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Statutory issues

Assessing the status of regional integration in Africa

I. Introduction

1. Regional economic communities continue to be the main building blocks of the African Union, as envisioned in the 1980 Lagos Plan of Action for the Economic Development of Africa (1980–2000) and the Treaty establishing the African Economic Community (Abuja Treaty). The key objective of regional economic communities is to facilitate regional integration and cooperation through various activities and programmes, which has culminated in the establishment of the African Economic Community.

2. Despite having similar objectives, the regional groupings in Africa were established independently of each other and their integration processes have progressed unevenly. While some regional economic communities have achieved tangible outcomes with regard to many of the dimensions of regional integration, others have continued to struggle to meet even the basic objectives of their respective treaties and the targets of the Abuja Treaty. Despite the heterogeneity in the regional integration processes of the communities, monitoring and evaluating progress on the levels of implementation of their integration agendas remain a priority for them and for the African Union.

3. Africa, in general, has registered remarkable progress in various dimensions and aspects of regional integration. Arguably, the historic signing of the Agreement establishing the African Continental Free Trade Area at Kigali in 2018 was the greatest achievement in the integration efforts of the continent in recent years. Despite the establishment of the Free Trade Area, however, a number of impediments to regional integration continue to linger, including an infrastructure deficit, low levels of macroeconomic convergence and continued threats to peace and security.

4. The present document contains an assessment of the current trends in regional integration in Africa, with a particular focus on progress in the areas of macroeconomic convergence; trade, investment and market integration; free movement of persons; infrastructure, including for landlocked countries within the framework of the Vienna Declaration and Programme of Action; governance, peace and security; and mining.

* E/ECA/COE/38/1/Rev.1.

II. Macroeconomic policy convergence and financial and monetary integration

5. Macroeconomic policy convergence and financial and monetary integration play a central role in supporting efficiency and promoting public accountability, which are essential to promoting economic growth and sustainable development. Following the experience of the European Monetary Union, macroeconomic convergence has emerged as an important path towards the achievement of monetary regional integration. In Africa, the regional economic communities have a major role to play in advancing the continent's macroeconomic convergence and monetary integration efforts.

Progress towards achieving macroeconomic convergence in selected regional economic communities

6. The achievement of macroeconomic convergence should include a single currency by 2028, an African monetary union and a pan-African parliament, in accordance with the sixth phase of the Abuja Treaty Progress in that regard has been slow, despite the existence of many initiatives aimed at accelerating the process. The establishment of regional free trade areas and the signing of the Agreement establishing the African Continental Free Trade Area have strengthened the impetus for pursuing macroeconomic convergence at all levels. Achievement of convergence targets on key macroeconomic indicators will be central to attracting investment and promoting industrialization among and across African countries.

7. The Southern African Development Community (SADC) had set targets to establish a common market by 2015, a monetary union by 2016 and a single currency by 2018. Those targets were incredibly ambitious and proved difficult to achieve in the near- to medium-term. Delays in meeting the targets resulted in a decision by SADC leaders to revise some of the target dates.

Table 1
Macroeconomic convergence targets of the Southern African Development Community

Indicators	2008 (%)	2012 (%)	2018 (%)
Annual rate of inflation	Single digits	5	3
Fiscal deficit	5*	3*	3*
Public debt	60*	60*	60*
Current account deficit	9*	9*	3*

Source: Southern African Development Community document – Regional Indicative Strategic Development Plan.[1]
* The amounts indicated for fiscal deficit, public debt and current account deficit are expressed as percentages of the gross domestic product.

8. The actual gross domestic product (GDP) of SADC member States grew by an average of 1.6 per cent in 2017. It was projected to increase by 2.0 per cent in 2018 and by 2.4 per cent in 2019. The average regional inflation rate stood at 10.5 per cent in 2016, and dropped to 9.4 per cent in 2017. It was also

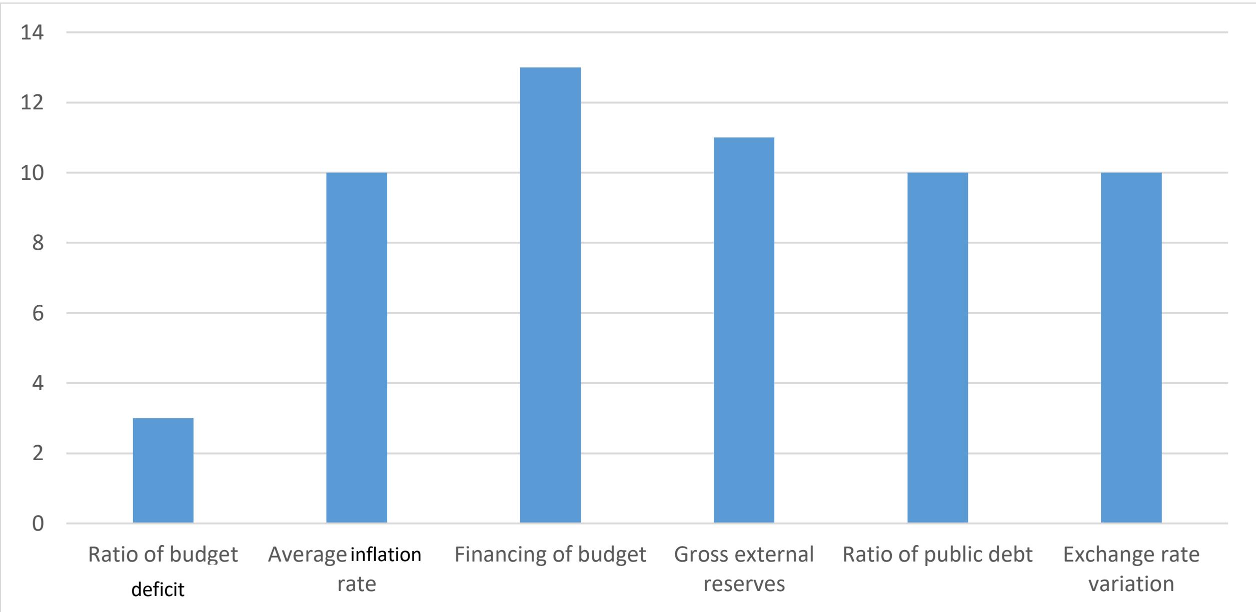
[1] The regional Indicative Strategic Development Plan is a development and implementation framework detailing the regional integration strategy of SADC for the period 2005−2018, which sets out convergence criteria for the region.

projected to decline in 2018 and is expected to drop further in 2019, aided by a bumper crop harvest and the stabilization of exchange rates. Because of tight monetary policies, many countries that recorded high inflation rates in 2016 experienced a rapid reduction in 2017. The most notable decreases in inflations were seen in Malawi (from 21.8 to 12.3 per cent), and Zambia (from 18.2 to 6.6 per cent).

