Information Note:

Making African regional integration a reality

On the edge of Porto Novo, Benin, runs an unpaved, unnamed road. It is little travelled during the daytime, but at night large transport lorries weave around the potholes to bring in petrol and other commodities from just across the border in Nigeria. No customs officers check the goods, and they are not counted in Benin's official trade statistics. Yet their sale satisfies consumer needs and provides livelihoods to thousands of small-scale traders in market-places across the country.

Like Benin, each of Africa's 53 countries has its own flag, constitution, capital city and customs service, and each is separated by lines on the map. For many ordinary Africans, however, the things that divide them are less important than what unites them: an understanding that they are all Africans and that they have common interests in promoting the closest possible political, economic and human ties across national boundaries.

The idea of better integrating African countries and regions has long been promoted by political leaders in speeches, official conferences and formal treaties, although with only limited results on the ground. In recent years, the concept has acquired greater urgency, dramatized by the formal launching of the African Union this July. At a time of heightened international competition, argues Mr. K.Y. Amoako, executive secretary of the UN Economic Commission for Africa (ECA), African regional integration must accelerate so that the continent can respond "ever more effectively to a globalizing world."

The advantages are numerous. Wider regional markets can open up more opportunities for African producers and consumers, beyond the sometimes small markets within their own borders. Algerian President Abdelaziz Bouteflika has pointed to two particular "virtues" of regional economic integration. It can reduce the costs of developing essential infrastructure, including transport, communications, energy, water systems and scientific and technological research, which often lie beyond the means of individual countries. At the same time, integration facilitates large-scale investment by "reinforcing the attractiveness of our economies and reducing the risks."

The momentum for integration has come not only from the top. At many levels of society, people are actively seeking to forge more ties with each other. For some, such links already exist. For many others, they still lie in the future.

In 2000, a network of African civil society groups organized a caravan that departed from Cape Town, South Africa, and wound its way through dozens of countries across the continent. Its express aim was to promote African unity "from below," according to Mr. David Gakunzi, an activist from Burundi who helped organize the caravan.

More recently, in May, as part of an Africa-wide arts exhibition in Dakar, Senegal, one of the artists, Mansour Ciss, set up a foreign exchange bureau. It traded not only actual money, such as the CFA franc and euro, but also a new "virtual currency" that he designed, the "afro." A single African currency may seem a "crazy" idea at the moment, Mr. Ciss believes, but will one day become a reality.

On more solid ground

African regional integration was a dream of many of the continent's leaders, and gave impetus to the creation of the Organization of African Unity (OAU) in 1963. Over the years, many other institutions were also established in Africa's different regions. But for the most part they did little to increase trade or other interactions among African countries. Many countries continued to deal most extensively with their former colonial powers.

The record of regional integration in Africa so far has been a sobering one, and many regional groupings are marked by uncoordinated initiatives, political conflicts and low levels of intra-regional trade. Analysts point out, however, that a number of the external and domestic factors that impeded African integration in the past have improved somewhat in recent years, giving grounds for cautious optimism.

Africans have also learned from the failures of past initiatives. As a result, many proponents of integration now pursue a less grandiose and more practical approach. Africa must unite not simply to enhance the continent's weight in global affairs, they say, but also to meet the very real needs of its people. "I want to see intra-African integration," says Mr. Amoako, "not because we will garner some utopian share of world commerce, but first and foremost because it will improve our lives here. It will free up the time of African businesspeople to do business here. It will lower costs. It will make the African consumer's plight so much more hopeful. We must build for ourselves. If we do that, others will come."

Recent efforts also reflect a more holistic perspective. Integration cannot be achieved by relying strictly on political initiatives or focusing narrowly on economic dynamics, as had been the case with previous undertakings. "We can never hope to separate political and economic imperatives," notes Mr. Adebayo Olukoshi, executive director of the Dakar-headquartered Council for the Development of Social Science Research in Africa (CODESRIA).

