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3RD MID-YEAR COORDINATION MEETING BETWEEN THE AFRICAN UNION, THE REGIONAL ECONOMIC COMMUNITIES AND THE REGIONAL MECHANISMS
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2021 AFRICAN INTEGRATION REPORT

THE STATUS OF REGIONAL INTEGRATION IN AFRICA

BRIEFING NOTE

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Briefing Note

Regional Integration is vital for Africa's post-COVID Recovery

AMRII 2021

While COVID-19 has slowed down regional integration, Africa had not been performing well even before the pandemic. The performance in some Dimensions is too low to support Continental Integration

- The integration process faces many challenges within CEN-SAD and AMU. A new impetus like the one undertaken by CEN-SAD since 2020 is needed.
- The AU and the RECs should establish specialised units to track and monitor their progress.

KEY ISSUES AND LESSONS

- Regional integration requires strong and effective institutions as well as effective leadership
- Continental and regional institutions need to be stronger in order to have a say in regional matters
- Implementing the AfCFTA can aid in post-COVID Recovery
- Regional integration is all about connectivity and exchanges which are driven by the free movement of goods, services, capital, people and ideas; infrastructure is required to move these factors. Borders tell us who is divided from whom by political geography; infrastructure tells us who is connected to whom via functional geography
- African states should move from border policing to border management
- Lack of adequate complementary policies and institutions may lead to inefficient outcomes - poorly managed borders are NTBs
- Conflict stalls Regional Integration; silence the guns
- Implementation of regional initiatives takes place when in line with key national interests
- Regional Integration can help support reforms at the national level
- The continent should operationalise the African Integration Fund to provide assured financing for integration.

"We are very good at formulating imperatives but actually what to do, when to do it, who should do it, how it is going to be funded, who is going to review the work, who is going to put in more effort and how often the work is going to be reviewed are activities that are lacking"

BACKGROUND AND CONTEXT

1.1 Introduction

In Africa, regional integration has long been viewed as a catalyst for long-term prosperity. With 55 national borders, regional integration can help African countries overcome divisions that impede the flow of goods, services, capital, people and ideas. These divisions can be overcome through shared policies, institutions and physical infrastructure. Divisions created by geography, poor infrastructure and inefficient policies are an impediment to Africa's economic growth and development.

The African Integration Report contains the African Multidimensional Regional Integration Index (AMRII) which tracks and measures the progress made in regional integration on the continent. Without assessments such as this, it becomes impossible for policymakers to monitor the impact of existing regional integration initiatives and to assess the extent to which expectations have been met and whether policy adjustments might be warranted. The Report provides a comprehensive and structured review of the status of integration and gives innovative policy recommendations for accelerating the ongoing regional integration process. This Briefing Note highlights the key issues and key messages drawn from the 2021 African Integration Report.

The African Integration Report contributes to filling the gap in the tracking and measurement of progress made in regional integration on the continent. This Report is a working document for the African Union Mid-Year Coordination Summit and it is intended on helping them take evidence-based decisions in order to speed up the integration process both within the Regional Economic Communities (RECs) and at the continental level.

The 2021 African Integration Report is divided into two parts. These are:

- (i) PART 1 - Evaluation Section: This is an assessment of the Status of Regional Integration on the continent based on African Multidimensional Regional Integration Index (AMRII).
- (ii) PART 2 - Analytical Section: This addresses a set of themes on regional integration in the continent - these have been pre-selected by the African Union Commission (AUC) and the RECs. The selected themes for the 2021 Report are: (i) Free Movement of Persons for African Integration; (ii) the Role of Regional Integration in Africa's post-COVID-19 Recovery; and (iii) the Operationalisation of the African Integration Fund.

1.2 Successes: Key Continental Achievements in 2020-2021

The integration process on the continent has seen progress during the past year in certain dimensions of integration such as trade. In terms of trade, the launch of trading under the African Continental Free Trade Area (AfCFTA) commenced on 1 January 2021. Under the trade agreement, tariffs on 90% of goods will be phased out within ten years, and more on the remaining 10%.

At the health level, the pandemic situation has made it necessary for the continent to develop a harmonised policy for the management of COVID-19. After several high-level meetings held, the Ministers of Health of African States have finally endorsed the continental strategy to fight against the COVID-19. The AU has also coordinated Member States to secure vaccines at a lower price that is negotiated jointly.

At the financial level, the African States have appointed the Head of State of Ghana as Champion of Financial Institutions to help the Commission in advocacy with African States in order to accelerate the ratifications and the implementation of pan-African financial institutions.

In February this year, the AU held successful election for the AU Commission under the new structure proposed under the Reforms. Further internal reforms are ongoing.

i. Trading under the AfCFTA Commences

Trading under the AfCFTA commenced on 1 January 2021. The critical task now is to match ambition with implementation. The AfCFTA is more than a traditional free trade agreement and it contains several elements of a single market. The scope of the AfCFTA Agreement covers trade in goods and services, investment, intellectual property rights and competition policy; whereas a traditional free trade agreement would often require only the elimination of tariffs and quotas on trade in goods. For instance, norms and regulations related to services are typically harmonised when a single market is set up. The inclusion of services for negotiation alongside trade in goods recognises that, in the present day, value chains, services are critical inputs into the production of trade in goods. The services sector already contributes a substantial share to the output of most African economies. At the heart of the AfCFTA is a developmental approach that recognises the need for trade liberalisation to proceed, and at the same time, address supply capacities and promote structural transformation. This approach is not only unconventional but also sidesteps many aspects of the carefully defined schedule of the Abuja Treaty's progression towards the African Economic Community.

