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**STATUS OF IMPLEMENTATION OF THE REGIONAL  
INTEGRATION AGENDA IN AFRICA**

**PART I: STATUS OF IMPLEMENTATION OF THE REGIONAL INTEGRATION AGENDA IN AFRICA**

1. Regional integration in Africa has been the main focus since the establishment of the then OAU. Many declarations have been agreed by Member States in order to see that the integration process in Africa moves forward. Similarly, the Abuja Treaty, Lagos Plan of Action, African Private Sector Forum among others emphasizes the need to promote regional integration in Africa.
2. The establishment of the then OAU in 1963 represents the consolidation of the gradualist approach to African unity as well as the broad issue of African development.
3. *The Lagos Plan of Action (LPA)* envisaged the formation of an African common market by the year 2000 which was to be achieved in stages: first the formation of free trade areas, and then later a common market and an economic union.
4. The objectives of the African Union are to strengthen the founding principles of the OAU Charter. However, the objectives of the African Union are more comprehensive in acknowledging the multi-faceted challenges confronting the continent, especially in the areas of peace and security, and socio-economic development and integration. The Union is intended to, among others: accelerated political and socio-economic integration; promote common Africa positions; promote democratic institutions, popular participation and good governance; protect human rights; promote sustainable development and the integration of African economies; work to eradicate preventable diseases and promote good health.
5. It is clear from the above paragraphs that various initiatives have been undertaken to move the integration process forward. However, the results achieved have not been very encouraging regarding the hope for the Continent.
6. Since the Accra debate regarding the Union government, the issue of integration has become the main subject of the continent. That is why, the Audit of the Commission and the 12 Summit held in Arusha, expressed the urgent need to accelerate the integration process of the Continent. It is also for this reason that there is a need to accelerate the rationalization of the RECs and to deepen the coordination and harmonization of the RECs activities. In order to see this regional integration moves forward, the Heads of States and Government, requested to examine it at the forthcoming summit of the Eleventh Ordinary Session to be held from 30 June – 01 July 2008 in Sharm-El-Sheikh, Egypt, on the status of regional integration in Africa.

7. Part one of the report focuses on the achievements per RECs and general difficulties encountered, specific difficulties per REC. As well as the current status of each REC within the stages of integration process, as set out in the Abuja Treaty. Achievements per REC.

8. Overall, each REC has made significant progress in achieving outputs necessary for meeting the objectives set. There is significant progress in the integration process amongst Member States belonging to the same REC. However, major efforts are still needed in harmonizing the policies of Member States in each REC, and for greater cooperation and eventually harmonization by the RECs.

Achievements made are as follows:

## **9. Economic Community of West African States (ECOWAS)**

### **Achievements**

- Printing and introduction of the harmonized customs documents: among others are: uniform customs and statistical instruments, the certificates of origin, the customs and statistical nomenclature, and the customs declaration
- A protocol of Inter-State Road Transit (ISRT) and transit guarantee mechanisms have been adopted. These documents would facilitate and speed up customs clearance procedure that would save time at customs posts.
- ECOWAS has also been able to establish certain Institutions, which includes, Commission, the Community Parliament, Financial Institutions, Specialized Agencies and Associated Private Sector.
- Free movement of persons that includes the abolition of visa and entry permit, right of residence and right of establishment. As far as free movement of people is concerned, progress made within the ECOWAS is exemplary: no visa is required anywhere for nationals of Member States who travel across the ECOWAS region.
- Free movement of goods, services and capital, which includes the establishment of a Free Trade Area (FTA) within ECOWAS, is not yet complete. It began in 1979 when complete dismantling of tariff restrictions for local produce, for traditional handicraft and fully processed commodities was adopted.

### **General and specific difficulties**

- Insecurity and non-implementation of protocols by some members and barriers to trade.
- For most cross-border traders in West Africa, the common complaint has been the high costs of doing so as a result of obstacles often put in their way by state employees.
- A large number of trade in the sub-region are on small scale or informal and are often sustained by differences in prices in individual countries.
- The implementation of the treaty on free movement of persons faces a number of problems on the ground, namely road harassment, the high number of roadblocks and illegal barriers and the problem of insecurity on the roads.
- ECOWAS like the other regional trade bodies are behind schedule in meeting the goals of the treaty but with more focused commitment, significant and tangible progress can still be made in the short to medium term.

### **Recommendations of the report**

- By going through ECOWAS provisions, such barriers should have disappeared. In May 1982, ECOWAS Member States signed a Convention for the establishment of an ECOWAS Inter-State Road Transit System (ISRT), which set the framework within which Member States would work to ensure free movement of goods in the sub-region.
- Some of the ECOWAS projects when completed would surely bring benefits to the community's citizens, independent of some of the problems discussed above. However, to get the full benefits of an integrated regional market, West African leaders would have to show more commitment to removing unnecessary and often illegal obstacles placed in the way of economic operators in the sub-region.
- They would also need to consider seriously the chance that a larger market offers for industry in the sub-region.

## 10. Common Market for Eastern and Southern Africa (COMESA)

### Achievements

- COMESA has established several important institutions which among others includes: The PTA Bank, that promotes investments and provides trade financing facilities; COMESA Clearing House, which has been mandated to implement a system to facilitate cross-border payment and settlement between Central Banks in the COMESA region; The Re-Insurance Company (ZEP-RE), which has been able to carve out a reasonable share of the regional insurance business and is now transacting business in some nineteen (19) countries.
- COMESA has good working relations, both formally and informally, with all of these regional organizations. Memorandum of Understanding has been signed with EAC, IGAD and IOC such that these organizations have agreed to adopt and implement the COMESA trade liberalization and facilitation programme.
- COMESA has made great progress in free movement of goods and persons to the extent that visa problems are treated with a lot of flexibility for residents of the community.
- To enhance movement of people and promote real integration within the region, COMESA is also promoting mobility of labour and services and the right of residence and establishment.
- A program for the removal of non-tariff obstacles to intra-regional trade is being implemented. Progress has been made in the removal of non-tariff barriers such as liberalization of import licenses, scrapping of taxes on foreign exchange, the scrapping of import and export quotas, the removal of roadblocks, simplification of formalities and the extension of opening hours at border posts.

### Challenges

- Not all COMESA Member States are participating in the Free Trade Area (FTA).
- COMESA needs to accelerate establishing of COMESA Monetary Institute, which would undertake necessary preparatory work leading to the creation of a COMESA Monetary Union in the zone.
- The Protocol on free movement of persons, labour, services, and the right to settlement and to residence has not become effective. It will

## **Recommendations of the report**

- It is commended to note the ongoing implementation of Joint Air Transport Competition Regulations by the responsible Ministers of COMESA, Southern African Development Community (SADC) and East African Community (EAC) but there is a need to speed up the establishment of the Joint Competition Authority.
- COMESA Clearing House needs to accelerate the establishment of the Regional Payment and Settlement System (REPS) in order to become operational.
- Member States need to implement the COMESA trade and transit transport facilitation instruments so as to enhance movement of transit and cross-border traffic. There is also a need to establish a seamless rail transport system in the COMESA sub-region.

## **11. Economic Community of Central African States (ECCAS)**

### **Achievements**

- Promoting Peace and Security in the region since its establishment, ECCAS has been involved in developing and promoting measures in the field of preventive diplomacy, peacemaking and peace building.
- The adoption in September 1993 of the Non-Aggression Pact, the creation of an early-warning mechanism, which is the Central African Early Warning Mechanism (MARAC) and the multinational force for Central African (FOMAC), States.
- Implementation of the Central African Multinational Force (FOMAC).
- ECCAS Member States adopted a plan for gradual scrapping of tariff fees on intra-community trade known as the ECCAS Preferential Tariff.

### **Challenges**

- There is no action planned to make movement of people in the region more fluid and free.
- Concerning free movement of persons, there has been very little progress. However, between some countries of the ECCAS region

movement is relatively fluid. No significant progress has been made on the ground.

### **Recommendations**

- There is a need to form a Committee, made up of AUC, ECA and AfDB, to develop a framework for harmonization of the programmes and activities of CEMAC and ECCAS and eventually the integration of the two institutions.
- Instruments on the establishment of free movement are already in place. All that needs to be done now is implement what has been agreed upon by Member States.
- A plan of action should be put in place in order to accelerate process on free movement of persons.

## **12. Southern African Development Community (SADC)**

### **Achievements**

- More than two third of SADC Protocols have entered into force and most substantive provisions of the regional integration policy are to various degrees under implementation.
- On the sector of Transport, Communications and Meteorology, SADC has made achievements in the building and rehabilitation of transport link between Member States.
- On energy sector, the Southern African Power Pool (SAPP) was established in 1995 to expand electricity trade, reduce energy costs and provide greater supply stability for the region's national utilities.
- Regarding free movement of persons, entry of citizens from a member country on the territory of another member country is not subjected to obtaining a visa for a maximum period of ninety days per year.
- On free movement of goods, services and capital, a single customs administrative document (SADC CD) was developed to facilitate harmonisation of customs declaration in SADC region.

### **Challenges**

- SADC plans to have a free trade area in 2008, and a customs union in 2010. The customs union can only come into place only when there is a full free trade area.

- Lack of harmonized legislative frameworks across a number of Member States regarding infrastructure development.
- Implementation and follow up of trade liberalisation is confronted by lack of data and capacity in Member States at SADC National Committee level.

### **Recommendations**

- A coordinated regional and continental wide approach to infrastructure financing, institutional harmonisation and policy coordination could be achieved within the overarching framework of the NEPAD initiative. Improving the transport infrastructure on the continent is critical to enhancing trade.
- Public investment and development assistance targeting infrastructure development and maintenance is essential in the absence of domestic and foreign private investment and may also act to stimulate private investment.

## **13. Arab Maghreb Union (AMU)**

### **Achievements**

- Concrete AMU achievements to-date include electricity inter-connection among the five Member States, establishment of a joint groundwater monitoring system for the Sahara.
- AMU has also signed 38 Conventions and Agreement, six have entered into force and they are as follows: Agricultural quarantine, promotion and protection of investment, establishing the authority for Maghreb for Investment and Foreign Trade, the exchange of agricultural products, double taxation and application of the rules of exchange cooperation in the field of income tax;
- Member States belonging to AMU have managed to conclude several bilateral agreements in different areas. The signing of these bilateral agreements enables AMU to have a consistent approach to its multi-lateral relations.

### **Challenges**

- There is still an absence of harmonization of standards. Efforts intensified Maghreb currently finalizing a draft agreement on the establishment of a free trade area could possess a challenge for AMU;



- Products traded in the AMU region are still subjected to licenses and other control measures on the origin of the product.

### **Recommendation**

- AMU should address the high and inhibitive tariffs, which gives high protection to certain local products.

## **14. Intergovernmental Authority on Development (IGAD)**

### **Achievements**

- Conflict Early Warning and Response Mechanism (CEWARN), had been adopted and is being implemented by IGAD;
- Under trade, IGAD has promoted the COMESA programme on trade to avoid duplication of efforts and resources. This includes the customs union, the WTO negotiations and Economic Partnership Agreement (EPA). On marketing IGAD has established Marketing Information Systems for Crops and Livestock on the internet, established a website and networking points in Member States;
- Supported the upgrading of Djibouti Sea Port to handle huge consignments for Ethiopia;
- On free movement of persons, regional suggestion on the management of migratory influxes and capacity-building was elaborated;
- A study on the Harmonization of Investment Act in IGAD region on free movement of goods, services and capital, was undertaken in this regard.

### **Challenges**

- Due to insufficient agricultural technology, agriculture development still possesses many challenges;
- Lack of employment within the region;
- Diseases, such as Malaria and HIV/AIDS also pose a challenge in the region.

## Recommendations

- Since members of IGAD region also belongs to COMESA, there is a need for coherence and avoiding duplication, in order for the region to integrate;
- There is a need for IGAD together with the help of the AUC to speed up the peace initiatives for the development of the region;
- The programmes that COMESA is proceedings with should be in parallel with the IGAD region, and this would need both RECs to share their information and update themselves on the day-to-day activities in order to have coherence and avoid any duplication.

## 15. Community of Sahel-Saharan States (CEN-SAD)

### Achievements

- CEN-SAD has developed a strategy of 2007 on its activities;
- CEN-SAD has also been able to put harmonization programmes on the road by involving other RECs;
- CEN-SAD has also launched the process for the free movement of people;
- Adoption and implementation, with the technical support of the FAO, of a “Rural Development Strategy”;
- Launch of hydro-agricultural projects to create and consolidate food security;
- On free movement of persons, holders of diplomatic passports are exempted from visa obligations in the CEN-SAD zone. This privilege shall be extended to students, businessmen, athletes, and academicians.

### Challenges

- On legal texts, CEN-SAD does not have a legal instrument like an agreement on free movement of people that will put pressure on Member States for its implementation;
- Several constraints delay the realization of the community’s immense potentialities: weak transport infrastructure that make it difficult to link agricultural production areas to urban consumption markets as well as

export markets, poor state of telecommunication infrastructure, insufficient energy production.

### **Recommendations**

- Need to have coordinated regional and continental wide approach to infrastructure financing, institutional harmonization and policy coordination;
- There is a need for Member States to open up their markets in order to allow intra-African trade activities taking place and hence accelerate the process of regional integration;
- On legal texts, CEN-SAD needs to have a legal instrument like an agreement on free movement of people that will put pressure on Member States to get it implemented.

### **16. East African Community (EAC)**

#### **Achievements**

- EAC has been able to establish a Custom Union, which is a good move towards the process of regional integration;
- Harmonization of monetary and Fiscal Policy which obliges the partner states to cooperate in monetary and financial matters so as to establish and maintain macroeconomic stability within the community;
- EAC has been able to achieve tripartite agreement on transport ratified by partner States to facilitate interstate road transport;
- East African partner states have taken a number of steps to preserve Lake Victoria through the implementation of the lake Victoria Environmental Management Programme;
- The East African Development Bank which continues to pursue programmes designed to enhance the Bank's capacity to play a more substantive and sustainable role as a regional development finance institution;
- The EAC passport which allows multiple entries and exits for citizens from a given Member State for a period of six months.

## Challenges

- Agriculture and industry are not adequately diversified for sustainable economic growth;
- The liberalization of capital is faced with the problem of harmonization of policies to develop a regional capital market in East Africa. In addition, the passage to the Customs Union common market represents a decisive phase in the history of the Commonwealth.

## Recommendations

- EAC needs to promote a higher level of industrialization focused on adding value such as agro-processing in line with the East African Community Industrialization Strategy;
- There is a need for the newly joined Republics of Rwanda and Burundi to speed up the process of integrating fully into the EAC Customs Union;
- The EAC Secretariat needs to explore the possibility of achieving the threshold of the Customs Union sooner and to develop a strategic framework to fast-track establishment of the Common Market and the Monetary Union.

## 17. The status of Regional Economic Communities as per the Abuja Treaty

The status of each Regional Economic Community according to the integration stages, set out in the Abuja Treaty, is summarized in the Table, shown below.

**Table: The Regional Economic Communities**

Abuja Treaty Stages	First Stage	Second Stage	Third Stage		Fourth Stage	Fifth Stage	Sixth State		
	RECs Projections	Strengthening existing RECs and creation of new RECs where do not exist	Coordination and harmonization of activities	Gradual elimination of tariff and non-tariff barriers	Free Trade Area	Customs Union	Continental Customs Union	Harmonization of monetary, financial and fiscal policies	Monetary Union
IGAD		IGAD							
SADC			SADC		in 2010		in 2015		in 2018
CEN-SAD				CEN-SAD					
ECOWAS				ECOWAS	in 2008			in 2009	
COMESA				COMESA	in 2008		in 2014	In 2018	
ECCAS				ECCAS	in 2008				
EAC					EAC		in 2009		

Source: Table prepared by the Internal Source

**Note:**

*Monetary Union: ECOWAS plans to implement in 2009 while COMESA in 2018*

*Customs Union: ECOWAS, COMESA and ECCAS targets to have Customs Union in 2008 while SADC in 2010*

*Common Market: COMESA target is 2014, EAC 2009 and SADC 2015*

**18. Recommendations on the status of Integration from the Ministers in charge of Integration held in May 22 – 23, 2008, Abidjan, Côte d'Ivoire.**

- i) The mandate of Ministers in charge of integration should be reinforced so as to have a stronger impact on the monitoring of recommendations already undertaken;
- ii) The AUC, in collaboration with RECs, should complete development of the Minimum Integration Programme (MIP) in the priority sectors with clear timeframes and benchmarks to be used by the RECs in attaining convergence of RECs programmes. Upon its adoption, the AUC should develop a harmonized framework for follow-up on implementation of the MIP;
- iii) Invite Member States to set up integration focal points so as to enable the AUC to establish a contacts database;
- iv) Measures should be taken to implement the Protocol on Relations between the AU and the RECs;
- v) Help Member States that have emerged from conflict and are experiencing difficulties to reach an adequate level in order to minimize disparity amongst Member States and facilitate their integration;
- vi) There should be collaboration between Member States, the RECs and other relevant stakeholders in data collection and the sharing of good practices and experiences.

**PART II: IMPLEMENTATION OF THE RECOMMENDATIONS FROM COMAI I AND II**

19. Part two of the report focuses on the implementation of recommendations from COMAI I and II, which were held in Ouagadougou, Burkina Faso and Kigali, Rwanda in 2006 and 2007, respectively. In so doing, this section of the report looks at the activities undertaken or envisaged by Member States, the Regional Economic Communities, the African Union Commission (AUC), the African Development Bank (AfDB) and the United Nations Economic Commission for Africa (UNECA) to implement the recommendations. As well as, the challenges encountered during the implementation process. Recommendations are also presented to overcome existing challenges and to expedite the integration process.

20. Although the integration of the Africa Continent is underway it has been faced with a number of problems, which have hitherto slowed down the initiative, as is underscored by part one of this report. It is within this context, that the Conference of African Ministers in charge of integration (COMAI) was

institutionalised in 2006 at the Banjul Summit as a means of addressing these problems and propelling the integration process forward. Two Conferences have been held to date.

21. Consequently, the previous two conferences established a number of recommendations, which required various stakeholders, as indicated above, to undertake particular actions to expedite the process of continental integration. These recommendations focused on some of the following major issues:

- Review of the Abuja Treaty, taking into account, the Sirte Declaration of 9.9.99;
- Elaboration of a Minimum Integration Programme (MIP) for RECs;
- Coordination between the AU and RECs;
- Harmonization of policies and programmes among RECs, as a key strategy to enhance the rationalization process; and
- Promotion of free movement of persons, goods capital and services among and across all RECs, in order to bring about accelerated continental integration.

22. It is within this framework that the follow-up exercise on the implementation of the recommendations has been conducted.

23. The structure of Part two of the report is as follows: section twelve includes the introduction which sets the context for why the recommendations had been developed, the rationale for undertaking the follow-up exercise and the methodology adopted; section thirteen, provides a summary of implementation for each actor (Member States, RECs, AUC, AfDB and UNECA); section fourteen, looks at the challenges and problems encountered during implementation; and section fifteen, is the way forward and a number of recommendations are presented.

24. In terms of implementation, all the actors concerned are making strong progress. Presented below is a brief summary of the activities undertaken to implement the recommendations. In the areas of coordination, stronger coordinating relations are being built between various actors. This is evidenced by the signing of the new Protocol on relations between the AUC and the RECs in January 2008 at the AU Summit in Addis Ababa the Joint Secretariat involving the AUC, AfDB and UNECA is also to be revitalized in 2008. The March/April 2008 Conference of African Ministers of Economy and Finance (CAMEF) was also jointly organized by the AUC and the UNECA. In terms of harmonization, RECs are making efforts to harmonize across sectors such as infrastructure, customs and environment. With the support of AUC, UNECA and AfDB some RECs are working to harmonize business and financial laws.

25. Concerning the issue of rationalization, progress has also been made. A study by the AUC on the rationalization of the RECs, review of the Abuja Treaty

and elaboration of a minimum integration programme (MIP) was completed in 2007, with funding from the United Nations Development Programme (UNDP). Some Member States have also taken decisions to reduce the number of RECs to which they belong – Rwanda is a recent example. In addition, some RECs have started to place rationalization on the agenda of statutory meetings. A ToR for a study on the quantification of the rationalization scenarios has been finalized and procurement of a consultant will take place in 2008. It is anticipated that the study will strengthen Member States and RECs ability to make more concrete decisions in this area.

26. The capacity of Member States and RECs is also being developed through the provision of various training programmes provided both by RECs and AUC, alike. AfDB is also in the process of developing courses for the staff of RECs to support and help strengthen REC capacities in regional integration processes. In infrastructure, a number of rail, road, port, energy, aviations and telecommunications projects are being pursued by RECs with the support of Member States and collaborations with NEPAD and AfDB.

27. In terms of sectoral development, a number of RECs have developed decisions and protocols related to free movement and are making efforts to implement such provisions. Regional passports, motor vehicle insurance schemes, and harmonization of education curriculum and qualifications are just a few of the activities occurring in the regions. Border posts are also being established. However, implementation of free movement is hampered in some quarters due to corruption and harassment at border points and security concerns between Member States within the same REC, as well as persistent tariff barriers. National and regional efforts are being made to diversify and improve industrial and agricultural production. Initiatives are also in place by a number of RECs to involve the private sector. This is occurring through the development of industrial and agricultural strategies, harmonization of invest codes, creation of Business Councils, Forums and regional and national trade fairs.

28. Concerning Economic Partnership Agreements (EPA) negotiations, the AUC has been monitoring progress on the negotiations closely. At the REC Coordination Meeting on January 24, 2008 a Declaration was formulated reaffirming the mandate of the AU Commission to coordinate, monitor and harmonize the efforts of the concerned RECs and Member States in the negotiations of EPAs with the European Commission (EC). In addition, a Declaration on the EPA negotiations AU/EXP/CAMTF/Decl. (I) was formulated on April 3, 2008. Furthermore, the AUC Department of Trade and Industry organized in April 2008, a customs expert workshop on rules of origin in order to reach a common position for further EPA negotiations.

29. A number of recommendations are presented in the report in order to help move the integration process forward. Some of these include, the need for



rationalization to become a central issue for Member States and RECs alike, with the necessary consultations undertaken on the process. Member States should also undertake the required reforms in legislative frameworks and technical standards for infrastructure development. Stronger efforts are also required to expedite the removal of technical and physical barriers impeding the free circulation of goods, services, capital and people in order to benefit from higher economies of scale in trade and production. Greater legal and regulatory reforms are also required at the national level to attract investment while also putting in place enforceable legal instruments for sustainable investment and trade flows. Also the need for some Member States to expedite the harmonization of exchange rate controls and capital accounts for capital market development. Lastly, there is a need for stronger synergies between the integration programmes of the RECs and national developments plans (including PRSPs).

**30. Recommendations from the Ministers in charge of integration held in May 22 – 23, 2008 Abidjan, Côte d’Ivoire on the implementation of COMAI II and I.**

- i) An evaluation framework should be developed to assess the actions taken by Member States, the RECs and the AUC to implement recommendations from the Conferences of African Ministers in charge of integration (COMAI). The evaluation should include prioritized recommendations and appropriate timeframes;
- ii) The AUC consolidated report should be prepared on the basis of the annual reports of the RECs and responses to questionnaires;
- iii) Request Member States, the RECs and AUC to take the necessary measures for the implementation of the recommendations falling within their areas of competence;
- iv) Integration projects, which are yet not operational, should be identified in order to analyze the causes of this situation and find solutions for their implementation.

