. Mundell, was a major mistake. He noted that Europe's contemporary move towards a common currency in contradiction to the advice given to developing countries by the International Monetary Fund, which advocated floating exchange rates. In his view, this represented no international monetary system at all.

He explained the advantages that Europe derived from its monetary integration, and described the world as now dominated by three major monetary areas: the US dollar zone, worth about \$10.5 trillion, the euro zone of about \$6 trillion and the yen zone of about \$4.5 trillion. The euro zone was expanding, and in time, would probably include European countries currently outside the euro such as Britain, Denmark and Sweden, as well as central and eastern European countries. The demand for euros would increase over time to equal or even exceed the US dollar. As these currency blocs consolidated, the special drawing rates (SDR) composed of these three currencies, plus the pound sterling, might come to resemble a global unit of account.

For Africa to respond to this challenge, Prof. Mundell outlined two options. One was the option of pegging African currencies to a basket of international currencies, and the other was pegging local currencies to the US dollar or the euro. He indicated that the advantages include common unit of account, and economic policy convergence. He concluded that it might be better for Africa to link its currencies to the euro because the continent had strong trade relations with Europe. He noted the advantages of the CFA countries having their currency tied to the euro.

He also raised the question of how currencies related to power centres. With a common currency in Africa, where would the power centre be, he asked? Common currency areas, he added, were founded on common security areas; this was why it had been possible to establish the euro but not a single Asian currency, as Asia remained divided. He recommended that, to start with, those African countries with currencies already pegged to the euro should stay that way, as they would attract more foreign investment because of their currency stability. Others might see the attraction of this and follow their lead.

The ultimate goal should be an African Central Bank, but, in the meantime, it was more realistic to have an African Monetary System comparable to the European Monetary System that was established in 1979. Such a system would get regional economic integration started and was something concrete to plan for. It could be linked to an African Marshall Plan. The key element in the original European Marshall Plan was less the amount of money provided than the fact that it compelled the European countries to work together in their economic planning.

Wole Soyinka speaks on people's empowerment

Professor Wole Soyinka, Nobel Laureate in Literature, was the final speaker at ADF III. He opened with asking why our celebrations were so often sparked by the death of a failed leader, referring to Jonas Savimbi, whose demise brought hope to Angola and indeed to Africa, encouraging people to believe that the worst was over and the road to recovery and reconciliation was now open. However, he added, the roll-call of dictators from across the continent was daunting. The lesson from this, he pointed out, was that the prospect of change, when it depended upon one individual, was illusory. The call for another great leader had regularly turned up another monstrosity. What Africa needed, he felt, was a principle for rule that was not based upon any one individual. What replaced the OAU should enshrine the principle of people's empowerment.

Prof. Soyinka noted that African governance was already changing from *"a club of personalities in perpetual mutual adoration"* towards processes driven by the people themselves. This was the real *"African Renaissance."* There were encouraging augurs, for example, the transition in South Africa, the ending of the war in Mozambique, the termination of military rule in Cote d'Ivoire, and the determination of the OAU to tolerate no more military coups. But *"the ongoing regression of Zimbabwe into a land of fear engendered by state thuggery"* posed new challenges.

Prof. Soyinka acknowledged that the real problem of social injustice centred upon the land question, but felt that President Mugabe was dealing with this only belatedly and in the most illogical way—not handing over land to farmers, but to so-called *"war veterans"*, in a chaotic and violent way, wholly wrong for a government that has been in power for more than two decades.

In his statement, he also addressed the wisdom of popular culture, paying particular attention to the slogans on mammy wagons and a list of pithy aphorisms. Asking if the African Union had decided yet on a motto, Prof. Soyinka suggested that the wisdom of the words *"no condition is permanent"* should be urged on leaders whose view of society remained static and unchanging.

Referring to the rising religious bigotry in many parts of Africa, Prof. Soyinka deplored the punishment of death by stoning for allegedly adulterous women, noting that this was a cruel, inhuman and degrading punishment. Yet a Nigerian group had just launched a campaign against the international convention banning such cruel, inhuman or degrading punishment, as well as against the Convention on the Elimination of All Forms of Discrimination against Women. Religion, he said, must be granted its public space, and must be protected and celebrated, but religious intolerance or violence should be opposed. Prof. Soyinka concluded his remarks on religious rule by proposing that it should be impossible for theocratic States to join the African Union. He suggested that such intolerant States should set up their own theocratic union. He stressed that Africa should *"seek a Union where the fundamental human rights of man, woman and child form the bedrock of social interaction, an egalitarian dispensation."*

He also urged that the African Union should strive for a new economic approach that removed economic power from over-centralized governments and capital cities and resolved conflict based upon the wishes of the people themselves. Borders, he said, were meaningless. The key issue was the wishes of the people who live in these areas. *"The era of nation glorification, which all too often proves to be little more than power manifestation and leadership vanity, should be brought to an end.... Too much has been sacrificed for a purely service agency—the nation—at the expense of its humanity."* Prof. Soyinka concluded with the call, *"Let nations die, that humanity may live."*

Mr. Olara Otunnu, Under-Secretary-General and Special Representative of the Secretary-General for Children and Armed Conflicts, agreed that Africans lived in unacceptable conditions. He commended Africans at the Forum for refusing to accept Africa's wretchedness and for being prepared to change it.

The Executive Secretary of ECA thanked all those who contributed in making the Forum a success and announced the theme of ADF IV, which would be *"Governance for a Progressive Africa."*

9

Conclusion

ADF III, by promoting dialogue, exchanging information, creating consensus and charting a way ahead was highly successful. It enabled Africans collectively to discuss the future of the continent. It represented and empowered Africa's diverse stakeholders. Over the five days of discussion—six including the African Union Symposium—the ADF generated a high level of enthusiasm and debate.

ADF III enabled this wide range of stakeholders to learn about the current high-level African initiatives, to discuss them and have some input into their evolution. It brought the people's voice to the AU and NEPAD processes, and in doing so, it underscored the popular demand for economic and political integration.

ADF III enabled the leaders of the African Union to engage in a critical and constructive dialogue with major stakeholders, in the context of NEPAD opportunities. It was an exercise in transparency and accountability. It set standards for the quality of debate and scrutiny that marked the way forward. While ADF III set standards for leaders' engagement with their peoples, the Consensus Statement was also a powerful mandate for progressive openness and participation.

ADF III reflected the deep interest and thoughtfulness about African integration from all sectors of African society. It brought new ideas and created its own dynamics of dialogue and synthesis of ideas. It was an intellectually stimulating and productive conference that obliged its participants to reflect on issues and plans. Specific proposals emerged from both plenary sessions and breakout sessions that were included in the Consensus Document.

The general consensus reached at the Forum was remarkable, given the diversity of participants and the complexity of the issues discussed. The consensus



Andrew Mullei, Rapporteur General

Defining Priorities for Regional Integration

encompassed both the desirability and the necessity of economic and political integration, as well as the core values that should underpin this integration. The Consensus Document has subsequently become a key tool for enabling the OAU to proceed with its transition to the AU and its development of other regional initiatives.

Understanding ADF III achievements

A remarkable catalogue of achievements emerged from this meeting, given the wide range of participants.

- **Timeliness.** Africa's Heads of States adopted the Constitutive Act of the African Union in 2000 and the Union came into force in July 2002, with its key organs established in a transitional period over the following year. ADF III was the first significant occasion for many Africans to learn at first hand what this entailed. Similarly, NEPAD was created in 2001, and was still developing its implementation plans and this was the first occasion for many Africans to learn what is entailed.
- **Satisfying the popular hunger across Africa for knowledge about the African Union and NEPAD.** ADF III provided the occasion for education and input. The plenary sessions covered the key issues in an authoritative manner. The breakout sessions allowed for more focused discussion in which a wider range of participants could speak. The Symposium on the African Union that preceded the ADF allowed a smaller group to develop key inputs, while the Focus Groups enabled specific stakeholder constituencies to explore their common interests and make specific recommendations. Throughout, participants also met and discussed informally and usefully in the hallways, corridors and receptions. All these different modalities for engagement complemented one another.
- **Highlighting Africa's regional and subregional organizations.** For many Africans, these organizations have been remote, if not invisible. The quality of their presentations and interventions was notably high. Participants were reassured of their relevance. This helped to underline the significance of instruments such as the ARIA, which was presented for the first time.
- **Engaging African governments.** ADF III represented the highest quality of discussion by governmental representatives. The issues, both in their technical and political dimensions, were serious, and governments took them seriously, rising to the challenges thrown before them by their citizens. Senior government figures including the Prime Minister of Ethiopia and the Deputy President of South Africa attended in person to debate with stakeholders on their vision for the African Union. Other countries delegated high-ranking officials to deliver their message.
- **Maturity of Africa's civil society organizations and specialist stakeholder groups.** Civil society respected the role of the State. The parliamentarians, essential repositories of democratic legitimacy, were notably featured. The HIV/AIDS focus group was energetic. The gender focus group was forceful and precise in its demands. These Focus Groups should continue their work, bringing their concerns to ADF IV and other similar forums.

Following up ADF III outcomes

ADF III was not just an event. It was a process of generating debate and consensus on key integration challenges facing Africa. The Consensus Document was tabled for the OAU Council of Ministers and was submitted to the July Summit in South Africa. It has also taken on a life of its own, as a charter for the core values for the African Union and for regional economic and political integration. While it was not an enforceable commitment, it was a faithful reflection of how a wide representation of Africans interpret the promises of regional integration. The Consensus document was a standard against which progress could be assessed, and a tool for advancing the agenda of integration.

The final declarations and statements of the various Focus Groups similarly acquired great significance, not only for their constituencies but also for all Africans. These Focus Groups assumed a mandate, based upon their participation in ADF III, for pursuing these agendas at future meetings.

ADF III also challenged the various stakeholders in the process of regional integration to proceed rapidly and in a manner that reflected the core values of ensuring democratic standards and prioritizing regional interests.

ANNEXES

I. Key Presentations

Accelerating the Pace of Regional Integration in Africa: The Challenges Ahead

Opening Statement

K. Y. Amoako, Executive Secretary of ECA

Your Excellency Prime Minister Meles Zenawi, Your Excellency Secretary-General, Mr. Amara Essy, The Vice President of the African Development Bank, Mr. Cyril Enweze, Honourable Ministers and distinguished delegates from throughout the continent, Distinguished guests and participants from outside of Africa, Distinguished leaders of civil society and business,

Ladies and Gentlemen,

It is a rare privilege to be able to welcome so many eminent personalities at one gathering. It is clear from the large number of Foreign Ministers, Transport Ministers, other key Ministers, and Governors of Central Banks here with us, that governments across the continent recognize the high stakes in the topics we will be discussing.

I also want to welcome with great pleasure many other eminent participants. First and foremost, the Prime Minister of our host government, who, with utmost dedication and insight, has continued his country's historic leadership in working to foster unity on this continent.

I am so pleased to welcome Secretary-General Amara Essy. This Forum owes so much to his guidance and collaboration.

And I welcome Cyril Enweze, who, when Omar Kabbaj at the last minute was required to remain in Abidjan, has kindly agreed to fill in for his President.

Defining Priorities for Regional Integration

Both the OAU and the ADB are essential leaders in bringing about whole networks of actions that will bring this continent together.

I welcome with particular warmth two of Africa's most respected figures: Adebayo Adedeji, the creator of so many regional development accomplishments and Salim Ahmed Salim, whose outstanding leadership, particularly in building peace and political cooperation, has been so well recognized. Their contributions to all Africans will long endure and their wisdom is again sought in this meeting.

I welcome the heads of the sub-regional institutions who have so often been at the cutting edge of regional integration. I am particularly pleased to greet Dr. Ibin Chambas the new Executive Secretary of ECOWAS.

I would also like to welcome warmly our many development partners. In particular, I welcome with gratitude the Representatives of the Governments of the Netherlands, Sweden, Norway, and Belgium as well as the European Commission, all of whose generous support has made this Forum possible.

And, not least, I welcome a wonderful array of leaders from African civil society, business, media, Diaspora and, not least, academia. Your voices are essential at each major step as Africa seeks a more united future.

Mr. Prime Minister, Honourable Ministers,

This is the third African Development Forum. We wanted a regular venue to bring together officials and leaders of all aspects of African society to look at Africa's most profound problems, to learn best cases, to explore options for further progress and to accelerate actions for the collective good.

The first ADF (ADF I) was on the issue of information and communications as a way to leapfrog development. It led to significant public and private sector actions to accelerate the information revolution in Africa.

The second ADF (ADF II) was on the issue of HIV/AIDS where we stressed how important leadership at every level is to prevent the spread of HIV/AIDS and to help care for those suffering from the disease. The esteemed Executive Director of the UNAIDS programme, Dr. Peter Piot, declared that meeting to be a breakthrough. Everyone who attended ADF II will remember the singing: Kenneth Kaunda singing his encouragement for us to organize and lead at all levels, and all of us singing happy birthday to Charlotte Mjele, a 22-year old South African girl living with HIV.

There have been follow-up actions to ADF II at many levels. Following the ADF, there was a more united and successful effort to help create the UN's Global Fund for AIDS, TB and Malaria. The African Union will join us in producing an annual report on how well African States are doing in fulfilling their commitments on HIV/AIDS. This report will go to the annual summit of the African Union. We are mainstreaming HIV/AIDS issues within ECA. We are proposing ICT connections with Africa's Ministers of Health so that regular policy dialogues can take place with them on HIV/AIDS. Sub-regional organizations are taking more active roles in monitoring work on HIV/AIDS. So, a lot has been done, but much more needs to be done.

This, the third ADF (ADF III), is also intended to bring together views and interests on a fundamentally important issue... one of great complexity where there is a lot at stake for our political and economic future. This is the economic and political integration of the African continent.