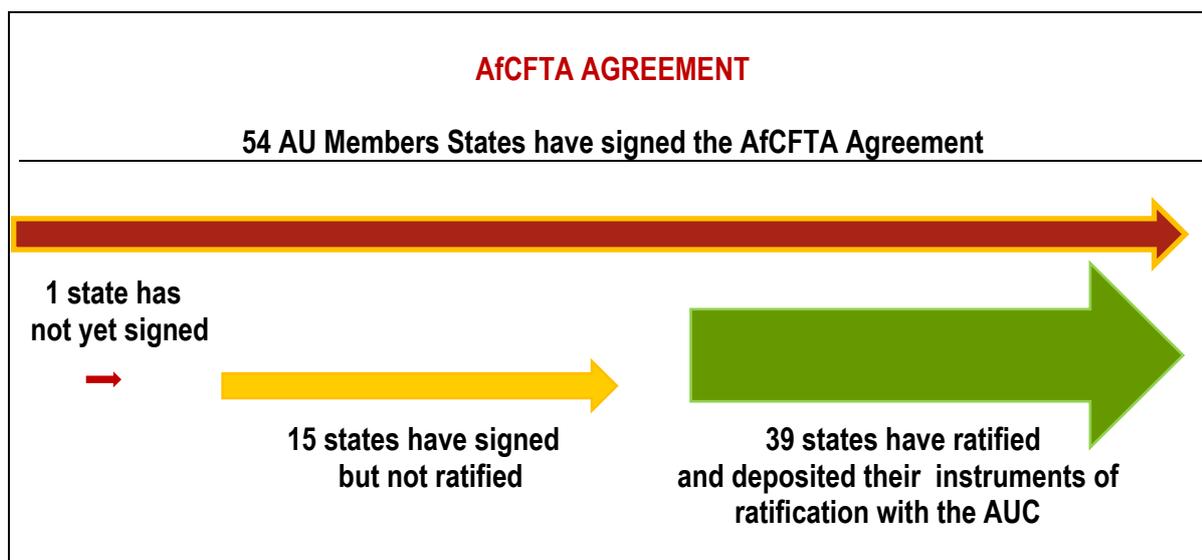


Figure 1: Scorecard - Signature and Ratifications by AU Member States

With the start of implementation of the AfCFTA, Africa commenced a bold journey that will stitch together currently disjointed economies, trade practices and rules and make it easier for goods and services to flow across the 55 economies of the continent. The AfCFTA is a monumental commitment to create the largest free trade area in the world. If executed according to plan, the agreement will boost economic growth, produce employment, create and improve infrastructure, and foster the positive socio-cultural externalities that usually emanate from economic connectedness and integration. For this to happen, AU, RECs and Member States, who have excelled at creating initiatives for development, must follow through to implementation. Those that are yet to ratify the agreement should do so in order for the continent to move together as one.

ii. The Kazungula Bridge Eases Movement and Cuts Cost of Doing Business in SADC

Infrastructure deficiency is one of the strongest arguments for the weak regional integration in Africa. This is understandably so given the large infrastructure gap and deficiency in the continent. Transport costs in Africa have been adjudged one of the highest in the world, only 30% has access to electricity, lowest telephone penetration of 14% compared to the world average of 52%, and lowest internet penetration of 3% compared to the world average of 14%.¹ Currently, shipping within Africa is more expensive compared to shipping from outside the region and some flights connecting some African countries still fly out of the continent to arrive at final destination.

The Kazungula Bridge and One-Stop Border Post that connects Botswana and Zambia was inaugurated on 10 May 2021, marking the completion of a multi-million-dollar project that is aimed at easing congestion at border crossings and boosting trade on Africa's busiest corridor - the North-South corridor that stretches all the way from the port of Durban in South Africa to the Democratic Republic of Congo. The curved bridge that stretches for 923 metres over the Zambezi River provides a much-needed road and railway link for goods and people and it is expected to open avenues for increased trade across the southern Africa region.² The Kazungula Bridge and One-Stop Border Post highlights the role of infrastructure and its transformational impact on african integration and more specifically movement of goods and people on the continent; in this case it is also about sustaining livelihoods and ensuring safe access by people to various services.



Photo: The Kazungula Bridge. Source: Ministry of Transport and Communications, Republic of Botswana

The usually congested Beitbridge Border Post on the South Africa-Zimbabwe border should now see shorter queues thanks to a new route. The Bridge should have a significant impact on South Africa, relieving congestion at the Beitbridge Border crossing for freight truckers. Freight truckers from the Durban Port and from elsewhere in South Africa now have the option of travelling to Lusaka or the Democratic Republic of Congo via Botswana, with the opening of the Kazungula Bridge. The Kazungula Bridge allows trucks to and from South Africa to bypass Zimbabwe entirely. This marks the end of the Kazungula Ferry that has been carrying trucks, small vehicles and people across the 400m wide river over the years. Scenes of traders, travellers, fishermen and women crossing the crocodile

¹ Plane, Patrick (2021) What Factors Drive Transport and Logistics Costs in Africa? *Journal of African Economies*, ejaa019, <https://doi.org/10.1093/jae/ejaa019>

² <https://www.afdb.org/en/news-and-events/kazungula-bridge-project-expand-regional-integration-and-trade-across-southern-africa-43688>

and hippo-infested Zambezi River on floating planks, ferries, rickshaw boats and canoes will now be a thing of the past - the bridge has eliminated these dangers and open up the region for safe movement of persons. The bridge will also ease traffic congestion and reduce travel times for those who have been using the Beit Bridge Border-Post from South Africa into Zimbabwe enroute to other SADC states.

