

Missing Consensus and Actions at the National Level

Regional economic communities lack dynamism because of the actions—and inactions—of their members. A deeper understanding of the regional economic communities' situation and the challenges of rationalization is feasible only after exploring how regional integration processes are viewed and implemented at the national level. Agreed integration objectives are not adequately internalized. Delays in ratifying regional economic community protocols hamper the timely implementation of decisions. And broad-based support for integration is lacking, with civil society and the private sector acting largely as spectators. Governments must readjust how they are organized to implement their regional agreements.

Institutional setup and management of regional integration at the national level

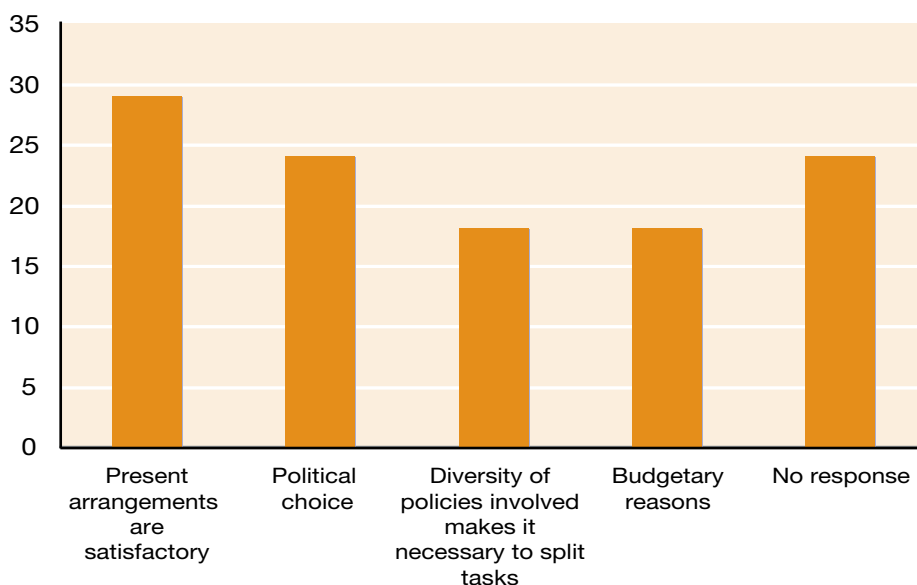
Just as coordination is important among regional economic communities' overlapping memberships and duplicated programmes, so is coordination among the government ministries and departments that are involved with integration. The success of regional integration in Africa depends on national and subregional capacity. Weak national institutions seriously hamper effective cooperation and integration. Thus national mechanisms for economic cooperation and integration need to be well equipped and structured to ensure that integration measures are effectively implemented. To harmonize the activities of member countries and the policies of regional economic communities, the internal arrangement for each country's participation in subregional integration initiatives must be better organized.

According to the United Nations Economic Commission for Africa (UNECA 2004), even though most African countries belong to more than one regional economic community, only 32% have a ministry dedicated solely to regional integration. The advantage of a dedicated ministry for regional integration is that technical staff can hone their skills for dealing with integration, especially given that staff of integration ministries tend to be highly qualified (72% have post-graduate training).

Countries offer a variety of reasons as to why they lack a dedicated integration ministry. Contrary to expectations, lack of money does not prevent establishment of

Figure 4.1

Reasons why African countries lack a centralized ministry to coordinate integration (%)



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

such a ministry—only 18% of countries cited budgetary reasons (figure 4.1). Most countries simply felt that their current mechanisms are satisfactory.

In 53% of countries more than one ministry serves as the focal point for regional integration. Most countries cite the diverse integration agenda as the reason behind this. However, the ministry of foreign affairs is often heavily loaded with integration issues, with 70% of countries citing it as the focal point (figure 4.2). This shows the political dimension of regional integration in Africa and supports the finding that political-strategic reasons—not economics—drive memberships in regional economic communities. But economics also matters: the ministry of trade and commerce was cited as a focal point in 47% of the countries without a ministry of regional integration.

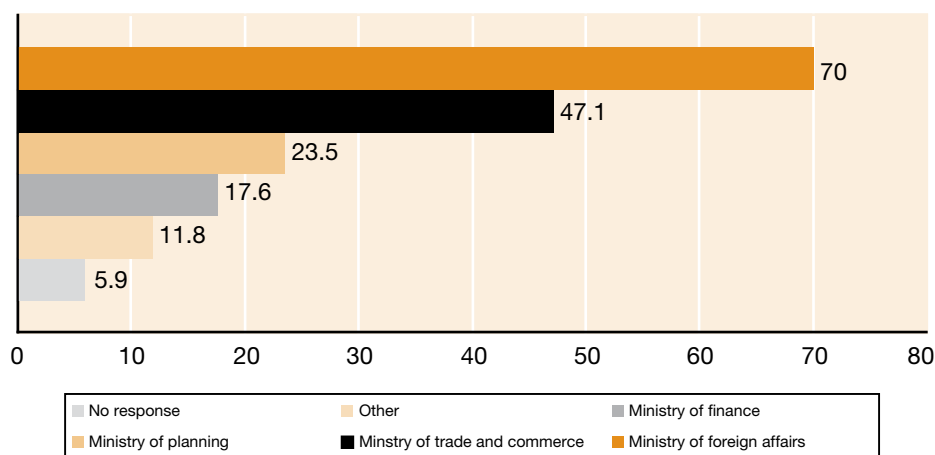
Given the inefficiency and ineffectiveness of African regional economic communities, countries must have a mechanism to share information among the ministries involved in regional integration. Such a mechanism would provide a clear picture of the areas of cooperation in which the country is involved with its neighbours.

When different ministries are the focal points for different elements of integration, coordination difficulties are likely to emerge—and they are likely to be made worse by overlapping memberships. With different focal points, interministerial coordinating committees are often used. But the case can be made for a better insti-

When different ministries are the focal points for different elements of integration, coordination difficulties are likely to emerge—and they are likely to be made worse by overlapping memberships

Figure 4.2

Ministries cited as the focal point for regional integration issues when no ministry of regional integration exists (%)



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

tutional mechanism to coordinate integration activities. In particular, a coordinating ministry is likely to lead to better implementation because it would place special attention on different aspects of integration and it would be overseen by a common authority. This is the view of countries that already have a ministry of regional integration.

The ministry of regional integration serves as a technical and administrative institution. It ensures effective participation in statutory and technical meetings of regional economic communities and the African Union and evaluates and reports on progress in integration. More than 80% of countries cited policymaking as one of the ministry's functions (figure 4.3). Consensus building and ensuring public support are also important functions, especially since participation of the private sector and civil society must be improved to create ownership of integration initiatives.

A ministry of regional integration can be effective only if it receives support. It must have well trained professionals who are well paid and a stable operating budget. But in many African countries the ministry of regional integration often has a smaller budget than other ministries (57% of countries). Only rarely (17% of countries) does it have a larger budget.

