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**ECONOMIC COMMISSION FOR AFRICA**

**Sixth Session of the Committee on Trade,  
Regional Cooperation and Integration**

**13-15 October 2009**  
**Addis Ababa, Ethiopia**

**DRAFT REPORT**

## **I. Introduction**

1. The Sixth Session of the Committee on Trade, Regional Cooperation and Integration was held from 13 to 15 October 2009 at the headquarters of the Economic Commission for Africa (ECA) in Addis Ababa, Ethiopia.
2. The main focus of the meeting was to consider matters pertaining to ECA's activities in advancing the African Union's continental agenda on economic cooperation as well as the promotion of trade within and outside Africa. In that regard, the meeting examined the progress made on regional integration in Africa and reviewed developments in intra-African trade. The meeting also examined the latest developments in the international trade arena, particularly within the context of the WTO negotiations and Africa's economic partnership arrangements with Europe. The sixth Session of the Committee examined the issue of mainstreaming regional integration at the national level and made recommendations for enhancing implementation of Africa's regional integration agenda accordingly. Finally the Committee reviewed the major activities undertaken during the current biennium and work priorities for 2010-2011.

## **II. Attendance**

3. The meeting was attended by the following member States: Algeria, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Chad, Congo (Republic of), Democratic Republic of Congo, Cote d'Ivoire, Djibouti, Egypt, Ethiopia, Gabon, Gambia, Ghana, Guinea, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mauritius, Morocco, Mozambique, Namibia, Nigeria, Rwanda, Senegal, South Africa, Sudan, Swaziland, Tanzania, Tunisia, Uganda, and Zimbabwe.

4. Observer were present from: Cuba, Denmark, Germany, Russian Federation and the United States of America.

5. The following regional and international organizations and other institutions participated in the meeting: the African Union Commission (AUC), Community of Sahel-Saharan States (CEN-SAD), Community of the Great Lakes countries (CEPGL), the African Development Bank (AfDB), United Nations Education, Scientific and Cultural Organization (UNESCO), Food and Agricultural Organization of the United Nations (FAO), World Trade Organization (WTO), Walvis Bay Corridor Group (WBCG), the United States Mission to the African Union, Centre of Studies on Regional

Integration and SADC Law at Eduardo Mondlane University, United Nations liaison Office to the AU, World Bank and European Union delegation to the African Union

### **III. Opening of the Meeting (agenda item 1)**

6. On behalf of Mr. Abdoulie Janneh, United Nations Under-Secretary-General and Executive Secretary of ECA, Mrs. Lalla Ben-Barka, Deputy Executive Secretary of ECA opened the meeting. His Excellency Dr. Maxwell Mkwezalamba, AU Commissioner for Economic Affairs, also made an opening statement. His Excellency Mr. Ahmed Shide, Ethiopia's State Minister for External Economic Cooperation delivered the keynote address.

7. In the statement read on his behalf, Mr. Abdoulie Janneh, welcomed participants to the meeting and paid particular tribute to the Government and people of Ethiopia, under the able leadership of His Excellency Prime Minister Meles Zenawi, for their immense efforts in establishing the economic, social, cultural and pan-African environment that had made it possible for Ethiopia to remain an important epicenter of dialogue between and among Africa's leaders, policy makers and experts on burning development issues of interest to the continent. He also thanked Dr. Maxwell Mkwezalamba for ECA's continued collaboration with his Department in particular, and from the African Union Commission in general, on its work in support of Africa's development and regional integration..

8. Mr. Janneh's reflections on Africa's continental integration showed that a common market combining Africa's 53 individual countries could only lead to economies of scale that made them competitive. Africa could be proud of those success stories in its regional integration agenda evidenced in programmes to liberalize trade and achieve customs unions. Advances were being made on the infrastructure front, particularly in the context of the NEPAD infrastructure action plans, and one sector showing a flurry of activities and upscaled efforts was infrastructure, more particularly road transport development at the national level, which augured well for facilitating inter-State networks.

9. Notwithstanding those laudable achievements, the challenges remained enormous for Africa in terms of achieving free movement of goods, services, capital and people across the region. He was

concerned by the persistence of serious restrictions to the free movement of people and by the poor implementation of regional agreements at the national level because the success of any regional integration vision required strong policy commitment to the implementation of commonly agreed policies and programmes.

10. In his opening statement, Dr. Maxwell Mkwezalamba, thanked Mr. Abdoulie Janneh for inviting the AU and acknowledged the presence of His Excellency Mr. Ahmed Shide, State Minister for External Economic Cooperation of the Federal Democratic Republic of Ethiopia. He stated that the African Union Commission had made notable progress in such areas as the elaboration of its Minimum Integration Programme (MIP); the adoption of an African Charter on Statistics; the establishment of the three pan-African financial institutions, proposed in Article 19 of the Constitutive Act of the African Union; the preparation of the Programme on Infrastructure Development in Africa; and the elaboration of Common African Positions in several areas, including trade and finance.

11. Serious challenges remained, however, regarding the availability of adequate financial resources to implement the MIP. Cognizant of that, COMAI IV had requested the AUC, in collaboration with the AfDB, to explore the possibility of establishing a Continental Fund for implementing the MIP. Additionally, AUC was to design a study on the modalities for financing the Continental Fund and undertake a series of consultations with the RECs to develop a strategy for funding the MIP.

12. In his keynote address, H.E Mr. Ahmed Shide, State Minister for External Economic Cooperation of the Federal Democratic Republic of Ethiopia, stated that important developments such as the launching of the COMESA Union, the COMESA-EAC-SADC tripartite process to establish a single FTA, the Horn of Africa initiative and the IGAD minimum integration plan, had contributed towards meeting the targets of regional integration and the eventual establishment of the African Economic Community. Nonetheless, challenges such as weak infrastructure development, proliferation of RECs, and capacity deficits in human and financial resources still remained.

