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**CONSULTATIVE MEETINGS OF ACCRA AND LUSAKA:
CONSOLIDATED REPORT**

I. INTRODUCTION

1. Since the establishment of the OAU in 1963, African countries, through their successive leaders, have been striving to build a major grouping not only to control internal and external shocks, but also to promote the economic and social welfare of their peoples. This collective will was manifested in the seventies and the eighties by the advent of about 200 organizations aimed at achieving the Continent's integration. Such a plethora of institutions led to the apparent disintegration of African economies for many reasons, among which are principally: the similarity of objectives, ideological divergences and the inability to honour financial commitments due to membership in several organizations. The disappointing results of the development strategies of the first two decades of independence were behind many fora for reflection focused on freeing the Continent from constraints that could lead to obstruction and inertia. The Monrovia Conference (1979) prior to the adoption of the Plan of Action and the Final Act of Lagos (1980) constitute a rather edifying example. Thereafter, it should be recalled that the Lagos Plan of Action and Final Act of Lagos generated the Abuja Treaty Establishing the African Economic Community (1991), which since July 1999 entered into the second phase of its community building process, after its entry into force in 1994.

2. Six years after the launching of the African Economic Community, the Assembly of Heads of State and Government, meeting in an Extraordinary Session in Sirte, Libya, decided to establish an African Union, as a strengthened continental organization that would be more effective so as to keep pace with the political, economic and social developments taking place within and outside the continent. This was, however, meant to be the logical culmination of the Community in its final stage of development. This September 1999 decision undoubtedly highlighted the strong will of the African leadership to accelerate the process of implementing the Treaty Establishing the African Economic Community, which would in turn speed up the Continent's progress towards economic and social integration. The Sirte Extraordinary Summit also decided to take measures for strengthening and consolidating the Regional Economic Communities as pillars for achieving the objectives of the African Economic Community and realizing the envisaged Union. Yet, was this political will which was formally expressed in Sirte sufficient to realize what Africa has been striving to achieve for nearly forty years?

3. In fact, the edification of the African Union, like the United States of America or the European Union, raises a number of questions under the prevailing economic, social and political situation on the African continent. Therefore, it would be justifiable to ask the following questions: Is it possible to improve the Continent's integration process in an environment where there is an ever increasing number of regional communities? Can the already existing RECs, taken individually, successfully get through the phases of the Abuja Treaty when some of their members belong to more than one REC? In principle a country cannot belong to more than one customs union or monetary zone, how would countries belonging to many RECs aspiring to be customs union deal with this? All these are issues which should now be urgently resolved if Africa is to accelerate and succeed in its economic integration process. It is in this context that the African Union Commission and the United Nations Economic Commission for Africa undertook a study to look at the progress made by RECs towards the achievement of deeper economic integration in Africa. The study forms the basis for the consultations, which

commenced in Accra, Ghana in October 2005 for the Central, North and West African regions and in Lusaka, Zambia in March 2006 for the Eastern and Southern African regions culminating in the Ministerial consultations taking place in Ouagadougou, Burkina Faso.

4. The need to rationalize RECs is not a new development, even the policy organs of the OAU were, in their days, concerned by the issue as evidenced by the following resolutions:

- i. At its 27th Ordinary Session in 1976, the Council of Ministers by paragraph 2(a) of its Resolution CM/Res. 464(XXVI) decided that “ there shall be FIVE regions of the OAU, namely, Northern, Western, Central, Eastern and Southern”;
- ii. The Final Act of Lagos and the Abuja Treaty (Article 6, 2(a)) provided for the strengthening of existing economic communities and the establishment of others where none exists in order to cover the entire Continent;
- iii. Resolution CM/Res.1043 (XLIV) of the 44th Ordinary Session of the Council of Ministers (1986), requested in paragraph 7 “the OAU Secretary General, to examine the practical and operational modalities for coordinating and harmonizing the activities and programmes of existing sub-regional economic groupings”;
- iv. The Heads of State and Government, in paragraph 7 of Resolution AHG/Res.161 (XXIII) adopted at the 23rd Ordinary Session in 1987, requested the “Secretary General of the OAU, the Executive Secretary of the ECA, and the authorities of sub-regional and regional economic groupings, particularly ECOWAS, PTA, SADCC and ECCAS to take the necessary steps to ensure coordination, harmonization and rationalization of activities, projects and programmes of all the African inter-governmental cooperation and integration organizations in their respective regions in order to avert overlaps, power conflicts and wastage of efforts and resources’.