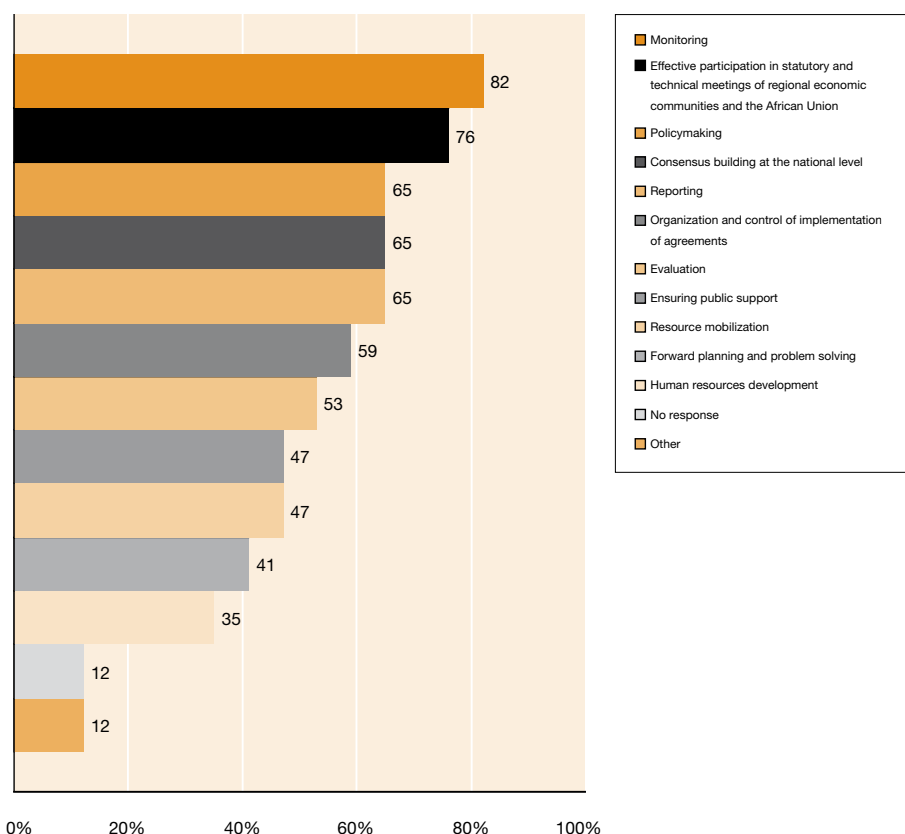
In many African countries the ministry of regional integration often has a smaller budget than other ministries (57% of countries)

Translating integration goals into national plans

National development plans and their budgets are important for actualizing regional economic community goals at the national level. Countries often have inadequacies

Figure 4.3

Main functions of the ministry of regional integration in African countries (%)



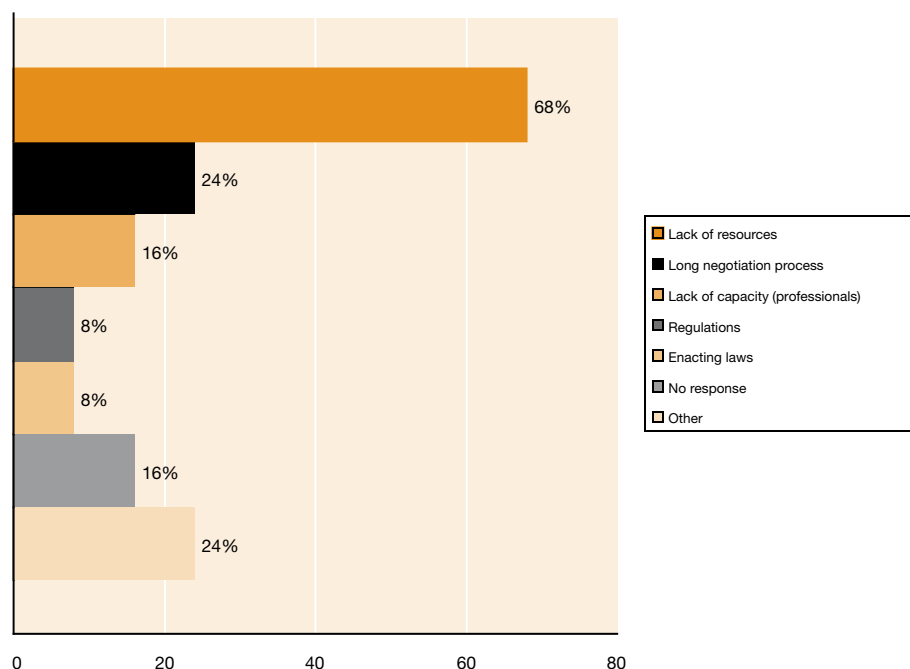
Source: Economic Commission for Africa, *Assessing Regional Integration in Africa Survey*

that stem from deficient national mechanisms for translating treaty obligations and commitments into national plans and budgets.

Lack of resources was cited by 68% of countries as the main constraint to translating regional economic community agendas into national budgets (figure 4.4). Overlapping memberships, which lead to many demands for implementation at the same time, may be the reason for this. Long negotiations are also a constraint. Given that negotiations on trade protocols dominate the agendas of regional economic communities in Africa, overlapping memberships and duplicated programmes could again be the reason behind this constraint. Similar constraints emerged in integrating regional economic community goals into national programmes (figure 4.5).

Figure 4.4

Factors constraining translation of regional economic community goals into national budgets (%)



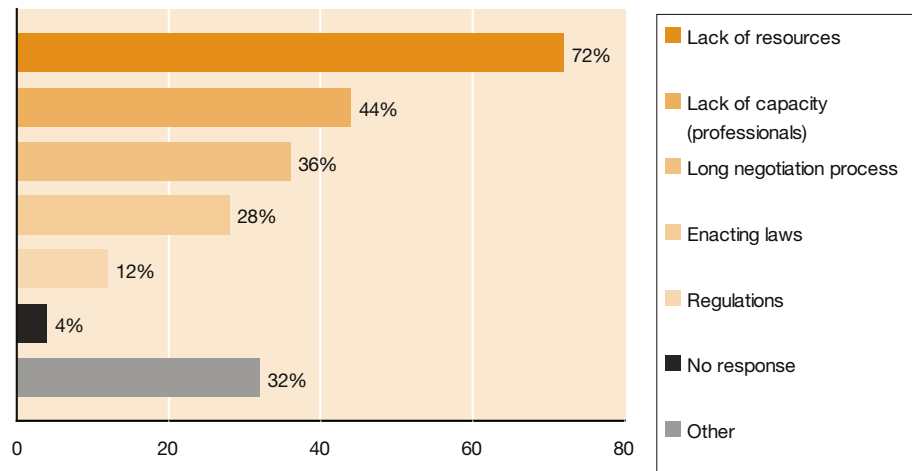
Source: Economic Commission for Africa, Assessing Regional Integration in Africa Survey.

