

disputes over legitimacy that result from the multiple treaties (box 3.1). Thus, rationalization requires addressing the considerable constraints that limit the effectiveness of regional economic communities.

The main benefits of rationalization are that the regional economic communities become stronger as overlapping functions are eliminated and that resources are better targeted. Other potential gains include:

The main benefits of rationalization are that the regional economic communities become stronger as overlapping functions are eliminated and that resources are better targeted

- **Increased trade between member countries and countries outside the region.** Larger trading blocs would provide more trading opportunities. And larger markets would allow for more competition.
- **Economies of scale.** Some of the regional economic communities with small African countries are too small to achieve the large economies of scale needed to improve efficiency. Rationalized regional economic communities would overcome this disadvantage by pooling resources and combining markets.
- **Stronger negotiating position.** Rationalization would provide Africa a better position in international negotiations.
- **Welfare gains.** Welfare gains would result from resources saved as a result of trade creation. Rationalized regional economic communities with fully liberalized trade barriers and free trade agreements would have the most welfare gains.
- **Improved productivity.** Rationalized regional economic communities would increase the intensity of competition among firms, which would eliminate internal inefficiencies. Increased efficiencies would force worker productivity to rise, leading to overall productivity improvements.
- **Higher wages.** Rationalized regional economic communities would reduce the transaction costs of tradables relative to nontradables, shifting demand and supply in favour of tradables. Because tradables in Africa tend to be labour-intensive, despite labour abundance, more demand for labour would increase the wage rate.
- **Policy credibility.** Rationalized regional economic communities covering larger markets would have the advantage of policy lock-in as “anti-investment” policies or fiscal laxity become costly due to competition for investment. Rationalization would also increase the credibility of promises for good policies.
- **More efficient provision of public goods.** Member countries of rationalized regional economic communities would experience quantum leaps in the quality and quantity of public goods provided regionally—including education and infrastructure.
- **Fewer regional conflicts.** Rationalized regional economic communities covering many socially and economically integrated countries would increase the cost of conflict and offer incentives for peacefully resolving conflicts.

Box 3.1

The rationalization continuum

For practical purposes rationalization can be described as a continuum, with the strong and weak forms of rationalization as its end points. The strong form of rationalization involves the absorption and merger of existing regional economic communities to align them with the five regional communities proposed under the Abuja Treaty. This requires major political decisions and actions at all levels—continental, regional, subregional, and national. The weak form of rationalization involves leaving the existing communities intact while harmonizing their programmes. This requires each cooperation and integration organization to maintain all its current mandates and objectives while strategies, programmes, sectoral projects, and cooperation instruments are standardized. The rationalization scenarios derived from this continuum are discussed in more detail in chapter 6.

Source: Economic Commission for Africa

The need for rationalization was first raised in West Africa, where 3 economic communities and 30 other intergovernmental organizations existed

Efforts to rationalize the regional economic communities

Discussions and resolutions of continental bodies such as the Council of Ministers of the African Union and its predecessor the Organization of African Unity and the Conference of Ministers organized by the United Nations Economic Commission for Africa (UNECA) show quasi-unanimity on the need to rationalize the continent's integration process. Although everyone agrees on the objectives of rationalization, controversy remains over how to achieve them. This section traces the history of rationalization efforts so far to provide a basis for evaluating the strengths and weaknesses of various rationalization scenarios.

Phase one: attempts to regroup

The first phase of rationalization, 1983–94, was marked by several attempts to regroup the regional economic communities and directly and indirectly related intergovernmental organizations in each region. The need for rationalization was first raised in West Africa, where 3 economic communities and 30 other intergovernmental organizations existed. UNECA conducted several studies on ECOWAS in 1983, 1986, and 1987 that advocated designating ECOWAS the sole regional economic community for West Africa and transforming all other institutions into specialized institutions. In 1994 UNECA's African Institute for Development and Planning proposed a programme and timetable for merging and absorbing the different organizations in the institutional framework of ECOWAS.

Central Africa was the next region that sought to rationalize. An organizational and structural audit commissioned in 1992 by ECCAS offered two solutions. The first was similar to the ECOWAS solution: a strong ECCAS would be cultivated and progressively absorb the region's other intergovernmental organizations. ECCAS,

like ECOWAS, would carry out the missions assigned to it in its treaty. The second solution was to “outsource” the essence of ECCAS programmes and projects to the Central African Customs and Economic Union and CEPGL, leaving ECCAS with a light structure.

Despite ECOWAS being designated the “sole regional community in West Africa,” no West African institution has amended their treaty or constitutive agreement to reflect this decision

These two initial attempts at rationalization in West and Central Africa had one major characteristic in common: they were targeted exclusively at the formal unification objective of the institutional framework of regional cooperation, which was conceived as a means and an end of the rationalization process. But this strong form of rationalization fell short of its objectives. Despite ECOWAS being designated the “sole regional community in West Africa,” no West African institution—including the West African Economic Community and the West African Monetary Union—has amended their treaty or constitutive agreement to reflect this decision. As a result, revision of strategies, policies, and programmes of the existing intergovernmental organizations in the region has been limited, a clear indication of the failure of rationalization around a single regional community. The ascription of “sole regional community in West Africa” was watered down with the word “eventually” in the revised ECOWAS treaty, at the behest of the heads of state of countries that were members of ECOWAS and UEMDA.

These facts indicate that African countries were not yet prepared to rationalize through mergers and absorptions. This conclusion is further supported by the fact that some of the countries that belong to the six regional economic communities established since the Abuja Treaty were already members of the eight regional economic communities that pre-dated the treaty.

Another important characteristic of the early efforts towards rationalization that could have implications for current and future efforts: the actions undertaken before 1994 were part of a global framework that included all the intergovernmental organizations in each region regardless of their missions and vocations. Although the number of intergovernmental organizations, their budgets, and the effects of their programmes were common concerns for most African countries, duplicated efforts and overlapping activities could not be verified or were not opposed. Important examples in West Africa include the Joint Organization for Locust and Avian Pest Management’s antilocus and antiavian campaign, the West African Monetary Union’s management of the CFA franc, the West African Rice Development Association’s development of rice cultivation, the Organization for Coordination and Cooperation against Endemic Diseases’ work with major endemics, and the Agency for Air Navigation Safety in Africa and Madagascar’s (ASECNA) work with civil aviation. These institutions were specialized in very specific areas and could easily have coexisted in the same regional space.

Thus, the quest to unify the existing institutional frameworks, no matter how ideal they might have seemed, was not urgent, and the global approach to rationalization

failed to stress prioritizing the problems. The approach also led to complex and time-consuming solutions that were difficult to implement. And it gave preference to the absorption of all intergovernmental organizations by the institution designated as sole regional economic community. This hid conceptual defects of the designated regional economic community's integration plan, which made the whole region vulnerable to losing the benefits of more efficient and already operational instruments.

The magnitude of these difficulties and the near absence of results left doubts about the relevance of the measures adopted and about African countries' will to effectively embark on the path of global rationalization. The difficulties also highlighted the need to explore other ways to resolve the problems of multiple regional economic communities or at least mitigate their adverse effects.

Phase two: new approaches

The second phase of rationalization, 1995–2002, was characterized by new approaches to rationalization that aimed to circumvent previous impediments. In 1995 UNECA elaborated another strategy for rationalization, based on priorities, guiding principles for efficiency, and less rigid approaches for rationalizing intergovernmental organizations. The lessons from the first phase refocused the rationalization discussions on areas where overlapping was evident—especially for regional economic communities where the market systems became exclusive when they were not identical. For example, trade in products from Burkina Faso and Côte d'Ivoire could be carried out only under the UEMOA regime or the ECOWAS regime, but not both. A country's choice of one regime systematically excluded others because of regime-specific instruments such as rules of origin, preferential tariff rates, models of custom declaration, and tariff and statistical nomenclature, among others.