13. Of particular note were the contentious issues raised with the EU during previous negotiations for a full and comprehensive EPA in different configurations to be made possible. In the case of ESA, those concerns included provisions on trade in goods, trade in services, trade related issues as well as development support in line with a development matrix compiled by the region. In his view, even the

Doha talks which had been expected to be a “development round”, had fallen below expectations. In conclusion, he emphasized the imperative of regional integration in Africa and urged countries to address the low level of implementation of REC resolutions and decisions, which had impeded the integration process as a whole.

#### **IV. Account of Proceedings**

##### **Election of Officers (agenda item 2)**

14. The meeting elected the following countries to constitute its Bureau:

Chairman:	Ethiopia
First Vice-Chairman:	South Africa
Second Vice-Chairman:	Ghana
Third Vice-Chairman:	Gabon
Rapporteur:	Egypt

#### **V. Adoption of the agenda and programme of work (agenda item 3)**

15. The meeting adopted the proposed agenda and programme of work(see annex)

## **VI. Session II: State of Play on the Continental Integration Agenda (agenda item 4)**

16. A representative of ECA presented a progress report on Africa's regional integration initiatives since the last meeting and sought the support of the Committee for ECA and AU to undertake planned programmes and activities on regional integration. Given the strategic importance of regional integration in the socio-economic development of the continent, both organizations considered it pertinent for the Committee to be fully informed on major activities on regional integration.

17. He began with a brief report on the outcome of the 13<sup>th</sup> Session of the Assembly of Heads of State and Government held in Sirte, Great Socialist People's Libyan Arab Jamahiriya from 1 to 3 July 2009 and informed the meeting that the Summit had approved the framework for the transformation of the African Union Commission into an Authority and also considered the integration of the NEPAD Secretariat into the AU Commission.

18. Additionally, the new AU Commission's Strategic Plan for 2009-2012 had been endorsed at that Session of the AU Assembly in Libya. The plan consisted of four parts: the Strategic Direction; the Strategic Pillars; Implementation Strategy, Monitoring and Evaluation; the Estimated Budget and Implementation Matrix. Part 1 setting out the Strategic Direction defined the Vision of the African Union, the Mission and core values of the AUC and stakeholder expectations, assessment of the external and internal environment and Strength, Weakness, Opportunities and Threats (SWOT) analysis. Part 2 focused on the Strategic Pillars drawn from the Commission's mandate, Mission, stakeholder expectations, assessment of the external and internal environment and SWOT analysis. The Commission had identified four broad intervention areas or strategic pillars accounting for the strategic issues around which the core business of the Commission would be organized( and resources applied for the realization of expected results) namely:

- Peace and Security;
- Integration, Development and Cooperation;
- Shared Values; and,
- Institution and Capacity Building.

19. Despite progress made on the integration agenda, a number of challenges remained including:

(i) multiple membership of countries in various RECs, and the resulting overlap and duplication of functions of the RECs (ii) the lack of a compensation mechanism for the losers in integration schemes; (iii) weak infrastructure; (iv) numerous roadblocks on African highways, delays at border posts, long and inappropriate customs clearance and corrupt activities engaged in by some officials; and (v) weak macroeconomic environment.

20. Finally, he called on the Committee to support the work programme of ECA which provided sound technical support to member States, RECs and the AU Commission in their efforts to advance the continental integration agenda.

21. The meeting took note of the presentation and commended the representative of the ECA for his presentation. The meeting expressed concern that the multiple membership of RECs by most member States was slowing down the continental integration process and called on the ECA and AUC to undertake a study to analyse the benefits and costs of member States belonging to more than one REC. It was the view of the meeting that such analysis was needed to assist member States to make clear choices.

22. The meeting also observed that, recent developments on the continent clearly indicated that the pace continental integration was very encouraging. It noted the positive and significant achievements made by the RECs, including the tri-partite decision of COMESA, EAC and SADC to form a free trade area (FTA). The meeting also expressed satisfaction with the launching of the COMESA customs union in June this year as well as the determination of EAC to establish a common market and called for the showcasing of the achievements of the RECs so as to demonstrate Africa's significant progress in its integration agenda.

23. In response to the issue, the representatives of ECA and the AU provided concrete examples on the negative impacts of overlapping membership of countries. The ECA representative reminded the participants that the issue of rationalization had been well documented by the ECA previously and formed the main focus of ECA's second flagship report on Assessing Regional Integration in Africa (ARIA II). The ECA study had also been instrumental in AU's decision to recognize only eight RECs as building blocks for continental integration in Africa. He noted that the ARIA II report had examined the various challenges for member countries belonging to more than one REC. For instance, any

country would be severely challenged to join more than one customs union arrangement. Other challenges included the additional pressure of paying multiple membership dues, the resources required to attend numerous meetings and the need to sign and ratify different protocols. ECA stood ready to assist any country or REC which wanted to undertake a further study on the issue.

24. The AUC representative informed the meeting that in July 2006, the Assembly of the AU, meeting in Banjul, the Gambia, had mandated the AU Commission to undertake a study on the quantification of rationalization and that study would be completed in December 2009. The AUC would carry out a validation workshop involving the member States to discuss the study when finalized. Hopefully, the findings of the study would assist member States in rationalizing their membership of RECs.