Close to 75% of countries found it difficult to integrate regional economic community goals into their programmes because of lack of resources. Integration of regional economic community agendas into national programmes also faces capacity constraints, long negotiations, and a lack of laws to implement the regional integration agenda. These constraints grow as the number of regional economic communities a country belongs to grows.

In most African countries regional cooperation does not go far beyond signing treaties and protocols. The objectives of the treaties are not integrated at the right time or with the requisite commitment in national development plans or in the sectoral programmes of appropriate substantive ministries. The inability to translate regional economic community goals into budgets and national plans could also be attributed to lack of commitment to integration. Where political commitment exists, it is easier for a country to draw up its national development plans, strategies, and programmes with regional considerations and with the regional market as the point of reference.

Figure 4.5

Factors constraining translation of regional economic community goals into national programmes and plans (%)



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

Implementation record of agreed programmes

Rationalizing the institutional setting is important for successful integration, but member countries are the primary stakeholders and have an important role in ensuring that commonly agreed policies are implemented at the national level. Their work so far has been weak, and they must do more to ensure stronger congruence between actions and commitments and between plans and outcomes.

One project that almost all the regional economic communities are involved in is the Trans-African Highway. Countries are expected to integrate into their national investment programmes the construction of Trans-African Highway links within their borders. The highway is thus a useful measure of countries' ability to realize regional economic community goals—and by extension the African Economic Community's objective of a seamless intra-African trade transport corridor.

Despite the importance of the highway, only 16% of African countries have completed the links within their borders. It is not surprising that lack of resources is the main explanation, along with problems between neighbouring countries and security and political reasons (figure 4.6).

Implementation of agreements under trade protocols is also a good indicator of the regional economic communities' current situation. While rationalizing the institu-

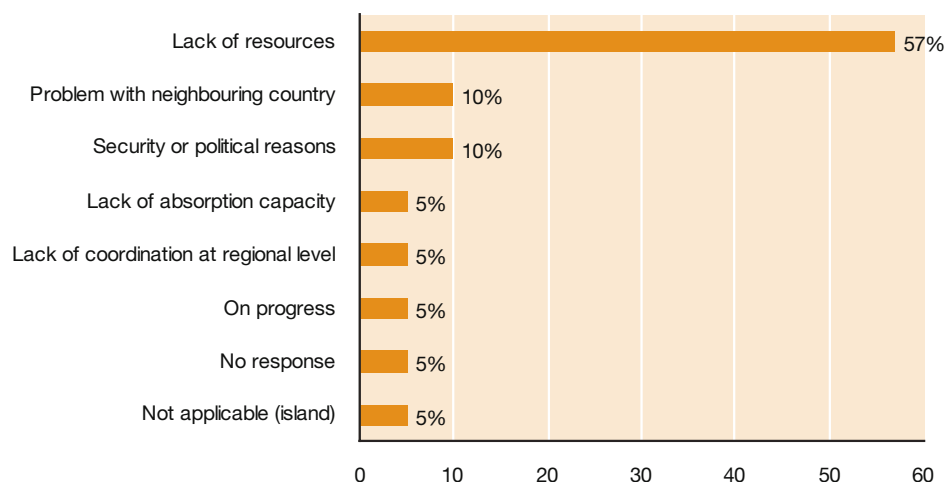
tional setup of the integration organs is important, it is equally essential to examine the interface between regional agreements and national policies—because commitment and action at the national level are essential for successful integration.

The implementation record of elements of agreed trade policies at the national level varies, but overall a lot remains to be done. Take tariff reduction, an important element of the preferential trade regimes. Only 28% of countries reported reducing tariffs to levels agreed to by their regional economic community (figure 4.7). This poor performance does not portend good progress for Africa’s integration. Another 32% are still implementing tariff reductions that are supposed to be complete—an indication of a lagging integration agenda slowed by inaction at the national level. Lethargy is also evident in removing nontariff barriers—major impediments to increasing intra-African trade. Slightly less than a third of countries reported having eliminated nontariff barriers that impede trade within their regional economic communities.

More progress has been made in harmonizing customs documentation and nomenclature: half the countries have completed the required harmonization. If other nontariff barriers can be addressed quickly, overall trade facilitation in the regional economic communities could be improved. Implementation of the common external tariff is also encouraging.

The Trans-African Highway project and trade policies have implications for resource needs and sovereignty over fiscal policy, in particular revenue mobilization. The

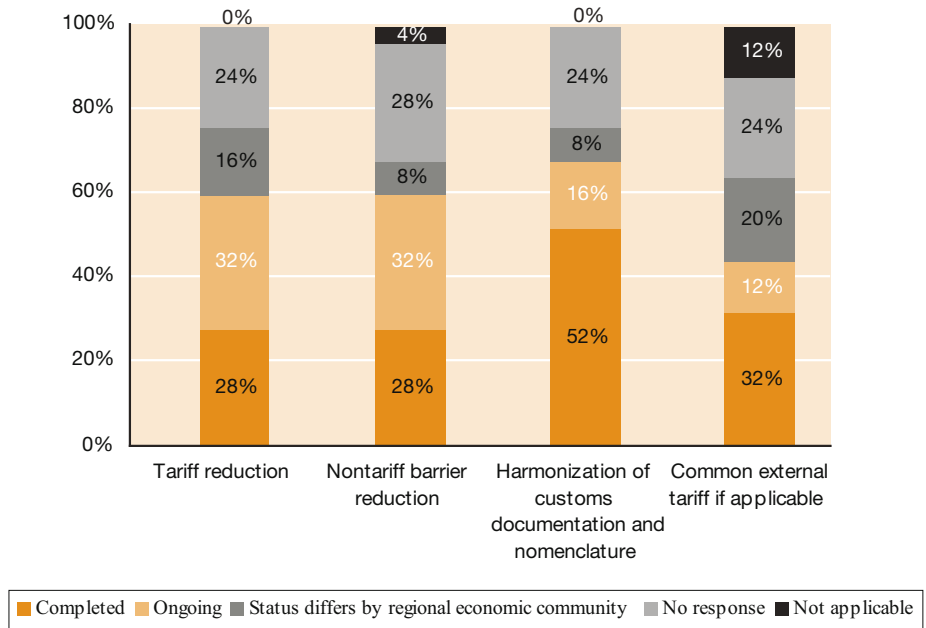
Figure 4.6
Factors constraining countries in completing links to the Trans-African Highway (%)



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

Figure 4.7

Implementation status of trade policies at the national level (%)



implementation record for treaties that do not have budgetary implications and immediate sovereignty questions is better. For instance, 80% of countries are actively pursuing the regional targets of inflation and budget deficit. And at least 45% of countries base their policies for debt to GDP ratio and interest rates on what has been agreed to at the regional economic community level.