In the second phase the first-best option had to give way to a second-best option for practical reasons. Regionalization of the market rules in each region thus became the first priority, to eliminate the main freezes generated by overlapping institutions and to re-establish de facto the major regional communities—ECCAS, ECOWAS, and COMESA—with the entirety of their missions and mandates. This gradual rationalization approach was adopted through the Cairo Agenda and Resolutions 794 and 825 of the UNECA Conference of Ministers. The continental institutions—Organization of African Unity, UNECA, and African Development Bank—were to provide the regional economic communities assistance in preparing and implementing a new rationalization plan that incorporated the new approaches. But these decisions and recommendations were not followed up with an implementation programme.

Unlike the first phase of rationalization, the second phase did achieve some progress. But the main problems persist—and could be getting even more acute as Africa joins the globalization process and new constraints and timeframes imposed by initiatives such as the economic partnership agreement negotiations between the European Union and the African, Caribbean, and Pacific countries are considered.

In 1995 UNECA elaborated another strategy for rationalization, based on priorities, guiding principles for efficiency, and less rigid approaches

Box 3.2

Rationalization in Central Africa

In Central Africa the process for re-launching the Economic Community of Central African States (ECCAS) began in 1998 with technical assistance from the United Nations Economic Commission for Africa to establish an autonomous financing mechanism and a free trade area. The preference was for a strategy that improved the vested interests and achievements of the other institutions in the region, especially the Central African Economic and Monetary Community (CEMAC) and the Common Market for Eastern and Southern Africa (COMESA). But the strategy was to avoid conflict with existing institutions, given ECCAS' failure to meet the timeframe of its treaty and annexed protocols. The strategy enabled a free trade area to be established over 4 years (2004–07)—instead of the 12 years initially envisaged—under shared territoriality. Maintaining this strategy successfully will lead to a single regional market for Central Africa in 2008.

CEMAC has already reached the stage of a customs union, with trade among its six members governed by its own regime. The ECCAS regime will apply to non-CEMAC members, and at the end of the four-year interim period it is expected to be at the same level as CEMAC's. The secretariats of the two communities, on the strength of formal mandates received from their deliberative organs, will then harmonize residual norms—rules of origin and compensation rates for the loss of tariff revenues.

Source: Economic Commission for Africa

It is thus imperative to find new momentum and re-launch rationalization initiatives in a better structured continental framework with improved follow-up. Chapter 6 discusses the benefits and constraints (and hence the functionality) of rationalization scenarios.

Overlapping membership

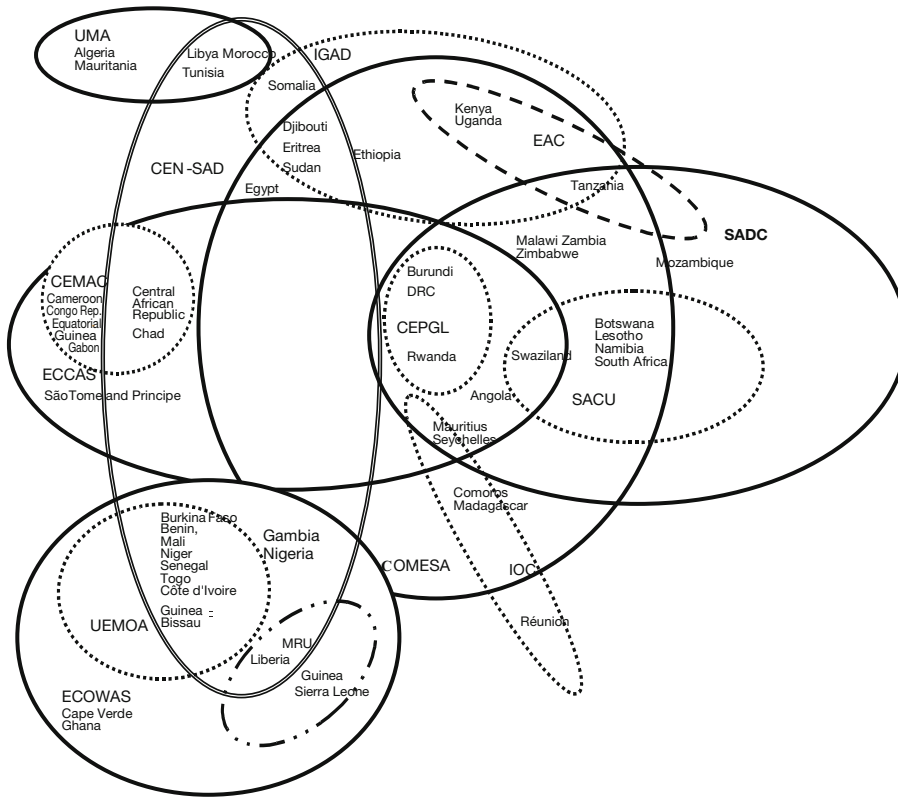
This section reveals the reality of the multiple regional economic communities in Africa and presents evidence from a recent survey of regional integration in Africa.

The spaghetti bowl: overlapping memberships in 2004

The spaghetti bowl is a metaphor for African countries' many overlapping memberships in regional economic communities (figure 3.1). The phenomenon is well documented (UNECA 2004; World Bank 2005), but a visual representation is the best way to grasp how complex the network of regional economic communities in Africa really is. West Africa, for instance, has three integration institutions: ECOWAS, UEMOA, and MRU. In addition, CEN-SAD covers part of West Africa. Except Cape Verde and Ghana, which belong only to ECOWAS, every West African country belongs to two or three regional economic communities. All

Figure 3.1

The spaghetti bowl of overlapping regional economic community memberships



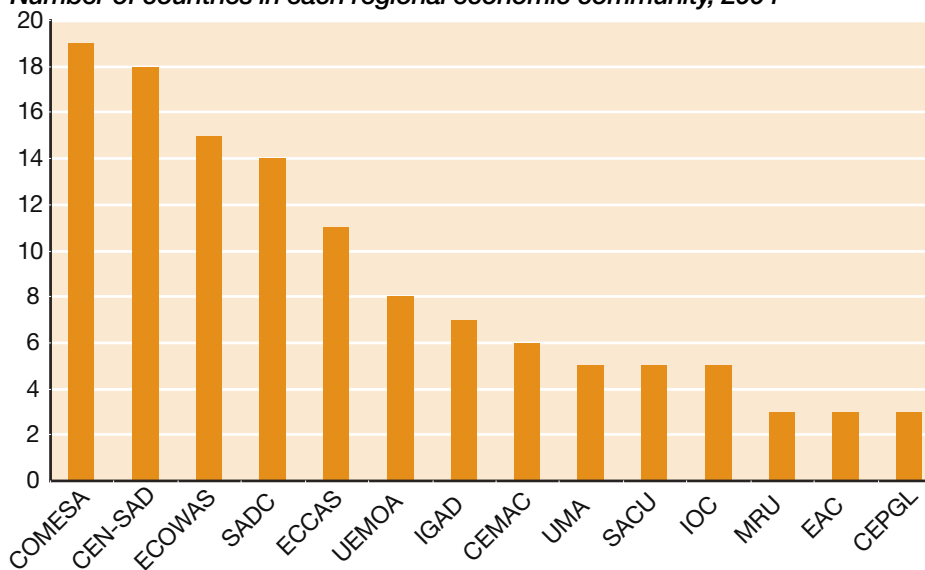
Source: Economic Commission for Africa

15 West African countries are members of ECOWAS, and 8 of them—those in the CFA franc zone—constitute UEMOA. UEMOA is more integrated—with a monetary union, a single currency, and a customs union with a common external tariff (preceded by a free trade area). Countries that are members of ECOWAS but not UEMOA are embarking on a “fast-track” programme to establish a monetary union that will join UEMOA and introduce a single currency for the entire region. Eight ECOWAS countries also belong to CEN-SAD (figure 3.2).

