

Strengthening the Rationalization Framework

The design and structure of a rationalization framework is important for the integration agenda to succeed. In addition to a well thought out implementation plan for the rationalization of the regional groupings, mechanisms are needed to strengthen the entire process. Support should focus on four main activities:

- Building the capacity of integration institutions.
- Financing integration.
- Building consensus on rationalization.
- Coordinating between the African Union and the regional economic communities.

Building the capacity of integration institutions

Strengthening the capacities of all integration partners requires staff of the African Union Commission, regional economic communities, integration institutions, and specialized institutions of member countries to be able to perform their functions, solve problems, and set and achieve integration goals and objectives. A sustainable funding formula would assist institutions in meeting their training needs, hiring and retaining competent personnel, and providing equipment and other relevant materials. And an action plan that forges cooperation among intergovernmental agencies and allows exchange of experience and harmonization of policies and programmes would advance the integration agenda at the community, national, and continental levels.

Capacity building must not stop at training and equipment but must include competency building, particularly in negotiations. African countries, either through an intergovernmental organization or on their own, negotiate with a variety of parties on complex and diverse issues, but unfortunately, they are often ineffective, especially in international trade negotiations. Africa does not have the capacity to assess the full impact and implication of international trading rules, such as those proposed at the Doha Round.

Financing integration

African integration is impeded by a lack of financial resources. Most regional economic communities depend heavily on international donor-partners to survive. And membership in multiple communities makes it difficult for African countries to pay

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membership dues from their limited financial resources. A decline in member countries' contributions and external funding has placed the regional economic communities in dire straits, making it imperative for rationalization to include sustainable self-financing plans. Some regional economic communities have a plan that imposes a levy on imports from third countries, which has proved sustainable and has prevented member countries from retaining funds by depositing them in a central bank account accessible only to the organization.

A self-financing mechanism should have a few guiding principles. First, it must be independent from national budgets. Second, to ensure a regular flow of resources, the levy imposed on imports from third countries must be automatic. Third, the growth of the mechanism's accrued financial resources must be sustainable to support the regional economic communities' integration programmes.

The financing mechanism must also account for the financial requirements of the African Union. The Constitutive Act of the African Union calls for the African Central Bank, African Monetary Fund, and African Investment Bank to be created. Sustainable financial resources will also be needed to establish and operate these institutions.

Building consensus on rationalization

The rationalization process would be strengthened if all stakeholders of the integration process—including civil society, the private sector, and other development partners—embraced it. This requires a realistic rationalization process that takes into account their concerns. For example, existing intergovernmental organizations have signed and ratified a number of agreements within and outside the continent that rationalization could make obsolete with new arrangements.

To build consensus for rationalization, the existing regional economic blocs and other integrating agencies must be considered as equal partners. This could motivate member countries to cede part of their powers to supranational bodies, which could help further the continent's integration agenda.

A national coordination office is needed to include the relevant actors and to implement the regional economic communities' decisions. It would set targets and timeframes for and monitor the implementation of priority integration programmes and produce reports on integration progress for major stakeholders and the public to review.

One reason that African integration has not moved forward is the citizenry's lack of knowledge about the agenda. This has to change if the African leadership is to unite the continent behind the regional integration agenda. The African Union, regional economic communities, and member countries must devote enough resources to publish

and disseminate at the country level information and knowledge on the rationalization process and the integration agenda. Public awareness could lead people to support government programmes and initiatives on integration.

As part of consensus building, member countries must periodically involve their citizens in the discussion of regional integration issues. This could be done through meetings, seminars, workshops, or conferences that also include government officials, the business community, civil society, academicians, and other integration partners.

Involvement of the private sector in the integration process is also important. Most African countries do not involve the private sector in identifying, formulating, and implementing integration policies and programmes. But in most developing and developed economies the private sector is responsible for most of the investment and production of goods and services and, in partnership with the public sector, most of the infrastructure development.

Member countries must also create enabling environments that foster private sector development through sound macroeconomics policies, an efficient bureaucracy, respect for property rights, and strong rule of law.