The one-stop border posts at both ends ensure that travellers will be processed once at the exit point. This will save time when compared with the previous practice where travellers made stops in both Botswana and Zambia to be processed by immigration officials. This is meant to enhance intraregional trade in the Southern African Development Community (SADC), with the bridge linking trade from the Durban port to Botswana, Zambia, Malawi, Mozambique, Zimbabwe, Tanzania and the Democratic Republic of Congo.

1.3 Imminent challenges: Threat to the Integration Agenda

Some RECs face the challenge of accelerating integration in accordance with the vision of Agenda 2063 and the objectives of the Abuja Treaty of June 3, 1991.

It is hoped that the orientations contained in the final communiqué of the Extraordinary Session of the Conference of Heads of State and Government of CEN-SAD (N'Djamena, April 2019) can contribute to this through an Action Plan for integration.

However, let us focus on the Arab Maghreb Union where regional integration is almost at a standstill. What has been accomplished in each Maghreb country separately is important, but joint efforts within the framework of the Arab Maghreb Union are still at a standstill.

The Maghreb, in Northern Africa, is the perfect example of a region whose countries have been unable to find their way to a deeper integration. Only the most basic level of cooperation exists between the region's five states - Algeria, Libya, Mauritania, Morocco and Tunisia - despite the fact that the Maghreb Arab Union was created more than 25 years ago with the aim of building a powerful economic bloc in the region. AMU has great potential but there is still a long way to go before activating the institutions of the Maghreb Union and obtaining tangible results on the ground for the benefit of Maghreb citizens - the Maghreb Union is slow to activate its institutions for political reasons. The crisis the world is going through today will inevitably have a long-term impact on the development of our regional groups.

The region's potential is enormous, especially if the states can work together. However, trade between the Maghreb countries represents just 4.8% of their trade volume, according to the United Nations Economic Commission for Africa - and it represents less than 2% of the sub-region's combined gross domestic product (GDP), according to the World Bank. This region is one of the lowest-performing trading blocs in the world. If the five Maghreb states were integrated, each would gain a minimum 5% rise in GDP. A report by the World Bank on economic integration in the Maghreb estimated that deeper integration, including the liberalising of services and reform of investment rules would have increased the per capita real GDP between 2005 and 2015 by 34% for Algeria, 27% for Morocco and 24% for Tunisia.

2. PART 1 - EVALUATION SECTION

2.1 Background

Regional integration can be promoted through common policies as well as physical and institutional infrastructure. Specifically, regional integration requires cooperation between states in trade and investment, transport, information and communication technologies and energy infrastructure,

macroeconomic and financial policies, management of shared or transborder natural resources, security, education and even financial and political institutions. Cooperation in these areas may take different institutional forms, with different levels of policy commitments and priorities, and having different levels of shared authority. AMRII identifies eight (8) areas of cooperation - dimensions - and thirty-three (33) indicators. It also sets thresholds for each of the indicators. The dimensions are: (i). Free Movement of Persons; (ii). Social Integration; (iii). Trade Integration; (iv). Financial Integration; (v). Monetary Integration, (vi). Infrastructure Integration, (vii). Environmental Integration; and, (viii) Political and Institutional Integration. Some of the 33 indicators associated with the 8 dimensions are: a community passport, non-existence of visa between countries, right of establishment, right of residence, access to the labour market, access to land, existence of a free trade area, existence of a common external tariff, intra-regional exports, intra-regional imports, proportion of regional flights, existence of regional programme for infrastructure, roaming costs in the regions, regional payment system, regional stock exchange, macro-prudential standards, regional clearing house, number of currencies, proportion of intra-trade settled in local/regional currency and a convergence criteria; among others.

The findings from applying the AMRII on the 2021 dataset for RECs is presented below:

2.2 Overall Analysis of Regional Economic Communities

This section focuses on the assessment of the integration process at the continental level using AMRII. Adopted in September 2018, AMRII is used to understand the progress as well as the challenges of the integration process both in the RECs and at the continental level.

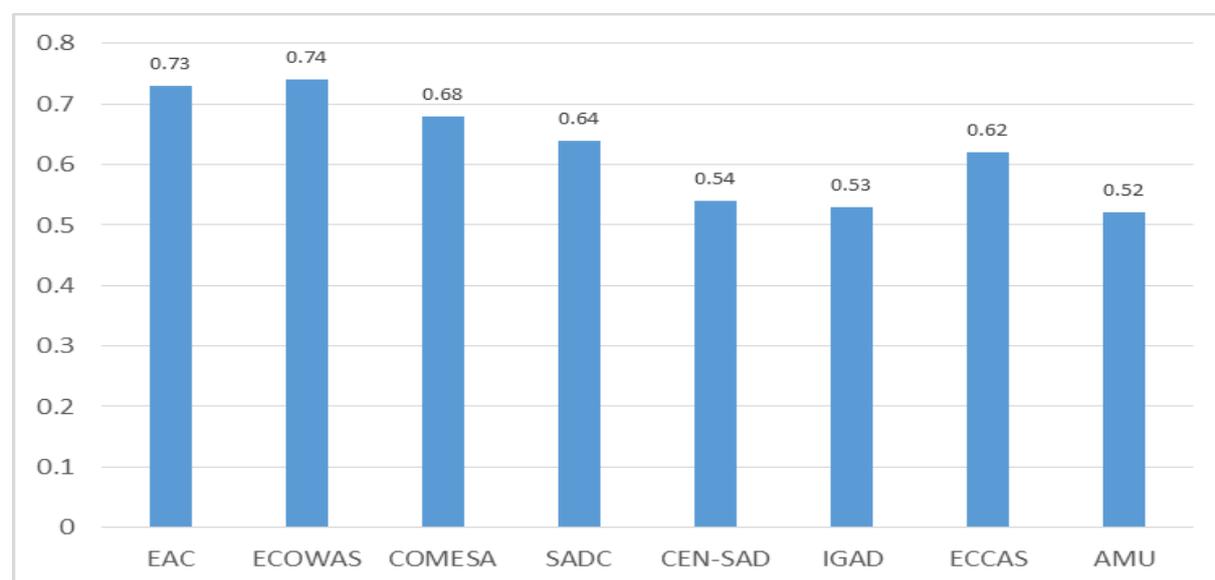


Figure 2: Overall AMRII Score by REC, AUC 2021

The overall assessment score for the integration process within the continent is 0.62 on a scale of 0 to 1.