The implementation record for treaties that do not have budgetary implications and immediate sovereignty questions is better.

Obstacles to movement of people across borders within regional economic communities are also being better addressed. Some 90% of countries have abolished entry visas for all or some regional economic community members, and 85% grant visas with the same duration of stay for citizens from member countries. But less progress has been made in granting right of establishment to nationals of regional economic community members: only 65% of countries have done so. And only 55% have adopted a common regional economic community passport and recognize it at the national level. Furthermore, countries have taken a selective and discriminating approach at the national level in implementing the right of establishment—a reality that is not easily visible in the statistics cited here.

The legislative processes for integration matters

All the regional economic communities have protocols that lay out the practical steps for implementing their treaties. Because the treaties merely set out broad areas

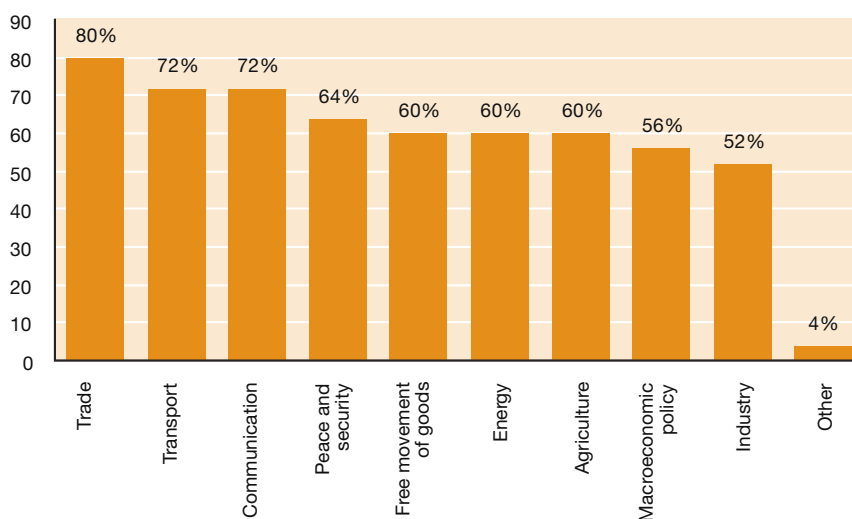
of agreement and general objectives, principals, and commitments, implementing instruments are needed. It slows the implementation of agreed programmes when members of a regional economic community fail to sign or ratify a treaty or to submit a ratified treaty in a timely fashion. Ordinarily, the lengthy negotiation process means protocols take a long time to conclude. Delays in signing and ratification make it more difficult for regional economic communities to adhere to their treaties' provisions. For instance, a treaty might provide for a regional economic community to reach the stage of a free trade agreement by a certain date, but negotiations may take so long that the treaty is not even signed by the target date. Many—and perhaps all—trade liberalization schemes in Africa have been rescheduled.¹

Countries also recognize the role of regional integration in peace and security—nearly two-thirds of countries cited those protocols as important

Some 80% of countries cited protocols on trade as the most important (figure 4.8). Almost as many cited the protocols on transport and communication.

Consensus among African countries on the importance of regional integration and support for regionally driven programmes are strong. Countries also recognize the role of regional integration in peace and security—nearly two-thirds of countries cited those protocols as important. Older integration initiatives' failure to realize the expected gains from these protocols in a timely manner may explain overlapping membership and duplication, especially if countries join multiple regional economic communities because some are more competent and ambitious in some areas but none are excellent overall. This makes a strong case for rationalization, which would lead to more focused and orderly integration institutions.

Figure 4.8
Important protocols for regional economic community treaties (%)



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

Even if multiple membership is seen as hedging against the risk of a regional economic community failing, the slow speed of ratification of the protocols is still an issue. Only 16% of countries ratify treaties and protocols in less than three months (figure 4.9). In most countries the process takes up to a year.

Only 16% of countries ratify treaties and protocols in less than three months. In most countries the process takes up to a year

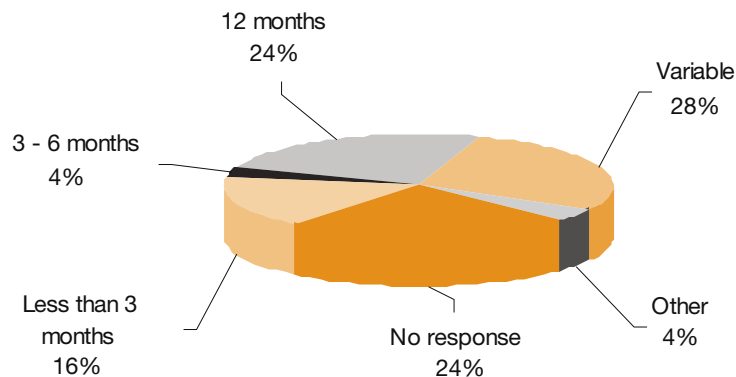
Countries use different mechanisms to ratify international agreements—which could be another contributing factor. In more than half of African countries the legislature alone ratifies treaties and protocols. Because legislative timetables and agendas vary by country, ratifications under multiple memberships may be impossible to coordinate for these countries. The remaining countries either require both the parliament and the head of state to ratify treaties and protocols or allow the cabinet alone to ratify protocols. Where parliaments are involved the process is also likely to take some time unless a mechanism exists to fast-track treaties and protocols in parliament’s order of business.

The implication: coordinating implementation of protocols is difficult. Harmonizing ratification of protocols would help eliminate delays, which contribute to a loss of integration momentum.

Another problem in the ratification process is lack of expertise, often in translating treaties and protocols into national laws (cited by 20% of countries).

The differential costs and benefits that accrue to member countries from particular protocols could also affect the speed of ratification. For example, small island countries have little interest in signing and implementing protocols on rail, road, or inland water transport. And when political considerations rather than economic ones drive membership, countries may sign protocols to show their commitment,

Figure 4.9
Time needed to ratify regional economic community treaties and protocols (%)



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

but not ratify them because they do not benefit from them. So, unless protocols consider the concerns and interests of all parties, integration programmes can be delayed by countries that perceive themselves as potential losers.

