



**UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL
ECONOMIC COMMISSION FOR AFRICA**

Twenty-seventh meeting of the Committee of Experts

26 – 29 March 2008

Forty-first session of the Economic Commission for Africa

31 March – 2 April 2008



**AFRICAN UNION
COMMISSION**

Third meeting of the Committee of Experts

Third session of CAMEF

**First Joint Annual Meetings of
the AU Conference of Ministers of Economy and Finance
and ECA Conference of African Ministers of Finance, Planning
and Economic Development**

Addis Ababa, Ethiopia



Distr. General
E/ECA/COE/27/4
AU/CAMEF/EXP/4(III)
Date: 29 February 2008

Original: English

Assessment of Progress on Regional Integration in Africa

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Acronyms

AEC	African Economic Community
ARIA	Assessment of African Regional Integration
AfDB	African Development Bank
AMU	Arab Maghreb Union
AUC	African Union Commission
AWICH	African Water Information Clearing House
CAADP	Comprehensive African Agricultural Development Programme
CEMAC	Economic Monetary Community of Central Africa
CET	Common External Tariff
CEN-SAD	Community of Sahel-Saharan States
CTRCI	Committee on Trade, Regional Cooperation and Integration
COMESA	Common Market for Eastern and Southern Africa.
CCIA	COMESA Common Investment Area
CSO	Civil Society Organization
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EPA	Economic Partnership Agreement
EPSSP	Emergency Power Supply Security Plan
FDI	Foreign Direct Investment
FTA	Free Trade Area
ICPs	International Cooperating Partners
ICT	Information and communication technology
IGAD	Intergovernmental Authority for Development
IOC	Indian Ocean Commission
IRCC	Interregional Coordination Committee
MOU	Memorandum of Understanding
NEPAD	New Partnership for Africa's Development
PANAFCON	Pan-African Implementation and Partnership Conference on Water
REC	Regional Economic Community
REPS	Regional Payment and Settlement System
RIA	Regional Investment Agency
RPRSP	Regional Poverty Reduction Strategy Paper
UAE	United Arab Emirates
UNECA	United Nations Economic Commission for Africa
WTO	World Trade Organization

A. Introduction

1. The African Union Commission (AUC) and the Economic Commission for Africa (ECA) continue to engage in activities and programmes in support of the African Union (AU) strategic vision of building a united and integrated Africa underpinned by political, economic, social and cultural integration. From the perspective of the leadership of the Africa Union (AU), full integration of the continent would allow Africa to overcome its development challenges because economic synergy would be gained as the economic advantage of the whole African Economic Community is greater than the sum of the economic advantage of its separate member States. The need for full integration is also propelled by a new world economic order, with the formation of regional blocks across all continents, borderless globalization, advances in information and communication technology (ICT) and multilateral trade negotiations under the World Trade Organization (WTO) among others.

2. The AUC mandate to pursue regional integration activities and programmes, summarized in the Strategic Vision of the Commission, is derived from the Constitutive Act establishing the African Union, the 9th September 1999 Sirte Declaration, the Abuja Treaty, and the Lagos Plan of Action. Although it has been involved in regional integration activities and programmes since 1958, the African Union Summit of Heads of State and Government, in 2006, in Banjul, the Gambia, mandated ECA to continue to play a vital role in assisting and facilitating the work of AU and of Regional Economic Communities (RECs) in advancing the development agenda on the continent.

3. Armed with the mandate of the Summits of the African Union, AUC and ECA have made promotion and strengthening of the continental regional integration agenda the cornerstone of their activities. In this regard, the two institutions have been supporting efforts to accelerate the political and socio-economic integration of the continent as well as influence the establishment of appropriate conditions and environment to enable the continent to play its rightful role in the global economy. Furthermore, the two institutions continue to support regional institutions driving the regional integration agenda, including the RECs, and to engage in trans-boundary initiatives and activities in sectors vital to that agenda.

4. Given its strategic role in the developmental agenda of the continent, the purpose of this note is to provide the Conference of African Ministers of Finance, Planning and Economic Development with a progress report on Africa's regional integration initiatives and to seek the support of the Ministers for AUC and ECA to undertake their planned programmes and activities on regional integration.