The overall AMRII scores for each of the RECs are the arithmetic mean of the scores obtained in the 8 dimensions of the index. The overall score for a REC gives an indication of the general level of development of the integration process at the level of the REC being considered. At this level, priorities are set aside in the analysis. These scores are a reflection of the efforts made within each of the RECs.

The RECs which are making the most effort in the direction of achieving the Integration Agenda are EAC, ECOWAS, COMESA, SADC and ECCAS. Overall, they have scores exceeding 0.6 in a rating range between 0 and 1. On the other hand, IGAD, CEN-SAD and AMU are just above the average value of 0.5. The lack of defined plans or programmes in certain dimensions of integration such as free movement, financial and monetary integration is one reason for this poor overall performance of these RECs.

2.3 Continental Assessment by Dimension

This subsection discusses the continental assessment from a dimensional perspective. Dimensional scores are calculated on the basis of the scores obtained previously for each of the RECs. The continental dimensional score is the arithmetic mean of the regional dimensional scores of the 8 RECs.

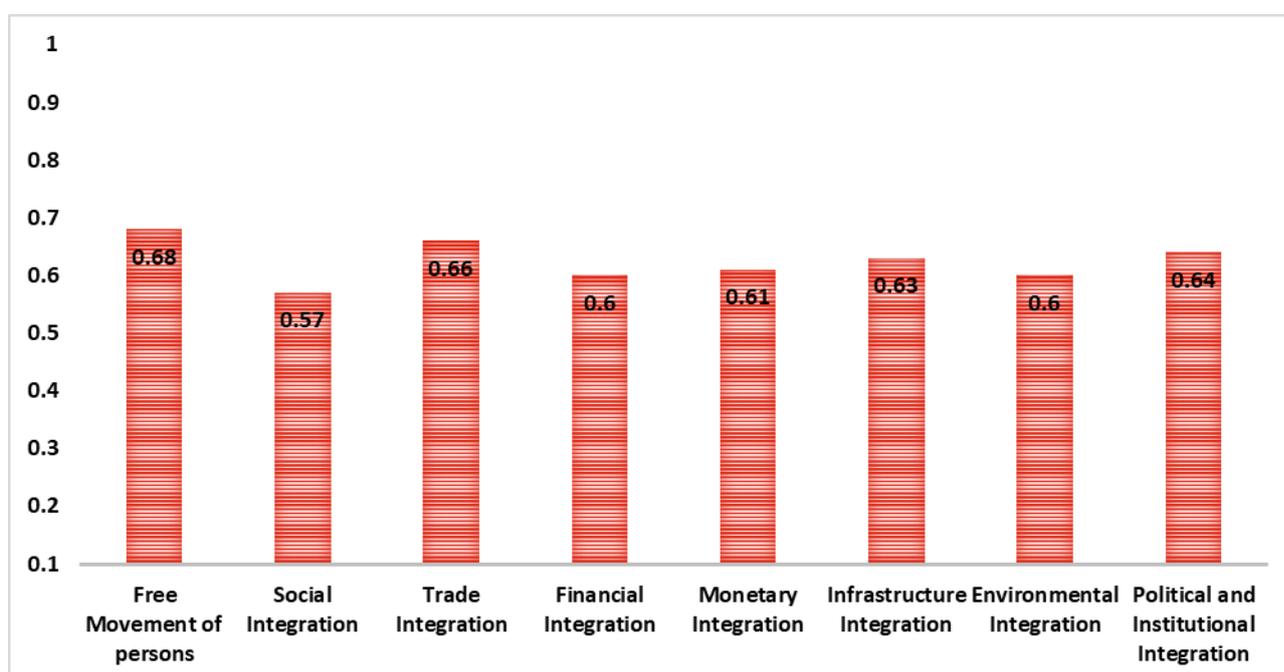


Figure 3: Continental Scores by Dimension, AUC 2021

At the continental level, the best scores are in the dimension of free movement and trade. These two dimensions have respective scores of 0.68 and 0.66 in an evaluation interval between 0 and 1.

Excluding these two dimensions, Africa achieves encouraging scores overall. This would mean that the average efforts made by the RECs are at an acceptable level of performance. However, the existence of disparities in individual RECs efforts is a reality that should be addressed.

2.4 What else does the Index tell us?

i. The overall level of integration on the continent is low

African needs to do more; the AMRII thresholds may be so low such that the progress recorded in most of the thresholds may seem commendable but still, the impact on the ground is insufficient to support continental integration - **some dimensions such as Infrastructure and Monetary integration record poor performances that cannot effectively support continental integration or even integration in the RECs themselves.**

While COVID-19 has slowed down regional integration, Africa had not been performing well even before the pandemic as documented in the previous African Integration Reports. According to the 2019, 2020 and even the 2021 Africa Regional Report, the level of integration on the continent is low overall.