Ever since its inception, ECA has fostered regional integration. We were a venue in which Pan-Africanism was discussed. We proposed and urged the creation of the African Development Bank (ADB). When regional integration lagged, with great creativity, Adebayo Adedeji and other leaders actively fostered the creation of the main sub-regional economic communities. Ever since, ECA has helped a number of these groupings to build their capacities and we have done a good deal of joint work with them.

As this Forum will discuss, there have been a lot of accomplishments. But, at the same time, we all have also seen that a number of our fondest hopes for regional integration have not been realized.

This ADF needs to consider where we are, what have been our best experiences, what are the pitfalls ahead, and what should be the sequence of next steps towards our new dream. We must be candid about what usually are unspoken fears: the possible loss of sovereignty, development opportunities and revenues. These are real factors and they must be faced.

We come together after a good deal of preparation. A consultation with ECA's network of African research and academic centres was held. A number of background papers will be presented in the breakout sessions. Africa's Ministers of Transport will meet concurrently here and feed their important recommendations into this meeting. Focus groups representing important parts of African society will meet to offer recommendations here. In sum, this Forum has an ambitious programme befitting a complex topic. All of us are needed to assure a good outcome.

It is a tradition in my home country to welcome your guests, with at least a glass of water, and to invite them to tell their story first, before you tell them yours. So it is in this spirit that I call upon our distinguished opening speakers to tell their stories, and then I will come back to you with mine.

Your Excellency, Prime Minister Meles Zenawi, Honourable Ministers and leaders, Friends all,

When planning for this Forum began 18 months ago, we were motivated by concern that regional integration move faster, and that Africa respond ever more effectively to a globalizing world. We did not anticipate - who could? - an alignment of political initiatives that would create tremendous added interest in this Forum.

One has been the initiative by South Africa, Nigeria, Algeria, Senegal and Egypt, which together led to the creation of the New Partnership for Africa's Development, NEPAD. Alongside NEPAD, we at ECA have been proposing a model for transforming partnership in development cooperation, an idea with strong resonance in the principles of NEPAD.

Another is the whirlwind of political activity and consensus that led to approval to create an extremely ambitious African Union. At the same time, trade initiatives from Europe, America and the WTO have established many new opportunities and challenges.

Leaders in the past, who wanted Africa to unify, would be in envy of us at this Forum. We now have real choices before us. The stakes are high, and key decisions must be taken in the next few months.

But, decisions are not easy, as there is no standard blueprint for regional integration. Experience around the world shows, that each successful regional initiative, must be crafted for its particular political and economic environment. The issues involved, are among the most complex that leaders will face, requiring outstanding thinking and political courage.

The issues are so complex, that ECA is establishing a mechanism so that national and regional players can keep track of where Africa stands in its efforts to integrate. Tomorrow, you will be briefed on ECA's new Annual Report on Integration in Africa, which we call by its acronym, ARIA. A copy of the overview chapter has been made available to you. The first ARIA will review Africa's accomplishments and the current challenges towards integration. It will show a mixed report card.

As you participate in the discussions over the next days, you will have a chance to share your concerns and ideas, on the way forward towards regional integration in Africa. Here are the issues that concern me.

First, I believe we must be sure that our economic integration fosters enterprise at all the levels we need for our development. We want to support the informal sector. We want our own small- and medium-sized firms to grow. We want to reduce and eliminate trade based upon corrupt practices. And we want to foster trade and investment by large local and international firms that can pursue sub-regional and regional economies of scale.

For example, if we create international transport, energy and communications systems that bypass major areas where our poor live and work, then we will get an unbalanced development. I am so glad the Ministers of Transport are here to help us think through this kind of issue. My point is that across a range of integration issues, we need to be clear about our need for balanced, equitable development.

Second, we need to assure more effective creation of regional public goods. There are a number of public goods that ought to be fostered through integration.

- Uppermost is peace and security. This is a major theme of the Forum, which underpins every economic and social aim.
- Public goods in social development also often require coordinated approaches. The rollback of HIV/AIDS is one challenge; food security is another.

Defining Priorities for Regional Integration

- Common environmental challenges cut across borders throughout the continent and require coordinated approaches.
- And, an issue particularly close to my heart that we ought to be fostering as a public good - scientific expertise and research of all kinds. This includes the analysis and policy studies needed to help find ways to accelerate development. Policy cohesion needs sound policy analysis, which requires strong universities and think tanks

The third issue is that we need efficient ways to regionalize. I noted at the beginning of this session, that the Regional Economic Communities, or RECs, were created when it became clear that carrying out the larger vision of regional integration was lagging.

The RECs were created as stepping-stones to regional integration. Now there are 13 RECs covering a range of functions and intentions. These pieces of the puzzle, in fact, do not fit together very well. Perhaps that is why almost all of our countries belong to more than one of these RECs. Twenty-seven countries belong to two, 18 belong to three and one country belongs to four.

In addition, there are a whole host of regional policy and training centres that bear on regional integration. Now leaders call for a number of new regional institutions. Experience in Africa and elsewhere clearly shows that both sub-regional and regional organizations are needed and useful, if there are complementary divisions of labour.

But, overall, Africa's current system is too complex, too duplicative, and requires too much political energy and money for what is being produced. So, as the ARIA report recommends, the system should be rationalized. We can all recognize that efforts to rationalize the current plethora of integration institutions will not succeed, unless there is solid political backing. How can we assure that there is political understanding of the fact that creating an ambitious African Union should go hand-in-hand with decisions to rationalize and economize elsewhere?

If there is agreement on the scope of integration plans and on an overall architecture, my fourth issue comes into play: what should be the pace of integration?

Up to now, regional integration has moved in an ad hoc evolutionary manner. The pace has been deliberate, and at times maddeningly slow. But now we are moving to a much faster timetable. Our political leaders are asking for a huge amount of institution building and policy creation in a very short time frame. Clearly choices will have to be made, and they should be choices that sequence actions. The next major actions to implement the African Union might well be selected both because they are urgent and because they can be solidly achieved. Each achievement will build confidence to take on the next needed tasks.

We must look for ways to accelerate the integration process. For example, we can better identify and use best cases from within Africa and from around the world to inform our choices and decisions. The decisions on pace should be ambitious, but the pace should be doable.

Substance, architecture and pace will then define the fifth item on my agenda of issues - finance. New regional institutions will have payrolls and operating costs to fund. As our ARIA report will show, even now, many of our existing regional institutions have difficulty financing what they are supposed to do. Their budgets are modest compared with their mandates. Even so, collecting funds against modest budgets has become difficult. For example, COMESA and CEMAC had a rate of collection against assessed contributions that fell from 100 per cent in 1993 to just over 50 per cent in 1998. One result has been a turn to and dependence upon external funders.

Our goal should be not just to pay the core bills, but also to create truly robust institutions strong enough to produce solid gains for all members.

I am attracted by the rationale our colleagues in COMESA used in putting forth their budget a few days ago. Secretary-General Mwencha said that lack of adequate peace-keeping and integration actions, which together might cost at most \$US1 billion, meant that countries in his region lost over \$13 billion in GDP last year directly related to conflicts.

Let me put the issue to you this way: we need a new way of conceptualizing and financing regional integration, which calculates not only what it will cost to integrate, but what it will actually cost us if we do not move to effective political and economic integration.

This leads to my last issue: whatever we do, we cannot do alone. Successful integration requires finding the ingredients of a real political consensus, throughout societies, so that new regional solidarity can be created and sustained, both in the popular imagination and in viable institutions.

By now it is self-evident, that national policies have sustainability, if there is appropriately widespread participation in their formulation and execution. But we have only begun to understand how this dynamic works at the supra-national level. What is safe to say at this stage is that the process of integration has so far largely been in the hands of governments alone.

The African Parliament will certainly help build a broader consensus. But we cannot over-rely on one mechanism for such a critical task. Nationally, civil society and business need to be involved with governments, in discussions aimed at shaping policies, on what integration steps should be taken. And we need mechanisms to involve a wide range of non-governmental groups in on-going policy dialogues at the supra-national level. If ADF successfully models the consultative approach, that would be wonderful.

In the end, successful regional integration in Africa, will respond to broad-based ownership of the process, and a consensus that this is our common destiny as Africans.

To summarize: the issues that I am particularly am concerned about are:

- How can we assure that economic integration equitably serves to foster all parts of our societies?
- How can we assure regional public goods including peace and security, public health and research?
- How can regional integration be made to be efficient?
- How can we assure adequate finance?
- What is the best pace and sequence of tasks towards regional integration? and
- How can we assure the benefits of broadly based societal involvement?

To get us to the point of recommending actions on these and other important issues, you will have a number of plenary sessions, breakout sessions, and sectoral focus sessions. There will be a dialogue with Prime Minister Meles and two other Heads of States. We will also have the honour of the participation of two Nobel Laureates: Wole Soyinka, the first African to win the Nobel Prize in Literature, and Robert Mundell, whose work has been required reading since even before my doctoral studies in economics.

Honourable Ministers and distinguished participants,

All of your work over the next days will be summarized in a consensus statement, that will be brought to the attention of the upcoming OAU Conference of Ministers of Foreign Affairs, and which will be widely circulated.

In addition, and what in the end may well be of more significance, I hope this Forum also helps you produce your own broadly based national agendas arising from government, the private sector, NGO networks, and thoughtful coverage of regionalization in the media. For, in the end, anything so tremendous as the African Union will require us to act beyond our own spheres of control, in broader networks and alliances.

Mr. Prime Minister, Honourable Ministers,

All this will be the work of many months and years. It will take all of us here, and others as well, to make it happen. If we have a productive week, we can help shape the important work ahead. Let us do so.

Thank you for your kind attention.

DOES AFRICA NEED A COMMON CURRENCY?

Keynote Presentation by Professor Robert Mundell, Nobel Laureate, Economics

Introduction

It is a great pleasure for me to be here, and I want to thank the African Development Forum for inviting me. This is my second visit to Addis Ababa and I will say a few words about my earlier visit in a moment. But the first order of business for me is to acknowledge the importance of this special day.

Today is International Women's Day! It would be hard to underestimate the importance of the special problems of the women in the world today and the historical difficulties associated with gender discrimination. The problems of women in Africa are perhaps more serious than elsewhere. They are compounded by the poverty, illiteracy, underdevelopment, malnutrition, disease and rapid population growth that are rampant throughout Africa. The issue is important both from the standpoint of better utilization of resources and from that of human justice.

I was in Addis Ababa thirty-two years ago, commissioned by the Economic Commission for Africa to analyse the implications of the exchange rate changes in Europe in the late 1960s. The two most important events in this connection were the sterling devaluation of 1967, and the franc devaluation in 1968. My task was to try to assess the implications of these exchange rate changes in the Francophone and Anglophone countries. I visited many of the countries in question, spoke with central banks and finance ministries and wrote a long monograph entitled, "African Trade, Politics and Money," and a policy paper, entitled "The Choice of Monetary Systems: African Currency Problems."¹⁵

I mention this experience of more than three decades ago in order to make two important points. One is to note the similarity in problems then and now. We are today as we were then, concerned about exchange rates and monetary systems.

The other is to note the great difference in the international monetary system between then and now. Back in the late 1960s, there was an international monetary system based on fixed exchange rates. Today, there is no international monetary system. There are instead nearly two hundred national monetary systems with fluctuating exchange rates. Each country is on its own in its choice of monetary targets and inflation rates.

I emphasize this point because its full significance is not realized. It is hard to find references today to the great loss suffered by the developing countries when, in 1976, the Second Amendment to the Articles of Agreement of the International Monetary Fund, establishing "managed flexible exchange rates," was endorsed. This meeting formally scrapped the Bretton Woods Order of fixed exchange rates that the IMF had been established to preserve.

I think of this amendment as a kind of crime. It was a crime because the new arrangements were based on neither experience nor economic theory. At the time the Second Amendment was passed, no one had any good idea of what universal floating exchange rates would mean or what "management" of them implied. The Second Amendment was a knee-jerk reaction on the part of the Board of Governors to the destruction of the international monetary system and an attempt to keep up a pretense that "managed flexible exchange rates" could be considered an alternative "system."

There was no important body of literature that supported flexible exchange rates. Most of the history of the last four millennia had involved metallic currencies and relatively fixed exchange rates. Flexible exchange rates had been resorted to in the exigencies of war and hyperinflation and had always been looked upon as an aberration. The classical economists were unanimous in their condemnation of flexible exchange rates. They rightly saw that, without the discipline of convertibility, governments would exploit paper money as a fiscal device at the expense of monetary stability.

Recent decades have proved the classical view to be true. The period since floating began has proved to be one of the most unstable periods in monetary history. For the developing countries, the last three decades have

¹⁵ Both papers were published in the conference volume, *Africa and Monetary Integration* (ed. R. Tremblay). Montreal: Les Editions HRW. 1972.

been characterized by high inflation, exchange rate instability and low growth. A substantial part of the blame for this situation must lie with the deterioration in the global international environment and especially the lapse in discipline due to the absence of an international monetary system.

1. The Bretton Woods Arrangements

Let me go back to the situation in the late 1960s, the occasion of my first visit to Addis Ababa. To put it in perspective, I will have to start in 1944 with the Bretton Woods conference that endorsed -- it did not create-- the post-war international monetary system.

Plans for the post-war international monetary system had been laid at the meeting of forty-four countries at Bretton Woods, NH, in 1944. The international monetary system prevailing before World War II was more or less an arrangement in which most of the large countries fixed their currencies to the dollar, which in turn fixed the price of gold within small margins at \$35 an ounce. During wartime, the same system remained in effect except that most countries indulged in exchange controls. The dollar had become the pivot of the international monetary system because of the great size of the US economy and the preponderance of dollars in most exchange markets.

The story of the gold standard in the 20th century is largely a story of the policy of the newly created central bank in the United States. The creation of the Federal Reserve System in 1913 gave the biggest economy in the world a central bank and the power to lead and manipulate international monetary policy. Already by the opening of World War I, the United States economy was bigger than the next three largest economies -- Britain, Germany and France -- put together.

