



United Nations
Economic Commission for Africa
Office for North Africa

Twenty-Ninth Meeting of the Intergovernmental
Committee of Experts (ICE)

The Industrialization for a Sustainable and Inclusive
Development in North Africa

Report on Subregional Initiatives



Rabat, Morocco, 4–6 March 2014

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Acronyms and abbreviations

AMU	Arab Maghreb Union
BIAT	Boosting Intra-African Trade initiative
BMICE	Banque Maghrébine pour l'Investissement et le Commerce Extérieur (Maghrebian Bank for Investment and External Trade)
CEN-SAD	Community of Sahelo-Saharan States
CFTA	continental free trade area
ECA	United Nations Economic Commission for Africa
ECOWAS	Economic Community of West African States
MEF	Maghreb Economic Forum
MDGs	Millennium Development Goals
REC	regional economic community
SME	small and medium sized enterprise
WAEMU	West Africa Economic and Monetary Union

Context: A potentially profitable but highly fragmented economic space

Over the past ten years, North Africa has registered appreciable average growth in gross domestic product of between 4 and 5 per cent, in spite of fallout resulting from the 2008–2011 world economic crisis and the duration of the political transitions underway in certain countries in the subregion. Major progress has been registered over the past three decades, in particular in the areas of infrastructure and the development of the manufacturing, service and human resources sectors. In terms of social progress, the 2010 to 2013 Millennium Development Goal (MDGs) reports indicate that many of the targets have been met, in particular those dealing with the eradication of extreme poverty, the reduction of maternal and child mortality, access to sanitation and youth literacy.

However, the challenges for sustainable and inclusive development are many, especially with respect to the insufficient degree of diversification of economies, the limited correlation of growth and jobs, rising youth unemployment, increasing migratory pressure, the persistence of social and regional inequalities, desertification, the high degree of dependency on imports, high exposure to the effects of climate change and the widening of security risks.

Taking up these challenges in a long-lasting fashion requires that the countries of North Africa act with regard to three strategic focuses: (i) more transparent and inclusive governance processes that include social groups and citizens in public life; (ii) implementation at national levels of the economic and social reforms necessary for accelerating the process of diversification and sophistication of production systems; and (iii) greater commitment to the push towards regional integration with a view to obtaining the most out of the opportunities offered by a larger market, harmonized sectoral policies and synergy in joint resources.

Indeed, the North African economic space remains highly fragmented in spite of the age¹ of the integration project and the fact that most of the structure-building aspects needed for a high performance market are already in place (per capita income, infrastructure, geographical continuity, and linguistic and cultural links). For the time being, the North African market remains one of the least dynamic on the continent, with intraregional trade hovering around 4 per cent of regional demand. The ECA Statistical Yearbook 2013² (which uses 2011 data) places trade within the Arab Maghreb Union (AMU) at 3.6 per cent of global exports among member States, versus a continental median of 10.1 per cent (i.e. approximately 8.9 per cent for the Common Market for Eastern and Southern Africa; 9.2 per cent for the Southern African Development Community; and 12.1 per cent for the West African Economic and Monetary Union [WAEMU]).

The existence of a number of trade agreements, either bilateral or in the framework of other regional initiatives (Agadir agreement, the Greater Arab Free Trade Area), has not resulted in the awaited level owing to the stubborn maintaining of tariff and non-tariff barriers between States. The Agadir agreement, which, among other things, was intended to promote the sharing of production via pooling of value between States to benefit from preferential access to the European market, has not brought about any substantial modifications in intra Maghrebian trade or the share thereof on the world market for manufactured items. Likewise, the association agreement signed with the European Union that entered into force between 1998 and 2005 produced none of the leverage expected on the diversification of exports, which in their majority remain limited in the ratio of labor-intensive and low value-added products (textiles, agro-food products, leather and leather by-products, fertilizers, etc.).

1 Original AMU Treaty; May 1989

2 African Centre for Statistics, ECA; Statistical Yearbook 2013

Notwithstanding these negative performances, the stakes dealing with the economic integration of North Africa still remain on the table given the similarity of the challenges of development, the opportunities in terms of growth and employment, and the region's economic and geostrategic advantages. The edification of an integrated economic space in its various dimensions (mobility of players, coordination of sectoral policies, harmonization of the normative framework, programmes and joint projects) is expected to strengthen the negotiating clout of the region's States, thereby reflecting positively their attractiveness to investors, their economic performance, as well as that of enterprises in the subregion, the pace of structural transformation of their economies and the capacity for job creation.

Awareness of these stakes implies a requirement for the reinvigoration and acceleration of existing integration projects (e.g. AMU, Community of Sahelo-Saharan States [CEN-SAD]) through the establishment of a high-performance market in terms of free movement of production factors and the implementation of joint sectoral policies. Several actions were initiated in late 2013, in particular by AMU in the framework of the ECA-AMU partnership, and by regional non-State players.

The present report will briefly review the above initiatives, analyse their scope, and propose certain avenues of reflection and action over the medium-term to allow the subregion to better exploit its potential for development and position itself within the regional economic groups currently being constituted.

I. Agenda of regional institutions

In 2013 economic issues, in particular with regard to the Maghreb free trade zone, and security challenges were placed at the centre of several meetings and regional consultations organized at the behest of AMU and CEN-SAD.