5. It is therefore imperative that the process of rationalizing RECs cannot be ignored or wished away, concrete decisions have be taken if the continent ids to accelerate its integration and bring development and prosperity to its citizens.

6. This paper presents very briefly the following elements: the present situation of AU accredited RECs in relation to other inter-governmental organizations; the motivation for rationalization; Outcomes of two consultative meetings held in Accra, Ghana and Lusaka, Zambia respectively; and the Way Forward.

II. THE PREVAILING SITUATION OF AU ACCREDITED REGIONAL ECONOMIC COMMUNITIES AND OTHER INTER-GOVERNMENTAL ORGANIZATIONS

7. The integration agenda and timetable for the African continent is outlined in the Abuja Treaty. Signed in Abuja, Nigeria on 3 June 1991, the Treaty Establishing the African Economic Community (AEC) entered into force on 12 May 1994 at the end of the required process of ratification by Member States. The building of the

Community, which is based on a pyramidal model, fundamentally depends on the Regional Economic Communities (RECs) as the pillars of the continental integration. As a first step towards integration, the REC is affirmed as the institutional organ to which every State should belong. In this regard, in Article 6,2(a), the Treaty provides for the establishment of RECs in regions where they do not exist.

8. By virtue of the legal status of the RECs as distinct and independent entities governed by specific texts, Article 88 of the Abuja Treaty provides for the establishment of relations between the AEC and the RECs on the one hand, and in Article 95, for a legal instrument to govern these relations in the form of a Protocol. The Chief Executives of the OAU and four RECs, namely, the Economic Community of West African States (ECOWAS), the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC) and the Inter-Governmental Authority on Development (IGAD) signed this Protocol on 25 February 1998, on the authorization of Member States. The Economic Community of Central African States (ECCAS) and the Community of Sahel-Saharan States (CEN-SAD) adhered to the Protocol later. The Arab Maghreb Union (AMU), which, functioning on the basis of unanimity, did sign the Protocol and but does not adhere to the principle of cooperation with the AEC because of the objection of one of its members, Morocco, which was no longer a member of the OAU and is not a member of the AU. The AU Commission has developed a new Protocol on relations with RECs, which has been discussed with RECs and will be signed after the rationalization process has been finalized. Figure 1 shows the RECs and Intergovernmental organizations in Africa.

9. At present, eight RECs are accredited to the AU, namely:

- i) ECOWAS: 15 members; Headquarters: Abuja (Nigeria)
- ii) COMESA: 20 members; Headquarters: Lusaka (Zambia)
- iii) ECCAS: 11 members; Headquarters: Libreville (Gabon)
- iv) SADC: 14 members; Headquarters: Gaborone (Botswana)
- v) AMU: 5 members; Headquarters: Rabat (Morocco)
- vi) IGAD: 7 members; Headquarters: Djibouti
- vii) CEN-SAD: 18 members; Headquarters: Tripoli (Libya)
- viii) EAC: 3 members; Headquarters: Arusha (Tanzania)

10. It should be noted that although recognized as RECs, EAC, IGAD and CEN-SAD do not satisfy the criteria of "region" as per OAU Resolution CM/Res.464(XXVI) dividing Africa into five regions of Northern, Western, Central, Eastern and Southern.

11. Within the regions, except for North Africa, many inter-governmental organizations exist with varied mandates and agendas, the following being the more important:

- i) **West Africa:** the West African Economic and Monetary Union (WAEMU), the Gambia River Development Organisation (OMVG), Senegal River Development Organization (OMVS), the Interstate Committee for Drought Control in the Sahel (CILSS), the Liptako-Gourma Authority, the Niger River Basin Authority, and the Mano River Union (MRU);
It should be mentioned that Bénin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo are members of ECOWAS as well

as WAEMU. Bénin, Burkina Faso, The Gambia, Mali, Niger, Nigeria, Senegal and Togo also belong to CEN-SAD.