Coordination and harmonization are important because they eliminate duplicated, overlapping and conflicting programmes, which in turn reduce resource costs

Coordination between the African Union and the regional economic communities

Coordination between the African Union and regional economic communities should involve adjusting and synchronizing policies, programmes, and activities to achieve a common goal. By contrast, harmonization would involve adopting regional legislation—codifying, unifying, and standardizing laws that would be applied and enforced at the national level. But experience shows that harmonizing laws can be difficult—and it can take a long time.

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Article 88 of the Abuja Treaty lays out four main responsibilities in the relationship between the African Economic Community and the regional economic communities:

- The African Economic Community will be established by coordinating, harmonizing, and integrating the regional economic communities' activities.
- Members will promote the regional economic communities' integration activities geared towards achieving the African Economic Community's objectives.
- Members will coordinate and harmonize their activities through their respective regional economic communities.

- The African Economic Community is responsible for coordinating, harmonizing, and evaluating the regional economic communities' activities.

The rationalization process must thus safeguard these objectives. And the coordination process must include shared information, periodic coordination meetings, a liaison office, common focal points, and integrated programmes and strategies to ensure a smooth working relationship that advances the integration agenda.

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The current arrangements for coordination are based on a protocol that calls for two committees: the Committee of Secretariat Officials and the Committee on Coordination. The committees must meet more often to be more effective.

Implementing sectoral policies is the responsibility of member countries, but the regional economic communities exert some influence by facilitating, advocating, and lobbying for regional priority projects and programmes. The rationalization process should strengthen coordination and harmonization at the sectoral level. And the two coordination committees must push the integration agenda at the national level. Implementing policies is difficult because it requires a combination of effective and achievable national action plans, national working groups, national and regional institutions, and regional review working groups.

To improve the coordination committees' effectiveness the rationalization process must ensure that:

- All stakeholders agree on a common framework for coordination and harmonization.
- Coordination and harmonization of sectoral, national, subregional and continental policies, programmes, and activities are identified.
- National coordination offices are created to coordinate regional initiatives at the country level.
- Meeting dates are fixed for the coordination committees and announced at the beginning of each year. All members must be encouraged to attend, and the agenda and background documents on the operational status of coordinated and harmonized policies, programmes, and activities must be circulated before the meeting.
- A coordination office at the African Union and focal points at the regional economic communities liaise with the coordination offices of countries in each region to facilitate implementation of the committee's decisions. This would also ensure the periodic exchange and update of vital information.

There is also a need to design regional and national action plans to implement coordinated or harmonized programmes. To ensure that this action is carried out:

- The African Union should encourage all the players in the integration process to prepare timely action plans with specific timetables on how to implement coor-

minated policies and programmes at the country, subregional, and regional levels. These plans should include the implementation of New Partnership for Africa's Development (NEPAD) programmes.

- Regional economic communities should submit reports by a specified date on the status of coordinated or harmonized policies, programmes, and activities to the coordinating committees. The reports should also detail progress at the national level. And an annual report with sectoral performance indicators should be published and widely disseminated to regional economic communities, governments, and influential national institutions, such as universities, to pressure lagging regional economic communities and countries into action.
- Coordination and harmonization efforts should be strengthened in such areas as transport, energy, trade, money, and finance.

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Implementing the recommendations made here would not be easy. It will require strong political leadership, especially from the African Union. The following section gives examples on how two of the scenarios discussed could be applied. First, we look at how rationalization through division of labour could be applied, using Central Africa as an example. The second case shows rationalization through harmonization and coordination as is taking place in ECOWAS and UEMOA.

Rationalizing by division of labour in Central Africa

If Central Africa were to rationalize by the division of labour, the Economic Community of Central African States (ECCAS) would be the lead implementing agency for projects in seven areas of cooperation that are of equal interest to all countries in Central Africa:

- Regional market creation.
- Policy on free movement of people.
- International transportation.
- Trade cooperation.
- Monetary cooperation.
- Funding integration.
- Peace and security.

The need for rationalization, effectiveness, and optimization of the advantages of integration calls for unified management of policies in these areas.

The regional economic communities in Central Africa

Under a plan to rationalize by division of labour the primary goal of regional integration would remain economies of scale and trade development. The Central African Monetary and Economic Community (CEMAC) has made significant progress in these areas, but more remains to be done in its small subregional market (about 30 million inhabitants). Central Africa's optimal market is ECCAS, with its 11 member states and estimated 120 million inhabitants. Furthermore, ECCAS re-launched its trade liberalization scheme to expand on the achievements of the other economic communities in order to quickly catch up with them and unify the regional market.