Overlapping membership in Africa has been puzzling and urgently needs a solution. On average, 95% of the members of one regional economic community belong to another. An obvious question is whether national policymakers and their advisors understand the consequences of multiple and overlapping memberships, and evidence shows that they do (figure 3.3). Slightly more than 25% of countries that are members of more than one regional economic community said that multiple memberships make it difficult for them to honour their contribution obligations to all their regional economic communities. Another 23% said that multiple memberships are

Figure 3.2

Number of countries in each regional economic community, 2004



Source: Economic Commission for Africa, *Assessing Regional Integration in Africa Survey*.

the source of low programme implementation. Two other major problems seen at the national level are low meeting attendance (16%) and duplication or conflicting programme implementation (16%). The ranking on a scale of 0–1 of the implications of overlapping memberships is shown in figure 3.3. The figure is a replication of the frequency of citation of the problems. Inadequate payment of contributions, with a rank of 0.56 on a scale of 0–1, is the biggest problem. Low implementation of programmes also has a significant score of 0.5.

Half the countries cited political and strategic reasons as the main determinant for joining regional economic communities

Reasons behind multiple memberships

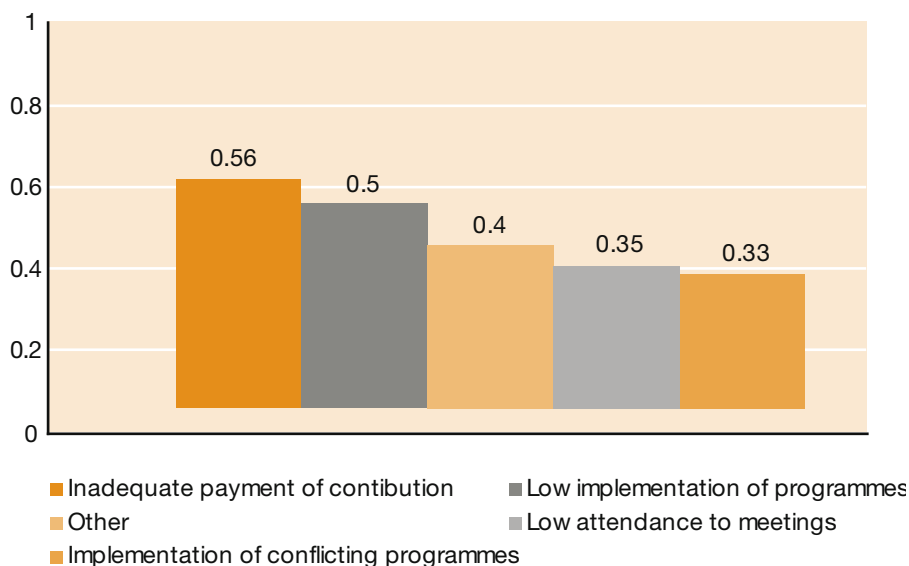
Given the knowledge of these problems, why do countries still join more than one regional economic community? Half the countries cited political and strategic reasons as the main determinant for joining regional economic communities. Economic interests rank a distant second, cited by only 35%. Geography—a key consideration in the Abuja Treaty—was cited by only 21% (figure 3.4).

Do these reasons match economic theory? World Bank (2004) offers theoretical reasons and rationales for establishing preferential trading areas, but it does not explain why countries belong to more than one grouping. But one explanation may provide some answers: variable geometry.

Variable geometry allows countries to integrate on various fronts, with some fronts moving faster than others. Take SADC, for example. Variable geometry accelerates the integration programmes of SADC while preserving the achievements and benefits of SACU. The reasoning behind variable geometry is that allowing

Figure 3.3

Consequences of multiple memberships at national level (inverse of average rankings)



Source: Economic Commission for Africa, Assessing Regional Integration in Africa Survey.

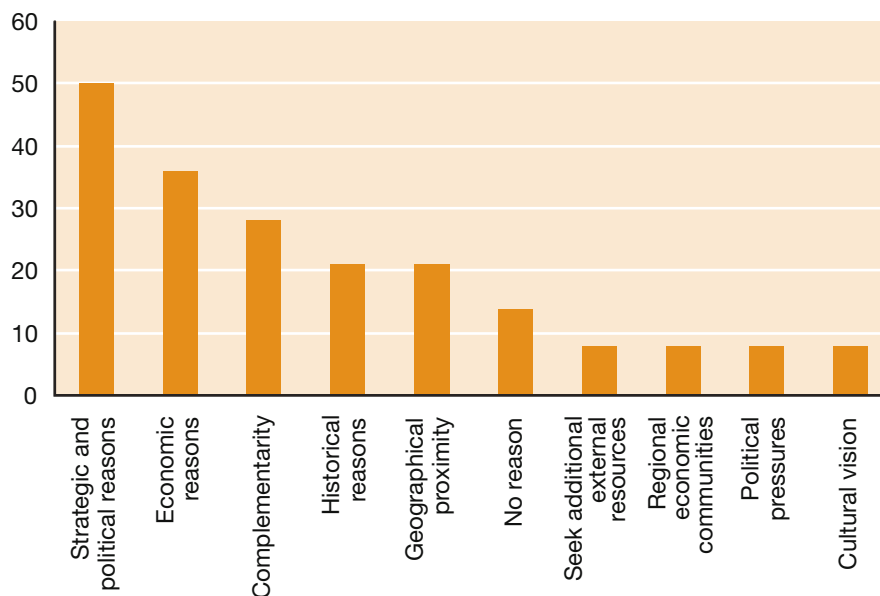
for smaller subsets within larger blocs lets some members integrate faster. The concept is also demonstrated in COMESA, where a free trade agreement was adopted by only 9 of 20 members. Even as COMESA moves towards a customs union, some countries are still far behind in dismantling tariffs to join the free trade agreement.

A second school of thought on variable geometry argues that countries belong to more than one regional economic community to optimize the benefits from integration while insuring against adverse consequences of belonging to only one bloc. This is especially true in Central Africa, where since 1993 ECCAS and CEPGL seem to have ceased activities as a result of the crisis in the Great Lakes. If CEMAC and COMESA did not exist, countries in the region that made progress in integration may not have had the opportunity to do so.

Another argument is that the proliferation of regional integration blocs stems from a quest to seek and create optimal economic spaces to coordinate and harmonize national policies and strategies in subregions and eventually the entire region. Participating countries could individually and collectively reap higher rates of economic growth. This argument seems to be the incentive for small and weak countries to join several regional economic communities at the same time—to maximize perceptible or imperceptible gains from each.

Figure 3.4

Reasons why African countries join more than one regional economic community (%)



Source: Economic Commission for Africa, *Assessing Regional Integration in Africa Survey*.

More on overlapping memberships

Except Egypt and Sudan, all the countries in North Africa belong to UMA, but only Algeria and Mauritania limit their membership to UMA alone. The rest are also members of CEN-SAD, COMESA, or IGAD. Sudan stands out because it is the only country in the region that is a member of three regional economic communities: CEN-SAD, COMESA, and IGAD.