## **VII. Minimum Integration Programme (Agenda Item 5)**

25. A representative of the African Union Commission (AUC) presented the “Minimum Integration Programme (MIP)”, which was adopted during the Fourth Conference of African Ministers in Charge of Integration, held in Yaounde, Cameroon in May 2009 and endorsed by the AU Assembly in Sirte, Libya, in July 2009. He highlighted the concept of MIP, its objectives, scope and content, explaining that it was a convergence of activities and programmes to be carried out by takeholders to accelerate the continental integration agenda.

26. The AU representative identified prioritized sectors to be undertaken by the RECs during the first phase of MIP (2009-2012). These sectors are: free movement of persons, goods and services and capital; peace and security; energy and infrastructure; agriculture; trade; industry; investment and statistics. He also highlighted other activities being carried out by the RECs which include: political affairs; science and technology; and social affairs.

27. He stated that the AUC would organize sectoral meetings, in close cooperation with member States and RECs that focus on targeting priority-projects or activities; establish a clear time table for their implementation; and identify the main sources of funding. Furthermore, the meeting was informed that the AUC was working in close collaboration with the AfDB to explore the possibility of establishing a continental fund for the implementation of the MIP.



28. It was of paramount importance, concluded the representative of the AUC, that a consensus on the MIP was reached on the activities to be executed so as to accelerate the implementation of the regional and continental integration agenda.

29. The meeting took note of the presentation and commended the representative of the AU Commission for the presentation. Noting that the MIP was an important framework for advancing the continental integration agenda, the meeting called for the prioritization of the activities listed under the programme. It called for the MIP to reflect the priorities of the RECs and member States and wondered where the financing of MIP activities would come from given current resource limitations. The meeting called on the AUC to undertake extensive consultations in selection of the priority projects.

30. Responding to the concerns raised by the meeting, the AUC representative noted that the MIP formed a subset of the overall AU/NEPAD strategic plan and was an evolving process based on detailed studies and consultations with member States and RECs. He explained to the meeting the various steps and scenarios considered in the preparation of the MIP, noting that the MIP was also guided by the Abuja Treaty.

### **VIII. Session III: Developments in Intra-African Trade (agenda item 6a)**

31. A representative of ECA secretariat presented document E/ECA/CTRCI/6/3 on developments in intra-African trade, which addressed the following topics: Importance of intra-African trade; Africa's export and import patterns; and Potential of intra-African trade.

32. He stated that intra-African trade was an area where the potential for growth had yet to be fully exploited despite regional integration efforts. RECs and member States, being desirous of promoting intra-regional trade, had made it an engine of Africa's development. From 2000 to 2007, the statistics showed that intra-African trade had remained low, averaging about nine percent, and that a few regional countries, due to their relatively higher levels of industrialization and competitiveness, dominated intra-regional trade. The statistics also showed Africa's trade to be primarily outward-oriented with the European Union and the United States of America constituting major export

destinations as well as sources of imports. China in particular and Asia in general were also important export markets for Africa. However, the fact remained that intra-REC exports in general registered an average growth rate of 15 percent, while growth in intra-Africa exports was 25 percent. Thus, growth in intra-African trade had outpaced that of Africa's trade with the rest of the world by about 10 percent, which augured well for the future of intra-African trade. With respect to intra-African trade, Africa has a potential to supply its import needs from its own sources in some product categories, particularly fuels, beverages and tobacco, and ores, metals and precious stones. However, the continent appeared deficient regarding self-sufficiency in basic foods.

33. In the ensuing discussions, the Committee noted that countries had similar production structures geared to exports of primary commodities, including minerals, timber, coffee, cocoa, and other raw materials for which demand was basically externally oriented. Reliance on primary commodities also stemmed from lack of a strong industrial capacity for diversified manufactures, impacting the capacity to induce greater intra-African trade. Countries could increase demand for their products within their regional markets if they diversified their output structure. The Committee also noted that diversification should be seen within a long-term development perspective, that would include efforts to enhance capital formation through increased incomes and savings, and greater foreign direct investment (FDI) flows to buttress investments in diversification and supply-side response. The Committee further noted that shifts in consumption patterns in favour of goods originating from the African continent could provide incentives for local increased supply responses from local producers and thus boost intra-African trade. There was also some discussion on informal sector trade and the role it could play to enhance intra-African trade if adequately supported by Governments.

#### **IX. Session IV: Development in the Transport Sector (agenda item 6b)**

34. Under this agenda item, a representative of ECA secretariat made a presentation on "the Transport situation in Africa". He pointed out the importance of transport infrastructure and services for the achievement of economic growth, poverty reduction, free movement of goods and person and regional integration. Despite significant progress made, Africa's transport sector still faced a number of serious challenges and all transport modes (road, rail, air, maritime and inland water) were characterized by: very low network density; poor infrastructure; lack of maintenance and/or outdated equipment; poor interconnectivity due to missing links; lack of human and institutional capacity in the

area of management of transport operations; and lack of security and safety for transported goods and passengers. Those conditions, had obviously contributed to the high cost of transport on the continent.

35. The representative also noted progress being made to improve transport infrastructure and services. Notable were the decisions and resolutions by the AU Assembly of Heads of State to accelerate the development of the transport infrastructure. It was noted that a number of African countries had established road funds and road agencies with the aim of providing predictable and sustainable funding for road maintenance. The meeting was informed that African countries had adopted road transport development plans in view of integrating transport strategies with their poverty reduction goals.

36. The ECA representative also presented the major challenges facing the transport sector in Africa which can be summarized as follows: lack or inappropriate pursuit of transport policies, inadequate infrastructure network, inadequate financing, lack of human and institutional capacities, inadequate transport facilitation measures resulting in high transport costs, particularly for land-locked countries, inadequate safety and security, need for modernization of fleet used in all transport modes, inadequate consideration of environmental issues and anti-pollution measures, under-exploitation of possibilities offered by ICTs, lack of reliable transport databases and the need to mainstream HIV/AIDS control and gender issues in transport policies and programmes.