The concept of shared territory was introduced for 2004–07 to allow ECCAS time to reach the free trade agreement stage. Starting in 2007, trade cooperation instruments (rules of origin, certificates of origin, a compensation mechanism, and treatment of re-exports) should be standardized at the regional level based on the many updates and improvements introduced by the ECCAS scheme.

Standardizing of the regional market would enhance trade opportunities and reallocate resources from the industry-competitiveness fund and CEMAC to structural funds (agriculture, industry, and handicrafts) because ECCAS has two legally distinct funds and a more attractive compensation scheme.

The proposed ECCAS common external tariff, already based on the CEMAC common external tariff and the external tariffs of member countries, would also be negotiated and managed at the regional level, addressing the few problems encountered by CEMAC in that area (including unilateral tariff reclassification).

Little progress has been made in ensuring free movement of people, mostly because of political unrest in the region over the past 10 years. But this cooperation instrument must be extended to the entire region, taking into account the security concerns of all member countries. A successful policy on free movement of people should cover:

- Typology of travel documents.
- Progressive abolition of visas.
- Right of residency.
- Right of stay.
- Protection of migrants and their property.
- Treatment of illegal migrants.
- Treatment of seasonal or cross-border workers.
- Income transfers.
- Community citizenship.
- Other rights and responsibilities of migrants.
- Cooperation on immigration matters.

Central Africa includes four countries that are completely landlocked (Burundi, Central African Republic, Chad, and Rwanda), one semi-landlocked country (the eastern portion of the Democratic Republic of the Congo), and two island countries (Equatorial Guinea and São Tomé and Príncipe). At any time each of the 11 countries in the region may be an importer, an exporter, or a transit country. Since a prerequisite for increased interregional trade is free movement of goods and persons, ECCAS should implement unified, effective international transit regulations on a regional scale, based on the objectives established by member countries and the experiences of the CEMAC interstate transit programme and the CEPGL Transit Transport Coordination Authority Northern Corridor. The primary objectives of these regulations would be:

- To facilitate trade.
- To establish a single customs bond regime for international trade.
- To reduce transport time and costs.
- To reduce the number of road and river checkpoints.
- To simplify border documents, procedures, and formalities.
- To establish an advanced regional goods information mechanism or develop licensing requirements for international transit transporters (road, river, lake, or mixed).

Developing a regional market should be accompanied by a trade promotion policy with two components. First is wide-scale dissemination of information on the free trade agreement and customs union to national governments and economic operators to familiarize them with the tools of trade cooperation: preferential tariff and tariff schedule, approval procedure, accompanying documents for commercial transactions, compensation law, tariff categories, common external tariff rate and transition rights, and treatment of goods in free circulation (re-exports). Second is the promotion of ECCAS products at the regional level through an integrated programme that includes a database, interstate trade missions, trade fairs, roundtables for Central African economic operators, a magazine on business opportunities in the region, support for business networks (including women's groups and producers' associations and groups), a regional trade information centre with interconnected national branches, and an export guarantee mechanism.

Central Africa includes six non-convertible currencies and six exchange rate regimes—a multiplicity of money options that hinders the development of intracommunity trade. Thus trade liberalization must be accompanied by a clearinghouse or central monetary agency to develop a programme of macroeconomic convergence and harmonize financial policies at the regional level based on the achievements of CEMAC, which is already a monetary union. ECOWAS' plan could inspire ECCAS to establish a monetary area that could later merge with the CFA-ECOWAS area.

CEMAC, the International Commission of the Congo-Oubangi-Sangha Basin, ECCAS, and the Organization for the Harmonization of Business Law in Africa have all recommended unified management of autonomous financing mechanisms. This would entail a uniform basis of assessment and the principle of a joint account and one subsidiary

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account for each beneficiary institution. The goal is to establish a single window for financing integration in Africa to facilitate the work of national governments and economic operators and promote the development of joint programmes.