A. Intra regional trade and economic cooperation

Several activities were devoted thereto, in particular the call issued from the thirty-first session, of the Council of Maghrebian Ministers of Foreign Affairs held in 2013 in Rabat, which dealt with the strengthening of banking cooperation and the creation of a free trade zone for the free movement of persons and goods. With this in view, a meeting of the Maghrebian Ministerial Council in charge of finance and currency was held alongside the annual meeting of the African Development Bank in May in Marrakech, Morocco, to deal with cooperation on fiscal and customs issues and discuss the establishment of the Banque Maghrébine pour l'Investissement et le Commerce Extérieur (Maghrebian Bank for Investment and External Trade) (BMICE). The ministers of finance of the member States signed a law establishing the bank with an initial called-up capital of US\$ 150 million and defining the composition of its management bodies. With regard to cooperation, a ministerial meeting of CEN-SAD was held in October 2013 in Rabat to discuss revising the policies of the Banque sahélo-saharienne pour l'investissement et le commerce (BSIC) to more effectively assist the economic development of member States via better targeted support to potential investors in the area.

Trade facilitation also constituted the subject matter of the Maghrebian Interministerial Council for Transports with the objective of "promoting institutions and establishing the bases for reduction of the isolated position of the various countries". The States called for acceleration of the pace of intraregional trade for the transport of goods and persons and intensification of maritime shipping lines.

As for food security, the seventeenth session of the Maghrebian Ministerial Commission was held in Tripoli and dealt with the establishment of joint programmes for agricultural and animal production, optimum management of deep sea resources and the struggle against parasites. The activation of the agreements signed by the member States in the areas of agriculture, animals and maritime trade, and the implementation of programmes for the fight against desertification, drought and climate change were placed at the centre of the meeting agenda. The ministerial session was followed by a meeting in June 2013 of the Maghrebian Cereal and Bean Institution, which looked at projects related to climate-change resistant seeds, the creation of a Maghrebian genetic bank for the protection of species, and the acceleration of cooperation with international organizations working in this field.

B. Cooperation on peace and security

An extraordinary summit and ministerial meeting of CEN-SAD, held respectively in February 2013 in N'Djamena, Chad, and in October 2013 in Rabat, dealt with the reactivation of this institution and the constitution of regional responses to the new security challenges via the establishment of strategy, programmes and cooperation mechanisms.

In April 2013 in Rabat, AMU held a Council of Interior Ministers of Member States to devise a “Joint Maghrebian security strategy”, centering on four focuses: the fight against terrorism and organized crime; the fight against clandestine immigration and trafficking of human beings; the fight against drug and psychotropic substances trafficking; and civil protection. The Council adopted the principle of annual meetings of interior ministers, as well as coordination and consultative meetings before any international or regional conference.

Along the same lines, a meeting of the AMU Ministers of Youth and Sports was held in May 2013 in Tunis on the topic of “Security issues in the region”, with the main goal of establishing a joint approach to prevention of certain phenomena such as drugs, terrorism and organized crime. The meeting proceeded to the analysis of the current level of risk of “manipulation of social and psychological youth precariousness that could lead to criminal actions, violence, fanaticism and clandestine immigration”. Cooperation mechanisms were recommended in the areas of training, employment and supervision within the associative fabric and in the various components of civil society, with the objective of inculcating more deeply in young people the values of moderation and careful, clear-cut thinking.

These initiatives are clearly representative of the fact that there exists a shared awareness of the common nature of the challenges the different countries have to confront and the urgency of the implementation of regional responses. To be efficient these initiatives must, however, surpass the sole framework of regular or spontaneously held intergovernmental consultations so that they can be translated into structured programmes, especially for the expansion of national markets, agriculture, youth employment, migration and collective security.

II - Partnership between the Economic Commission for Africa and the Arab Maghreb Union

In January 2008, the ECA North Africa Office and the AMU General secretariat signed an agreement on cooperation and worked out the adoption of multi-year programmes of work as instruments of planning and medium-term programming in the priority fields of intervention by ECA in support of the regional integration process. By way of performance of this agreement, two programmes were established to cover 2008–2009 and 2010–2012, respectively.

The activities in the 2010–2012 cooperation programmes were split into four themes: (i) strengthening of capacities; (ii) economic development and promotion of the private sector; (iii) achievement of the MDGs and social advances; (iv) food security and sustainable management of natural resources. The themes on gender; the role of the private sector and civil society in development; climate change; and the harmonization of policies for the building of a knowledge-based society in North Africa constituted transversal questions in the programme. The implementation thereof on every occasion possible went hand-in-hand with the creation of practising networks or communities between the stakeholders based in the knowledge management strategy of ECA. In conjunction with the half-year review organized on 14 December 2011, both institutions agreed to include therein a project for strengthening the capacities of the AMU General secretariat in the perspective of revitalization and acceleration of the integration process in North Africa.

The fiscal year 2013 was a year of transition for ECA with the activities occurring in continuity with the objectives identified for 2010–2012. Emphasis was put on issues of common interest for the countries of the Maghreb and the resources needed to turn them into federating themes to provide regional responses to the challenges faced by North African countries.

A. Initiatives and activities in 2013

The activities conducted in 2013 dealt with an array of strategic areas pertaining to regional development, in particular regarding energy transition, immigration, social security, the development of trading relations and the strengthening of the capacities of AMU.

1. Drawing up of a framework document on regional policies for the development of renewable sources of energy in North Africa

The world energy context is undergoing deep-seated change with more marked interest in renewable energy. To confront sustained growth in demand, the drop in fossil fuel reserves, rising exploration and production costs and other concerns in connection with climate change, the transition toward a more secure energy system at low carbon intensity is henceforth a top priority. The most recent report on the medium-term outlook for renewable sources of energy by the International Energy Agency³ deems that renewable sources (wind and solar) by 2016 will constitute the second ranking source of electricity in the world.