B. The Union Government and the Audit of the Union

5. In a bid to accelerate the continental integration agenda, the 9th Ordinary Session of the Assembly of Heads of State and Government, which was held in Accra, Ghana, 1-3 July 2007, had a Grand Debate on the Union Government for Africa. At the end of the debate, the leadership of the Union issued the Accra Declaration in which the Heads of State and Government committed to speeding up economic and political integration of the continent, including formation of Union Government for Africa.

6. With a view to providing a clear vision of the future of AU and of African unity, the Heads of State and Government set up a Ministerial Committee to consider a number of issues related to the Union Government. Following from the Declaration, the then AU Chairman, President J. A. Kuffour of Ghana, set up a Panel of Eminent Persons to undertake an institutional audit of AU and its organs. Both the Ministerial Committee and the Panel reported to the 10th Ordinary Session of the Assembly of Heads of State and Government held in Addis Ababa, Ethiopia, from 31 January to 2 February 2008.

(a) Report of the Ministerial Committee on the Union Government

7. The Ministerial Committee made the following recommendations among others to the 10th Ordinary Session of the Assembly of Heads of State and Government:

- **Participation of African people in the Union Government:** African Governments should encourage civil society organizations (CSOs), youth and women organizations, the private sector, academia, the Diaspora and the public to participate in the Union Government process;
- **Popularizing the African Union:** Member States should establish national Commissions on African Union Affairs;
- **Institutions and the Union Government:** AUC and other institutions should be strengthened. In this respect, AU should be restructured, empowered and strengthened to perform its executive functions;
- **Relationship between Union Government and RECs:** RECs should be integrated into the AU governance framework so as to turn them into instruments and mechanisms for harmonization and implementation of the common policies and programmes of the Union.

8. The Committee agreed to a three-phased approach to Union Government:

Initial Phase: Establishment of the Union Government;

Second Phase: Consolidation of the Union Government; **and**

Third Phase: Establishment of the United States of Africa.

9. The Committee proposed the following time-frame options for implementation of the three phases:

Option 1: Implementation over a period of 9 years: 3-3-3 years;

Option 2: Implementation over a period of 15 years: 5-5-5 years; and

Option 3: Implementation over a period of 25 years: 10-10-5 years.

(b) Audit Report on the Union Government

10. After an exhaustive examination of the pertinent matters, the Panel of Eminent Persons appointed to undertake the institutional audit of AU and its organs made a number of recommendations including:

- The Assembly should revert to one ordinary session per year; if necessary, an extraordinary session can be convened as appropriate;
- The Heads of State and Government should, after each Summit, endeavour to report on the summit decisions reached to their populace, Assemblies and National Commissions for Integration;
- A mechanism should be put in place for monitoring implementation of the Assembly's decisions at various levels;
- The Executive Council should be redesigned into a Council of Ministers drawn from respective sectors;
- The setting up of an ad hoc Committee of Experts, comprising representatives of the three countries selected to host the three financial institutions (Cameroon, Libya and Nigeria), AACB, AUC, UNECA, AfDB and RECs. The Committee, which should be presided over by an independent person who is committed to pan-Africanism, will prepare a roadmap for the establishment of the three financial institutions;
- The Chairperson should exercise full authority within the Commission as the Chief Executive and Accounting Officer;
- The Chairperson and Deputy Chairperson should be men and/or women with known vision and commitment to pan-Africanism and continental integration. They must have experience in governance. Their election should be unrelated to their regions; and
- The election of the Commissioners should be de-linked from the portfolios that they will occupy. The responsibility for assigning portfolios, and for monitoring and managing the performance of the Commissioners should be assumed by the Chairperson in his capacity as Chief Executive Officer of the Commission.

11. After considering both reports, the 10th Ordinary Session of the Assembly of Heads of State and Government decided to refer the issue of the Union Government to a Committee of Twelve Heads of State and Government (Botswana, Cameroon, Egypt, Ethiopia, Ghana, Gabon, Libya, Nigeria, Senegal, South Africa, Tanzania and Uganda). The Committee is to submit appropriate recommendations to the next Ordinary Session of the Assembly in July 2008.

12. With regards to the report of the Audit of the African Union, the 10th Ordinary Session of the Assembly of Heads of State and Government authorized the convening of an Extraordinary Session of the Executive Council to consider the report and make appropriate recommendations through the Committee of Twelve Heads of State and Government.

C. Recent major decisions by the RECs

13. Africa is making considerable progress in its attempts to integrate. However, the results are mixed. Despite the constraints and challenges, improvements have been made in the areas of trade, macroeconomic policies, infrastructure, and information and communication technologies (ICTs). Since the last Conference, a number of RECs have taken important decisions that seek to accelerate and deepen regional integration in the subregions.