The direct contributions for integration envisioned or already adopted would thus be combined into a single tax whose bound rate would equal the sum of those taxes. ECCAS would have sole technical responsibility for the programme, including valuing exports, forecasting revenue, and harmonizing national implementation regulations with community regulations. Each institution would receive the revenue owed to it directly and automatically on a pro rata basis from the common regional account opened in each of the central banks of the member countries and would manage its resources according to the budget adopted by its own legislative body, with no interference from ECCAS or any other intergovernmental organization.

ECCAS has a key role in restoring and strengthening peace in Central Africa. It has incorporated into its revitalization programme major initiatives, such as a protocol on the Council for Peace and Security in Central Africa which has two operational instruments (the Early Warning Mechanism of Central Africa and the Multinational Force of Central Africa).

In some areas of cooperation ECCAS would not have exclusive competence. In CEMAC and CEPGL the subregional communities would retain the right of initiative in seven areas and would have the opportunity to move further or faster than the regional community as they see fit. The sole condition would be that such initiatives must be consistent with the general framework and objectives established at the regional level. The seven areas are:

- River and lake basin policy.
- Agriculture, stock farming, and fishing.
- Industry cooperation.
- Human resources, health, and social affairs.
- Transport infrastructures.
- Energy and natural resources.
- Meteorology, environment, and biodiversity.

Central Africa has ample water resources, with development potential for such strategic areas as transport, energy, agriculture, and fisheries. Interstate cooperation requires sub-regional approaches, varying the approach according to the optimal size of each project. CEMAC already uses this approach with the International Commission on Navigation of the Congo-Ubangi-Sangha Basin, which comprises three CEMAC members and the Democratic Republic of Congo. CEPGL should pursue a similar approach in developing of the resources of Lakes Kivu and Tanganyika.

The main objectives for agriculture, stock farming and fishing should be to develop applied research, to process and diversify derivative products, to improve quality standards and competitiveness, and to create training and support facilities for producers to enhance access to export markets. Subregional approaches include CEMAC and CEPGL structural funds to build capacity at research centres such as the Institute of Agronomic and Zoo Technical Research and support for producers' organizations.

State withdrawal from production sectors requires the role of integration institutions in sectoral policy development to be redefined. The objective can no longer be large-scale industrial projects, but rather a diversified cluster of small- and medium-size enterprises in primary commodities and exports.

To boost medium-size projects and programmes, CEMAC and CEPGL could create a legal framework to attract investment, establish funding mechanisms to support industry, develop, and implement quality standards, and support the private sector. Existing legal instruments such as the CEMAC Investment Charter and the Organization for the Harmonization of Business Law in Africa's uniform business law could be complemented and enhanced by mechanisms for mobilizing private savings (capital markets and transferable securities).

CEMAC and CEPGL could provide programming and assistance frameworks for medium-term objectives in transport infrastructure, particularly through:

- Common standards for the design, construction, and maintenance of interstate transport infrastructures.
- Management capacity for subregional networks.
- Support funds for transport infrastructure.
- Harmonized national transport policies.

Before the political upheavals of the past decade, CEPGL made significant strides in energy cooperation. Highlights include:

- An electric power pooling programme for the three member countries.
- The joint implementation of the Ruzizi II power station.
- The Lake Kivu natural gas extraction project.
- The CEPGL Kagera Basin Organization programme for the Rusumo Falls hydro-electric power station.

Similarly, the power supply to Brazzaville and northern Zambia from the Inga I power station in the Democratic Republic of the Congo shows the relevance and effectiveness of project-based approaches in implementing cooperation in the energy sector without compromising a regional master plan.

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To be more effective, CEMAC and CEPGL should promote joint projects to install power stations and to connect national networks across borders. Development banks and funding institutions such as the Industrial Competitiveness Development Fund and the Development Bank of the Great Lakes States need a stronger resource base, with new independent integration financing mechanisms that provide sustainable support.

In 1998 UEMOA established the Community Compensation and Solidarity Fund to assist member countries that lost customs revenue because of tariffs on intracommunity trade

Rationalizing through harmonization of policies and instruments in West Africa

The strong coordination and harmonization efforts undertaken by ECOWAS and UEMOA in West Africa are in line with the scenario of rationalization through coordination and harmonization. Both institutions recognize that their efforts to remove duplications and overlap of programmes and activities must be complementary.