ii. Other important issues

- **The RECs are building blocks towards the attainment of the AEC but these blocks are not uniform; they are of varying shapes, sizes and even form.** They all have different priorities which they deliver at different speeds and towards different goals as opposed to bringing them to a convergence to deliver the Abuja Treaty and Agenda 2063. It would be difficult to reach the same destination in this manner. For instance, IGAD was formed to address environmental issues, peace and security. We then do not expect IGAD to drive economic, financial and monetary integration when this is not its core business. RECs should be focused on their objectives; they should utilise the scarce resources to focus on regional issues and not to engage in matters that are outside of their treaties or that are better handled by their member states - the issue of subsidiarity should be considered at all times.
- **Harmonisation of the RECs in Essential to address overlaps.** The integration agenda in Africa is rendered extremely complex due to the multiplicity of processes which all have an impact on how each Regional Economic Community (REC) or each states handles its integration agenda and priorities. The potential role of harmonisation of RECs in addressing challenges brought about by the multiplicity of memberships should be emphasised. Harmonisation could be done through inter-REC coordination where initiatives such as the COMESA-EAC-SADC Tripartite should be encouraged.
- **While it is important for RECs to initiate new institutions, it is not necessary that every REC should establish its own independent institutions some of which are very weak and underfunded - institutions could be shared.** Some RECs - such as COMESA - have set up trade and financial institutions that have excelled in supporting regional integration while other RECs have not been so successful. Instead of setting up their own institutions, RECs should be encouraged to share successful institutions that support trade and finance.
- **Competent RECs' institutions, good leadership and adequate resources are important drivers of the integration process.** There is need for compliance to protocols in order to improve implementation of the regional integration agenda. This requires strong institutional frameworks to assist RECs to achieve their objectives. Currently, most RECs are based on inter-governmental coordination assisted by weak Secretariats which have no supranational decision making and implementing power. This is made worse by the lack of clarity in many of the protocols negotiated by the RECs since they are quiet on obligations and how they should be implemented. Giving more power to the Secretariats to enforce regional commitments and to hold Member States accountable for non-compliance could reinforce integration. Individual personalities and leadership within regional organisations tend to shape - and can be decisive for - the implementation of regional agenda.
- **Implementation of regional initiatives takes place when in line with key national interests - encourage states to incorporate regional issues into their national plans.** Conflict or inertia arises when interests do not converge. States may have different preferences on priorities for regional integration, depending on their connectivity gaps, economic geography, or preferences for sovereignty in specific areas. Strong and effective regional institutions can help to bring the divergent interests to a convergence so that regional priorities can be the priority of each member state.

- **Regional integration is all about connectivity and exchanges which are driven by the free movement of goods, services, capital, people and ideas;** infrastructure is required to move these factors. Borders tell us who is divided from whom by political geography; infrastructure tells us who is connected to whom via functional geography. **States may have different preferences on priorities for regional integration, depending on their connectivity gaps, economic geography, or preferences for sovereignty in specific areas.**
- **Conflict stalls Regional Integration; we need to silence the guns.** AMU and CEN-SAD have especially been affected by conflict. There are multiple ongoing conflicts and humanitarian crises on the continent. Conflict on the continent disrupts productive activities and destroys key infrastructure and thereby impeding the production of goods as well as the free movement of goods and people; it also forces resources to be redirected including shifting the continent's focus from development. We cannot escape the issues of leadership since good governance lessens the possibility of instability thereby ensuring peace and security which are the cornerstones of socio-economic development. There is a need to address governance challenges which lie at the core of whatever efforts are deployed to promote the integration agenda, whether at the national, regional or continental levels.
- **Regional integration could create winners and losers with participating states.** Appropriate policies and institutions should be put in place to mitigate risks and to make it the process inclusive. These policies and institutions should also be complementary in order to achieve the desired goals.

iii. Key highlights of successes from RECs

- **COMESA: Success in Building Regional Institutions to support Trade Facilitation:** To enhance trade integration, COMESA has designed and implemented various programmes and instruments related to cross-border trade and transit facilitation including coordinated border management through one-stop border posts; the resolution of non-tariff barriers to trade; the digital free trade; effective customs instruments such as the Automated System for Customs Data(ASYCUDA); and simplification of customs documentation. This REC is a leader in setting up successful regional institutions and schemes that facilitate trade. The high performance of COMESA in financial and monetary integration is justified by the fact that the region has set up functional regional institutions and schemes that facilitate trade such as the COMESA Clearing House, the PTA Reinsurance Company (ZEP-RE), the Trade and Development Bank (TDB) and the Regional Payment and Settlement System which perform quite well; and support trade in the region. The reach of the COMESA financial institutions is now beyond the region. COMESA also has an operational Competition Commission, the Yellow Card that facilitates movement of vehicles across the region. COMESA is also implementing a Financial System Development and Stability Plan for the region. COMESA continues to work in ensuring that there is harmonisation of the financial and monetary system.
- **ECOWAS: A Leader in Free Movement and Social Integration.** ECOWAS has defined the free movement of persons as a priority since its creation. This vision was supported by the creation of a framework favourable to the movement of populations. With the new biometric card, this vision of an ECOWAS dedicated to social integration is further reinforced. Many programmes on gender, education, health, youth, and women's empowerment have been developed to support social integration within the region. Indeed, soon after its creation, ECOWAS signed the Protocol on Free Movement of Persons, Right of Residence and Establishment in May 1979. Subsequent legal frameworks such as the Citizenship Protocol (May 1982, Cotonou), the Right of Residence Protocol (July 1986) and the Banjul Protocol

(May 29, 1990) relating to the Right of Establishment further advanced the level of free movement and social integration recorded in the region. These decisions gave rise to the ECOWAS Community Passport, which was followed in 2016 by the ECOWAS Biometric Identity Card.