37. He concluded his presentation by proposing that stakeholders might wish to adopt the following recommendations:

- Demonstrate genuine political will and sustained efforts in the transport sector;
- Pursue an integrated approach to transport development policy taking into account all transport modes;
- Pursue reforms initiated in the transport sector and put in place regulatory frameworks to allow for greater private sector participation in the management and financing of infrastructure projects and promote public-private partnerships (PPPs);
- Ensure greater security and safety in all transport modes;

- Reinforce human and institutional capacities and rehabilitate training institutions;
- Establish and maintain databases to facilitate the assessment of progress made in the development of the transport sector;
- Increase transport facilitation measures;
- Promote the increased utilization of ICTs in the transport sector;
- Promote the construction of the missing links of the transport infrastructure and harmonize norms and standards at the sub-regional and regional levels.

38. The meeting commended the representative of the ECA for his presentation and took note of the report.

#### **X. Financing Infrastructure in Africa (agenda item 7)**

39. A representative of the ADB made a presentation on the financing of infrastructure on the continent. She noted that the Bank Group was convinced that infrastructure remained vital for the development of the continent. Since its inception in 1964, ADB had been involved in infrastructure financing in Africa, covering all economic sectors, ranging from agriculture (dams, irrigation facilities, farm roads etc) to education and health (schools, hospitals etc.) and transport (road, rail, water and air transport facilities)

40. Over the past decade, and especially since the adoption of the AU's NEPAD Programme and the AU's subsequent tasking of the ADB Group with infrastructure development under the NEPAD Programme, the Bank had stepped up its infrastructure-financing operations not as an end in themselves but as means for enhancing regional integration, trade, movement of persons, goods, services and capital as well as for developing agriculture through the construction of farm roads, dams and irrigation facilities and for promoting communication by putting in place ICT infrastructure, transport systems and energy supply facilities.

41. In addition to its run-of-the-mill infrastructure development operations, the ADB Group had financed the creation of infrastructure under NEPAD's Short-term Action Programme (STAP) from 2004 to 2008 with over US\$ 1 billion per annum. Currently, the ADB, AUC, ECA and RECs were preparing the Programme for Infrastructure Development in Africa (PIDA) - a merger of the different

infrastructure development programmes on the continent (AUC Master Plan Studies and Continental Policies initiatives with EU funding and the NEPAD Medium to Long Term Strategic Framework – MLTSF - financed by the Bank Group). She informed the meeting that PIDA should be ready for implementation by the end of 2010 and would be implemented over 20 years by the three Pan-African institutions and their partners, with considerable resources that had yet to be mobilized.

42. Traditionally, the Bank financed infrastructure development from its concessional (ADF) and non-concessional (ADB) windows but in the past 10 years, the Bank had scaled up its private sector operations geared towards the financing of continental infrastructure. In addition to those purely private sector operations, the Bank was also nurturing public-private partnerships with a view to strengthening infrastructure development.

43. She also informed the meeting of special funds and facilities such as the NEPAD Infrastructure Project Preparation Facility (NEPAD-IPPF), African Water Facility, Middle -Income Country Facility (MICF), that have been established to buttress the financing of infrastructure development. Advocacy and resource-mobilization instruments such as the Infrastructure Consortium for Africa (ICA) and risk-mitigating facilities like the Fragile States Facility (FSF) had also been put in place by the Bank to step up the pace of infrastructure creation.

44. All those instruments and facilities at the Bank had been channelling in excess of US\$ 2 billion per annum towards infrastructure development on the continent, particularly over the past decade. The Bank was using those resources to leverage additional financing needed for infrastructure financing through partnerships and various co-financing activities with different bilateral and multilateral development partners. In that connection, the Bank hosted and managed various trust funds also at the service of development financing, particularly infrastructure development.

45. The meeting took due note and thanked the representative of ADB for her presentation. Stressing the importance of infrastructure for the advancement of the socio-economic development of the continent the meeting noted that PIDA must be aligned to the existing infrastructure master-plans of member States and RECs. It also called for the improvement in the infrastructure of transport corridors so as to enhance the facilitation of trade and called for increased efforts in the mobilization of resources in support for infrastructure development on the continent.

**XI. Session V: Mainstreaming Regional Integration at the National Level (agenda 9)**

46. In the presentation entitled “*Mainstreaming Regional Integration at the National Level*”, the representative of ECA gave an account of the various aspects of mainstreaming regional integration at the national level including establishing the right institutional frameworks, ratification of protocols, and commitment to implementation of regional agreements at the national level. In his view, mainstreaming regional integration at the national level was more about implementation than about putting recommendations and resolutions on paper. While a few countries had established Ministries in charge of regional integration in accordance with the decision of the African Union, quite a number had focal ministries for regional integration spread across their Ministries of Foreign Affairs, Trade and Finance for budgetary and other reasons. Be that as it may, the focal Ministry for regional integration should be endowed with the requisite competencies and resources to function effectively as a coordinating mechanism for regional integration at the national level. It was also important for member States to ensure a speedier ratification of protocols, and incorporation of regional treaties and protocols into national laws, regulatory mechanisms, plans and budgetary allocations. That would enhance implementation of regional agreements at the national level.