The objectives and priorities for ECOWAS and UEMOA focus on convergence of monetary and economic policy, a common market, transport facilitation, peace and security, and other sectoral issues. An institutional framework of consultations, cooperation, and partnership between the two regional economic communities was created in 2004 to strengthen their relationship. Under the framework two meetings are held each year to review the activities and programmes undertaken by each institution and to agree on new initiatives.

Since 1990 ECOWAS has operated under the framework of its Trade Liberalization Scheme, which calls for a free trade zone and the elimination of tariff and non-tariff barriers. Products eligible for duty-free status include raw materials, traditional handcrafts, and some industrial goods.

In 1996 UEMOA adopted the Community Preferential Tariff (CPT) agreement, which eliminated all internal tariffs on agricultural commodities, livestock, and traditional handcrafts in the region. Between 1996 and 2000 the region witnessed tariffs on approved manufactured goods originating from the union drop 30%–70%, while those on unapproved manufactured goods were lowered by just 5%.

In 1998 UEMOA established the Community Compensation and Solidarity Fund to assist member countries that lost customs revenue because of tariffs on intracommunity trade. The fund was financed by a 1% duty on imports from third countries.

A 2000 ministerial meeting on integration in West Africa recommended that UEMOA and ECOWAS harmonize:

- Rules of origin.
- Approval procedures.

- Customs clearing procedures.
- Compensation system for losses of revenues.

For rules of origin, the two organizations (ECOWAS and UEMOA) adopted the same rules defining community origin criteria. Products treated as originating from either community have the same benefit and should be traded duty free in both. These products include:

- Products wholly produced in member countries.
- Products that are not wholly produced in a member country but that have undergone substantial transformation or processing in a member country, determined by a change of tariff heading or value added of at least 35% of ex-factory price before tax.
- Products manufactured from raw materials of foreign origin whose value added is equal to 30% of the ex-factory price before tax of the finished product.

Goods manufactured in free zones or under special regimes involving suspension or partial or total exemption from import duties are not considered originating products.

In addition, ECOWAS and UEMOA adopted a common document for certifying the rules of origin. The certificate of origin for goods is a uniform and simplified customs declaration form supported by a common statistical nomenclature that is in line with the World Customs Organization's Harmonized System. And UEMOA uses EUROTRACE to generate, analyse, and report external trade statistics.

To improve the flow of goods and services between member countries, ECOWAS and UEMOA also harmonized their customs document and procedures by introducing a single customs document. But Nigeria is the only country using the document, with others planning to adopt it soon.

ECOWAS and UEMOA harmonized their compensation mechanisms for member countries that lose fiscal revenue because of trade liberalization. Specifically the statute of limitation and the process of application for compensation were harmonized. The framework used allows UEMOA's compensation mechanism to be phased out in December 2005 and ECOWAS' to expire in 2007.

To create a common market, ECOWAS and UEMOA adopted programmes that allow for the free mobility of their citizens, particularly the removal of visa requirements and the introduction of an ECOWAS passport. Except Liberia, citizens of member countries do not need an entry permit or visa to move within the community. An ECOWAS citizen with a valid travel document and a certificate of international vaccination can enter a member country and stay for up to 90 days.

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UEMOA has been a customs union with a common external tariff since January 2000. Having a common external tariff has lowered external tariffs and reduced the maximum tax rate from 65% to 22% and the average tax rate from 13.1% to 11.6%. The common external tariff covers goods imported from third countries in four categories: essential social goods (2% tariff); primary necessities, basic raw materials, capital equipment, and specific inputs (7%); intermediate products and inputs (12%); and final consumer goods and other products (22%).

ECOWAS is planning a common external tariff similar to UEMOA's, once it becomes a customs union in December 2007.

The common framework that ECOWAS and UEMOA use to collect and analyse trade statistics and customs data calls for staff of the two institutions to visit member countries to collect data twice a year. Strong political will is needed to ensure the programme's success.

Harmonization of the ECOWAS and UEMOA trade programmes has eliminated the difficulties that member countries faced with two programmes in the same geographical area. But non-tariff barriers, such as poor transport infrastructure and numerous roadblocks, remain.