(a) ECOWAS

14. Since 2007, the Executive Secretariat of the Economic Community of West African States (ECOWAS) has been transformed into a Commission and its principal organs restructured to support acceleration of integration and development in the West African subregion.

15. In January 2008, the Authority of Heads of State and Government of ECOWAS held its Summit in Ouagadougou, Burkina Faso. Among the decisions taken by the Authority were:

Growth, poverty and macroeconomic convergence

- ❖ The need for collective action to find sustainable solutions to cushion the negative effects of the high price of oil as well as the energy crisis;
- ❖ The need for member States to strengthen the structural management and reforms of their economies as well as the regional integration process so as to consolidate sustained growth and, consequently, poverty reduction;
- ❖ A call on the ECOWAS Commission to speed up preparation of clear guidelines and procedures for effective implementation of the ECOWAS monetary cooperation programme; and
- ❖ Re-commitment by the Authority to use regional integration as a catalyst for the acceleration of economic growth and poverty reduction in the subregion. In this regard the Authority adopted the Regional Poverty Reduction Strategy Paper (RPRSP) prepared by the Commission.

Economic Partnership Agreements (EPAs)

- ❖ Re-affirmation by the Heads of State and Government of their common position for the conclusion of a development-oriented Economic Partnership Agreement (EPA) that serves the interests of West African populations. The Authority emphasized the urgent need to finalize the EPA in a fair and balanced manner, mutually beneficial to West Africa and EU;

- ❖ The Authority called on the countries that initialled the interim Agreements to ensure that they were consistent with the commitments they had made in the framework of regional integration; and
- ❖ Furthermore, to enable the EPA to attain its objectives of poverty reduction and promotion of the subregion's development, the Authority stressed the need to strengthen the regional integration process through application of the Common External Tariff (CET), free movement of persons and goods, as well as the interconnection of physical infrastructural networks, such as energy and railways.

The CET and trade facilitation

- ❖ The Authority called on the Committee responsible for harmonizing various member State positions on the CET to expedite its activities, including creation of a fifth tariff band, if possible;
- ❖ The Authority urged member States to take all necessary measures to ensure that numerous roadblocks along the West African highways are removed and the extortion of money from peace-loving travellers eradicated.

Infrastructure

- ❖ The Heads of State and Government expressed appreciation to AfDB for its financial assistance and to China and India for their desire to support the study on interconnection of the region's railway networks;
- ❖ The Authority expressed their appreciation to the United Arab Emirates (UAE) for financing the AFRICARAIL project to link Benin, the Niger, Burkina Faso and Togo. It further called on member States to mobilize additional resources for implementation of the project. Member States were also urged to increase efforts to mobilize the financial resources required for implementation of the regional infrastructure programme; and
- ❖ The Authority endorsed the establishment of a West African Power Regulatory Authority and an ECOWAS Regional Energy Access Agency as a measure to increase access to energy. It also adopted the Emergency Power Supply Security Plan (EPSSP). The Authority also directed the ECOWAS Commission to explore ways of using alternative sources of energy. The Heads of State and Government further urged member States to establish strategic/public-private partnerships with a view to accelerating the implementation of the regional projects in the energy sector.

Common Agriculture Policy and the Private Sector

- ❖ The Heads of State and Government urged member States to implement the ECOWAS Common Agricultural Policy, particularly through the ongoing national investment programmes, with a view to ensuring food security in the region. In this regard the Authority expressed the need for effective water resources management through integrated management of the subregion's catchment areas, in order to develop a

competitive agricultural sector, reduce poverty and control desertification. To this end, the Authority expressed satisfaction with the adoption of the West African Water Resources Policy and the Regional Environment Policy by member States.

- ❖ The Heads of State and Government expressed the need for the ECOWAS Commission to strengthen the framework for cooperation with economic operators and mobilize the private sector for involvement in the regional integration process. They further urged member States to pursue the establishment of a conducive environment for development of a dynamic private sector in West Africa.

(b) COMESA

16. The Authority of Heads of State and Government of the Common Market for Eastern and Southern Africa (COMESA) held its Summit in Nairobi, Kenya, in May 2007. The Authority called on all member States not yet participating in the Free Trade Area (FTA) to join the FTA before the launch of the COMESA Customs Union in December 2008.