In North Africa the existing energy model widely dominated by highly subsidized fossil fuels has proven to be inadequate for answering growing energy requirements (in particular the needs in electricity, which could rise twofold by 2020). The relevant countries began to rethink their energy systems by instituting substantial reforms with long-term objectives aimed at diversifying the energy mix, enhancing the potential of renewable energy, promoting energy efficiency and reducing greenhouse gas emissions. Renewable sources of energy are also taken into consideration as an

³ Medium-term Renewable Energy Market Report, IEA, 2013

engine of economic growth and the creation of skilled jobs. The development thereof at a wide scale would make it possible to accompany the structural transformation of the region's economies and the progression thereof toward diversified industrialization of higher value added.

Reaching the defined objectives requires the adoption of a regional strategy allowing the countries of North Africa to efficiently benefit for the region's resources and opportunities in connection with the development of a promising industrial sector in terms of value added and job creation. The ninth session of AMU_Ministers of energy and mines (Rabat, November 2010) underlined the role of renewable sources of energy in connection with Maghrebian integration and the need for the different countries to converge toward a common vision to strengthen cooperation in the renewable energy sector and promote the creation of a Maghrebian electricity market. The thirteenth session of the Maghrebian Commission in charge of economy and finance (Tunis, June 2013) recommended the devising of a unified Maghrebian strategy on renewable sources of energy.

In order to respond to the issue at hand ECA initiated a consultation for the editing of a regional policy document for the development of renewable sources of energy. The purpose of this document is to provide a joint vision and propose strategic objectives and priority focuses of cooperation to better respond to the principal challenges in the sector (diversification of funding sources and investments based on innovative partnerships, promotion of industrial cooperation and technology transfer, establishment of environmental and appropriate mechanisms for regulation and facilitation of trade and investment, etc.).

The framework document is currently being developed and will be submitted for consultation with the regional institutions constituted by AMU, the League of Arab States and the Regional Centre for Renewable Energy and Energy Efficiency. It is to constitute the first step toward the adoption of a regional strategy, the global objective of which is to bolster and complete the national programmes and policies and coordinate efforts for creating the conditions required for rapid and economically viable renewable sources of energy in North Africa. Five focuses of cooperation will constitute the structure behind this strategy:

- Reinforcement of the dialogue and interchange of experience on the policies and programmes to generate synergy and coordinate the national regional initiatives;
- More investment via the mobilization of financial resources from international financial institutions and the private industrial and banking sectors;
- Acceleration of the establishment of a regional electricity market;
- Development of a competitive industrial fabric;
- Coordination of efforts and strengthening of cooperation for scientific research and the development local competencies.

A meeting of experts⁴ was organized on this subject in October 2013 by ECA and the AMU General secretariat. The objective was to present, discuss and enrich the outcomes of the study pursuant to the editing of a strategy document. The meeting made it possible to further define and validate the objectives and identify the hurdles to be overcome and the institutional mechanisms required for improving cooperation and regional integration in the renewable energy sector in North Africa. The synergy between the AMU initiatives and the League of Arab States was underscored. The recommendations put forth will be submitted by the AMU General secretariat to the interministerial bodies and utilized for the preparation of the Maghrebian renewable energy strategy.

4 Report of the Meeting of Experts on the framework document on regional policies for the development of renewable sources of energy in North Africa, ECA North Africa Office, October 2013

2. International migration and development in North Africa

In North Africa and the rest of the continent, migration will fall into a dynamic of rapid modification in numbers and complexity. International migrant flows, even if still largely underestimated, are in the process of expanding inside and outside the continent. Migration is also characterized by the diversity of typologies and destinations. Today there is a vast emerging range in voluntary and forced migration to destinations inside and outside the continent. The countries of North Africa were for a long time the source of migration but they have now become countries of transit and destination for migrants, who mostly come from sub-Saharan Africa and certain Arab countries subsequent to the political events of 2011⁵. The majority of international migratory flows, especially to Europe, occur via the countries of North Africa.

According to the Global Migration Group⁶, the best way to ensure a systematic approach geared to optimizing migration for development is the integration of migrants in the planning frameworks at the country level, such as the strategic framework for the fight against poverty (poverty reduction strategy papers). This approach implies the need to assess the implications of migration on all the actions planned in development strategies including those for poverty reduction. Migration and the consequences thereof on development must be taken into consideration in legislation, policies and programmes at all levels of decision (local, regional and national), as well as in the planning process.

In close collaboration with the International Organization for Migration, a study was conducted on the issue of migration in the development strategies and policies of North African countries, on the basis of a country questionnaire. The primary objectives were (i) to analyse the political decisions at the national and AMU level to assess how the stakes in connection with migration are taken into consideration; and (ii) to provide an advocacy tool for increasing the political commitments of North African States in a bid to benefit as much as possible from the contribution of migration to economic and social development.

Along with other major factors, the study noted that in North Africa, migration is not sufficiently integrated into the national and regional development plans. When mentioned it is often only a partial, fragmentary reference relative to specific fields of specific interest such as income transfer, the brain drain, irregular migration, trafficking of human beings or security. The fragmentation of issues in connection with migration is reflected in the poverty reduction strategy papers and the MDGs, where reference is often made to income transfers as a source for the fight against poverty or the loss of competencies and human resources in specific sectors such as health and education, and failure to achieve the MDGs.

This fragmentary approach is also reflected in the political measures that often aim more at the laws, regulations and the closure of borders than interventions boosting the synergy of the potential resources of migration for development. Migration is perceived more greatly with skepticism given the need to protect the internal market and the complex negative effect on security. It is also often associated with controversies and infringements of human rights, especially if the migrant is not carrying any papers.