ECOWAS and UEMOA's programme to achieve macroeconomic policy convergence is based on a multilateral surveillance mechanism, which covers convergence criteria and standards and harmonization of statistics, legal frameworks, and accounting methods. ECOWAS has also imposed convergence of macroeconomic policies and performance of its members as a precondition for the creation of a single currency.

The primary indicators being used in multilateral surveillance procedure are:

- Both ECOWAS and UEMOA use the budget to GDP ratio and the inflation rate as indicators in their convergence criteria.
- In UEMOA the primary budget should not be in deficit, and in ECOWAS the deficit excluding grants, should not exceed 4% of nominal GDP.
- Average annual inflation should not exceed 3% in UEMOA and 5% in ECOWAS.
- In UEMOA, the level of indebtedness (measured as the ratio of current public domestic and external debt to nominal GDP) should not exceed 70%. In ECOWAS the level of indebtedness (measured as the ratio of budget deficit, excluding grants, to GDP) should not exceed 80%.
- In ECOWAS, Central Bank financing of the budget deficit should not exceed 10% of the previous year's tax revenue. (UEMOA does not use this indicator because member countries do not have their own independent central banks).
- In ECOWAS external reserves should be equal to at least six months worth of imports. UEMOA does not use this indicator.

The secondary indicators being used in multilateral surveillance procedure are:

- The criteria relating to wage bill/tax revenue ratio and capital expenditure/tax revenue ratio are identical in both convergence systems.
- The ratio of tax revenue to nominal GDP should not exceed 20% in ECOWAS and 17% in UEMOA.
- In UEMOA the ratio of current external deficit (excluding grants) to nominal GDP should not exceed 5%. In ECOWAS a target has not been formulated.
- Members of both institutions should have stable real exchange rates and positive real interest rate.

The Gambia, Ghana, Guinea, Liberia, Nigeria, and Sierra Leone will form a common currency union

In 2000 ECOWAS created the West African Monetary Zone for non-UEMOA members of ECOWAS to speed the creation of a common single monetary zone. Under the plan The Gambia, Ghana, Guinea, Liberia, Nigeria, and Sierra Leone will form a common currency union. (The launch date for the common currency has been pushed back to 2009). This currency union will merge with the CFA into one monetary union with a common currency and common central bank, the West African Central Bank.

The creation of the West African Monetary Zone led to the birth of the West African Monetary Institute, which is charged with preparing for the launch of a single West African monetary union. The institute commenced operations in March 2001 and has prepared the basic architecture for the monetary union.

Other activities to strengthen the architecture for the monetary union include:

- Fiscal consolidation through a forum of finance ministers to discuss issues related to fiscal convergence and to adopt remedial policy measures to facilitate and sustain convergence.
- Harmonization of statistics and databases to ensure data comparability, reliability, and relevance for convergence surveillance.
- Improvement of member countries' banking systems to raise the standards of the banking system to those of international counterparts.
- Harmonization of payment systems of member countries to increase the efficiency of capital flows.

To support investment and promote financial cooperation in the region ECOWAS has established several regional banks. In 1975 it formed the ECOWAS Fund for Cooperation, Compensation, and Development to compensate countries for revenue losses associated with regional trade liberalization. It is also responsible for promoting balanced regional economic development and for providing support to less developed member countries. It was later reconstituted as the ECOWAS Bank for Investment and Development, with two subsidiaries: the ECOWAS Regional Development Fund, which focuses on public sector financing, and the ECOWAS Regional Investment Bank, which focuses on private sector financing. The ECOWAS Bank Group was also established

to strengthen regional financial cooperation. It has subsidiaries in 12 countries across West and Central Africa. The Ecobank Foundation, the philanthropic arm of the bank, supports scientific, cultural, and humanitarian causes across the region.

In 1998 UEMOA agreed to harmonize the regional accounting system through the Système Comptable Ouest Africain

Although UEMOA was established in 1994, its roots as a monetary union date as far back as 1974. It has a common currency, the CFA franc, and a common central bank, Banque Centrale des États de l’Afrique de l’Ouest. The central bank has done extremely well in ensuring macroeconomic convergence in most member countries. In 1997 UEMOA and the central bank signed an agreement to transform the Abidjan Bourse into a regional stock exchange. And in 1998 UEMOA agreed to harmonize the regional accounting system through the Système Comptable Ouest Africain. Both agreements are geared towards facilitating the free flow of capital in the region.