- **Peace and Security: A Sector of Historical Significance for IGAD.** IGAD is in the Horn of Africa; a region of the continent that has experienced numerous conflicts. An evaluation of IGAD in the dimension of peace and security reveals that the REC has created a framework for the prevention and management of conflicts and violence within the region. The IGAD Conflict Early Warning and Response Mechanism (CEWARN) was established in 2002 to receive and share information concerning potentially violent conflicts as well as their outbreak and escalation in the IGAD region. In addition, the IGAD Centre of Excellence for Preventing and Countering Violent Extremism (ICEPCVE) is operational. The REC has also developed a broad peace and security strategy in the region covering the period 2016-2020. This programme aims at Conflict Prevention Management and Resolution, Transnational Security Threats, Governance, Democracy, Rule of Law and Human Rights, Post-Conflict Reconstruction and Development and Humanitarian Affairs and the Coordination and cross cutting issues.
- **Financing Regional Integration: Lessons from ECOWAS.** One major reason for the slow or failed implementation of regional projects and programmes is a lack of resources. While states have been accused of failure to commit resources to finance regional projects and programmes, sometimes, these resources are just not available. Without assured resources, it is not possible to plan for the future; a problem that the AU and the RECs face. Unlike other RECs and even the AU, ECOWAS has been able to fulfil its objectives better because of its better financing mechanism that provides the community with assured resources. In order to raise funds to implement regional projects and programmes, ECOWAS utilises the Community Levy Protocol of 1996. The Community Levy is the main source of funding for ECOWAS; it accounts for 70% of the community's income. Resources mobilized from Development Partners represent just about 27% of ECOWAS income. The levy is a 0.5% tax that is imposed on goods imported into the region from non-ECOWAS Member States.

This is important since some RECs such as the EAC raise up to 70% of the resources from Development Partners which is not sustainable. Besides, whereas most other RECs such as COMESA, EAC and SADC have Resource Mobilisation Units, their resources are scattered in various baskets. For example, the EAC has the EAC Partnership Fund and the EAC Development Fund; among others. The multiplicity of funding pots on account of different reasons results in poor coordination, more management costs and reporting channels for the REC and even inefficiencies in utilisation.

The main lessons from the ECOWAS example are:

- Ownership of the integration process is with the people who are taxed directly, and the states only collect, deposit and remit. Public awareness on the integration process is therefore high.
- The Community is able to plan well since its revenue is almost assured and within their control as opposed to over-reliance on donors.
- Assured financing leads to more effective planning and implementation of regional projects and programmes - well financed RECs perform better.
- ECOWAS is run by a fully functional Commission which is entrusted with the region's resources which they utilise for the region's good.

- **ECCAS: A Leader in environmental integration.** With a score of 0.75, ECCAS scores well on a scale of 0 to 1 in terms of environmental integration. This score confirms the political and diplomatic commitments made by the Member States of the Community since the Rio Conference in 1992. Numerous tools such as the Convergence Plan of the Central African Forests Commission (COMIFAC), the General Policy in ECCAS environmental and natural resource management matters and the decisions of the Community Heads of State on the development and promotion of the green economy system in Central Africa were adopted by ECCAS.
- This dynamic of environmental integration is also based on an institutional framework made up of the Environment, Natural Resources, Agriculture and Rural Development Department of the ECCAS Commission and specialized institutions, represented, among others, by the Application and Development Center, the Central African Climate Forecast (CAPC-AC), the Center for Renewable Energies and Energy Efficiency and the Central African Forests Commission (COMIFAC). This institutional universe is also enriched by the Executing Agencies, such as the Conference of Dense and Humid Forest Ecosystems of Central Africa (CEFDHAC) and the Network of Civil Society Organizations for the Green Economy in Central Africa (ROSCEVAC).
- Through these political, strategic and institutional tools as well as the creation of protected areas, the Member States of the Community have the lowest deforestation rate compared to that of the other two tropical forest areas. This deforestation rate is expected to improve with the implementation of the programme on the development of eco-agriculture to achieve the development of eco-responsible agrosilvopastoral and fishery products, intended for increasingly demanding international markets, African markets called upon to develop as part of the effective implementation of the African Free Trade Area (AfCFTA) since January 1, 2021.

3. PART II: KEY THEMES IN AFRICAN INTEGRATION

Part II of the Report focuses on the important role of Free Movement of Persons for continental integration; the Role of Regional Integration in Africa's post-COVID-19 Recovery; and the need to support financing of regional integration in Africa by Operationalisation of the African Integration Fund.

3.1 The need to accelerate the AU Free Movement of Persons

The Free Movement of Persons (FMP) is an essential step towards the achievement of the African Economic Community (AEC). It is central to the economic integration of the continent. The highly desired self-reliant development in Africa can only be achieved through the effective utilisation of the continent's most valuable resources, foremost among them, its people. A functional free movement of persons' regime in Africa has the potential of bringing a significant contribution to economic and social development in the continent towards the achievement of the AEC.

The FMP will be a catalyst for the continent's socio-economic and political integration which amounts to a real prospect for harnessing the continent's vast resources, facilitating and boosting trade, for the benefit of the people. At the moment, Africa accounts for 3% of the World economy and this is only expected to increase by 1% by 2035.³ Experts project that the degree to which Africa's emerging economies are integrated into regional and global value chains and trading patterns will have a significant impact on their future growth as well as development trajectories that in turn require

³ J. Bello-Schunemann, J. Cilliers, Z. Donnenfeld, C. Aucoin and A. Porter, "African Future: key trends", 26 June 2017. Available at ISS Africa.

connectivity to facilitate flows of goods, services, people and ideas across borders. Deeper regional integration can help African countries prioritise investment in sectors where they have comparative advantages regarding their peers. Moreover, it can foster the establishment or promotion of industries in which African businesses have the potential to participate in and compete on global markets.⁴

