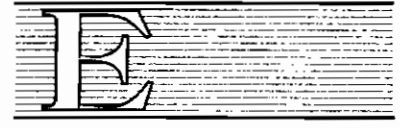


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ECONOMIC COMMISSION FOR AFRICA

Second Preparatory Meeting of Experts of the
Ministerial Follow-up Committee of the
Conference of Ministers responsible for
Economic and Social Development
and Planning

Abuja, Nigeria
1 - 3 May

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**REGIONAL INTEGRATION IN AFRICA:
AN ISSUES PAPER**

I. INTRODUCTION

1. Regional cooperation and integration has been among the central concerns of Africa's development essentially as an instrument of faster collective growth and prosperity. Utilizing the integration process, African countries hope to create an economic and market space large enough to make it possible to establish viable production capacities in industry and in the primary sector, especially through exploiting complementary resources. It can also make it possible to collectively build transport, communication and energy infrastructure, which would otherwise be too costly for individual countries to undertake.

2. The first generation of integration arrangements focused primarily on promotion of trade, principally through liberalization schemes. However, currently the Africa region is confronted by an enormous challenge to develop faster, induced by the implacable advance of globalization, liberalization of international trade, and more significantly by the need for an urgent restoration of peace and stability, for eradication of poverty and for enhancing and sustaining human welfare. In view of this, it has become imperative to revamp Africa's integration process and speed up its tempo through bold and urgent steps.

3. The urgency for faster action and results with respect to Africa's integration agenda becomes even more pressing when one considers the fact that even more developed countries have sought to integrate their economies. The European Union (EU) has achieved its internal market integration and moved to a monetary union. With the World Trade Organization (WTO) liberal rules governing the world trading system, global competition has been heightened. The possibility of coping with this competition and reaping enormous gains is already leading to the creation of even larger regional trading and economic groupings such as the Asia-Pacific Economic Cooperation Forum (APEC). The African continent, which needs integration the most, cannot afford to lag behind in this area. It therefore needs to position itself strongly and quickly within the increasingly liberalizing global economy through integration. It will be the only way through which the region can become an effective and powerful player in the global economy.

4. The Abuja Treaty that came into force in May 1994 was designed as a pathway towards this inescapable goal. It is a striking realisation that practical results to date have fallen far short of the political rhetoric and experiences on integration in Africa because even before the Abuja Treaty, African countries had been engaged in a number of integration arrangements dating back to the independence era in the 1960s. The success of integration schemes within the various subregions has been quite limited and many of them are still struggling to keep apace in fulfilling their intended objectives. Indeed, the pace of the implementation of the Abuja Treaty, which was designed to provide a fresh and structured impetus to the integration process in Africa, has itself been generally acknowledged to be sluggish and erratic. The general stark recognition that things are not moving as well and briskly as they ought to have led to the emergence of new initiatives aimed at accelerating progress. The most significant of these initiatives--because it has been driven at the highest political level--is the Sirte Declaration that resulted from the Extra-Ordinary Summit of African Heads of State and Government organized by the Government of the Libyan Arab Jamahiriya in September 1999 in Sirte, Libya. The thrust of this Declaration is indeed to emphasize the expediency of the Abuja Treaty by establishing an African Union and all related institutions (the African Central Bank, the African Monetary Union, the African Court of Justice and the Pan-African Parliament) within the shortest possible time. One may also mention the fast-track approach towards economic integration

of the West African sub-region, the objectives of which include the creation of a single monetary zone by 2004 along with making the subregion borderless. As an African Leader recently remarked in the context of the recent ECOWAS initiative, unless something was done, "our economies will remain weak, fragmented, uncompetitive and marginalized".

5. Obviously, to speed up Africa's integration agenda would inevitably require addressing and resolving the key constraints that have so far impeded progress. It is in this perspective that this paper has been prepared. Its purpose is to present a general overview of the key issues affecting the process and to raise some related questions to kindle open and candid discussions, with a view to arriving at some workable conclusions on a way forward. The meeting is therefore called upon to reflect on those issues and to provide views and suggestions that can help us to advance. These issues permeate the entire range of activities in the integration process; the institutions driving it; the operators at all levels, including governments, the private sector and civil society; the policy environment; the socio-political settings; level of development; overlap of membership; technological dimensions; capacities; and the political will and commitment.