47. A representative from the Eduardo Mondlane University in Mozambique also made a brief presentation on the establishment of a Centre for mainstreaming regional integration in SADC countries that was initiated by the University with the support of ECA in 2007. The Centre would thus support the regional integration process and provide a credible scientific backing to policy development and implementation at regional and national levels. The Centre’s activities would include academic and professional training, in particular at post-graduate level, specialized course development and delivery, collaborative research on regional integration and SADC Laws, the harmonization of legal and regulatory frameworks, capacity building and outreach activities, knowledge development and management programmes, and publication and dissemination of research materials. The Centre, whose Business Plan was being developed, would seek and maintain close collaboration with member States, international, regional institutions and other development partners in pursuit of its objectives.

48. While thanking the representative of ECA, the meeting noted that it would have been helpful if

the presentation had included an update of countries that had gone ahead with the implementation of the decision of the AU Assembly of Heads of States that member States should establish a Ministry of Regional Integration to coordinate all programmes of integration. It would also have been helpful to indicate why some member States had failed to do so and to include an analysis of whether those countries having a focal ministry for integration had mainstreamed regional integration into their national programmes.

49. Sharing experiences, a representative of Zimbabwe informed the meeting that the Zimbabwean Ministry of Regional Integration had created a regional integration Resource Centre open to the public with a view to bridging the information gap on regional integration. Zimbabwe used ICT tools to communicate with various stakeholders on issues of regional integration as well as for information dissemination so as to engage with citizens.

50. The meeting noted the difficulties in creating one structure for regional integration issues in a country as regional integration cut across various sectors. However, it was pointed out that the Committee did not have the mandate to change the decision of Heads of State on the creation of a dedicated Ministry responsible for regional integration. It was also noted that resource constraints could well be one reason why some member States had not complied with the AU decision of establishing a ministry dedicated to regional integration.

51. The meeting recommended that AU's Ministerial meeting on regional integration should be merged with the meeting of the Committee on Trade, Regional Cooperation and Integration so as to reduce duplication of efforts and reduce the burden of member States attending two different meetings where the issues discussed were similar. The meeting called on ECA, AfDB and AUC to work on the alignment of the two meetings as well as the framework for the joint meeting.

## **XII. Session VI: Implementation of Trade Facilitation programmes in Africa at the Regional Economic Community and Corridor levels (agenda item 10)**

52. Presentations were made by the following RECs and subregional organisations: Community of Sahel-Saharan States (CEN-SAD), Economic Community of Great Lake Countries (CEPGL) and Walvis Bay Corridor Group. The representative of CEN-SAD highlighted its mission and work on

trade liberalization The overarching objective was to establish a free trade area in a large market covering 29 countries and integrate all schemes and mechanisms being implemented in the RECs and intergovernmental organizations, operating in the same space. These included CEMAC, COMESA, ECCAS, ECOWAS, UEMOA and UMA. He also pointed out the support CEN SAD was receiving from ECA and ADB.



53. The representative of CEPGL gave the history of the organisation, which had been recently revitalised to become a community of proximity focussing on the immediate needs of its member States, namely, for the 2010-2014 development plan:

- Peace, security and democratization
- Food security and agriculture;
- Education and research;
- Energy, infrastructure and communication

54. He also informed the meeting about ECA support. Following this presentation, information on their respective programmes of work were given on SADC by the representative of South Africa and on IGAD by the representative of Ethiopia, the current chair of IGAD.

55. These presentations were followed by comments from countries. The Committee noted that, by and large, member States depended on external assistance to finance infrastructural programmes. Nonetheless, they should also explore possibilities for mobilising domestic resources through bilateral arrangements among themselves. The need was also noted for sharing information and experiences in order to avoid duplication.

56. A representative of the Walvis Bay Corridor Group (WBCG) gave a brief account of the aims and activities of the WBCG which had been established in 2000 to facilitate regional demand for additional transport capacities. Namibia and the Port of Walvis Bay provided a number of key advantages to cater for trade between SADC to and from Europe and the Americas. The most prominent advantage was the geographical location of the Port of Walvis Bay as the shortest possible route for SADC to markets in Europe and the Americas. Through its major routes (Trans-Kalahari, Trans-Caprivi and Trans-Cunene Corridors), WBCG had increased use of the Walvis Bay Corridors and provided business opportunities for such Namibian and SADC transport industries as the freight forwarding industry, rail / road freight haulers, truck service and maintenance industry, contributed to increasing the import / export potential for landlocked SADC countries and helped to generate time and cost savings which had, in turn, reduced transport costs.

**XIII. Session VII: Issues on International Trade: Status of Aid for Trade in Africa and update on the negotiations of the Economic Partnership Agreements (EPAs) with the EU (agenda item 11)**

57. A representative of ECA made a presentation under this agenda item, providing a historical background of Economic Partnership Agreements (EPAs) between African countries and the European Union (EU). EPAs were the natural successors of the Cotonou Partnership Agreement that had essentially failed to bring substantial social and economic benefits to African countries. Collectively, EPA negotiations were to be concluded in 2007 but had failed to materialize, although some countries had signed initial agreements in spite of contentious issues having to do with the development dimension.

58. Regarding the Doha Round of WTO negotiations, Africa's expectations included: better market access; prohibition of developed countries export subsidies; balanced rules; special and differential treatment; technical assistance and capacity building; and transfer of technology. In his view, the Doha Round would be deemed successful if Africa was able to secure a greater share in the growth of world trade, and policy space enabling it to retain, adapt and evolve dynamic trade policies. The potential gains from the Doha Round would be unequally shared. For instance, if liberalisation were to take place only in goods, the share of sub-Saharan Africa of the total gains would be negligible. Services liberalisation would not improve global gains but Africa's share would still be negligible. Only when impediments to Africa's trade were removed would benefits to the region accrue.