According to Mr. Tajudeen Abdul-Raheem, chairman of the Uganda-based Pan-African Movement, a civil society group, Africa's political and economic integration are "inextricably interlinked," involving democratization of African regional organizations, freer movement of goods and people among countries, and collective action to address such cross-border issues as AIDS, child labour and trafficking in women. And with so many African countries at war, says former OAU Secretary-General Salim Ahmed Salim, peace must also be a central element of any integration strategy.

In grappling with the challenges facing regional integration efforts in Africa, advocates of greater unity have identified a number of other requirements for success:

- involving civil associations, business groups, professionals and other sectors of society more actively in all integration endeavours
- achieving an appropriate balance between public and private economic initiatives
- reconciling the sometimes conflicting interests of countries with diverse sizes, natural resources and economic performance
- pursuing a pace of integration that is simultaneously ambitious and realistic
- rationalizing Africa's many different regional institutions, to reduce overlap and inefficiency.

A 'giant step' needed

At a week-long African Development Forum (ADF) organized by the ECA in Addis Ababa, Ethiopia, in March, many participants from civil society and business organizations expressed great frustration over their virtual exclusion from existing regional institutions (see *Africa Recovery,* April 2002). A major cause of the shortcomings of past integration efforts, they argued, lay in the failure of African leaders to consult their citizens when designing integration strategies and programmes. "The problem is a lack of faith in our peoples," said Professor Maria Nzomo of the University of Nairobi.

Not only have they not been consulted, but many Africans encounter constant problems in travelling or dealing with people in neighbouring countries. Small-scale manufacturers have difficulty getting the necessary import or export licenses. Traders are routinely shaken down at customs posts. Ordinary travellers often have to pay small bribes to get past police checkpoints.

African businessmen frequently need to wait 6-8 weeks to get visas to visit other African countries, while citizens of the UK or France can travel to many African countries and obtain a visa on arrival. The domestic private sector has rarely been mentioned in African regional integration plans, noted Mr. Taingam Bekoutou, director-general of Chad's Chamber of Commerce and Industry, nor has it been consulted about the taxes imposed on African businesses.

Gradually, things are changing. Immediately following the ADF, representatives of African civil society organizations gathered in Addis Ababa to discuss how they can have greater input into regional initiatives, in particular the New Partnership for Africa's Development, the continental strategy adopted last year by African leaders. In April, a similar consultation was held at the headquarters of the African Development Bank (ADB) in Abidjan, Côte d'Ivoire, and in June representatives of African civil society groups returned to Addis Ababa for further discussions with OAU officials and African leaders such as Nigerian President Olusegun Obasanjo.

Specifically to promote greater private sector involvement in regional integration, the ADB is supporting an initiative known as the African Business Roundtable. The group is organizing an investment forum in South Africa later this year, with support from both the South African Chamber of Commerce and Industry and the Economic Community of West African States (ECOWAS). With assistance from the UN Development Programme, the Roundtable has started an "e-commerce" project to help African businesses gain easier access to Internet communications. And last October it launched a major venture to strengthen marine trans-shipment facilities along the West African coast, with $100 mn in investments expected from an African-owned company, Ecomarine, based in Togo and Nigeria, and a US company. "This is what I call real integration," says Alhaji Bamanga Tukur, chairman of Ecomarine and executive director of the African Business Roundtable. "It will facilitate the movement of people, goods and services, and promote inter-state trading."

Much more needs to be done, however. Prof. Adebayo Adedeji, a former ECA executive secretary and a chief architect of many earlier integration efforts, urged the participants at the ADF to take the "giant step" of handing ownership of regional integration over to the people of Africa. Without the people's support, he said, not much can be accomplished.

Both state and market

Africa's earlier frameworks for regional integration, such as the 1980 Lagos Plan of Action, tended to emphasize a preponderant state role. But many African governments lacked the financial resources and political credibility to effectively implement policies even within their own borders. Some were crippled by civil war or came into conflict with one or more of their immediate neighbours, disrupting progress toward cooperation.