6. As research and information is a vital tool for informing decisions on any development undertaking, the paper has also intimated on a proposal currently at the planning stage in ECA. It is an exercise aimed at conducting a comprehensive empirical assessment of integration in Africa, the results of which are intended to catalyse or influence policy adjustments and speedy actions on the implementation of the various integration programmes in Africa including the Abuja Treaty/Sirte Declaration. The broad details of the proposal are explained in the last section of this paper. Its importance underscores the reason why ECA is putting particular emphasis on enhancing and informing on integration in Africa in its future programme.

7. In conclusion, the discussions, views and ideas from the participants should help to guide:

- ◆ The Regional Economic Committees (RECs)/integration groupings to face up to the challenges of their respective integration agenda in the future;
- ◆ the preparations towards concretising the decisions of the Sirte Declaration; and
- ◆ the ECA secretariat in its plans to conduct an empirical assessment of integration in Africa.

II. ISSUES

8. The following core issues affecting the integration process in Africa are meant to focus and provide a basis for open discussions, leading to practical conclusions and recommendations.

1. Institutions for economic integration

9. The issue of institutional design is critical in economic integration because it affects directly the implementation of regional economic integration agreements and is a delicate process involving the setting up of realistic targets, negotiations and resolution of disputes. The institutional design is vital because it raises points about where powers and responsibilities should lie and how they should be exercised. In the African context, the debate about the institutional framework for integration has been between those who see economic integration as a system in which power is gradually transferred from national governments to an independent community executive and those on the other hand who regard it as simply a framework within which

governments can work together while retaining their national sovereignty. This dichotomy is not strange and can be found in even relatively successful Unions such as the European Union.

10. Reluctance on the part of most African countries to share their sovereign status has culminated into a policy of “intergovernmentalism”, which entails the establishment and proliferation of weak institutions with little authority and incapable to enforce agreed upon decisions. In addition, such institutions suffer from shortages of resources as well as duplication and overlapping membership and mandates.

11. Harmonization and rationalization of integration groupings in Africa is also one of the key issues of Africa’s integration process. At present, all the African subregions (with the exception of North Africa) have more than one organisation in charge of economic integration. This is compounded by the fact that some countries belong to two or more groupings and this puts enormous strains on their ability and resources to cope with the demands of all of them. The overlap of these groupings is perceived to be a problem undermining the cohesiveness and unity of purpose and action. The reality of the African integration process is the continued creation of smaller groupings within larger blocs because experience has shown that merging one REC with another or closing down one in favor of another requires making difficult political decisions. This is akin to what some experts have described as the “variable geometry” concept, designed to encourage member States to move on the integration journey at faster but distinct speeds because of the different levels of their development. Thus, the pace of the integration process may not be dictated by the “slow integrators” or by members that, for one reason or another, are inhibited to move in tandem with the rest in the implementation of commonly agreed programmes.

Issues for Discussion

- ◆ How do we ensure that the various groupings within the same sub-region work towards enhancing cohesiveness, foster free circulation of all people, goods and services and minimize fragmentation of the sub-regional market and economic space?
- ◆ Is there a need to reconfigure the building blocs and if so on what basis? economic? political boundaries? contiguity? according to some optimum configuration of countries? etc.
- ◆ Should Africa’s integration groupings be given requisite supra-national authority that empowers them to enforce decisions commonly agreed upon and impose appropriate sanctions against non-compliance or should they remain loose frameworks for steering their respective integration processes depending on the “best endeavor” efforts of their member States to make progress? How can such authority be conferred if accepted?

2. The nexus of trade liberalization, related costs and benefits and production.

Trade liberalization

12. A major aim of integration in Africa is to expand intra-African trade by breaking down tariffs and non-tariff barriers and enhancing mutually advantageous commercial relations through trade liberalization schemes. In this context, many subregional integration groupings have developed and are implementing such programmes. Their details, sequencing, modalities and pace vary from sub-

region to subregion, but they usually have a number of common features, such as measures leading to the establishment of Free Trade Areas and Customs Unions within specified time frames.

13. Several studies on the implementation of the trade liberalization programmes within the African integration groupings have identified the following key constraining factors: countries have not yet established industries or strengthened their industrial capacity base to take advantage of the liberalized market; the actual volume of intra-regional trade is normally only a small proportion of the region's total foreign trade (existing trade patterns are skewed in favor of developed countries); trade liberalization poses a lot of difficulties for a number of countries because of its impact on revenue earned through tariffs and customs duties; trade liberalization is hampered by weak infrastructure such as transport and communications ; each integration organization wants to develop its own trade liberalization scheme, which gives rise to problems of harmonization and coordination; and the costs and benefits to member States are not always evident.