With the creation of the Federal Reserve System in 1913, it was only a matter of time before the dollar eclipsed sterling as the dominant currency. World War I accelerated that shift and soon made the dollar the premier unit of account in the world economy. It was in the early 1920s that Keynes, in his Tract on Monetary Reform, said "the gold standard was already a barbarous relic." What he meant was that it no longer operated as it did in the past as a semi-automatic decentralized mechanism, but was now determined by the policy of a few large central banks.

In the 1920s, Europe tried to restore some of the power it had lost in World War I, and with that in mind, reinstated the international gold standard. Germany, Britain and France in succession went back to gold and other countries in the world quickly followed the actions of these countries. There was widespread hope that the ante-bellum equilibrium and power situation -- when Europe was, in Max Weber's words, "mistress of the world," could be re-established.

But it was not to be. When the dollar standard of the early 1920s was replaced with the international gold standard, it greatly increased gold requirements and the demand for gold and brought on a situation predicted by a few economists -- world deflation and the great depression. Britain went off gold in 1931 and even the United States went off gold in 1933. The world economy was in a state of chaos.

It was at this point that a new international monetary system came into being, and one that reflected the status of the US economy and the new power configuration of the world. In 1934, the United States abandoned flexible exchange rates and fixed the value of gold at a new parity of \$35 an ounce, an increase of 75 per cent over its historic parity of \$20.67. As it turned out, the new international monetary system would last as long as the \$35 gold price, from 1934 until 1971.

At the higher price of gold -- especially taking into account the lower price level as a result of the 1930-1933 deflation, gold was initially overvalued and the dollar scarce. It was in the late 1930s that the phrase "dollar shortage" became current. Most of the monetary gold in the world came to the United States, reinforcing the unique position of the dollar. After 1936, all other major countries fixed their currencies to the gold-convertible US dollar.

The international monetary system that was ratified at the conference at Bretton Woods, NH, in 1944 was a qualified dollar standard. The qualification -- which was important from the standpoint of legitimizing the dollar's unique position -- was the US commitment to convert dollars into gold for foreign monetary authorities at the official price. Because the dollar was "convertible," the other countries could satisfy their obligations under Article IV-4 by keeping their currencies fixed to the dollar.

Defining Priorities for Regional Integration

The Bretton Woods agreement that established the IMF did not therefore create a new system. It was rather a codification of the rules of the existing system or the system as it was expected to operate when World War II ended. Gold was involved in the system but it was not an international gold standard. The international gold standard had broken down in World War I, and the dollar had usurped the role of gold.

2. Creation of the SDR

After World War II, the United States owned 70 per cent of the world's monetary gold stock. The Federal Reserve managed US monetary policy without feeling the need -- initially-- to be concerned about its gold position. But, several factors were at work to undermine the system.

The first was the effect of wartime and post-war inflation. The price level during and at the aftermath of World War II doubled the US price level. By 1950, it could no longer be said that gold was overvalued or that there was a dollar shortage. Subsequent events such as the Korean War and "secular" inflation in the 1950s and 1960s further eroded the position.

Gold was becoming undervalued and the 1934 price of gold became obsolete. As long as the US price of gold was expected to remain fixed, other countries could continue to hold their reserves in interest-bearing dollar balances. But, the more foreign-held dollar balances accumulated, the more precarious became the US reserve position.

Another factor was the change in the position of Europe. As in the 1920s, Europe became restive under the dollar standard and longed for a position where Europe's place in the world would be reinstated. Economic recovery in the 1950s led to the external convertibility of most European currencies, and countries on the continent began to assert their independence by converting dollars into gold. In the late 1950s and 1960s, US gold reserves dropped from nearly 700 million ounces in 1948 to 300 million in 1971, most of the sales going to Europe. It was only a matter of time before the dollar standard broke down.

The solution most consistent with the spirit of the prevailing system would have been an increase in the price of gold. There was a provision in the Articles of Agreement of the IMF for a universal change in par values (which were stated in gold). A proportionate change in the price of gold in terms of all currencies would leave exchange rates unaltered.

The United States, however, would not hear of this solution. There were three main objections to it:

1. It would improve the terms of trade of the two largest gold- producing countries, South Africa and the Soviet Union; at that time, South Africa had its noxious system of apartheid and the Soviet Union was the US enemy in the Cold War;
2. It would penalize countries that had helped the United States by hanging onto dollar balances, and benefit countries that, against US wishes, had exchanged dollars for gold; and
3. Doubling the price of gold might build up expectations that the price of gold would have to be raised in the future when a similar problem recurred.

A second-best measure, and the one adopted, was to supplement gold and dollars with a new reserve asset, a kind of "paper gold" that would have a gold guarantee. Countries could add to their reserves these new Special Drawing Rights (SDRs), as they were called, without causing a deficit in the US balance of payments.

The decision was made, therefore, at the IMF meetings in Rio de Janeiro in 1967, to create the SDR, the first amendment to the Articles of Agreement of the IMF. The amount of \$10 billion worth of SDRs was provided for over three years starting in 1970. There were high hopes that the SDR could not only avert a breakdown in the system but also fill a gap in the international monetary system by evolving into a much-needed world currency.

Unfortunately, that did not happen. The solution was pre-empted by a crisis. The 1970-1971 recession led to a capital outflow, a much-worsened balance-of-payments deficit and an exploding Eurodollar market. The first installment of the SDRs was much too small to avert speculation; the remedy had been too little and too late. The \$35 an ounce system that began in 1934 ended in 1971 when President Richard M. Nixon, in response to requests from Europe for further conversions of dollar balances into gold, took the dollar off gold. The

other countries then responded by taking their currencies off the dollar. The result, after an abortive attempt to restore the system, was floating exchange rates.

3. Breakdown of the System

Better cooperation might have been able to save the system. But two considerations proved to be obstacles. One was the Vietnam War, which increased tensions between the United States and Europe and the other was the project to create a European currency.

In December 1969, at a European Summit meeting at The Hague, the countries of the Economic Community agreed to proceed to a European Monetary Union, and the date scheduled for completion of the project was eventually set at 1980. As it turned out, the project took not one but three decades.

By the 1970s, the United States had come to the realization that the international monetary system no longer actively served the interests of the United States. It began to look upon its commitment to gold as a service accommodating the interests of the rest of the world, but not strictly conducive to US interests. An increasingly nationalist perspective, coupled with irritation at Europe's threats to convert its dollar balances into gold, led to what UK Prime Minister, Harold Wilson, dubbed a "monetary war."

Yet, the fixed exchange rate system was vital to Europe and that depended on the US commitment to gold. As long as the dollar was fixed to gold and the other currencies were fixed to the dollar, the rest of the world were integrated with each other around the dollar.

Had the fixed exchange rate system continued, it would have been easy for Europe to achieve its goal of monetary union by 1980. The conditions of economic convergence that proved so difficult for Europe to achieve after the Treaty of Maastricht, were already in place before 1971. With Europe's new goal of monetary union, the fixed exchange rate system was more important than ever. On the other hand, the United States -- which had decided to "benign neglect" the European project for a common money -- was in no mood to maintain the system for Europe's sake.¹⁶

When the United States pulled the plug on the system in August 1971, Europe could have stayed on the dollar. It is true that with the dollar no longer convertible into gold, Europe could use the legalistic argument that a fixed rate system based on the dollar would not have been consistent with the Articles of Agreement. In practice, however, this might well have been the best move for Europe and it was indeed the system that was agreed to at the Smithsonian Institution in December 1971, but which only lasted for a year and a half.

When Europe went off the dollar -- the day after the dollar was taken off gold -- the dollar plummeted in the exchange markets. To preserve intra-European exchange rates, European countries considered a joint float against the dollar. But, how should this be organized? It was necessary to choose one of the currencies as the pivot or anchor. But, which currency? There was the rub! The pound, mark and franc were possible claimants. The countries could not agree on which of the three currencies should have the prestige of occupying the central position.

For much of the nineteenth and the first two-thirds of the twentieth century, the pound had been the most important European currency. In the 1960s, however, the DM pulled ahead in the wake of strong growth in Germany and weak growth in Britain. Neither Britain nor France, however, were willing to acknowledge the new regionally dominant position of the mark, and for that reason, Europe was unable to lock their exchange rates and achieve convergence of their economies. Monetary union was therefore delayed another two decades.

¹⁶ Europe might well have continued to keep their currencies fixed to the dollar even though it was inconvertible. After all, four months later, the other countries went back to the inconvertible dollar! There was no important sense in which the dollar was overvalued relative to other currencies and therefore no disequilibrium that flexible exchange rates would correct. The decision to drop the dollar was emotional rather than rational. This was brought home to me on the very day after August 15, when I visited Guido Carli, Governor of the Bank of Italy (and at that time Europe's most admired central banker). On August 16, 1971, the dollar was dropping from the lira's former parity of 620 to the dollar, heading toward a low of 585. Carli asked me what I thought Italy and Europe should do. I responded that I thought Italy should support the dollar because the Italian economy was not strong enough to appreciate permanently against the dollar. To which, Carli replied: "You are right, Mundell, but we have to go up for the sake of European solidarity!"

4. Francophone and Anglophone Traditions

When I arrived in Addis Ababa in July 1970, the international monetary system had not yet broken down. My task, in any case, was related not to the operation of the system as a whole but to the narrower subject of the effects of the exchange rate changes in Europe on the African countries. In the late 1960s, there were only two main exchange rate changes. In November 1967, Britain had devalued the pound from \$2.80 to \$2.40; and in May 1968, France, in the turmoil created by the student riots, had devalued the franc.

The “Anglophone” and “Francophone” countries had been colonies of Britain and France and, before independence, both had currencies tied to those of the mother country. But there the similarity between the two areas ended. The Anglophone and Francophone countries went their own way in currency matters, with independent central banks and currencies frequently subject to devaluation.

The Francophone countries, on the one hand, formed themselves into two large central banks to manage a common currency, the CFA franc, which was rigidly fixed to the French franc. The exchange rate was CFAF100 = FF1. This was guaranteed by the French Treasury. The two areas had completely different monetary experiences.

The Francophone countries, with their common currency linked to the French franc, experienced inflation rates that were more or less the same, and similar to that of France; they were much more stable on the average than other African countries. The Anglophone countries, on the other hand, went their separate ways and generally had less stable conditions, frequent devaluations and higher rates of inflation.

The advantages seemed to lie with the greater monetary stability of the Francophone countries. Another factor, however, has to be taken into account. The monetary independence of the Anglophone countries gave them more experience and helped them to build the monetary institutions of a modern economy earlier. To a certain extent, the same comment applies more than three decades later. The Francophone countries have had greater monetary stability (this despite the 1994 devaluation of the CFA franc), but the Anglophone countries have had richer development of monetary institutions.

What must have seemed remarkable to economists brought up under modern conditions was that such comparatively small devaluations of the pound and franc were considered important! Economists today have become so jaded by the gyrating exchange rates under floating that the huge costs and dislocations of sweeping exchange rate changes have been overlooked. But back in the 1960s, when exchange rates were comparatively fixed, the British and French devaluations stood out.

5. Deterioration since 1970

Much has happened in the world since 1970. The international monetary system broke down; the OPEC cartel was activated; the United Nations Conference on Trade and Development (UNCTAD) was created; supply-side economics was born; the women’s movement exploded; the international debt crisis loomed; the human rights movement persevered; the Cold War ended; globalization occurred; the information technology revolution was born; the United States economy soared in the 1980s and 1990s; Asia and especially China grew spectacularly; the AIDS epidemic set in with tragic consequences in Africa; the overvaluation of the yen undermined Japan’s banking system; the euro was born; and the 11 September terrorist attacks created new uncertainties that were like a tax on all global transactions.

There is no question that, with a few notable exceptions, the position of the developing countries has worsened. It is more debatable--but I think it nonetheless true -- that a major cause of the plight of the developing countries was the deterioration in the quality of international monetary arrangements. From the standpoint of small countries and developing countries, the advent of fluctuating exchange rates was an unmitigated disaster.

It is instructive to contrast the different approaches taken by the advanced countries of Europe and the developing countries. It must have astonished advocates of flexible rates that Europe moved as far as possible away from flexible exchange rates -- not just to fixed exchange rates, but to complete replacement of the national currencies with a single currency. Twelve of the fifteen countries of the European Monetary Union went ahead with this radical proposal and it is important to dwell on its uniqueness.

The approach Europe has taken is in stark contrast to the line pushed and sometimes imposed by the International Monetary Fund and the US Treasury on the developing countries. The IMF stresses ad nauseum the superiority of flexible exchange rates as a mechanism of adjustment, with the same intensity that, before 1971, they defended fixed exchange rates. To say that there are two views on the subject is the understatement of the century!

How and why did the world power structure shift from its advocacy of a multilateral and internationalist solution involving the post-war international monetary system, to advocacy of its nationalist antithesis, viz., separate national currency systems disconnected from one another?

A superficial analysis might argue thus: the international monetary system broke down in the early 1970s because of the failure of its adjustment mechanism. Flexible exchange rates were needed to ensure more rapid and complete adjustment of the balance of payments.

In reality, there was no failure of the adjustment mechanism under fixed exchange rates. The Bretton Woods arrangements did not break down because the dollar was overvalued relative to foreign currencies. It broke down because, as a result of the inflations associated with World II, the Korean War, and the Vietnam War in addition to secular trends, gold had become undervalued at the price of \$35 an ounce fixed in 1934. All other prices had doubled or tripled and the price of gold had stayed constant.

In the 1960s, the problems of the international monetary system came to be divided into three types: the adjustment problem -- getting balances of payments in equilibrium; the liquidity problem -- ensuring enough reserve growth to prevent deflation; and the confidence problem -- shifts to and from one reserve asset (e.g., dollars) relative to another (e.g., gold).¹⁷

Officials in the 1960s were well aware that the basic problem was the “confidence problem.” The SDR was created to relieve the scarcity of gold, not to change exchange rates. Had it been created earlier, or in a larger amount, it might well have averted a breakdown of the system.