17. The Summit adopted the COMESA Common External Tariff structure, which is made up of four bands: 0 per cent on raw materials, 0 per cent on capital goods, 10 per cent on intermediate goods, and 25 per cent on final goods. In this regard, the Summit directed that all the necessary CET technical work and implementation modalities based on the UN classification system and other related areas be finalized before the next Summit of Heads of State and Government, to ensure that the Customs Union is launched on 8th December 2008.

18. On monetary and financial matters, the Summit called upon member States who have not yet ratified the COMESA Fund to do so, in order to enable them benefit from the Regional Development Fund. The COMESA Fund is a regional financial vehicle for member States to receive development funding.

19. The Summit endorsed the establishment of a COMAid unit in the COMESA Secretariat to undertake technical analysis and prepare coherent *Aid for Trade*- compatible programmes to access the available resources under the WTO's Aid for trade Initiative. This addresses trade-related infrastructure, supply-side constraints and economic and social costs of adjustment arising from the implementation of bilateral, regional and multilateral trade agreements.

20. In the area of infrastructure, the Summit commended the ongoing implementation of Joint Air Transport Competition Regulations by the responsible Ministers of COMESA, Southern African Development Community (SADC) and East African Community (EAC) and agreed on the speedy establishment of the Joint Competition Authority. In this regard, the Summit urged all member States to implement the COMESA trade and transit transport facilitation instruments so as to enhance movement of transit and cross-border traffic. The Summit also agreed on the need to establish a seamless rail transportation system in the COMESA subregion.

21. With the view of deepening private sector development in the COMESA area, the Summit endorsed the creation of the Regional Investment Agency (RIA), which would spearhead the promotion of both cross-border and foreign direct investment (FDI), as well as the development of a

regional business intelligence strategy in the COMESA area. The Summit also adopted the Investment Agreement for the COMESA Common Investment Area and urged member States to ratify it. The Summit commended the COMESA Business Council and the Kenya Association of Manufacturers for successfully convening a Business Forum on the margins of the Summit to promote Public- Private Partnership.

22. The Summit called on the COMESA Secretariat to complete the Investment Framework Agreement, in order to speed up the establishment of the COMESA Common Investment Area (CCIA). The COMESA Secretariat was directed by the Summit to establish a comprehensive inventory of the main industrial production and manufacturing structures in all member States in order to identify existing and potential industries that can produce for the COMESA market and benefit from market and procurement opportunities.

23. In furtherance of its determination to create a monetary union, the Summit endorsed the decision of the Committee of Governors of COMESA Central Banks to establish a COMESA Monetary Institute, which would undertake necessary preparatory work leading to the creation of a COMESA Monetary Union in the zone. The Summit urged the COMESA Clearing House to accelerate the establishment of the Regional Payment and Settlement System (REPS) so that it becomes operational.

24. In the area of food security, the Summit urged member States to harmonize national agricultural policies and align their programmes to the New Partnership for Africa's Development (NEPAD) Comprehensive African Agricultural Development Programme (CAADP) so as to ensure both national and regional food self-sufficiency. It also called on member States to implement trade facilitation instruments that are aimed at promoting cross-border trade of small-scale producers and traders.

25. The Summit commended the creation of the COMESA Fund, which would provide support for infrastructure development in the region. It also reaffirmed its support for implementation of the Shire-Zambezi waterways project and urged the COMESA Secretariat to support the Government of Malawi in mobilizing funding for the project. The Summit also adopted the East African Power Pool as a COMESA specialized institution and as an avenue for the enhancement of energy interconnectivity in the region and the rest of Africa.

26. On cooperation between COMESA and others RECs and AU, the Summit noted with satisfaction the enhanced collaboration between COMESA and other regional organizations in Africa, particularly with EAC, Intergovernmental Authority on Development (IGAD) and the Indian Ocean Commission (IOC) in the framework of the Interregional Coordination Committee (IRCC). It also noted the progress being made in the framework of the Joint Task Force among COMESA, SADC and EAC on coordination and harmonization of the activities of the three institutions. IRCC and the Joint Task Force have been holding discussions on the coordination and harmonization of the activities of the institutions with the objective of achieving programme harmonization and convergence so as to expedite the realization of the African Economic Community.

Development and agreed to defer its signature to allow some member States to conclude their internal consultations.