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Assembly/AU/12(XIII)

## STATUS OF IMPLEMENTATION OF THE REGIONAL INTEGRATION AGENDA IN AFRICA

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**Acronyms and abbreviations**

<b>AVAL</b>	Adding Value to African Leather
<b>ACHPR</b>	African Court on Human and Peoples' Rights
<b>AEC</b>	African Economic Community
<b>AfDB</b>	African Development Bank
<b>APSA</b>	African Peace and Security Architecture,
<b>ATI</b>	African Trade Insurance Agency
<b>AMU/UMA</b>	Arab Maghreb Union
<b>CASSOA</b>	Civil Aviation Safety and Security Oversight Agency
<b>CET</b>	Common External Tariff,
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>COMAI</b>	Conference of African Ministers in charge of Integration
<b>CTN</b>	Common Tariff nomenclature
<b>CEN-SAD</b>	Community of Sahel-Saharan States
<b>CAADP</b>	Comprehensive African Agricultural Development Programme
<b>CEWARN</b>	Conflict Early Warning and Response Mechanism
<b>DRC</b>	Democratic Republic of Congo
<b>DMC</b>	Drought Monitoring Centre
<b>DMCH</b>	Drought Monitoring Centre, Harare
<b>DMCN</b>	Drought Monitoring Centre, Nairobi
<b>DLCO</b>	Desert Locust Control Organization
<b>EAC</b>	East African Community
<b>ECCAS/CEEAC</b>	Economic Community of Central African States
<b>ECOWAS</b>	Economic Community of West African States
<b>ECOSOCC</b>	Economic, Social and Cultural Council
<b>EBID</b>	ECOWAS Bank for Investment and Development
<b>FANR</b>	Food, Agriculture and Natural Resources
<b>ICPAC</b>	IGAD Climate Prediction and Application Center for Monitoring and Forecasting
<b>ITP</b>	Institutional Transformation Process
<b>CIPRES</b>	Inter African Conference on Social Security
<b>IGAD</b>	Intergovernmental Authority on Development
<b>IGMOU</b>	Inter-Governmental Memorandum of Understanding
<b>ICAO</b>	International Civil Aviation Organization's
<b>ISRT</b>	Inter-State Road Transit
<b>LVFO</b>	Lake Victoria Fisheries Organization
<b>LLPI</b>	Leather and Leather Products Institute
<b>MERECAP</b>	Mount Elgon Regional Ecosystem Conservation Programme
<b>NRM</b>	Natural Resource Management
<b>OHADA</b>	Organisation for the Harmonisation of Business Law in Africa
<b>OIE</b>	Organisation of Animal Health
<b>SPA</b>	SADC Programme of Action
<b>RETOSA</b>	Regional Tourism Organisation of Southern Africa
<b>SADC</b>	Southern African Development Community

<b>SAPP</b>	Southern African Power Pool
<b>TAZARA</b>	Tanzania-Zambia Railway Authority
<b>UNECA</b>	United Nation Economic Commission for Africa
<b>UNHCR</b>	United Nation High Commissioner for Refugees
<b>WRCU</b>	Water Resources Coordination Unit
<b>WRM</b>	Water Resources Management
<b>SYSCOA</b>	West African Accounting Systems
<b>WABA</b>	West African Bankers Association
<b>WAHO</b>	West African Health Organisation
<b>WAMA</b>	West African Monetary Agency
<b>WAMI</b>	West African Monetary Institute
<b>WAGP</b>	West African Gas Pipeline
<b>WAPP</b>	West African Power Pool
<b>Westcor</b>	Western Corridor Project
<b>WTM</b>	World Travel Market
<b>ZAMCOM</b>	Zambezi Watercourse Commission

## EXECUTIVE SUMMARY

**Part one** of this report provides an overview of the achievements and challenges of each of the eight Regional Economic Communities (RECs) in the integration process. The report focuses on the progress made towards regional integration in the Continent by the Member States, the RECs and the African Union Commission. It also provides a summary of which of the six integration stages, as set out in the Abuja Treaty, have been reached so far.

Overall, each REC has made significant progress in achieving outputs necessary for meeting the objectives set. There is significant progress in the integration process amongst Member States belonging to the same REC. However, major efforts are still needed in harmonizing the policies of Member States in each REC, and for greater cooperation and eventually harmonization by the RECs.

The Member States of the RECs are mounting efforts to collaborate economically, but are impeded amongst other factors by conflicts raging in parts of Africa. The stated goals of the organization include the creation of free trade areas, customs unions, a single market, a central bank, and a common currency thus establishing an economic and monetary union.

Significant progress has been made on the structures required to achieve the objective of creating a genuine single market, which has been set up with the responsibility of implementing regional integration initiatives.

RECs are showing interest of harmonizing their programmes with other RECs, but for some RECs they are experiencing capacity problems, making it difficult for them to effectively handle and implement their set activities. For example, some RECs have Early Warning Mechanisms while others do not. The most rationale approach would have been for all the RECs to have sub-regional early warning system, which will be integrated into a Continental Early Warning System

Some recommendations have been made in this report, which should if implemented address the challenges outlined at end of this report. One significant recommendation is to organize sectoral meetings between the AU and the RECs in order to assist in enhancing common stand on specific subject under discussion.

Such meetings would create a clear picture and come up with common strategies thus enhancing the implementation of any recommendations made for harmonizing the RECs activities.

**Part two** of the report focuses on the implementation of recommendations from COMAI I and II, which were held in Ouagadougou, Burkina Faso and Kigali, Rwanda in 2006 and 2007, respectively. In so doing, this section of the report

looks at the activities undertaken or envisaged by Member States, the Regional Economic Communities, the African Union Commission (AUC), the African Development Bank (AfDB) and the United Nations Economic Commission for Africa (UNECA) to implement the recommendations. As well as, the challenges encountered during the implementation process. Recommendations are also presented to overcome existing challenges and to expedite the integration process.

Although the integration of the Africa Continent is underway it has been faced with a number of problems, which have hitherto slowed down the initiative, as is underscored by part one of this report. It is within this context, that the Conference of African Ministers in Charge of Integration (COMAI) was institutionalised in 2006 at the Banjul Summit as a means of addressing these problems and propelling the integration process forward. Two Conferences have been held to date.

Consequently, the previous two Conferences established a number of recommendations, which required various stakeholders, as indicated above, to undertake particular actions to expedite the process of continental integration. These recommendations focused on some of the following major issues:

- Review of the Abuja Treaty, taking into account, the Sirte Declaration of 9.9.99;
- Elaboration of a Minimum Integration Programme (MIP) for RECs;
- Coordination between the AU and RECs;
- Harmonisation of policies and programmes among RECs, as a key strategy to enhance the rationalization process; and
- Promotion of free movement of persons, goods capital and services among and across all RECs, in order to bring about accelerated continental integration

It is within this framework that the follow-up exercise on the implementation of the recommendations has been conducted.

The structure of Part two of the report is as follows: section twelve includes the introduction which sets the context for why the recommendations had been developed, the rationale for undertaking the follow-up exercise and the methodology adopted; section thirteen, provides a summary of implementation by each actor (Member States, RECs, AUC, AfDB and UNECA); section fourteen, looks at the challenges and problems encountered during implementation; and section fifteen, is the way forward and a number of recommendations are presented.



## **PART I: THE STATUS OF REGIONAL INTEGRATION IN AFRICA**

### **I. INTRODUCTION**

1. The Abuja Treaty, stipulates that African States must endeavour to strengthen the Regional Economic Communities (REC), in particular by coordinating, harmonizing and progressively integrating their activities in order to attain the AEC which would gradually be put in place during a thirty-four (34) year transition period subdivided into six (6) varying stages.

2. At the end of the first stage which ended in May 1999 and which was characterized by the strengthening of the institutional framework of the existing regional economic communities and the creation of new ones where none existed", the Conference of Heads of State of the then OAU selected eight RECs which, with coordination, harmonisation and progressive integration of activities, would in 2028 lead to the materialization of the African Common Market.

3. These eight RECs are: (i) the East African Community (EAC); (ii) the Economic Community of West African States (ECOWAS); (iii) the Economic Community of Central African States (ECCAS); (iv) the Common Market of East and Southern Africa (COMESA); (v) the Community of Sahel-Saharan States (CEN-SAD); (vi) the Inter-Governmental Authority on Development (IGAD); (vii) the Southern African Development Community (SADC) and; (viii) the Arab Maghreb Union (AMU).

4. It is of comparative importance to state that Regional Economic Communities in Africa have made progress since their formation. Although the establishment of all RECs and related visions vary, for some RECs the speed in terms of the implementation of their programmes is still slow. Since RECs have different visions we cannot expect all RECs to have similar achievements or be at the same stage of development. For example some RECs have achieved Customs Union, others are moving towards it, while other RECs are far from it.

5. According to Ouagadougou declaration COMAI I held in 2006, Member States are required to speed up the rationalization process taking into account the diversity of RECs and the level of development. Moreover, RECs are also supposed to harmonise and coordinate policies and programmes as important strategies for rationalization.

6. It is therefore necessary for RECs to speed harmonising their activities, and this would also need the support of the African Union Commission and other partners such as ECA to coordinate and see how and where help is needed in order to speed up the process of regional integration particularly in implementing their programme of work.

7. On 9.9.1999, the Heads of State and Government of the then Organisation of African Union issued a Declaration (the Sirte Declaration) calling for the establishment of an African Union, with a view, inter alia, to accelerating the process of integration in the continent to enable it play its rightful role in the global economy while addressing multifaceted social, economic and political problems compounded as they are by certain negative aspects of globalization.

8. On the other hand, the subject of this report is to assess the implementation process of the continental integration agenda. This document, can guide the political decision makers of the continent to give some instructions on how to speed up the economic and political integration of the continent.

9. It is also important to state that all Regional Economic Communities have made achievements. It is within this spirit that African Union is trying to encourage harmonization of RECs and see how far are they in facilitating their programmes. It is therefore important to create awareness by publishing this document so that information could also be shared and reached to all RECs and also see how difficulties could be resolved and the process moves forward.

10. This report is made up of two parts. **Part one** contains and elaborates the status of analysis of each REC in terms of the objectives set in each REC. For example, the status of Free Trade Area, Customs Union, Monetary Union and Economic Union. It sets out the major achievements that have been made and when they are intending to complete and challenges. Part one also gives an overview of the harmonization process of all RECs taking into consideration the challenges faced by them and lastly provides recommendations on the way forward.

11. The following methodology was employed for the status of implementation of the objectives specified by each REC:

- The Commission prepared a report on the achievements of each REC, subject to the objectives set by each REC and the report was sent to them for further inputs if any.
- Additional questionnaire on the status of implementation of REC objectives was also prepared and the AU delegates sent this time to various RECs for their inputs. The questionnaire was later on analyzed for the preparation of the report.
- While visiting the RECs, the AU team also held discussion on the overall RECs activities, trying to see the difficulties and constraints regarding the implementation of their objectives
- Secondary research was also done through various sources, such as library, some documents related to the work activities of each REC, and also through websites.

12. **Part two** of this report focuses on the implementation of recommendations from COMAI I and II, which were held in Ouagadougou, Burkina Faso and Kigali, Rwanda in 2006 and 2007, respectively. In so doing, this section of the report looks at the activities undertaken or envisaged by Member States, the Regional Economic Communities, the African Union Commission (AUC), the African Development Bank (AfDB) and the United Nations Economic Commission for Africa (UNECA) to implement the recommendations. As well as, the challenges encountered during the implementation process. Recommendations are also presented to overcome existing challenges and to expedite the integration process.

13. Although the integration of the Africa Continent is underway it has been faced with a number of problems, which have hitherto slowed down the initiative, as has been underscored by part one of this report. It is within this context, that the Conference of African Ministers in Charge of Integration (COMAI) was institutionalised in 2006 at the Banjul Summit as a means of addressing these problems and propelling the integration process forward. Two Conferences have been held to date.

14. Consequently, the previous two Conferences established a number of recommendations, which required various stakeholders, as indicated above, to undertake particular actions to expedite the process of continental integration. These recommendations focused on some of the following major issues:

- Review of the Abuja Treaty, taking into account, the Sirte Declaration of 9.9.99;
- Elaboration of a Minimum Integration Programme (MIP) for RECs;
- Coordination between the AU and RECs;
- Harmonisation of policies and programmes among RECs, as a key strategy to enhance the rationalization process; and
- Promotion of free movement of persons, goods capital and services among and across all RECs, in order to bring about accelerated continental integration

15. It is within this framework that the follow-up exercise on the implementation of the recommendations has been conducted.

## **II. ECONOMIC COMMUNITY OF WEST AFRICAN STATES (ECOWAS)**

16. The Economic Community of West African States (ECOWAS) is a regional group of 15 countries that was founded by treaty in May 1975.

17. ECOWAS was conceived as a means toward economic integration and development intended to lead to the eventual establishment of an economic union in West Africa, enhancing economic stability and enhancing relations between Member States.

18. In actuality, ECOWAS was an attempt to overcome the isolation of most West African countries following the colonial period, and the period of post-independence nationalism. Less than a year after its founding, the heads of State of Nigeria and Togo proposed a formal defense treaty that resulted two years later in a non-aggression Pact.

19. This pact entered into force in September 1986. In July of 1991, members agreed to a declaration of political principles, committing them to uphold democracy and the rule of law. Member States includes; Benin, Burkina Faso, Cape Verde, Cote d'ivoire, The Gambia, Ghana, Guinea" Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo.

20. ECOWAS is characterized by the existence in its midst of a bloc of eight countries belonging to the west African Economic and monetary union (UEMOA) and which not only have a common currency, the CFA franc, tied to the Euro, but also a common colonial past.

21. It enjoys undeniable political recognition from Member States and notable support from Nigeria, which has made considerable effort in the resolution of many regional conflicts. Since its establishment, it has embarked on a diversity of programmes to strengthen the regional economic bases and to improve the mobility of factors between Member States.

22. This, since 1975, Member States decided to set up a Clearing House for West Africa (WACH) intended to resolve problems pertaining to inconvertibility of several national currencies.

23. In 1986, WACH became the West African Monetary Agency (WAMA), in red to supervise the implementation of the monetary cooperation programme adopted in the framework of the project to create a single ECOWAS monetary zone.

24. The economic crises, which arose in all countries during the 80s, not only paralyzed the monetary compensation mechanism, in particular between UEMOA countries, but also slowed the process of integration.

25. In order to accelerate the process five ECOWAS countries, non-members of West African Economic and Monetary Union, UEMOA (Gambia, Ghana, Liberia, Nigeria and Sierra Leone) decided in April 2000 to form a second monetary zone, the West African Monetary Zone (WAMZ) whose common currency, the ECOWAS, would eventually merge with the UEMOA CFAF.

26. For this purpose, they set up a West African Monetary Institute (WAMI), which was a precursor to their common central bank, the Central Bank of West Africa (CBWA). The date of creation of the common ECOWAS currency, initially

scheduled for 1 July 2005 has been deferred until 1 December 2009. In the meantime the WAMA continues to pursue its activities, which consist, mainly on management of the clearing mechanism.

27. The amounts cleared are however, dwindling because of efforts by States to adhere to the convergence criteria put in place to stabilize their currencies and reduce disparities between the official and informal rates.

28. ECOWAS has played an important role in the execution of some regional initiatives such as the establishment of ECOBANK and has just decided, at its last summit of Heads of State in Niamey to create a regional airline company, in addition to the regional maritime company already on the drawing board.

**29. Objectives of Economic Community of West African States**

30. ECOWAS objectives are to promote cooperation and integration in economic, Social and cultural activity, ultimately leading to the establishment of an economic and monetary Union through the total integration and the national economies of the Member States. Raise the living standard of its people, maintain and enhance economic stability, foster relations among Member States and contribute to the progress and development of the African Continent.

**31. Achievements of the ECOWAS**

32. Various achievements have been made within ECOWAS Member States, which includes:

**33. Printing and introduction of the harmonized customs documents**

34. Upon trade liberalization scheme measures, uniform customs and statistical instruments, the certificates of origin, the customs and statistical nomenclature, and the customs declaration have been produced.

35. A protocol of Inter-State Road Transit (ISRT) and a transit guarantee mechanisms have been adopted. These documents would facilitate and speed up customs clearance procedure that would save time at customs posts. 183. Countries that have printed and put into use the certificate of origin are Benin, Burkina Faso, Gambia, Guinea, Guinea Bissau, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

36. The table shown below gives a picture of ECOWAS status of Printing and introduction of the harmonized customs documents.

**Figure 1: ECOWAS status of Printing and introduction of the harmonized customs documents**

ECOWAS Member States	Countries that have printed and put into use certificate of origin	Countries that have adopted Customs nomenclature based on the harmonised system and Customs declaration	Countries that have implemented the protocol on Inter-State Road Transit (ISRT)	Countries that have designated National Organizations to guarantee transit operations	Lifted tariff barriers in respect of unprocessed products under the TLS
Benin	✓	✓	✓	✓	✓
Burkina Faso	✓	✓		✓	✓
Cape Verde		✓			
Cote D' Ivoire			✓	✓	✓
The Gambia	✓	✓		✓	✓
Ghana	✓	✓		✓	✓
Guinea	✓			✓	✓
Guinea Bissau	✓	✓			
Liberia					
Mali	✓	✓	✓	✓	✓
Niger	✓	✓	✓	✓	✓
Nigeria	✓			✓	✓
Senegal	✓	✓		✓	✓
Sierra Leone	✓	✓		✓	✓
Togo	✓	✓	✓	✓	✓

*Table prepared by the internal source*

*Information from outsource obtained from:*

*Website: <http://www.sec.ECOWAS.Int/sitecedeoao/english/achievements-1.htm#>*

37. The above table indicates the positions of ECOWAS Member States in harmonising customs documents among the Member States. It is very encouraging to note that most of the Countries have printed and put into use the certificate of origin except Cape Verde, Cote d'ivoire and Liberia. The remaining Countries should also take some steps in harmonising customs as other Member States.

38. ECOWAS Countries are showing a good progress in the adaptation of the custom nomenclature based on the harmonised system and customs declaration except Cote d'Ivoire, Guinea, Liberia and Nigeria. However work still needs to be done on implementing the protocol on Inter-State Road Transit (ISRT).

39. As shown on the above table, only five Countries out of fifteen ECOWAS Member States have implemented the protocol. This shows how Implementing programmes could sometimes become difficult.

40. Member States need to be informed and try to sort out some difficulties if existing so that the region could move forward and further strengthened. Cape Verde, Guinea and Guinea Bissau should also try to designate National Organisations to guarantee transit operations if brings about any obstacle to transit operating mechanisms.

41. On the removal of tariff barriers under the trade liberalization scheme, (TLS), with the exception of only Guinea Bissau, all remaining ECOWAS Member States have lifted in respect of unprocessed products under the tariff liberalization scheme. However, some Member States have failed to print the harmonised documents and have not yet removed tariff barriers.

#### **42. Achievements of ECOWAS in terms of Institutions**

43. ECOWAS has also been able to establish certain Institutions, which includes Commission, the Community Parliament, Financial Institutions, Specialized Agencies and Associated Private Sector. The strength of these institutions is yet to be seen. This could be described in more detailed below:

#### **44. Commission**

45. To better adapt to the international environment and to play a more effective role in the integration and development process, ECOWAS achieved in having their own Commission. The Commission adopts rules for the implementation of acts enacted by Council. These Rules have the same legal force as acts enacted by Council. The Commission makes recommendations and gives advice. Recommendations and advice are not enforceable

#### **46. The Community Parliament**

47. The Community Parliament has ECOWAS parliament with its headquarters in Abuja, was established by Article 6 and 13 of the 1993 ECOWAS Revised Treaty. Protocol signed in Abuja on 6th August, 1994 and entered into force on 14th March, 2002.

48. The Parliament is empowered to consider issues concerning human rights and fundamental freedoms of citizens, interconnection of energy networks, interconnection of telecommunications systems, increased cooperation in the area of radio, television and other intra- and inter- Community media links; as well as development of national communication system.

49. The Parliament may also be consulted on matters relating to public health policies for the community; common educational policy through harmonization of existing systems and specialization of existing universities; adjustment of education within the community to international standards; youth and sports; scientific and technological research; and community policy on environment.

50. Other areas for consideration include any issues affecting the Community, especially as they relate to the review of the ECOWAS Treaty, Community citizenship and social integration. On these issues, the Parliament may make recommendations to the appropriate institutions and/ or organs of the community.

### **51. Community Court of Justice**

52. The Economic Community of West African States (ECOWAS) came into existence by the signing of the Treaty in Lagos on 28th May 1975. The Countries came together and imbibed the fundamental principles of:

- Equality and inter-dependence of Member States
- Solidarity and collective self-reliance
- Inter-state co-operation, harmonization of policies and integration of programmes
- Non-aggression between Member State
- Maintenance of regional peace, stability and security through the promotion and strengthening of good neighborliness
- Peaceful settlement of disputes among Member States, active co-operation between neighbouring Countries and promotion of a peaceful environment as a prerequisite for economic development
- Recognition, promotion and protection of human and people's rights in accordance with the provisions of the African Charter on Human and People's Rights
- Accountability, economic and social justice and popular participation in development
- Recognition and observance of the rules of principles of the Community
- Promotion and consolidation of democratic system of governance in each Member State as envisaged by the Declaration of Political Principles adopted in Abuja on 6th July, 1991; and
- Equitable and just distribution of the costs and benefits of Economic Co-operation and Integration.

### **53. Financial Institutions**

54. For the smooth running of the financial and services transactions, ECOWAS has developed a Bank for Investment and Development (EBID), which took over from the ECOWAS Fund. EBID is the principal financial institution established in 1999 by Member States of the Economic Community of West African states.



55. It is a banking group comprising a holding company EBID and two specialized subsidiaries, ECOWAS Regional Development Fund (ERDF:) and ECOWAS Regional Investment Bank (ERIB). EBID's objective is to finance, promote and facilitate economic growth and development within the ECOWAS Member States. EBID offers a range of financial products and services to business seeking to get involved in viable commercial projects.

**56. ECOWAS has also Specialized Agencies such as the following:**

**i) West African Health Organisation (WAHO)**

57. The objective of the West African Health Organisation is to attain the highest possible standard and protection of health of the peoples in the sub-region through the harmonisation of the policies of the Member States, pooling of resources, and cooperation with one another and with others, for a collective and strategic combat against the health problems of the sub-region.

**ii) West African Monetary Agency (WAMA)**

58. The West African Monetary Agency came in the wake of transforming West African Clearing House (WACH), which was established in 1975 as a multilateral payment facility to improve sub-regional trade in West Africa.

59. It has now been transformed into a broad based autonomous agency called the West African Monetary Agency (WAMA) which its mandate ensures the Monitoring, coordination and implementation of the ECOWAS monetary cooperation programme, encourage and promote the application of market determined exchange rate for intra-regional trade, initiate policies and programmes on monetary and economic integration and ensure the establishment of a single monetary zone in West Africa.

60. The West African Monetary Zone is a group of 5 countries in ECOWAS that Plan to introduce a common currency, the Eco that is common currency for the five member countries of the West African Monetary Zone (WAMZ), by the year 2009. The 5 Member States are Gambia, Ghana, Guinea, Nigeria and Sierra Leone. Liberia (also a member of ECOWAS), has expressed an interest in joining.

61. In 1994, ECOWAS' Francophone members Benin, Burkina Faso, Cote d'Ivoire, Mali, Niger, Senegal and Togo, with Lusophone Guinea Bissau, created the West African Monetary Union I(UEMOA) in Senegal; UEMOA is a regional economic and monetary union which shares a common currency ,the CFA Franc (Financial Cooperation in Central Africa).

62. Five ECOWAS Anglophone-members, the Gambia, Ghana, Guinea, Nigeria and Sierra Leone, have proposed setting up a second West African Monetary Zone (WAMZ) in December 2009 and launching a new (common currency, the Eco).

63. All five states signed the 2000 Accra Declaration for the creation of the second monetary zone, agreeing to reform their economies to meet specific targets prior to the introduction of the Eco.