59. Another representative of ECA reported on the status of the Aid-for-Trade(AfT) initiative, explaining that the idea was to help developing countries, particularly least-developed countries, develop their trade-related skills and the infrastructure required to implement and benefit from WTO agreements and hence to expand their trade. Monitoring AfT flows was important with a view to determining whether Africa's needs were being met and was also key to tracking progress in the implementation of the initiative. OECD data showed the AfT growth rate in Africa between 2002 and 2006 was 12.8 percent compared to 27.7 percent for non-AfT and 23.5 percent for ODA in general. Those statistics were important as advocacy for AfT should not be carried out to the detriment of other forms of aid.

60. ECA had observed huge disparities in AfT flows to Africa, in terms of per capita figures for countries on the continent, as well as the volatility of such flows at the country level That raised concern about the degree aid effectiveness. There seemed to be no rational criteria established for AfT allocation among countries and for those countries most deserving(based on indicators developed to assess demand) as those countries did not necessarily receive the most AfT.

61. The positive outlook presented by donors on AfT was different from the perspective taken by most African experts who are sceptical of progress in AfT implementation. Such skepticism was linked to factors including: basic issues of contention regarding the definition, scope, and delivery mechanism for AfT, the lack of visible progress in priority areas such as infrastructure and trade facilitation; and the multiplicity of AfT categories. In coming years, ECA would focus on: supporting regional AfT projects; placing greater emphasis on implementation of AfT projects; tracking the impact of AfT; and helping to refine evaluation and monitoring mechanisms.

62. The meeting took note of the two reports and thanked the representatives of the ECA for their presentations. In the discussion that followed, the Committee noted that the low influence of African countries in the WTO negotiations, despite the commendable work of Geneva-based negotiators, could partly be explained by the weak bargaining power of the continent due to its low share of global trade, as well as its dependence on aid from developed countries. It was recalled that African Heads of State and Government had called on the AU to coordinate and harmonise Africa's efforts in the Doha Round as well as the EPAs, in light of the powerful interest groups that the continent confronted in the negotiations. To that end, AU had indeed been tracking and seeking to harmonise the position of African countries in the negotiations. In that regard, AU and ECA had prepared a guide for African countries and RECs to follow in their EPA negotiations and that template had been endorsed by African Ministers of Trade.

63. The Committee highlighted the need for adequate preparations for WTO Ministerial meetings, including the definition of a clear vision for the continent and ensuring a high-level of participation by African countries. Since the benefits that might accrue from the Doha Round were limited, according to many studies, African countries should scale up their efforts to enhance intra-African trade.

64. The Committee acknowledged that lack of clarity in the definition of AfT hampered the monitoring of the initiative. It was suggested that African countries should define AfT in terms of the kind of assistance they needed to overcome supply-side constraints. What was more important than the definition of AfT, however, was the need for them to institute mechanisms to ensure effective utilization of available resource. That would dispel the widespread notion that Africa lacked the capacity to absorb the donor resources available.

65. The Committee was informed that in the next few years, WTO would be focusing on resource mobilization, especially for infrastructure projects that supported trade significantly. WTO would also be encouraging the regional dimension of AfT. In that regard, it had already provided substantial support in the form of advocacy for the North-South Corridor pilot AfT project.

#### **XIV. Session VII: Overview of ECA's/UN's support on the implementation of NEPAD (agenda item 12)**

66. A representative of ECA secretariat made a presentation on ECA's support to the implementation of NEPAD. She stated that ECA continued to provide significant institutional support to the NEPAD programme through a fully dedicated secretariat, stressing that the overall objective of ECA's support was to strengthen United Nations system-wide support for the implementation of NEPAD at the regional and sub-regional levels in Africa, by improving the processes, contents and outcomes of United Nations system action in support of the implementation of NEPAD. ECA's cooperation and collaboration with the funds, agencies and other organizations in support of NEPAD was carried out in the context of the Regional Coordination Mechanism (RCM) dedicated to coordinate system support to NEPAD. Accordingly, ECA was the Strategic Coordinator of the RCM and an active player enabling the United Nations system to 'deliver as one' in support of AU and its NEPAD programme. She informed participants about the structure of the RCM system and the nine thematic clusters serving as its operational arms, noting that the clusters identified and implemented activities in

support of the AU and its NEPAD programme. Being closely involved in cluster activities, enabled ECA to make tangible impacts on the implementation of key regional development agenda and on the institutional landscape to support the AU and its NEPAD programme

67. Other substantive activities providing complementary support to the AU/NEPAD programme were to be found in:

- Mobilising institutional support and technical assistance to the AUC, NEPAD Secretariat and the RECs to strengthen their capacities for the implementation of NEPAD projects
- ECA's significant contribution to the implementation of NEPAD priorities: CAADP, APRM, Mutual review of development effectiveness, etc.....
- Advocacy and Communication for the NEPAD Programme

68. ECA strongly believed that there had been major achievements in delivering coherent and coordinated system-wide support to the AU and NEPAD through the RCM. Chief among them were:

- Strengthened regional coordination of and support for effective implementation of NEPAD among UN agencies and between UN and African Organizations.
- Intensified promotion of the idea of delivering as one at the regional level among the funds, agencies and organizations.
- Increased participation in and involvement of African regional and subregional organizations in the RCM process.
- Co-chairing of meetings by African regional and subregional organizations.
- High level attendance at annual RCM Meetings.
- Active institutional support and technical assistance to AU, NEPAD Secretariat & RECs.
- Significant contribution to the implementation of NEPAD priorities: CAADP, APRM, Mutual review of development effectiveness, etc

69. Despite those achievements, a number of challenges still remained, including: the lack of or inadequate institutional commitment, buy-in and leadership at the highest levels of funds, agencies and organizations and also of African regional and subregional organizations; accountability mechanisms;

and the mainstreaming of crosscutting issues—gender, youth and regional integration- into cluster activities and preparation of joint business plans.