6. Flexible Exchange Rates

The Second Amendment, scrapping the international monetary system and endorsing “managed flexible exchange rates,” was a mistake. It erased a necessary international monetary order without putting a viable alternative in its place. The error lies at the heart of the confusion and instability of the national monetary systems today.

Many of the officials who endorsed the plan for the new international monetary dispensation had little or no knowledge of the history of the international monetary system or its mechanism of adjustment. Many officials knew only one side of the argument -- if that. For many officials, it was not even clear what the argument was about!

The argument has frequently been posed as a choice between fixed and flexible exchange rates. But the choice is an oxymoron! A fixed exchange rate is a monetary rule. It delivers the foreign inflation rate. Countries that use or fix their currencies to the dollar get the inflation rate of the United States.

A flexible exchange rate, on the other hand, is not a monetary rule. It is the abnegation of a monetary rule. Flexible exchange rates are consistent with hyperinflation, hyperdeflation or price stability -- any monetary outcome at all!

Comparing fixed to flexible exchange rates is like comparing a particular government to its absence. A government may be good or bad. A case could be made -- and is regularly made in democracies -- for replacing one administration by another. But what case could be made for removing one government without specifying its alternative? The alternative could be better or far worse. What is clear is that a government needs to be compared to an alternative not its absence!

¹⁷ It was not immediately obvious that the main problem of the system was the confidence problem. This was because the US balance of payments deficit was intimately tied up with the mechanism by which international reserves were created. In the absence of a US payments deficit, there would be no dollars available to supplement scarce gold reserves. Correction of the US deficit would not solve the problem; it would merely transform it into a liquidity problem.

Defining Priorities for Regional Integration

Is a comparison for fixed and flexible exchange rates a harmless error or does it have deep-rooted implications for policy choices? The answer is the latter. For a long time, the argument was made -- usually but not exclusively by non-economists -- that flexible exchange rates give a country an “extra degree of freedom.” But is this true?

There is no extra degree of freedom. It is a mirage. If monetary stability is to be maintained, the fixed exchange rate policy must be replaced by an alternative stabilization policy. The net change in degrees of freedom is zero.

When the IMF pressures countries to give up a fixed exchange rate anchor in return for flexible exchange rates, it creates the impression that the country has an extra degree of freedom. But it is only a freedom to inflate, which subverts the goal of monetary stability.

There are numerous examples of countries that have had long periods of stability under fixed exchange rates, but which have shifted to flexible exchange rates because of the belief that it gave an extra degree of freedom. Mexico set the example for all Latin America when, basking in the knowledge that it was sitting on huge oil reserves, and under the encouragement, if not instigation of the IMF, it gave up its historic parity of the 8-cent peso for devaluation and flexible exchange rates.

Despite its vast newfound wealth, Mexico, under flexible exchange rates, became a basket case. Within six years of its move to “managed flexible exchange rates,” it led the developing countries into worldwide default. Within a decade and a half of chaotic inflation, it was faced with the need for currency reform, the first in its history as an independent nation.

It should not be thought that Mexico was unique. One by one the other countries in Central America followed. One by one they lost their monetary stability, a victim of the belief that a regime of flexible exchange rates was superior to fixed exchange rates because it gave countries an extra degree of freedom.

This policy was encouraged, even instigated by the IMF. These countries were advised by the IMF to move to flexible exchange rates. No less important a country than Mexico offers an example. After more than twenty years on fixed exchange rates, Mexico shifted, in 1976, to flexible exchange rates, and within a decade the Mexican economy, despite the newfound oil wealth, moved into an era of monetary instability unprecedented in Mexican history. At the end of the rainbow, there was no pot of gold, only currency reform and more crises.

The great mistake of the Second Amendment of the Articles of Agreement of the IMF -- which turned Bretton Woods on its head -- was that it pushed countries off fixed exchange rate anchors, without establishing or making clear the need for new anchors or groups of currencies that would be better off with fixed exchange rates. There was no hint of the fact that the efficiency of money as a unit of account depended on either a single currency or on large currency areas. Nor was any consideration given to the way in which the size configuration of currency areas affects the efficiency of the system or the power positions of large and small countries.

“Managed flexible exchange rates” has a better sound than “dirty floating,” but the biggest misrepresentation was that it represented a “system.” In fact, it was rejection of the system.¹⁸ Instead of an international monetary system, there was a proliferation of national monetary systems, a monetary system for each country. The monetary balkanization of the world economy was the apotheosis of monetary nationalism.

The best that can be said for it is that it left each country free to cope on its own with the problem of monetary discipline and stability. The worst that can be said for it is that it based international monetary relationships on naked power.

7. The Policy Mix

In the post-war era, from the middle 1940s until the 1970s, IMF policy concentrated on three basic recommendations:

¹⁸ An IMF conference on the new arrangements was called *The New International Monetary System* (Robert A. Mundell and Jacques J. Polak, eds.). New York: Columbia University Press. 1977.

1. Fix the exchange rate;
2. Let monetary policy adapt to the balance of payments; and
3. Maintain fiscal balance.

The policy mix was theoretically consistent and resulted in a high degree of both exchange rate and price stability. It had the sanction of history because it was that same triad that had preserved monetary stability under bimetallism and the gold standard. It was easy to apply because fixing the exchange rate provided an automatic guideline for the correct monetary policy and no ambiguity about the appropriate policy mix.

The generalized adoption of flexible exchange rates in the 1970s brought about a policy revolution that has proved to be unfortunate. The primary IMF directive was to keep the exchange rate flexible. Secondary objectives were control of one or more of the monetary aggregates and a fiscal policy that had Keynesian overtones. Automaticity of monetary policy was lacking and there was frequent controversy about the policy mix.

I have already related how several countries, with the active encouragement of the IMF, gave up their fixed exchange rate anchor and lost their monetary and fiscal stability. They soon succumbed to rapid inflation and the debt crises of the 1980s and 1990s.

An important exception to the shift to floating was the CFA franc zone in West Africa. Those 13 countries had better records of monetary stability than the other countries in Africa, up to the time of the devaluation of 1994. The devaluation itself, of course, reflected dissatisfaction with the economic performance of those countries. Monetary stability is a necessary but certainly not a sufficient condition for satisfactory economic performance.

Europe represents another exception. Partly out of dissatisfaction with the role of the dollar in the international monetary system, and partly because of its usefulness as a catalyst for increased integration, the Economic Community of Europe laid plans for monetary union even before the international monetary system broke down. The breakdown in the system made integration more difficult at the same time that it made it more urgent. The first efforts at fixing the “snake” were by and large unsuccessful. But with the creation of the European Monetary System in 1978 and the exchange rate mechanism that came to be centered on the DM, Europe made progress toward a currency area.

The Delors Report projecting a single-currency Europe might have been overly ambitious, but after German unification it proved to have struck the right note. The Treaty of Maastricht laid down the conditions of convergence for monetary union and a deadline of January 1, 1999. The deadline was met and the euro came into being with 11 countries on board, soon joined by a twelfth. Britain, Sweden and Denmark opted to stay out but left their adherence to the European Monetary Union open for the time being. By the middle of 2002, the transition to the single currency was completed.

The advent of the euro has important lessons for Africa and the rest of the world. The first lesson is the refutation of a widespread view that fixed exchange rates breed speculative capital movements. The opposite is the truth. Unstable exchange rates breed unstable capital movements. Fixed exchange rates eliminate them.

With the 11 countries slated to join the EMU locked bilateral exchange rates in the middle of 1998, speculative capital movements within the zone completely dried up. Hedge funds couldn't make a dime in the euro zone.

The gains from monetary union in Europe are impressive. Every country in the euro area -- and not excluding Germany -- has a better monetary policy than it had before. Every country has an unambiguous policy target: balance the budget. Every individual in the euro area has a better-known currency, the number two currency in the world. Every firm in the euro area has access to a continental size capital market. Every country in the euro area has lower interest rates than before EMU. Costs of exchanging currencies have been eliminated within the zone, increasing competitiveness. Common currency pricing has increased transparency and augmented the gains from trade. The euro, slowly at first, but with accelerating momentum, will become a reserve currency and provide seigniorage gains to the benefit of the taxpayer.

These are huge advantages to Europe, and these advantages can, to some extent, be captured by the countries of Africa, Latin America and Asia. Fixed exchange rates in a currency area or a monetary union would improve macroeconomic discipline, reduce unstable capital movements and remove the major threat to prosperity of unstable exchange rates.

Defining Priorities for Regional Integration

The importance of fixed exchange rates as a guide to the correct monetary and fiscal policy mix can hardly be underestimated. Do not underestimate the possibility of even sophisticated countries making big mistakes in the monetary and fiscal policy mix. Japan had the most brilliant economic performance in the world between 1955 and 1970. It went through a period averaging 12 per cent growth that lasted for fifteen years, a period that Japan called its “sudden economic rise.” This great success was achieved by a policy mix based on a fixed exchange rate of 360 yen = \$1. Japan’s monetary policy was virtually automatic, and with high growth despite low tax rates the economy produced budget surpluses that enabled tax cuts every other year or more.

But contrast that period with the desperate plight of Japan’s policy today. Once the exchange rate became flexible, Japan became subject to what was called “Japan-bashing,” in which the superpowers kept up a barrage of criticism of Japanese economic policy designed to force it to open its markets or appreciate its currency or both. After the Plaza Accord (September 1985), which had the purpose of appreciating the yen against the dollar, Japan was forced to tighten monetary policy, at great cost to its bond market.

Subsequently, with the fall in oil prices, the yen soared on its own in the great bubble-boom of the late 1980s. In a single decade the yen tripled against the dollar, which fell from 250 yen in 1985 to a low of 78 yen in 1995. This had the effect of bankrupting several companies in Japan and saddling its banking system with non-performing loans. The policy mix emphasized in the 1990s, with the strong encouragement of the United States, was ruinous: a huge budget deficit coupled with tight money, a situation from which Japan has not to this day escaped.

8. A World of Currency Areas

A currency map of the world could be constructed with circles representing currency areas and the areas of the circles the monetary masses of the different currency areas. Monetary mass is more or less proportionate to GDP so the areas of the circles would be proportionate to the GDPs of the areas represented.

The areas of the dollar circle (not counting countries fixed to the dollar) would be \$11 trillion. The area of the euro circle would be \$7 trillion, and that of the yen circle would be \$4.5 trillion. These three areas would constitute between 50 and 60 per cent of the world economy. Smaller circles would represent the pound sterling, at about \$1.5 trillion, China about \$1.2 trillion, Canada about \$700, and Brazil, Russia and India below Canada.

The dominant characteristic of the world currency map today is the importance of the three large currency areas, or four if we count the pound sterling. These four large currencies together make up the SDR, the Special Drawing Rights issued by the IMF.

I have already noted the early history of the SDR, when it started its existence as a gold-guaranteed reserve asset equivalent to the gold basis of the US dollar, 1/35th of an ounce. The gold guarantee was stripped away (surprisingly, without an amendment of the Articles) in 1974, and it was then transformed into a basket of 16 currencies, a basket which lasted (with some change in the currency weights until the beginning of 1981, when the basket was reduced to the five currencies of countries that had the largest exports, i.e., the dollar, mark, yen, franc and pound. With the creation of the euro, the mark and franc were eliminated, giving rise to the four-currency basket that now exists. As of January 1, 2001, the weights are as follows: 45% for the dollar; 29 % for the euro; 15% for the yen; and 11% for the pound.

If Britain joined the euro area, the weights (which are subject to quinquennial review) would be as follows: 45% for the dollar; 40% for the euro; and 15% for the pound. The SDR is becoming an interesting unit for use as a unit of account in international monetary reform.

Nothing stays constant but keeps changing. Ten years from now, you can expect the currency map to be changing. The euro area will be expanding. In January 1999, the countries of the CFA franc area, which had formerly been tied to the French franc, became part of the euro area at an exchange rate of 655.957 CFA francs per euro. Britain, Sweden and Denmark may join in the near future. There are ten accession countries slated to join the European Union and they will probably also enter the euro area. Within a few years, the euro area will comprise as many as 450 million people with a GDP destined to be equal or larger than that of the United States. As the main alternative to the dollar, the euro will become a major reserve currency.

What can be said about the dominant role played by these three currency areas? The first thing to notice is that price levels in the three areas are stable. There is no important inflation in the dollar or euro areas, and, in the yen area, there is even mild deflation.

A second thing to notice is the gross instability of exchange rates among the three areas. It is unacceptably high for areas that have the same degree of price stability. The gyrations of the dollar-euro and dollar-yen exchange rate have soured the international currency environment and made it more difficult for individual countries to maintain stability by using one or more of these currencies as anchors.

Before the euro, there was the ECU (European Currency Unit) and the backbone of that unit was the DM produced by the German Bundesbank. Look at the instability of the DM-dollar rate over the past quarter century! In 1975, the dollar was DM 3.5; five years later, by 1980, it had fallen by half, to DM 1.7; five years later, in 1985, it had doubled, again at DM 3.4; seven years later, at the peak of the ERM crisis in Europe (following German unification) in 1992, the dollar had fallen to a low of DM 1.34; and today, it is up to DM 2.2!

The yen-dollar rate has been just as unstable. In 1985, the dollar was 250 yen and, ten years later, it was one-third that level, at 78 yen. This tripling of the yen against the dollar and most of the rest of the world, as already mentioned, had a crippling effect on the Japanese economy and banking system. That wasn't the end of it. From 1995, when it was 78 yen in April, the dollar soared to 148 yen. This depreciation cut off Japanese direct investment in South East Asia, and knocked their currencies off their soft pegs to the dollar, bringing on the Asian crisis.