The study states that there is a deficit in the implementation of regional political frameworks such as the common African position on migration and development, which points out that “cooperation and dialogue between African States can strengthen their capacity to manage migration, and is particularly conducive to the development of common approaches targeting the harmonization of policies, laws and strategies on migration”⁷.

5 In particular the movement of Syrian refugees.

6 Mainstreaming Migration into Development Planning: A Handbook for Policy-Makers and Practitioners, 2010, pp. 15-16.

7 Joint African position on migration and development, 2006, p. 3.

Even if there is growing understanding of its benefits, migration is not yet sufficiently taken into consideration in the planning and development policies in North Africa for many different reasons including competencies in the “integration” approach, insufficient data and political will, roles and coordination mechanisms between the various governmental departments implicated and poorly defined, in addition to the lack of cooperation and dialogue between the countries of origin, transit and destination. A change in the mentalities and policies is indispensable for migration to no longer be perceived as a threat but rather as an opportunity in terms of financial income and contribution in human, scientific and technical competencies.

The response recommended by the study is the integration of the migration and development dimension in the national frameworks of development planning via the definition of a coherent strategy with objectives and orientations as well as means for intervention.

This strategy would include:

- Upgrading of the regulations and measures pursuant to irregular transit migration for (i) better consideration of the protection of human rights in general and migrants in particular; (ii) reduction of the costs of migration of workers to do away with exploitation, including the trafficking of human beings; and (iii) a better perception of migrants by the public, progressively exiting the systematic criminalization of migration and considering the mobility and cross border movement of populations as a phenomenon and positive contribution from an economic and cultural standpoint.
- Facilitation of the integration of migrants in host societies via the laws concerning stay times, residence or naturalization process.
- Establishment of appropriate frameworks to facilitate the contribution of migrant communities and members of the Diaspora in the development of their countries of origin, by favoring the type of return of skilled expatriates, the establishment of consultancy office for migrants in their region of origin, the promotion of regional and local associations of migrants and the creation of partnerships with local development associations.
- A legal framework and measures access to social services for migrants and the portability of their rights, particularly for retirement.
- The strengthening of capacities linked to migratory issues, for example, via the creation of a viable database and observatory on migration.
- Reinforcement the dialogue with all stakeholders, civil societies, the Diaspora and migration associations in the host countries and countries of origin.
- Greater coordination of strategies and actions implemented by national institutions and other stakeholders implicated in the management of migration.
- Promotion of a regional approach. Cooperation between the Maghrebian countries is strengthened by cooperation with countries belonging to the Economic Community of West African States (ECOWAS) grouping, where the majority of migrants come from. This cooperation should extend beyond just the framework of the fight against the trafficking of human beings to include the migrant “social capital” dimension.

3. Strategy for the revision of the Arab Maghreb Union Convention on social security

In terms of articles 2 and 3 of the original AMU treaty, one of the strategic objectives of the Maghrebian agenda is the free movement of people, including the mobility of workers, which constitutes a major indicator of regional construction. To promote and facilitate the said mobility, AMU has made a certain number of decisions making it possible to reduce administrative, legal and fiscal obstacles to regional migration including inter alia the Social Security Convention, signed in March 1991 in Ras Lanouf, Libya.

The main purpose of this convention was to promote and facilitate the mobility of workers in the Maghrebian space via the reduction of administrative, legal and fiscal administrative impediments to regional migration, the harmonization of laws pursuant to social insurance, and hampering of any potential conflicts in competency that could arise between the jurisdictions and legislations of the relevant countries. However, this has not even begun owing to the failure of ratification by all member States, thereby depriving intra-Maghrebian workers in a harmonized framework for the management of their rights. The ninth session of the AMU ministerial council in charge of training, employment, social affairs and the Maghrebian community abroad held in July 2010 in Rabat recommended a revision in order to take account of the socioeconomic situation, the national legal environment and the current concerns of all AMU member States .

In November 2013 in Rabat, the ECA North Africa Office and the AMU General secretariat organized a meeting of experts in charge of reflecting on the conditions and modalities for the updating of the AMU Convention on social security.

Upon completion of the working sessions recommendations were issued with regard to the member States and the guidelines defined for efficient strategy for the updating and reactivation of this Convention:

- Initiate interchange on the legislation, legal and governance of social security of the AMU members as a starting point for the updating of this Convention;
- Take account of the content of the bilateral accords on social security signed between the AMU member States and other countries;
- Stress the coordination of social security systems rather than just the harmonization thereof;
- Adopt a progressive approach in the revision of the convention so as to lift the hurdles to the ratification thereof by all member States.

In its substantive content, this revision should:

- Update the definitions in order to take account of the changing situation of the legal framework of social security at the national, regional and international level;
- Widen the field of application of the Convention in terms of the socioprofessional categories concerned by the type of services offered;
- Take into consideration the option for non-exclusion of unemployment insurance;
- Promote the equality of treatment between the nationals of member States and the extendibility of social rights;
- Set up permanent joint cooperative mechanisms for the exchange of information on the social security systems of all Maghrebian countries.

The meeting called for the continuation of assistance by ECA and other AMU partners and member States in the Convention revision process.