64. It is planned that the Eco would circulate simultaneously with the CFA Franc, with the ultimate goal of creating a single monetary zone for the entire Community. Both Liberia and Cape Verde have shown interest in becoming members of the WAMZ.

**65. Achievements of West African Monetary Agency (WAMA)**

66. Within the framework of WAMA, it is wise to also look into what ECOWAS has achieved prior to its transformation. Below are the achievements made by WAMA:

- WAMA has contributed to sustaining the West African Unit of Account (WAUA), which is an integral part of the sub-regional payment system adopted by member countries to settle financial transactions between them without involving their scarce foreign reserves.
- WAMA has contributed to the creation and circulation of the ECOWAS Travelers Cheque.
- WAMA has maintained a good Clearing and payment System among member Central Banks in West Africa. In this respect, WAMA has been working with the West African Bankers Association (WABA) to harmonize payment systems in the private sector of the sub-regional economies.
- WAMA has contributed to the realization of the Second Monetary Zone, which is shortly to launch a Common Currency for the non-UEMOA member countries of ECOWAS.
- WAMA is also spearheading a monetary integration programme that will lead to a single monetary zone for West Africa in the near future.
- WAMA operates a Credit Guarantee Fund Scheme for ECOWAS member Central Banks.
- WAMA is also coordinating the Harmonization of Policies on Exchange Rates, Banking Laws, Statistics and Payment Systems in the sub-region.

**iii) West African Monetary Institute (WAMI)**

67. Member States of the WAMI are only the Gambia, Ghana, Guinea and Sierra Leone. WAMI was set up in 2001, in order to facilitate the creation of the common Central Bank and the introduction of a common currency.

68. Its functions are to monitor state of convergence, harmonise regulations and design policy framework, promote regional payment system, study the issue of exchange rate mechanism and conversion rate, organisation of sensitisation in order to educate the public on the new currency, design and technical preparation of the new currency, modalities for setting up a common Central Bank and create enabling environment.

**iv) Water Resources Coordination Unit (WRCU)**

69. According to the, Water Resource Coordination Unit, its objective is meant for the promotion of Integrated Water Resources Management practices, the coordination and follow-up of the Regional Action Plan in order to permit to the West African countries to have an operational WRM Action Plan at their disposal in accordance with ECOWAS statutes, policies and programmes. Members involved are the 15 Member States of ECOWAS, Mauritania, and the Regional Basin Organisations.

**v) The West African Power Pool (WAPP)**

70. Although achievements are yet to be observed, ECOWAS has established the west African Power Pool in order to integrate the national power system operations into a unified regional electricity market and with the expectation that such mechanism would, over the medium to long-term, assure the citizens of ECOWAS Member States a stable and reliable electricity supply at affordable costs

**vi) Gas Pipeline**

71. The West African Gas Pipeline (WAGP) is a 678-kilometer long pipeline from the gas reserves in Nigeria's Escravos region of Niger Delta area to Benin, Togo and Ghana. The project begun in 1982, when the Economic Community of West African States (ECOWAS) proposed the development of a natural gas pipeline throughout West Africa.

72. In the early 1990's, a feasibility report deemed that a project was commercially viable. In September 1995, the governments of four African countries signed a Heads of Agreement: (HOA). The feasibility study was carried out in 1999. On 11 August 1999, participating countries in Cotonou signed a Memorandum of Understanding.

73. In February 2000, an Inter-Governmental Agreement was signed. The WAGP implementation agreement was signed in 2003. The construction started in 2005.

**74. Free Movement of Persons**

75. Free movement of persons includes the abolition of visa and entry permit, right of residence and right of establishment. As far as free movement of people is concerned, progress made within the ECOWAS is exemplary: no visa is required anywhere for nationals of Member States who travel across the ECOWAS region. Residents of West Africa now have the right to move freely, to get settled wherever they want within the Community to carry out any activity. An ECOWAS passport was introduced in December 2000 and has been proposed as replacement for national passports.

76. The ECOWAS Commission set up and operationalized of the pilot units for monitoring along the borders. The goal of these units is to record all violations of free movement of persons along the borders.. In order to find an adequate solution to the problem linked to road harassment along the borders, the Commission is mobilizing the private sector and the civil society with a view to involving them and getting them to own the implementation of the Protocol on free movement of persons. Thus, every unit has representatives of the civil society, a judge, a parliamentarian and a media representative

77. By insuring free movement of goods and persons and improving the road transport system the Authority of Heads of States and Government adopted a decision calling for national committees to be established in order to monitor implementation of ECOWAS decision and protocols on free movement of persons and vehicles.

**78. Free movement of goods, services and capital**

79. The establishment of a Free Trade Area (FTA) within ECOWAS is not yet complete. It began in 1979 when complete dismantling of tariff restrictions for local produce, for traditional handicraft and fully processed commodities was adopted. A period of ten years was then set for the scrapping of fees and taxes on intra-community trade. After a period of lethargy, the ECOWAS institutions decided to accelerate the establishment of the FTA, which, in instruments, needed to be effective by 1st January 2000. In January 2003, the ECOWAS Summit adopted a new liberalization of trade scheme. States were urged to fully apply the arrangements under the new scheme so that the free trade area could be strengthened by 2004.

80. The establishment of the FTA involves a mechanism of compensating loss of revenue by the Member States due to removal of tariff on the intra-community

trade. The duration of the financial compensation arrangement period was set to last four years with effect from 1st January, 2004. The amounts to compensate depend on the loss of customs revenue incurred by a State arising from importing approved origin industrial products. They depend on discounted rates as follows: (i) 100% decrease incurred in 2004; (ii) 80% decrease incurred in 2005; (iii) 60% decrease incurred in 2006; (iv) 30% decrease incurred in 2007; and (v) 0% depreciation incurred with effect from 1st January 2008. The functioning of this mechanism is, however, mitigated because the compensation budget depends on payment of State contributions.

81. The goods subjected to the trade liberalization scheme must comply with rules of origin which have defined products originating from ECOWAS as follows: (i) local products; (ii) the products fully sourced in the Member States; (iii) goods manufactured from substances other than from live animals born and raised in the country, used alone or mixed with other materials, on condition that their ratio in quantity is higher or equal to 60% of the all the raw materials used. An approval procedure for original products enables the ECOWAS Executive Secretariat to distribute the list of products approved by Member States. A certificate of origin of products originating from the Community attests to the community origin of the products. However, agriculture and livestock products as well as made hand items are exempt. A procedure regulating litigations arising from the application of the liberalization scheme is in place. In case of disagreement between parties, the ECOWAS Court of Justice is authorized to make a final judgement (without appeal).

82. The movement of non-processed goods between Member States, would be exempt from custom fees and taxes, and would not be subjected to any quantitative or administrative restrictions. To qualify for exemption, non-processed goods and traditional products must come from Member States and must be accompanied by a certificate of origin and an ECOWAS export declaration.

83. The ECOWAS traveller's check was officially launched on 30 October 1998 during the 21st Summit of the Heads of State and Government and managed by the Monetary West African Agency to facilitate trade and payment of regional transactions within the community. Transport facilitation programs and inter-States road transit are ongoing at the community level. As far as physical integration is concerned, ECOWAS has developed various sector programs in transport, energy and telecommunications infrastructure. It has also taken considerable initiatives to encourage the development of the private sector.

#### **84. Challenges**

85. ECOWAS is confronted by many challenges on its path to regional integration. Amongst others are insecurity, non-implementation of protocols by some members and barriers to trade.

86. This was a consequence of the almost unending spate of civil conflicts seen in the region.

87. Economic cooperation and integration would be difficult to pursue, without peace and stability in the sub-region.

88. However conflicts should not be the reason for ECOWAS' shortcomings in integrating the economies of its Member States. Even before 1989, implementation of ECOWAS agreements especially with regards to trade has been slow and ad-hoc. And in any case, only a minority of member countries experience major conflicts at given times.

89. There have been certain factors hindering trade in the sub-region. For most cross-border traders in West Africa, the common complaint has been the high costs of doing so as a result of obstacles often put in their way by state employees.

90. By going through ECOWAS provisions, such barriers should have disappeared. In May 1982, ECOWAS Member States signed a convention for the establishment of an ECOWAS Inter-state Road Transit System (ISRT), which set the framework within which Member States would work to ensure free movement of goods in the sub-region.

91. Due to the non-implementation of the modalities of the ISRT, Member States signed a supplementary convention in May 1990 to set up a guarantee mechanism for ISRT. This had an additional value that if any member state contravenes the terms, the member could possibly face repercussions.

92. In spite of the signing cross border traders in the sub-region continue to complain of how state employees deliberately violate such provisions.

93. A large number of trade in the sub-region are on small scale or informal and are often sustained by differences in prices in individual countries. In the past, such activities were viewed as smuggling and such perceptions clearly linger on and influence the treatment of these traders by security agencies.

94. The implementation of the treaty on free movement of persons faces a number of problems on the ground, namely road harassment, the high number of roadblocks and illegal barriers and the problem of insecurity on the roads

95. Most of the roads are concentrated in the coastal areas with a coverage reaching 15 for 100 km<sup>2</sup>, while the Sahel regions lag behind due of the expansive desert areas, notably in Mali and Niger: the rate of coverage is about 1,02 against a minimal normal of 20 to 25 km per 100 km<sup>2</sup>. The railway network within the States are still heterogeneous with varied metric spacing, not really

interconnected to facilitate transport between the main cities and capitals of the region. As for the water transport, it remains limited.

96. A smoother flow of goods in the sub-region would doubtlessly make a significant contribution to the West African economy. However the point that economies in the sub-region are not sufficiently diversified is important especially if the region is to make the dramatic progress that its leaders dream of.

97. Despite the disappointing results with intra-ECOWAS trade, work is going on to remove infrastructural bottlenecks in economic integration. There are major projects for a highway network to connect existing networks in the areas of transport, communications and energy. ECOWAS also has through a Community telecommunications programme reduce transits through countries outside Africa and improve direct links between Member States. ECOWAS has undertaken a study on the interconnection of railway networks.

98. Among ECOWAS big projects, the road project appears to be making most progress with over 60 percent of project completed. Also in the works is the West African Gas Pipeline project, which will supply gas from Nigeria to Benin, Togo and Ghana. These are not strictly ECOWAS projects but what the Community has done is to fit these into its larger integration plans, thereby enhancing their strategic and economic importance.

99. Some of the ECOWAS projects when completed would surely bring benefits to the community's citizens, independent of some of the problems discussed above. However to get the full benefits of an integrated regional market, West African leaders would have to show more commitment to removing unnecessary and often illegal obstacles placed in the way of economic operators in the sub region.

100. They would also need to consider seriously the chance that a larger market offers for industry in the sub-region.

101. Ultimately, ECOWAS is expected to fit into the African Economic Community as envisaged by the Abuja Treaty. The aims of that Treaty fits very much into those of ECOWAS except that it seeks to extend the integration to the entire African continent.

102. ECOWAS like the other regional trade bodies are behind schedule in meeting the goals of the treaty but with more focused commitment, significant and tangible progress can still be made in the short to medium term.

### **103. Current Status of ECOWAS**

104. As per the Abuja treaty, ECOWAS has reached the first stage in strengthening its organisation. It has also reached third stage, on having a free trade area.

### **105. Short Term Plan**

106. In order to move the integration process forward, ECOWAS main activities are as follows:

107. ECOWAS, which created a second monetary zone for the countries that are not members of the Franc Zone with the establishment of a monetary institute in Accra, Ghana, plans to merge the two zones at the end of 2008 and create a single ECOWAS currency in 2009.

108. Five ECOWAS Anglophone-members, the Gambia, Ghana, Guinea, Nigeria and Sierra Leone, have proposed setting up a second West African Monetary Zone (WAMZ) in December 2009 and launching a new (common currency, the Eco).

### **III. COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)**

109. The Common Market for Eastern and Southern Africa was founded in 1993 as a successor to the Preferential Trade Area for Eastern and Southern Africa (PTA), which was established in 1981. COMESA formally succeeded the PTA on 8 December 1994 upon ratification of the Treaty.

110. The establishment of COMESA was a fulfilment of the requirements of the PTA Treaty, which provided for the transformation of the PTA into a common market ten years after the entry into force of the PTA Treaty.

111. With a total population of USD 400 million covering an area of 12.89 million Km<sup>2</sup> and a GDP of USD 230 billion COMESA is the largest of the regional groupings in Africa.

112. Where the vision of COMESA is to be a fully integrated economic community for prosperity, internationally competitive, ready to merge into the African Union, COMESA Member States comprised of Burundi, Comoros Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

113. In terms of trade in the COMESA region, the elimination of tariffs among COMESA countries has, in part, resulted in the growth of intra-COMESA trade



from US\$ 3.1 billions in 2000 to US\$ 6.8 billions in 2006 – an increase of 119.4%. Duties with respect of substantially all trade among the member countries, has been reduced to zero for those countries in the Free Trade Area thus fueling the above trade increases. The table below indicates the trade expansion trends between 1997 to 2006.

Figure 2: Intra-COMESA Trade 1997 to 2006 Value US Millions

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Export	1,505	1,571	1,380	1,497	1,319	1,882	1,670	1,804	2,615	2,769
Re-Exports	128	97	21	200	400	267	475	531	623	268
Total Exports	1,632	1,669	1,401	1,697	1,719	2,149	2,145	2,335	3,238	3,037
Import	1,434	1,437	1,192	1,419	1,718	2,218	2,173	2,223	3,053	3,769
Total Trade	3,066	3,106	2,593	3,116	3,437	4,368	4,318	4,558	6,291	6,806

Source: COMSTAT Database

114. Sectors driving the growth are manufactures, food, agriculture raw materials, and fuels. Top export products include petroleum products, tea and food items. Manufacturers and food dominate trade within COMESA.

115. The focus of COMESA in year 2008 is the launch of the Customs Union in December. This is yet another step in the integration agenda after the region attained Free Trade Area status in October 2000. The Free Trade Area that initially started with nine Member States has expanded to include fourteen of the nineteen Member States.

116. The deepening of integration in the region by moving into a Customs Union would bring in additional benefits of an enlarged market that would attract the attention of investors into the region.

117. The structure of the Common External Tariff, that is, substantially the same duties to be applied by each of the members to the trade of territories not included in the region have been agreed to. What is now left is the harmonisation of other regulations of commerce, the schedule of national tariff alignments to the Common External Tariff, conclusion of sensitive products lists and implementation modalities for the seven principles of the Customs Union that have already been agreed to by Council.

### 118. Objectives of COMESA

119. The COMESA Treaty, which sets the agenda for COMESA, covers a large number of sectors and activities. However, the fulfillment of the complete COMESA mandate is regarded as a long-term objective and, for COMESA to become more effective as an institution, it has defined its priorities within its

mandate, over the medium term, as being “Promotion of Regional Integration through Trade and Investment”.

120. COMESA's focal areas of integration are:

- Trade in goods and services,
- Monetary integration, including payments and settlement arrangements;
- Investment promotion and facilitation;
- Infrastructure development (Air, road, rail, maritime and inland transport, ICT; Energy etc);
- Electronic commerce; and
- Peace and security.

121. Trade liberalization and Customs co-operation, including the introduction of a unified computerized Customs network across the region. Improving the administration of transport and communications to ease the movement of goods and services and people between the countries, creating an enabling environment and legal framework which will encourage the growth of the private sector, the establishment of a secure investment environment, and the adoption of common sets of standards.

122. COMESA Member States have also agreed on the need to create and maintain:

- (a) A full free trade area guaranteeing the free movement of goods and services produced within COMESA and the removal of all tariffs and non-tariff barriers;
- (b) A customs union which goods and services imported from non-COMESA countries will attract an agreed single tariff in all COMESA States;
- (c) Free movement of capital and investment supported by the adoption of a common investment area so as to create a more favourable investment climate for the COMESA region;
- (d) A gradual establishment of a payment union based on the COMESA Clearing House and the eventual establishment of a common monetary union with a common currency; and
- (e) The adoption of common visa arrangements, including the right of establishment leading eventually to the free movement of bona fide persons.

**123. Achievements of COMESA**

124. Like other Regional Economic Communities, COMESA has also made achievements on different areas, which include:

125. Trade liberalization and Customs co-operation, a programme for the elimination of Non Tariffs Barriers Scheme (NTBS) and the introduction of a unified computerized Customs network across the region among others. In this respect a Free Trade Area covering 14 States has now been attained.

126. The Member States are working towards the establishment of Customs Union that is due to be launched by 2008; a Common Market by 2014 and a Monetary Union by 2018.

127. Facilitating transport and communications to ease the movement of goods and people and provision of services between and among the countries.

128. Creating an enabling environment and legal framework, which will encourage the growth of the private sector, the establishment of a secure investment environment, and the adoption of common sets of standards.

129. The harmonization of macro-economic and monetary policies throughout the region and the Promotion of peace and security in the region,

130. As a result of COMESA traffic facilitation measures, transport costs have been reduced by a factor of about 25% and efforts are underway to reduce them further.

131. In the sector of telecommunications, special emphasis has been placed on network development to enable direct telecommunication links through more reliable infrastructure in order to avoid third country transit systems, which prove to be very costly.

132. Policy and regulatory harmonisation has also been given high priority in order to develop an appropriate environment and build capacity to manage a liberalized ICT environment.

133. The COMESA agricultural programme has been aligned to the AU-NEPAD comprehensive African Agricultural Development Programme (CAADP), whose primary objectives is sustainable regional food security and enhanced regional integration.

134. To realize these objectives, it is imperative for COMESA Member States to increase productivity in agriculture through agricultural modernization, mechanization, and marketing and appropriate institutional and financing mechanisms.

**135. Institutions**

136. COMESA has established several important institutions including:

**i) The PTA Bank:**

137. The PTA Bank has, over the years, been very active in promoting investments and providing trade financing facilities. The Bank's authorized capital was increased to USD 2 billion in 2007. The Bank posted a profit of USD 4.5 million in 2006 from its operations. Project finance approvals for the year 2007 totaled USD 128 million and for Trade Finance were USD 156 million.

**ii) COMESA Clearing House:**

138. Numbers of decisions have been taken to make the COMESA Clearing House more responsive to the current needs of Member States, especially the private sector, including the introduction of payments system. The COMESA Clearing House has been mandated to implement a system to facilitate cross-border payment and settlement between Central Banks in the COMESA region.

**iii) The Re-Insurance Company (ZEP-RE):**

139. The Re-Insurance Company (ZEP-RE) has, since its establishment in 1992, been able to carve out a reasonable share of the regional insurance business and is now transacting business in some nineteen (19) countries.

140. By the end of 2007, the premium income realized had increased to US \$27.3 million. Two additional Member States acceded to the ZEP-RE Agreement in August 1996. This shows the great business potential of the COMESA region in terms of RE-Insurance.

**iv) The COMESA Leather and Leather Products Institute (LLPI):**

141. From its establishment in 1990, the Institute has prepared several programmes and projects in areas such as human resource and institutional development and in trade and investments. LLPI has helped a number of entrepreneurs with preparation of investment feasibility studies.

142. It has also designed and executed several projects to help Member States develop their sectors. It is currently implementing a project on Adding Value to African Leather (AVAL) in Ethiopia, Kenya, Sudan and Zimbabwe. The Institute is playing an important role in developing the leather industry in COMESA Member States.

**v) The African Trade Insurance Agency (ATI):**

143. The African Trade Insurance Agency (ATI) was established in 2001 to provide political risk cover from commercial sources or export credit agencies, which were not available at all for some COMESA countries. Where cover was available it was usually very costly and on unfavourable terms.

144. In particular, available cover is either very thin or non-existent for transactions over the medium term, thereby restricting the import of essential capital goods into COMESA countries. Membership in the ATI is open to all AU Member States. The project is supported by the World Bank, which provides low interest loans to participating Member States.

145. By the end of 2007, ATI had issued insurance policies covering political and commercial risk in 7 countries for a total transaction value of USD 400million. The sectors include telecommunications, manufacturing, agribusiness, export services and mining.

146. ATI's current range of insurance products include the following:

- Trade Political Risk Insurance
- Comprehensive Trade Political Risk
- Foreign Direct Investment Insurance
- Project Loan Cover
- Mobile Assets Cover
- Unfair Calling of Bonds and Standby Letters of Credit
- Credit Insurance Cover
- War and Terrorism Physical Damage and Consequential Loss Insurance

147. COMESA fully recognizes that in order to increase the levels of intra-regional trade, there is a need to address the regulatory and policy aspects of transport and communications to make the movement of goods and people and provision of services between countries in the region easier and cheaper.

148. It is also important to create a legal framework and enabling environment within which private sector business can operate effectively in the region, and to harmonize macro-economic and monetary policies

149. COMESA also recognizes the need to promote investment in the region and addresses this issue through facilitation of bilateral agreements; promoting export drives by individual Member States, and identifying specific projects, which have the potential to act as growth poles between two or more Member States.

**vi) COMESA cooperation with other Regional Organizations:**

150. There are a number of other regional organizations in operation within the region also covered by COMESA, such as the East African Community (EAC), Inter-Governmental Authority on Development (IGAD), Indian Ocean Commission (IOC) and the Southern African Development Community (SADC).

151. COMESA has good working relations, both formally and informally, with all of these regional organizations. Memorandum of Understanding has been signed with EAC, IGAD and IOC such that these organizations have agreed to adopt and implement the COMESA trade liberalization and facilitation programme.

152. COMESA and SADC have also set up a Joint Task Force to harmonize their programmes. Since 2007, EAC was also brought on board making the Task Force Tripartite.

**153. Free movement of persons**

154. In practice, COMESA has made great progress in free movement of goods and persons to the extent that visa problems are treated with a lot of flexibility for residents of the community

155. To enhance movement of people and promote real integration within the region, COMESA is also promoting mobility of labour and services and the right of residence and establishment.

156. Member States have therefore signed an additional agreement - the Protocol on the free movement of persons, labour, Services, the Right of Establishment and Residence.

**157. Free movement of goods, services and capital**

**158. COMESA has made progress on the following:**

- The Association COMESA Bankers aims to exchange information banking practices in the region ;
- COMESA is negotiating regulations on trade in services, the First Study of Harmonization on Commercial and Financial Law is complete and fresh studies will be carried out in collaboration with the AEC and the AfDB.
- A policy framework on liberalization of services is being prepared to facilitate trade in services like air transport, motor vehicle insurance, insurance, shipping and roads as well as a regional system of guarantee;

- A program for the removal of non-tariff obstacles to intra-regional trade in being implemented. Progress has been made in the removal of non tariff barriers such as liberalization of import licenses, scrapping of taxes on foreign exchange, the scrapping of import and export quotas, the removal of roadblocks, simplification of formalities and the extension of opening hours at border posts;
- Key trade facilitation mechanisms includes: harmonization product coding, a common value system, COMESA Customs Declaration Document, harmonization of road transport fees, the COMESA Carriers License;
- The COMESA yellow card;
- A system prior information on products, a Computerized System of customs data and management, regulation of rules on statistics;
- A common nomenclature of tariffs;
- COMESA has also promoted limited convertibility of currency and payment as well as regional regulation in order to facilitate Border Trade;
- Member States held national consultations and simulation studies on revenue and competitiveness in order to align their common external tariffs with COMESA Common External Tariff (CET);
- COMESA involves parliamentarians and civil society in peace and security programs and adopted the Nairobi Declaration on the Control of Small Arms and Light Weapons;
- A regional strategy for trade in services on a regional and global scale is being developed;
- COMESA is working with authorities and airlines in the region on a program to scrap controls on air traffic, with a view to eventually removing all controls on air traffic, except for those that are a threat to security;
- Formulation of a law on regional competition and COMESA policy on agricultural programs have been aligned with the AU and NEPAD Global Programs for Development of Agriculture in Africa (PDDAA) - a consultative committee on business and other interest groups is in place.
- The COMESA set in motion a vast program to facilitate the development of infrastructure and transport, in order to facilitate the removal of physical barriers to the development of inter-community trade and the free movement of goods and persons. In this connection, the following have been observed: (i) the COMTEL project intended to improve regional telecommunications networks through the use of high density terrestrial links; (ii) elimination of bottle necks in infrastructure, especially the interconnection of rail networks and progressive liberalization of air transport; and (iii) promotion of physical infrastructure in road transport, facilitation of transit and licensing, the management of corridors and one stop checks.