ECOWAS and UEMOA have also undertaken the harmonization of sectoral programmes in agriculture, the environment, transport, energy, and telecommunications.

UEMOA has had a comprehensive agricultural policy since 2001. In January 2005 ECOWAS adopted an agricultural policy that used UEMOA and other intergovernmental organizations’ policies as a framework. The two agricultural policies have since been harmonized, and agricultural programmes are carried out with regular consultations between two institutions. Each has the latitude to initiate its own programmes, modalities, and strategies for implementation within the agreed framework—a flexible arrangement that strengthens the coordination and harmonization efforts between the two institutions and allows each institution to capitalize on the best practices of the other.

UEMOA’s food security programme is more advanced than ECOWAS’. It includes country studies, a legal framework, and other issues. To develop a comprehensive and dynamic programme, ECOWAS is undertaking studies in non-UEMOA countries that are members of ECOWAS, using the framework of UEMOA’s studies.

The two institutions are also trying to coordinate common policy and market to ensure a supply of high quality seeds in the region.

Protecting the environment is very high on ECOWAS and UEMOA’s agenda. To this end, the two institutions are working hard to establish a common policy on the environment to replace the UEMOA protocol adopted in 1999. UEMOA is undertaking environmental assessments for its member countries, and ECOWAS is undertaking them for its non-UEMOA members. ECOWAS is also holding consultations with member states on their environmental programmes to obtain inputs for the environmental policy.

In close collaboration with UEMOA, ECOWAS has developed an action plan to implement its road transport facilitation programmes aimed at enhancing cross-border movements. The plan has four parts:

- Constructing joint border posts to speed the processing of immigration documents and the clearing of goods.
- Creating observatories along interstate land corridors to expose and reduce bad practices.
- Educating all stakeholders on the ECOWAS facilitation programme.
- Fighting the HIV/AIDS pandemic.

ECOWAS and UEMOA have secured €82 million from the European Union for regional transport programmes and €69 million for the regional transport facilitation programme. ECOWAS also received a \$936,818 grant from the Japanese Government to study:

- The institutional and legal framework of joint border posts.
- Harmonization of road transport legislation.
- The physical status of road networks.
- Port security and the Advanced Cargo Information System (including its Road Tracker module).
- Reform of the interstate transit operations guarantee system.

ECOWAS and UEMOA are also exploring the possibility of constructing an interconnected rail network in West Africa. The African Development Bank has awarded a \$3.31 million grant to carry out feasibility studies of the rail networks in ECOWAS.

In air transport, after the Yamoussoukro Decision in 2003, the two institutions adopted the Safety and Security Action Plan and the Economic Regulation Action Plan.

With World Bank assistance, ECOWAS has developed a \$29 million aviation safety and security project for ECOWAS and CEMAC. It will be implemented as part of three subregional safety projects based on the International Civil Aviation Organization Cooperative Arrangement for Operational Safety and Continued Airworthiness Programme.

The action plan on economic regulation has not yet been implemented. But most countries in CEMAC and ECOWAS have made big strides in liberalizing the air transport sector. Some impediments remain:

- Lack of appropriate civil aviation structures (autonomous entities) in some member countries.
- Safety deficiencies in most member countries.

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- Restrictions on traffic rights in a few countries.
- Bilateral air service agreements between countries that are not fully consistent with the Yamoussoukro Decision.

In 1980 ECOWAS introduced a two-phase transport programme. The first phase focused on road transport facilitation and road construction and included construction of the 4,560 kilometre Trans–West African Highway and the 4,460 kilometre Trans-Sahelian Highway. The second phase focused on integrating landlocked member countries' roads with the regional highway network.

ECOWAS has also taken measures to promote intraregional movement of goods and people, including harmonization of technical specifications of motor vehicles and related infrastructure, customs procedures, cross-border travel, and motor vehicle insurance. The third-party Brown Card motorcar insurance, used by 12 ECOWAS members, was also introduced to allow the free flow of goods and persons within the region.