4. Establishment of an autonomous mechanism for the financing of integration

The financing of integration in Africa up to a recent period primarily posed questions on the system of contribution from the national budgets, which themselves are developed and executed according to the constraints and priorities of each State. The link of dependency resulting there from, among other effects, showed the chronic insufficiency in the budgetary allocations granted regional institutions, amplified by the accumulation of arrears in payment. If help from the partners in development has at times made it possible to compensate for some of these discrepancies, by definition it has remained uncertain, limited and the conditions are often restricted to specific techniques if the form of studies or the organization of seminars and workshops. These shortcomings in traditional methods of resource mobilization of regional cooperation led the actors and promoters of the integration process in Africa benefiting from the European experience, directing their efforts to the search and implementation of alternative means of financing of regional economic communities that are more autonomous, regular and in a position to sustainably lift the obstacles encountered.

The leading objective of these mechanisms is to securitize and especially to render the integration process irreversible by providing long-lasting responses to the limits, uncertainties and difficulties inherent to the classic system for contributions from national budgets without any effect on the cooperation expected from partners in development. The second objective, equally as important as the first, is to make AMU more autonomous with regard to the national budgets of the member States, with the help of external partners. The experience of other RECs, for example the capitalization of BMICE, clearly shows that the regional integration process at the best will just keep stumbling along if the existing dependencies on national budgets is not mitigated. AMU, like the other RECs, must have a minimal capacity for action with regard to the implementation of its objectives via more regular and more substantial financing of its operational budgets, technical studies and equalization funds and adjustment of costs and profits in the free trade zone of some of its integration programmes and projects.

In the quest for a sustainable response to this issue, in 2012 the ECA North Africa Office and the AMU General secretariat agreed to include in their multi-year programmes of work a project for the strengthening of capacities of AMU in a perspective of acceleration of the integration process in North Africa.

The project, which answers a recommendation of the twenty-eighth meeting of the Intergovernmental Committee of Experts meeting (ICE)⁸, aims at providing AMU with the institutions necessary for the efficient exercise of their mission of activation of the integration process. A feasibility study was conducted for this purpose by the ECA North Africa Office on the mobilization of financial resources commensurate with the objectives in the original AMU treaty. On the basis of the experience of other RECs and specific nature of the North Africa subregion, the study dealt with a new system enabling optimum coverage of current and future financial needs of AMU (operation of the General secretariat, substantive studies and analyses, integration projects and programmes, regional counterparts to the actions funded by partners, the structural or adjustment funds of the regional market, etc.). The following elements were defined.

The specific objectives to be reached;

The leading principles and performance criteria of an autonomous financing mechanism;

The feasible options for AMU, in the light of the experiences of other RECs;

The legal and fiscal parameters for an allocation made to AMU;

The operating guide and mechanism management;

A methodology for negotiation, adoption and implementation of the amount set aside.

An initial meeting for restitution of the study was organized with AMU in December 2013, and the ECA North Africa Office agreed to work with the AMU General secretariat in the process of appropriation and negotiation of the proposed instrument.

ECA recommends to the member States appropriation of the outcomes of the study to allow rapid updating of the AMU integration scheme.

5. Role of the private sector in the financial integration process

The resumption of the Maghreb integration process firstly implies the establishment of structure-building parameters of a regional market in terms of the “free movement of persons, services, goods and capital”, as stipulated by the original AMU treaty. In the short term the efforts deployed by the countries in the subregion and non-State actors (private sector and civil society) should focus on the operability of the free trade zone with a very wide field application going well beyond the limits of the already existing trade agreements with the implementation tools responding to the conditions of the production of enterprises in the subregion and the concerns of all partner States. For the optimality of such as market and the specific objective “free movement of capital” still advocate simultaneous conducting the commercial integration process and financial integration in support of trade in goods, services and investment. This implies the lifting or all or part of the restrictions imposed on financial institutions with regard to international institutions, as well as the establishment of links between banks, stock exchanges and other types of regional financial markets.

In the framework of their mission for support to subregional initiatives targeting acceleration of integration, in October 2013 the ECA North Africa Office and the Maghreb Economic Forum (MEF) organized a round table in Rabat on “Financial integration and functional cooperation in North Africa: the role of private players”.

This action formed a part of the general multi-year programme of work framework, particularly with regard to the objectives of economic development, trade facilitation and promotion of the private sector. One of the focuses of intervention of the multi-year programme of work is “Development of investment in the Maghreb: What sector of common interest and what role for banks and finance in Maghreb integration?”

Organization of the round table would also be placed in the continuity of the initiatives already taken by ECA North Africa Office in support of the efforts of AMU for financial cooperation, in particular with the studies conducted respectively in 2008 and 2012, on “The mobility of capital in North Africa” and “Financial integration and regional governance in North Africa”. These studies recommended, along with other items, a strategy of greater impetus on stock exchanges and banking systems to circumvent the political constraints, the adoption of policies and instruments fostering cross-border investments and a programme for collaboration with the players affected by the liberalization of intraregional capital flows.

The choice of MEF as a partner is integral with the desire of the ECA North Africa office to widen further the framework of areas of development from the subregion to civil society. This springs from the conclusions of a consultative meeting organized in 2013 between the instigator of the integration process who underlined that to give greater impetus, Maghreb economic integration must be

directed more greatly by the relevant actors, which are the private sector and civil society, with diverse forms of partnership for commercial services, banking, insurance, energy, transport, logistics and telecommunications activated by Maghrebian player networks, and the provision of a space for initiatives by the said players for the establishment and implementation of regional projects and programmes focusing on the respective areas of interest.