Except São Tomé and Príncipe, which belongs to only one regional economic community, all the Central African countries belong to at least two regional economic communities

Central Africa is also characterized by overlapping memberships and duplicated efforts. Three regional economic communities operate in the region: CEMAC, ECCAS, and CEPGL. Except São Tomé and Príncipe, which belongs to only one regional economic community, all the Central African countries belong to at least two regional economic communities—with Democratic Republic of Congo a member of four. ECCAS' membership includes all the Central African States. CEMAC, with six member countries of the Central African CFA franc zone, is the most integrated, although it is lagging on many fronts in integrating the economies of Central Africa.

The integration institutions in East and Southern Africa include the EAC, IGAD, COMESA, SADC, SACU, and the IOC. The regions have the most initiatives, and except Mozambique, all the countries in the region are members of at least two regional economic communities. COMESA and SADC are the two main regional economic communities with considerable overlaps and duplicated goals. Six countries—Democratic Republic of Congo, Malawi, Mauritius, Seychelles, Zambia, and

Zimbabwe—are members of both despite the similarity of their programmes. Matters are complicated by the fact that five of those countries are part of COMESA's free trade agreement, which operates under different rules of origin from the preferential trading arrangement for SADC members. The EAC, whose goals are similar to those of SADC and COMESA (especially in trade and market integration) covers both communities and is even more integrated, having launched the East African Customs Union on January 1, 2005. Tanzania is a member of SADC, whose integration process lags behind COMESA's, which the other two EAC countries, Kenya and Uganda, belong to.

SACU is one of the most integrated regional economic communities, and all its members are also members of SADC—an example of variable geometry. While SADC has yet to launch a free trade area, SACU's systems and processes have advanced beyond the problems that free trade agreements such as COMESA's and customs unions such as EAC's face. The smaller regional economic communities in East and Southern Africa—CEPGL, IGAD, and the IOC—have yet to make any substantive progress towards their stated objectives. But IGAD has helped find peaceful solutions to the conflicts in the region, overseeing the southern Sudan peace process and contributing enormous resources and efforts to the Somali peace process.

The smaller regional economic communities in East and Southern Africa—CEPGL, IGAD, and the IOC—have yet to make any substantive progress towards their stated objectives

Duplicated programmes

Duplication in Central Africa is apparent mainly in trade and market integration, trade facilitation, free movement of people, peace and security, and water resources programmes (figure 3.5). If duplication were addressed, results could be realized almost immediately, but the challenges of cyclical conflicts cannot be underestimated. Duplication may be justified if countries are hedging their risks because of uncertainty over which regional economic community will advance their interests completely and rapidly.

Eight of 14 regional economic communities acknowledged that duplication of integration efforts was a problem—especially in the programmes related to trade facilitation and trade and market integration (figure 3.6). Without coordination, regional economic communities are unlikely to be able to efficiently move towards continental integration.

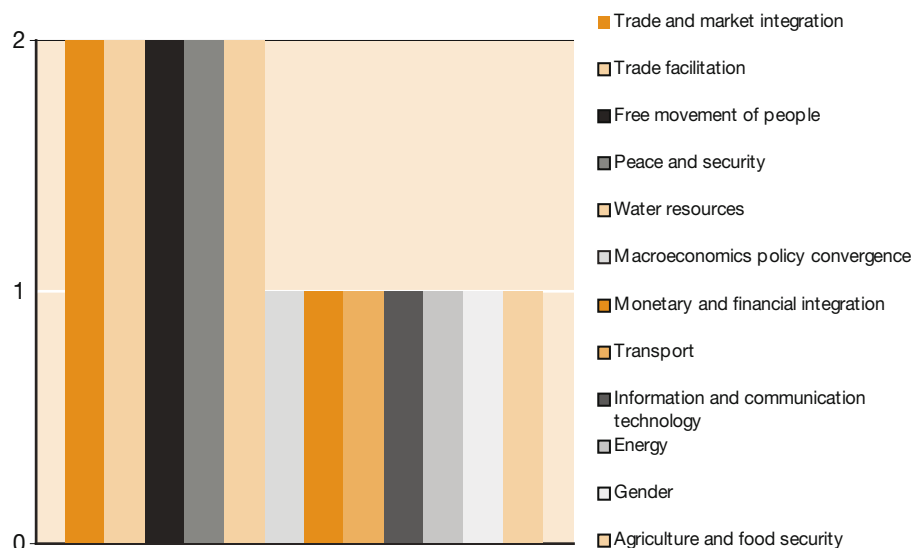
Low levels of trade within regional economic communities are a large problem across the continent. Despite more than half the regional economic communities acknowledging duplicated programmes in trade and market integration, intra-African trade remains unacceptably low. Lack of harmonized instruments governing trade and market integration programmes means that each regional economic community has its own rules of origins and certification process, limiting trade among communities. The irony of this outcome: production structures in African countries vary and different competencies

and comparative advantages exist within the continent, but it is much easier to import goods from outside the continent than from within. The paradox of an integration-conscious continent with such poor performance in intracontinental trade remains an embarrassment for the proponents of the African Economic Community. The evidence of duplication shown here should stir some action.

The regional economic communities recognize that they are duplicating efforts, and this has an upside. If the concerns that have caused multiple and overlapping memberships are addressed, it might be easier to rationalize, however politically costly it may be, because the costs of overlaps and duplication to the Abuja Treaty goal are much higher. So it is useful to understand why they duplicate.

The most striking reason is that the regional economic communities think that it is their responsibility—rather than the African Union’s—to coordinate activities to prevent duplication (43%) (figure 3.7). And 28% point out the lack of coordination from the African Union as a shortcoming. This leaves the question of whether a strong coordination mechanism exists at the continental level. Obviously using the regional economic communities as coordinators has failed. Implicit in the responses of the regional economic communities is that lack of rationalization is the problem.

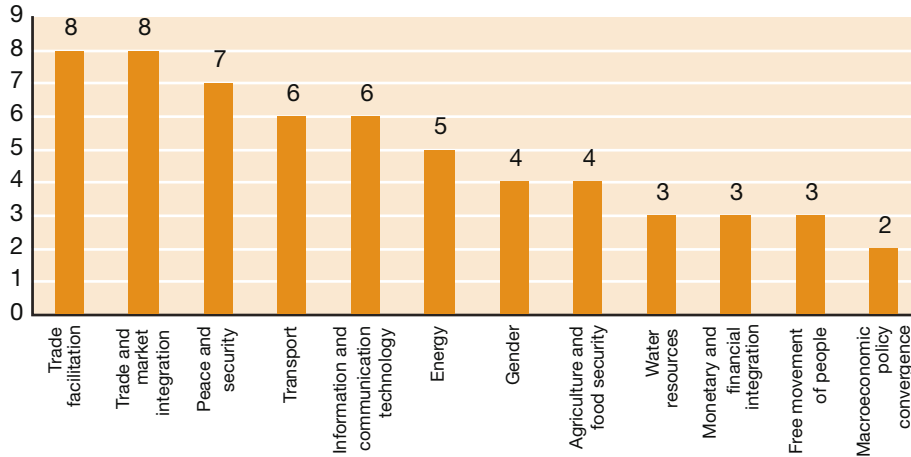
Figure 3.5
Duplication of programmes by regional economic communities in Central Africa



Source: Economic Commission for Africa, *Assessing Regional Integration in Africa Survey*.