Imagine the harmful effects to the global credit system of this instability. An interest-free loan denominated in yen of \$1 billion in 1985 would require \$3 billion in repayment of principle! This amounts to an effective rate of interest of 10.8 per cent on the "interest-free" loan!

What lessons can be learned from the so-called Asian crisis? It is "so-called" because it did not apply to the whole of Asia. It applied to four countries: Thailand, Malaysia, Indonesia and South Korea. It did not apply to Singapore, Hong Kong, China, Taiwan or Japan -- except insofar as no country completely escapes the recessions of their neighbours. What made the experience of the two groups of countries different?

The countries that escaped the crisis had three features in common: a clear target for their monetary policies; relatively low or manageable international debts; and a high level of foreign exchange reserves. The monetary targets were different in each country or region: Singapore targeted a currency basket; Hong Kong had a currency board system; China had a fixed exchange rate with capital controls; and Taiwan and Japan used inflation targeting. But, the existence of the target generated confidence that disequilibrium would be quickly reversed.

Of the four countries that succumbed to the crisis, the country that recovered most quickly did so by rejecting IMF advice. When the crisis struck, Malaysia's ringgit was 2.5 to the dollar. Malaysia initially took the IMF advice and floated the ringgit. The dollar, pushed by speculation, soared toward 5 to the dollar, greatly undervaluing Malaysian assets. It was at that point that the IMF approach was rejected. Malaysia saved itself from the worst of the crisis by re-fixing the exchange rate at 3.8 to the dollar, a rate that still persists. At the new exchange rate, reserves came back in, confidence was improved and the exchange controls that had been announced were used only lightly.

It would take me too far afield to go into the experience of the other countries in any detail. Suffice it to say that, in Indonesia, the destabilization of the rupiah under floating exchange rates had a devastating effect on confidence and kept foreign investment away from Indonesia for years after the crisis.

9. Coping with Unequal Size

What should Africa do in this landscape? The first point I would urge is to recognize the defects in the international monetary system. A world of floating currency areas harms all countries, but it harms least the largest countries, and it harms most the smallest and least developed countries. The international monetary system is an uneven playing field.

The system worked much better when I was in Addis Ababa thirty-two years ago. The IMF world was then a gigantic currency area. It was anchored to the dollar, which in turn was tied to gold. There were many critics of the system. The Bretton Woods arrangements had been called an "adjustable-peg system" -- an appellation

Defining Priorities for Regional Integration

coined by Professor James E. Meade. The right to adjust exchange rates was deemed necessary in case a country was faced with instability in the rest of the world. A country could escape a worldwide deflation by devaluing or floating its own currency. Britain remembered its painful experiences in 1921 and the early 1930s when the US dollar and gold had been unstable.

In fact, the situation that gave rise to the pressure for flexible exchange rates never recurred. In the post-war world, the United States has never experienced a falling price level. The course of dollar prices has been ever upward. If exchange rate changes were needed, it would only be to guard against excessive inflation. But, most of the rest of the world was more inflationary than the United States so that issue became irrelevant. The adjustable peg mechanism was never needed to cope with deflation in the dollar-gold bloc so exchange rates in the post-war international system were surprisingly fixed.

Another reason why changes in exchange rates were not needed is that the basic case for flexible exchange rates had been based on a Keynesian model that was largely inapplicable in the post-war world -- if indeed it was ever applicable. The Keynesian case for flexible exchange rates had been built around the assumption of rigid money wage rates. Instead of trying to change real wage rates by changing money wage rates, countries could lower real wage rates by depreciating the currency. In other words, labour unions could be tricked by central bankers.

This argument proved to be irrelevant for two reasons: first, in a growing world in which the course of the price level was persistently upward, real wages rarely had to decline; and second, this Keynesian argument reckoned without cost-of-living clauses in wage contracts, which squeezed money illusions out of the system.

It was also gradually being recognized that an international monetary system based on fixed exchange rates is a way of neutralizing the disadvantages of size. In an efficiently operating system of fixed exchange rates or a common currency, the differences between big and small countries are irrelevant. Within Europe today, for example, the citizen of a small country such as Luxembourg is in no less favourable a position than that of a citizen of a large country such as Germany. This is a complete change from the situation before the adoption of the euro.

In the best-working, fixed exchange rate system -- which would be a single world currency -- the gains from currency integration are distributed equally among individuals. It is well known to international trade theorists that small countries gain more from free trade than large countries, and large countries gain more (through improvement of the terms of trade) from tariffs than small countries. The analogy to currency areas holds. Small countries have the most to gain from currency integration, while large countries can best exploit their monopolistic currency position by flexible exchange rates.

It is worth noting that central banks are an invention of the last century. In 1900, there were only a handful of central banks. The great wave of central banking came during and immediately after World War I, when gold and the dollar prices gyrated. Central banks were created to try to offset this external instability by domestic monetary managements. But, the problem which central banks were created to address has now disappeared. For most of the twentieth century, central banks have not been the solution to external instability, but rather the source of internal inflation. The source of all the paper money inflations of the twentieth century -- the most inflationary century in the history of humanity -- has been central banks, the handmaidens of deficit finance.

What could be done to get back to a world with a fixed exchange rate system and a universal unit account? Africa would benefit from it; Latin America would benefit from it; and Asia would benefit from it. If the executive directors from the developing countries put international monetary reform on the agenda at the IMF annual meetings, more attention would be given to it.

Remember that back in the 1970s, there was a strong plea for a "New International Monetary Order." The case for a new order originated with UNCTAD, and it was meant to address the disfavoured position of countries on the "periphery." You don't hear any more about this today! It should be raised at the UNCTAD meeting in Monterrey, Mexico, later this month. An international monetary order is a way of leveling the playing field between big and small countries.

10. A World Currency Today

I believe that the time is ripe for international monetary reform. Historically, the superpowers tend to reject it. But, the creation of the euro will make it necessary for the dollar to share its power internationally, and this will make a cooperative solution among the three large currency areas more attractive. Now that the transition to the euro is complete, Europe itself will be able to turn away from its self-absorption to give some attention to an international issue that concerns itself and all countries.

There are many ways of creating a world currency. I believe that a world currency could be built on a platform of the dollar, euro and yen. A committee of the three largest central banks could collaborate on a joint monetary policy. Efforts could be made to keep exchange rate fluctuations to a minimum. With a fourth amendment to the IMF Articles, a basket of the three most important currencies could form the backing for a world currency. Earlier, I suggested the “intor” as the name of the new currency. Every year each country or currency area would get an allocation of “intors”.

Ever since the SDRs were created, their distribution has been a bone of contention. Pressures arose to allocate the SDRs to the poorest country as a form of foreign aid. There are strong arguments for foreign aid to the poorer, and I believe that aid transfers to the poor countries are much too low. However, I do not think it is either theoretically correct or politically advisable to mix up the issue of foreign aid with the reform of the international monetary system. The increase in international money needed for an efficient international monetary system is not linked in any theoretical or practical way to the amount of aid transfers that are desirable. In the past, attempts to reform the system have floundered on this attempt to create a link.

11. A Common Currency for Africa?

The African countries should use their voice to encourage reform of the international monetary system. But, that is not enough. First of all, Africa’s voice in the IMF is not large enough to overcome the current love affair with the existing system. Second, reform of the problems at the core of the system would still leave problems of monetary instability within Africa itself. Monetary stability in Africa depends on a change in the monetary climate within Africa itself. When the African countries broke free of their colonial fetters in the 1950s and 1960s, with a few important exceptions, they created independent currencies that proved to be instruments of macroeconomic instability. Man is the animal that uses money but also the animal that misuses it.

Would Africa be better off with currency integration or even a common currency? A good case could be made for that. I argued three decades ago that Africa would be better off with a common currency and an African Central Bank. I have not changed my mind today.

The first point to recognize is that a common currency means that every country will have more or less the same inflation rate, measuring inflation by a common price index. This does not by itself ensure monetary stability. In theory, an African Central Bank (ACB) could be as much a source of inflation and instability as the national central banks are today. Who controls the ACB and how it is managed are matters of the utmost importance.

One of the most important issues that have to be decided is the monetary goal of the ACB. It can be an exchange rate goal or an inflation target. Unless there is agreement on the basic goal of the monetary authority, monetary union cannot proceed.

One option would be to adopt a common currency basket. The fact that 14 countries are now tied to the euro could be an inducement for use of the euro as an anchor throughout Africa. The risk is that the euro might fluctuate considerably against the dollar. Africa could probably accept a depreciation of the euro against the dollar but not a strong appreciation.

Because of the rising US indebtedness and large US current account deficit, there is a good chance of strong diversification out of the dollar and a strong appreciation of the euro. If, for example, it were thought that the

¹⁹ For simplicity I will assume that Britain will join the euro area and thus will not have to be considered separately.

Defining Priorities for Regional Integration

dollar had reached the peak of its cycle against the euro, a case could be made for Africa to choose the dollar, the most important currency of the twentieth century.

How would you choose between those two? Well, it seems to me that the issue is partly political. How does Africa see itself? Can it gain more by an alliance with Europe or the United States? What is the future of trade and lending relations with Europe compared to that with the United States?

It would be better if Africa did not have to make this choice. My belief is that the best common anchor in the long run would be the SDR, which has a chance of becoming the global unit of account.

A second step would be defining the price (or exchange rate) index that is to be stabilized. National inflation rates differ in a common currency area because goods and services have different weights in the national index. Europe faced this problem by devising what it calls the Harmonized Index of Consumer Prices (HICP) as the measure of EMU's inflation rate.

A third step is to define what the African currency is going to be. By analogy with the euro, it could be called an "afro." Or it could be named after an animal, such as a lion or eagle. But what unit would measure the value of the "afro"? It could be set equal to the SDR or "intor" or to some other unit, even gold. Whatever it is called, it would have to be easily understood and definite.

A fourth step is to lock exchange rates. National central banks could initially fix their own currencies to the "afro", buying and selling it as needed to keep the exchange rate locked. No other actions would be needed or desired. The currency board system of adjustment would come into play.

A fifth step is for the ACB to make the monetary policy for the region as a whole. Essentially, this means buying assets to provide for the increase in the money supply required to fulfill the stabilization targets set for the central banks. In the early stages of the monetary union, there would be a strong argument for using an outside anchor (e.g., the euro, the dollar or the SDR) while experience is being built up in the new Bank and to maintain confidence in the early transition.

A sixth step is to devise a mechanism for sharing the profits or seigniorage of the ACB. Probably, this would be related to the equity shares in the Bank, as in the European Central Bank. The equity shares are closely related to size measured by GDP.

A seventh step, which would amount to the final stage of the monetary union process, would be replacement of the national currencies by the new currency.

12. Concluding Remarks

How large should the "African" currency area be? Would both the Francophone and Anglophone countries fit into the same house? Does Africa mean sub-Saharan Africa?

Another consideration is the role of power centres. Countries that aspire to be regional or world leaders try to centralize international political activity at their own political capitals. Each independent currency area tends to be linked to a power centre.

Are power centres an issue in Africa? Where are they now and what can we expect in the future? Is there an expectation or hope that the new African Union will be the vehicle for a future African government that will settle on some location as a power centre, and will that also be the financial centre?

A fool, it is often said, can ask more questions than a wise man can answer. In this discussion, I have restricted my comments to the monetary sphere, being aware that African health and development require the harnessing of scarce resource to jump-start economic organization and growth. The crisis in Africa is only too obvious to the outside world. Scarce but vital factors are organization and leadership. With improved economic organization in Africa, the road might be clear for a much-needed "Marshall Plan."

Monetary stability is not everything, but, without it, the rest is nothing. Monetary integration can produce better organization in the economic sphere and be a catalyst for integration in the political sphere. The new African Union opens the door to some exciting new possibilities and may find in monetary integration the wedge it needs to introduce some degree of political centralization in Africa.

Towards What Manner of Union?

Keynote Presentation by Professor Wole Soyinka,

Nobel Laureate, Literature

How sad it is to acknowledge that often, the death of one individual on this continent so frequently ignites a spark of hope for the future in the heart of a community, a people, or a nation. And not only among the closely affected peoples themselves but far and wide -- triggering off a palpable sigh of relief and optimism that is echoed in the observation caucuses of other nations, sometimes of the most conflicting, incompatible ideologies.

One such sigh was heard in recent times after the death of one of the most inalcitrant warlords that the condition of colonialism ever brought to be on this continent. You will encounter its expression in commentary after media commentary; you will hear it canvassed among policymakers, from observatory to political observatory, and openly celebrated both in the streets, institutions and market places of the affected nations as well as in allied spaces of foreign partners, humanitarian agencies, and international organizations.

Sad, but true. Even while recognizing that such moments of hope may be illusory, there is, nonetheless, an instinctual response that the worst is over, that the route is now open to social recovery, healing, and rebirth. It speaks a lot to the formative character and ongoing dilemma of a continent that the simple demise of one individual or a handful of individuals becomes necessary in order to commence the process of regeneration, or rebirth of a dying community of people.

In this case, the individual -- Jonas Savimbi -- was not even a possessor of the national mantle of leadership. He was a liberationist turned warlord, albeit with a not inconsiderable following, and he had certainly sustained either the longest, or the second longest running civil war on this continent - all depending on what commencement date we choose to accord its closest rival, that of the Sudanese. Consider then those cases where the individual involved has been a nationally installed, or self-installed leader, with all the resources of the nation at his command, a leader who had conducted an undefined war of attrition against his own people, ground them to submission under a powerful and ruthless security apparatus, impoverished their present and mortgaged their future -- that is, left them none to which they could even look forward in consolation.

The roll-call is long and dismal - Mobutu Sese Seko, Macias Nguema, Milton Obote, Sergeant Doe, Sani Abacha, etc. - and those who refused to oblige their peoples with a permanent exit from the corporeal world, however belated - that is, those whose demise was largely a matter of political absence, but a gift of inestimable relief to their peoples nonetheless - Idi Amin Dada, Mengistu Mariam, Foday Sankoh, the collective leadership of the Rwandan genocidaires etc. etc.