35. The Summit took note of the progress made in the preparations of the SADC International Conference on Poverty and Development that will be held in Mauritius in April 2008. The SADC Ministerial Consultative Conference with International Cooperating Partners (ICPs) will be held back to back with the Poverty Conference.

36. The Summit signed among other legal instruments the Memorandum of Understanding (MOU) on the establishment of the SADC Standby Brigade.

(d) CEN-SAD

37. The Summit of the Community of Sahel-Saharan States (CEN-SAD) was held in Syrte, in the Libyan Arab Jamahiriya in June 2007. The Heads of State and Government accepted to admit, as full members of the Community, the Republic of Guinea and the Union of Comoros, thus bringing the membership of CEN-SAD to 25 countries namely: Benin, Burkina Faso, Central African Republic, Chad, Comoros, Côte d'Ivoire, Djibouti, Egypt, Eritrea, the Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Libya, Mali, Morocco, the Niger, Nigeria, Senegal, Sierra Leone, Somalia, the Sudan, Togo and Tunisia.

38. The Heads of government of Comoros and Guinea expressed their satisfaction for being members of CEN-SAD and pledged the commitment of their countries to its vision and goals.

(e) AMU

39. The Arab Maghreb Union (AMU) is pursuing programmes and activities aimed at strengthening integration among its five member States. The leadership has adopted a development strategy that will be implemented in four stages, namely, through creation of a free exchange zone, a customs union, a common market and an economic union. Concrete AMU achievements to-date include electricity inter-connection among the five member States, establishment of a joint groundwater monitoring system for the Sahara, the Albian Aquifer System shared by three member States (Algeria, Libya and Tunisia) and establishment of a Union of Maghrebine Banks in Tunis.

(f) ECCAS

40. The Summit of the Economic Community of Central African States (ECCAS) took place in Brazzaville, Congo on 30-31 October 2007. The Summit re-affirmed its commitment to promote economic development and growth through the integration of the markets of the member States. It urged member States to work on: harmonization of the Economic and Monetary Community of Central Africa (CEMAC) common external tariff, with a view to achieving a customs union in 2008; removal of non-tariff barriers; harmonization of customs documents; free movement of people, in particular economic operators; development of supporting infrastructure, such as adoption of the transport master plan, creation of an energy pool for the subregion; adoption of a food security programme; and establishment of a community tax (CCI) of 0.4 per cent to finance regional integration.

41. The Summit called on the President of the CEMAC Commission and Secretary-General of ECCAS Secretariat to form a Committee, made up of AUC, ECA and AfDB, to develop a framework for harmonization of the programmes and activities of CEMAC and ECCAS and the eventual integration of the two institutions. It also called on the ECCAS Secretariat to develop a framework for the sustainable management, harmonization and coordination of water resources in the ECCAS subregion. Furthermore, it mandated the Central Africa Power Pool, in collaboration with the ECCAS Secretariat, to put an effective mechanism in place for the marketing of electricity in the ECCAS subregion. In this regard, the mechanism must be based on the principles of complementarity, cooperation, and sound investment beneficial to all parties.

42. The Summit also mandated the Secretary-General of ECCAS Secretariat to continue with efforts to maintain peace and security along the borders of member States, particularly those involving armed criminal activities, the circulation of illicit small arms, violation of human rights, particularly those of women and children, and the trafficking of drugs and contraband goods.

D. Major activities undertaken by AUC and ECA on regional integration

43. As part of their efforts to accelerate the continent's integration agenda, AUC and ECA undertook major activities in the year under review.

(a) AUC

44. AUC, in collaboration with the Government of Rwanda and ECA, organized the Second Conference of African Ministers in Charge of Integration in Kigali, Rwanda, 26-27 July 2007. The ministerial meeting was preceded by an expert group meeting held 23-25 July 2007. The main objective of the conference was to review two studies carried out by AUC: *a Review of the Abuja Treaty* and *Adoption of the Minimum Integration Programme for each REC*.

45. The Ministers also exchanged views on pertinent issues surrounding Africa's integration agenda, including:

- Can Africa overcome the challenges of its economic and political integration? Can the European example serve as a model?
- Building of common markets in Africa: results obtained, challenges faced and the way forward; and
- Mobility of factors of production among States: driving force or handicap to the regional integration process?