The objective of the round table was to accompany the efforts now underway geared to reinvigorating the Maghrebian integration process in its “financial market and services” dimension via a broader implication of private and semi-public players. More specifically this had to do with a high level reflection on:

- The current stakes and impediments to financial integration in North Africa;
- The ways and means for lifting or reducing the stumbling blocks and restrictions identified;
- The role the bank and financial professionals can play for a dynamic of financial integration in a position to support interchange of goods and services, intra Maghrebian investment and harmonization of payment systems between the countries of the region;
- The channels of action to specify to the various sector players and partners (banks, stock exchanges, economic operators) and subregional decision-makers.

The round table registered the participation of some thirty experts and financial market professionals, of regulatory bodies, central banks and universities in Maghreb and the representatives of institutions including AMU and the European Union delegation to Morocco.

The proceedings occurred in the form of brainstorming at the plenary session focusing on panels each one dedicated to the dimensions of the issue at hand.

The round table noted that financial integration had the vocation of being one the structure-building parameters of the Maghrebian market project via the additional push it can give to the impetus lent to trade in goods and services, the promotion of intra-North African investment and the harmonization of national payment systems. However, and in spite of the objective of “free movement capital” formally stipulated in the original AMU treaty, the development of a regional financial market via SM listings and cross stake holding is still hampered by several institutional and structural hurdles. Added to the difficulties of the slowness of the integration process as a whole, are the constraints specific to the financial sector which hinder the mobility of capital and investment in the countries of the Maghreb. To be noted in particular of the national exchange regulations, the diversity of banking profiles of the States, differentiated treatment between investors, the lack of convergence in the macroeconomic indicators, as well as the high cost of cross-border transactions.

Upon completion of the analyses, debates and exchange of points of view the round table proposed several channels of action addressing professionals in the financial sector, Maghrebian investors, AMU and affiliated bodies, partners including ECA and the partners thereof, as well as academics and researchers. The recommendations issued include the following:

- The creation of a regional fund for support to Maghrebian small and medium sized enterprises (SMEs) by Maghrebian players;
- The development of a platform for information and interchange on the region serving as an economic intelligence tool open to all economic operators;
- The establishment by the Union Maghrébine des Banques and the Union Maghrébine des Employeurs of a lobby addressing decision-makers to direct the choices to be made

toward a targeted opening of the Compte Capital des Etats (State Capital Account) and an administrative fast track on cross-border transactions;

- Continuation by ECA of the support given to the promotion of functional cooperation on the various stages of Maghrebian integration in partnership with MEF and other civil society players.

6. Implementation of the initiatives on Boosting Intra-African Trade and the Continental Free Trade Area

In the framework of the continuation of the objectives of the Abuja Treaty instituting the African Economic Community, the heads of State and Government in January 2012 created a continental free trade zone (ZLEC), setting the tentative date for 2017, and adopted an action plan for the strengthening of intra-African trade. This historic decision aims at reinforcing the integration of African markets and allowing Africa to engage more efficiently in trade as an engine of rapid and sustainable socio-economic development. This occurred as a result of the understanding that in spite of the continent's opening up to international exchange, trade has not played a paramount role in achieving long-lasting economic growth. This is mainly due to the low degree of integration of national markets. The volume of intraregional trade is the lowest among the principal regions of world. Africa has not been in a position to exploit the advantages made possible by the integration of its domestic market as could have occurred and has been particularly vulnerable to external shocks.

The heads of State summit, in the framework of the structure of the ZLEC governance project, established a high-level committee for African trade. This committee consists of heads of State and Government and the current Presidents of RECs. Its mandate is to facilitate the implementation of ZLEC initiatives and strengthen intra-African commerce, the general objective being to stimulate intra-African trade (through the Boosting Intra-African Trade initiative [BIAT]) and accelerate the integration of African markets. An action plan has been developed to this end, in addition to a framework document dealing with the execution strategy in cooperation with RECs and partners in development.

The action plan includes seven priority action groups. The programmes and activities thereof aim to solve the principal constraints and difficulties weighing on intra-African trade and increasing the volume and advantages thereof in order to ensure sustainable economic growth and development. These priority action groups cover:

- Commercial policy;
- Facilitation of trade;
- Production capacities;
- Infrastructure linked to trade;
- Financing of trade;
- Information on trade;
- Integration of financial factor markets.

The action plan also includes for each of these groups an indicative list of programmes and activities to be put in place the short and long term at the national, regional and continental levels. The institutional implementation system is founded on a few leading principles including participation of the principal stakeholders in development programmes and the definition of priority sectors of execution. The challenge represented by the stimulation of intra-African trade is collective in nature as

it requires not only governmental efforts (leadership and empowering political environment) but also the participation of other stakeholders, in particular the private sector, which is the principal vector of investment, output and trade.

Further to the adoption of the action plan and strategic framework and the implementation thereof, the RECs asked for technical assistance from ECA in order to put in place operational structures and mechanisms for the continental free trade area (CFTA) initiative and develop a strategy and regional action plans to stimulate intra-African trade. In response to these requests, human resources have been deployed with the financial support of the United Nations Development Programme to the REC secretariats and, since 2013, AMU as well. For North Africa, the principal objective of the assistance programme is to accompany the efforts of AMU to bolster intraregional and intra-African trade. The missions entrusted to the expert provided include the following:

- Extension of the BIAT and CFTA initiatives to the AMU General secretariat and member States;
- Development of an information document on the BIAT and CFTA initiatives, identifying the opportunities, advantages and challenges entailed with the promotion intra-African trade for the RECs;
- Assessment of the need for devising an AMU action plan;
- Organization of an awareness raising and mobilization workshop of intraregional and subregional stakeholders of the BIAT initiative;
- Identification of the members of the national and regional technical working groups of BIAT;
- The organization of inaugural sessions and four additional session of the national technical groups and the regional technical group for the devising of a regional action plan and national action plans of the BIAT;
- The identification of members of the national and regional committees of the CFTA and the organization of opening and additional sessions (number to be determined), national and regional committees of the CFTA to (i) devise an action programme to complete the free trade zone of the REC and improve implementation of the CFTA initiative (regional variable geometry approach).