And then we only have to transport ourselves to other nations like Zimbabwe to eavesdrop on the prayers of millions who wish that a short cut to national redemption might be found if only a certain power-obsessed, near-octogenarian and once revered revolutionary leader would be called -- to use a favourite expression in my country - called to higher glory!

However, as earlier stated, the prospect of change, wherever it has depended on one individual, has almost always proved illusory. Indeed, sometimes, the answer to such fervent prayers has all too frequently only thrown up yet another monstrosity, and the round of prayers recommences, punctuated by the short-lived jubilation that accompanies what seems to be a positive response.

What picture this paints for us of a continent under the complacent, indeed, accommodating umbrella of the outgoing Organization of African Unity is one that may be held to project, for millions of long-suffering peoples, a passionate, yet more rational prayer: that whatever continental organization replaces the outgoing must be placed on a principle that is not yoked to the preservation or demise of any one individual leader.

Indeed, it goes further: that a replacement must now take leave of the collaborative image and reality of a club of personalities in perpetual mutual adoration, and restore the propulsion of the communities of this continent to the people themselves. The phrase, admittedly turning a cliché in its loose and often opportunistic applicability, is -- people's empowerment. But we all know what we mean by this. We are looking for a future that restores the ordering of a people's existence, the reproduction of the means to and quality of their social existence, to the people themselves.

Defining Priorities for Regional Integration

The process has of course, already commenced, and perhaps it is the recognition of the commencement of this transformation in the socio-political psyche of our people that has instigated the frequent recourse to yet another much-abused phrase -- African Renaissance -- by some of our more optimistic leaders. Is the ongoing transformation of the erstwhile Organization of African Unity into the African Union part of this Renaissance projection? Or have we, indeed, made such transformative strides since our indentureship to the colonial powers, that we can actually claim to be on the threshold of a Renaissance?

Certain events, certain achievements do nudge us, understandably, towards the hyperbolic vision that aspires to, and indeed appropriates the Renaissance expression before its true advent. We have only to remind ourselves of the miracle of South Africa where the past -- that deadweight on the umbilical cord of a new entity -- was exorcised in a manner that took the entire world by surprise and served that world a lesson on the possible routes to resolution of a seemingly intractable conflict.

And, contrasting so vividly with the earlier mentioned Angolan war -- whose resolution does not appear as yet ready to be heralded by the departure of its main prosecutor -- there is the termination of the civil war in Mozambique, a conclusion that might even appear to have been divinely ordered in its timing. That timing enabled a now united nation to cope with the worst flood disaster ever experienced by an African nation within living memory.

A flood of epic biblical proportions, no less. Drought, yes - the continent was accustomed to this - but flood, nothing quite like this had ever been visited upon the continent. It was as if the flood was sent to remind warring African nations that there is one potent enemy always lurking round the corner, towards whose control all sensible nations should conserve their forces -- Nature.

First, a plague of droughts and famine, next the Flood -- *are we heading for the fire next time?* This deluge may not have produced a Noah's Ark, but the poignant image that went round the world -- one that will remain engraved on many minds till death -- that image of the trapped mother who gave birth in a tree - such a portent may be read as a glimmer of potential redemption.

It is a picture that should be hung on the office walls of all African political and national leaders, spurring them to reassess their understanding of the purpose of social organisation to which all existing resources should be directed -- is it towards the nurturing of life? Or the repudiation of life in the cause of ego, and the desperate consolidation of power?

And there are other spaces of relief, active expressions of people's self-empowerment - the swift termination of the incipient tyranny of General Guei in Ivory Coast, being among the most recent, and the most uplifting, since it was one of those rare instances of a successful people's uprising, spontaneous but also, alas, exacting in its toll. The restoration of that democracy -- for this, indeed, is what we are speaking of, democracy, genuine participation in civic and political life and in all its structures and social ramifications - that democratic restoration was a triumph of a people's will. To move away from all mystification, this is what democracy entails, and what answers to the name also of people's empowerment.

Restoration of democracy within that polity is also being accompanied by a public soul-searching, a review of the past, irrespective of personalities, as demonstrated in Ivory Coast's own version of South Africa's Truth and Reconciliation Commission. One must record also the belated resolve of the Organization of African Unity to tolerate no more military coups - we expect that the organ that succeeds it will enshrine this among its cardinal protocols, abandoning once and for all the policy of non-interference which only translates as being accessories before, during and after state criminality. Nor must we forget the collaborative effort now being undertaken to wage war against AIDS - again much belated, but nonetheless a hint of a new seriousness that offers a glimmer of hope that the present proliferation of ghost towns and villages, wasted by this appalling scourge, may at least be gradually arrested.

Does the proposed Africa Union intend to respond differently from its predecessor to the ongoing regression of Zimbabwe into a land of fear engendered by state thuggery, whose predictable consequence is the collapse of economic structures and a slow strangulation of civic life? Here, once again, we are confronted by that perennial phenomenon of the African leader who simply cannot bear to be parted from power even in his dotage.

One should be forgiven for imagining that surely, especially in that region, after the dismal lesson of Hastings Banda, the temptation to act out those words of egregious arrogance and folly - *l'état, c'est moi* - would have diminished. The contrary is what we are certainly witnessing in the conduct of our once revered revolutionary and liberation warrior, Robert Mugabe. Playing the race card with a cynical crudeness, the real victims of his ambition are millions of Zimbabweans who desire change, an opportunity for change, and are entitled to it as equal partners in the struggle for liberation.

Let us, however, not lose sight of some fundamental issues that must be held pertinent to a once settler-colony like Zimbabwe, where a grossly disproportionate few control the largest and richest swathes of farmland in the nation. Abdul Nasser in his time was compelled to tackle such a situation head-on, dispossessing the feudal oligarchy and reinvesting the land among the *fellahin*. The struggle of the Sandinistas in Nicaragua against a landowning monopoly composed of a few select families is equally historic. Some of the greatest uprisings and consequent civil wars in Mexico have centred squarely on the ownership of land, even right down to contemporary times, with the revolt of the neo-Zapatistas.

There is, therefore, nothing extraordinary or blameworthy in any moves to execute a policy that aims for a more egalitarian apportionment of land and its resources. The question that must be put to Robert Mugabe, however, is this: just what have you been doing as Head of a virtual one-party government in nearly a quarter of a century? Is there no orderly, structured alternative to the unleashing of so-called war veterans on farm owners, their families and -- a majority of the affected who are mostly neglected in western reporting - African farmhands and managers?

In the history of takeover of factories, I have yet to learn of armies of peasants or university lecturers being instigated to take over the ownership and operations of such factories -- no, it is logically the workers themselves. They may be expected to lock out the owners and turn the factory into a cooperative, sometimes retaining the former operatives in management or technical positions in order to ensure continuity in efficiency and productivity.

Even Stalin in his mad race to collectivize land and eliminate all those conveniently designated kulaks did not send veterans of Russia's revolutionary wars to take over the land. Not that his results were much better, but he appeared at least to have given some thought to structural transfers, which is something totally absent from Mugabe's methodology -- if one could call it that, being a violent, chaotic process in response to an ancient history of dispossession, and for the declared intent of the restoration of land justice.

Stung and humiliated by the clear knowledge that the elections two years ago in Zimbabwe constituted a victory for the opposition - never mind that a vicious campaign of intimidation, murders and other dismal forms of state terror, identical with the present campaign - had succeeded in providing his party a numerical majority - the ageing lion has resorted to the most blatant, time-dishonoured methods of African dictators who fail to understand that a people must be led in dignity, not dragged on their knees along the pathway to social transformation.

Resignations and dismissals of judges have been manipulated at a speed unprecedented in the history of Zimbabwe's judiciary. That institution is now packed with Mugabe's creatures, guaranteed to do his bidding and overturn constitutional modes of redress. Free expression has become hazardous, as writers and journalists skitter around increasingly ill-defined parameters of toleration that recall the darkest days of Idi Amin's Uganda.

In vain his own peers, his brother Heads of States in neighbouring countries, and with similar revolutionary credentials attempt to call Fuehrer Mugabe to order - no, he is far too gone on the route to self-apotheosization, indifferent to the price that African nations and peoples continue to pay when forced along this cul-de-sac. A messy endgame is in store for that unlucky nation, the enthronement of brute force as the force of law, and even the possibility of a civil war.

To an opposition of Zimbabwe that remains unbowed, unshaken in their determination to effect change, I forward to you my simple words of solidarity. May the gods of this continent, guardians of the mores of equity, stay behind you and make your gift of eventual victory yet another affirmation of the unquenchable spirit of peoples, and a further degradation of the cult of the individual.

Defining Priorities for Regional Integration

Let me invoke here the title of a seminal novel by the Ghanaian writer, Ayi Kwei Armah certainly one of the pithiest of this genre: *The Beautiful Ones are Not yet Born*. It is taken from an inscription on that ubiquitous conveyance that is variously known in Africa as the *tro-tro*, mammy-wagon, *bolekaja* etc., inscriptions that have formed the subjects of not a few monographs on culture and social mores, as well as coffee-table catalogues. These inscriptions are often taken from proverbs, expressions of traditional wisdoms, sound-bites from the most unlikely sources, wrenched from their original contexts -- which may vary from the Bible, Shakespeare or the Koran to Indian or kung-fu films.

I shall not go into any exposition of that work and its scatological review of the immediate post-colonial African reality - I performed that service in a recent lecture as part of a series titled *Democracy Unrealized* - from which lecture, in fact, some of the ongoing commentary has been adapted. No, for my purpose today, I shall merely call attention to the repertory of folk sayings from which that title was borrowed.

The eclectic appropriation of shorthand expressions for contemporary realities, anxieties, aspirations and even as a record of events is very much a feature of popular culture that extends beyond these mobile murals. I often think that a compulsory exercise for leaders should take the form of a staggered ride through the length and breadth of the country in one of these mammy-wagons, that is, changing transportation every twenty-five kilometres or so.

Not only would they acquire a very real lesson in "*how the other side lives*", but they might also begin to understand that these crude inscriptions are the very definition of the existential reality and worldviews of their companions in those rickety and tumultuous, and often fatal contraptions. They would experience the environment over which they preside as "*the other side*" does, with all the bumps, corrugations, filth, real-life commerce, raucousness, uncertainties, real-time tragedies and petty triumphs, but above all, a resilience that often is the sole surviving element as society itself collapses.

Since these leaders are unlikely to accept this therapeutic, and even heuristic exercise for the understanding and management of power, perhaps they should simply be compelled to memorize as many of the inscriptions as their brains can accommodate or else simply recite from a pocket-book of these selections, and meditate on one inscription every day, before or after their morning prayers.

Maybe even replace their prayers and other spiritual invocations - which appear to have taken the African continent nowhere anyway - with a meditation on a select few, indeed, just one per day so as not to place them under any mental strain. No telephone line to Heaven. Chop small, no quench. The Young shall grow. Monkey dey work, baboon dey chop. Allah dey! No condition is permanentah yes, that especially - *No condition is permanent*.

You can debate, analyse, reify or fetishize democracy as long and as elaborately as you like but, place your average citizen in a motor park with lorries filled with dozens of these inscriptions, ask that worker or peasant to point out any single item that accurately defines democracy for him and the odds are that he will unerringly point at that lorry bearing the inscription: No condition is permanent.

Has the African Union yet decided on a logo and/or motto? If not, may I suggest that the search is over? - You couldn't define more adequately what should inform the principles of association more profoundly, distinguish it from its predecessors, and affect the conduct of its members. Definitely, I encourage a picture of that long-suffering human conveyance, and that rubric lettered over its side: *No condition is permanent*.

No condition is permanent? There is need to urge that wisdom also on those leaders whose view of society is static, unchanging. I shall therefore proceed with yet another image, an uncomfortable one that implicates a subject that is sometimes considered as delicate, requiring careful handling. Why a subject whose matter provokes mayhem, death and wholesale destruction is considered delicate - I find myself out of sympathy with such a notion.

I find nothing delicate in any mission that constantly provokes bloodshed and often reduces one half of humankind to a second class, no indeed to a sub-stratum of humanity. I find it unacceptable. There are issues that have been religiously - yes, religiously - avoided in the deliberations of the outgoing body, and it would be a betrayal of the people of this continent if this avoidance continues into the new association.

The very notion of association - or integration, an expression that occurs again and again at this encounter - is based on the eradication of boundaries - national boundaries, economic boundaries, ethnic boundaries etc. etc. Most of these aspects of needful integration have been exhaustively dealt with in numerous encounters, but I am convinced that little, if any attention has been paid to one that is exacting the most horrendous toll on our people today - I refer to the religious boundary.

There is something especially unseemly about the avoidance posture assumed by one part of an organization when yet another part constantly thrusts it forward in the most aggressive manner, in a way that affronts the humanistic self-definition of others, yet demands that obeisance be paid to its arrogant claims of supremacy in world views. The image I refer to is a very present one, the image of a woman crouched in pain, or buried up to her neck in earth, then subjected to the hideous torture of a barrage of stones for giving her body to whom she wants, and under her own terms of association.

No one seated in this assembly can pretend that this urgent image does not hang over us - the fate of the woman Safiyat and hundreds like her at the hands of those who have chosen to interpret their scriptures, not for the enhancement and dignity of their fellow beings, but as mandate for pristine governance of the most cruel and dehumanizing kind.