- ii) **Central Africa:** the Central African Economic and Monetary Union (CEMAC), the Economic Community of the Great Lakes Countries (CEPGL), the Lake Chad Basin Commission (LCBC), and the Kagera River Basin Organization;
It should be noted that Angola, Burundi, DRC, and Rwanda belong to ECCAS as well as COMESA; Burundi, DRC and Rwanda to CEPGL, while Cameroon, Congo (Brazzaville), Gabon, Equatorial Guinea and Chad are members of ECCAS and CEMAC. The Central African Republic is a member of both ECCAS and CEN-SAD.
- iii) **East Africa:** the East African Community (EAC) and Indian Ocean Commission (IOC);
It should be noted that Djibouti, Eritrea, Ethiopia, Kenya, Uganda and The Sudan are members of IGAD as well as COMESA, while Djibouti, Eritrea, Somalia and The Sudan are also members of CEN-SAD. Mauritius and Madagascar are also members of COMESA, IOC and SADC.
- iv) **Southern Africa:** the Southern Africa Customs Union (SACU). It should be noted that all SACU Member States are also members of SADC and that only Swaziland is also a member of COMESA by derogation. Malawi, Zambia and Zimbabwe are members of SADC and COMESA.
- v) **North Africa:** in 1964 the Maghreb Special Advisory Committee was established between Algeria, Libya, Morocco and Tunisia to deal with economic cooperation issues. This led to the establishment of the Arab Maghreb Union (AMU) in 1989, with Mauritania as a member. It should be noted that Libya, Morocco and Tunisia belong to both AMU and CEN-SAD, while Egypt and Libya are members of COMESA as well as CEN-SAD.

III. MOTIVATION FOR THE RATIONALIZATION OF REGIONAL ECONOMIC COMMUNITIES

12. Both the Abuja Treaty and the Constitutive Act of the African Union recognize the regional economic communities as the pillars of the integration of the continent. Despite the remarkable achievements of the RECs more needs to be done before the African leadership can realize its dream of an African Economic Community. One of the main challenges that confront Africa in its efforts to accelerate continental s integration is to ensure coherency, complementarity and synergy amongst the RECs through rationalization.

a) Obstacles to Integration

13. There are several reasons why the current configuration of RECs is failing to accelerate integration hence the need to rationalize. A few of them include the following:

- i. **Multiple membership by Member States: On average, 95 percent of the Member States** of a given REC belong to another REC. Most policymakers and their advisors, at the country level indicate that the multiple and overlapping memberships stretches a country's limited resources for regional integration very thinly. In most cases countries that belong to more than one REC find it very difficult to honour their contributions and obligations in the various RECs. Moreover, the multiple memberships are a source of low implementation of programmes of the RECs. The low attendance of meetings and duplication or conflicting programmes implementation at the national level can be attributed to this problem.
- ii. **Duplication of mandates and programmes or similar objectives at the RECs level:** There is at the moment a lot of duplication of the mandates and programmes of the RECs, contributing to the inefficiencies in the African regional integration agenda (see the attached graph of overlapping mandates). These overlaps and duplication of programmes and activities could be found in the areas of trade, monetary and financial issues and infrastructure. Without coordination and harmonization of such efforts, it is unlikely that the RECs as currently working would be able to play an efficient and effective role in moving towards continental integration. For example, despite the fact that more than half of the African RECs have duplicating programmes in trade and market integration, intra-African trade remains unacceptably low. Lack of harmonised instruments governing the trade and market integration schemes means that each REC ends up having its own rules of origins for instance or its own certification process among other things. The end result is that trade between two RECs becomes limited and by extension intra-African trade remains low. It should, however, be pointed out that some RECs have put in place mechanisms for harmonizing and coordinating their programmes and activities.
- iii. **RECs multiplicity and effectiveness towards the goals of the African integration:** The multiplicity of the RECs and the spreading of member states' resources too thinly in attempts to finance the RECs activities could be undermining their efficiency. The fact that they are unable to meet their resource needs through internal mechanisms means that the effectiveness of the RECs as agents towards Africa's integration is being compromised. Achieving high volumes and values of intra-African trade is one of the AU goals and features prominently as an objective of most of the RECs themselves. Based on the set intra-REC trade targets, only 22 percent of the RECs have achieved their target. The remaining 78 percent as at 2004 were operating below their trade growth targets. In terms of the movement of people, an African integration ideal, while the majority of RECs have abolished visa entry requirements for citizens of the participating member states, there is very little movement on the more concrete and binding areas that would make common market a reality.