Costs and Benefits

14. A central issue relating to trade liberalization is that of the costs and benefits to member States. A clear awareness of any member of an integration grouping of the costs and benefits affecting its membership is essential for accelerating the implementation of agreed commitments to trade liberalization in particular, and to the integration process in general. For instance, least industrialized countries in the regional grouping may feel that in buying from a more industrialized partner, instead of importing from outside manufacturers, it will lose revenue equal to the differential duty. Prior awareness of the relative gains and losses of the members is therefore essential to facilitate total commitment to the scheme.

The production dimension

15. There has also been a tendency, in formulating trade liberalization programmes, to assume that industry and investments would spontaneously respond to these programmes. What we have seen is that the mere extension of the consumer market, through the dismantling of tariffs and other barriers to trade, is not sufficient to create industries and improve gains from the enlarged market, while productivity and production conditions remain static.

16. Lack of coordination in industrial policies of African countries has resulted in the production by small industrial plants of similar goods for narrow markets. Excessive protection measures, generally predicated on the "infant industry" argument, have been argued to serve as a disincentive to quality improvements and expansion into emerging markets. Besides, the small size of such units contributes to high unit production costs and productivity and compounds their lack of competitiveness. It is also observed that because of the very limited efforts to develop complementarities across borders, inter-country and inter-industry linkages among producers in different countries (e.g. in intermediate goods and inputs) have not been able to evolve.

17. These problems contribute to rigidities in production and its consequent inability to respond to demand from neighbouring countries. In order to respond to any eventual upsurge in demand, producers would, for instance, require additional skilled manpower and financial resources, raw material inputs, and a possible reorganization of the production line etc. As this is

unlikely to happen within a short time, demand may end up being met by producers with more flexible production structures situated outside the region.

18. The issue of competitiveness is also an essential component of production. The competitiveness of African products could be enhanced, *inter-alia*, by: modernization of their capital stock; utilization of information technology; and a keen desire to explore regional and international marketing possibilities. Competitiveness can also be enhanced through the elimination of the various cumbersome and time-consuming administrative procedures.

Issues for discussion

19. All these problems have led some analysts on integration in Africa to raise a number of issues such as the following:

- ◆ Trade liberalization in the form of tariff reduction poses a lot of difficulties for a number of countries because of its impact on revenue. This can also be linked to the general question of uneven distribution of benefits and costs accruing from integration because of inequality in the size and capabilities of member States. How can such difficulties be addressed? How can we best facilitate up-front studies to identify asymmetries on the accrual of gains and losses of trade liberalization schemes and other programmes to member States?
- ◆ Is establishing or agreeing on a “compensation mechanism” the right approach? What other redistribution mechanisms are needed to ensure that benefits and costs are shared more evenly and acceptably? Or, how can integration groupings best deal with the issue of asymmetries within blocs
- ◆ Is Africa’s integration process putting much greater emphasis on the creation of free trade areas and customs unions when production capacity is so rudimentary? Shouldn’t integration in Africa proceed with a more cautious approach to trade liberalization? Shouldn’t the supply-side constraints be rigorously addressed first and foremost? In this regard, how can we build integrated production capacities and competitiveness to satisfy enlarged market space and compete globally?

3. Infrastructure/physical integration

20. Reliable infrastructure is also a determining factor in the nexus of effective trade liberalization, strong production capacity, and effective private sector involvement. In this area, there is a relative abundance of infrastructural programmes and projects on transport and communications networks across the African region, particularly within the framework of the UNTACDA initiative. A limiting factor is the paucity of financial resources. This is the more so when one takes into account the various competing demands of health, education and other socio-economic sectors on the countries’ limited resources, against a backdrop of the pernicious debt problem and the overall resource crunch. As a result, many countries, due to their own internal problems, tend to put much more emphasis on national projects than on regional projects, thereby missing possibilities of economies of scale. Often, national investment programmes are devoid of the regional dimension. Hence, the political will and commitment to regional integration infrastructure projects does not appear to be forthcoming.

