

Statement by Mr. Abdoulie Janneh at the African, Caribbean and Pacific Group of States (ACP Group) Symposium on: Regional Integration and Good Governance

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Statement by Mr. Abdoulie Janneh, UN Under-Secretary-General and Executive Secretary of ECA

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Mr. Chairman,

Dr. Mohamed Ibn Chambas, Secretary General of the ACP,

Mr. Louis Michel, former EU Commissioner for Development Cooperation and current Co-President of the Joint Parliamentary Assembly,

Excellencies, Ambassadors and Heads of Mission,
Distinguished Ladies and Gentlemen

I am pleased to be here with you today to commemorate the 35th anniversary of the African, Caribbean and Pacific Group, the ACP Group as it is now well known. Since its inception, the ACP Group has consistently and credibly managed the relations between its member States and the European Union over the years through the changing structure of the European integration project as well as the constantly mutating international landscape. This anniversary is therefore well worth celebrating.

Permit me to take this opportunity to salute your new Secretary-General, my brother and friend Dr. Ibn Chambas who brings vast experience and knowledge of development issues garnered over the years in a very distinguished career to this new assignment. Mohamed, you left a good legacy at ECOWAS and I know that under your leadership, the ACP Secretariat will build on its noble legacy of service and support to its member States. You can count on the full support of the UNECA in this endeavour.

I find the theme of this symposium – Regional Integration and Good Governance – quite compelling for several reasons. To start with, regional integration is one of the two pillars of ECA's work, the other being helping Africa to meet its special needs. Improving governance conditions in Africa is certainly one of the continent's priorities if the provisions of the AU Charter and its NEPAD programme are anything to go by. The topic is also pertinent and timely because we are at the heart of the European Union, the most successful regional integration arrangement of recent times. Indeed, topical events, even here in Europe have shown that governance conditions in some member States impact greatly on other members of the European Union.

Since Africa is the continent that I am most familiar with, most of the examples I will use today will be drawn from there. Also Africa is a continent, given its fragmentation into small States, has to integrate if it is to significantly improve the economic and social conditions of its people. We happily note the increasing commitment of Africa and its leaders through the African Union and the Regional Economic Communities to the integration agenda.

Nevertheless, I hope to be able to outline some key issues that are relevant to all regional groups comprising the ACP. This is certainly the case with my central premise, which is that the success and credibility of any regional integration agreement be it a free trade area, customs union, economic community or economic union is ultimately dependent on good governance practices in individual member States shaped by shared values.

For purposes of clarity, by governance I am referring to the processes through which individuals and organizations participate, cooperate, decide and resolve disagreements regarding the production and use of public goods in the context of state relations. This relates both to the nature of policies adopted as well as the institutional set up for acting on them. For these processes to function effectively they must be underpinned by shared values such as a common cultural heritage, democracy, human rights, gender equality, accountability, equity and the realization that the human being must be placed at the centre of development efforts. Shared values provide the basis of a common approach for dealing with the inter-linkages between regional integration and governance.

The validity of this statement can be seen from the varying interaction of regional integration and governance especially with regard to issues such as finding the right balance of sovereignty that member States are willing to yield to their regional grouping. It can also be demonstrated with regard to the management of institutions of integration and, transboundary cooperation, the cost of integration, the prevention of conflicts as well as the overarching imperative of a development outcome. Also key in this regard are the issues relating to voice and representation of Africa and indeed the wider ACP in global economic processes.

The degree of sovereignty and amount of policy space that member States are willing to cede to regional groupings would depend to a large extent on their shared values. Their ability to cede such important state prerogatives depend on trust and commonality of purpose that they have with other members and this can only be assessed by a good track record of governance and compliance with agreed policy objectives. We are all no doubt aware of the fact that membership of the European Union requires candidate countries to show that they can meet criteria such as functioning democratic institutions and market economies as well as the ability to meet the obligations of membership.

The close inter-relationship between governance and regional integration is also evident from the management of the institutions of integration and transboundary cooperation between member States of regional groupings. By the institutions of integration, I mean not only the secretariats of regional groupings but also their intergovernmental bodies and specialized

integration, I mean governmental bodies and specialized agencies. These bodies need to acquire and build up the capacity to envision integration strategies and influence agreed economic and social outcomes. Moreover, Regional Economic Communities should have the capacity to successfully undertake tasks that have been identified by participatory and inclusive processes as properly belonging in the realm of transboundary cooperation.

The process of integration is a costly one because of its institutional requirements as well as for the funding of physical infrastructure and programmes such as the EU's Common Agricultural Policy (CAP). I need not remind this distinguished audience that where money is concerned there are likely to be tensions over its use. It is the common commitment to the efficient and transparent use of resources and the belief that scales of assessment were fairly determined which encourages member States of RECs to be willing to entrust resources to the centre. But this is not the only consideration. Take ECOWAS for instance, which has developed a good financing arrangement through levies on imports into the Community. There have to be good governance practices in terms of statistics, record keeping and customs procedures to ensure that such levies are fully transferred to relevant ECOWAS institutions.