46. After exhaustive and fruitful discussions, the Ministers issued a Declaration, which contained, among others, the following recommendations:

- ❖ The Ministers urged AUC and RECs, in the spirit of the Banjul Summit Decision to continue to harmonize and coordinate REC policies and programmes as important strategies for integration;
- ❖ The Ministers requested AUC to coordinate the activities of RECs and ensure that decisions taken at the continental level on integration are effectively implemented;
- ❖ The Ministers called on member States and RECs to focus on the development of infrastructure on the continent to accelerate and deepen regional and continental integration in collaboration with AfDB and NEPAD; and support the development of appropriate financing mechanisms such as the Pan-African Infrastructure Development Fund;
- ❖ The Ministers also invited member States and RECs to strengthen regional and continental integration through concrete measures including: addressing the challenges of supply-side constraints, diversification of production, free movement of persons, rights of residency and establishment, free movement of goods, services, and financial capita, human security and mechanisms put in place to deal with criminal activities;
- ❖ The Ministers further requested AUC to accelerate establishment of the African Financial Institutions as provided for in the Constitutive Act of the AU;
- ❖ The Ministers emphasized the need for the member States, ECA and AfDB to strengthen the capacity of regional and continental bodies in charge of integration;
- ❖ The Ministers called on AUC, with the support of ECA and AfDB, to expedite the process of establishing the pan-African stock exchange to enhance the mobilization of financial resources on the continent; and
- ❖ The Ministers reiterated that the on-going EPA negotiations should continue under AUC coordination taking into consideration the regional and continental integration agenda.

(b) ECA

47. The ECA, in collaboration with the AUC, organized the Fifth Session of the Committee on Trade, Regional Cooperation and Integration (CTRCI) at the headquarters of the Economic Commission for Africa (ECA) in Addis Ababa, Ethiopia from 8 to 10 October 2007. The CTRCI was established by resolution 827 (XXXII) of the ECA Conference of Ministers.

48. The main focus of the meeting was to consider matters pertaining to ECA's activities in advancing AU's continental agenda on economic cooperation as well as the promotion of trade within and outside Africa. In this regard, the meeting examined the following issues:

- Progress made on regional integration in Africa;
- Intra-African trade;
- Transport infrastructure and services in Africa;
- Status of the WTO negotiations and EPAs;
- Progress made on the NEPAD initiative; and
- Major activities undertaken by ECA during the current biennium and work priorities for the next biennium, 2008-2009.

49. After a fruitful, frank and exhaustive deliberations, the Committee made the following recommendations:

- a) ECA, in collaboration with the African Union Commission and the African Development Bank, should develop a framework for the harmonization and coordination of policies and programmes of RECs as important strategies for rationalization of the RECs;
- b) ECA and AU should harmonize their meetings on trade and regional integration and support member States to mainstream regional integration into national programmes, and provide technical support to RECs in their transformation to FTAs/Customs Union/Common Market/Monetary Unions;
- c) Future meetings of the Committee should make provision for member States to make presentations on their experiences, challenges and best practices under the agenda items;
- d) Future Committee meetings should also be highly focused, and should tailor the agenda to in-depth discussions on one or two themes or issues;
- e) ECA should continue to work closely with AUC, AfDB and RECs to advance the continental integration agenda. In this regard, there is need to be realistic about goals and expectations and to focus on actions that countries are prepared to undertake;
- f) ECA should work with the RECs and other inter-governmental organizations to strengthen the facilitation of trade in the subregions. In this regard, ECA, in collaboration with AUC and AfDB should develop a framework for: the harmonization of rules of origin; the efficient management of corridors; the automation and harmonization of custom documents; effective monitoring of non-tariff barriers; the harmonization of transport policies; and development of in-land waterways in the subregions;
- g) ECA should develop a framework for deeper cooperation among the RECs with the view of harmonizing the trade protocols of the RECs and promoting intra-African trade and diversification of production. In this regard, ECA should undertake studies on the economic cost and benefits of the inter-REC FTAs;

- h) Taking into cognizance the major concerns raised by the participants on the 31 December 2007 deadline for the signing of the EPAs, the imperative of an extension of the deadline by at least one year was underlined with the view of finalizing all outstanding issues in the EPA negotiations;
- i) ECA should continue with its technical collaboration with AUC, RECs and member States on the international trade negotiations. In this regard, ECA should provide technical support to AUC in its mandate to coordinate the WTO and EPA negotiations, with the view of ensuring a common African voice as well as ensuring that the outcome of the negotiations supports the development agenda of Africa; and
- j) ECA should continue to provide technical support to member States in their WTO accession process.