9. The Common Market for Eastern and Southern Africa (COMESA) continued to be the most rapidly growing regional economic community in Africa in 2017, with six of its member States – the Democratic Republic of the Congo, Djibouti, Ethiopia, Kenya, Rwanda and Uganda – recording growth rates of between 5 and 10 per cent (see cmi.comesa.int/2017). Despite that achievement, the region is still at the stage of consolidating its free trade arrangements and preparing to launch a customs union. Many treaties and protocols related to macroeconomic policy convergence aimed at deepening integration have been adopted. In 1992, the Monetary Cooperation Programme aimed at the establishment of a Monetary Union was adopted by the Heads of State and Government of the African Union. Registered achievements include full utilization of the Regional Electronic Payment and Settlement System. As of March 2017, nine countries had implemented the Regional Electronic Payment and Settlement System, which is a multilateral netting system with end-of-day settlement in a single currency. The system provides a single gateway for central banks to effect payment in a multi-currency environment.

10. The Economic Community of West African States (ECOWAS) recorded significant progress in achieving a number of macroeconomic convergence targets, including the recent commitment by ECOWAS leaders to fast-track measures to support the creation and use of a single currency by 2020. In this respect, a new road map was proposed to use as a tool to accelerate the creation of the single currency. Despite the progress made, significant challenges still need to be dealt with, in particular with regard to the choice of an exchange rate regime and the monetary policy framework.

Figure I
Number of countries that have met the criteria of implementation of macroeconomic convergence as of 2016



Source: ECOWAS, *2016 ECOWAS Convergence Report*. Available at www.ecowas.int/wp-content/uploads/2017/11/2016-Convergence-report_Clean-final-final.pdf.

11. In 2016, many ECOWAS member countries performed less satisfactorily than they had in 2015 with regard to progress towards the achievement of the targeted budget deficit to GDP. Only three member States recorded an overall deficit below 3 per cent of nominal GDP, as opposed to six member States in 2015. A total of 10 countries managed to achieve the annual average inflation rate target of 10 per cent or less. In 2016, a total of 13 countries met the criterion of central bank financing of the budget deficit to a maximum of 10 per cent of the previous year's tax revenue, compared with 12 countries in 2015. Almost all member States increased their debt stock in 2017. In addition, only four of them – Benin, Cabo Verde, Ghana and Togo – recorded a debt ratio above 70 per cent in 2016. Only three countries in relation to the West African Unit of Account experienced an average variation outside the ±10 per cent band.

12. The East African Community recorded significant progress related to economic integration since the inception of the Customs Union in 2005 and the Common Market in 2010. In that respect, Burundi, Kenya, Rwanda, Uganda and the United Republic of Tanzania signed a joint protocol, which set out the process and convergence criteria for the Monetary Union in 2013. The common currency to replace the national currencies will be introduced by 2024. As of 2017, significant progress had been made since the signing of the joint protocol, including in harmonizing the monetary policy frameworks and exchange rate operations, rules and practices governing bank supervision and integrating the payment systems and financial markets and financial reporting in preparation for the East African Monetary Union.

13. Six member States of the Central African Economic and Monetary Community (CEMAC) – Cameroon, the Central African Republic, Chad, the Congo, Equatorial Guinea and Gabon – performed well in relation to the multilateral monitoring criteria on convergence on the public debt ratio. Those States fell short, however, with regard to three convergence indicators: a positive or zero-based budget balance; annual inflation rates of less than 3 per cent; and ensuring there is no accumulation, by each State, of domestic and external arrears on management.

14. The Economic Community of Central African States (ECCAS) made little progress towards achieving macroeconomic policy convergence. Although CEMAC merged into the ECCAS configuration, efforts to expand the monetary union to the remaining ECCAS member States have proceeded slowly. Nevertheless, efforts are ongoing by CEMAC and other stakeholders to support ECCAS member States in pursuing macroeconomic policy convergence, including through the development of a macroeconomic model to enhance the capacity of member States. As part of the effort to provide support to regional economic communities, including in the strengthening of the capacity of member States, the Economic Commission for Africa (ECA) organized a brainstorming session in Brazzaville in 2015 to review progress made by CEMAC member States.

III. Trade, investment and market integration

15. Trade, investment and market integration play a key role in promoting regional integration in Africa. The key objective of the Agreement establishing the African Continental Free Trade Area is to boost intra-African trade by forging a single continental legal regime. The implementation of the Agreement offers potential benefits, including employment creation, industrial linkages, economic diversification and structural transformation, all of which would contribute to efforts to achieve sustainable development.

16. Many regional economic communities are making progress in their efforts to promote intra-African trade. The signing of the Agreement in 2018 was an important milestone, as it provided countries in Africa with a safeguard

mechanism in an era dominated by uncertainty following the rise of protectionism. Table 2 and table 3 below include information on trends in African exports and imports in the period 2010–2017.