14. Despite the attempts by some RECs to rationalize inter-governmental organizations, and the benefits of rationalization and the deepening of regional integration, Africa still faces a number of challenges including the following in advancing its integration agenda:

- i. *Political Will*: Despite the good intentions of the Abuja Treaty, the political will and commitment to push forward the regional integration agenda are lacking. The evidence for this is the absence of enforcement mechanisms to deal with African States that decide not to adhere to protocols and treaties they are signatories to.
- ii. *Fear of Loss of Sovereignty*: The integration agenda is not effectively pursued because some countries are not prepared to cede powers to supra-national bodies for fear of losing independence and sovereignty. Most secretariats of the RECs have no legal power to ensure that member countries fulfil their obligations.
- iii. *Lack of Compensatory Mechanism for Losers*: The payments of compensations to the losers of the integration process also act as a constraint for the full implementation of integration schemes. Tariffs and other trade taxes account for a significant share of the revenues for many African countries, however much of the revenues are not from intra-Africa trade. The potential loss of revenue, if all the protocols of the integration process are implemented, could inhibit the integration process, even if the potential benefits of integration outweigh the cost. In addition, if countries are at different stages of development, the gains from integration are also disproportionate hence some member countries would be reluctant to fully commit themselves to the integration process. It may be necessary to have an agreement by the gainers to compensate the losers. The experience of UEMOA could be considered to arrive at an amicable formula.
- iv. *Poor Infrastructure and Inadequate Trade Facilitation Mechanism*: Poor infrastructure is also responsible for the inability of African countries to rationalize the RECs. Compounding the problems of the inadequate infrastructure are the numerous roadblocks on African highways, delays at border posts, long and inappropriate customs clearance and corrupt activities engaged by officials. These factors contribute to poor trade within and outside Africa.

b) Outcome Expected from Rationalization

15. The main benefit of rationalization is that the RECs become strengthened as overlapping functions of intergovernmental organizations are eliminated. In addition, multiple memberships of regional economic communities would be eliminated, resulting a targeted use of resources for the integration process of the continent. There are other potential gains from strengthened RECs. These gains, which are both economic and non-economic, include:

- i. *Increased trade between member countries and those outside the region:* Larger trading blocs would provide bigger trading opportunities. The larger markets would provide an environment to nurture and improve competitiveness and attract investment;
- ii. *Economies of scale:* Some of the RECs formed from the small African countries are too small themselves to lead to the required large economies of scale for efficiency improvements. Rationalized RECs could overcome the disadvantage of being small by pooling resources or combining markets.
- iii. *Productivity improvements:* Rationalized RECs increase the intensity of competition among firms. This competition results in the elimination of internal inefficiencies. Given the direct correlation of increased efficiencies and redundancies occasioned by possible bankruptcies, workers productivity is forced to rise leading to overall productivity improvements in the sub-regions and the continent as a whole.
- iv. *Policy credibility:* Rationalised RECs covering larger markets will have the advantage of policy lock-in as “anti-investment” policies or fiscal laxity become costly due to competition for investments location. Rationalization will also increase credibility of promises for good policies.
- v. *Reduced regional conflicts:* Rationalised RECs covering many countries are likely to help reduce the probability of conflict between neighbouring countries. There will be increased incentives for peaceful resolution of conflicts within a socially and economically integrated region.

16. To address these challenges the rationalization process should be more inclusive. The process would be strengthened if all stakeholders of the integration process including civil societies, the private sector and other development partners embrace it. For this to happen the rationalization process must be realistic and the concerns of the citizenry and all participants of the process should be taken into account. For example, the current IGOs have signed and ratified a number of agreements within and outside the continent. The rationalization process could produce new arrangements that could make some of these agreements obsolete. It is therefore imperative that all parties are consulted on how to handle existing protocols, agreements and laws that could potentially be affected by the rationalization process.