F. ECA's planned activities on regional integration

50. The regional integration agenda of ECA continues to be aligned with the broad vision and objectives of AU. In this regard, most of its activities are undertaken with the strong collaboration of AUC and AfDB. This agenda, over the next few years will include: promotion of regional cooperation and integration in line with the vision of the Constitutive Act and the Abuja Treaty of the African Union; the promotion of intra-African trade; providing institutional support to RECs; and promotion of infrastructure and natural resources development (transport, energy, water and mining), within the framework of the NEPAD initiatives that are aimed at deepening integration of the continent.

51. To achieve these objectives and goals, ECA should pursue a number of programmes including the following:

(a) Assessing regional integration in Africa

52. Assessment of Regional Integration in Africa (ARIA) is a major ECA project being carried out in collaboration with AUC that is devoted to an in-depth analysis of challenges along with solutions to improve the implementation of the objectives of Africa's regional integration. The first ARIA project that was completed in May 2004 focused on a comprehensive assessment of the status of regional integration in Africa. The publication outcome was widely disseminated and RECs and other stakeholders have been using it extensively as a rich source of analysis and recommendations for promoting and making adjustments to their respective integration programmes. Subsequent ARIA projects have tried to address critical thematic challenges. To this end, ARIA-II examined and made recommendations on the issue of rationalization of multiple integration groupings in Africa and their attendant overlapping memberships. It served as one of the important inputs to the subsequent AU consultations with RECs and member States, eventually leading to an AU political decision to not recognize any RECs other than the eight currently recognized as the main AU pillars. ARIA-III, scheduled to be published by early 2008, will focus on the theme of macroeconomic policy convergence and monetary and financial integration as the bedrock for effective integration.

53. During 2008-2009, ECA, in collaboration with AUC and AfDB, plans to implement the ARIA-IV project, focusing on the important issue of intra-African trade, which continues to remain a key challenge in Africa's integration process because over several decades, intra-African trade has consistently remained infinitesimal compared to the continent's trade with the outside world. Only 10 per cent of African trade is with other African nations, while 40 per cent of North American trade is with other North American countries and 63 per cent of trade by countries in Western Europe is with other Western European nations. Low intra-African trade implies that many opportunities are lost for using trade within the continent to enhance the prospects for specialization between African countries and accelerated development and integration. The ARIA-IV project will therefore tackle the issue of intra-African trade in all its ramifications, ranging from addressing supply-side and trade-related infrastructural impediments, and boosting trade facilitation across African major corridors.

54. The overall objective of the ARIA-IV project is to undertake a comprehensive empirical analysis of the reasons why intra-African trade has remained consistently infinitesimal over the last two decades and come up with concrete proposals to be implemented by member States, RECs, private sector operators and other stakeholders in Africa's development, to address the many different facets of the intra-African trade conundrum.

(b) Observatory on regional integration in Africa

55. The success of any integration process depends, to a significant degree, on the political commitment by member States to implement its treaties and protocols. The lack of implementation by governments would tend to show that there is lack of political will. For instance, if REC member States are required to ratify and implement a protocol on trade liberalization or free movement of people, the citizens of that REC and other stakeholders may be dissatisfied with the member State which does not ratify and implement the protocol. The member States may thus lose credibility in the eyes of peers and stakeholders. Commitment to the integration process beyond rhetoric will lack transparency and scrutiny without adequate structures of communication. Transparent information and knowledge about member States' commitments to the integration process will, therefore, offer an avenue for stakeholders to get a sense of the performance of member States, serve as an agency of restraint, and motivate member States to deliver on their commitments.

56. Stakeholders also need to be empowered to participate in monitoring Africa's integration process in order to enhance the accountability of those regional institutions mandated to spearhead the process within their respective subregions. A platform to provide holistic information and knowledge about Africa's integration agenda and processes would provide a means by which they can probe and scrutinize what transpire within these institutions and thus facilitate the popularization and democratization of the integration process. Stakeholders including the civil society, the private sector and other societal groups are often not equipped with relevant information required for sound appreciation of the integration agenda, processes, progress and challenges within their countries and regions. But, it is through the active involvement of all these groups in the regional integration processes that regional integration would be felt and supported at the national level.