Free movement of persons also eases the movement of those who deal in informal cross border trade. In fact, it is evident that cross-border trade significantly enhances the level of trade in many Regional Economic Communities; this is predominant in SADC and ECOWAS. Free movement will loosen the stringent requirements on inter-African travels by removing the need for a visa for short visits but still requiring a work permit for intended residency or other longer stay or by issuing visas on arrival.⁵

It is perhaps necessary to point out that those that engage in the informal trade sector are far larger than in the formal sector. It is agreed that this is a significant feature of regional trade and international mobility⁶ as well as a major source of income to an estimated 43% of Africa's population.⁷

3.2 Regional Integration Essential for Post-Covid Economic Recovery

COVID-19 continues to ravage economies around the world, and the African continent is no exception. Although Africa has done relatively well to shield itself from the worst of the health crisis, infection rates in many countries continue to rise. Meanwhile, COVID-19's economic impact on Africa is already painfully clear: a first recession in 25 years, with economic activity falling by more than 3% in 2020, according to a recent report by the World Bank. Returning the world to any kind of recognisable 'normal' will take years. Even so, there are ways Africa can speed its economic recovery - and may be build a stronger, more robust, more competitive post-COVID environment for business, growth and job creation. To achieve this, regional integration is essential.

i. Africa needs AfCFTA to Transform its Economies

The future of development in Africa is tied to successful regional integration. Even though Africa's population is over 1.2 billion and it is expected to reach 2.5 billion by 2050, the markets are small and fragmented and do not stand a chance to compete internationally on their own. The operationalisation of the AfCFTA is probably one of the most significant steps that the continent has taken to address its market paradox. Africa needs to trade with Africa in order to increase its competitiveness in terms of global trade.

According to the World Bank, implementing the AfCFTA would boost Africa's income by USD450 billion by 2035 (a gain of 7 percent).⁸ Africa is ambitious with its plans for easier, freer trade, though trading across borders remains challenging in many parts of the continent.

The AfCFTA creates a huge continental market - but this market is not for its own sake. We must take advantage of the opportunities that it brings with it. We must produce for this market. We must also put in place the infrastructure - both hard and soft - to facilitate this trade: to produce, pay and move the goods to the consumers. Governments do not do business - they facilitate. Businesses should continue

⁴ AU-IOM: "Study on the Benefit and Challenges of Free Movement of Persons in Africa, 2018.

⁵ Ibid

⁶ The Southern African Migration Programme and International Migration Centre. Calibrating informal cross border trade in Southern Africa, 2015: 1-Southern African Migration Programme. Cape Town.

⁷ J.G.K. Afrika and C. Ajumbo " Informal cross Border Trade in Africa: Implications and Policy Recommendations AFDB Africa Economic Brief, 2012, 10:1

⁸ <https://www.worldbank.org/en/news/press-release/2020/07/27/african-continental-free-trade-area>

to learn about the opportunities available, the roles that they can play and to exploit them. The AfCFTA can help African countries to transform by expanding domestic productive capacity, enabling them to move up the value chain and diversify local and export production.

However, it should be noted that the AfCFTA is not an event, but a long, slow and complex process that will take years to gain traction, given the scale of challenges on the ground that may undermine its progress and potential. But it has undoubtedly created a framework for change and given the possibility of a better new continental momentum.

ii. Inclusivity in the African Integration Process: Women and Youth

Women and the youth play a significant role in trade in Africa and will be essential to the continent's success in leveraging the full potential of the AfCFTA. Most entrepreneurs in Africa are women, but women continue to face challenges and obstacles that limit their competitiveness and make their businesses less productive than those owned by men. Women also comprise the vast majority of informal cross-border traders in Africa, though these female traders are disproportionately affected by non-tariff barriers (NTBs), including corruption, harassment, misinformation about customs procedures and regulations and confiscation of goods. COVID-19-related restrictions have also affected them disproportionately. To deliver on its transformative potential, the AfCFTA needs to support the creation of decent jobs, reduce inequalities and promote sustainable, inclusive development. Advancing gender equality is key to achieving these objectives.

iii. Africa states should move from Border Policing to Border Management

Another issue is borders and border management. The evolving nature of the threat of an infectious disease with the potential for transmission led to border closures (land, sea and air) except for goods. When the borders re-opened, movement was restricted and long queues were witnessed. It highlighted another problem: that borders in Africa were constructed to keep people out and not to facilitate free movement. Restrictions on the African regional movement of people and tighter border controls have disrupted economic activities through reduced trade and disruption in regional supply chains which kicked in as a substitute to the global level disruptions. Besides, borderlands are located on the margins; border regions in Africa are alienated from the state; majority of border communities lack basic amenities such as portable water, schools and health centres. The crowds at the borders during the COVID-19 restrictions have been exposed to these difficult conditions which are 'super-spreaders' of the virus. This situation exposes the border communities to challenges of health and security, among others. The situation at the borders highlights the contradictions in policy making; for instance, in the case of Southern Africa where there is a high volume of immigrant labour, states allowed in essential goods but kept out technicians who were needed to repair the machinery and keep production going. Policy coordination seemed to have been lacking or was not well-thought out. Maybe it is time to rethink trade facilitation and border management in Africa. The continent should shift from border policing to comprehensive border management. COVID-19 and borders should not become new NTBs that then push people, especially small-scale traders who are mostly women and young people, away from the official routes into the hands of smugglers and other illicit practices. People on the move are not better transmitters of infections - it is the conditions under which they move that put them and everyone else at risk; let us provide better conditions for cross-border mobility.

3.3 Need for the African Union to Operationalise the African Integration Fund

One major reason for the slow or failed implementation of regional projects and programmes is a lack of resources. While states have been accused of failure to commit resources to finance regional projects

and programmes, sometimes these resources are just not available. Without assured resources, it is not possible to plan for the future; a problem that the AU and the RECs face. The continent requires a dedicated and assured mechanism for financing regional integration and therefore, the AUC should operationalise the African Integration Fund.