Table 2
Geographical breakdown of export trade in the period 2010–2017

(Percentage)

Regional economic communities	*Intracommunity*	*China*	*United States of America*	*European Union*	*Africa*	*Rest of the world*
ECCAS	2	34	15	20	4	25
SADC	19	20	8	20	3	30
Arab Maghreb Union	3	5	8	63	2	19
ECOWAS	9	3	12	29	7	40
COMESA	9	12	4	37	8	30
Intergovernmental Authority on Development	14	21	3	16	12	34
Community of Sahelo-Saharan States	7	5	9	40	5	34
EAC	20	5	4	19	18	34
Africa-wide average	**10**	**13**	**8**	**31**	**7**	**30**

Source: Compiled from the database of the United Nations Conference on Trade and Development (UNCTAD).

17. Countries in Africa continue to engage in more trade with the outside world than with other African countries. The European Union holds the largest share of exports from Africa, with an average of 31 per cent in the period 2000–2017.

Table 3
Geographical breakdown of import trade in the period 2010–2017

(Percentage)

Regional economic communities	*Intracommunity*	*China*	*United States*	*European Union*	*Africa*	*Rest of the world*
ECCAS	3	34	13	1%	5	26
SADC	16	27	8	21	3	25
AMU	3	5	8	64	2	18
ECOWAS	8	4	13	31	6	38
COMESA	9	13	5	38	5	29
IGAD	9	24	4	16	11	36
CEN-SAD	6	5	11	41	4	33
EAC	17	14	5	19	14	31
Africa-wide average	**9**	**17**	**8**	**31**	**6**	**28**

Source: Compiled from the UNCTAD database.

18. The Arab Maghreb Union, the Community of Sahel- Saharan States (CEN-SAD) and ECOWAS are the only regional economic communities that continue to import more from the European Union than from Africa. During the period under review, intracommunity trade was increased by the East African Community and SADC, by an annual average of 17 and 16 per cent, respectively.

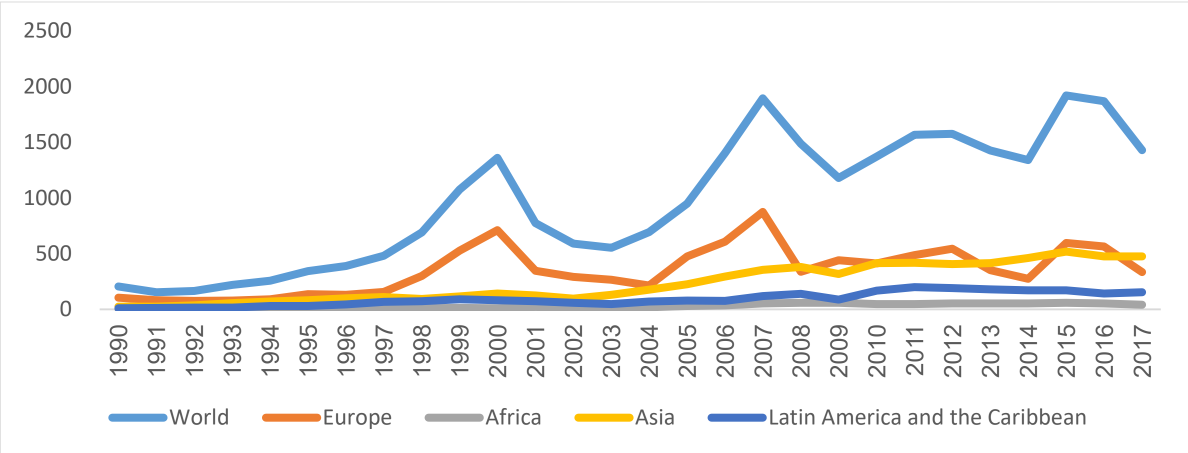
Overview of African investment trends

19. Africa is going through an interesting time against the backdrop of an ever-changing and challenging global landscape. Global foreign direct investment (FDI) increased rapidly, from approximately $200 billion in the early 1990s to $1.43 trillion in 2017.

20. FDI inflows to Africa have been structurally low, compared with those directed to the regions in Asia, Latin America and Europe (figure II). The African share of global FDI flows was only 3.2 per cent in 2017, although net FDI flows to the continent increased more than fourfold, from $10.9 billion in 2000 to $42 billion in 2017.[2]

Figure II
Foreign direct investment inflows: global trends

(Millions of United States dollars)



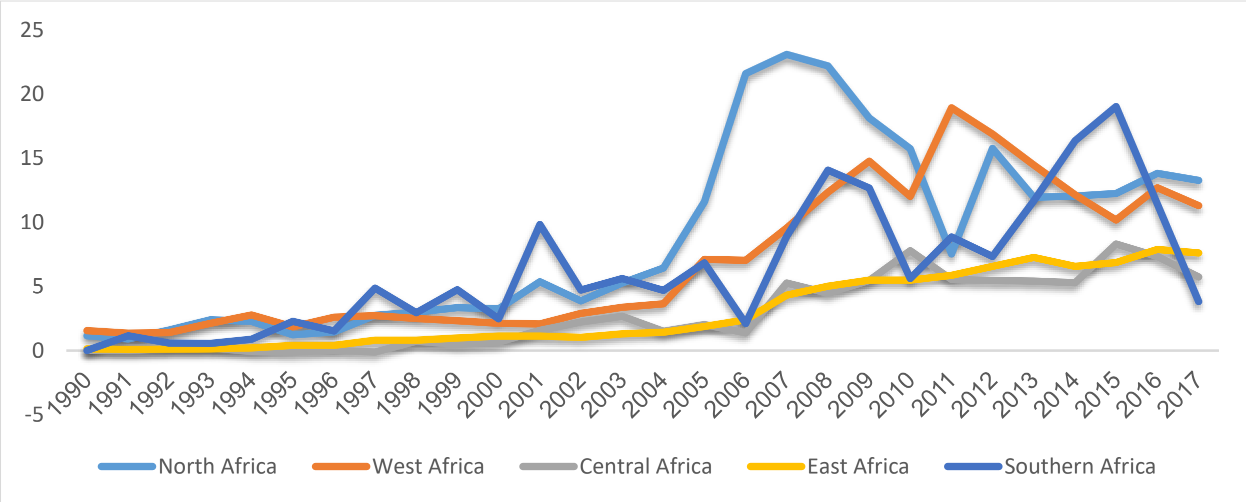
Source: *World Investment Report 2018: Investment and new industrial policies* (United Nations publication, Sales No. E.18.II.D.4).