The programme objectives fully overlap the priority reactivation focuses of the AMU integration scheme, in particular those related to the increasing intra-North Africa exchanges and development of trade with other RECs such as WAEMU, the Central African Economic and Monetary Community and ECOWAS. Support for the establishment of the AMU free trade zone before 2017, the definition of a regional negotiation of the ALEA, as well as the implementation of the ‘trade facilitation’ and ‘trade information’, ‘trade facilitation’, external trade’ and ‘integration of the financial markets’ components of the contributions in the regional market edification process in North Africa. The AMU member States should be more greatly implicated in the accomplishment of this programme at the national and subregional level, with the CFTA offering new trading opportunities in a perspective of lifting of the current obstacles to the development of intra-Maghrebian trade.

B. Medium-term outlook for cooperation between the Economic Commission for Africa and the Arab Maghreb Union

In May 2013, the ECA North Africa Office and the AMU General secretariat organized an assessment meeting to review all the achievements of the multi-year programmes of work for 2010–2013. This meeting made it possible to confirm the pertinence of the strategic fields of intervention and to ratify the new priorities given the developments occurring in 2012 from an internal standpoint at the level of each institution, as well as from the regional and member State standpoint.

The analyses of the regional context in particular converged on the need to place at the heart of the future programme for joint cooperation stemming from the conclusions of the research conducted by the AMU Ministerial Committees in 2012 and the decision of the Ministers of Foreign Affairs of the Union to place the young as a permanent topic of intervention by the AMU general secretariat. This choice is legitimized by the existing relationship between the issue of youth employment and the security challenge the region has to confront. Several factors show that Maghrebian youth is increasingly attracted to the path leading to ‘jihad’ in the absence any prospects for jobs and decent incomes. The return of these young folks who took part in various conflicts in the Sahel and Middle East amplifies the security risk in the region’s countries. The development of this phenomenon calls for urgent and well targeted interventions aimed at youth in order to give more opportunities and means for genuine integration into the economic and social fabric. Actions should be taken into consideration in the short- or medium-term to contribute as additions to the priority focuses defined in the multi-year programme of work to contribute to the devising of sustainable solutions for youth employment and the financing of their initiatives and moral security.

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1. Medium-term priority areas of the Arab Maghreb Union

Food security: In the sectoral sphere, apart from the desire expressed by AMU to see ECA continue to provide support for greater participation of its representatives in events and interchange at the continental level on food security, environmental protection and sustainable development, the two partners agreed on continuing the strengthening of AMU in several directions.

The first and highly strategic one for AMU and the member States is for accelerating the implementation of the Subregional Action Plan for the fight against desertification and adaptation to climate change in the (PASR-LCD 2011-2020) through:

- Organization of a regional workshop for the extension and mobilization of the partners around the PASR-LCD/AMU;
- Devising of an inventory of successful practices for the fight against desertification and adaptation to climate change;
- Devising of Maghrebian research programme for the fight against desertification and adaptation to climate change.

The second focus would be of implementation of the programme for strengthening the capacities in support of the integration of climate change in the sustainable development progress in the Maghreb.

In addition to these two dimensions, it was suggested that both partners speed up cooperation on green employment, the green economy and sustainable development with the goal of making the green economy a vector of sustainable development in North Africa.

Infrastructure: AMU recalled its interest in the organization of a meeting of Maghrebian experts on the highways of the sea the objective of which is to establish a strategic framework for the improvement of interconnection of Maghrebian ports.

The short term priorities include the organization of:

- A Maghrebian workshop on open skies of member States. This get-together should have as an principal objective to do an inventory on aviation in the member States and identify the factors hampering Maghrebian cooperation to achieve adherence to open skies, and a
- Validation meeting on the studies conducted by the AMU in the area of information and communications technologies, i.e. study on the establishment and securitization of the Maghrebian broad band fiber optic telecommunications networks and study the legal and regulatory framework of CIT in the countries of the Maghreb.

Human resources and health: In this field of cooperation the regional priorities concern the continuation of the efforts undertaken in favor of youth, the management of migrations and cooperation in the field of health. Two ministerial meetings in 2012 devoted to youth emphasized the need to shelter Maghrebian youth from the trouble and dangers to which it may be exposed, in particular with regard to unemployment, fragility and social exclusion, terrorist networks and drugs traffic.

In the short and medium term the action of AMU, with support from its partners including ECA, should aim at placing youth, including with regard to migration, at the center of all issues of development in North Africa in general and the Maghreb in particular.

With regard to public health the efforts and expectation of the AMU will concern the organization of a forum on reform of the health system and the devising of a Maghrebian policy of joint purchase of healthcare equipment.

Economic matters: The actions proposed for the next programme should deal with the priority sectors for reactivation of the trade integration. More specifically, the activities envisaged in the framework of the ECA–AMU partnership will focus on the project for the creation of a Maghrebian Economic Community, rules of origin, the development of financial markets, analysis of the impact of SMEs on the development of AMU countries and the reinforcement of statistical capabilities.