To put this in motion, the African Union Commission should:

1. The AUC should set up a Task Team to formulate the Legal Framework and Institutional Structure of the African Integration Fund with clearly assigned roles and responsibilities
2. The Legal Framework and the Institutional Structure should be presented at the next Meeting of the Specialised Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration for review and adoption
3. The Task Team should also propose the mechanisms for raising the seed-funding as well as a Resource Mobilisation Strategy for long-term revenue generation
4. The AUC should hold consultations with RECs and Member States on the proposed Resource Mobilisation Strategy
5. The next STC should propose the timelines for implementation and report to the 4th Coordination Meeting.

CONCLUSION

This Brief has examined the key elements bearing upon regional integration in Africa. It argues that regional integration should not be an end in itself but rather a means to respond to the sustainable development aspirations of societies across the continent starting with concerns around poverty alleviation, food security and access to essential services. The paper presents the key motivations for deepened integration in Africa, provides a comprehensive overview of experiences to date at the continental level and proposes a way forward. Carefully crafted regional integration processes can act as a vector for inclusive and sustainable development.

4. RECOMMENDATIONS FOR ACTION

The following recommendations and actions will help to speed up the integration process for post-COVID recovery.

RECOMMENDATIONS AND POINTS FOR ACTION	
Focus Area	Recommendations
Improving the status of Regional Integration in Africa	<p>AU member states should:</p> <ol style="list-style-type: none"> 1. Speed up the signing and ratification of agreements, protocols and treaties, especially those related to Trade and Free Movement. 2. Contribute to strengthening health systems at national, regional and continental level through funding, research and integration of the health sector 3. Explore the means of mobilising domestic resources on the continent through a reduction in illicit financial flows, a restructuring of taxation and formulating a more attractive banking and financial policy 4. Rethink the formalisation of the informal sector through putting in place progressive policies that will transform the sector. <p>RECs should:</p> <ol style="list-style-type: none"> 5. Strengthen their collaboration with Member States and the AUC in order to align their projects, programmes and policies in terms of integration in the economic sector, health and free movement of people 6. Work with their Member States to develop a harmonised and coordinated approach to the restrictive measures being put in place so that the economic effects can be mitigated 7. Set up or support regional research centres in the field of health to address infectious diseases 8. Rethink the post-COVID recovery of the economies in their regions by encouraging and coordinating the formulation of better policies especially in the financing of the economy, industrialisation and governance. <p>The AUC should:</p> <ol style="list-style-type: none"> 9. Encourage Member States to continue the fight against COVID-19 as well as formulating measures for economic recovery in a spirit of unity by aligning themselves with a common African position 10. Accelerate the implementation of projects intended to strengthen the continental health system 11. Rethink and propose to Member States, as well as to the RECs, a coherent post-COVID economic recovery plan

	that is based on increased internal financing, a more ambitious industrialisation policy and a more effective governance policy.
Fast-Tracking the Free Movement of Persons for African Integration	<p>The AU should:</p> <ol style="list-style-type: none"> 1. Popularise and promote the Protocol at the regional level by getting the two regions - ECOWAS and the EAC - that have implemented the free movement agenda to jointly implement the protocol by formally 'accepting' the Protocol. 2. Appoint a Head of State Champion of the FMP who could be supported by an Envoy to be appointed by the AUC Chairperson 3. Establish a full-fledged functioning Specialized Technical Unit within the Commission as directed by the Ministers in charge of Migration, Refugees and Internally Displaced Persons and endorsed by the AU Executive Council in January 2018. The Unit will coordinate the implementation and coordination of the Free Movement Protocol 4. Put in place a strategy for promoting the entry into force and the implementation of the protocol be put in place by the Commission. The strategy should provide for short term, medium term and long-term measures targeting specific stakeholders at national, regional and continental levels that will have direct impact on the protocol's ratification and ultimate implementation 5. The AU Assembly should mandate the Council of Ministers of Trade and the Negotiating Forum for the AfCFTA to establish the FMP Protocol as a core commitment in the Protocols on Trade in Goods and Services of the African Continental Free Trade Area (AfCFTA) and for States Parties to the AfCFTA to provide for Specific Commitments in their Schedules for Trade in Goods and Services to the AfCFTA Agreement.
Enhancing Regional Integration for Post-COVID Recovery	<ol style="list-style-type: none"> 1. Provide a favourable environment to promote integrated and complementary value chains in support of economic recovery and reinforcement and acceleration of the AfCFTA 2. Implement macroeconomic policies that foster macroeconomic stability; including bringing current debt levels to a sustainable level and expanding social protection measures - especially those that target the urban poor and those in the informal sector 3. Invest creatively in key infrastructure projects especially regional roads, railway lines, maritime transport and Information and communication technologies (ICTs) to ease the movement of goods, services and businesspeople 4. Embrace and invest heavily in digital infrastructure, which is an essential tool and platform for connecting businesses with customers and suppliers, businesses with businesses, and students with their teachers 5. Develop effective risk financing mechanisms, especially for SMEs especially, those owned by women and the youth 6. Design crisis response measures with a view to strengthening social protection systems in the medium- and long term.
Financing Integration	<ul style="list-style-type: none"> • The AUC should operationalise the African Integration Fund.
Tracking and Monitoring Regional Integration	<ol style="list-style-type: none"> 1. The AUC should create a continental monitoring and evaluation unit for tracking Agreements, Protocols and Treaties which will have the main role of sensitizing and promoting the aforementioned instruments at the continental level 2. RECs should also set up regional mechanisms or specialised units for the monitoring and tracking regional integration.

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