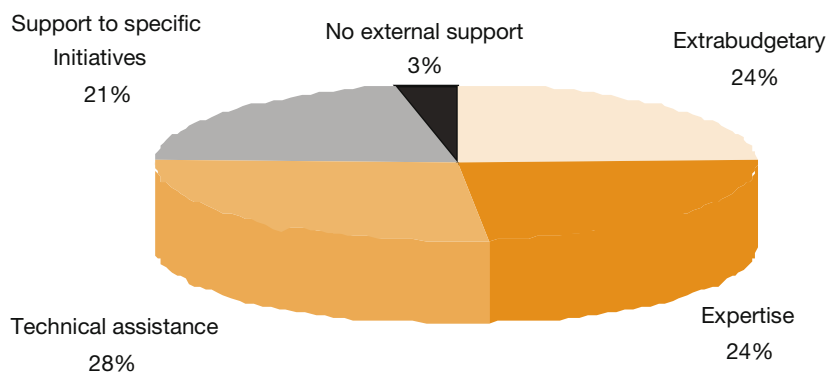
Fulfilling financial obligations to the regional economic communities

Financing regional integration in Africa has remained a key challenge to the continent's efforts to realize the African Economic Community. If the African Union is to make a decisive difference, key institutions in its Constitutive Act, including the Peace and Security Council, the African Investment Bank, and the African Parliament, must become operational—and effective and sustainable. Doing so requires a holistic financing strategy that accounts for the short-, medium-, and long-term financing needs of the African Union, the regional economic communities, and ancillary technical entities. If regional economic communities were well financed—and thus efficient and effective—the African Economic Community could be realized much more quickly.

If regional economic communities were well financed—and thus efficient and effective—the African Economic Community could be realized much more quickly

Because the gap between regional economic community needs and member contributions is so large (see chapter 3), most regional economic communities had to turn to external sources of financing (figure 4.10). The financing gap is larger for countries belonging to more than one regional economic community. So, unless integration institutions and programmes are rationalized, regional economic communities will still struggle with ambitious mandates from their treaties and protocols that inevitably lead to an unhealthy financial situation.

Figure 4.10
External support received by regional economic communities



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

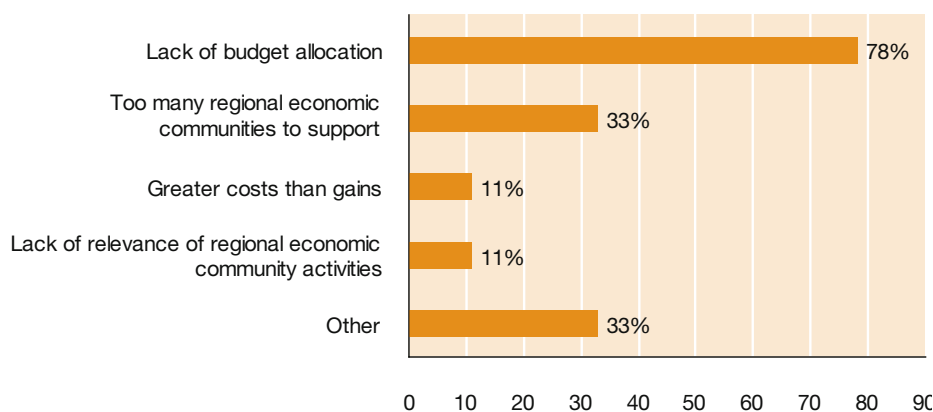
To gain a sounder financial footing, some regional economic communities have explored financing based on a levy on imports from third countries

Most countries cited limited resources as the main reason for arrears (figure 4.11). This could indicate that the regional economic community programmes are not viewed as a priority in national budgets. This explanation is related to the finding that most regional economic communities face difficulties in programming activities into national plans and budgets. Overlapping memberships are also a contributing factor, cited by 33% of countries.

The report survey of countries' preferences for funding regional economic communities found that a method based on equal contributions was the least popular, with only 8% of countries supporting it. Meanwhile, two-thirds supported a method based on country GDP.

To gain a sounder financial footing, some regional economic communities—the Common Market for Eastern and Southern Africa, the Southern African Development Community—have explored financing based on a levy on imports from third countries. West African Economic and Monetary Union and Central African Economic and Monetary Community already have such a plan in operation, and Economic Community of West African States and Economic Community of Central African States have one partly in place. The prime objective is to make the economic integration process more financially solid and the regional economic communities less dependent on member countries and external sources. The mechanisms aim to mobilize more substantial and regular resources to cover budgets of the secretariats; compensatory mechanisms; regional projects, programmes, and related studies; and regional development funds, among other things.

Figure 4.11
Factors cited to explain failure to meet financial obligations to regional economic communities (%)



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

Benefits of integration

The benefits of regional integration in Africa come from two main sources: economies of scale and competition. Africa's small markets constrain the number and scale of firms and projects that can be sustained, hindering competition and limiting scale economies. Through regional integration, domestic African markets are combined, enabling firms to expand and markets to be more competitive. More competition induces firms to eliminate internal inefficiencies and raise productivity.

Regional integration can also increase investment because returns are higher in larger markets. And regional arrangements that implement customs unions encourage foreign investors to engage in tariff jumping—that is, investing in one member country in order to trade freely with all members—which further increases investment. Such investment can induce knowledge and technology transfers and spillovers, raising productivity.

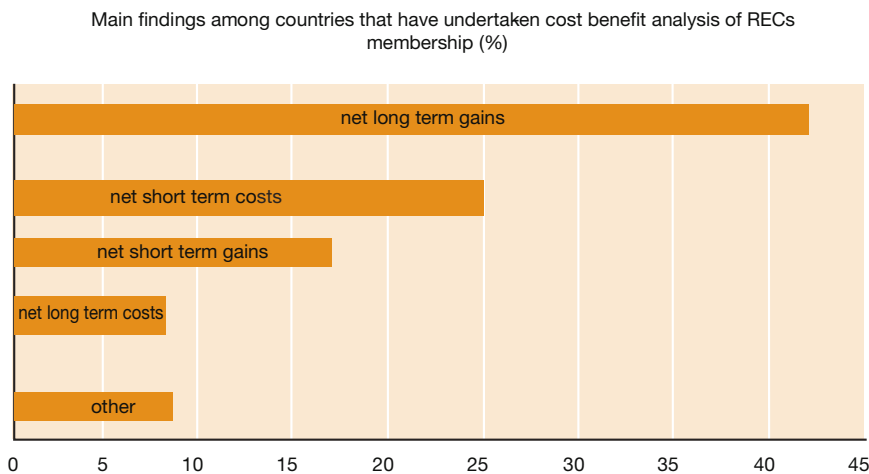
As of 2004, only 28% of African countries have undertaken cost-benefit analysis studies of their integration plans. Their findings can focus debate and policy actions at the national level. Some 42% of those countries found that regional integration portends net long-term gains, and only 8% concluded that they are likely to experience net long-term costs (figure 4.12). The findings clearly support integration for Africa and can influence national decisions on regional economic communities.