57. Furthermore, the overlapping nature of REC mandates and objectives, in the same subregions, has often manifested itself in duplication of programmes and activities. To promote the much-needed harmonization of REC programmes and activities in order to avoid or minimize wasteful duplication of efforts and resources, a platform to harness, coordinate and share information, and promote uniformity and comparability of statistical data across Africa's integration spectrum would be paramount. At the moment, RECs have their own individual structures of communication on their activities with hardly any bridges linking them.

58. An observatory on regional integration is intended to help fulfil the needs outlined above and thus strengthen the process of harmonization of programs among RECs, enhance the participation of civil society and all stakeholders in Africa's integration process, and promote accountability of member States and their regional institutions, in particular RECs and their accomplishment of integration objectives and commitments.

59. The main objective for establishing an Observatory/Portal is to provide regular information, facts and figures, on Africa's regional integration agendas across RECs and member States, encompassing information that includes:

- ❖ Key protocols and treaties on regional integration;
- ❖ Ratification of Treaties and protocols;
- ❖ Detailed information matrices on RECs; and
- ❖ Sectoral information (trade, infrastructure, etc.).

60. The Observatory would also facilitate the dissemination of activities and publications of ECA and partners in the field of regional integration. In addition it would promote cost-effectiveness and cooperation among RECs, African countries and institutions in the dissemination and sharing of information on regional integration, and the quest for solution to common problems and challenges.

(c) Technical assistance on capacity building and cooperation

61. To strengthen the role of RECs as subregional development policy institutions, ECA should continue to support the RECs in their human-capacity development activities, especially on information and statistics, trade facilitation and ICT policy development. ECA will also provide technical assistance to member States, in building their capacities to implement AU integration programmes and its NEPAD programme as well as assisting RECs to integrate their programmes towards establishing the African Economic Community (AEC).

(d) Infrastructure and Natural Resources Initiatives

62. In the view of strengthening the physical integration of the continent, the ECA, in collaboration with AUC and other partners, would carry out activities aligned with the broad objectives of NEPAD's infrastructure initiatives. This would be carried out by ECA, which will provide strategic technical support to member States and RECs in the areas of transport, energy, water resources, and natural resources. Among the activities to be carried out are:

- Publication of the *African Water Development Report*;
- Strengthening of human and institutional capacities for implementing water-related initiatives, including the African Water Information Clearing House (AWICH) and the Pan-African Implementation and Partnership Conference on Water (PANAFCON);
- Organization of a Conference on Investment in Infrastructure and Natural Resources;
- Assessment of the implementation of the Yamoussoukro Decision on the Liberalization of Air Transport in Africa;
- Establishment of a mechanism for scaling-up rural energy access in Africa;
- Review of African codes of conduct, guidelines and standards for natural resources; and
- Establishment of a Peer-Learning Group on natural resources management.

G. Way Forward

63. This note presents an update on the AUC and ECA regional integration agenda, which is strategically aligned to the broad vision and objectives of AU. In partnership with AfDB, RECs, and other key stakeholders, AUC and ECA are determined to pursue a number of joint programmes and activities to strengthen and advance the continent's integration agenda.

Issues for consideration:

- Support for the publication of the ARIA reports. AUC and ECA need to continue their analysis and assessment of progress in regional integration on the continent and publish their findings through the ARIA flagship report, drawing on subregional experiences, to allowing policymakers to make strategic evidence-based decisions on regional integration;
- Support to AUC and ECA to carry out programmes and activities ensuing from the debate on the framework for Union Government for Africa;
- Support for establishment of an observatory on regional integration so as to provide regular information, facts and figures on Africa's regional integration agendas across RECs and member States;
- Support for mainstreaming of regional integration in national policies. AUC and ECA need to support continental efforts to sensitize government officials, parliamentarians, the private sector and civil society on the contribution of regional integration to advancement of the continent's development agenda. In this regard, AUC and ECA should assist member States to build credible indicators for monitoring and evaluating their regional integration programmes and activities;

- Support for AUC and ECA in their assistance to RECs as they transform into FTAs, Customs Union or Common Markets, with the view to accelerating establishment of the AEC as enshrined in the Abuja Treaty;
- Support AUC and ECA's programmes and activities on infrastructure and natural resources. In this regard, support ECA to hold a Conference on Investment in Infrastructure and Natural Resource as well as encourage AUC, ECA and AfDB to develop alternative sources of financing Africa's massive infrastructure needs, given that the traditional sources of financing are insufficient.