- The COMESA has an FTA whose establishment began in October 2000 with a core of nine countries (Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia, Zimbabwe) which had harmonized their customs tariffs to zero rate on the approved intra-community trade. In 2004, Rwanda and Burundi joined this group, making eleven the number of countries participating in the FTA. The COMESA free trade area of now has 13 countries members. The other COMESA countries, although not part of the FTA, continue their trade on the basis of preferential tariffs. They have also undertaken complete dismantling of tariff restrictions from 60 to 80% on products of originating from the community according to the Most Favoured Nation principle.
- The COMESA rules of origin, known as "preferential rules of origin", are defined in Article 2 of the Protocol on Rules of Origin. The COMESA rules of origin are a set of criteria used to distinguish goods produced within COMESA, which enjoy preferential tariffs from those considered to have been produced outside COMESA. The original products are goods sent directly of a Member State to a recipient in another Member State and fully processed or having undergone substantial processing in the State. These rules have been determined with sufficient flexibility to allow application that minimizes litigations. The calculation methods are clarified in a Manual of Procedures on implementation of the Protocol on Rules of Origin for traded products between the COMESA Member States.

### **159. Challenges**

160. There is a need for all COMESA Member States that are not yet participating in the Free Trade Area (FTA), to join the FTA before the launch of the COMESA Customs Union in December 2008.

161. In the area of infrastructure, it is commended to note the ongoing implementation of Joint Air Transport Competition Regulations by the responsible Ministers of COMESA, Southern African Development Community (SADC) and East African Community (EAC) but there is a need to speed up the establishment of the Joint Competition Authority. In this regard all Member States need to implement the COMESA trade and transit transport facilitation instruments so as to enhance movement of transit and cross-border traffic. There is also a need to establish a seamless rail transportation system in the COMESA sub region.

162. In its determination to create a monetary union, COMESA needs to accelerate establishing a COMESA Monetary Institute, which would undertake necessary preparatory work leading to the creation of a COMESA Monetary Union in the zone. In this case, COMESA Clearing House needs to accelerate the establishment of the Regional Payment and Settlement System (REPS) in order to become operational.



163. The Protocol on free movement of persons, labour, services, and the right to settlement and to residence has not become effective. It will become effective when at least seven States will have signed and ratified it. However, since the adoption of the protocol by Heads of State and Government in May 2001, only few Countries signed it.

**164. Status of COMESA**

165. COMESA has reached the first stage on Strengthening existing REC and creation of new RECs where they do not exist. It has also reached the third stage on the Free Trade Area, which was launched in October 31, 2000 as the first step towards full regional integration

**166. Short Term Plan**

167. In order to move the integration process forward, COMESA main activities are as follows:

168. As per the Abuja Treaty, COMESA plans to have Harmonization of monetary, financial and fiscal policies by the year 2014, and Monetary Union by 2018. COMESA also sees the creation of the Free Trade Area as the first step towards full regional integration and the adoption of a common currency by the year 2025.

**IV ECONOMIC COMMUNITY OF CENTRAL AFRICAN STATES (ECCAS)**

169. ECCAS is composed of ten central African states: Angola, Burundi, Cameroon, Central African Republic (CAR), Chad, Democratic Republic of Congo (DRC), Republic of Congo, Equatorial Guinea, Gabon and Sao Tome and Principe. Rwanda, one of the founding Member States, quit ECCAS in June 2007 in favour of the East African Community (EAC). Like Rwanda, Burundi also joined the EAC, leaving its attachment to ECCAS in doubt. The DRC, on the other hand, is embracing membership of both ECCAS and the Southern African Development Community (SADC). Withdrawals and divided loyalties pose a significant threat to the viability of ECCAS.

170. ECCAS was created in 1983 when the Customs and Economic Union of Central Africa (Union Douanière des Etats de l'Afrique Centrale-UDEAC) urged its Member States to widen the trading area. When the treaty establishing ECCAS was signed in Libreville on 18 October 1983 by UDEAC Member States (Cameroon, Central African Republic (CAR), Chad, Congo, Equatorial Guinea and Gabon) and the members of the Economic Community of the Great Lakes States –CEPGL (Burundi, DRC and Rwanda), a formidable trading bloc emerged.

171. ECCAS subsequently became operational in 1985 but soon found itself handicapped by conflicts in the region and by the failure of the members to pay their dues. It was during this period that the organization woke up to the need to go beyond economic issues and incorporate efforts towards peace and security into its wider operations. In February 1999, ECCAS Member States created the Council for Peace and Security in Central Africa (COPAX) with the aim of promoting, maintaining and consolidating peace and security in Central Africa. COPAX entered into force in January 2004.

## **172. Objectives of ECCAS**

173. ECCAS aims to achieve collective autonomy, raise the standard of living of its populations and maintain economic stability through harmonious cooperation. Its ultimate goal is to establish a Central African Common Market.

174. At the Malabo Heads of State and Government Conference in 1999, four priority fields for the organization were identified:

- to develop capacities to maintain peace, security and stability, which are essential prerequisites for economic and social development;
- to develop physical, economic and monetary integration;
- to develop a culture of human integration; and
- to establish an autonomous financing mechanism for ECCAS

175. The COPAX Protocol set up two important mechanisms: the Multinational Peace Keeping Force in Central Africa (FOMAC), and the Central African early-warning system (MARAC).

176. Technical organs of the COPAX council:

- The Central African Early-Warning System (MARAC), which collects and analyses data for the early detection and prevention of crises.
- The Defence and Security Commission (CDS), which is the meeting of chiefs of staff of national armies and commanders-in-chief of police and gendarmerie forces from the different Member States. Its role is to plan, organize and provide advice to the decision-making bodies of the community in order to initiate military operations if needed.
- The Multinational Force of Central Africa (FOMAC), which is a non-permanent force consisting of military contingents from Member States, whose purpose is to accomplish missions of peace, security and humanitarian relief.

177. Both mechanisms have been largely ineffective. Conflicts have continued uncontrollably among ECCAS Member States, while funding to the organisation has shown little result.

178. Despite the challenges facing ECCAS, the organization continues to pursue new projects. One recent endeavour is a joint European Union (EU) and ECCAS project that is aimed at supporting the organisation's Department of Human Integration, Peace, Stability and Security (Département de l'Intégration Humaine, de la Paix, de la Stabilité et de la Sécurité -DIHPSS) in fulfilling its role of detection, prevention and management of conflict within the Central African region.

179. The project envisages equipping MARAC with early warning equipment that will enable MARAC to examine, analyse and react in a timely fashion to crises in the region. Another goal is to capacitate ECCAS in mediating in Member States' conflicts.

180. The project also aims to equip ECCAS to work closely with the Member States in the fight against factors promoting conflict, such as the illicit proliferation of small arms, cross border crime and the illegal exploitation of the region's natural resources. Another essential component of the EU support will be the establishment and coordination of a civil society network within Central Africa that will provide specialised support to ECCAS.

181. The project started in February 2007 and has a time frame of three and half years, with a total budget of € 4 million, financed by the European Development Fund (Fonds européen de développement - FED).

182. ECCAS has an Assembly of Heads of State and Government, Council of Ministers, General Secretariat and an Advisory Commission.

183. The specialized institutions include the Central African Power Pool (CAPP); which was set up in 2003, with an Objective of Organizing and managing an electric power market to satisfy all power demands in Central Africa through an interconnected electric network. Activities undertaken so far are: Administrative and physical installation of CAPP and preparation of additional legal management texts, Preparation of final report of preliminary study on master plan for establishment of an electric power market in Central Africa by 2025, Identification of priority integrating projects (PIP) and projects of the Pilot Cross-border Electrification Programme (PPET); preparation of data sheets and terms of reference for studies on the said projects, Production of communication documents and the Action Plan 2006-2010 and activities for CAPP capacity building.

184. Other programmes, includes trade liberalization, free movement of persons, goods and capital, infrastructure In transport and communications, ECCAS has developed a flexible, inclusive and dynamic master plan as well as priority plan which have been integrated in NEPAD short term plan on transport. Others are agriculture development; energy development, information and communications and technology, environment; and health; ECCAS Free Trade

Area was established since July 2004, for a period of four years with a view to put in place a custom union with a common external tariff by the year 2008. Peace, security and stability has also been one the areas of concerned to ECCAS.

185. ECCAS aims to achieve collective autonomy, raise the standard of living of its populations and maintain economic stability through harmonious cooperation. Its ultimate goal is to establish a Central African Common Market.

186. At the Malabo Heads of State and Government Conference in 1999, four priority fields for the organization were identified:

- To develop capacities to maintain peace, security and stability, which are essential prerequisites for economic and social development;
- To develop physical, economic and monetary integration;
- To develop a culture of human integration; and
- To establish an autonomous financing mechanism for ECCAS

**187. Achievements of ECCAS**

188. ECCAS has made the following achievements:

**189. Promoting Peace and Security in the region**

190. On 28 May 1992, the Secretary-General established the United Nations Standing Advisory Committee on Security Questions in Central Africa and designated the then Centre for Disarmament Affairs in the Department for Political Affairs to serve as the Secretariat of the Committee.

191. The Committee's major goal is to promote peace, security and stability in the central African region through preventive diplomacy, peace-building, peacemaking and peace-keeping, which includes the training of military and security personnel of Member States in the areas of good governance and peace operations.

192. The Member States of the Committee include: Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Rwanda and Sao Tome and Principe, which are also members of the Economic Community of Central African States (ECCAS).

193. Almost all these countries, except Cameroon, Gabon and Sao Tome and Principe, and to some extent Equatorial Guinea, have been theatres of violent internal and sometimes external armed conflicts.

194. Since its establishment, the Committee has been involved in developing and promoting measures in the field of preventive diplomacy, peacemaking and peace building.

**195. The adoption in September 1993 of the Non-Aggression Pact**

196. Its achievements include the following:

197. The adoption in September 1993 of the Non-Aggression Pact among its States members; the adoption of the Pact for Mutual Assistance, the creation of an early-warning mechanism which is the Central African Early Warning Mechanism (MARAC) and the multinational force for Central African (FOMAC) states.

198. In 1999 these mechanisms were consolidated under the oversight of the Council for Peace and Security.

199. In addition, over the years the Committee has also organized a number of events, such as conferences, seminars, workshops and consultations. It has also adopted a number of recommendations, decisions and resolution aimed at strengthening regional peace and security through close collaborative efforts among Member States of ECCAS.

200. The Committee meets twice a year at ministerial level to review political and security developments in the region and also organizes, annually, conferences, seminars and training workshops aimed at attaining its objective. While its two ministerial meetings are funded from the regular budget of the United Nations, the other activities are funded primarily from voluntary contributions from Member States, international donors, foundations, NGOs and private individuals.

**201. Effective Private Sector Involvement**

202. ECCAS has effective private sector involvement in decisions on integration matters, at regional and continental level.

203. ECCAS has been able to put more emphasis on sectoral policies and programmes development.

204. Implementation of the Central African Multinational Force (FOMAC)

205. Progress has also been made to develop the Central African Peace and Security Architecture, especially as regards the operational implementation of the Central African Multinational Force (FOMAC) and the Central African Early Warning System (MARAC) and the establishment of a Directorate for Political and Diplomatic Actions.

## **206. Free Movement of Persons**

207. Concerning free movement of persons, there has been very little progress. However, between some countries of the ECCAS region movement is relatively fluid. No significant progress has been made on the ground.

208. Free movement of goods, services and capital

209. ECCAS Member States adopted a plan for gradual scrapping of tariff fees on intra-community trade known as the ECCAS Preferential Tariff. The time frame for the planned reduction of tariff fees presents is as follows: for traditional handicraft and local products (other than mineral products), 100 percent reduction from 1st July 2004, for the mineral and manufactured products the origin status, 50 percent from 1st July 2004, 70 percent in January 2005, 90 percent in January 2006, and 100 percent in January 2007. The establishment of the free trade area which was scheduled for 31 December 2007, according to the timeframe for EPAs with the EU. However, in July 2007, process of tariff reduction leading to the establishment of a free trade area has not yet begun.

210. The ECCAS undertook a process of harmonization of commercial policies (rules of origin, tariff reduction) with the CEMAC. The CEMAC and ECCAS agreed on issues such as VAT, rules of origin and means of identifying the origin of a product.

211. A Convention on cooperation and legal aid has been concluded and its adoption by the Assembly of Heads of State and Government is the last of the measures required for the implementation of free movement of persons from January 2007.

212. Initiatives on harmonization of sector policies, especially in the areas of agriculture, transport and communication and energy infrastructure have been taken.

213. The launching of a Consensus Blue Print on Transport in Central Africa (PDCT-AC), which aims in the short-term to make it possible by 2010 to travel on a tarmacked roads from one capital to another, in the medium-term to have a consensus framework for negotiations in order to mobilize investments in the area of transport infrastructure and in the long-term to ensures the region has a transport system (all modes of transport included) whose infrastructure and services encourage free movement of persons and goods.

## **214. Challenges**

215. ECCAS, like other Regional Economic Communities is facing some challenges which among others, are the need to speed up its harmonization on

common external tariff, with a view to achieving a customs union in this year 2008; removal of non-tariff barriers; harmonization of customs documents; free movement of people, in particular economic operators; development of supporting infrastructure, such as adoption of the transport master plan, creation of an energy pool for the sub region; and adoption of a food security programme;

216. There is also a need to form a Committee, made up of AUC, ECA and AfDB, to develop a framework for harmonization of the programmes and activities of CEMAC and ECCAS and eventually the integration of the two institutions.

217. There is no free movement between some countries. Some countries require a visa to enter their territories.... These countries evoke security as main reason for delay in implementing decisions taken at the regional level. The lack of political wills to solve the problem of free movement of persons is the main reason of the delay in implementing the protocol. In the short term, there is no action planned to make movement of people in the region more fluid and free. Instruments on the establishment free movement are already in place. All that needs to be done now is implement what has been agreed upon

218. The implementation of various protocols aimed at facilitating movement of goods, services and capital is hindered mainly by lack of stability and the lack or absence of infrastructure linking the countries in the ECCAS region

#### **219. Current Status of ECCAS**

220. In order to move the integration process forward, ECCAS main activities are as follows:

221. ECCAS achieved in completing the first stage in strengthening existing REC and creation of new RECs where they do not exist. It has also adopted a trade liberalization scheme; the free trade area, which has been launched in 2004.

#### **222. Short-Term Plan**

223. ECCAS is intending to have customs union in the course of this year, 2008.

### **V. SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC)**

224. SADC Member States are Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

**225. Objectives of SADC**

226. The objectives of SADC are to:

- Achieve development and economic growth, alleviate poverty, enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through regional integration;
- Evolve common political values systems and institutions; Promote and defend peace and security;
- Promote self-sustaining development on the basis of collective self-reliance, and the interdependence of Member States;
- Achieve complementarity between national and regional strategies and programmes;
- Promote and maximise productive employment and utilisation of resources of the Region;
- Achieve sustainable utilisation of natural resources and effective protection of the environment;
- Strengthen and consolidate the long-standing historical, social and cultural affinities and links among the people of the Region.

**227. Achievements of SADC**

**228. The following are the achievements made by SADC:**

**229. Protocols:**

230. More than two third of SADC protocols have entered into force and most substantive provisions of the regional integration policy are to various degrees under implementation. The protocols are meant to create specific legal regimes in all areas they regulate. For example, legal regime on tourism, health, education, mining, etc

**231. Trade, Industry, Finance and Development:**

232. Significant progress has been made in the area of regional trade integration, which could be described as shown below:

**233. Special agreement on sugar:**

234. A market growth share has been agreed upon which will see a steady increase in sugar tonnage exports into the SACU market until 2012, when total liberalization of the SADC market is expected to take place subject to developments of world market. To monitor the implementation of the agreement, a Technical Committee on Sugar (TCS) comprising of national governments and sugar industries in all Member States was set up.



**235. Mining**

236. Mining is the mainstay of most economies of the SADC region contributing 60 percent to foreign exchange earnings, 10 percent to Gross Domestic Product (GDP) and 5 percent to employment. The protocol of mining facilitated the participation of regional private sector bodies in the formulation of regional policies. Many Member States have bilateral agreements resulting from the cooperation under the Mining Protocol to boost investment.

**237. Infrastructure and Services**

238. On the sector of Transport, Communications and Meteorology, SADC has made achievements in the building and rehabilitation of transport link between Member States. For example, the involvement of the private sector in financing road infrastructure has started paying dividends as demonstrated in the construction of the Maputo Corridor N4 toll road between Maputo in Mozambique and Witbank in South Africa. The railway network in SADC comprises of 14 railways, 12 of which are government owned and two are concessioned.

239. Due to improved transport networks, cross border movement of people, goods and services have become easier.

**240. Energy**

241. On energy sector, the Southern African Power Pool (SAPP) was established in 1995 to expand electricity trade, reduce energy costs and provide greater supply stability for the region's national utilities. Several regional power generation and transmission projects are being developed to avert shortages. The most notable new project is the Western Corridor Project (Westcor), which presently involves utilities of Angola, Botswana, Democratic Republic of Congo, Namibia and South Africa.

242. Through an Inter-Governmental Memorandum of Understanding (IGMOU), SADC Member States established the SAPP in 1995 as a regional body with the objective of optimizing the use of available energy resources in the region and supporting one another during emergencies.

243. The SAPP comprises of 12 SADC Member States and is funded by subscription paid by them. The SAPP facilitates optimal utilization of regional hydro and thermal energy resources and reduces capital and operating costs through coordination.

**244. Water**

245. The implementation of the Water Protocol resulted in the historic launch of the Zambezi Watercourse Commission (ZAMCOM) in July 2004, representing a significant advance toward regional integration.

246. The central objective of the Protocol, which establishes and governs the operations of institutions such as ZAMCOM, is to foster closer cooperation for sustainable and coordinated management; protection and utilization of shared watercourses and advance the SADC agenda of regional integration and poverty alleviation.

**247. Tourism**

248. SADC Member States have taken measures to develop the tourism industry through strategic spatial planning and physical linking of diverse tourism destinations, products and facilities.

249. The Regional Tourism Organisation of Southern Africa (RETOSA) is the SADC institution responsible for the promotion and development of tourism in the region. It is responsible for tourism development and policy coordination in the region.

**250. Food, Agriculture and Natural Resources (FANR)**

251. SADC achievements on the food, agriculture and natural resources sector include:

- Providing leadership and coordination for collective action and cooperation in responding to the region's challenges in agriculture and Natural Resource Management (NRM)
- Harmonising policies, rules and regulations of Member States, in particular through the development and implementation of protocols in fisheries, wildlife and forestry, policies on migrant pests and guidelines on genetically modified organisms, biotechnology and biosafety
- Contributing to enhancing capacities and collaboration for adaptive and pre-emptive research and development of appropriate technologies in agriculture NRM
- Establishing sound policy frameworks and programmes for the conservation of animal and plant genetic resources through the Farm Animal Genetic Resources and the SADC Plant Genetic Resources Centre with its network of National Plant Genetic Resources Centres
- Establishing an effective tracking system for monitoring implementation of the regional programmes on agriculture and natural resources
- Facilitating progressive regional control and prevention of trans boundary animal diseases and establishing a regional office of the World Organisation for Animal Health (OIE)

- Contributing towards the development of policies for regional management of shared aquatic resources as well as ocean and watershed management, and combating illegal fishing

## **252. Achievement in Trans-Boundary Water Resources**

253. In terms of Recognition of the Importance of water as a key finite developmental resource, substantial progress has been made towards establishment of regional mechanisms.

254. Progress has also been made in the development and implementation of a comprehensive programme and recognition of the fact that resources need to be shared and managed jointly, sustained political will in joint management of trans-boundary water.

255. On the part of Contributing water to practical regional integration and making pioneering experience and permanent forum for liaizing with and coordinating donor support to the water sector, achievement has also made partnerships strengthened and steady increase of flow of resources towards the programmes and projects.

## **256. Stability**

257. The achievement of political independence by SADC Member States, which started in the early 1960s, was finally completed with the attainment of independence of Namibia in 1990 and the end of South African apartheid regime in 1994.

258. Peace in Angola is another positive step towards greater political stability in the region. The positive developments in DRC are also encouraging and increase the prospects for more effective cooperation and integration of the SADC region.

259. During the 1990s, most SADC Member States adopted multi-party systems of government. Accordingly, the region witnessed the holding of regular elections. This trend has been sustained. These developments are attributable to improvements in political and economic governance, democracy and an atmosphere of peace and security that has prevailed since the beginning of the 1990s. Such an environment is crucial for poverty reduction through cooperation and integration.

## **260. Free Movement of persons**

261. Regarding free movement of persons, following are the achievements made by SADC

- Entry of citizens from a member country on the territory of another member country is not subjected to obtaining a visa for a maximum period of ninety days per year.
- Authorization to reside on the territory of a member country must be obtained through application of a permit from the authorities of the concerned country in conformity with the legislation of this member state.
- The right to settlement consists of a permit given to a citizen of another member country by a member state in conformity to its national legislation to undertake an economic activity or a profession, either as a salaried person or as an investor.

## **262. Free movement of goods, services and Capital**

263. Certain achievements have also been made on accelerating free movement of goods, services and capital. These are as follows:

- Initiatives aiming at harmonising custom procedures and instruments (including electronic exchange of customs data) were undertaken.
- A single customs administrative document (SADC CD) was developed to facilitate harmonisation of customs declaration in SADC region.
- A law on customs model to facilitate harmonisation of customs national legislations.
- A nomenclature of common tariffs was adopted.
- A proposal of regional transit framework was developed.
- A review of rules of origin started in 2007.
- A software of trade facilitation: for example, Promotion of a single counter at border posts and the implementation of SADC Transit Chain Bond Guarantee regulations;
- Updating non tariff obstacles undertaken on 2007 with an action plan aiming at informing, monitoring and eliminating non tariff obstacles,
- Harmonisation of trade liberalisation through a Task Force formed by SADC, COMESA and EAC;
- A draft protocol on trade and service; a protocol on free movement of people, goods, Capital and services,
- Regional qualifications frameworks, harmonisation of education systems in the region in order to facilitate free movement of people and man power.

## **264. Challenges**

265. Since SADC plans to have a free trade area in the course of this year, and custom union in the year 2010, could possess a challenge that SADC has to have a strategy in order to accomplish it on time. The customs union can only come into place only when there is a full free trade area

266. Within SADC there is also SACU, which is at an advanced stage of integration. There is a need to get all the SADC Member States to the level of that customs union. Some SADC Member States are also members of COMESA, which plans to have its own customs union in the year 2008. Member States cannot be part of two customs unions at the same time. This contravenes Member States belonging to the same RECs (SADC and COMESA), therefore Member States would have to join only one custom union which could possess a challenge for both COMESA and SADC to convince. Therefore there is a need for both RECs to share their formulation and see how they could merge and make the integration process moves forward.

267. A coordinated regional and continental wide approach to infrastructure financing, institutional harmonisation and policy coordination needs to be pursued to ensure that the benefits and opportunities accruing from preferential access are optimised. This can be achieved within the overarching framework of the NEPAD initiative. Improving the transport infrastructure on the continent is critical to enhancing trade.

268. Broader infrastructural development and investment in the energy and telecommunications sectors is also needed. Public investment and development assistance targeting infrastructural development and maintenance is essential in the absence of domestic and foreign private investment and may also act to stimulate private investment.