That findings from cost-benefit studies can influence the outcomes of regional integration underscores the need for the 72% of countries that have not undertaken

Regional arrangements that implement customs unions encourage foreign investors to engage in tariff jumping which further increases investment

Figure 4.12

Results of national cost-benefit analysis studies (%)



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

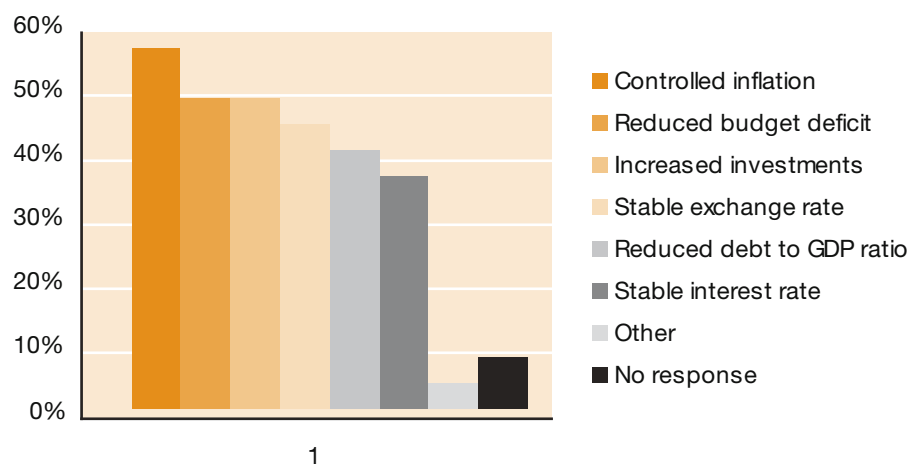
them to do so. The main reasons cited by these countries are financial and human resources constraints. But a sizeable share also felt that they had no mandate to do so. The regional economic community leadership could easily spearhead positive action by granting the mandates.

Other benefits from regional integration may not be readily apparent. Regional integration can enhance the credibility and the continuity of economic and political reforms in member countries because regional arrangements function as collective agencies of restraint, providing frameworks for coordinating policies and regulations. As part of integration, countries are often required to update and improve their legislative and regulatory frameworks. Specific macroeconomic convergence criteria force countries to create a macroeconomic environment that supports international competition. This facilitates sound economic outcomes such as low inflation, low deficits, and stable exchange rates. Participating in regional integration can thus increase the credibility of a government's commitment to macroeconomic stabilization, with additional spillovers to growth.

African countries reported many benefits from regionally coordinated macroeconomic policies. More than half reported that regional coordination and targeting helped control inflation (figure 4.13). Almost as many reported sound budget deficit positions and stable exchange rates. And 44% report increased investment.

Most countries reported benefits in trade and market integration and transport programmes (table 4.1). But in some areas the benefits are not spread across all coun-

Figure 4.13
Benefits to countries from adopting macroeconomic policies sponsored by regional economic communities (%)



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

Table 4.1**Benefits to countries from implementing regional economic community programmes**

Benefit	Frequency (%)
Implementation of trade and market integration	
Increased exports	60
Increased imports	56
Enhanced customs procedures	64
Others	20
Transport programmes	
Enhanced traffic flows	60
Reduced transaction costs	40
Better physical connectivity with other countries	56
Enhanced cross-border movements	76
Energy programmes	
Enhanced energy supplies	44
Enhanced energy consumption	24
Improved reliability	28
Other	4
Food and agriculture programmes	
Increased food security	36
Improved trade in food	48
Improved early warning systems	28
Improved agriculture output	24
Other	4

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

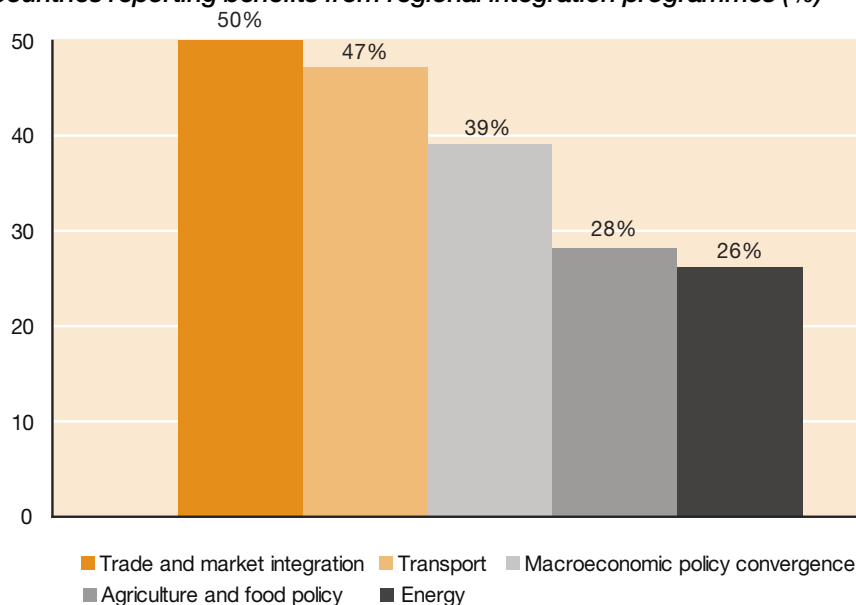
tries. For instance, in energy programmes, apart from the enhanced energy supplies reported by just under half the countries, many countries did not report improved performance in consumption and reliance. Likewise with agriculture.

Only half the countries indicated that they have realized benefits in trade and market integration programmes (figure 4.14). Slightly under half reported gains in transport programmes. But in macroeconomic policy convergence, energy, agriculture, and food security most countries did not feel that they realized significant benefits from regional integration. This performance is clearly below average and raises questions as to why the expected pace of gains has not been realized. The answer lies in overlapping memberships and duplication, which have hampered the effectiveness of these programmes.

In efficient and effective regional trading agreements African countries would benefit from cooperation—especially through resource pooling—to promote regional public goods. Regional integration arrangements promote cooperation in two ways.

Figure 4.14

Countries reporting benefits from regional integration programmes (%)



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

First, regional integration arrangements generate regular contact and collaboration among policymakers that can enhance rapport and trust, facilitating cooperation in areas not explicitly covered by an agreement. Second, they provide a framework for cooperation on shared resources (such as rivers, road and rail links, and electricity grids) or problems (such as pollution or transport bottlenecks). Embedding regional cooperation in integration arrangements can boost enforceability.

When regional economic communities are efficient and effective, regional integration can also help reduce the risk of conflict. Increasing interdependence among members makes conflict more costly. And regular political contact among members can build trust and facilitate cooperation, including on security. This is especially relevant for a continent whose development has been limited by conflict in some areas. Security arrangements and conflict resolution mechanisms have become integral parts of regional integration arrangements. But the magnitude of potential benefits that accrues to a particular regional grouping depends on the depth of integration, in terms of removing protection and other barriers, such as red tape at national borders and differences in product standards. Thus, it also depends on the level of commitment and trust of the member countries. Africa's performance in terms of benefits realized, while positive, has yet to be optimized.