Figure 3.6

Duplication of programmes by regional economic communities



Source: Economic Commission for Africa, *Assessing Regional Integration in Africa Survey*.

Poor coordination

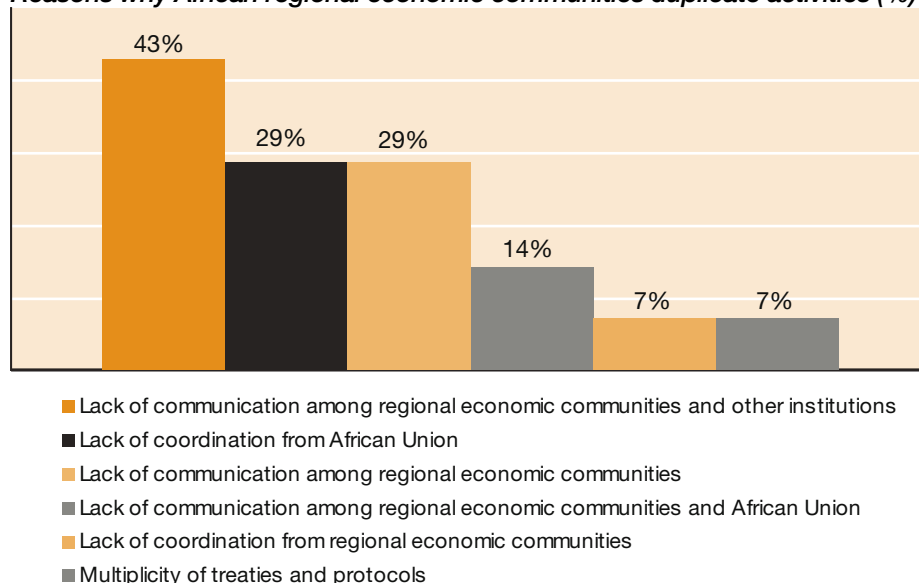
One of the expected challenges from the multiplicity of regional economic communities is coordination at the national, regional, and continental levels. At the national level the coordination challenge is to ensure that harmony exists among the multiple regional commitments and national policies. At the regional level the coordination challenge is to avoid the juxtaposition of essentially individual approaches, which risks duplication or mutual exclusion—preventing the dynamic convergence and synergy needed at the core of the African integration model. At the continental level the coordination challenge is to implement the Abuja Treaty with the plethora of potential interlocutors in each region (see chapter 5).

The report survey of regional economic communities showed a mixed picture with regards to coordination. Periodic coordination meetings and memorandums of understanding have emerged as important tools in West Africa. IGAD and IOC have memorandums of understanding with COMESA, and UEMOA has one with ECOWAS. The regional economic communities also pointed out technical working sessions between ECOWAS and UEMOA as another tool. Most coordination takes place in information and communication technology policy, customs union enlargement, trade negotiations, and institutional sectoral issues.

COMESA reported no coordination problems in any of its programmes and activities with the other regional economic communities in East and Southern Africa. SADC and SACU also did not indicate any, although SACU is still in the process of establishing a secretariat. COMESA and SADC have as many as four bilateral coordination meetings each year. And the EAC and COMESA have at least two coordination meetings a year.

Figure 3.7

Reasons why African regional economic communities duplicate activities (%)



Source: Economic Commission for Africa, *Assessing Regional Integration in Africa Survey*.

Both COMESA and SADC indicated that the coordination mechanisms in place now helped harmonize many programmes and activities. For instance, COMESA's trade liberalization programme is being fully implemented by the IOC and IGAD, and the EAC's common external tariff is being used by COMESA with the goal of a harmonized customs union down the road. SADC and COMESA are also working together on the African, Caribbean, and Pacific rules of origin for the economic partnership agreements negotiations. And SADC, COMESA, and the EAC are coordinating air transport liberalization, information and communication technology policy, and road safety programmes.

North Africa's UMA has made efforts to coordinate with the other African regional economic communities, but it lacks a structured mechanism to do so.

What hampers coordination efforts? Lack of communication was cited by ECOWAS, MRU, and UMA. And lack of leadership, failure to translate regional economic community goals into national programmes, poor communication among regional economic communities, and weak follow-up mechanisms were cited as obstacles in Central Africa. Clearly, any rationalization process will have to deal with these issues.

Inefficiency

The duplication of efforts that regional economic communities are involved in must come at a cost—especially where resources are a constraint. Using countries' ability to meet their contributions to the regional economic communities as an indicator shows that the resource constraint is binding in some cases. Except CEMAC, UEMOA, and the much smaller IOC, no regional economic community receives full contributions from all its members. On average, a third of members fail to meet their contribution obligations, and in some cases (CEN-SAD, ECCAS, and IGAD) more than half do not pay (figure 3.8). Three reasons may explain this poor performance:

- Countries may be spread too thinly among the many regional economic communities.
- Countries may not be certain of the gains from regional economic communities that are underfinanced, or they may not have realized any benefits while the regional economic communities have existed. Where gains have been realized, they have not been ascertained yet.
- Countries may have joined the regional economic communities without sufficient strategic consideration, leaving political commitment and thus budgetary support nonexistent.

Given the uncertainties of financing mechanisms, some regional economic communities—including CEMAC, COMESA, ECOWAS, IGAD, and UEMOA—are implementing internal financing mechanisms. Only one felt that its internal financing mechanisms were excellent in 2004; the rest considered them good or moderate.

One area where resource constraints are most binding is staffing—both for general and professional staff. Labour is one of the most critical inputs to the success of regional economic community programmes. But apart from UEMOA, whose staff numbers just over 200, most regional economic communities run small and lean secretariats (figure 3.9). The availability of human capital may have helped UEMOA integrate more quickly. Except CEPGL and IGAD, the regional economic communities' have a larger number of employees in the general staff category than in the professional staff. On average, 55% of total staff is general staff. The bias towards nonprofessional staff may have had a bearing on the implementation record of the regional economic communities' programmes, which tend to be very technical.

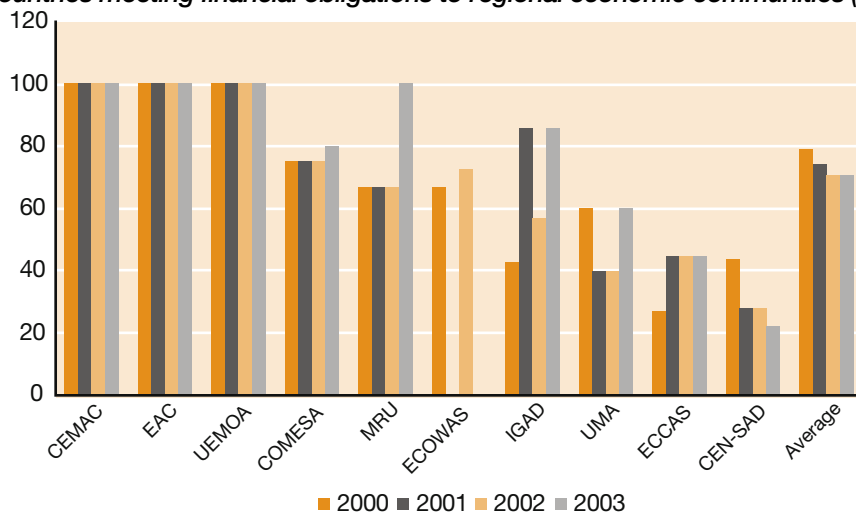
The concentration on nonprofessional staff may be explained by remuneration levels that are higher than public sector pay scales at the national level. The average pay is quite attractive for general staff. And for professional staff regional economic community salaries are high for the 40% who earn more than \$20,000 (figure 3.10).