21. Despite the structurally low FDI inflows, the continent continues to be one of the most rapidly growing economic regions globally. 11.4 per cent of the worldwide FDI capital flows in 2016 involved Africa, making it the second most rapidly growing destination based on FDI capital. This, in turn, is an indication of scope for greater opportunities in investment diversification. There is a high level of heterogeneity in the distribution of FDI inflows in Africa, as observed at the national, subregional and regional levels. Figure III shows the disparities in FDI inflows that exist across the African subregion and regional economic communities.

[2] *World Investment Report 2018: Investment and new industrial policies* (United Nations publication, Sales No. E.18.II.D.4).

Figure III
Recent trends in foreign direct investment inflows in Africa: regional disparities

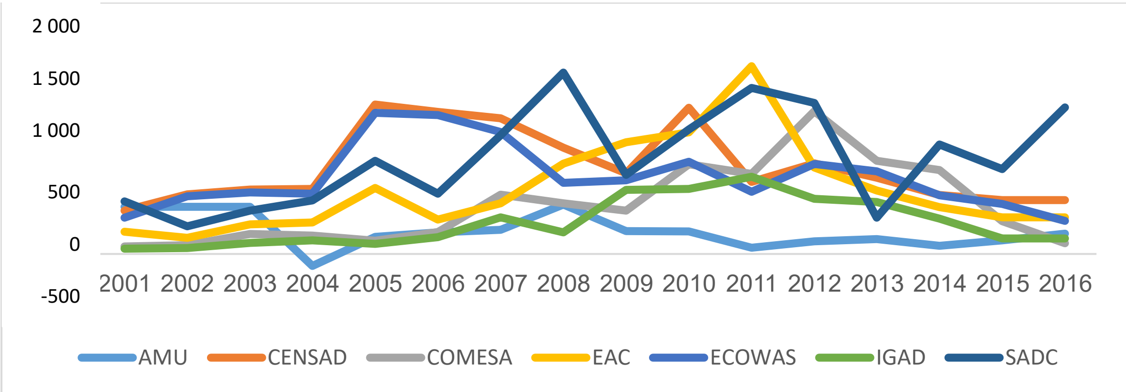
(Billions of United States dollars)



Source: *World Investment Report 2018: Investment and new industrial policies* (United Nations publication, Sales No. E.18.II.D.4).

Figure IV
Recent trends in intra-African FDI inflows: disparities within the regional economic communities

(Millions of United States dollars)



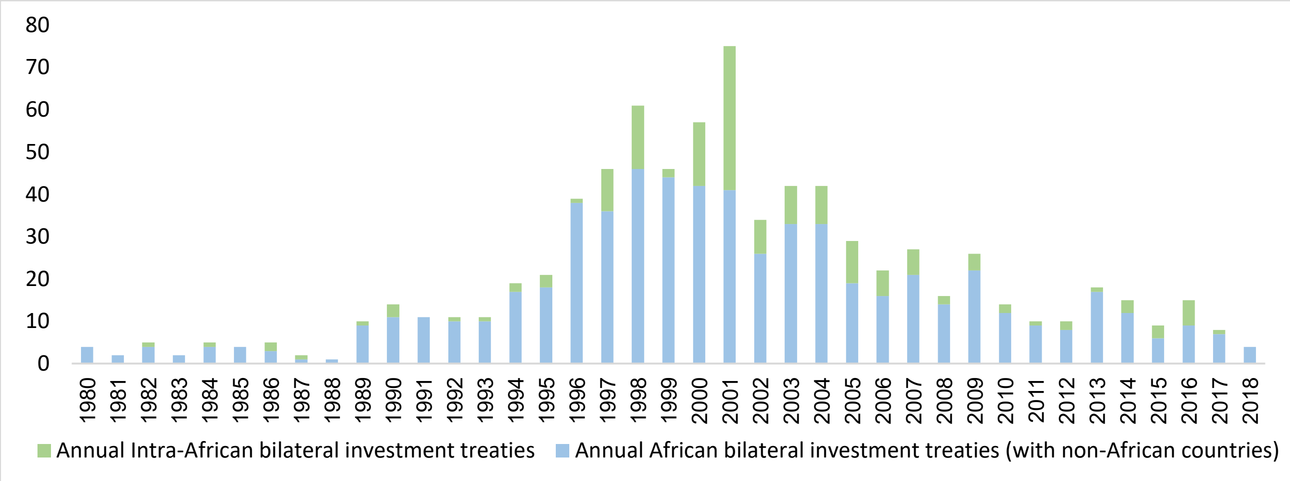
Source: UNCTAD (2017). UNCTADSTAT. Available at *World Investment Report 2018: Investment and new industrial policies* (https://unctadstat.unctad.org/EN/).
Note: Data for ECCAS are unavailable.

22. A study on factors spurring intra-FDI indicates that trade openness, infrastructure and the performance of the logistics and business environment influence the attraction of investment within Africa. Furthermore, improvements in logistics, the business environment and trade costs can enhance intra-African investment and trade openness. A discussion on the divergence in the drivers of the intra-African investment at the continental versus the subregional levels is also included in the study.

23. The international legal framework governing FDI flows in Africa is complex, consisting of bilateral investment treaties and regional investment agreements. Since the 1960s, African countries have signed 853 bilateral investment treaties, out of which 173 are intra-African. In line with global trends, the pace of concluding bilateral investment treaties picked up around

the turn of the century, but it has slowed significantly in recent years. Many of the existing African bilateral investment treaties belong to the old generation marked by broad standards of treatment. Those unreformed treaties can make African countries vulnerable to costly investor disputes.