Costs of integration

Integration also entails some costs. From the international trade theory perspective trade diversion—the displacement of lower cost production from nonmembers with higher cost production from partner countries because of reduced barriers in regional integration arrangements—is one of the most recognized costs. Regional integration arrangements generate overall welfare gains when trade creation is greater than trade diversion—an outcome that cannot be determined a priori. Nonetheless, whether bilateralism and regionalism are bad for general economic welfare and the global trading system remains under debate, with some arguing that the issue depends on three other factors:

- Whether existing bilateral and regional liberalization efforts harm living standards in participating or nonparticipating countries.
- Whether bilateralism and regionalism has harmed the world's trading system and hindered multilateral trade liberalization.
- Whether bilateralism and regionalism are likely to damage the global trade system in the future.

Regional integration arrangements generate overall welfare gains when trade creation is greater than trade diversion—an outcome that cannot be determined a priori

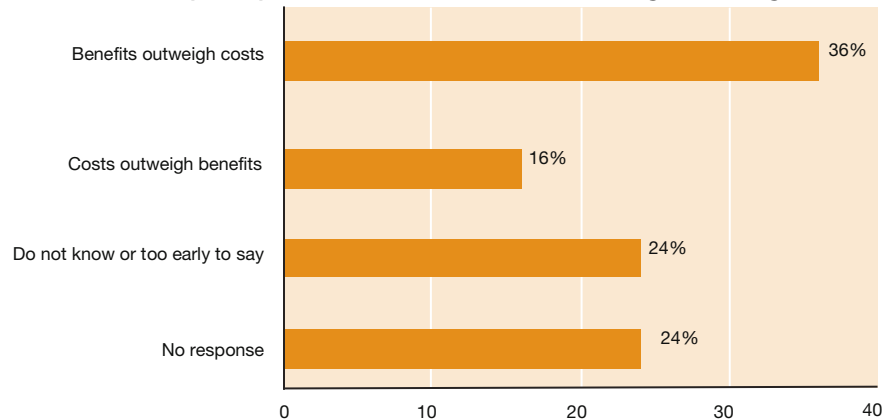
Baldwin (1997) argues that almost all empirical studies of European and North American regional arrangements find positive impacts on members' living standards. Empirical work on smaller regional trade arrangements is scarce, but he also finds little evidence that bona fide regional liberalization has significantly lowered any country's living standards. And he believes that multilateral liberalization since World War II has successfully cut industrial tariffs in developed countries and that the countries that steered this multilateral liberalization—Canada, the United Kingdom, the United States, the Nordic countries, and members of the European Economic Community—are the same ones that have driven regional liberalization since the 1958 Treaty of Rome, the Stockholm Convention, and the 1965 Canada-U.S. Auto Pact.

While Baldwin's (1997) arguments support the plan to maximize global participation of Africa's small countries through regional integration, doubts persist (World Bank 2005). Summers (1991) finds that regionalism has a benign effect on the multilateral trading system, but the World Bank (2005) argues that regionalism is discriminatory and inimical to multilateralism. Bhagwati (1993, 1995) also takes this view, citing discriminatory liberalization in regionalism as a serious threat to the World Trade Organization-centred world trading system and seeing interbloc trade war, greater dominance over small countries by hegemonies, and dampened enthusiasm for further multilateral liberalization as threats.

For Africa one cost of integration is less government revenue because of tariff cuts among members of regional trading arrangements and to a shift away from imports from nonmembers subject to tariffs. The size of this cost depends on how easily members can find alternative means of raising revenue. These costs can be quite high for African countries that rely heavily on tariff revenue. And indirect costs can arise

Figure 4.15

African countries' perceptions of costs and benefits of regional integration



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

from the free movement of people across national borders—for example, the extra vigilance required to prevent crime from crossing borders. Moreover, the possible decrease in national sovereignty and culture due to integration may have costs.

Still, most African countries say that they have realized more benefits than costs from regional integration (figure 4.15). No doubt that more countries would agree if overlapping memberships and duplication were addressed and the regional economic communities were rationalized.

The private sector as a partner

Before the economic reforms of the mid-1980s African governments and nongovernmental organizations drove regional integration initiatives. The private sector was not seen as a partner in development that could be relied on to foster economic growth. But today the role of the private sector in regional integration is growing. Because production is no longer predominantly in the government's hands, the private sector and nongovernmental institutions must implement the changes in production that stem from integration agreements.

One area where the private sector can have a positive impact is political decision-making at the national and regional levels. A well organized private sector can participate in policy formation, provide advice to governments, and lobby for continued implementation of positive reforms. In this respect, it is important for the private sector to be active in conceptualizing, designing, formulating, and adopting integration programmes.

Today the role of the private sector in regional integration is growing

By providing human and financial resources for regional projects, the private sector creates jobs, increases market size, and induces positive externalities, including technological spillovers. With the right conditions and support, the private sector can generate the wealth needed to stimulate growth and finance regional projects—even more pertinent as African governments disengage from nonstrategic economic activities.

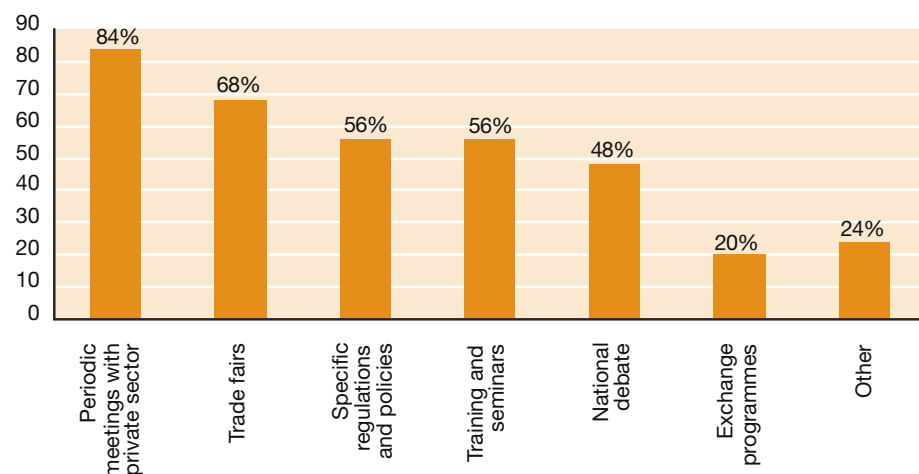
There are a variety of mechanisms for involving the private sector in regional integration. Most countries used periodic meetings, but trade fairs, regulations, and training and seminar programmes were also common (figure 4.16).

By removing the key constraints to increasing the size and efficiency of the private sector, regional integration facilitates the formation of larger markets through trade liberalization and harmonization and increases the potential scale of business and profit opportunities. And macroeconomic policy harmonization across most regional economic communities reduces economic uncertainty and risk, stimulating private sector activity.

The financial integration that is occurring along with macroeconomic integration is causing regional capital markets to emerge. The banking sector in some regional economic communities is also benefiting from increased competition and knowledge sharing, which creates conducive environments for financial intermediation through efficient resource mobilization and allocation. Both of these outcomes benefit the private sector as well.