269. The 1997 protocol about facilitation of free movement of people is yet to be enforced. However, Member States are planning to promote a favourable environment so that all workers of the region can have a right to an adequate social protection and receive enough social security benefits regardless of their status or type of employment which among others are non finalisation and ratification of Finance and Investment Protocol and absence of a harmonisation policy between Member States.

270. Implementation and follow up of trade liberalisation is confronted by lack of data and capacity in Member States at SADC national committee level .

## **271. Current Status of SADC**

272. In order to move the integration process forward, SADC main activities are as follows:

273. As per the Abuja Treaty, SADC has reached the second stage, which requires the gradual elimination of tariff and non-tariff barriers.

274. It has also passed through the first stage in strengthening its organisation

**275. Short Term Plan**

276. SADC has strategic objectives that amongst others are:

- To achieve a Free Trade Area by 2008, which involves the elimination of tariffs and non-tariff barriers
- To establish a SADC Customs Union by 2010, which includes the establishment of a Common External Tariff and harmonization of behind-the border policies
- To improve the overall business and investment climate and achieve convergence on selected macro-economic indicators
- To enhance industrial competitiveness and diversify SADC economies by promoting intra-regional trade, productive investment and technology cooperation
- To accomplish a Common Market by 2015 and a Monetary Union by 2018

**VI. ARAB MAGHREB UNION (AMU)**

277. Member States of the AMU comprises of the Great Arab Peoples Socialist Republic of Libya, Republic of Tunisia, Democratic Republic of Algeria and Popular, Kingdom of Morocco and Islamic Republic of Mauritania

278. Objectives of the Arab Maghreb Union

279. Declaration and signing a treaty establishing the Arab Maghreb Union (Marrakesh: 17 / 2 / 1989)

- The Union was originally formed principally to enable its members to negotiate with the EU when it declared a single European market and to encourage trade and economic co-operation by allowing freedom of movement across frontiers.
- The main objectives of the AMU Treaty are to strengthen all forms of ties among Member States (in order to ensure regional stability and enhance policy coordination), as well as to gradually introduce free circulation of goods, services, and factors of production among them. Common defence and non-interference in the domestic affairs of the partners are also key aspects of the Treaty. The Treaty highlights the broad economic strategy to be followed, namely, the development of agriculture, industry, commerce, food security, and the setting up of joint projects and general

economic cooperation programs. Finally, the agreement provides the possibility for other Arab and African countries to join the Union at a later stage.

- The union proclamation states that the creation of the bloc was a step towards the eventual unity of all Arab states, in a gesture to Libyan leader Muammar Gaddafi, who had proposed extending the confederation to include Chad, Mali, Niger and Sudan.

280. Arab Maghreb Union organized; Five Summit of Heads of States, 26 Sessions of the Council of Foreign Ministers, Meetings of committees and councils of ministers in charge of Commerce: January 2007, Transport: March 2007, Finance: March 2007, Post and Telecommunications: June 2007, Food safety: June 2007, Youth and sport: June 2007

### **281. Achievements**

282. Concrete AMU achievements to-date include electricity inter-connection among the five Member States, establishment of a joint groundwater monitoring system for the Sahara, the Albian Aquifer System shared by three Member States (Algeria, Libya and Tunisia) and establishment of a Union of Maghrebine Banks in Tunis.

283. AMU has also made conclusions of 38 conventions and agreements, which six are entered into force that are as follows:

- i. Agricultural quarantine.
- ii. Promotion and protection of investments
- iii. Establishing the Authority for Maghreb for Investment and Foreign Trade
- iv. The exchange of agricultural products
- v. Double taxation and application of the rules of exchange cooperation in the field of income tax
- vi. Transport of passengers, goods and transit

284. Other achievements are:

- Electrical interconnection of the five countries of the AMU
- Establishment of a Union Bank Maghrébine (Tunis)
- Establishment of a Union of Drivers Mughrabi (2006)
- Creation of a Maghreb Union of Employers (2007)
- Creation of a North African Farmers' Union (Tunis)
- Launching a website on environmental protection and combating desertification (2006)
- Launching a new portal of UMA (May 2007)

**285. Free Movement of Persons**

286. Arab Maghreb Union has made progress on the free movement of persons although it has not become effective to all Member States.

**287. Free Movement of goods, services and capital**

288. Member States belonging to AMU have managed to somehow conclude several bilateral agreements in different areas. The crossing of these bilateral agreements allows a certain consistence to AMU's multilateral relations framework. The existence of regional projects based on interconnection of road and rail networks gives hope of substantial strengthening of regional integration.

**289. Challenges**

290. There is still absence harmonization of standards. Efforts intensified Maghreb currently finalizing a draft agreement on the establishment of a free trade area could possess a challenge for AMU. The foundations of this area have already been traced by the Declaration of Tunis Summit in April 1994.

291. On the other hand, advocate the free movement of factors of production and goods within an economic space, can not do without a harmonisation of social policies, cultural and environmental within the same space.

292. AMU needs to put efforts in harmonizing their region because if a country is ready to sign an agreement outside the same region, it should not be impossible for the Member States to have similar agreement amongst themselves. For example, on June 15, 2004, the U.S. and Morocco signed a Free Trade Agreement (FTA). The FTA immediately eliminated tariffs on 95 percent of bilateral trade, with the remaining tariffs to be eliminated over the next nine years. The U.S.-Morocco FTA is the first in Africa and the first under the Middle East Free Trade Area initiative. Morocco has also signed several agreements with the European Union on economic cooperation, and one establishing a free trade zone for industrial goods over a 12-year transition period.

293. Similarly, in May 2001, Morocco and Tunisia agreed to set up a free trade zone ahead of the 2010 target for trade barriers. This could further explored and extended to other AMU Member States in order to accelerate the process of integration. Other Member States that do not belong to UMA and which have signed the same agreement with Morocco and Tunisia are Egypt and Jordan.

294. AMU has got to look into the high and inhibitive tariffs generally, which gives high protection to certain local products.



295. Products traded in the AMU region are still subjected to licences and other nit, picking control measures on the origin of the product.

**296. Current Status of AMU**

297. AMU has reached the first stage of the Abuja treaty by strengthening of its organization.

**VII. INTER-GOVERNMENTAL AUTHORITY ON DEVELOPMENT (IGAD)**

298. The Intergovernmental Authority on Development (IGAD), in Eastern Africa was created in 1996 to supersede the Intergovernmental Authority on Drought and Development (IGADD) that was founded in 1986.

299. The recurring and severe droughts and other natural disasters between 1974 and 1984 caused widespread famine, ecological degradation and economic hardship in the Eastern Africa region. Although individual countries made substantial efforts to cope with the situation and received generous support from the international community, the magnitude and extent of the problem argued strongly for a regional approach to supplement national efforts.

300. In 1983 and 1984, six countries in the Horn of Africa - Djibouti, Ethiopia, Kenya, Somalia, Sudan and Uganda - took action through the United Nations to establish an intergovernmental body for development and drought control in their region.

301. The Assembly of Heads of State and Government met in Djibouti in January 1986 to sign the Agreement, which officially launched IGADD with Headquarters in Djibouti.

302. In April 1995 in Addis Ababa, the Assembly of Heads of State and Government made a Declaration to revitalise IGADD and expand cooperation among Member States. On 21 March 1996 in Nairobi, the Assembly of Heads of State and Government signed 'Letter of Instrument to Amend the IGADD Charter / Agreement' establishing the revitalised IGAD with a new name " The Intergovernmental Authority on Development".

303. The Revitalised IGAD with expanded areas of regional cooperation and a new organisational structure was launched by the IGAD Assembly of Heads of State and Government on 25 November 1996 in Djibouti, the Republic of Djibouti.

**304. Objectives of IGAD**

305. The main objectives of IGAD are as follows:

- Promote joint development strategies and gradually harmonize macro-economic policies and programmes in the social, technological and scientific fields;
- Harmonize policies with regard to trade, customs, transport, communications, agriculture, and natural resources, and promote free movement of goods, services, and people within the region.
- Create an enabling environment for foreign, cross-border and domestic trade and investment;
- Achieve regional food security and encourage and assist efforts of Member States to collectively combat drought and other natural and man-made disasters and their natural consequences;
- Initiate and promote programmes and projects to achieve regional food security and sustainable development of natural resources and environment protection, and encourage and assist efforts of Member States to collectively combat drought and other natural and man-made disasters and their consequences;
- Develop and improve a coordinated and complementary infrastructure, in the areas of transport, telecommunications and energy in the region;
- Promote peace and stability in the region and create mechanisms within the region for the prevention, management and resolution of inter-State and intra-State conflicts through dialogue;
- Mobilize resources for the implementation of emergency, short-term, medium-term and long-term programmes within the framework of regional cooperation;
- Promote and realize the objectives of the Common Market for Eastern and Southern Africa (COMESA) and the African Economic Community;
- Facilitate, promote and strengthen cooperation in research development and application in science and technology.

### **306. Achievements of IGAD**

307. IGAD has achieved by establishing effective and efficient mechanisms networks, processes, specialized institutions and partnerships for the execution of its regional activities.

308. IGAD also established specialised institutions including the Conflict Early Warning and Response Mechanism (CEWARN), IGAD Business Forum, East Africa Standby Brigade, and the IGAD Climate Prediction and Application Center for Monitoring and Forecasting (ICPAC).

### **309. Conflict Early Warning and Response Mechanism (CEWARN):**

310. The conflict Early Warning and Response Mechanism (CEWARN) is an initiative of the Inter-governmental Authority on Development (IGAD), designed to serve the region as a mechanism that systematically anticipates and responds to violent conflicts in a timely and effective manner.

311. IGAD's decision to establish CEWARN at its 8th Summit in 2000 followed from its revitalization in 1996 and the expansion of its mandate to cover Peace and Security as well as broader development issues. It was also based on IGAD's realization that timely intervention to prevent the escalation or to mitigate the worst effects of violent conflicts is more effective and would also prove much cheaper both in terms of human and material resources than dealing with full-blown crises.

312. The Protocol agreement to establish CEWARN was signed by the Council of Ministers of IGAD in January 2002 and entered into force in August 2003. The CEWARN office was officially opened in Addis in June 2003.

313. CEWARN's vision is embodied in the tagline, Stakeholders Empowered to Prevent violent conflicts! Accordingly, its mission is to establish itself as an effective and sustainable sub-regional mechanism that undertakes conflict Early Warning and Early Response and fosters cooperation among relevant stakeholders in order to respond to potential and actual violent conflicts in the region in a timely manner.

314. Although the Horn of Africa is a region that is ravaged by conflicts that range from intra-state and Inter-state to cross border community conflicts, CEWARN has adopted an incremental approach initially focusing exclusively on pastoralist conflicts – of both inter-communal and cross-border nature - before expanding to other types of conflicts in due course.

315. Since its establishment, the CEWARN through its network of Field Monitors, Country Coordinators, National Research Institutes and Conflict Early Warning and Response Units (CEWERUs) at the national level, has been monitoring and reporting on pastoralist conflicts in two pilot areas: the Somali cluster (that incorporates parts of Kenya, Ethiopia and Somalia) and the Kamaroja cluster (that incorporates parts of Ethiopia, Kenya, Sudan and Uganda).

316. CEWARN has established itself as a sub-regional mechanism with the most developed data-based regional Early Warning System in Africa. It has developed an effective state-of-the-art field monitoring and data analysis tool

317. It has brought to light hitherto unrecognized extent of violence in the pilot pastoralist areas

318. It has conducted capacity building for Conflict Prevention, Management and Response (CPMR) in the region through skill training of stakeholders at various levels.

319. It has managed to build confidence and collaboration amongst various stakeholders including governments, and CSOs

320. CEWARN recognizes, however, that there exist gaps in its early years of operationalization including the lack of an effective response component for the mechanism and the need to expand its information base and areas of reporting to cover all Member States.

321. In this regard, CEWARN has developed a five-year strategy (2007-2011) to fill in these gaps and be able to play its role as an effective and sustainable sub-regional mechanism for Conflict Early Warning and Early Response.

**322. Gender Issues:**

323. Issues on Gender are given prominence as guiding principles in areas on Food Security and Environment Protection, Economic co-operation and Integration, Peace and Security including humanitarian affairs and other cross cutting areas such as HIV/AIDS Monitoring and Evaluation in the IGAD Region.

324. Within the Framework of Strategy, the IGAD secretariat have now developed the Gender Policy and Strategy Document outlining what will be done in the next five years. IGAD recognizes the importance of women participation at all levels of Peace making and Peace building and Rehabilitation as a pre-requisite for sustainable development.

325. The Gender Mainstreaming Peace Building for the IGAD Region is a primary task for IGAD's vision. Further, IGAD has ensured the participation of women in the Somalia National Reconciliation Conference and on the Sudan Peace Process, the major milestone for IGAD in this area, is the signing of the various Peace Protocols. In these two processes women have played central role.

**326. Implementation of IGAD Sub-regional Action Programme (IGAD-SRAP) in the context of the UNCCD**

327. The United Nations Convention to Combat Desertification (UNCCD) is one of the most significant achievements emanating from the 1992 United Nations Conference on Environment and Development (UNCED).

328. Its aims are to combat desertification and mitigate the effects of drought through effective interventions at all levels, supported by international co-operation and partnership arrangements in the fields of technology transfer, information collection and dissemination, scientific research and development as well as mobilization of financial resources.

329. Complimentary National, Sub-regional and Regional Action Programmes have been developed and are being implemented to fight the scourge of desertification in Africa and worldwide as called for in the Convention.

330. IGAD with the support of the Global Mechanism (GM) has established an IGAD Sub-regional Support Facility. GM has provided some seed funds to “jump-start” the facility.

331. The purpose of SSF (Sub-regional Support Facility) is to enable IGAD support CCD activities in the sub-region by facilitating identification and formulation of concepts for projects and programmes development under SRAP or NAPs.

332. In 2006, several activities were undertaken to consolidate the direction and activities of the SSF and implementation of the UNCCD in the sub-region. These include:

- (i) Support to the implementation of the SRAP and NAPs;
- (ii) Community Exchange and Training Project (CETP); Ps.
- (iii) Strengthened IGAD SSF Partnership base.

333. A major strength of IGAD is the large and diverse population in the Region and the political commitment of the leadership of the Member Countries towards the idea of regional cooperation.

334. Despite prevailing bilateral differences between some Member States, there is a positive commitment towards IGAD as an institution. This can be exemplified by the regular participation of all countries in the meetings of the IGAD policy organs, financial contributions paid for the up-keep of the Secretariat and the establishment of highly political instruments such as CEWARN, which has implications for the individual states. This political will for regional cooperation is one of the strongest assets of IGAD.

335. Another strength of IGAD is the creation of platforms and fora for technical experts from the Member States for discussing issues in the mandate/programmes.

336. These platforms are created specifically for the purpose of exchange of views on a specific topic e.g. the IGAD Ministerial Transport Sector Committee (MTSC) and IGAD Ministers for women, Regional committees on Meteorology Energy and technical meetings for the elaboration and coordination of joint concepts and positions.

337. The IGAD Secretariat has gained substantial experience in organising and facilitating processes leading to meetings, fora and workshops that are

particularly important for exchange of information and experience, and formulation of compatible development policies and concepts.

**338. Activities on capacity building**

339. Activities on capacity building are another major strength of IGAD. These include identification of training needs, development of training concepts, mobilising funds, organising, conducting or facilitating workshops covering the whole range of IGAD activities including cross cutting themes like information management, gender and mediation processes. The participants include key professionals, high-level officials like Ministers, Permanent Secretaries, Ambassadors and Parliamentarians.

340. Over the years, the Secretariat acquired and built up particular skills in guiding and facilitating processes and workshops for development of concepts, strategies, policies and programmes. These capabilities offer a big potential for the optimisation of such processes and for the transfer of these skills to key professionals in the IGAD member countries.

341. The IGAD Secretariat plays an increasingly important role in enhancing efforts towards regional coordination and working towards common position of the Member States in various regional and international fora, meetings, and conferences.

**342. Coordination mechanisms with other Regional Economic Communities**

343. IGAD has also been able to establish coordination mechanisms with other regional economic grouping such as COMESA, EAC, and IOC under the auspices of the Inter Regional Coordination Committee (IRCC)

**344. Rationalization with the Regional Economic Communities (RECs)**

345. IGAD is also trying to take steps in rationalization with other RECs. During the last IGAD Policy Organ meetings, IGAD Secretariat appraised the meetings of the on-going debate on rationalization of the Regional Economic Communities (RECs) within the AU/AEC/RECs framework of cooperation. Pursuance to the exercise, IGAD Secretariat was directed by the Council of Ministers of IGAD to "Follow closely the on-going rationalization of the RECs in Africa and ensure that IGAD remains a REC as defined under the Abuja Treaty and the AU Constitutive Act".

346. In this regard, the Secretariat prepared an IGAD Position Paper, which was presented to the Meeting of Experts on the Rationalisation of the RECs in Lusaka, Zambia for the ESA region.

347. IGAD has also tackled a number of cross-border issues, namely, trade and marketing, infrastructure and energy, early warning system, livestock diseases, sharing of natural resources and escalating conflicts.

**348. Trade and marketing**

349. Under trade, IGAD has promoted the COMESA programme on trade to avoid duplication of efforts and resources. This includes the customs union, WTO negotiations and Economic Partnership Agreement (EPA). On marketing IGAD has established Marketing Information Systems for Crops and Livestock on the Internet, established website and the networking points in the Member States.

**350. Infrastructure**

351. IGAD has played a role of advocacy to support the Member States in improving roads connecting countries, for example, the improvement of Kenya – Uganda road. IGAD is now working hard to see that the road to Ethiopia from Kenya is constructed. ADB has provided the funds.

**352. Seaports**

353. Supported the upgrading of Djibouti Sea Port to handle huge consignments for Ethiopia.

**354. Electricity**

355. Advocating for cross border electricity power pools to increase electricity access in the region e.g. Ethiopia has enormous water resources for hydropower. There is already sharing of power between Kenya and Uganda.

**356. Water Resources**

357. In shared water resources, not much has been done by IGAD. However, initiatives like Nile Initiative Basin (NIB), are handling such cases to avoid duplication.

**358. Early Warning Systems**

359. Those related to weather, droughts and rainfall patterns have been established. Example is the creation of IGAD Climate Prediction and Application Centre-Nairobi (ICPAC), which coordinates the weather and climate Early Warning Systems in the region.

**360. Diseases and pests**

361. Endeavors have been made to address the livestock diseases in the region. AU/IBAR together with IGAD are closely working together for surveillance and eradication of livestock diseases. The pests e.g. the Desert Locust Control Organization (DLCO) in the Horn of Africa is addressing Locusts.

**362. Conflicts**

363. IGAD is widely known on the peace processes of Sudan and Somalia. IGAD has established an early warning on conflicts organization known as conflict Early Warning Mechanism CEWARN.

**364. IGAD Climate Prediction and Application Centre (ICPAC)**

365. The Horn of Africa, like many other parts of the tropics, is prone to extreme climate events such as droughts and floods. These extreme events have severe negative impacts on key socio-economic sectors of all the countries in the sub-region.

366. In an effort to minimise the negative impacts of extreme climate events and take advantage of the good years, 24 countries in the eastern and southern African sub-region under the auspices of UNDP established a regional Drought Monitoring Centre (DMC) in Nairobi and a sub-centre in Harare in 1989.

367. At the end of the UNDP funded Project in 1998 and due to the increased demand for climate information and prediction services, the Nairobi and Harare components now operate independently and are referred to as the Drought Monitoring Centre, Nairobi (DMCN) and the Drought Monitoring Centre, Harare (DMCH). DMCN caters for countries in IGAD and other countries in the Horn of Africa region, while DMCH is responsible for countries in southern Africa.

368. The 10th Summit of the IGAD Heads of State and Governments that was held in Kampala, Uganda in October 2003 ratified the decision of the 8th Summit that was held in Khartoum, Sudan in November 2000 to absorb DMCN as an autonomous specialized Institution of IGAD.

369. The science and implementation plans for DMCN was completed in 2003 through USAID/REDSO funding. The strategic plan recommended the change of name of DMCN to IGAD Climate Prediction and Application Centre (ICPAC) in order to reflect better all its new mandates, mission and objectives within the IGAD system.

370. Three parallel objectives, which, taken together capture ICPAC's capacity to perform sound scientific work and apply the results through collaboration with an expanding and educated base of users.



- I. To improve the technical capacity of producers and users of climatic information, in order to enhance the input to and use of climate monitoring and forecasting products;
  - II. To develop an improved, proactive, timely, broad-based system of information and product dissemination and feedback, at both sub-regional and national scales through national partners;
  - III. To expand the knowledge base within the sub-region in order to facilitate informed decision making, through a clearer understanding of climatic and climate-related processes, enhanced research and development, and a well managed reference archive of data and information products.
371. Its Operational activities include:
- Development and achieving of regional and national quality controlled databanks. Calibration of satellite derived climate records.
  - Data processing including development of basic climatological statistics.
  - Timely acquisition of near real time climate and remotely sensed data.
  - Monitoring space-time evolutions of weather and climate extremes over the region.
  - Generation of Climate Prediction and Early warning products.
  - Delineation of risk zones of the extreme climate events.
  - Networking with the National Meteorological and Hydrological Service (NMHS)s and regional and international centres for data and information exchange.
  - Timely dissemination of early warning products.
  - Public awareness and education of sectoral users of meteorological products.
  - Development of sector specific climate information and prediction products.
  - Organisation of Climate Outlook Forums
  - Interactions with users through regional and national users workshops and pilot application projects, etc.
  - Climate change monitoring, detection and attribution.
  - Assessment of the impacts and vulnerability associated with climate extremes.
  - Research in climate and related fields.

**372. Monitoring of past climate:**

373. The recent past climate over the Horn of Africa is monitored on a dekadal (ten day), monthly and seasonal time scales in order to detect the evolution of

any significant anomalies that could impact negatively on the socio – economic activities of the region.

374. These are provided through, Dekadal, monthly and seasonal summaries of rainfall and drought severity Monthly temperature anomalies.

375. The current state of climate is monitored and assessed using climate diagnostics and modelling techniques. These are derived from information on the state of the Sea Surface temperature anomalies over all the major ocean basins, surface and upper air anomalies of pressure, winds and other climate parameters.

376. Prediction products are derived from statistical models run at the centre and dynamical model outputs from advanced centres on a dekadal, monthly and seasonal time scales. The Centre has recently acquired a super computer to enhance its dynamical modelling capability and is in the process of calibrating a regional spectral climate model for the Horn of Africa that will be implemented in the near future.

377. The prediction products are provided through outlooks for a dekad, month and season. Consensus pre-season climate outlook fora, which are also, organised in conjunction with the major climate centres worldwide in order to derive a single consensus forecast for the region.

378. Impacts include an assessment of the vulnerability together with the current and potential socio-economic conditions and impacts (both negative and positive) associated with the observed and projected climate anomalies is also made on a dekadal, monthly and seasonal time scales.

379. These products are disseminated to all National Meteorological and Hydrological Services of the participating countries to serve as early warning information to a variety of sectoral users of meteorological information and products including policy makers, planners, health, energy, agricultural and water resource sectors, farmers as well as research institutions among others.

380. Other Achievements are:

- Creation of a climate data bank that is constantly updated
- Capacity building in data processing, climate monitoring & modelling, and prediction
- Upgrading of ICPAC computing facilities Improved regional climate modelling and prediction capacity.
- Uninterrupted and timely production and dissemination of early warning information
- Enhanced collaboration between NMHSs of the participating countries especially in the area of data exchange.