The economic crises that swept much of Africa in the late 1970s and early 1980s further derailed integration efforts. It also enabled donor countries and international financial institutions such as the International Monetary Fund (IMF) and World Bank to push through a major shift in economic policies. The structural adjustment programmes that African countries adopted under this pressure brought the privatization of hundreds of state enterprises, sweeping liberalization of domestic and international trade, and a severe contraction of Africa's public sectors.

Despite the dismantling of tariffs and other trade barriers, commerce between African countries did not increase significantly. Most African countries continued to export primary commodities to the developed countries, and imported finished products from outside the continent. Without a strong capacity by African countries to produce more manufactured goods that they could then sell to their neighbours, "no amount of trade liberalization measures can lead to significant increases in the volume of regional trade," OAU Assistant Secretary-General Lawrence O.C. Agubuzu told the ADF in March.

In fact, because these liberalization policies opened African markets to cheap manufactured goods from Northern industries, local manufacturers simply could not compete. Hundreds went out of business, further eroding industrial production and leaving African economies even more dependent on the export of cocoa, cotton, copper and other raw materials.

Market forces, by themselves, also tend to worsen existing inequalities among countries. President Bouteflika of Algeria has pointed out that trade liberalization "cannot serve as a basis for a process of genuine integration. Inequalities in production will tend to create unsupportable trade imbalances...."

Given such market shortcomings, many advocates of regional integration now emphasize that government must not be further cut back, but should play an active part. "The minimalist approach to the role of the state is not right," South African Transport Minister Dullah Omar said at the Addis Ababa forum. What African countries need, he said, are capable, democratic states which can build genuine partnerships with the private sector. Their combined efforts can better develop roads, market facilities and other essential regional infrastructure.

"To focus simply on liberalization is not going to work," Ethiopian Prime Minister Meles Zenawi said. He cited the example of the East Asian countries, where government partnership was vital for helping local businesses develop to the point where they could compete globally. "No matter what the IMF and World Bank say, we're going to do that."

Balancing different interests

As in other parts of the world, a major stumbling block to successful regional integration has been the great diversity in African countries' sizes, natural resources, levels of development and connections to global markets. Tiny Benin does not have the same economic interests as its giant oil-rich neighbour, Nigeria. South Africa and Malawi do not experience the costs and benefits of regional trade arrangements in the same way. According to Malawi's Deputy Minister of Transport and Public Works Jan Sonke, freer regional trade led to an influx of cheap South African furniture into Malawi, causing the failure of many local furniture makers.

For regional integration to succeed in the face of such problems, notes Mr. Amoako, there is a strong need for "balanced, equitable development," so that all countries feel they are ultimately gaining something.

Prof. Ali el-Agraa, a Sudanese expert on regional integration who now teaches at Fukuoka University in Tokyo, notes that "whatever you do is going to be imbalanced," since countries have different capacities and starting points. One goal of regional organizations, therefore, should be to help counteract those inequities. He cites the example of the European Union, which has numerous "structural funds" and other mechanisms to benefit those countries that have less industry or higher unemployment. Finding ways to overcome such inequities must be consciously negotiated by governments, he said. "This objective can't be realized through market forces."

When they join larger regional groupings, "what can small states expect in exchange?" asks Gen. Luis Silvain Goma, secretary-general of the seven-country Communauté Economique et Monétaire d'Afrique Centrale (CEMAC). Arguing that larger African states have an "obligation for solidarity," he cites as a model the Southern African Development Community's common fund on customs tariffs, in which revenues from regional tariffs are distributed to the advantage of SADC's smaller, poorer members. The Southern African Customs Union and ECOWAS in West Africa have similar compensation mechanisms.