The formulation and implementation of common policies must also be underpinned by shared values. To illustrate, I recall that membership of the Euro zone required that governments of its member countries maintain and report accurately on policy regimes that would ensure the stability of the currency and the financial system of the entire zone. The ability to comply with the monetary and fiscal requirements of this policy regime would certainly matter more in developing countries because of issues of state capacity. Where countries are unable to manage their external deficits due to structural constraints and governance challenges then they are unlikely to be able to enter into single currency arrangements. The same is true for the administration of rules of origin requirements in preferential trade areas.

Some key shared values of the African Union relate to identity, opportunity, justice, and fairness. When these are not observed there is potential for conflict, which also undermines economic and social development including through the wiping out of social capital and trust. Similarly, with open borders and glaring disparities in economic opportunity within a regional grouping, people are likely to resort to migration which in turn can arouse feelings of xenophobia. Shared cultural heritage and affinities can help manage such processes and keep states from closing their borders when confronted with large numbers of refugees or economic migrants from within their regional grouping.

A key shared value in integration and governance processes relates to placing the improvement of the human condition at the centre of development efforts. Regional integration groupings must accordingly be governed with development outcomes in mind. In addition to the potential gains from trade, economies of scale from wider market opportunities and the pooling of resources to undertake common projects, regional groupings must remain accountable to their people in the policy stances

that they adopt. Regional policies must promote the achievement of the Millennium Development Goals and encourage foreign direct investment and should not be focused solely on short-term gains. The ability of a financial institution like ECOBANK to successfully open and operate branch offices in several member States of ECOWAS attests to the existence of regional policies that enable transboundary investment in that region.

Thus far, I have emphasised how the shared values underpinning good governance impact on regional integration but there are also ways in which the converse is also true. Being together in a regional integration grouping provides opportunities for countries to learn from one another especially in the process of adopting common policies. It also provides a framework for clearly articulating and developing shared values. The example of the African Union is salutary in this regard where the shared commitment of its member States to democracy and human rights has led to the adoption of clear policies to resist and oppose unconstitutional changes of government. The African Peer Review Mechanism of the African Union, which is an innovative and voluntary approach to institutionalizing best practices in governance on the continent is yet another example of the contribution that regional integration arrangements can make to promoting good governance.

The same is also true for the conduct of international relations as membership of regional groupings gives small states greater voice and representation in global institutions and negotiating forums. Africa's widely hailed decision to negotiate as one in the climate change negotiations is an example of an institutional arrangement that has arisen out of the integration efforts of the continent. Another example, relevant to the ACP Group is the negotiation of Economic Partnership Agreements with the European Union by different regional groupings. Such arrangements which give Africa voice help to promote global shared values of equity, fairness and respect for the views of the less powerful members of the international community.

In the case of Africa, its commitment to regional integration and improved governance must be tempered by the realisation that there is still a lot more to be done. Take for example, trade, which is one of the pillars of regional integration programmes in Africa. Despite commendable efforts by African countries to significantly dismantle barriers to trade, intra-African trade is still low. The fourth report on *Assessing Regional Integration in Africa*, which was recently published jointly by the Economic Commission for Africa, African Union Commission and the African Development Bank, finds that intra-African trade represents on average around 10 percent of total exports. This state of affairs is partly due to the lack of physical infrastructure but also to poor governance practices such as the existence of road blocks, legal or otherwise, and the failure to implement trade protocols.

Indeed, the successful implementation of policies and protocols adopted by Regional Economic Communities must also be matched by the continuation of efforts to reduce the cost of doing business. The evidence from Africa shows that the ex-factory cost of production is not much different from other parts of the world and that its products start becoming uncompetitive when transport, infrastructure and regulatory barriers are factored into the equation. This underscores the importance of regional trade facilitation programmes which are being supported by the Aid for Trade initiative of the WTO. The decision of member States of COMESA, EAC and SADC to embark in this context on the North-South Corridor project clearly demonstrates the required vision and commitment to achieve such objectives.

To sum up, regional integration will not be successful if it is not underpinned by good governance and there are certainly governance practices that can be promoted by the integration process. The findings of the African Governance Report published by the ECA indicate that good governance is intrinsically linked to improvement in economic and social outcomes.

These are outcomes that we are all committed to and the Economic Commission for Africa, which I have the honour to lead will certainly continue to work closely with the Secretariat of the ACP Group to articulate sound development policies and promote international economic cooperation.

Thank you for your kind attention.

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