70. After presenting an overview of the work programme and priorities for the 2010-2011 biennium, she called on the Committee to support the work programme of ECA in its effort to provide coherent and coordinated system-wide support to the AU and its NEPAD programme at all levels.

71. The meeting commended the representative for her presentation. In the ensuing discussions participants wished to know about the process underway to integrate NEPAD into the AUC structure and how such changes would impact on the coordination of system-wide support to the NEPAD programme. In response, the ECA representative pointed out that NEPAD remained an AU programme providing a framework for partnership and the United Nations family would continue supporting NEPAD in a coordinated manner. With regard to the query about the type of support provided by ECA to the APRM, it was noted that ECA made significant contributions in the different processes in the APRM through research, advocacy, technical assistance, resource mobilization and other efforts.

**XV. Session VII: Review of work programme of ECA NEPAD and Regional Integration Division (NRID), including priorities for the next biennium(2010-2011) (agenda item 13)**

72. A representative of the ECA secretariat stated that main objectives of the NEPAD and Regional Integration Division (NRID) were to strengthen the process of regional integration in Africa, strengthen United Nations' system support for the implementation of NEPAD at the regional and sub-regional levels, and provide support to the NEPAD Secretariat. In furtherance of those objectives, NRID had three sections namely: Regional Integration Section; Infrastructure Section, and NEPAD Support Unit.

73. The major areas of the Division's work were:

- Promotion of Regional Integration
- Institutional Support to the AU Commission, RECs and member States

- Assessment of Regional Integration in Africa (ARIA)
- Support on intra-African trade issues
- Infrastructure and Natural Resources Development (Transport, energy, Water and mining)
- Support to NEPAD as a strategic Partner

74. He highlighted major results that the Division had achieved in pursuit of its priorities for 2008-2009. Among them were: the publication of the ARIA series jointly with the AUC and AfDB; capacity support to the RECs and member States; and support to the implementation of NEPAD.

75. The representative informed the meeting that activities planned during the 2010-2011 biennium included:

- Continuation of the ARIA series;
- Tracking the status of programme of infrastructure development in Africa (PIDA);
- Mainstreaming of regional integration at the national level;
- The maintenance of an Observatory on regional integration;
- Group training, seminars, and workshops.

76. Finally the representative pointed out that in implementing its activities, the Division strove to forge partnerships with system organizations, the AU Commission, the African Development Bank and like-minded institutions.

77. The Committee commended ECA for its work in advancing the continental integration agenda as well as its contribution to the formulation of sound infrastructure policies. It also commended ECA for its technical support to the RECs and member States. It called for more resources for the ECA to enable it to enhance its technical support to the AU Commission, RECs, member States and key stakeholders.

#### **XVI. Showcasing ECA's Observatory on Regional Integration (agenda item 14)**

78. A representative of ECA showcased ECA's observatory in regional integration, informed participants that the objective of the Observatory was to give key stakeholders a "one-stop shop" to gather all pertinent information on regional integration in Africa. He noted that through the Knowledge Management Platform of the ECA, the observatory would support the building of a virtual network and consequently a community of practice of Regional Integration practitioners. The knowledge management platform, on which the Observatory resides, was simple and easy to update the workspaces created for the regional integration actors. Ownership of the observatory resided with member States, RECs and institutional partners as well as key stakeholders such as the Eduardo Mondlane University and CEPGL which had agreed to be pilot cases on operationalization of the Observatory.

79. He then gave a demonstration on the functionality and elements of the Observatory, highlighting the Trans-African Highways; Africa's major airlines and hubs; AU Decisions, Declarations and keynote events; and the regional integration profiles of selected RECs and member States. He indicated that ECA was currently identifying focal points from the key stakeholders who would be updating the information on the Observatory. Subject to the availability of resources, the Observatory would become accessible in the official languages of the African Union.

80. The meeting took note of the presentation and thanked the representative of the ECA. In the ensuing discussions, the Committee raised concern about the linking of the Observatory to social networking sites such as Facebook and Twitter, as its security could be compromised. In response, the representative noted that the social networking sites were being used solely for advocacy and the promotion of the continent's regional integration agenda. The meeting also called for the expansion of



the Observatory to include e-discussions on topical issues on regional integration.

81. After fruitful, frank and exhaustive deliberations of the items on the agenda of the meeting, the Committee made the following recommendations:

**Minimum Integration programme**

- i Member States should take the necessary measures to integrate the Minimum Integration Programme in their national planning as recommended by the Fourth Conference of African Ministers in Charge of Integration, held in Yaounde, in May, 2009;
- ii Member States, RECs and partners should actively participate in sectoral meetings organized by the AUC in order to identify the prioritized sectors considered to be accelerators of the integration process;
- iii Member States should lend the required support to the RECs in order to effectively meet the objectives of the Abuja Treaty by accelerating the implementation of the African Integration Agenda.

**Mainstreaming of Regional Integration at the national level**

- iv Member States should implement all Decisions of the AU Assembly as well as those of the RECs of which they are members. In this regard, member States are encouraged to take steps to mainstream AU and REC protocols and Decisions in their national legislation
- v To enhance coordination and implementation of regional integration at the national level, member States which had yet to establish specialized Ministries on regional integration are urged to do so in accordance with Executive Council Decision EX.CL/Dec.437 (XIII), so as to coordinate and oversee implementation of regional integration agreements and programmes at the national level;

- vi Member States are urged to popularize the continental integration agenda at the grassroots level within their countries. In this regard, the AU Commission, ECA the RECs, AfDB and other institutions are urged to support member States in ways including organization of sensitization seminars, workshops and conferences on regional integration.