The premium pay scales might be a disincentive for regional economic communities to hire more professional staff, despite the many technical programmes they have to implement. The survey could not find a significant link between the level of remuneration and the number of professional staff.

Except CEMAC, UEMOA, and the much smaller IOC, no regional economic community receives full contributions from all its members

Figure 3.8

Countries meeting financial obligations to regional economic communities (%)

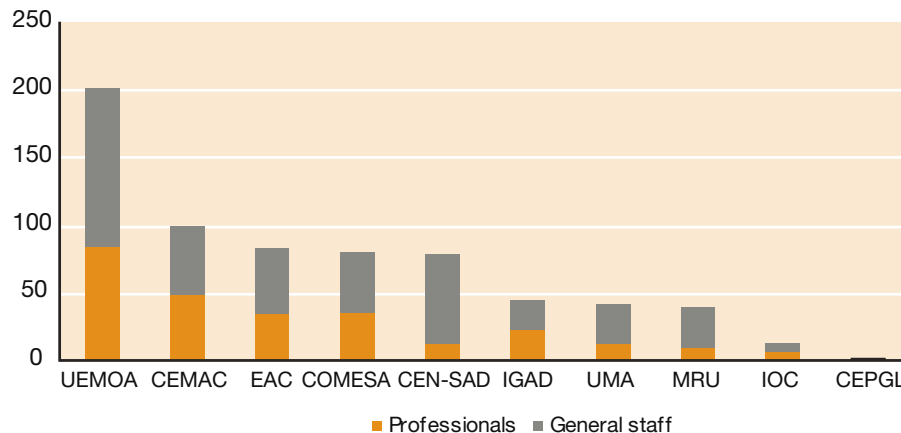


Source: Economic Commission for Africa, *Assessing Regional Integration in Africa Survey*.

neration and staff turnover at the regional economic community level. Some 87% of the regional economic communities cited political appointments as the main cause of their professional staff turnover; only 25% cited earnings. High turnover can have serious implications—especially for small regional economic communities. Problems include little institutional memory, poor continuity in projects, and limited collaboration with other regional economic communities, among other issues.

Figure 3.9

Staffing at selected regional economic community secretariats, by profession, 2004



Source: Economic Commission for Africa, *Assessing Regional Integration in Africa Survey*.

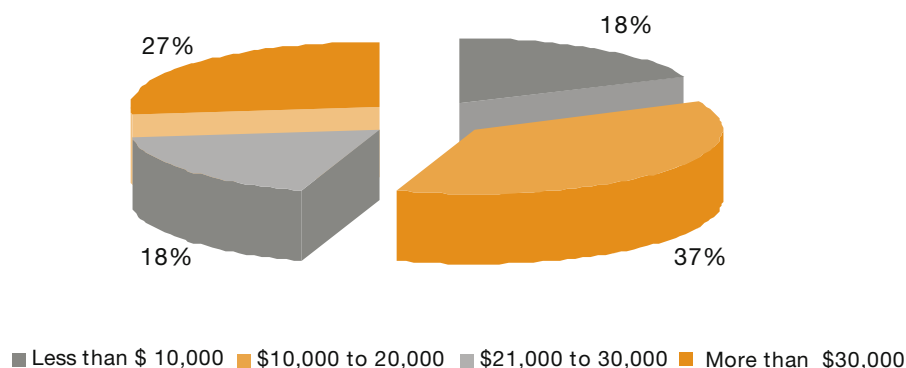
When compared with international civil service salaries, the pay scales for regional economic community staff are not as attractive. Professionals willing to work outside their home countries could be more attracted to international institutions and the private sector than to the regional economic communities. Clearly regional economic communities must improve their terms of employment to attract more and highly qualified professional staff. One way to do that: address the overlapping memberships so that member countries can fully meet their financial obligations.

Improved working conditions for employees at the regional economic communities—especially with respect to providing computers—are an important factor in staff performance. In six regional economic communities the computer to staff ratio is less than one, which is likely to reduce staff productivity (figure 3.11).

The constraints on operational efficiency coupled with the lack of professional staff needed are obvious when considering the technical gaps regional economic communities face. More than 55% of regional economic communities reported serious gaps in information technology management, law, and accounting (figure 3.12). Surprisingly, sectoral programmes on agriculture, a prominent feature in most regional economic communities, are also understaffed. Even economics and political science—areas that have a direct bearing on planning and creating political consensus—are understaffed.

The staffing constraints—and by extension the limits on programme implementation—are linked to resource constraints rather than to availability of qualified staff. If the regional economic communities' budgets were sufficient, most would be able to deal with the technical skills shortages. Clearly, this shortcoming is linked to member countries' inability to fully meet the financial needs of the secretariats, which in turn is due to their multiple memberships in overlapping regional economic communities.

Figure 3.10
Average annual remuneration of professional staff by regional economic communities

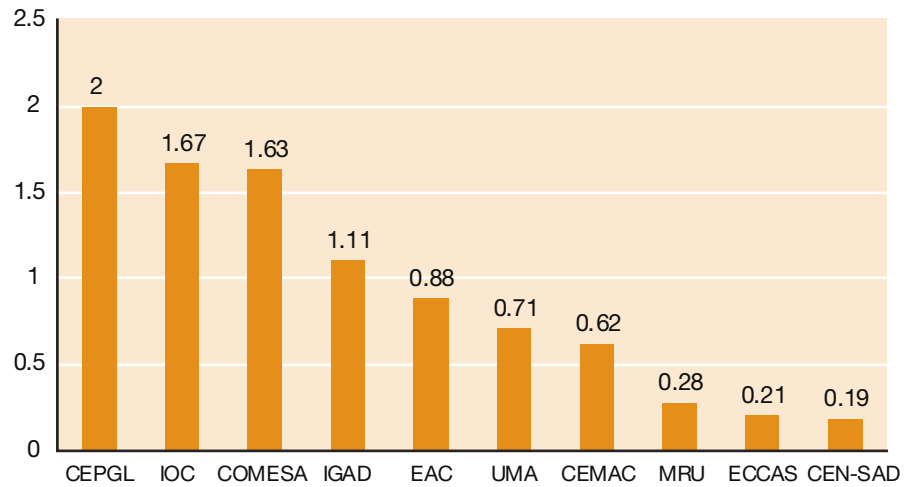


Source: Economic Commission for Africa, *Assessing Regional Integration in Africa Survey*.

When compared with international civil service salaries, the pay scales for regional economic community staff are not as attractive

Figure 3.11

Computer to staff ratio, by regional economic community



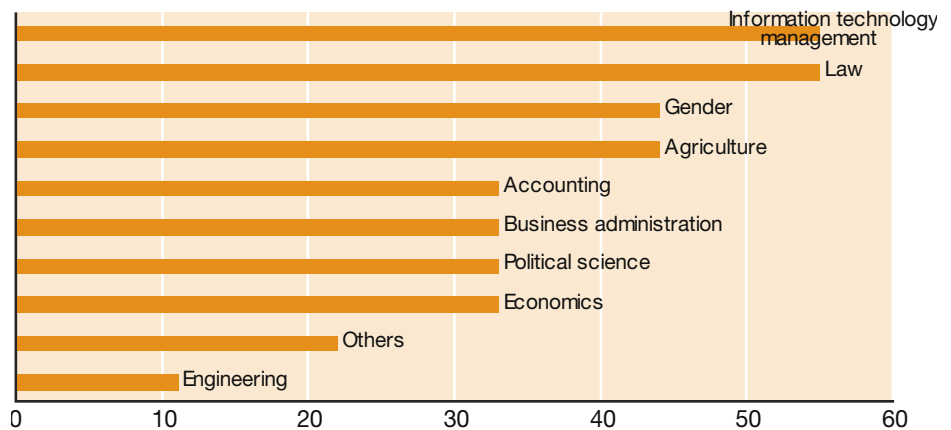
Source: Economic Commission for Africa, *Assessing Regional Integration in Africa Survey*.