Figure V
Evolution of bilateral investment treaties in Africa in the period 1980–2018)



Source: UNCTAD, IIA Navigator.Available at [https://investmentpolicyhub.unctad.org/IIA.](https://investmentpolicyhub.unctad.org/IIA)
Note: Data for 2018 are preliminary.

IV. Free movement of persons and right of establishment

24. Africa continues to make progress towards the free movement of its citizens across the continent, which is a major prerequisite for the attainment of the regional integration agenda. Cognizant of the importance of that dimension of regional integration, the African Union launched a common electronic, biometric African passport in July 2016. Free movement of people will enable Africans to reap the benefits of a borderless continent and further foster regional integration and economic growth.

25. African countries have enhanced the process of the integration of regional protocols and policies on free movement into their national development strategies. ECOWAS remains the best performing regional economic community in offering free movement of persons, followed by the East African Community, SADC, the Arab Maghreb Union, CEN-SAD, ECCAS, COMESA and the Intergovernmental Authority of Development (IGAD). As for ECOWAS, citizens can travel within the region visa-free by using an ECOWAS passport; since December 2014, ECOWAS citizens have been able to move freely to work and start businesses without applying for permits.

26. The East African Community also made significant progress, including through the introduction of an East African Community passport in 1999, which made it possible for citizens of that community to travel visa-free for up to six months at a time with only their national identity document. Other advances included the reduction of visa fees for East African Community applicants; full implementation of the protocol on free movement using identification cards; and the availability of a single tourist visa. The SADC region also made progress in that area with the adoption of the protocol on free movement in 2005. The protocol allows for the granting of visa entry to citizens from its member States for a maximum of 90 days; however, rules relating to residence and establishment are left to the discretion of individual member States. To

date, nine countries have signed the SADC protocol on free movement, but only four of them have ratified it.

27. As of December 2018, only 11 African countries offered liberal access: either they did not require a visa or allowed one to be obtained upon arrival, which indicates that most countries on the continent still have restrictive visa policies. Going forward, removing visas or offering more visas on arrival could help to make the free movement of Africans a reality. To date, 30 countries have signed the Protocol on Free Movement of Persons, Right of Residence and Right of Establishment; however, its implementation remains challenging.

V. Education and skills development for enhanced labour mobility

28. The non-recognition, non-compatibility and non-comparability of skills, educational qualifications and experiences in Africa have been major impediments to labour mobility. The mismatch between available skills and the needs of the African labour markets has continued to slow economic integration and overall development in Africa. Accordingly, regional cooperation in the area of education must be enhanced. Over the years, attempts have been made to enhance cooperation and integration in the continent’s educational sector, in particular in higher education, albeit with mixed results. The Regional Convention on the Recognition of Studies, Certificates, Diplomas, Degrees and other Academic Qualifications in Higher Education in the African States, adopted in Arusha, United Republic of Tanzania, in 1981, laid the legal foundation for cooperation in the higher education sector in Africa. Although only 19 of the then 54 African countries ratified the Convention, it formed the basis for the articulation of the Harmonization of Higher Education Programmes in Africa: A Strategy for the African Union, adopted by the Conference of Ministers of Education of the African Union in 2007.

29. One of the four instruments of the Strategy is the Pan-African University, established in 2010 under the African Union Executive Council Decision 290. It consists of 55 universities spread across the five subregions of the continent. The objectives of the university are to enhance research and innovation capacity in science and technology in Africa and produce world-class human resources at the master’s degree and doctoral levels in key areas. The roll out of the programme started in 2012 with 100 students; by 2015, enrolment had reached 1,500. One of the most recent actions in the establishment of the University was the signing in 2018 of the host agreement between Cameroon and the African Union for the seat of the Rectorate of the University. In addition, through the African Union, Africa was endowed with a ten-year continental education strategy – the Continental Education Strategy for Africa 2016–2025, which is aimed at setting up a qualitative system of education and training to provide efficient human resources capable of achieving the vision and ambitions of the African Union.

VI. Infrastructure integration

30. Adequate infrastructure is a key driver supporting economic growth and sustainable development. Understandably, the massive infrastructure deficit in Africa remains a major hindrance to intraregional trade. Africa lost 25 per cent of expected growth in the previous two decades because of inadequate infrastructure, which has affected trade through high costs. The African Development Bank has estimated that the continent’s infrastructure deficits are between $130 billion and $170 billion a year and that the financing gap is between $68 billion and $108 billion. Accordingly, improving infrastructure

could enable African countries to engage fully in intraregional trade and reap the benefits of regionalization and globalization.[3]

(a) Road transport

31. Road density in Africa is more than four times lower than the world average,[4] and only 25 per cent of the continent's road network has been paved compared with more than 50 per cent worldwide.[5] The highest ranked country in Africa in terms of road transport, with a score of 5, is Rwanda; the country is only 0.9 points away from the global leader, United Arab Emirates. Efforts are under way to promote an extensive infrastructure project, which is expected to significantly boost the African Continental Free Trade Area.

(b) Air transport

32. Intra-African air connectivity received a major boost when the Single African Air Transport Market, a flagship project to liberalize and unify air transport in Africa under the aegis of Agenda 2063: The Africa We Want of the African Union, was launched by the African Union in Ethiopia in January 2018. The Market is expected to facilitate free movement of people and goods by enhancing the continent's integration and connectivity and fostering the development of the aviation sector, tourism and trade. It is expected to facilitate the attainment of the objectives of the Action Plan for Boosting Intra-African Trade and the Agreement establishing the African Continental Free Trade Area. The African Union Commission has estimated that the Single African Air Transport Market will translate into 300,000 direct jobs and provide two million job opportunities indirectly.