Thank goodness, the perpetrators and would-be perpetrators of such crimes against humanity do not permit us to forget their atavistic resolve. Only a few days ago -- on March 5th to be precise, a group within Nigeria launched a campaign to stop the ratification of a number of United Nations conventions on the grounds that these conventions are contrary to their religious values. And what are those conventions? This group targeted specifically the Convention against "cruel, inhuman and other degrading treatment or punishment, the Convention against Discrimination against Women and the Convention against Child Abuse"

Of course, it is boringly predictable that we shall be tagged an enemy of this or that religion, denounced as bigots and fronts for some other religion -- usually associated most tendentiously with the Christian west -- a familiar ploy that is intended to tar opposing voices with the very traits that characterize the proponents of these dark readings of universally known and respected spiritual texts. When I say they are respected, however, this does not mean that they are not constantly challenged, subjected to conflicting exegeses, contradictory readings even by proponents and followers of that religion. Even translations differ in critical aspects.

So what element is it that arbitrates these contradictory readings? Violence. The ascendancy of naked, brutish violence and the readiness to destabilize society. The capacity to rouse a mob from the first two sentences of an incendiary sermon and send them rampaging through the streets, slitting the throats of innocents or setting their homes on fire. Have we, the black peoples of this continent, no lesson to impart to the world concerning the nature of tolerance, accommodation, and a genuine respect for the spirituality of others?

Religion must be granted its public space, protected, and even celebrated in its seasonal manifestations but, fundamentally, religion is an experience whose primal space is that private interiority of every individual. As long as this continent, as we have inherited it, is a quilt work of religious patches, then any effort at integrating those parts in any form will be valid only through the negotiated subjection of such parts to a certain minimal code of conduct and usage, most especially where the context is the human entity.

In matters that concern the basic entities of such an association, and for whom the association exists - that is, its humanity - we must embrace the duty, the responsibility of choice. We cannot substitute, must not substitute for a secular - civilian or military - dictatorship, we must not substitute for this secular project of dehumanization a theocratic one, and we must make this declaration resonate throughout the continent. If we fail to do so, much plain criminal conduct of some States will receive, tacitly, the endorsement and complicity of such an organization.

I am obliged to utilize my own benighted country, Nigeria, as an example, and a caution. This is a nation where successive presidents and military dictators - Christian or Moslem - never did attempt to turn the nation into a theocracy. Thus, what we are witnessing today goes beyond religion. It is simply politics by other means. Again, I invoke that ubiquitous motto on our public transportation - *No condition is permanent* - to remind our theocratic bullies that the status of women in the twenty-first century cannot remain the same as it was in the sixth or sixteenth - if indeed it ever so abased them even then.

Defining Priorities for Regional Integration

Let us boldly - because truthfully - assert that there are as many faces of Islam as there are of Buddhism, Judaism, Christianity, Hinduism or Orisa worship. In our resolve to cohabit and associate, therefore, it behooves us to choose, among several interpretative options -- a code of socio-religious usage that does not militate against or degrade our human inheritance -- an inherent dignity -- that is the common denominator of our very humanity -- no matter what religion we espouse.

Religion cannot become the justification for discrimination against women, nor for the enforced marrying of underage children, as some of these proponents would have us believe. Nor can religion justify reducing a woman to a messy pulp for her sexual proclivities while the man is free to indulge his libido. In my religion, which is that of the *orisa*, a religion of a far more ancient anteriority than the so-called world religions, the very notion is abominable. That, I am certain, will be found to be a constant within the *credo* of many traditional African religions.

I, therefore, contemptuously reject, as dishonest and ahistorical, any gospel that claims that our position on the social degradation of the female sex in our society is the result of our mental conditioning by an external culture or mores. Before this assembly rises, a call should be made to the President of that beleaguered nation, Nigeria, to stand firm in the face of the murdering zealots who again and again set our streets on fire, and attempt to out-Taliban the Taliban in a society that has enjoyed a secular set of relationships since pre-colonial times.

The disease that began in the northern part of my nation, Nigeria, has begun to spread. It threatens to destabilize the comparatively harmonized existence of some of the neighbouring nations -- in case some of you have yet to grasp what is happening in that region, do take it from me, or else conduct your own inquiries. We are therefore not speaking in the abstract but cautioning in the face of actuality. This projected Union must come out boldly in favour of the secular State as a condition of membership. It must set its face resolutely against the very notion of theocracy as defining the national ideal.

Indeed, the African continent should define itself - wherever structured - by a repudiation of any nation that is theocratic in constitution. The problems that we are compelled to confront are sufficiently immense, without the complications that are imposed by the theocratic order, or more truthfully, disorder. If any new organization of African nations must provide itself any validity for existence, it must confront this new theocratic arrogation that was virtually unknown at the nativity of the preceding union.

Failing this then, perhaps it is time to propose the existence of two unions - the theocratic, and the secular. Let those who believe that nationhood or society can only realize itself through immutable laws that are not subject to inquiry, discovery and evolution - let all such found their own union while the rest, those who believe that the human entity is endowed with the intelligence and vision to regulate its conduct and constantly recreate its existence - formulate and pursue their secular destiny in a separate and humanized grouping.

We seek a Union where the fundamental human rights of man, woman and child form the bedrock of social interaction, an egalitarian dispensation that truly jettisons the cult of mystification in the mundane arena of material development, and social governance.

Now, a quick look at one or two other parameters of some urgency that may eventually justify this change of garments on the collective shoulders of long-cohabiting neighbours.

In tackling issues of economic cooperation and developmental projects, if the Union intends to forge policies for salvaging the economic health of the continent by a structured promotion of more and more micro-economic programming as opposed to grandiose projects which only land African nations in deeper debts and problems of sourcing and maintenance, then it would have created a viable union, the lives of whose peoples are enhanced by true self-reliance. This economic approach is naturally dependent on the devolution of increased autonomy and control to the constituent units that presently make up our nations, so that productivity becomes decentralized.

Governmental policies that lead to the monopoly of power and resources at the centre while depleting the supply regions, is detrimental to the full economic self-realization of our peoples. If the Union leads to the abandonment of the unsustainable mentality of the megalopolis, the pursuit of authentic federal structures over ossified centralization -- that would be yet another laudable purpose to its existence, since this would drastically transform the face of the continent -- in concrete terms.

It would democratize its component units, so that we do not continue to perpetuate the inegalitarian phenomenon of obscenely affluent capitals squatting on top of, and feeding off haphazard and ill-developed slum villages whose neglected populations only drift towards the glitzy centres, perpetuating the feature of bloated, lop-sided capitals that burst open at the seams under the strain on its service resources. We need, in short, new developmental models that offer us unique national landscapes, humanized, decentralization and democratization made manifest, even in the very architectural language that defines our physical existence. And finally:

If, for instance, the Union intends to beam its searchlight on the urgent task of terminating, as rapidly as possible the cycle of wars that are waged so murderously over colonially imposed national boundaries - such as the recent Ethiopian-Eritrean bloodbath, an event of surely historic inanity - it would have proved that the continent has indeed reached maturity and resolved not to perpetuate, as a mindless agent, the callous disregard, indeed contempt for African peoples - as opposed to veneration of their raw material and other natural resources - that motivated the cavalier manner in which the continent was carved up in the first place.

The primary wealth of a nation is its people. Neither Nation nor Society is abstract, but is concretely defined by the palpable existence of the humanity that animates and recreates any inert slab of real estate. Africa has an opportunity to radicalize her existence by embarking on a policy of resolving her internal boundary disputes through the means of ascertaining the wishes of the people who actually inhabit, develop, and produce their existence from such disputed areas. We hold the view that no piece of mere territorial holding, including its natural resources, is worth the life of one of our fellow men, women or children.

If the ultimate goal of the African continent is to create some form of rational - as supposed to merely sentimental - political union, the present boundaries, imposed on the continent by imperial powers, must be designated as negotiable - wherever they remain costly sources of friction. In any case, they prove more and more meaningless every day to the people they enclose, and the loss of lives in their defense indicts a lack of visionary thinking and planning on the part of our political leadership.

The era of nation glorification, which all too often proves to be little more than power manifestation and leadership vanity, should be brought to an end, and if the proposed union hastens the demise of obsolete nation-thinking, and the emergence of peoples as the driving force of social existence, then we approach a truly progressive stage in the evolution of our unique species, and aspirations towards a Renaissance may indeed begin to have meaning, and relevance.

Too much has been sacrificed for what should be a purely service agency -- the nation -- at the expense of its humanity. The ultimate envisioning of social organization as a humane undertaking should begin to inform present social strategies, and the banner across that Renaissance horizon, however dimly glimpsed, should read simply: *Let nations die, that humanity may live.*

Annex II: Report of the Symposium on the African Union

The Symposium on the African Union (AU) was convened on 3 March by Inter-Africa Group (IAG), the regional centre for dialogue on development, governance, peace, and justice in Africa. It was facilitated by ECA and supported by the OAU and was an important opportunity for discussion on the challenges of establishing the AU, providing a chance for information sharing and discussion, and also contributing to more substantive and fruitful debate during the ADF itself.

The Symposium consisted of a plenary session, followed by three breakout sessions that concentrated respectively on the challenges of creating the economic Union, peace and security challenges, and the institutional architecture of the AU. At the end of the Symposium, a Consensus Statement was adopted, which was forwarded to the ADF. Participants included representatives of African governments, academics and the private sector as well as 340 representatives of civil society organizations from across Africa and the Diaspora.

The core concern of the AU Symposium was with process, especially participation in the mechanism for setting up the AU and representation in its organs. The participants were drawn principally from civil society across Africa, and for many it was their first opportunity to be briefed fully on the aspirations of the AU and the processes whereby it is being set up. Hence, key recommendations highlighted in the Consensus Statement were the demand for more information about and access to the AU (paragraphs 7 and 8), and broadening international partnership initiatives to include civil society and the private sector (paragraph 18).

The OAU Secretary-General, Mr. Amara Essy, explained that the African Union is a political, economic and social project. He described it as ‘opening a democratic space’ in Africa and underlined that the process of establishing the Union cannot be confined to governments. He also repeated the importance of economic development, especially in infrastructure, so as to catch up with other continents, and the importance of peace.

Mr. K.Y. Amoako, Executive Secretary of the ECA, provided an overview of both the challenges and opportunities of the African Union. Creating a vibrant Union would require comprehensive efforts to foster all levels of enterprise in trade and integration policies and to assure that integration more reliably produces regional public goods such as peace, scientific research, public policy analysis and a coordinated action in tackling major social issues such as HIV/AIDS and food insecurities. Existing structures needed to be rationalized and labour divided more efficiently between sub-regional and regional organizations. AU would need more financing and more capacity, as well as broad-based participation at the national and regional levels.

Mr. Amoako also outlined some issues, ‘real and perceived’ that, he said, could lead a government to support the idea of regional integration one day and create roadblocks to implementing agreements the next. Some countries feared the loss of significant tax revenue, sovereignty and the possibility of being submerged by bigger neighbours if they moved towards free trade. These fears should be addressed in the manner that a successful commercial enterprise would respond to crises and challenges. ‘If we were a successful commercial enterprise, we would interview our customers, bring their concerns to all our major departments, change our products and run a marketing campaign connecting our new products to what the consumers said they wanted,’ he said.

He pointed out that the issues of political perceptions and the need to create broad-based support for regional integration was essential because past efforts by African leaders had failed on, at least, four occasions. ‘This time, if regional integration is to succeed to the point that we become a true community of nations and economies, we had better be sure that the designs truly meet the needs of customers — governments, business and civil society,’ Mr. Amoako concluded.

Mr. Abdul Mohammed, chairperson of Inter-Africa Group, began by noting the powerful symbolism of meeting in Africa Hall, under the pictures of the founders of the OAU. Unity, he said, is a powerful impulse of all African people. Realizing unity is a dream, and the responsibility for this now lies with the leaders of the continent. He noted that the contributions to the Symposium were frank and constructive, underlining that an honest appraisal of past shortcomings was a necessary prerequisite for moving ahead.

Among many issues, Mr. Mohammed highlighted the central question of the ownership and legitimacy of the process of creating the African Union: the processes should be open and transparent. The institutions should be credible, rational and effective, with priority accorded to the representative institutions. Above all, creating the Union calls for leadership of the highest calibre.

Mr. Mohammed said Africa's reality today was that everything that could go wrong had already gone wrong. 'But Africans are very skilled at surviving and rebuilding, even in circumstances like Somalia, where the State had failed.' He continued, 'HIV/AIDS will test our survival skills to the limit. But we will survive.' Having called attention to the importance of peace and security, Mr. Mohammed concluded by noting that this was the first occasion on which many stakeholders had the opportunity to discuss the nature of this ambitious African Union project.

Dr. Salim Ahmed Salim, ended the opening session with insightful remarks on the African Union project, informed by his 12 years as OAU Secretary-General. He said that 'the African Union is our connecting enterprise. We need to be engaged in this common project as it concerns our destiny.' Launching the AU was long overdue, both taking into account African and international realities.

The need for a united and cohesive Africa has always been there, he noted, both in the minds of our leaders and the minds of our people. The question is not whether we should have an African Union: the challenge is what kind of Union, how sustainable it should be, how it meets the aspirations of our people, and how it can serve as a vehicle and instrument for meeting the needs of our people, especially in a world that is globalizing rapidly. Dr. Salim said that we can argue the process is too hasty, and that more consultation should have been made, but he underscored that a bold and historic decision has been made, and appealed to all sectors of African society to contribute to make the AU vital, sustainable and effective.

Most of the discussion at the Symposium proceeded in the breakout sessions. Concerning economic integration, participants noted that past efforts had failed because of the unwillingness of States to sacrifice sovereignty, poor implementation of treaty commitments, lack of knowledge of national integration initiatives and the failure to mobilize the support of key players, including civil society organizations and the private sector.

Participants called on African leaders 'to distil experiences of integration in Africa and worldwide and share them in a systematic way.' Other problems included the structure of African economies, notably their reliance on primary exports, which militated against effective integration. Another concern was the need for sequencing integration, building upon existing RECs. The breakout session on economic integration also called for a similar opportunity to discuss NEPAD.