Regional economic communities' overall ineffectiveness

The multiplicity of regional economic communities and the spreading of member resources too thin undermine their efficiency. And their inability to meet their resource needs through internal mechanisms means that their effectiveness as agents in Africa's integration is compromised.

Figure 3.12

Areas where regional economic communities in Africa face staffing gaps (%)



Source: Economic Commission for Africa, *Assessing Regional Integration in Africa Survey*.

Achieving high levels of intra-African trade is a goal of the African Union and most of the regional economic communities. But 40% of regional economic communities have a growth target for intracommunity trade of only 5%–10%. Only 40% have an ambitious target of more than 20%. Even worse, only 22% of regional economic communities have achieved their target in 2004. Thus the problem is not only low targets but an inability to meet them. Both situations limit movement towards the Abuja Treaty and high intra-African trade as a means of integrating Africa.

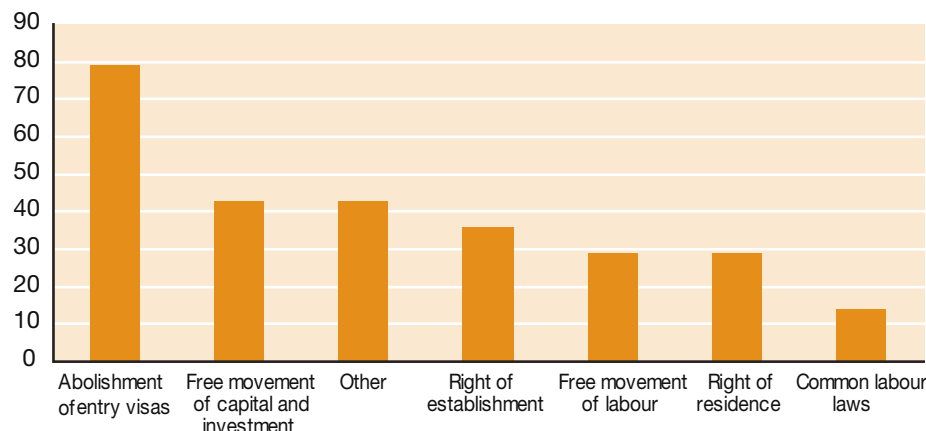
And progress towards the African Economic Community has also been limited. The integration paths of most regional economic communities follow the classical processes—from preferential trading area, through free trade area, customs union, common market, and economic union. Different regional economic communities are at different stages, and even within communities countries have progressed differentially. Given the integration paths adopted by the major regional economic communities of East, West, and Southern Africa, the African Union integration goal will have to be realized in a rapid push over 2010–25. But the experience of the integration plans casts doubt on whether this last push will really occur or whether the goalposts will be moved to a future date, as has happened with the free trade agreement and customs union goals already.

Proponents of the parallel routes towards the African Economic Community through multiple regional economic communities and multiple memberships say that small steps taken independently will eventually lead to the realization of the continental goal. But it is unclear whether the regional economic communities have really been effective and moved in the right direction. They may not have taken the steps needed to achieve integration.

If the regional economic communities' budgets were sufficient, most would be able to deal with the technical skills shortages.

Figure 3.13

Share of regional economic communities that have taken steps to ensure free movement of people (%)



Source: Economic Commission for Africa, *Assessing Regional Integration in Africa Survey*.

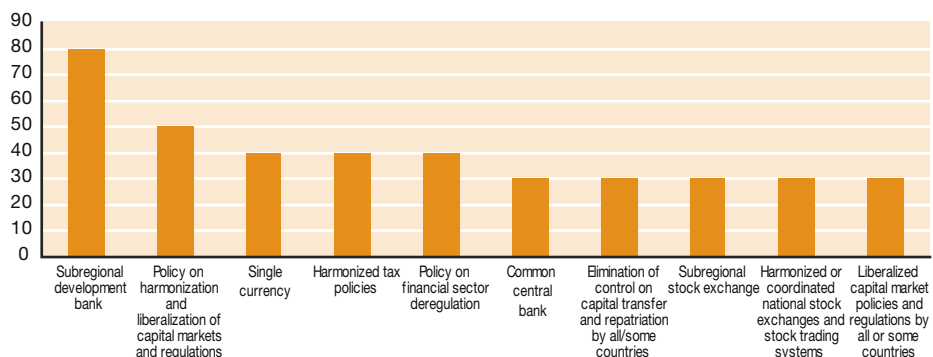
While most regional economic communities have abolished visa entry requirements for citizens of participating members, very little progress has been made on more concrete and binding areas to make common market a reality (figure 3.13). Common labour laws, free movement of labour, and rights of residence and establishment have still not been adopted by most regional economic communities. But these policies are the best indicator of commitment to full integration. And even in free movement of capital and investments, only a third of regional economic communities have taken action.

Progress towards economic union has also been limited. Harmonized and well integrated monetary and financial systems are a key determinant of a regional economic community's readiness to launch an economic union. But most regional economic communities lag on almost all critical elements necessary for the success of an economic union (figure 3.14). Apart from establishing development banks, which 70% of the regional economic communities have done, progress has been insufficient in other areas: harmonized tax policies, deregulated financial sector, and liberalized capital accounts.

Much of the literature on intra-Africa trade blames weak trade facilitation mechanisms for Africa's poor performance. Tariffs have been falling globally, but nontariff barriers have replaced them. In Africa transport and trade facilitation mechanisms comprise the largest share of nontariff barriers. And in transport and trade facilitation the regional economic communities have clearly made concerted efforts. More than 70% have made strides in harmonizing technical standards for vehicles, transit documents, and axle load limits and in liberalizing air transport (figure 3.15).

But the lack of progress in harmonizing highway codes—a complement to the axle load limits—is important. Most regional economic communities are not working

Figure 3.14
Share of regional economic communities that have taken steps towards monetary and financial integration (%)



Source: Economic Commission for Africa, *Assessing Regional Integration in Africa Survey*.

towards product standardization either. Lack of convergence in standards causes bottlenecks to trade within and between regional economic communities. Overall, more progress is needed. The multiplicity of regional economic communities and their different standards limit progress in harmonization of transport and trade facilitation, thus slowing progress towards integration.