(c) Energy

33. Development in energy infrastructure is essential for economic growth and access to affordable energy for all. Many studies have found that frequent power outages in Africa have a direct negative impact on the continent's industrial performance and consequently on the economy. Power-generation capacity in Africa is about 124 gigawatts. Regional energy integration through power pools is a prerequisite for implementing Agenda 2063. The average effective cost of electricity to manufacturing enterprises in Africa is about $0.20 per kilowatt hour, approximately four times higher than industrial rates elsewhere in the world. Over the period 2010−2015, three countries – Algeria, Egypt and South Africa – held 66 per cent of the total electricity capacity in Africa. The Programme for Infrastructure Development in Africa estimates that demand for power will grow annually by 6 per cent until 2040.

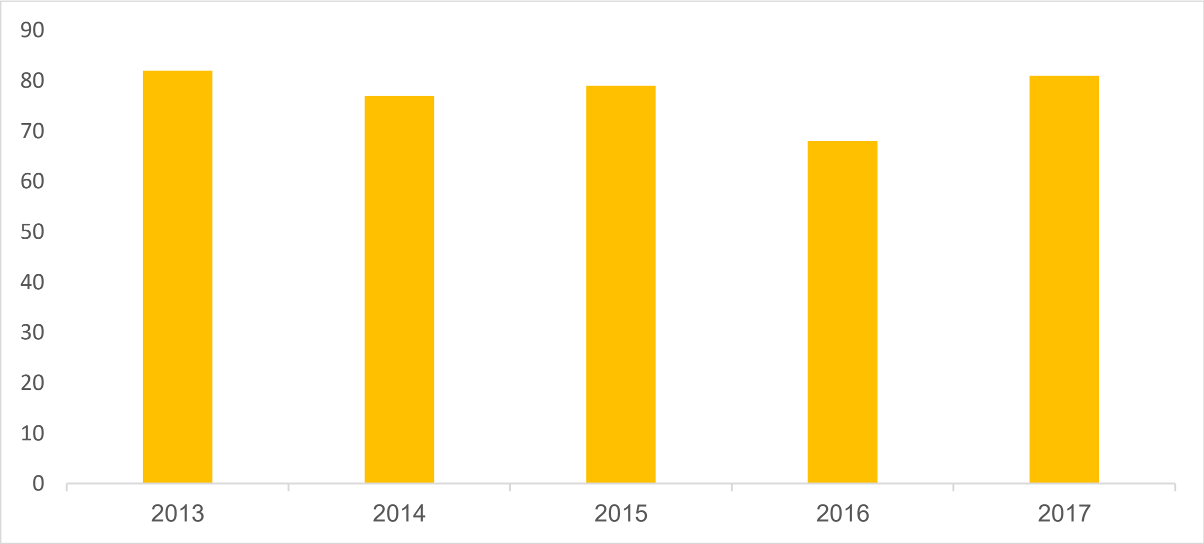
[3] For more information, please see African Development Bank, African Economic Outlook 2018 (Abidjan, African Development Bank). Available at www.afdb.org.

[4] Albert Mafusire, John Anyanwu and Zuzana Brixiova, "Infrastructure deficit and opportunities in Africa", *African Development Bank Economic Brief,* vol. 1, pp. 1–15 (September 2010).

[5] Africa Energy Forum, "Road infrastructure in Africa", 1 June 2016. Available at www.ashurst.com/en/news-and-insights/insights/road-infrastructure-in-africa/.

Figure VI
Infrastructure funding trends in Africa

(Billions of United States dollars)



Source: Infrastructure Consortium for Africa, "Reported and identified financing flows in Africa" (Abidjan, Infrastructure Consortium for Africa).

(d) Vienna Declaration and Programme of Action

34. The 16 landlocked countries in Africa have built-in geographic disadvantages that contribute to their poor performances in terms of economic growth, social achievements and political stability. The Vienna Declaration and Programme of Action was adopted in 2014 with the overall objective to develop a more coherent response to the specific needs and problems of landlocked developing countries. Several infrastructure development projects are under way at regional and national levels that are intended to support the continent's integration and to link landlocked countries to coastal countries. Those projects include the following: North-South Corridor Programme in East and Southern Africa; Walvis Bay Corridor Group in Southern Africa; the navigation line project, linking Lake Victoria and the Mediterranean Sea through the Nile River; Africa Clean Energy Corridor; the West African rail network to connect Benin, Burkina Faso, Côte d'Ivoire, Ghana, the Niger, Nigeria and Togo; Grand Ethiopian Renaissance Dam; Mombasa-Kampala-Kigali Railway Project; Grand Inga Dam in the Democratic Republic of the Congo; and the Bagamoyo Port in the United Republic of Tanzania.

VII. Governance, peace and security

35. Peace and security create conducive environments for the implementation of regional integration initiatives, such as the Agreement establishing the African Continental Free Trade Area, and the attainment of broader development objectives, including those embodied in the 2030 Agenda for Sustainable Development and Agenda 2063. Cognizant of that, African leaders continue to strengthen collaboration within the framework of the African Union, regional economic communities and other pan-African organizations to overcome the challenges of poor governance and the associated threats to peace and security. In that respect, the African Union continues to articulate and champion the implementation of overarching, continent-wide norms and instruments for the promotion of good governance and to entrench peace and security on the continent, embodied in the African Governance Architecture and the African Peace and Security Architecture, respectively.

36. The two most important instruments in that regard are the African Governance Architecture and the African Peace and Security Architecture. The former is intended to foster operational linkages by coordinating and harmonizing existing governance institutions and mechanisms, such as the African Peer Review Mechanism and the New Partnership for Africa's Development. On the other hand, the African Peace and Security Architecture is a core component of the Peace and Security Council of the African Union for the prevention, management and resolution of conflicts.