21. Where the financing of regional programmes hinges on external support, experience has been that, in most cases, the priorities of donors do not necessarily correspond with those addressed by those programmes. For example, donors are keener on financing maintenance and rehabilitation than on construction of missing links of regional transport networks. Another issue has to do with the economic viability of regional projects, which is sometimes not easily demonstrable in some cases because of lack of requisite data and other constraints relating to undertaking comprehensive feasibility studies.

22. The private sector, both local and foreign, could play a major role in the development of infrastructure in Africa. The absence of a conducive environment for attracting capital flows in all the areas where the private sector can make a developmental contribution is quite detrimental to its involvement. It is one that permeates the entire spectrum of Africa's integration process (trade liberalization, production, etc, institutional involvement etc). The related issues include: ownership rights; removal of non-physical barriers to facilitate market access; access to capital markets; repatriation of funds; corruption; simplification of and improvements in border formalities; transparency in doing business, such as granting of business permits; investment; and establishing enforceable conducive legal frameworks to bolster private sector participation in the integration process.

Issues for Discussion

- ◆ How can we accelerate the financing of integrated infrastructure development in Africa (e.g. missing links in trans-continental networks)? or how can infrastructure development programmes and projects that have remained on the shelves of RECs and integration groupings for long periods of time be realised? Is there a need for creating specialised institutions for financing such projects (e.g. a funding mechanism and an investment guarantee mechanism)?
- ◆ The role of the private sector is recognised to be crucial, but will of course depend on the extent of favourable regulation on private sector entry in the infrastructure field (roads, telecommunications, energy supply, water supply, etc.). Ready sources of investment funds would still be crucial even for the private sector. How can the private sector play an effective role in infra-structural development?
- ◆ From the facilitation perspective, it is important to emphasise that to ensure an effective participation of the private sector, certain prerequisite conditions are necessary including effective land and property rights. What should governments do to ensure and enhance these rights? Indeed, the holistic question of how we can facilitate greater involvement of the private sector in production and marketing both domestically and internationally needs to be discussed.
- ◆ What feasible options can be considered in the design and financing of integrated infrastructure in Africa?
- ◆ Should governments be made to allocate a certain percentage of their GDP to finance integrated infra-structural programmes and projects? Or how can governments balance

competing demands on their limited resources with the necessity to provide adequate support to integrated infrastructure programmes?

- ◆ How can we ensure increased support of donors in the financing of physical infrastructure including missing links in trans-continental networks and upgrading of production facilities?

4. Policy harmonization/convergence

23. Harmonization of macroeconomic policies is central to achieving deeper forms of economic integration (e.g. customs unions, common markets, and economic union). Lack of common policies among members of integration schemes results in a loose form or limited approach to economic integration while common policy making and harmonization leads to deeper integration. What is in fact needed is the policy convergence at both the national and regional levels. Whereas decisions taken at the EU level, for example, do find their way into the national decision making processes, those taken by our sub-regional and regional integration groupings are hardly reflected in national policies and plans.

24. Attempts are being made by some regional groupings to ensure macroeconomic policy convergence in the areas of trade, monetary, fiscal and investment policies. Measures in this regard include securing agreement of all members on a set of convergence parameters (on socio-economic and other variables) and putting in place a system of monitoring and control called "Surveillance Mechanism" to enforce compliance with the agreed convergence criteria. UEMOA, for instance, appears to be making relative advances in this area and has involved institutions such as central banks closely in its policy convergence programme.

25. This notwithstanding, there is a general lack of progress on policy convergence within integration groupings in Africa. Part of the reasons has to do with the fact that the scope and intensity of the macroeconomic instability and the accompanying reform programmes in the countries involved in the groupings present a major challenge towards achieving policy harmonisation and convergence. If the implementation of reform programmes at the national level does not pay due attention to the regional dimensions and implications in the integration context, then policy harmonisation and convergence will be difficult to achieve.

26. The lack of supra-national authority of RECS can also undermine policy convergence. As a result, these institutions are not able to enforce compliance to uniformly agreed parameters for macro-economic policy stability and inter-linkages. RECs and other African integration groupings can only depend on "best endeavour" efforts of their members to make policy compatibility possible.

27. Policy harmonization and convergence is by no means limited only to macroeconomic policies (budget deficits, exchange rates, interest rates, inflation etc). Harmonization and coordination of sectoral policies and programmes, especially in priority areas such as transport and communications, energy, agriculture and industry is equally essential.