Some African countries have a particular concern that lowering or eliminating tariffs on trade with their regional partners will deprive them of an important source of government revenue. In January 2000, for example, tariffs on intra-regional trade in goods produced within the eight-member Union Economique et Monétaire Ouest-Africaine (UEMOA) were reduced to zero. With limited sources of revenue in general, the loss of this tariff income could have compromised some governments' fiscal position. UEMOA, however, has a mechanism to compensate for such revenue losses, weighted in favour of the more impoverished, landlocked countries in the group.

Within the Common Market for Eastern and Southern Africa (COMESA), nine countries established a Free Trade Area (FTA) in August 2000. The FTA also has a mechanism to compensate for tariff losses. Some analysts of the FTA argue that such compensation need only be temporary, since expanded trade will inevitably boost revenue from these countries' value-added taxes, in the long run surpassing the old tariff revenues.

Ambitious, but doable

Throughout the ECA forum in March, participants emphasized the importance of moving toward integration at a more determined, systematic pace. For some, this primarily meant going more quickly. "A globalizing world calls for a faster pace" by Africa, said Mr. Delphin Rwegasira, executive director of the African Economic Research Consortium. He insisted that Africa abandon its "inward-looking" approach of the past, and instead adopt a course of "open regionalism" to realize the benefits of global integration.

Others urged caution. Citing Africa's limited capacities and the contradictory influences of global economic trends, Prof. Fantu Cheru of American University in Washington, DC, advised a "common sense" strategy. "We can't just jump into ambitious economic integration," he said. "We have a lot of bridges to build to get to the other side of the river."

Mr. Amoako sought to reconcile both concerns. Up to now, he said, Africa has pursued regional integration in an "ad hoc, evolutionary manner" that has at times been "maddeningly slow. But now we are moving to a much faster timetable." At the same time, he added, African governments must pay close attention to the sequence and consequences of their actions. "The decisions on pace should be ambitious, but the pace should be doable."

Moreover, some experts argue, not all countries or regional groupings must — or can — move at the same speed. Because of its common currency and elimination of tariffs within the UEMOA, its economies are already more closely integrated than the economies of other ECOWAS countries. This, in turn, is helping encourage the rest of the ECOWAS members to step up their own integration efforts.

Untangling the confusion

How quickly — and how well — Africa moves toward integration will depend to a great extent on reforming its existing regional institutions. This includes not only opening them up to greater participation by civil society groups and local business interests, but also streamlining the continent's confusing multiplicity of organizations. In addition to continent-wide institutions such as the African Union, there are more than a dozen general "regional economic communities" (RECs). There also are well over 100 other multinational or bilateral groups devoted to fostering cooperation around specific activities, such as telecommunications, aviation, maritime transport, banking, river management, agriculture and so on.

Created at different times for different purposes, the structures, mandates and memberships of Africa's

RECs are frequently overlapping — and sometimes contradictory. "These pieces of the puzzle, in fact, do not fit together very well," says Mr. Amoako.

All but a couple of African governments belong to two or more RECs, as well as to many of the issue-specific groups. With so many other spending priorities at home, they often are unable to keep up with their multiple dues and assessments. In 1993, COMESA and CEMAC were able to collect almost all their assessments, but by 1998 the proportion had fallen to around half. And even when countries are able to pay, Mr. Adedeji observes, "the resources made available to regional organizations are resources denied to the people of those countries."

Overall, says Mr. Amoako, "Africa's current system is too complex, too duplicative, and requires too much political energy and money for what is being produced."

Therefore, a key challenge facing African leaders over the coming years will be to find ways to rationalize the continent's "plethora of integration institutions."

The goal, Mr. Amoako adds, should not just be to reduce unnecessary costs. Above all it should be to "create truly robust institutions strong enough to produce solid gains for all members." The integration of Africa may be a complex process, but the stakes are high, and will ultimately determine "our political and economic future."

For further information, contact

UN Africa Recovery
Tel: (1-212) 963-6833 or (1-212) 963-6857
Fax: (1-212) 963-4556
Email: africa_recovery@un.org
Website: www.africarecovery.org