17. In building consensus for the process, all the existing regional economic blocs and other integrating agencies must be considered as equal partners in a participatory process. This would contribute to creating the proper negotiating environment that could motivate Member States to cede part of their powers to supranational bodies in order to achieve an effective and efficient outcome for the rationalization process, in which all partners contribute towards the advancement of the continent’s integration agenda.

IV. OUTCOMES OF THE TWO CONSULTATIVE MEETINGS

18. The AU Commission in collaboration with the Economic Commission for Africa held two consultative meetings at experts level for the Central, Northern, and Western, and for the Eastern and Southern regions of Africa. At these consultative meetings, the following documents were presented for discussion:

- Rationalization of the RECs: Proposed Measures by Global Coalition for Africa (**GCA**);
- Overlapping Membership in COMESA, EAC, SACU and SADC by German Technical Cooperation (**GTZ**) (presented to the Lusaka meeting only);
- The case for Rationalization of the RECs by Economic Commission for Africa (**ECA**);
- General Framework of Rationalization of the Regional Economic Communities by **ECA**;
- Rationalization Using Variable Geometry by the African Development Bank (**ADB**) (presented in the Accra meeting only) and
- Scenarios for Rationalization of RECs by the African Union Commission (**AUC**).

19. Summaries of these documents are in the Consultative Reports of Accra and Lusaka, which have been circulated to Member States.

20. The AUC and the ECA in their communications highlighted various scenarios of rationalization being understood that the existing configuration is a major obstacle on the way to continental integration. The relevant scenarios are contained in the matrix attached to this document. Recognizing the need to rationalize the RECs, the AUC suggests to quantify the proposed scenarios through a cost-benefit analysis, with a view to providing technical tools to the Heads of State and Government from which they can make a political decision.

21. In both consultative meetings a number of process and substance (acceleration of the integration process) issues, which were common in some cases, were raised. On process issues, both meetings emphasised the need for intensive consultative processes with all stakeholders such as private sector, civil society, parliamentarians and labour movements at national and regional levels to ensure ownership of the rationalization process. It was noted that the consultations could not be adequately done in time for the Ouagadougou Ministerial meeting and therefore they have to continue even after the Banjul Summit particularly at regional level to facilitate implementation of decisions and execution of further work.

a) **Common Observations from the Accra and Lusaka Consultative Meetings**

22. On the issues of substance, the two meetings raised the following points:

- i. Recognition should be made of the substantial progress that has been made towards the harmonization and coordination of programmes and

activities among many RECs. In this respect a call was made for strengthening the mechanisms that are in place and to identify the key areas of harmonization and convergence, particularly trade, economic and monetary policies. The need for a cost benefit analysis on harmonization and coordination was underscored in order to inform the rationalization process;

- ii. The meetings underlined the need to look at development integration as a basis for rationalization and this entails putting emphasis on infrastructure development in terms of transport and communications inter-linkages, power pools for energy supply, pooling efforts and enhancing productive capacity for rational and optimal exploitation of natural resources. This would entail intensive consultations amongst the RECs themselves to agree on intra-regional projects and programmes in order to optimise utilization of scarce resources. The meetings also noted that integration is a continuous and lengthy process as reflected in the Abuja Treaty timeframes;
- iii. The meetings stressed that the case for rationalization should have a clear analysis of what the mandates of the RECs are and whether they were moving towards their stated objectives. It also recognized the capacity constraints not only of the RECs but also of the Commission of the African Union and Member States to implement integration programmes;
- iv. The consultative meetings indicated that there was need to ensure effective coordination between the AU and the RECs and welcomed the proposal for the Chairpersons of RECs to present progress reports on their institutions at the meeting of Ministers responsible for integration scheduled for end of March 2006;
- v. Both meetings noted that while ongoing multilateral and bi-regional negotiations had a bearing on Africa, external players should not dictate the process of rationalization;
- vi. Participants called for the revitalization of the Joint AU/ECA/ADB Secretariat to assist in the coordination and harmonization of integration and the development efforts at the continental level; and
- vii. Both meetings did not select a specific scenario for rationalization but much discussion centred on the harmonization and coordination of programmes and activities of RECs (an Annex is attached summarizing some of the scenarios).