### **Trade Facilitation**

- vii Member States, RECs, and corridor management institutions are urged to build the capacity of their officials to plan and implement trade facilitation activities;
- viii Member States are encouraged to implement measures to reduce high transport costs by improving transport infrastructure, reducing tariffs, removing non-tariff barriers and reducing delays along transit corridors and at borders;
- ix Member States are urged to promote the role of railways by enhancing regional connectivity and undertaking network rehabilitation and reforms in management so as to benefit from the lower costs of using rail transport;
- x Public Private Partnerships should be used to promote trade facilitation, financing of infrastructure and effective management of corridors;
- xi Member States are urged to remove all forms of non-tariff barriers so as to enhance facilitation of trade;
- xii Member States are urged to remove or lessen restrictions on visas for Africans to their countries so as to promote free movement of Africans within the continent;

### **International Trade Negotiations**

- xiii In light of assessments by several studies that potential gains from WTO negotiations and EPAs to African countries are limited, alternative options should be articulated for

boosting the continent's trade, including enhancing intra-African trade;

- xiv Member States are encouraged to diversify their production and output profiles so as to address the supply constraints faced by many African countries as well as to enable them to participate effectively in intra-African trade and reap greater benefits from REC trade liberalization programmes.
- xv African countries and RECs are urged to make maximum use of the EPA template prepared by AU in collaboration with ECA;
- xvi African countries are urged to develop appropriate mechanisms to ensure effective use of resources under AfT;
- xvii In addition to supporting the regional dimension of AfT, ECA and its African Trade Policy Centre (ATPC) are requested to undertake, resources permitting, studies on the impact of AfT in recipient countries,.
- xviii The ECA is urged to continue with its technical collaboration with the AU Commission, the RECs and member States on international trade negotiations. In this regard, ECA is urged to provide technical support to the African Union Commission 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.

### **Observatory on Regional Integration**

- xix Member States and RECs are urged to designate focal points who will constantly link up with ECA in providing information and updating the content of the Observatory. Member States are also urged to provide support in ensuring that the Observatory is available in AU official languages;

### **Partnership with Pan African Institutions**

- xx ECA is urged to continue to work closely with the African Union Commission, the African Development Bank and the RECs in the advancement of the continental integration agenda. In this regard, there is the need to be realistic about goals and expectations and focus on actions that countries are prepared to undertake.
  
- xxi ECA and AU are urged to harmonize their meetings on trade and regional integration. In this regard, ECA should explore the possibility of aligning the Committee on Trade, Regional Cooperation and Integration with the AU Conference of Ministers in charge of regional integration.

**XVII. Any other business**

82.

**IX. Adoption of the report of the meeting (agenda item 15)**

83.

**X. Closure of the meeting (agenda item 10)**

84.

Annex

Tuesday, 13 October 2009

**Morning session**

- 08:30 – 09:00 - Registration
- 09:00 – 10:00 - Opening of the meeting:  
Statement by Mr. Abdoulie Janneh, UN Under Secretary-General  
and Executive Secretary of ECA  
Statement by Dr. Maxwell Mkwezalamba, AU Commissioner for  
Economic Affairs  
Keynote Statement by H.E Mr. Ahmed Shide, Ethiopia's State Minister for  
External Economic Cooperation  
Election of Bureau  
Adoption of Agenda and Programme of work
- 10:00 – 10:15 - Coffee break**
- 10:15 – 12:45 - State of Play on the Continental Integration Agenda  
*By ECA Secretariat (20 minutes)*
- Minimum Integration Programme  
*By African Union Commission (20 minutes)*
  - Progress in the implementation of *regional integration programmes*,  
*including:*
    - Developments in Intra-African Trade
    - Developments in the Transport Sector*By ECA Secretariat (20 minutes per presentation)*
  - Financing of Infrastructure in Africa  
*By African Development Bank (20 minutes)*
  - General discussions (50 minutes)

**12:45 – 14:30 - Lunch break**

*Afternoon session*

14:30 – 16:00 - Open Discussion on the State of the Continental Integration Agenda

**16:00 – 16:15 - Coffee break**

16:15 – 17:45 - Mainstreaming Regional Integration at the National Level

- Presentation by the ECA Secretariat (20 minutes)
- Presentations from selected member States (50 minutes)
- General discussions (20 minutes)

*By ECA secretariat*

**Wednesday, 14 October 2009**

*Morning session*

09:00 – 11:00 - Implementation of Trade Facilitation Programmes

- Presentations by RECs (10 minutes per RECs)
- Presentations by the corridors (10 minutes per presentation)
- Discussion (30 minutes)

**11:00 – 11:15 - Coffee break**

11:15 – 12:30 - Issues on International Trade

- Status of Aid for Trade for Africa (25 minutes)
- Update on the negotiations on the Economic Partnership Agreements with the EU (25 minutes)
- Discussions (40 minutes)

*By ECA secretariat*

**12:30 – 14:30 - Lunch break**

*Afternoon session*

- 14:30-15:30 - An overview of ECA's/UN support on the implementation of NEPAD  
*By ECA secretariat (20 minutes)*
- Review of *NRID's work programmes including* priorities for the next biennium 2010-2011  
*By ECA secretariat (20 minutes)*
- Discussions (30 minutes)

**15:30 – 15:45 - Coffee Break**

- 15:45-16:30 - Showcasing ECA's Observatory on Regional Integration  
*By ECA secretariat (20 minutes)*
- Discussions (25 minutes)

**Thursday, 15 October 2009**

16:30 – 18:30 - Adoption of the main report of the Committee Meeting