37. As part of their role as building blocks for the economic integration of Africa, regional economic communities continue to take the lead in interventions aimed at upholding democratic governance norms and principles and in resolving conflicts on the continent. For example, in 2016, ECOWAS strengthened its long-standing presence in Guinea-Bissau by deploying additional personnel to the ECOWAS peace mission, while SADC deployed a contingent force of military and civilian experts to Lesotho in the aftermath of the assassination of the head of the Lesotho defence force in September 2017. In East Africa, the East African Community and IGAD, with the support of the United Nations and the African Union, continued to assist efforts to resolve the war in Somalia and South Sudan and the conflict in Darfur. In support of the work of the regional economic communities, the African Union Assembly, at its twenty-sixth ordinary session, held in Addis Ababa on 30 and 31 January 2016, reiterated its agreement to contribute up to 25 per cent of the costs of African Union peacekeeping and security operations until 2020. At its twenty-seventh session, held in Kigali on 17 and 18 July 2016, the Assembly agreed to introduce a 0.2 per cent levy on imports from member States to increase funding extended to the African Union.

VIII. State of play with regard to the African Continental Free Trade Area

38. The launch and signature of the Agreement establishing the African Continental Free Trade Area by 44 countries during the African Union Summit in Kigali in March 2018 represented a momentous milestone for economic integration in Africa. At the thirty-third ordinary session of the Executive Council of the African Union, held in Nouakchott on 28 and 29 June, additional instruments were negotiated, which are annexed to the Agreement. The topics of the instruments are customs cooperation and mutual administrative assistance, trade facilitation, non-tariff barriers, technical barriers to trade, sanitary and phytosanitary measures, transit and trade remedies. The African Continental Free Trade Area has brought together the continent's diverse economies under one umbrella.

39. The Agreement establishing the African Continental Free Trade Area will enter into force only after 22 member States have deposited their instruments of ratification. As of November 2018, instruments had been deposited – or were in the process of being deposited – by the following countries: Chad, Côte d'Ivoire; Eswatini, Ghana, Guinea, Kenya, the Niger, Rwanda, Sierra Leone and South Africa. To date, 49 countries have signed the protocols, 17 of which have also ratified them. Efforts are under way by ECA and the African Union to ensure that the remaining six countries sign the protocols soon.

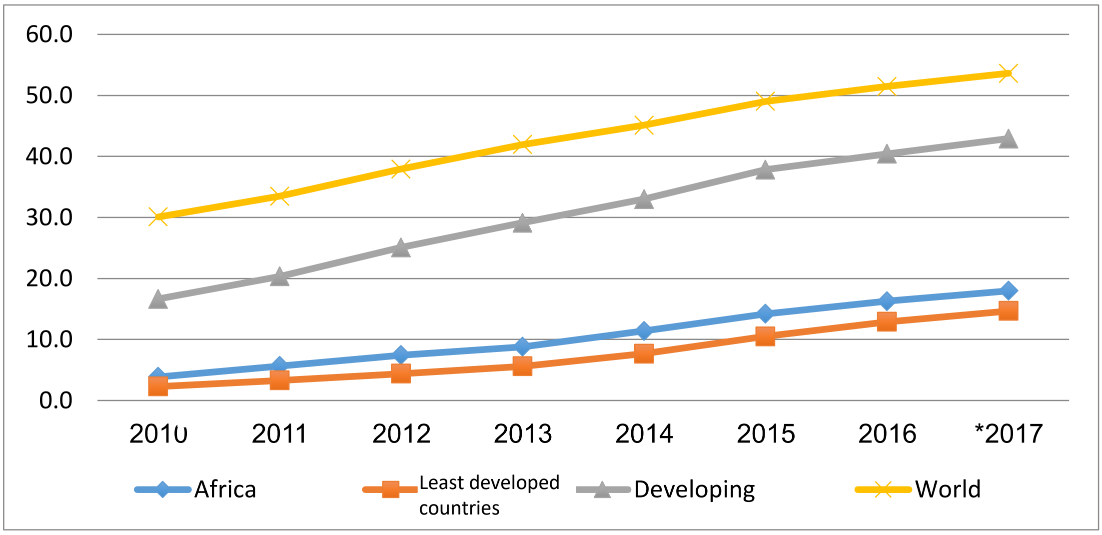
IX. E-commerce, digitalization and integration in Africa

40. E-commerce has become a key area of interest for Governments because of its impact on economic growth and sustainable development. In its resolution 72/200, the General Assembly recognized the need to harness the potential of information and communications technologies in the implementation of the 2030 Agenda. The digitalization of economies presents opportunities and challenges for many countries. Shifting from traditional forms of trade to e-commerce can contribute towards lowering transaction costs and enabling the remote delivery of goods and services. It can also spur innovation and job creation. A well-known example of this in Africa is the emergence of mobile money solutions, which have helped provide services to previously unbanked areas.

Situational analysis of e-commerce in Africa

41. Worldwide e-commerce sales in 2015 reached $25.3 trillion, 90 per cent of which were in the form of business-to-business e-commerce and 10 per cent in the form of business-to-consumer sales. The cross-border business-to-consumer e-commerce in 2015 was estimated at $189 billion, with some 380 million consumers making purchases on overseas websites.[6] However, e-commerce is hard to measure, and few developing countries can collect e-commerce data and statistics. The International Telecommunication Union estimates that only 18 per cent of African homes were connected to the Internet in 2017. In addition, there are only 26 active mobile-broadband subscriptions per 100 inhabitants in Africa. The continent is still lagging behind with respect to the indicators, as shown in figures VII and VIII.