Issues for Discussion

- ◆ What is the best possible approach to ensuring rapid movement towards policy convergence among members of the integration groupings? Does there exist a core for macro policy convergence in the current vintage of reform programmes being implemented by African countries?
- ◆ How can RECs be empowered to enforce agreed convergence criteria among their members? Should sanctions be employed against non-compliance? If so, under what circumstances?
- ◆ Are integration groupings effectively and formally involved in national economic reform programmes (such as structural adjustment and successor programmes) to ensure consistency with regional policy objectives? Should their involvement be institutionalised and insisted upon in all economic reform negotiations, for instance between the country and the Bretton Woods Institutions?
- ◆ Should continental organizations like ECA, the African Development Bank (ADB) and the OAU-AEC be mandated to play such a role on behalf of RECs?

5. Factor mobility

28 Many hindrances to the mobility of production factors exist in Africa. The labour market is protected and reserved primarily for nationals, although other complementary qualified and productive manpower may be available across the border. The presence of massive foreign workers leads often to tension with nationals, especially in periods of significant unemployment; this, in turn, may create tensions with countries of origin of the migratory labour. The restrictions affecting the access to attractive labour markets (e.g. South Africa) are cause for illegal immigration that further exacerbates frictions between States.

29. As regards movements of capital, very few African countries have liberalized their related policies. The export of capital, including wages and profit, is still subjected to restrictions. The restricted access for foreigners to some factors such as land or to some sectors (insurance, banking, telecommunications and energy) is another limitation to the free movement of capital among African countries. The emergence of subregional capital markets may for instance help circumvent such restrictions on capital flows, although these markets are yet to prove their capacity to significantly attract such flows.

30. It is also important to mention that although there are generous investment codes, particularly aimed at attracting foreign investment, the response in terms of increased foreign direct investment (FDI) flows has not been encouraging. This is because to reach an efficient scale of output, a modern manufacturing plant may have to produce a larger output than is required by the generally low level of home demand in a single underdeveloped country. Pooling markets through the removal of internal trade barriers and other restrictions to factor mobility would, no doubt, provide a sufficiently wide export market to make economies of scale realizable and can induce the flow of direct foreign investment. Increasing FDI flows would, therefore, not only require favorable investment codes, but also establishing sufficiently wide markets within the

integrated space and removing inhibitions on factor mobility so as to motivate FDIs interested in modern manufacturing industries on a large enough scale.

Issues for discussion

- ◆ How can we create an enabling environment for private sector capital flows within the region and from outside into Africa?
- ◆ How can we widen the space and scope for labor, skills, capital, technology etc. to circulate freely within the region?

6. WTO/globalization exigencies

31. The liberalization of world trade is taking place in tandem with an increasing wave of regionalism and both offer opportunities for trade expansion and economic growth among the member countries. The multilateral system created under the Uruguay Round and managed by the WTO requires a harmonious coexistence between the different regional markets. To this end, the WTO agreements and its ancillaries require all regional groupings, including those in Africa, to abide by certain conditions in order to ensure that they are compatible with these principles, in particular as stipulated in article XXIV of GATT. These conditions are meant to ensure that those arrangements make an important contribution to the global trading system rather than serve as protective walls. Therefore, although members of the regional grouping can offer one another more favourable preferential arrangement in their trade transactions without extending them to other members of the WTO, in order to protect the trading interest of the non-member countries, the WTO system has laid down the following conditions for creating such groupings:

- ◆ The regional arrangements should facilitate and promote trade among the members by removing tariffs and other barriers to trade and that the liberalization process should affect substantially all trade among the members;
- ◆ The arrangements should not result in the imposition of new barriers and difficulties to trade with the other contracting members of the WTO;
- ◆ The time frame for the removal of such tariffs and barriers to trade should not normally exceed ten years.

32. A related requirement has to do with the notification of the regional free trade or customs union arrangements to WTO for assessment and recognition as an exception to the WTO binding obligations on trade in goods.

33. The other important WTO-related issue concerns the inadequate capacities of African countries and their integration groupings to participate effectively in WTO negotiations in order to safeguard their individual and collective interests.

Issues for Discussion

- ◆ How can we strengthen the capacity of the RECs' secretariats to master and deal effectively with WTO issues so that they can assist their member States in WTO negotiations and implementation of related agreements?
- ◆ A related important question is how can we take positive steps to empower RECs to represent their member States as a bloc in WTO fora as is done by EU for its members?