2. Strategic framework for Economic Commission for Africa action for 2014–2015

The strategic framework for 2014–2015 of the Office is widely founded on the reorientation of ECA activities and priorities of the subregion. The work programme of the biennium based on the assumption of a pacific consultations of the on-going political transitions and the continuation of efforts for socio-economic transformation takes into consideration the acceleration of regional integration for the effective establishment of certain fundamentals while foreseeing for sustainable development, activities in support to the implementation of the subregional action plan for the fight against desertification (PASR-LCD) and monitoring of the Rio+20 outcome. The Office also plans on continuing the reflection and analyses of the diversification and sophistication of the North African economies via studies and meetings on the regional value chains and the facilitation of intra-Maghrebian trade. A more precise type of monitoring of the economic transformation of North Africa will also be carried out via the regular publication of country profiles based on quality data collected by the Office from national sources.

Conclusion

The aforementioned development demonstrates the pertinence of the actions initiated at the regional level in 2013 with regard to the challenges confronted by the States in the form of energy transition, youth employment and migration, collective security, adaptation of climate change, intra-North Africa trade, and strengthening of the capacities of AMU institutions. All make up a part of more greatly deep-seated dynamic in regional cooperation, for the establishment of synergy in the efforts made by the States in devising joint responses to the challenges of development, the optimization of the potential gains on the Maghreb market, opening out to markets on the continent, better attractiveness to investment and reinforcement of the negotiating clout of the region on the international stage. The efficiency of the actions carried out or currently underway remain, however, contingent on a certain number of factors for the complete appropriation by the member States, the reactivation of the institutional framework and regional cooperation, the facilitation of the participation of non-State players and greater coordinated support of external partners.

In North Africa the process is *de jure* and requires more determined political leadership. In spite of the many meetings held by AMU and the conventions already signed, national markets remain highly fragmented and the economic players are confronted with multiple obstacles in their bids for expansion of the subregional space. The absence of application of community law hampers considerably business between member States and it remains much easier for Maghreb enterprises to invest in regions of the continent other than North Africa. The market dynamic only will not be enough to boost the integration processes. The private sector has its limits and cannot go very far without any political determination. The commitment of States to create an integrated economic space must be greater and in the short term should lead to substantial advances in the achievement of a few decisive steps including a free trade zone, free movement of persons, ratification of the implementation of the existing conventions, formal adoption of regional sector strategies and greater alignment of national development plans in several priority spheres including food security, youth employment, jobs for young people, energy, inter-State transport, the environment and collective security.

The commitment of the States must also move hand in hand with a reactivation of the institutional regional cooperation framework. The General secretariat, the specialized institutions and affiliate bodies of AMU play a central role in the processes of institution, adaptation and monitoring of the strategies and programme that will partake in attaining the community objectives. Therefore, they will have structures more greatly adapted to a multi-dimensional scheme, a sufficient level of human and financial resources and broadened prerogatives. This will require a long-lasting solution to the problem posed by the irregular nature of the meetings of the AMU decision-making bodies and allocation in the human and financial resources commensurate with the community entities. The current financing system has demonstrated its objective limits. An acceleration of the regional dynamic required the initiation of an alternative financing mechanism more autonomous and better organized to securitize and make the integration process irreversible. AMU and existing or planned institutions must dispose of a capacity of initiative and action for the implementation of the objectives defined, via regular financing of their operating budgets, technical studies, equalization funds or adjustment of the costs and profits of an integrated national market, allocations in capital by BMICE, of certain programmes and integration projects. This type of arrangement could constitute a pertinent barometer for the political commitments of the States to reinvigorate the integration process.

A de-concentration of the decision-making power of AMU bodies is indispensable for optimum management of the regional agenda. It could gain in efficiency via concurrent decentralization in certain fields and levels of prerogative to the benefit of national semi-public bodies, the private sector and civil society networks for the promotion of interregional partnerships focused on common sectoral interests in the strategic objectives of the Union. The development of renewable sources of energy the promotion of regional stock exchanges and generally of commercial services (transport and logistics, telecommunications, bank and insurance and energy) offering genuine opportunities for the greater acceleration of sectoral cooperation constituting the engines of a progressive intertwining of Maghrebian economies. The exercise of traditional missions of the States in terms of strategic orientation and economic regulation must occur hand in hand with a more participative process and tripartite public/private civil society partnerships. The organization of a regional legal framework of projects in the private sector in a win-win approach corresponds to the unquestionable necessity enabling the existing partnership opportunities to be exploited between Maghrebian enterprises.

The few reforms and changes recommended would generate a greater scope to the on-going subregional initiatives and could stimulate more the commitments of external partners including ECA. Likewise, a considerable improvement in visibility on the strategic orientations and the medium term action of regional institutions (AMU, CEN-SAD) could also equally lead to the mobilization of more substantial resources, better programming and coordination of the support given to the building of an economic space for integration in North Africa.

The economic integration can no longer be perceived as an optimal perspective for the countries of North Africa. It corresponds to an economic necessity as a response to the narrowness of the national markets, a factor of acceleration of growth and strategic tool for mitigation of the negative effects of overly asymmetrical multi-lateralism. The multiplication of regional agreements occurring concurrently with globalization has demonstrated the importance of the region as an optimal space for development. Increasingly international relations are defined and negotiated in the framework of regional economic groupings perceived as factors for the facilitation of the consensus' required for the advancement of international negotiations (MDGs and for climate change, trade and collective security).

The upgrading of the integration process of AMU and CEN-SAD constitutes a crucial element for the needs of more sustainable growth of the region's economies and the strengthening of their capacities of resilience to external shocks. It is also for the strategic positioning of North Africa among the economic groups under construction counterbalancing of the economic and political weight of its European partners.