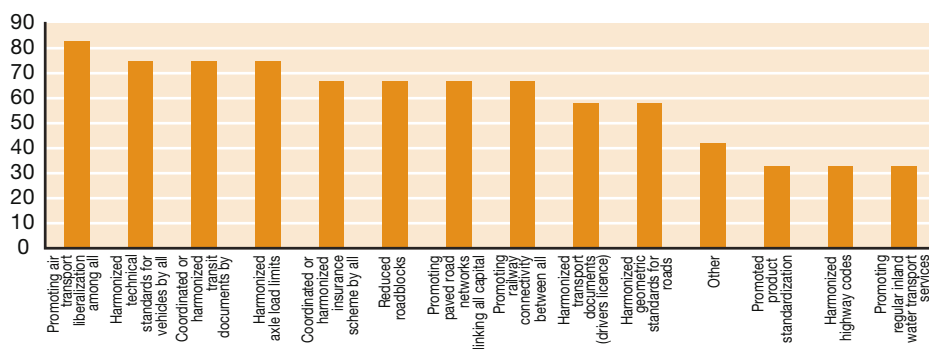
Sectoral and crosscutting issues also affect integration. Between a third and half of regional economic communities reported shortcomings in the effectiveness of their sectoral and crosscutting issues initiatives towards the integration goals (figure 3.16). But more than half think that they are making progress. Progress could be even better by concentrating efforts among a few regional economic communities. Although for some issues it does not matter how many regional economic communities exist because actions by one in, say, agriculture will not interfere with or duplicate actions by another, difficulties can arise when there is limited capacity at the national level to implement programmes that are required by different regional economic communities. In this case, limited resources at the national level could easily curtail the effectiveness on sectoral and crosscutting issues, further slowing integration.

Most regional economic communities lag on almost all critical elements necessary for the success of an economic union

Regional economic communities' efforts to rationalize

Only slightly over half the regional economic communities have taken some actions towards rationalization—and 46% have taken none (figure 3.17). This could indicate that unanimity on the need to rationalize is weak because it has not been backed with concrete action. It could also mean that regional economic communities have not fully internalized the benefits of rationalization. Or it could mean that the challenges of rationalization have proved insurmountable for African countries.

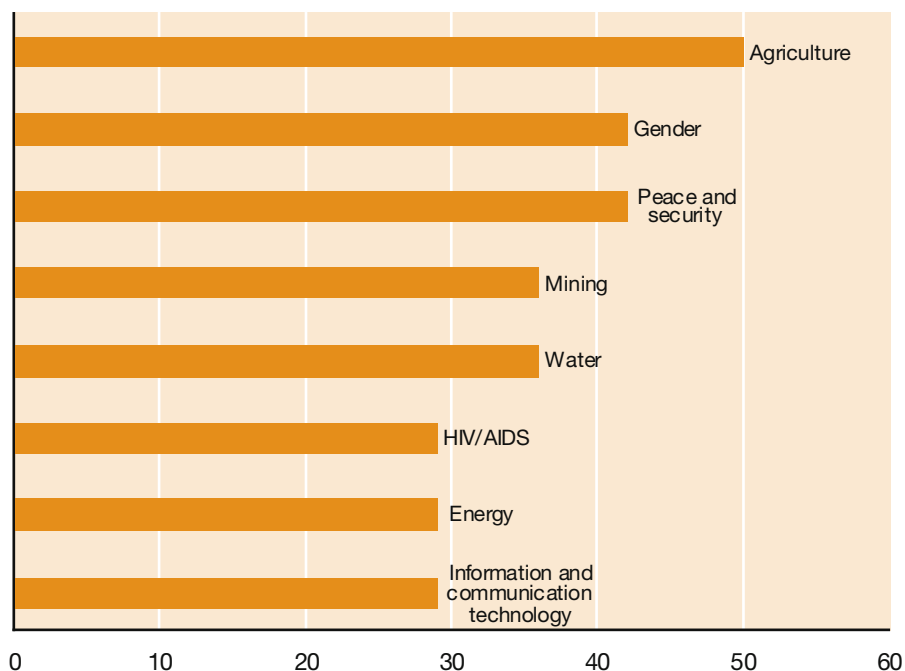
Figure 3.15
Share of regional economic communities that have taken steps to address transport and trade facilitation issues (%)



Source: Economic Commission for Africa, *Assessing Regional Integration in Africa Survey*.

Figure 3.16

Share of regional economic communities reporting lack of progress in sectoral and crosscutting issues (%)



Source: Economic Commission for Africa, Assessing Regional Integration in Africa Survey.

Three key options have emerged from COMESA's studies on rationalization:

- Maintain the status quo, with further efforts to harmonize, rationalize, and coordinate activities between COMESA and SADC.
- Have SADC members withdraw from COMESA.
- Develop COMESA into the secretariat of the African Economic Community, making it an umbrella for the EAC, ECCAS, ECOWAS, SADC, and UMA.

Whether these options are fully endorsed in COMESA is hard to tell, although the first two may be influencing changes taking place now.

Two key recommendations have emerged from ECOWAS studies:

- Merge or dissolve the sectoral and functional intergovernmental organizations.
- Rationalize or harmonize intergovernmental organizations and regional economic communities that are dealing with economic integration.

Regional economic communities have several challenges in rationalization:

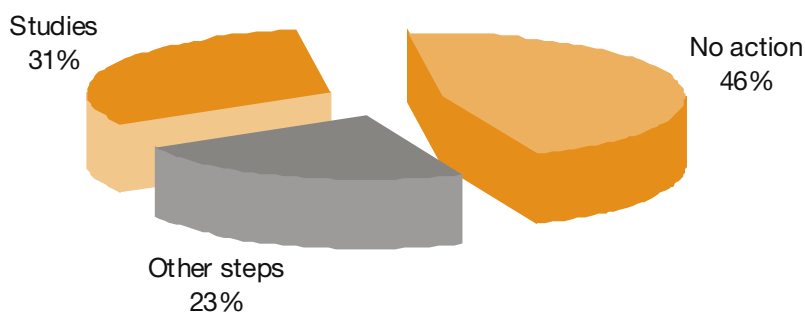
- **Political will.** Despite the good intentions of the Abuja Treaty, an important question is whether African leaders have the political will and commitment to push forward the regional integration agenda.
- **Sovereignty.** The fear of losing sovereignty may override the common good of rationalized regional integration. The fear of ceding powers to supranational bodies and the associated loss of independence and sovereignty must be addressed for rationalization to succeed.
- **Compensatory mechanisms.** Full implementation of regional integration creates winners and losers in the short term, but in the long term regional integration benefits all. One reason for the slow pace of rationalization may be the lack of compensation mechanisms for the losers.
- **Trade facilitation mechanisms.** Poor infrastructure is also responsible for African countries' inability to rationalize the regional economic communities. In addition, the behind the borders barriers make it costly to facilitate trade. Consequently, the push for rationalization does not come through because trading costs erode the gains from regional integration.

Conclusion

This chapter presented evidence on the state of the regional economic communities—especially with regards to the Abuja Treaty. It identified overlapping memberships as a problem and delved into the duplications across the entire spectrum of programmes of African regional economic communities. This duplication is harming results, especially at the subregional level, and ignores the financial constraints that bind regional economic communities' ability to advance their agendas. As a result, most regional economic communities are behind on the six stages towards the African Economic Community set out by the Abuja Treaty.

Figure 3.17

Share of regional economic communities that have taken actions towards rationalization



Source: Economic Commission for Africa, *Assessing Regional Integration in Africa Survey*.

The conclusion from this dismal picture of Africa's integration: the only way forward is to rationalize the regional economic communities. Evidence of previous attempts to rationalize was presented, and the factors that caused them to fail have been used to define a new working concept of rationalization, specifically, as a continuum. This view implies that rationalization options should be seen not as mutually exclusive but as fungible—to accommodate the various objectives and vested interests involved.

The conclusion from this dismal picture of Africa's integration: the only way forward is to rationalize the regional economic communities

Without rationalization overlapping memberships will continue to reduce the efficiency and effectiveness of regional economic communities, leaving the goal of the African Economic Community unachieved. And without rationalization integration efforts will still be duplicated at the regional and continental levels. Given the attendant inefficiencies and ineffectiveness of the duplication, Africa's integration will remain a dream for far beyond 2027.

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