7. Implementation of regional commons

34. Regional commons include issues like the environment, drought, floods, use of common river and Lake Basins, civil conflicts and epidemics. In order to address such issues, which transcend national borders, a number of inter-governmental institutions and organisations—such as the CILSS (Comité Permanent Inter-Etats de Lutte contre la Sécheresse dans le Sahel), the OCCGE (Organisation Commune de lutte Contre les Grandes Endémies), Niger Basin Authority, Lake Chad Authority and Zambezi River Authority—have been established in Africa. However, such institutions are not existent in all the sub-regions. Besides, the existing ones are not effective due to the following reasons:

- ◆ Limited resources of member countries to support their activities
- ◆ Resources are mainly donor driven
- ◆ Priority is given to national concerns rather than sub-regional ones
- ◆ Lack and/or weaknesses of mechanisms.

Issues for Discussion

- ◆ The central question then is how can national, sub-regional and regional policy, capacities and mechanisms be built and reinforced to respond and address these regional commons?

8. Financing of Africa's regional integration

35. Financing is indeed a crosscutting issue permeating the entire range of the integration process in Africa. Some of the relevant aspects have already been discussed in the preceding sections. However, it is worthwhile to highlight this problem as an issue deserving special attention.

36. The major sources of funding of integration institutions and programmes in Africa consist of assessed contributions by member states; self-financing mechanisms; some limited income generating activities by RECs; grants from regional and sub-regional financial institutions; and to some extent, cross-border investment among member countries and foreign direct investment. All these sources of funds have their own peculiar problems.

37. The assessed contributions system has proven ineffective due to the inadequacy of contributions from member States. The African integration groupings today have basically

dependent on insufficient financial subscriptions from the over-stretched budgets of their constituencies. Arrears of contributions are consequently considerable as some members of RECs fail to meet their commitments.

38. Predominantly tax-based self-financing mechanisms are proposed as a supplementary source of funding. Some income-generating activities are also being explored by some RECs like the Common Market for Eastern and Southern Africa (COMESA). However, the impact of these self-financing experiments has not been strong enough to make a decisive breakthrough in the financing of huge investment programmes in infrastructure and industrial development.

39. Grants from donors, development partners and other regional and subregional financial institutions are normally part of "seed funds" and are thus limited in nature. A related issue is the fact that presently most development assistance by donors is provided in or focuses on national development frameworks. Yet, given the challenges that Africa faces and the limitations of the small nation states, there is a clear need to mainstream regionalism in development programmes.

40. Loans for regional programmes are also hard to come by for a number of reasons including inadequate capacities to formulate bankable regional projects, and the fact that the procedures or criteria for granting such loans, especially involving multiple countries have been rather opaque and difficult to deal with by African countries in the context of their integration aspirations.

Issues for discussion

- ◆ There is a relative abundance of integration programmes and projects in Africa that cannot be realised because funding has been a major handicap. What can realistically be done to realise them in light of the problems highlighted above?
- ◆ Shouldn't all such programmes and projects be reviewed and pruned down in line with the financial capacity and commitments of member States to implement them, while relying on external resources only as a last but not principal resort?
- ◆ How can support by donors for regional programmes and projects be enhanced and accelerated?
- ◆ How can loans for regional programmes be guaranteed?

9. Information/data to bolster Africa's Integration process

41. Any form of regional integration requires the formulation, implementation and monitoring of policies, strategies, programmes and projects. At every stage of this process decisions are made and implemented through consequent actions. A prime prerequisite for effective and judicious decision making is access to information and capacity in the correct analysis and interpretation of the information or data. Socio-economic data utilised in decision-making are frequently outdated, inadequate, irregular, of limited range or of suspect quality since internal

resources for information gathering are inadequate. Official statistics on issues of relevance to regional co-operation such as trade, physical infrastructure and natural resources often don't reflect reality. For example it is widely accepted that intra-regional trade is of the order of less than 10% based on official information but anecdotal evidence on most borders indicates otherwise. This is due to the generally difficult problem of measuring the informal sector in African economies.