- Collaboration between ICPAC, NMHSs and advanced regional diagnostics Centres has been enhanced especially with regard to climate modeling and prediction capabilities.
- Climate capacity building workshops, Capacity building users' workshops and climate outlook forums has been successfully held.
- Enhanced capacity of NMHSs in statistical modelling for diagnostic analysis and prediction.
- Enhanced computing capacity of the NMHSs.
- Close collaboration between climate scientists and users of climate information has been fostered.
- Pilot application projects have been initiated with some sectoral users

### **381. Free Movement of persons**

382. Regarding free movement of persons, a regional suggestion on the management of migratory influxes and capacity building was elaborated

### **383. Free movement of goods, services and capital**

384. A study on the harmonisation of investment act in IGAD region was undertaken in this regard.

### **385. Challenges**

386. Due to insufficient agricultural technology, agriculture in the IGAD region still possesses a challenge. There is a need of having an efficient mechanization scheme that would result into sufficient agricultural produce. Lack of low level of infrastructure, proper storage facilities for the produce is still a challenge that IGAD region needs to work on it. In the short term run, IGAD could develop some marketing skills by making sure that products produced are sold immediately. However there is need of putting the storage facilities in place in order to have persistent mechanism in the region.

387. IGAD is also facing a challenge due to lack of employment within the region. Rural people move to urban regions seeking for employment opportunities. There is a need of extending education in the rural areas and create awareness campaign in order to encourage elders not to allow their children and instead pursue with their education.

388. Diseases, such as Malaria and HIV/AIDS have also possessed a challenge in the region. There is a need for IGAD region to sort out intra-state conflicts such as Sudan, Uganda and Somalia and also inter-state conflict such as Ethiopia and Eritrea. Conflicts derail the growth of the economy and as such there is a need for IGAD together with the AU to speed up the peace initiatives in order for the development of the region.

389. Since members of IGAD region also belongs to COMESA, there is a need of coherence and avoiding of duplication, in order for the region to integrate. The programmes that COMESA is proceeding with should be parallel with IGAD region, and this would need both RECs to share their information and update themselves on the day-to-day activities in order to have coherence and avoid any duplication. There is also absence of a legal instrument promoting people's mobility in the IGAD region.

### **390. Current Status of IGAD**

391. As per the Abuja Treaty, IGAD has reached the first and second stage by strengthening of its RECs, and also harmonised of its policies and programmes.

### **392. Short Term Plan**

393. In order to move the integration process forward, IGAD main activity is as follows:

- On movement of persons, IGAD has a memorandum of understanding with COMESA in order to avoid duplication.

## **VIII. COMMUNITY OF SAHEL-SAHARAN STATES (CEN-SAD)**

394. The Community of Sahel-Saharan State; CEN-SAD is a framework for Integration and Complementarity.

395. Member States of CEN-SAD comprised of Benin, Burkina Faso, Central African Republic, Republic of Chad, Cote d'Ivoire, Djibouti, Egypt, Eritrea, The Gambia, Ghana, Guine.3 Bissau, Guinea Conakry, Liberia, Libya, Mali, Morocco, Niger, Nigeria, Senegal, Sierra Leone, The Somali Democratic Republic, Sudan, Togo, and Tunisia.

### **396. Objectives of CEN-SAD**

397. Its establishment was to achieve the following objectives:

- Establishment of a comprehensive economic union based on a strategy implemented in accordance with a developmental plan that would be integrated in the national development plans of the Member States. It includes investment in the agricultural, industrial, social, cultural and energy fields.
- Elimination of all obstacles impeding the unity of its Member States through adopting measures that would guarantee the following:
  - (a) Facilitating the free movement of individuals, capital and meeting the interest of Member States citizens.

- (b) Freedom of residence, work, ownership and economic activity.
- (c) Freedom of the movement of national goods, merchandise and services
- (d) Encouragement of foreign trade through drawing up and implementing an investment policy for Member States.
- (e) Enhancement and improvement of land, air and sea transportation and telecommunications among Member States through the implementation of joint projects.
- (f) Consent of the community Member States to give the citizens of Member States the same rights and privileges provided for in the constitution of each member state.
- (g) Coordination of pedagogical and educational systems at the various educational levels, and in the cultural, scientific and technical fields.

**398. Achievements:**

399. The CEN-SAD is a market of 400 million consumers. A 2003 analysis of foreign trade demonstrates that total exports reached USD 77,270.8 million dollars compared with USD 88,354.9 million leaving a trade balance deficit of 11,083.5 million dollars.

400. The main trading partner of the CEN-SAD area is the European Union, which accounts for 36% of exports. Africa accounts for less than 10% of Community trade flows. Inter-community trade is slightly under 6%. These figures provide a picture of the trade volume opportunities for agricultural products, livestock breeding and fishing that need to be exploited and developed.

401. CEN-SAD has developed a strategy of 2007 on its activities. Based on recommendations of Ministerial Meeting on Agriculture and Environment, the strategies were discussed and adopted in 2007, which covers three main aspects that came out of this recommendations, Food Security and poverty eradication, water and desertification.

402. CEN-SAD has also been able to put harmonization programmes on the road by involving other RECs and even organized meeting in 2007 with other regional economic communities in Africa. All RECs were invited and the information was also shared with the RECs that were absent.

403. The CEN-SAD community has been able to integrate within the regional and international circles.

404. CEN-SAD believed that there is a need of building knowledge management system and identified programmes, which could strengthen this complimentarily. For example, water projects could be an exercise of putting the RECs together and harmonise them.

405. General secretariat of UMA, CEN-SAD, and UEMOA have designed a community-based programme to counteract desertification and shared with African Union. CEN-SAD believes the need to sharing information and data with other RECs, which is a good step in trying to give in the process of harmonization on track.

406. It has now put in place Social affairs and gender and also getting in touch with other RECs to see how they could move forward. Focus is also on social development programme, child and youth protection and women and gender.

407. On peace and security, CEN-SAD covers 25 member countries and helps in non-interference conflict. It organizes meetings of security, defence, chief of defence staff, heads of external security department, justice ministers in order to try and tackle problems jointly which among others are; cross boundary, arms traffic, drugs, human traffic and illegal immigration.

408. To manage these problems, the security ministers meet every year to review and put in place measures of solving problems. Focal points are in every country to solve security problem in order to act quickly when problem arises. Early Warning System is in place in order to avoid conflict.

409. CEN-SAD is also promoting partnership with other organizations like the United Nation High Commissioner for Refugees (UNHCR) by trying to share ideas and tackle problems together.

410. For the case of Sudan and Chad conflict, CEN-SAD played a role by bringing the two parties together.

411. CEN-SAD is now involving private sector to help in projects and has now a bank for trade and investment in helping business people. This bank has branches in all CEN-SAD Member States.

412. CEN-SAD is convinced of the following issues

- The importance of its strategic role and what this role represents in terms of human and material resources that made of the Community the largest regional organization
- High humanitarian spirit and participation along with the international Community in the settlement of its various issues and with an open mind
- It materializes the free political will and courage of the Leaders and Heads of State
- Represents a real expression of their historic sense of responsibility towards the people of the Community

413. Other areas of achievements made by CEN-SAD are as follows:

**414. In the “Political, Peace, Security” sphere**

415. CEN-SAD has high level and regular political consultation, in pursuance of the provisions of the United Nations Charter (Chapter VIII) and the protocol establishing the Peace and Security Council, dealing with impending crises through specific mechanisms. It has concerted and coordinated fight against factors of crisis and insecurity.

**416. In the “Trade, Integration and Social” sphere**

417. CEN-SAD launched

- The trade liberalization process in accordance with the 3 June 1991 Abuja Treaty
- Launched the process for the free movement of people which is bearing fruit and believes in doing more to facilitate the freely movements of the people in the region
- Launched the process aimed at improving the living conditions of women and children

**418. In the area of “Rural Development and Environment”**

419. CEN-SAD has made the following achievements:

- Contribution to “Strengthening the Lake Chad” project
- Adoption and implementation, with the technical support of the FAO, of a “Rural Development Strategy”
- Launch of hydro-agricultural projects to create and consolidate food security
- Launched in member countries of campaigns for the treatment of, and vaccination against, epidemics and epizootic disease
- Conducted studies within the context of the “Great Green Wall”
- Conducted a study on the establishment of a common market for agricultural commodities

**420. In the area of Infrastructure and Transport**

421. CEN-SAD made achievements in

- Institutional and political support to integrating transport infrastructure projects
- International support designed to open up some countries through the Tripoli-Niger-Chad-Nigeria highway and railway on the same itinerary

**422. Adoption of a host of Convention Agreements**

**423. CEN-SAD also achieved in**

- Creation and launched of activities of an Economic, Social and Cultural Council in Bamako (Mali)
- Creation and launched of activities of a Regional Bank “Sahelo-Sahelian Bank for Investment and Trade – BSIC-SA” with branches in member countries.

**424. Free movement of people**

425. Holders of diplomatic passports are exempted from visa obligations in the CEN-SAD zone. This privilege shall be extended to students, businessmen, athletes, academicians. Libyan authorities authorised CEN-SAD citizens who are holders of diplomatic and service passports to have free entry on their territory.

**426. Free movement of goods, services and capital**

427. One of the CEN-SAD gains is the CEN-SAD Trade and Investment Bank. The objective of creating this bank is the private sector support, financing commercial investments and development. The Bank has branches in different Member States.

**428. Challenges**

429. Following are the challenges facing CEN-SAD.

430. CEN-SAD like other regional economic communities, need to have coordinated regional and continental wide approach to infrastructure financing, institutional harmonisation and policy coordination. Improving the transport infrastructure on the continent is critical to enhancing trade as stated at the beginning of the CEN-SAD trade within and outside the region.

431. CEN-SAD main trading partner area is the European Union, which accounts for 36% of exports. Africa accounts for less than 10% of Community trade flows. Inter-community trade is slightly under 6%. There is a need for Member States to open up its market in order to allow intra trade activities taking place and hence accelerate the process of regional integration.



432. The creation and launched of activities of a Regional Bank “Sahelo-Sahelian Bank for Investment and Trade – BSIC-SA” with branches in member countries is the right move towards integration.

433. The draft agreement on “ Free movement and settlement of people on the territory of Member States of Sahelo-Saharan Community States” is not yet in force.

434. On legal texts, CEN-SAD does not have a legal instrument like an agreement on free movement of people that will put pressure on Member States for it to be implemented

435. Several constraints delay the realisation of the community’s immense potentialities: weak transport infrastructure that make it difficult to link agricultural production areas to urban consumption markets as well as export markets, poor state of telecommunication infrastructure, insufficient energy production, etc. Only three countries (Egypt, Morocco and Tunisia) re-carpeted more than 50% of their road network, while only eight out of 23 have railway lines. These insufficiencies pose problems to countries without coasts, which by definition do not have access to the ocean and thus depend on their neighbours for external trade

#### **436. Current Status of CEN-SAD**

437. In order to move the integration process forward, CEN-SAD main activities are as follows:

438. CEN-SAD has draft conventions in free trade area and convention of common market on agriculture sector.

439. It has been able to reach the first stage of the Abuja treaty by strengthening its organization. It has also been able to reach the third stage, which is a free trade area.

### **XI. EAST AFRICAN COMMUNITY**

440. The East African Community (EAC) is the regional intergovernmental organization of the Republics of Burundi, Kenya, Rwanda, Uganda and the United Republic of Tanzania with its Headquarters in Arusha, Tanzania.

441. The Treaty for Establishment of the East African Community was signed on 30th November 1999 and entered into force on 7th July 2000 following its ratification by the Original 3 Partner States – Kenya, Uganda and Tanzania. The Republic of Rwanda and the Republic of Burundi acceded to the EAC Treaty on 18th June 2007 and became full Members of the Community with effect from 1st July 2007.

**442. Objectives of EAC**

443. Following are the main objectives of the East African Community

- promotion of a sustainable growth and equitable development of the region, including rational utilisation of the region's natural resources and protection of the environment;
- strengthening and consolidation of the longstanding political, economic, social, cultural and traditional ties and associations between the peoples of the region in promoting a people-centred mutual development;
- enhancement and strengthening of participation of the private sector and civil society;
- mainstreaming of gender in all its programmes and enhancement of the role of women in development;
- promotion of good governance, including adherence to the principles of democracy, rule of law, accountability, transparency, social justice, equal opportunities and gender equality; and
- promotion of peace, security and stability within the region and good

444. The realization of a large regional economic bloc encompassing Burundi, Kenya, Rwanda, Tanzania and Uganda with a combined population of 120 million, land area of 1.85 million sq kilometers and a combined gross domestic product of \$ 41 billion, bears great strategic and geopolitical significance and prospects of a renewed and reinvigorated East African Community.

445. EAC's focus is to boost productivity through promotion of investments, industries and trade. The region has rich and varied natural resource base of vast fertile lands, mineral, water, energy, forestry and wildlife resources offering great scope for agricultural, industrial, tourism and trade development and expansion.

446. The EAC countries uphold good governance, free market economy and rule of law, peace, security and stability as the prerequisites for regional development and global partnership.

**447. Achievements of EAC**

448. Like other regional economic communities, EAC has also made good progress since its formation. Among the significant achievement is the confidence building measures and harmonization of Partner States' policies and programmes.

449. A primary objective is to reinforce a common East African identity within the vision of a fully integrated East Africa, where there shall be guaranteed movement of the factors of production.

450. Steps already taken in this regard include the introduction of the East African Passport and harmonization of vehicle transit procedures and requirements to ease border crossing.

451. In addition, policies continue to be pursued towards application of national status treatment to East African nationals in any of the Partner States with respect to access to services in the fields of health, education and training, legal and judicial affairs, tourism and communications, among others.

452. EAC has already established of convertibility of East African Currency in 1997 and is looking forward to have a single currency by 2012.

453. Progress has been made in the promotion of investments and trade as well as identification and development of various regional infrastructure projects cutting across roads, 6 railways, civil aviation, posts and telecommunications, energy and the Lake Victoria Development Programme.

454. There are high expectations that the region would meet its potential to turn into an epicentre around which a wider Community could be built. Already, with the entry of Rwanda and Burundi, the resource base of the Community has been raised with exciting prospects for rapid progress towards EAC's transformation into a middle-income economy by the year 2020.

455. Indeed, the East African Community is strategically located to become the economy hub under an Eastern and Central African economic entity.

456. On agriculture and food security, EAC still put emphasis on agriculture and food security. During 2006, the EAC Partner States adopted and signed the instruments in the development of Agriculture and attainment of Food Security for the Community, including the Agriculture and Rural Development Policy and the Agriculture and Rural Development Strategy.

457. The Agriculture and Rural Development Programme is one of the identified major planks of the 3rd EAC Development Strategy whose implementation would be placed on a high priority in the period ahead.

458. On the energy part, it has been observed that serious effects of the drought on the regional economies experienced in the recent past have gathered attention on urgent measures to redress the energy deficit in the region.

459. The East African Power Master Plan envisages a timeframe of up to seven years to a full-fledged Regional Power System with the creation of a Power Pool as a central feature.

460. The implementation of the Power Master Plan will cover both power generation and transmission projects at an estimated cost US\$ 1.2 billion and US\$ 600 million respectively for generation and transmission projects over the implementation period.

461. The 3rd East African Petroleum Conference was held in Arusha in March 2007 against the background of the positive developments in the discoveries of traces of oil in the Albertine Graben, in Uganda during 2006 by Hardman Resources and Heritage Oil and Gas ; the location of gas deposits in the Mkuranga well south of Dar es Salaam by Maurel and Prom; the development of the Mnazi Bay gas field by Artumas Group to use the gas to produce electricity for Mtwara and Lindi regions; not to mention the earlier discoveries of gas in Songo Songo which is on-stream; the first drilling of an exploration well in deep waters offshore Kenya by Woodside Energy Limited; and the ongoing development of the geothermal potential in the Kenya section of the Great Rift Valley

#### **462. Custom Union**

463. Where the phases of EAC integration involves establishment of Custom Union as the entry point into the Community, EAC has been able to establish a Custom Union, which is a good achievement in the assessment of integration. This is also important, as it has been the objective of the EAC since its formation.

464. Partner States agreed to establish a Customs Union details of which shall, inter alia, include; application of the principle of asymmetry; the elimination of internal tariffs and other charges of equivalent effect; elimination of non tariff barriers; establishment of a common external tariff; rules of origin; dumping; subsidies and countervailing duties; security and other restrictions to trade; competition; duty drawback and remission of duties and taxes; customs cooperation; re-exportation of goods; and simplification and harmonization of trade documentation and procedures.

465. All the EAC countries have reported increased revenues since the operations of the EAC Customs Union were launched. These developments give confidence and comfort where, at the beginning, there were expressions of fear and diffidence over the introduction of the Customs Union. Consequently, the mood is upbeat as the region proceeds to the establishment of the Common Market.

466. Under the East African Community (EAC) Custom Union, the Partner States adopted a programme of eliminating import duties on some products from Kenya being exported to Tanzania and Uganda within five years.

467. The reduction of import duty rates on specified goods is done progressively every successive year. This therefore means the first round of reduction of internal tariffs came into force on 1st January 2006.

**468. Strengthening of an East African Identity**

469. There have been developments designed to foster the feeling of integration among the people of the EAC and to facilitate an East African identity. These have included the introduction of the East African Community flag, the launching of an East African anthem and the East African passport.

470. The East African passport is issued in all three East African partner states. The East African passport is a travel document designed to ease border crossing for East Africans.

471. It is a document valid for travel only within the countries of the East African community and allows the holder a multi- entry, renewable, stay of up to six months in any of the three partner states.

**472. Harmonisation of monetary and Fiscal Policy**

473. The EAC Treaty obliges the partner states to cooperate in monetary and financial matters in order to establish and maintain macroeconomic stability within the community.

474. Such policy of harmonization in the region is key to encouraging trade expansion and growth. Discussions in this area are progressing much faster than with regard to trade policy where some hard issues are yet to be resolved.

475. Harmonization policies include convertibility of the partner States currencies, harmonization of banking rules and regulations, harmonization of Finance Ministries pre and post budget consultations, regular sharing of information on budgets and reading of budget statements on the same day.

**476. Transport and Communications:**

477. EAC has been able to achieve tripartite agreement on transport ratified by partner States to facilitate interstate road transport through reduced documentation for crews and vehicles at border crossing, harmonised requirements for operation licensing, customs and immigration regulations, establishment of the Sectoral Council on transport, Communications and Meteorology.

478. The East Africa Links Project Corridor includes the following transport network improvements:

Tanzania

- Dar-es-Salaam -Dodoma- Isaka- Mutukula- Masaka (2020 km)
- Biharamulo-Mwanza-Musoma-Sirari-Lodwar Lokichogio in Kenya (449 km)
- Tunduma-Sumbawanga-Kasulu-Nyakanazi (1121 km)
- Tunduma-Sumbawanga -Nyakanazi (1056 km)

Uganda

- Malaba/Busia -Katuna (636 km)
- Masaka -Mutukula (85 km)
- Kapchorwa -Suam -Mbale -Lwakakha (128 km)

Kenya

- Mombasa -Malaba
- Isebania -Lokichogio (954 km)
- Namanga -Moyale (128 km)

479. The construction of the Arusha- Namanga- Athi River road is planned to commence in November 2007 while feasibility and design studies continue for the Arusha – Holili – Taveta – Voi; and investment preparations for the Tanga – Horohoro. An estimated US \$1 billion has been utilized in the implementation of these projects with a target for implementation by 2008.

480. Partner states directly implement components of the project within their borders with the support of the World Bank, European Union, and the African Development Bank among others, with the Secretariat coordinating the realization of the whole project on a regional basis through regular consultative meetings and conferences.

481. The task force is studying the harmonization of road transit charges, and addressing road safety issues in the region. On railway transport, projects are on going for the construction of the Tanga -Arusha -Musoma -Port Bell/Jinja Railways that would make substantial impact on the efficiency of the East African railway system.

482. The partner states are currently working on modalities to establish an East Africa Railways Master Plan that aims at improving the railway network. The Improvement of the railway network goes together with the improvement of the ports at Mombasa and Dar-es-Salaam that act as the gateway to landlocked East African countries.

483. The handover of Kenya Railways Corporation and Uganda Railways Corporation to Rift Valley Railways Company took place as scheduled on 1st November 2006.

484. The concession agreement between RITES of India and the Government of Tanzania was initiated in September 2006. Meanwhile, the Governments of Tanzania and Zambia considered the recommendations of the Chinese Study Team report to chart the way forward for the concessioning of Tanzania-Zambia Railway Authority (TAZARA).

485. In the Civil Aviation sub-sector, the East African Community established the regional agency to oversee the implementation of the International Civil Aviation Organization's (ICAO) standards and recommended practices towards the enhancement of aviation safety and security.

486. The Protocol for the Establishment of the EAC Civil Aviation Safety and Security Oversight Agency (CASSOA) was signed at the Extra-Ordinary Council of Ministers Meeting in Arusha on 18 April 2007. The Extra-Ordinary Council also appointed the first Executive Director of CASSOA among other staff of the Agency and the Agency became operational in May 2007.

487. Other achievements in transport and communications include the implementation of the Cross-Border Telecommunication Conductivity, implementation of the East African Postal Automation Project, conclusion of a Tripartite Inland Waterways Agreement and completion of the study on the assessment of the status of Lake Victoria Ports.

#### **488. Expanding Regional Programmes**

489. By implementing the lake Victoria Environmental Management Programme, and ratification of the tripartite agreement on Inland Waterways transport in the EAC, East African partner states have taken a number of steps to preserve the lake through the implementation of the lake Victoria Environmental Management Program.

490. Partner states ratified the Tripartite Agreement on Inland Waterways Transport in 2004 that provides a harmonized legislation covering Inland Waterways Transport in the EAC to enhance transport and safety on the lake. The establishment of the lake Victoria Commission mandated by the East African partner states in ensuring sustainable use of lake Victoria is vital for the sustainability of lake Victoria.

491. The Lake Victoria Basin Commission was officially launched on 11 July 2007. The Commission is rolling out the development programmes of the Lake, including safety of navigation, environmental protection and conservation and overall sustainable development of the Lake and its basin.

492. The activities include the management of the Mount Elgon Regional Ecosystem Conservation Programme (MERECP), which embraces parts of Uganda and Kenya; and the Lake Victoria Region Water and Sanitation Initiative project is being implemented in partnership with UN - HABITAT.

493. Meanwhile the Lake Victoria Fisheries Organization (LVFO) continues to coordinate measures for sustainable utilization of the fisheries resources of Lake Victoria, in particular the reorganization of the fishing communities in the management and collaborative activities on the fishery of the Lake.

494. Similarly, the establishment of new Commissions, notably the East African Science and Technology Commission, East African Health Research Commission, East African Kiswahili Commission and the East African Community Civil Aviation Safety and Oversight Agency have phenomenally expanded the regional programme. Coupled with this expansion of the regional programme, is the enlargement of the Community itself with the entry of Rwanda and Burundi.

#### **495. East African Development Bank**

496. The East African Development Bank continues to pursue programmes designed to enhance the Bank's capacity to play a more substantive and sustainable role as a regional development finance institution.

497. The Bank's financial performance has constantly improved with net profits rising by over 100% in each of the last 4 years through issues of bonds, administration of lines of credit and cross-currency swaps. Summit directive, the EADB has submitted to the EAC concrete proposals on how it can transform itself into a lead agency for promoting regional integration projects.

#### **498. Social Sectors**

499. Under the social sectors great strides were made with the establishment of the various Commissions, including the East African Science and Technology Commission, East African Kiswahili Commission and the East African Health Research Commission whose programmes would be rolled out during the life of the 3rd EAC Development Strategy (2006-10).

500. The Inter-University Council for East Africa whose current membership stands at 46 affiliated universities drawn from both public and private universities in the region, is managing several strategic research programmes.

501. Under the social sectors, the negotiations of the Protocol on Free Movement of Persons, Labour, Services, Right of Establishment and Residence are being undertaken jointly with the negotiations of the East African Common



Market whose establishment has been prioritized in the Third Development Strategy.