Figure VII
Percentage of homes connected to the Internet in the period 2010−2017

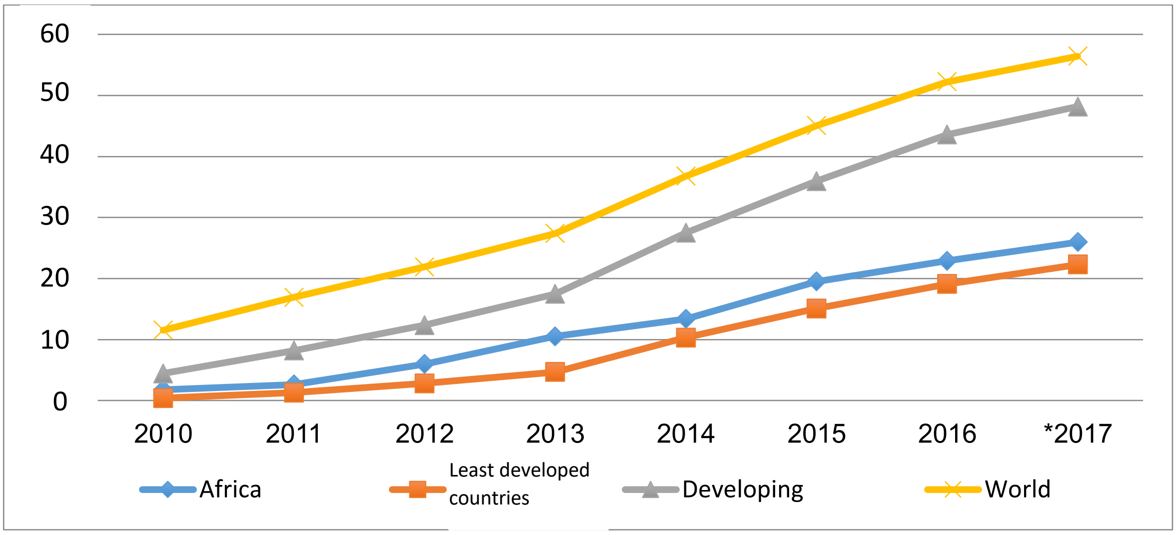


Source: ITU World Telecommunication/ICT Indicators database. Available at www.itu.int/en/ITU-D/Statistics/Pages/publications/wtid.aspx.

* Data for 2017 are incomplete.

[6] *Information Economy Report 2017: Digitalization, Trade and Development* (United Nations publication, Sales No. E.17.II.D.8.

Figure VIII
Active mobile-broadband subscription per 100 inhabitants in the period 2010−2017



Source: ITU World Telecommunication/ICT Indicators database. Available at www.itu.int/en/ITU-D/Statistics/Pages/publications/wtid.aspx.

* Data for 2017 are incomplete.

42. Cognizant of the growing importance of e-commerce, countries and regional groupings have been developing strategies and adopting policies to deal with issues related to it. The African Information Society Initiative, launched by ECA in 1996, was instrumental in developing a comprehensive regional information and communications technologies network, which contributed to the adoption by many countries of national information and communication infrastructure plans and strategies.

43. Some countries have made progress in the implementation of e-commerce projects. For example, Egypt established a national e-commerce strategy at the end of 2017, in order to support efforts to expand the country's digital economy and carry out the implementation of the 2030 Agenda. Similarly, South Africa framed a policy debate around e-commerce in a document issued in 2000, that was designed to serve as a consultative document and to raise awareness on issues that needed to be addressed during processes aimed at the formulation of government policy. That document highlighted benefits that could be gained from e-commerce through the implementation of successful strategies and the contribution that e-commerce could make towards the achievement of sustainable socioeconomic growth.

X. The mining sector

44. The mining sector continues to be an important element of the regional integration processes in Africa as a result of its significant contribution to the economies of many African countries. That relevance is highlighted below in two main contexts: the continental prospects for realizing mining sector synergies with the Agreement establishing the African Continental Free Trade Area, and the efforts under way to develop a harmonized regional approach to mining development, through the Regional Mining Vision initiative of SADC. In seeking to deepen economic integration, deliberations underpinning the launch of the Free Trade Area have also helped to reinforce the leveraging of continental synergies with the mining sector. Those synergies include the potential for the Free Trade Area to help foster regional linkages between mining and other economic sectors; promote regional mining policies,

incentivize the development of regional mineral value chains; and enhance resource corridor projects.

45. With regard to regional mining policies, the East African Legislative Assembly is continuing its push forward to adopt an East African Community mining law. An overarching, stated objective in that process, is to establish a regionally harmonized legal framework aligned with the Africa Mining Vision to regulate mining in the East African Community. While challenges remain, progress was made in 2018, through the holding of public hearings on the 2017 East African Community Mining Bill in the six partner States. Similar to the progress made with regard to a mining law, regional activities are also being carried out within the SADC region to develop a harmonized regional approach to mineral development. The objective of the Regional Mining Vision is to optimize the beneficial developmental impact of mineral resources extraction across SADC, while factoring in the region's variable geometry, divergent mining trajectories and national political economies. Currently, the SADC region exports most of its mineral resources as feedstocks into global value chains.

XI. Conclusions

46. Despite progress made at the continental, regional and national levels, implementation of regional integration continues to face several challenges. Among those challenges are limited energy and infrastructure development; security and conflicts in some member States; multiple memberships; poor design and sequencing of the regional integration arrangements; and limited financial resources. Enhanced collaboration is needed among African countries and development partners in support of the implementation of activities and programmes on regional integration.

47. Member States need to mainstream regional integration activities into their national development strategies to improve and make the allocation of human and financial resources more effective. Honouring commitments to support the African Union and the regional economic communities in the implementation of the regional integration agenda is essential. African countries should prioritize investment in the key sectors of infrastructure.

48. Full implementation of the Agreement establishing the African Continental Free Trade Area presents an opportunity for African countries to help reap the benefits of engaging in e-commerce. African countries and their private sectors, in particular small and medium-sized enterprises, need to be more prepared to engage and maximize their participation in e-commerce. E-commerce will help further promote intra-African trade and facilitate the integration of the continent into the global economy. In that respect, enhanced collaboration is essential to support the implementation of the Agreement among key institutions, such as ECA, the African Union and the regional economic communities. There is also need for a comprehensive mechanism for assessing progress achieved in the implementation of the Agreement, in order to ensure effective coordination, evaluation and monitoring of the process.

49. E-commerce can be viewed as a vehicle for overcoming specific barriers to trade, such as distance; however, in order to successfully implement an e-commerce initiative, several barriers must be overcome. Those barriers include insufficient postal and logistics services, lack of credible payment channels, and low computer and Internet literacy rates. In that respect, African countries need to carry out policies in order to maximize the benefits of digital transformations and to ensure an equitable distribution of them.