42. In the natural resources area such as the water sector, most data collection infrastructure installed during the colonial era have become obsolete. This seriously affects development-planning efforts in general and especially regional co-operation activities where the success of such efforts depends on clear commitments that can only be based on accurate information. Ideally the region as a whole should constitute the geographical unit for data collection, analysis and information generation since economies of scale in the utilisation of scarce resources and complementarity in the existing capacities can be reaped. In Africa, considering the variety of institutional set-ups, there is a need for harmonised information systems, agreed upon regionally and in consonance with international standards. These are required for decision making as well as common methodologies for analysing the information. The establishment of authoritative data banks to support regional integration efforts is urgently needed.

43 There are welcome initiatives notably the use of Web information to support integration activities. The challenge is one of how to develop the content of such information to make it relevant to the needs of stakeholders to bolster the implementation of the integration process.

Issues for Discussion

- ◆ How can regional organisations best support country level efforts to accelerate sub-regional and regional networks of information and data?
- ◆ How can resources be best mobilised for integrated shared regional data systems?

III ECA'S INITIATIVE TO CONDUCT A REGULAR ASSESSMENT OF INTEGRATION IN AFRICA

44. Extensive research and many meetings and conferences on the subject of regional integration have taken place in the past. However, no attempt has been made to produce regular and informed assessment of the process and where Africa stands in fulfilling its commitments in this regard. ECA therefore intends in its future work programme to undertake such comprehensive assessment.

45. The audience of the results of this assessment will primarily comprise African Heads of State and Government. The secondary audience will include African ministers in all sectors, public/parastatal sectors/institutions, the African private community, the African civil society and the public at large. The objectives of this planned effort are to:

- ◆ provide a systematic; authoritative, analytical and reliable assessment of the status of Africa's integration process;

- ◆ assist in clarifying the apparent murky and ambiguous situation of Africa's integration process in which too many actors and players try to intervene in an often uncoordinated and duplicative manner;
- ◆ promote a concerted approach, reflecting a unity of purpose, in terms of dealing with the issue in Africa;
- ◆ provide a framework and a common reference for all parties involved in Africa's integration process (i.e. member States, Regional Economic Communities, ECA, OAU-AEC, ADB, donors, development partners etc.) to monitor and engage in a more meaningful and structured dialogue on deepening it; and
- ◆ assist member States, the RECs, OAU, ECA and other relevant entities to clearly and properly situate themselves with regard to their respective engagements and responsibilities in the process.

46. Ultimately, the assessment will help with articulation of appropriate regional policies that lead to strengthened integration. Given the diverse objectives, targets, instruments, institutional settings and time frames for achieving Africa's integration, an authoritative assessment would have to address a wide array of issues and encompass the various sub-regional economic groupings. In this context, the assessment will have to be both quantitative and qualitative in scope, covering all relevant areas including:

- ◆ trade liberalization;
- ◆ intra-African trade;
- ◆ establishment of free trade areas, customs unions, common markets;
- ◆ free movement of people;
- ◆ cross-border investments;
- ◆ infrastructure development and networking and integration of production structures;
- ◆ sectoral development and co-operation (agriculture, energy, water, etc.)
- ◆ harmonisation and convergence of macro-economic policies;
- ◆ monetary/financial issues and co-operation
- ◆ community/civil society and private sector involvement in the integration process;
- ◆ institutional performance (in respect of the RECs, OAU-AEC, ECA, ADB etc.)
- ◆ performance of member States; and
- ◆ the role of donors and other development partners. etc.

47. It is envisaged to undertake the analysis/assessment at regional, sub-regional (RECs) and national levels. In this regard, the performance of member States and their integration institutions will be principally and consistently assessed and measured against the regional and sub-regional objectives/targets they themselves have agreed to pursue. The role of support institutions like the OAU, ECA and ADB will also be analysed accordingly, highlighting areas of synergy and duplication. The evaluation will also explain reasons behind differences between intended objectives and actual outcomes. These may include external factors/influences, institutional factors, appropriateness of objectives, and validity of theoretical underpinnings and principles.

48. Sets of indicators are currently being developed in a number of areas to serve as benchmarks of measurement of progress. The indicators will generally cover all major integration objectives being pursued in areas including trade and industry; finance and capital markets; infrastructure (utilities, transport, etc); human capital (education, educational standards, etc.); food security; and regional commons (environment, air pollution, water pollution, governance. Based on the appraisal, specific sharply defined and articulated lessons will be drawn for African policy makers to focus on their intervention in the field of integration.