## **502. Foreign Policy Coordination**

503. EAC has been able to sign memorandum of understanding on Foreign Policy Coordination in 2002 and Collaboration in diplomatic and Consular Activities.

504. The modalities include collaboration in diplomatic and consular activities; collaboration in economic and social activities; liaison and exchange of information; and collaboration in administration and capacity building. In the meantime, the study on the implementation of Article 123 of the Treaty on the Establishment of Common Foreign Policy has begun.

## **505. Joint Tourist Promotion Initiatives**

506. Signed of protocols such as protocol on environment and natural resources management and the protocol for the standards criteria for the classification of hotels, Restaurants and other tourist's facilities.

507. As part of the joint effort to promote East Africa as a single tourist destination, partner states have participated in major international travel markets forums including the World Travel Market in London November 2005 and the International Tourism Bourse in Berlin in March 2006.

508. EAC participated in the World Travel Market (WTM) in London in November 2006 and also in the International Tourism Fair in Berlin in March 2007 at which the Partner States held joint promotion under one common exhibition area for the first time at the international fair. The East African tourist boards plan will extend such joint promotion and marketing to the Asian, Far Eastern and American markets in the period ahead.

## **509. Free movement of persons**

510. Regarding free movement of persons, EAC has made the following progress:

- The EAC passport allows multiple entries and exits to citizens from a given member state for a period of six months.
- Partner states commit themselves to cooperate in putting in place a social partnership between governments, employers and employees so as to increase manpower productivity through efficient production. Partner states agree to develop a mutual recognition of professional qualifications.
- Studies on the theme "Harmonisation of employment policies in East Africa" and "Harmonisation of work legislation in East Africa" were

finalised and presented in stake holders' workshops that were held in Kampala on 20th June, in Nairobi on 27th June, in Dar-es-Salaam on 18th July 2007 and in Zanzibar on 20th July 2007.

#### **511. Free movement of goods, services and capital**

512. Following are the achievements made on the free movement of goods, services and capital:

- A complete liberalisation of capital markets in almost all Member States;
- Regular meetings for Central Bank Governors;
- The EAC, through international funding undertook a study with a view to creating a capital market and a Stock Exchange for East Africa;
- A company quotation for different companies is in the process;
- Currencies of EAC countries are convertible amongst themselves;
- Company shares can be exchanged in all Stock markets of Member States;
- The EAC is promoting the exchange of commercial services between member countries;
- Activities are also planned as part of the implementation of the Common Market: negotiations on the Protocol of the Common Market have started; Summit of the EAC decided that the protocol on the Common Market should be in place by 2010;
- A model of Investment Code was developed and adopted;
- All Member States are regarded as local investors and their stocks are sold or exchanged on this basis;
- Creation of border points to facilitate movement across borders;
- The implementation of the customs union is planned between 2005 and 2010. The 1st round of reduction on products from Kenya to Tanzania and Uganda was implemented on 1 January 2006 and the 2nd round, was made on 1 January 2007;
- The programme for the elimination of tariffs is underway as planned to reach 0% on all items traded within the EAC on 1 January 2010. A zero tariff is applied effectively on trade in goods from Uganda and Tanzania, Kenya and between Uganda and Tanzania;
- The Development Committee of the capital market has continued to lead the process of harmonization of policies on financial markets to develop a regional capital market in East Africa. At their meeting in April 2007, they agreed to a study for greater integration of financial markets in the region in conformity with the Development Strategy 2006-2010;
- The implementation of the tripartite agreement EAC for road transport to facilitate and reduce the cost of transit transport in the region through the reduction of documentation procedures for transit transport, including those procedures related to customs, immigration and police checks.

### **513. Challenges**

514. The major challenge confronting the EAC Partner States is the diversification of its agriculture and industry to fit both the comparative and competitive advantages given the impact of climatic change and the resultant extreme vagaries of weather that have afflicted the sub-region in recent years. There is a need to have innovative ways of boosting more sustainable agricultural production capable to address growing food insecurity. EAC need to promote a higher level of industrialization focused on adding value to its agricultural conditions through agro-processing in line with the East African Community Industrialization Strategy.

515. There is a need for the EAC to have a critical look at the current status of the its activities, mapping out future direction of the Community, prioritizing regional programmes and activities and, on whole, putting the EAC integration process moving forward are the key challenges. The effectiveness and sustainability of EAC development depends on resolute political will and greater involvement of the people in awareness and participation in the integration and development process; maintenance of peace and security, including good governance; active promotion of a science-based entrepreneurial culture; development of indigenous capacity for investment, including human resource capacity; and development of good and principled relations with other African regional economic communities and the international community at large within a competitive world economic system.

516. There is a need for the Republic of Rwanda and Burundi to speed up the process of integrating fully into the EAC Customs Union. Member States should move expeditiously towards the establishment of a Common Market and a Monetary Union by 2012. The EAC Secretariat in this case needs to explore the possibility of achieving the threshold of the Customs Union sooner and to develop a strategic framework to fast-track establishment of the Common Market and the Monetary Union.

517. The process of liberalization of trade in the EAC region is facing some challenges. The liberalization of capital is faced with the problem of harmonization of policies to develop a regional capital market in East Africa. In addition, the passage to the Customs Union common market represents a decisive phase in the history of the Commonwealth. Indeed, this passage may be slowed by the non-compatibility of policies applied nationally

### **518. Current Status of EAC**

519. In order to move the integration process forward, EAC main activities are as follows:

520. The regional integration process reached a high pitch in 2007. The encouraging progress of the East African Customs Union, the enlargement of the Community with the admission of Rwanda and Burundi, the negotiations of the East African Common Market as well as the underpinning process towards East African Federation all underscored the serious determination of the East African leadership and citizens to construct a powerful and sustainable East African economic and political bloc. EAC has been able to strengthening existing REC and creation of new RECs where they do not exist. It has also established the third stage of forming a Custom union that came into force in January 2005.

#### **521. Short-Term Plan**

522. EAC plans to harmonize its monetary, financial and fiscal policies by the year 2009. The EAC also aims at widening and deepening co-operation of the Partner States in, among others, political, economic and social fields for their mutual benefit. To this extent the EAC countries are working towards the establishment of a Common Market in 2010, a Monetary Union by 2012 and thereafter a Political Federation of the East African States.

### **X. PROGRESS MADE TOWARDS REGIONAL INTEGRATION IN AFRICA**

523. The African Economic Community (AEC) is an organization of African Union states establishing grounds for mutual economic development among the majority of African states. The Member States are mounting efforts to collaborate economically, but are impeded among others by civil wars raging in parts of Africa. The stated goals of the organization include the creation of free trade areas, customs unions, a single market, a central bank, and a common currency thus establishing an economic and monetary union.

#### **524. RECs as Pillars of the African Economic Community**

525. Currently there are multiple regional blocs in Africa, Regional Economic Communities (RECs) many of which have overlapping memberships. The RECs consist primarily of trade blocs and, in some cases, some political and military cooperation. Most of these RECs form the 'pillars' of AEC, many of which also have an overlap in some of their Member States. Several of these pillars also contain subgroups with tighter customs and/or monetary unions of their own:

526. These pillars of the Regional Economic Communities in Africa are as follows:

- Community of Sahel-Saharan States (CEN-SAD)
- Common Market for Eastern and Southern Africa (COMESA)
- East African Community (EAC)
- Economic Community of Central African States (ECCAS/CEEAC)
- Economic Community of West African States (ECOWAS)

Intergovernmental Authority on Development (IGAD)  
Southern African Development Community (SADC)  
Arab Maghreb Union (AMU/UMA)

**527. Goals**

528. The AEC founded through the Abuja Treaty, signed in 1991 and entered into force in 1994 is envisioned to be created in six stages:

1. (To be completed in 1999) Creation of regional blocs in regions where such do not yet exist
2. (To be completed in 2007) Strengthening of intra-REC integration and inter-REC harmonisation
3. (To be completed in 2017) Establishing of a free trade area and customs union in each regional bloc
4. (To be completed in 2019) Establishing of a continent-wide customs union (and thus also a free trade area)
5. (To be completed in 2023) Establishing of a continent-wide African Common Market (ACM)
6. (To be completed in 2028) Establishing of a continent-wide economic and monetary union (and thus also a currency union) and Parliament
  - End of all transition periods: 2034 at the latest

529. Stages progress as of September 2007:

- Stage 1: Completed
- Stage 2: Steady progress, nothing factual to check.
- Stage 3: In progress nothing factual to check
- Stage 4: no progress yet
- Stage 5: no progress yet
- Stage 6: no progress yet

530. The following table indicates the status of the Regional Economic Communities.

Figure 3: Status of the Regional Economic Communities

Abuja Treaty Stages	First Stage	Second Stage		Third Stage		Fourth Stage	Fifth Stage	Sixth Stage	
	Strengthening existing REC and creation of new RECs where they do not exist	Coordination and harmonization of activities	Gradual elimination of tariff and non-tariff barriers	Free Trade Area	Customs Union	Continental Customs Union	Harmonization of monetary, financial and fiscal policies	Monetary Union	Economic Union
RECs projections	IGAD	IGAD							
	SADC		SADC		in 2010		in 2015		in 2018
	CEN-SAD			CEN-SAD					
	ECOWAS			ECOWAS	in 2008			in 2009	
	COMESA			COMESA	in 2008		in 2014	in 2018	
	ECCAS			ECCAS	in 2008				
	EAC				EAC		in 2009		

Source: Table prepared by the Internal source

**Note:**

Monetary Union: ECOWAS plans to implement in 2009 while COMESA in 2018

Customs Union: ECOWAS, COMESA and ECCAS targets to have Customs Union in 2008 while SADC in 2010

Common Market: COMESA target is 2014, EAC 2009 and SADC 2015

531. Current status of each of the Regional Economic Communities is as follows:

**Harmonization of policies and programmes:** IGAD

**Elimination of tariff and non-tariff barriers:** SADC

**Free trade area**

- i. ECOWAS
- ii. COMESA
- iii. CEN-SAD
- iv. ECCAS

▪ **Common Market**

- i. COMESA in 2014
- ii. EAC in 2009
- iii. SADC in 2015

▪ **Customs Union**

- i. EAC
- ii. CEMAC
- iii. ECOWAS in 2008
- iv. COMESA in 2008
- v. ECCAS in 2008
- vi. SADC in 2010

▪ **Monetary Union**

- i. CEMAC
- ii. ECOWAS in 2009
- iii. COMESA in 2018

532. From the information given above, it is important to note that ECOWAS, COMESA and ECCAS will establish a customs union in 2008. However, SADC plans to form a customs union, at a later date, in 2010. EAC, and CEMAC have already established customs unions. IGAD, SADC and CEN-SAD, are yet to reach the second stage of integration, stipulated in the Abuja Treaty. AMU's status is not yet well known.

533. The schedule for the establishment of a common market also varies. For instance, EAC plans to form one in 2009, whereas COMESA has proposed to launch one in 2014 and then SADC, a year later, in 2015.

534. Regarding the establishment of the monetary union, ECOWAS plans to form one by 2009. However, COMESA's monetary union is expected much later, in 2018.

535. As the status of AMU is unknown, it emerges from the aforesaid that in 2008, ECOWAS, COMESA and ECCAS will join EAC, and CEMAC in the customs union stage; and that the other RECs – IGAD, SADC and CEN-SAD will arrive at the second and third stages.<sup>399</sup> The above situation calls for the following recommendations:

- i. Given the fact its Member States are also members of COMESA, IGAD should be invited to adopt the same programmes as COMESA and to take appropriate measures to achieve customs union by 2008
- ii. SADC Member States which (with the exception of South Africa, Botswana and Mozambique) are also members of COMESA, could benefit from the latter's experience and capitalize on Member States of Southern Africa Customs Union (SACU) thereby speeding up the progress towards customs union and establishing it between 2008 and 2012.
- iii. In this regard, the creation of a SADC/COMESA FTA could represent the best compromise, with members deciding which customs union to belong to as second stage. Both SADC and COMESA can then put in a time-bound programme for harmonizing their CETs towards low and uniform structures as positive step towards a possible merger and the eventual realization of AEC.
- iv. CEN-SAD, which also includes ECOWAS Member States, except Guinea, should be invited to closely study the status of ECOWAS and harmonize its programme with that of the latter. The only predictable difficulty will be Morocco's refusal to accede to this initiative and customs harmonization between ECOWAS Member States and those of AMU plus Egypt. As for CEN-SAD Member States, which belong to ECCAS, they could enter into customs union with the latter in 2008.
- v. Assuming that the RECs, which are, yet to do so, will indeed achieve customs union, establishment of a continental common market between 2012 and 2014 and creation of economic union between 2014 and 2017, could be envisaged for all the RECs.

536. Although RECs are characterized at present by overlapping memberships, inadequate appreciation and underfunding (UNECA, 2002), there are certain successes that RECs have come up with.

537. In some of the region of the continent, some RECs have been able to transform their economic and monetary cooperation efforts into a powerful driving force for economic policy coordination and integration. Structures required to achieve the objective of creating a genuine single market have been set up with the responsibility of implementing regional integration initiatives.

538. Structures required the objective of creating a genuine single market have been set up with the successful establishment of regional institutions vested with the responsibility of implementing regional integration initiatives.



**539. Progress made by the African Union**

540. The step from a Secretariat to a Commission is one of the major changes of the AU Constitutive Act, embodying the will to make a qualitative move forward towards more integration.

541. The AUC has been conceived as a collegial institution independent from Member States, which has the competence to represent the Union.

542. AU also plays the role of coordination and harmonisation of activities and of implementation of inter-African cooperation, which was previously carried out by intergovernmental institutions (the OAU Assembly and the Council of Ministers). In certain policy areas, the Commission proved that it was in a position to offer real added value to Member States.

543. Development of an African Peace and Security Architecture, (APSA), including a Peace and Security Council. The AUC has also been instrumental in setting-up complex peace operations (e.g. Darfur) and attracting donor backing and funding (African Peace Facility)

544. Emerging of the institutions of the African Union: the Pan-African Parliament (PAP), the Economic, Social and Cultural Council (ECOSOCC) and the African Court on Human and Peoples' Rights (ACHPR).

545. At the end of its first mandate, the AUC offers concrete results. The institution is nevertheless still in the reforming of the long-term processes. The first pillar of the AU institutional transformation process (ITP) relates the institutional strengthening of the Commission, which sometimes had to cope with limited means (including financial ones) to reach consequent objectives.

546. The progressive implementation of judicial control is another major step towards a stronger Union. A major step was reached with the entry into force of the Protocol establishing the ACHPR on January 1, 2004 and the election of its 11 judges in January 2006 at the occasion of the 6th ordinary session of the AU Assembly.

547. The latter hold its first session at the occasion of the 7th Summit of the AU in Banjul. The establishment of the AU Court of justice is however still pending as negotiations on the project to merge it with the ACHPR are still ongoing.

548. Progresses have been done regarding the status of the Regional Economic Communities (RECs) as "building-blocks" of the AU. A project of Protocol on relations between the AU and the RECs has been adopted by the legal experts and Permanent Representative Committee joint meeting in March 2005, offering a good basis to rely on.

549. Protocol on relations between the African Union (AU) and the Regional Economic Communities (RECs) has now been signed on 27<sup>th</sup> January 2008.

550. Decision Assembly/AU/Dec.112 (VII) on the moratorium on the recognition of RECs (Banjul Decision 2006).

551. Decision Assembly/AU/Dec.113 (VII) on the institutionalization of the Conference of the African Ministers of Integration (Banjul Decision 2006).

552. The establishment of Stand-by Brigades in five chosen RECs within the framework of the APSA, in collaboration with the AU Commission, is a step forward in creating the potential of such a partnership.

**553. Challenges to Member States to accelerate regional integration**

554. The success of any integration process depends, to a significant degree, on the political commitment by Member States to implement its treaties and protocols. The lack of implementation by governments would tend to show that there is lack of political will. For instance, if REC Member States are required to ratify and implement a protocol on trade liberalization or free movement of people, the citizens of that REC and other stakeholders may be dissatisfied with the member State which does not ratify and implement the protocol. Commitment to the integration process beyond rhetoric will lack transparency and scrutiny without adequate structures of communication.

555. There is a need of having a transparent information and knowledge about Member States' commitments to the integration process which will, therefore, offer an avenue for stakeholders to get a sense of the performance of Member States, serve as an agency of restraint, and motivate Member States to deliver on their commitments.

**556. Challenges to involve Stakeholders to accelerate regional integration**

557. It is imperative important to involve the African populations, including the civil society, in the integration effort. Stakeholders also need to be empowered to participate in monitoring Africa's integration process in order to enhance the accountability of the regional institutions mandated to spearhead the process within their respective sub-regions.

558. A platform to provide holistic information and knowledge about Africa's integration agenda and processes would provide a means by which they can probe and scrutinize what transpire within these institutions and thus facilitate the popularization and democratization of the integration process.

559. Stakeholders including the civil society, the private sector and other societal groups are often not equipped with relevant information required for sound appreciation of the integration agenda, processes, progress and challenges within their countries and regions.

543. It is through the active involvement of all these groups in the regional integration processes that regional integration would be felt and supported at the national level.

## 560. Challenges of the RECs

561. The Continent's high enthusiasm for regional integration has not been matched by commensurate political will and commitment of Member States to effectively implement agreements reached under various integration arrangements.

562. The continent's development challenges are compounded by numerous pandemics notably the HIV/AIDS, malaria and tuberculosis, which pose significant threats to human capital development and the attainment of the MDGs.

563. Challenges also remain with respect to deepening democracy beyond elections, strengthening economic governance and the state of law, and fostering a state that effectively delivers services and promotes pro-poor growth and accountability.

564. Energy access and security constitutes another serious constraint to Africa's efforts to attain sustainable and inclusive growth. Despite the continent's vast energy resources, its levels of energy access lag far behind the rest of the world. More than 600 million Africans still rely on traditional biomass as their main source of energy and more than 500 million have no access to electricity, with connection rates as low as 2.3% in many rural areas.

565. In addition, energy supply has been hampered by high oil prices and inefficient utilities and end-uses. Cross-border collaboration in energy trade is also weak in the region<sup>2</sup>. Thus, additional efforts are needed, in some sub-regions, to harness the benefits accruing from regional energy policy frameworks and coordination mechanisms, such as gas and power pools and the integration of regional energy markets.

566. Few countries on the Continent seem to be prepared for the partial surrender and the pooling of sovereignty, which is critical for the success of any regional integration scheme. Many protocols have been signed but some RECs are yet to implement them. This is due to absence of effective sanctions against defaulting Member States and weak enforcement and implementation capacity. Lack of political will and commitment has been reflected in the failure to meet target dates set for the attainment of objectives.

567. The integration process on the Continent is also constrained by the high incidence of conflicts among Member States. Conflicts hinder integration and development by curtailing economic activities, destroying infrastructure and constituting a serious barrier to the flow of trade and investment. Effectiveness of the process is also being limited by the multiplicity of schemes, which imposes a huge burden on the limited administrative and financial capacities of the countries concerned and leads to conflicting obligations.

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<sup>2</sup> UNDP Regional Programme Document for Africa (2008-2011)

568. This explains why most Member States find it difficult to adequately meet financial obligations to integration schemes and the failure of such schemes to effectively implement their programs and policies.

569. Africa's regional integration process has also been set back by the poor design and sequencing of the arrangements. This is reflected in the heavy emphasis of most of the schemes on trade liberalization and market integration without much regard for the fostering of production integration/regional complementarities or the development of regional infrastructure (especially transport and communication) to drive market integration.

570. The inability to adequately handle issues relating to bad governance ,poor accountability and lack of transparency, promoting political stability, peace and security is a big challenge.

571. The absence of self-financing mechanisms for the regional integration organizations; the inadequacy of mechanisms to ensure that the benefits of integration are equitably distributed among the Member States; the lack of involvement of the private sector and civil society in the integration process; and the disproportionate time allocated to conflict-related issues, which has significant implications for the skills and competencies required by the RECs.

## **572. Challenges of the African Union**

573. Problem associated with the failure of regional integration in Africa is due to the less intra-African regional trade. This poses a serious challenge to the AU.

574. Despite emphasis on the vitality of economic integration and the continent's natural and mineral resources, most states have proved to be economically unviable. The reliance on limited export commodities has played a role in weakening economic integration and intra-African trade. These poses a challenge for the AU in addressing the economic challenges faced by Member States.

575. The regional process of economic integration must be viewed within the context of the continental efforts towards economic and political integration.

576. Difficulties of enforcing sanctions to Member States that do not comply

577. The AU Summit held in Banjul, Gambia in July 2006 recognised the pace of integration on the continent must be accelerated. Africa cannot become a full-fledged member of the international community without having achieved its own monetary and economic integration. The AU challenge will be to bring close these RECs in order to make the integration process moves forward.

578. The AU recognises the existence of the Regional Economic Communities in Africa and seeks to coordinate and harmonise their policies

as a basis for attaining the objectives of the Union. The problem that arises is multiple memberships of such regional economic unions by some Member States, which in turn leads to competing interests and further disintegration rather than integration. It is important to state that some RECs have parallel programmes and memorandum of understanding that is a positive step towards harmonization. This needs to be encouraged and get the RECs to take more steps in harmonizing themselves.

579. Clear directives and leadership must come from the African Union as to the path they should follow. Existence of many borders, languages, political and economic factors as well as lack of human and financial resources possess a challenge for the AU.

## **XI. RECOMMENDATIONS**

580. Regional Economic Communities in Africa have made progress in trying to achieve some objectives. However, further efforts based on the long term objectives still needs to be encouraged. These efforts would require the Continent to revisit its regional cooperation and integration scheme.

581. There is an also inadequate effort to harmonise activities among the RECs. Although some RECs have memorandum of understanding with others, in various sectors of cooperation, there is still a need for some RECs to have the political will and confidence building measures for the integration process to move forward. Instead of RECs being seen as competing with others, the focus should be more on integration. This would necessarily require “good” leadership that could convince Member States on the positive aspect of integration.

582. Sectoral Meetings between AU and the RECs should be encouraged to assist in enhancing common stand on specific subject under discussion. Such meetings would create a clear picture and come up with common strategies thus enhancing the implementation of any recommendation made.

583. There is a need of encouraging the use of best practices amongst the RECS especially on institutions that have been created and are making progress in their enhancement of further integration amongst RECs.

584. African Union in collaboration with RECs and other partners’ should build up support for regional mechanisms for crisis prevention and also promote effective regional recovery and peace consolidation.

585. Regional integration is however beset by some notable challenges as outlined in the preceding paragraphs. However, most of these challenges can be overcome given strong political will among the implementing African Member States.