Concerning peace and security, the breakout session underlined the importance of governments' commitment to human rights. It called for an observer function within the African Commission for Human and People's Rights that could monitor human rights abuses as they occur. It drew attention to the multiplicity of peace and security initiatives and institutions on the continent, which do not necessarily coordinate with one another or even communicate adequately, and called for the creation of a 'council of security' where the AU, CSSDCA, NEPAD and RECs could all meet and liaise and where necessary, act. (This proposal was later reflected in the OAU proposal to set up an African Peace and Security Council.)

The breakout session on the institutions of the African Union welcomed this first opportunity for a sustained and informed discussion on the challenges of setting up the Union. It welcomed the key commitments to human rights, constitutionalism and democracy found within the Constitutive Act of the AU, and the similar aspirations of the AU institutions. In this context, participants called for the prioritization of the Pan- African Parliament and the African ECOSOC in the sequencing of the establishment of the AU institutions. There was also a strong call for common African citizenship.

Acknowledging that NEPAD and the AU were political realities, but that there was a need to clarify the objectives and the strengths of NEPAD in support of AU, the participants concluded that, 'We need to utilize NEPAD to achieve breakthroughs in critical areas of African economic integration such as infrastructural development, human resources and HIV/AIDS.' The concluding session of the AU Symposium provided an opportunity for the senior staff at the OAU -- the Assistant Secretaries-General -- to outline how they saw the process of integration unfolding.

Defining Priorities for Regional Integration

OAU's Assistant Secretary-General for Political Affairs, Ambassador Said Djinnit, said it was important that the African Union avoid some of the shortcomings of the OAU. He placed the move towards the AU and the key provisions of the Constitutive Act of Union in the context of the challenges faced by the OAU in the last decade. In particular he explained the complementarity between the OAU and other institutions including governments, detailing where responsibilities overlapped.

Ambassador Djinnit also pointed to key innovations in principle that have developed, focusing especially on the obligation to intervene to prevent war crimes, crimes against humanity, and genocide. 'While maintaining the principle of non-interference in the internal affairs of member States, we must also establish the principle of non-indifference,' he said.

Mr. Sam Ibok, Head of the Conflict Management Centre at the OAU, continued with an explanation of the organization's vision of how it could contribute to peace and security. Noting the absence of clarity on shared vision and goals, he stressed the importance of closely working with the UN and sub-regional organizations. The structural relationships between international organizations at different levels needed to be defined, with each of them having different entry points and comparative advantages in different situations.

While the AU would not have a comparative advantage in the conduct of peacekeeping operations, it would have a larger role in advocacy, preventive action and peacemaking. Mr. Ibok outlined a hierarchy of response: RECs act first, then the AU and finally the UN. Clarification of these procedures was needed, to minimize the proliferation of special initiatives.

Mr. Vijay Makhan, Assistant Secretary-General for Administration, presented an analysis of the institutional challenges facing the AU. Already, with just four organs, the OAU was burdened with more than \$50 million in arrears from member States. The establishment of the AU, with its 17 organs, promised to more than double the current budget. As well as adding the new institutions, strengthening of the capacity of the existing organs was necessary. However, the main rationale for the AU, he said, was not simply to make existing institutions work better (although that was also necessary), it was to do things differently.

One major motivation for AU, he continued, was that in a globalizing world, no African country could go it alone. Our challenge was how to bring about renewed vigour, and make the AU action- and result-oriented. Mr. Makhan pointed to the proliferation of RECs and their overlapping functions, to the unfinished business of the African Economic Community, and other past initiatives. He reminded participants that NEPAD was an instrument of the AU and not a parallel structure. While stressing the urgent need for integration, he cautioned that creating a workable union was a long-term project.

Mr. Kifle Wodajo, former Acting Secretary-General of the OAU, raised several key points. He urged participants to be vigilant about costs of failure, if the AU project should not succeed. He asked, "who has the power of interpreting the Constitutive Act of the African Union? This appears to lie with the AU Assembly". Some of the powers enshrined in the Act imply that the AU was envisaged as a supra-national body, with supra-national powers vested in the Assembly. There was a need, he concluded, for clarification on this issue.

Professor Maria Nzomo stressed the need for prioritizing gender equality within the AU, with particular attention to monitoring. No machinery for monitoring commitments to gender representation existed at present, she pointed out. . She urged that the AU's gender commitments should not become another "paper tiger", through rhetorical statements never fulfilled.

A frequent theme was the similarities and differences between the European Union, an outcome of many decades of integration, and the AU, which was an 'aspirational union' that could marshal idealism and energies, but did not (yet) reflect real political and economic realities.

Dr. Fantu Cheru said that instead of copying the European Union, African countries needed only 'a common sense approach'. 'Africa cannot jump into ambitious projects because the capacities are not present.' Picking up the issue of sovereignty, he questioned the obsession with this issue by many African countries. 'What sovereignty? Are many African countries not remote-controlled by external forces?' he asked.

The AU Symposium concluded with the adoption of the 51-article Statement of Consensus, which was forwarded to the ADF to be tabled. The Statement of Consensus will also be presented at other upcoming civil society meetings, especially those that interface with the African Union.

Annex III: References for Key Documents

The following documentation from ADF III is available on the Web at the following address: <http://www.uneca.org/adfiii>.

ADF General Documentation

- Conference Programme
- General Information
- Exhibition
- Partnerships
- Creating the African Development Forum – Concept Paper

ADF III Reports

- Consensus Statement and the Way Ahead
- Statements of the Focus Groups
 - Civil Society
 - Parliamentarians
 - Information and communications technologies (ICTs)
 - HIV/AIDS
 - Human Rights and the Law
 - Gender and Regional Integration

ADF III Speeches

- Opening Statements
 1. Accelerating the Pace of Regional Integration in Africa : The Challenges Ahead by Mr. K.Y. Amoako, Executive Secretary, ECA
 2. Opening Statement by Ato Meles Zenawi, Prime Minister, Federal Republic of Ethiopia
 3. Opening Remarks by Mr. Omar Kabbaj, President, African Development Bank
 4. Statement by Mr. Amara Essy, Secretary-General, OAU
- Closing Statements
 1. Closing Statement by Mr. K.Y. Amoako, Executive Secretary, ECA
 2. Professor Robert Mundell, Nobel Laureate, Economics
 - 3.. Towards What Manner of Union? Professor Wole Soyinka

Pre-conference events: documents and reports

- Symposium on the African Union
 - a) Statement of Consensus;
 - b) Keynote Presentations;
 - c) Background Paper on Peace and Security Dimensions of the African Union;
 - d) The Economic Dimension to the African Union: Issues Paper for the African Union Symposium;

Defining Priorities for Regional Integration

- e) The Architecture and Capacity of the African Union: Issues Paper for the African Union Symposium;
- f) The African Union and Peace and Security: Issues Paper for the African Union Symposium.
- Information and Communication Technologies Workshop
- Experts' Meeting on Transport and Communications
- Regional Committees' Meetings Reports

Substantive Working Documents

- Annual Report on Integration in Africa (ARIA) 2002 Overview
- Defining Priorities for Regional Integration Through Infrastructure Development
- Effective Infrastructure Policies to Foster Integrated Economic Development
- Reflection on African's Historic and Current Initiatives for Political and Economic Unity
- Analytical and Empirical Evidence of Trade Policy Effects of Regional Integration: Implications for Africa – Preliminary draft
- African Diaspora and Regional Integration
- Concept Paper: African Development Forum III -- “Defining Priorities for Regional Integration”

Annex IV: Partners

Government of the Netherlands

Government of Norway

Government of Sweden

Government of Belgium

Organization of African Unity

Sheraton Addis

Hilton Addis

Ethiopian Airlines

African Lakes Automotives

Nyala Motors

Total Ethiopia

Shell Ethiopia

NIB International Bank

Ethiopian Tourist Trading Enterprise

The Express Travel Group

The Sub-Saharan Informer

DHL

Annex V: Communication Strategy and Activities

1. Background

Since the first African Development Forum (ADF) in 1999, the ECA Communication Team (CT) through its communication outreach activities, has helped to organize the event and more importantly, to foster the process. ADF III focused on the critical issue of “regional and economic integration” for Africa’s development and, as in previous ADF work programmes, dialogue and interaction was fundamental to the process.

The aims of the CT outreach strategy were, therefore, to:

- Foster an environment favourable to continuous interaction and dialogue among the different stakeholders, about regional integration in Africa;
- Use print and electronic media cost-effectively in packaging and disseminating information;
- Engage the African media as full participants in the ADF event and process; and
- Give a platform to the African people to voice their concerns and recommendations for regional integration.

2. Pre-Forum Outreach Activities

The CT’s pre-forum activities focused on:

- **Information and Communication:**
 - Organizing a New Media Training in collaboration with the United Nations Education, Science and Culture Organisation (UNESCO) and the Association for Progressive Communications (APC) for 30 journalists one week before ADF, to build their capacity for effective coverage, research and filing;
 - Sponsoring 30 cross-sector journalists from regional, national and international networks and preparing media guidelines, media kits and media briefings for them;
 - Enhancing the capacity of the Media Centre, as well as the Radio and TV studios, exclusively for the use of journalists;
 - Maintaining a calendar of six press releases, to be sent to ECA’s clients through our mailing list and be posted on the ECA and the ADF websites.
- **Multimedia and the Web:**
 - Marketing the ADF III key messages by posting a banner on various websites;
 - Preparing a “Daily Updates” page on the ADF III website.
- **Publications:**
 - Producing conference background documents, brochures, posters, and other programme and promotional materials;
- **Broadcasting:**
 - Radio: collaborating with radio stations across the continent to produce pre-forum shows on ADF III issues and themes (SUD FM- Senegal, Africa N.1- Gabon, SABC-Channel Africa-South-Africa, Joy FM- Ghana, Y-FM- South-Africa, Radio Phoenix- Zambia);
 - TV: conducting interviews in preparation for a live panel discussion.

3. Forum Outreach Activities

During the Forum, the Communication Team activities consisted of:

- **Information and Communication:**
 - Organizing daily press briefings and press conferences;
 - Facilitating the media by arranging and coordinating access to TV and Radio studios, arranging interviews with delegates upon request, providing documentation in the Information Centre, giving access to fax and phones lines, and providing audio-tapes of the Forum proceedings upon request;
 - Collecting press clippings on ADF III (hard and electronic copies).
- **Multimedia and the Web:**
 - Preparing the “Daily Updates” web page with relevant content in real time (speeches, web casts, ADF III Newsletter, press clippings);
 - Designing and producing ADF III Archival CD-ROMs and distributing them to the participants.
- **Publications:**
 - Editing and publishing the ADF III Daily Newsletter “ADF Info” with the help of an editorial team set-up before the Conference.
 - Publishing the programme booklet for the African Mosaique fashion show held at the Sheraton Addis.
- **Online Dialogue:**
 - Organizing an online discussion in collaboration with allAfrica.com hosted on their website.
- **Broadcasting:**
 - TV: Collaborating with Africa Journal, VOA, and Ethiopian Television to put together a live panel discussion/interview broadcast from the ETV studio; and producing TV advertisements to promote the African Mosaique Fashion Show.
 - Radio: Organizing a live phone interview of a senior ECA official conducted by RFI Paris.
- **Popular Participation:**
 - Setting-up a Fashion Show in collaboration with African Mosaique;
 - Putting together an art exhibition in the UNCC;
 - Organizing a mini film festival in collaboration with M-Net;
 - Preparing a print and electronic exhibition on the history and progress of the Pan-African Movement.
- **Exhibition:**
 - The CT participated in the UNCC Exhibition, with a stand presenting the team’s work and products, and the history of Pan-Africanism.

4. Post-Forum Activities and Communication Products

- **Multimedia and Web:**
 - Configuring and posting a Press Clippings Database on the ECA website;

Defining Priorities for Regional Integration

- Producing and sending out to our clients an updated version of the ADF III CD-ROM.
- **Publications:**
 - Editing and publishing the main ADF III Report.
- **Popular Participation:**
 - Organizing a continent-wide poster competition on regional integration. The CT will publish the winning posters and present them at the AU Heads of State and Government Summit in July 2002;
 - Writing and publishing an anthology on regional integration by young African writers, in collaboration with Revue Noire.
- **Broadcasting:**
 - TV: producing a short video based on the various interviews conducted during ADF III and the presentations made during the Forum.

Annex VI: Exhibition

ADF III provided exhibition space for featuring the work and products of organizations that can and do aid regional integration. The organizations represented are generally involved in cooperative ventures that promote regional integration, and include government departments, NGOs and the private sector.

List of Exhibitors

The African Centre for Gender and Development (ACGD)
African Women's Committee on Peace and Development (AWCDP)
Common market for Eastern and Southern Africa (COMESA)
Communication Team/ECA
Cyber Café
Cybersoft
Cultural Integration Project: Ethiopia and Ghana
Development Policy (DPMF)
Ethiopian Women's Lawyers Association (EWLA)
Ethiopian Airlines
Government of Egypt
Government of India
Information Technology Centre for Africa (ITCA)
Kenya Airways
Organization of African Unity (OAU)
Regional Cooperation and Integration Division (RCID), ECA
Southern and Eastern African Mineral Centre (SEAMIC)
Sub-regional Development Centres (SDRCs)
Sub-Saharan Median and Communication Group
Sustainable Development Division, ECA
Union économique et monétaire ouest africaine (UEMOA)
Joint United Nations Programme for HIV/AIDS (UNAIDS)
United Nations Educational, Scientific and Cultural Organization (UNESCO)
United Nations Population Fund (UNFPA)
Office of the United Nations High Commissioner for Refugees (UNHCR)
African Centre for Civil Society (ACCS)
World Space
Global Trade Networks
Inter-Africa Committee

Annex VII: Relevant Websites

ECA: <http://www.uneca.org>

OAU: <http://www.oau-oua.org>

UNAIDS: <http://www.unaids.org>

UNESCO: <http://www.unesco.org>

UEMOA: <http://www.uemoa.int>