b) Accra Consultative Meeting Recommendations

23. The Accra, Ghana consultative meeting adopted the following recommendations as a way forward on the rationalization process:

- i. Reaffirming the definition of a REC as per the Abuja Treaty;

- ii. Recognizing the integration processes enshrined in the Abuja Treaty, while taking into account the recent developments shaping the integration process such as the recent consultations of the AU Summit in Sirte, Libya in July 2005;
- iii. Urging Member States to accelerate the implementation of the Abuja Treaty bearing in mind the Sirte Declaration of 9/9/99 which recommend among others the reduction of the timetable for integration;
- iv. Distinguishing between regional cooperation and regional integration;
- v. Clarifying the modalities for rationalization since the RECs do not necessarily have the same mandates and therefore should not be grouped in the same category;
- vi. Speeding up the pace of rationalization with caution taking into account the diversity and peculiarities of RECs and the level of development and vital interests of concerned Member States;
- vii. Conducting a cost-benefit analysis through institutional and management audits for all RECs and IGOs, including capacity building needs, which would inform the AU Summit in July 2006 on the way forward;
- viii. Developing a time-bound rationalization action plan with measurable indicators of progress, emulating, for example, the ECOWAS/UEMOA action plan for harmonizing and coordinating their programmes and activities as well as the mechanisms to achieve them;
- ix. Defining the anchor community to lead the integration process in key sectors that require strong leadership such as peace and security, and NEPAD;
- x. Mobilizing adequate internal financial resources to support the consultative process within the regions to avoid depending on external sources;
- xi. Revitalizing the Joint AU/ECA/ADB Secretariat to assist in the coordination and harmonization of integration and the development efforts at the continental level;
- xii. Recognizing the impact of international negotiations /commitments on the rationalization process, for example the Economic Partnership Agreements (EPAs) between African countries and European Union (EU); and;
- xiii. Underlining the need to look at the developmental integration as a basis for rationalization with emphasis on infrastructure development in terms of transport and communications inter-linkages, power pools for energy supply, pooling efforts and enhancing productive capacity for rational and optimal exploitation of natural resources.

c) Lusaka Consultative Meeting Recommendations

24. The Lusaka, Zambia meeting adopted the following as a way forward:
- i) Consistent with the Abuja Treaty and the Constitutive Act of the AU, the AUC should, building on the existing studies such as the ECA/AUC study on “Assessing regional integration in Africa”, review and prepare an update on recent progress by RECs towards policy harmonization and coordination for continental integration and propose, as appropriate, a continent-wide coordination mechanism for consideration by Member States and the RECs;
 - ii) The AUC should have a continental oversight role over the harmonization and coordination of the programmes of the Regional Economic Communities. In this regard, the secretariat should propose how harmonization and coordination would be implemented;
 - iii) The joint secretariat of the African Union Commission, the Economic Commission for Africa and the African Development Bank should be revitalized to support the integration process. The Joint Secretariat and the RECs should present to the AU Policy Organs programmes on harmonization and coordination;
 - iv) The AUC in consultation with RECs, ECA and ADB should be tasked with setting up a time-table for the attainment of key landmark objectives in all sectors as provided in the Abuja Treaty;
 - v) The rationalization process should be consultative and involve all key stakeholders of the integration agenda, including the private sector, civil society and women groups; and
 - vi) Regional summits should be held to discuss the rationalization process with a view to accelerating the integration process.

V. OUTPUT EXPECTED FROM THE OUAGADOUGOU MEETING

25. The Ouagadougou consultative meeting is expected to:
- i. Examine to recommendations of Accra and Lusaka;
 - ii. Define a way forward based on the recommendations:-
 - Studies to quantify the scenarios, convening of seminars to validate the studies;
 - Consultative meetings involving civil society, tax and customs officials;
 - Ministerial conference in 2007 to examine the outcome of these consultations;

- Proposals of optimal configuration of RECs for Heads of State and Government to decide upon.