Two major energy programmes being implemented by ECOWAS are the West Africa Power Pool and the West African Gas Pipeline. Both projects have attracted considerable interest from private investors and development partners.

Nearing completion, the pipeline is designed to pump natural gas from refineries in Nigeria through Benin and Togo to Ghana. Based on its success and economic benefits, it may be extended to other parts of the region.

Within the framework of the West Africa Power Pool, ECOWAS has also undertaken the following activities:

- Expansion of regional generation and transmission infrastructure and establishment of the West Africa Power Pool governance system.
- Development of the legal and regulatory framework needed to facilitate regional energy trade.
- Implementation of capacity-building and training programmes.

ECOWAS also has a Rural Electrification Initiative developed in close collaboration with UEMOA. With the assistance of the U.S. Agency for International Development, studies are being conducted to examine the institutional governance and organization of the electricity sector in rural areas, the current status of rural electrification, and the activities of various stakeholders in the development of rural communities.

ECOWAS' regulatory programme for the harmonization of telecommunication sectors in member countries aims to establish a common liberalized telecommunication market by 2007. The programme focuses on fully open and interconnected networks, increasing telephone density and promoting Internet usage. The programme also includes

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the development of the Global System for Mobile Communications roaming facilities and cross-border connectivity in the region.

The ECOWAS programme for a common industrial policy for West African seeks to:

- Complement member countries' efforts to accelerate the pace of regional industrialization.
- Harmonize national industrial policies.
- Promote partnerships and joint ventures with foreign investors.
- Formulate common regional policies for industry and mineral resources development that follow the guidelines of the United Nations Industrial Development Organization's (UNIDO) African Productive Capacity Initiative.

Another ECOWAS and UEMOA programme, developed in collaboration with UNIDO, seeks to facilitate member countries' participation in international trade by enhancing quality, standards, metrology, and testing of manufactured products.

At an ECOWAS summit in 2001 the heads of state and government decided that ECOWAS should assume the lead role in negotiations on external partnership agreements between the region and the European Union, in close collaboration with UEMOA and member countries. This is a perfect application of rationalization through coordination and harmonization.

ECOWAS also has the lead role in implementing all NEPAD projects in the region. Again, ECOWAS is in close collaboration with UEMOA and other intergovernmental agencies.

A major challenge to successful coordination and harmonization of ECOWAS and UEMOA programmes is lack of sustainable financial resources for consultative meetings. Donors such as the European Union finance most meetings, and institutions outside Africa are financing the whole integration agenda—which could pose a serious potential conflict to Africa's ownership of the integration process.

Like the other regional economic communities, ECOWAS and UEMOA do not have the technical capacity to carry out most of the harmonization programmes. Equipment, technology, and other facilities also have to be strengthened.

Political will is necessary but not sufficient for achieving all the harmonization programmes. Member countries would have to commit and implement the agreed policies at all levels of government. Member countries should also assist the two institutions in setting priorities for programmes and policies that need to be harmonized. It is also imperative that member countries, through their governments, private sectors, and civil society organizations, engage the general public on the whole integration agenda.

A major challenge to successful coordination and harmonization of ECOWAS and UEMOA programmes is lack of sustainable financial resources for consultative meetings

Conclusion

The scenarios presented in this chapter remain only proposals and could be refined through negotiations between the African Union and all the existing economic communities and other stakeholders. In the end, the choice lies in the hands of the heads of states and governments of the African Union. These proposals aim at assisting the leadership in reaching a decision on the way forward in strengthening the continent's integration agenda.

The process would be strengthened if all stakeholders including civil societies, the private sector and other development partners embrace it. For this to happen the rationalization process must be realistic and the concerns of the citizenry and all participants of the process be taken into account. For example, the current regional economic communities have signed and ratified a number of agreements within and outside the continent. The rationalization process could produce new arrangements that could make some of these agreements obsolete. It is therefore imperative that all parties are consulted on how to implement any future changes.

In building consensus for the process, all the existing regional economic blocs and other integrating agencies must be considered as equal partners in the participatory process. This would contribute to creating the proper negotiating environment that could motivate member countries to cede part of their powers to supranational bodies and advance the continent's integration agenda.