A well organized private sector can participate in policy formation, provide advice to governments, and lobby for positive reforms

Figure 4.16
Countries' mechanisms for involving the private sector (%)



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

The institutional mechanisms for cooperation between the public and private sectors at the national level need to be deepened, and bottlenecks that hinder development of transnational corporations need to be addressed. Suggestions include adopting easier rules for mergers and acquisitions and developing capital market frameworks that enable cross listing of companies where stock markets exist. Regional economic community treaties and protocols should also be reviewed to ensure that the private sector is explicitly mentioned.

There is emerging recognition of the need to involve more people: the African Union's June 2001 and 2002 meetings on civil society involvement in Africa's integration, for example

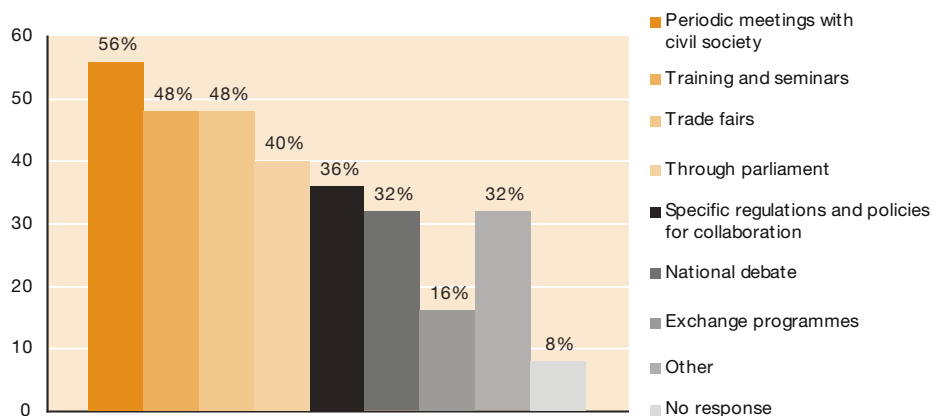
Democratizing regional integration with civil society

Democratizing regionalism is critical for African governments to build a popular base for regional integration. The dialogue on integration so far has generally been monopolized by governments and intergovernmental organizations. Nonetheless, there is emerging recognition of the need to involve more people: the African Union's June 2001 and 2002 meetings on civil society involvement in Africa's integration, for example. However, the machinery for making this involvement possible is still young. About half of African countries use trade fairs, seminars and training, and periodic meetings with civil society to discuss integration issues (figure 4.17). National debates are not widely used, but debates in parliament are more common.

The success of rationalizing the regional economic communities very much depends on the involvement of civil society and all stakeholders. A rationalization process that involves civil society stands a much better chance of success than one that is led by governments alone. Unless the people are aware of regional integration and interested in its success, the current state of African regional economic communities is unlikely to change.

Figure 4.17

National mechanisms for involving civil society in regional integration (%)



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

Effective mobilization of public support should be regarded as a critical ingredient for implementing and maintaining cooperation and integration oriented towards collective self-reliant, indigenous, and self-sustaining development in Africa. Better consultation mechanisms are needed. Apart from the widely used electronic media, the groups that should understand the basics of regional integration—women and young people—receive limited attention. Given that professional organizations tend to be dominated by the formal sector, the majority of citizens are unlikely to understand the issues facing their countries. Young people have the potential to ensure the sustainability of regional integration. And women are heavily involved in the informal sector, including cross-border trade. If they can appreciate the benefits of integration, they can provide needed public support.

Conclusion

The discussion in this chapter has focused largely on the actions needed at the national level for regional integration to succeed in Africa. The national focus is due to the realization that member countries determine the pace of integration at the regional economic community level. But many countries lack a strong institutional framework to coordinate and push the agenda for regional integration. The competing objectives that drive countries to join several regional groups result in multiple focal points at the national level. This makes coordination difficult.

The inefficiencies and ineffectiveness of the multiplicity of the regional economic communities are worsened at the national level by countries' failure to fully integrate regional economic community programmes into national plans and budgets. Furthermore, the failure of most countries to analyze the benefits and costs of their memberships in regional economic communities has made it even more difficult to advance the reforms needed for successful joint regional economic community initiatives. The uncertainty of political support for integration schemes was also evident in most countries' poor performance in meeting financial obligations to the regional economic communities. But failure is also associated with the multiplied burdens as a result of overlapping memberships.

For rationalization to succeed, the weaknesses at the national level in translating regional economic community goals into national plans and budgets must be addressed. These weaknesses can be dealt with through innovative means such as joint sponsorship of training programmes by the overlapping regional economic communities to exchange ideas on harmonization. In addition to achieving better skills development, such joint capacity-building efforts also make it easier to mobilize resources at the national level for regional public goods such as infrastructure developments.

What has emerged most clearly from the evidence in this chapter is the need for countries to have an objective look at why they are taking part in different integration

For rationalization to succeed, the weaknesses at the national level in translating regional economic community goals into national plans and budgets must be addressed

programmes in the first place. Cost-benefit studies are needed to address apathy in these countries. Such inquiries would result in a natural process of rationalization or hasten the rationalization so strongly argued for in chapter 3. Unless countries can confidently say that the benefits of integration will outweigh costs, commitment to regional integration will remain weak.

What has emerged most clearly from the evidence in this chapter is the need for countries to have an objective look at why they are taking part in different integration programmes in the first place

The actions recommended so far relate to government. But another important conclusion is that the integration process must be democratized. This would serve as a catalyst to make regional integration a demand-driven process that the government, the private sector, and civil society collaborate on. The supply-driven nature of integration—with governments acting first and informing the other stakeholders later—needs new mechanisms for better engagement. Rationalizing a country's membership in the regional economic communities can advance in a more positive way if the public is engaged in an informative dialogue that generates the necessary support against vested interests.

Notes

1. The concept of variable geometry discussed in chapter 3 suggests having slow integrators and fast integrators cohabit a regional economic community for as long as they are signatories to the treaty, with the slow integrators lagging in the ratification and implementation of protocols.

References

- Baldwin, Richard. 1997. "The Causes of Regionalism." Discussion Paper 1599. Centre for Economic Policy Research, London.
- Bhagwati, J. 1993. "Regionalism and Multilateralism: An Overview." In K. Anderson and R. Blachurst, eds., *Regional Integration and the Global Trading System*. London: Harvester-Wheatsheaf.
- . 1995. *The Dangerous Drift to Preferential Agreements*. Washington, D.C.: American Enterprise Institute.
- Summers, L. 1991. "Regionalism and the World Trading System." In *Policy Implications of Trade and Currency Zones*. Kansas City, Kan.: Federal Reserve Bank of Kansas City.
- UNECA (United Nations Economic Commission for Africa). 2004. *Assessing Regional Integration in Africa*. Policy Research Report. Addis Ababa.
- World Bank. 2005. *Global Economic Prospects 2005: Trade, Regionalism and Development*. Washington, D.C.