## **Part II: Status of Implementation on the recommendations from the First and Second Conferences of African Ministers in Charge of Integration (COMAI)**

### **XII. INTRODUCTION**

586. This section of the report follows up on the activities undertaken or envisaged to implement the recommendations that emerged from COMAI I and II. A number of recommendations emerged from the first and second conferences of African Ministers in Charge of Integration, held in Ouagadougou, Burkina Faso from March 30-31, 2006 and Kigali, Rwanda from July 26-27 2007. These recommendations required Member States, RECs, the African Union Commission, the African Development Bank (AfDB) and the United Nations Commission for Africa (UNUNECA) to take particular actions to expedite the process of continental integration and they focused on some of the following major issues:

- Review of the Abuja Treaty, taking into account, the Sirte Declaration of 9.9.99;
- Elaboration of a Minimum Integration Programme (MIP) for RECs;
- Coordination between the AU and RECs;
- Harmonisation of policies and programmes among RECs, as a key strategy to enhance the rationalization process; and
- Promotion of free movement of persons, goods capital and services among and across all RECs, in order to bring about accelerated continental integration

587. The move towards continental integration requires regular monitoring and this was the rationale behind the follow up exercise as well as the need to:

- measure progress toward the goals and objectives of integration as set out in the Abuja Treaty;
- track progress in the area of rationalisation and harmonisation amongst RECs and Member States;
- identify challenges/problems that have prevented implementation; and
- propose recommendations for moving forward in order to expedite the goal of continental integration

588. The following methodology was adopted for the follow up activity:

- implementation matrices were circulated to relevant actors for completion;
- an additional questionnaire was also circulated to Member States and RECs;
- a mission was undertaken to Member States and RECs to administer and complete the questionnaire; and
- desk based research was undertaken using secondary data (e.g. annual reports of RECs, strategic plans and Summit meeting reports etc)

### **XIII. STATUS OF IMPLEMENTATION ON THE RECOMMENDATIONS FROM COMAI I & II**

#### **A) Member States**

589. This section sets out a summary of implementation by Member States on the recommendations. Nine recommendations were made to Member States from the two previous conferences. The progress on their implementation is summarised under thematic areas that correspond to the themes contained within each recommendation. However, due to the low number of responses received from Member States to matrix and questionnaire (five in total) a comprehensive report on the implementation undertaken on the recommendations by Member States cannot be undertaken. Consequently, aspects of this section may appear general in nature.

#### **590. Rationalisation and harmonization of programmes**

591. The AU Assembly of Heads of State and Government held in Banjul, The Gambia in July 2006 took the decision (Assembly/AU/Dec.112 (VII)) to endorse the recommendations of the African Ministers in Charge of Integration, and recommended, until further notice suspending the recognition of new RECs except for the agreed eight. As such, a moratorium on the recognition of new RECs has since been in place.

592. In addition, some Member States have reduced their membership to RECs. For example, Rwanda recently took the decision to withdraw its membership from ECCAS.

593. Furthermore, a forthcoming AUC study on the quantification of the rationalization scenarios (due to be undertaken in 2008) will also go towards strengthening Member States ability to make more concrete decisions in the area of rationalisation.

594. Moreover, some Member States are also taking actions to ratify and implement regional decisions in the area of trade, free movement and infrastructure. Capacity building programmes provided by RECs have also helped in the harmonisation of activities across sectors.

595. Some Member States have also been participating in continental meetings and studies on the harmonisation of business and financial laws in Africa.

#### **596. Institutional development of RECs**

597. Some officials from Member States have participated in training sessions on integration provided by the African Union Commission, which are delivered in both English and French. The aim of the training is to improve the absorption capacity of the Member States, RECs and AUC in the implementation of the Abuja Treaty instituting the African Economic Community. Training is intended to assist the parties to better understand

problems associated with the integration process, so that these can be recognised and overcome.

598. In addition, some Member States are making regular and accurate financial budget contributions to the RECs to which they have membership. Consequently, some Member States are up to date with their financial obligations to RECs. However, a number of Member States remain in arrears with their respective RECs, causing some RECs major resource and programme challenges. This may in part be due to the degree of priority some Member States accord to the RECs to which they belong.

599. A number of Member States have been and will be benefiting from capacity building programmes provided by the RECs. The SADC capacity building programme is a notable example whereby 12 regional training modules have been adopted for customs officials with the objectives of standardising training curricula to improve technical capacity in member customs administrations. The 9<sup>th</sup> European Development Fund (EDF) has also been used to build the capacity of some Member State institutions through the purchase of equipment and staff training. This has helped to greatly improve the operations of some Departments and Ministries.

#### **600. Regional infrastructure development**

601. In the area of infrastructure some Member States are supporting regional infrastructure funds designed to support the development of infrastructure in their region. An example of which is the COMESA infrastructure fund which has seen collaborations between Member States on cross border projects in rail, road, energy, ports aviation and telecommunications/ICT. A good number of Member States are involved in infrastructure improvement and rehabilitation projects, which have also involved NEPAD and AfDB. Examples of such projects include the Modernisation of the port of Mombassa, joint concessioning of the Kenya – Uganda railways. In addition many West African Member States have made a priority the AFRICARAIL project aimed at constructing a railway between Burkina Faso, Benin, Niger and Togo. Such a project is of high importance especially to countries that do not have a railway system.

#### **602. Sectoral development**

603. Some Member States are also committing themselves to free movement objectives through the signing and implementation of Protocols on free movement of person, labour, capital and services. As well as implementing measures such as visa relaxation, regional passports and regional motor vehicle insurance schemes such as the yellow and brown card schemes in operation in COMESA and ECOWAS regions, respectively. However, implementation on free movement is not occurring across the board, as highlighted in part one of this report. In free movement of capital and financial services, some Member States are taking steps to regulate exchange rate controls.



604. Other sectoral activities include Member States participating in regional agricultural programmes such as the IGAD Regional Food Security Strategy and the COMESA Comprehensive Agricultural Development Programme (CAADP). The aim of which is to improve and diversify agricultural production. Other activities in this area include Member States taking actions to reduce tariff and non-tariff barriers to improve intra-regional trade.

605. With respect to human and food security matters, implementation is being fostered through food security programmes as well as ratification of conventions on criminal activities and terrorism. The latter mechanism is also being included in a number of national penal codes. Committees are being formed in some Member States to address issues of drugs, arms and cigarette trafficking.

#### **606. Strengthening the production side**

607. Some Member States are also making attempts to address production issues so as to be able to serve larger markets through removing barriers to investment, lowering the cost of doing business, enhancing infrastructure and improving security amongst others. Some Member States have gone as far as increasing the number of ministries dealing with industrial production, private sector, investment and trade issues.

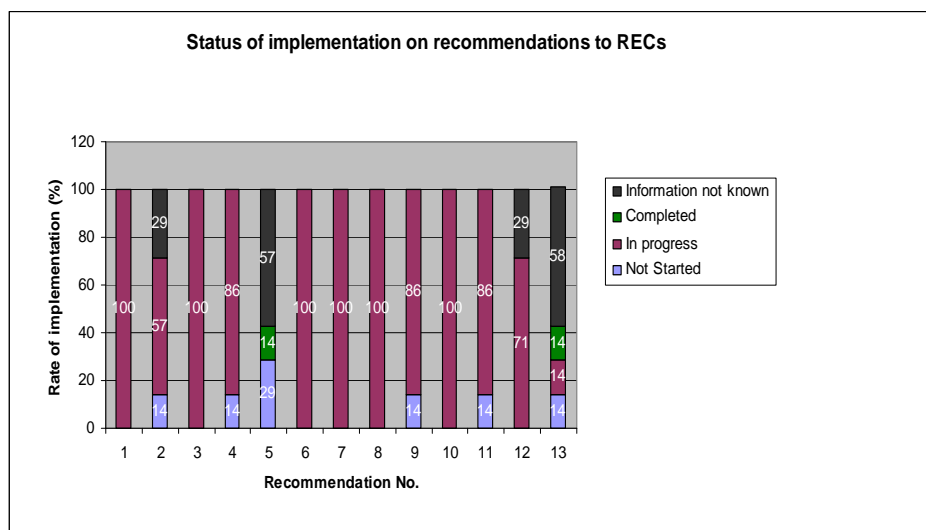
608. Other key activities include designing strategies to promote diversification and competitiveness in the industrial sector; strategies for private sector development; land reforms to stimulate production in the agricultural sector; expanding the number of training institutions to increase the human resource base available to the industrial sector; the signing of interim Economic Partnership Agreements (EPAs); and engaging in activities to harmonise business and financial laws to boost investment and foster private sector development.

### **B) Regional Economic Communities (RECs)**

609. This section sets out a summary of implementation by RECs on the recommendations. This summary is presented under thematic areas that correspond to the themes contained within each recommendation. The progress of each thematic area is represented by indicators, in the form of percentages, which is depicted in graph form.

610. In general out of 13 recommendations to the RECs from COMAI I and II, all are in 'in progress' by some if not all the RECs, as illustrated by Table 1. Only a few recommendations were known to have not yet been started.

Table 1: Status of implementation on recommendations to RECs



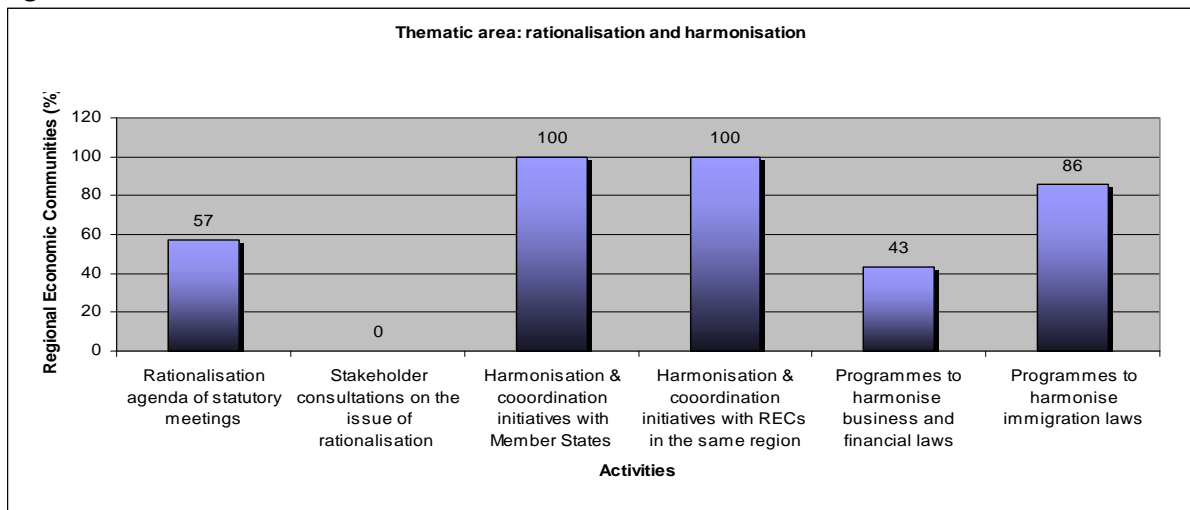
Also refer to the adjacent table

	Recommendation No.	Recommendation
COMAI I	1	In order to enhance integration, RECs should be encouraged to promote free movement of persons, goods, capital and services;
	2	Have the rationalization issue included on the agenda of statutory meetings of the RECs and that wider consultations with stakeholders such as civil society, private sector and parliamentarians be undertaken;
	3	Harmonize and coordinate policies and programmes of RECs as important strategies for rationalization;
	4	Put in place mechanisms to facilitate the process of harmonization and coordination within and among the RECs;
	5	Carry out an institutional audit of the RECs to assess the challenges and efficiency constraints in implementing the Abuja Treaty.
COMAI I	6	Call upon Member States and RECs to focus on the development of infrastructure on the continent to accelerate and deepen regional and continental integration in collaboration with the AfDB and NEPAD; and support the development of appropriate financing mechanisms such as the Pan African Infrastructure Development Fund.
	7	Invite Member States and RECS to strengthen regional and continental integration through concrete measures including: addressing the challenges of supply side constraints, diversification of production, free movement of persons, rights of residency and establishment, free movement of goods, services, and financial capital as well as ensuring human security while putting in place mechanisms to deal with criminal activities.
	8	In collaboration with the UNECA and AfDB to work with the Member States and the RECs in harmonizing business and financial laws to promote free movement of financial capital.
	9	The RECs should facilitate harmonization of immigration laws in collaboration with the Member States with a view to promoting free movement of persons.
	10	Strengthening of the capacity of regional and continental bodies in charge on integration.
	11	With the support of the UNECA and AfDB, to expedite the process of establishing the Pan-African stock exchange to enhance the mobilization of financial resources within the continent.
	12	Encourage RECs to develop self-financing mechanisms, where they do not exist with a view to enhancing self-reliance.
	13	EPA negotiations to continue under the coordination of the commission taking into consideration the regional and continental integration agenda.

**611. Rationalisation and harmonisation of programmes**

612. Under the thematic area of rationalisation and harmonisation of programmes harmonisation is being undertaken quite actively with 100% of RECs undertaking harmonisation and coordination activities with Member States. Eighty-six percent of RECs are undertaking harmonisation initiatives with RECs in the same regional space. Forty-three percent of RECs are making efforts to harmonise business and financial laws to promote free movement of financial capital. A number of RECs are also beginning to focus on the issues of rationalisation. For example, 57% of RECs were known to have rationalisation included on the agenda of statutory meetings. EAC, for example included the issue of rationalisation on the agenda of the recent Summit meeting in March 2008. However, it was noted by EAC that rationalisation is not a regular Summit agenda item. None of the RECs were found to be undertaking stakeholder consultations on the issue of rationalisation. See Figure 4 for details

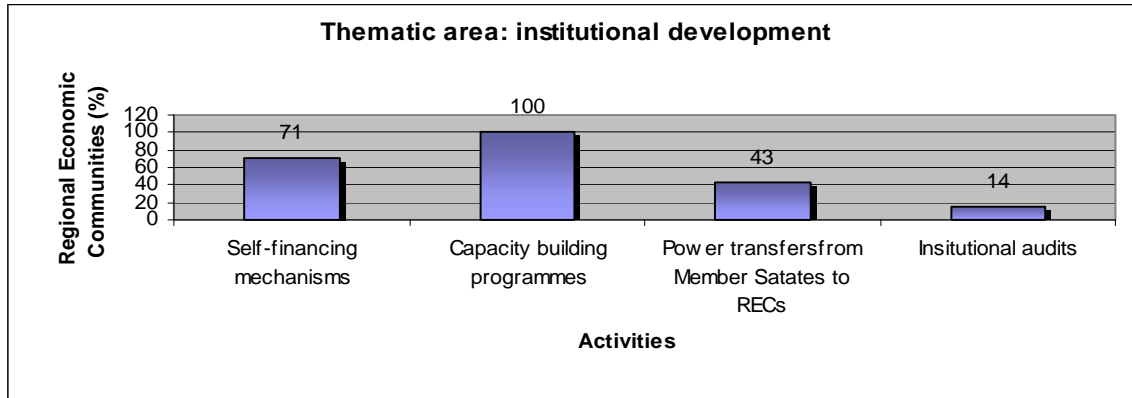
**Figure 4: Rationalisation and harmonisation**



**613. Institutional development**

614. Under institutional development capacity building was the most recorded activity with 100% of REC undertaking some form of capacity building to improve the process of integration. Notable areas of capacity building have been in customs procedures, peace and security and environmental management. Notable examples are EAC, SADC and ECOWAS respectively. To enhance resource efficiency 71% of RECs are implementing self-financing mechanisms, while less than 14% have undertaken institutional audits in the context of assessing challenges and efficiency constraints in implementing the Abuja Treaty, which was a recommendation. Internal audits and assessments on a sectoral level are however conducted. Since the audit report of the AUC and its Organs in 2007, it is anticipated that the benchmarks and indicators adopted in that process will inspire such audits amongst RECs specifically in the context of the Abuja Treaty. Further, less than 50% of REC noted that there have been greater power transfers from Member States.

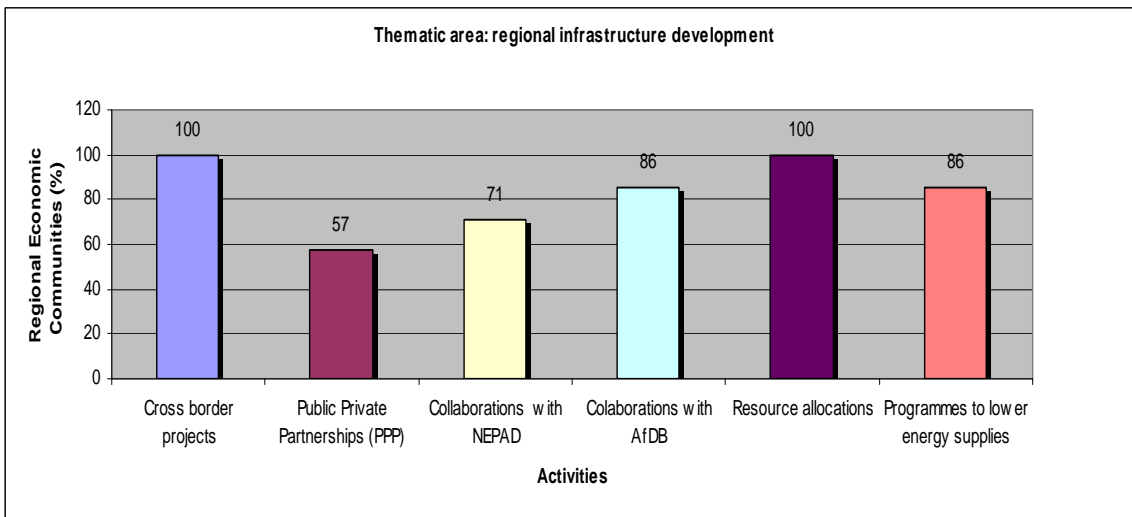
Figure 5: Institutional development



**615. Regional infrastructure development**

616. It is in the area of infrastructure that a lot of progress is being made. For example, all the RECs appear to be engaged in developing cross-border projects. As well as appearing to be either providing or working towards establishing the requisite resources required for infrastructure development in their regions. With regards to collaborations with NEPAD and AfDB, 71% and 86% of RECs, respectively, were known to be working with these two bodies for infrastructure development, improvement and rehabilitation. Concerning Private-Public-Partnership (PPP) initiatives 57% of REC were known to be engaged in or in the process of developing such projects.

Figure 6: Regional infrastructure development



**617. Sectoral development**

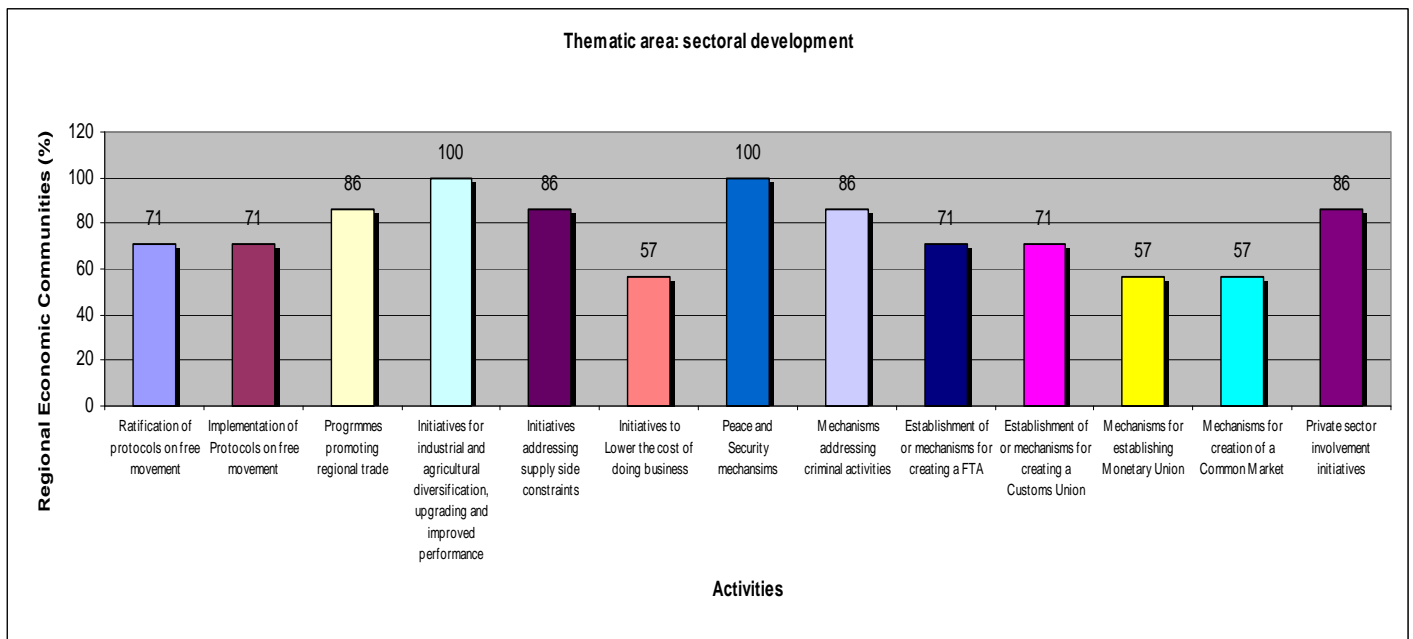
618. Concerning sectoral development in the area of trade, free movement (good, capital, labour and services), agriculture and industrial development substantial progress is being made. A number of RECs are registering activities in these areas in order to overcome supply side constraints. In the area of industrial and agricultural diversification and improvement all the RECs are implementing activities in these areas. These include amongst others the development of industrial, agricultural and natural resource

management strategies (to promote diversification and competitiveness), harmonisation of invest codes and development of model investment codes.

619. Eighty-six percent of RECs are implementing activities in free movement (through such measures as regional passports, insurance schemes, and harmonisation of education curriculum and qualifications). It must be qualified that although 86% of RECs are implementing decisions on free movement this has not been a smooth process across all participating Member States, as noted earlier in this report. A number of problems continue to persist in the area of free movement for example not all countries within a REC may have ratified or be implementing decisions on free movement due to security concerns between Member States, the problems of overlapping membership hindering effective progress and persistent tariff barriers.

620. Eighty-six percent of RECs are promoting private sector involvement (through mechanisms such as Business Forums, Business Councils and trade fairs), and addressing criminal activities (with initiatives to control the proliferation of small arms and light weapons, and participating in the continental early warning system. Eighty-six percent of RECs are promoting regional trade through amongst others the harmonisation and simplification of customs procedures, documentation and nomenclature, as well as measures to reduce tariff and non-tariff barriers, harmonisation of trade policies such as rules of origin as well as looking at measures to facilitate trade in services. Seventy-one percent of RECs have either established or have in place mechanisms for the creation of Free Trade Areas (FTA) and Customs Unions respectively. EAC is the only REC to have established a Customs Union. Fifty-seven percent of RECs were known to have mechanisms in place for Monetary Union and creation of a Common Market, respectively.

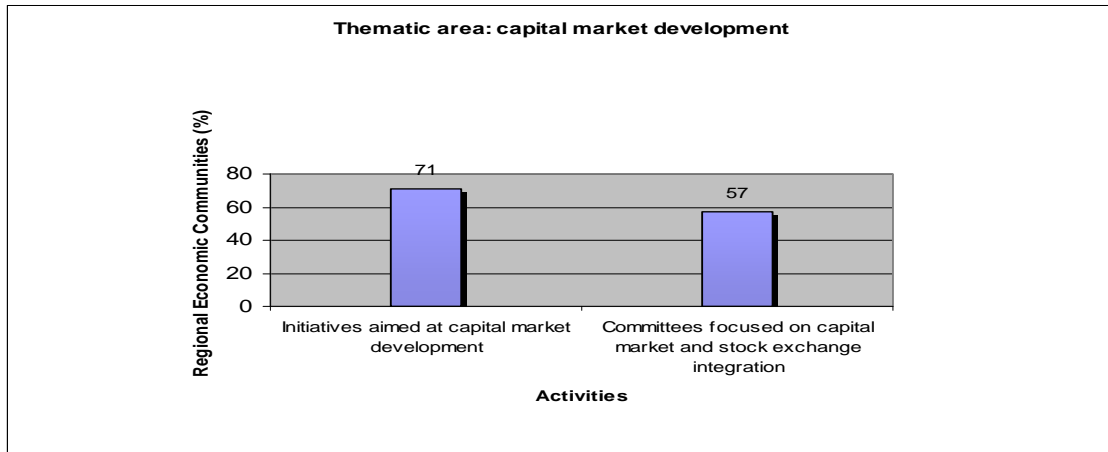
Figure 7: Sectoral development



**621. Capital market development**

622. Significant progress is also being made by RECs in developing capital markets and regional stock exchanges. Seventy-one percent of RECs appeared to have programmes geared towards capital market development, while 57% of RECs have created Committees focused on capital market and stock exchange integration. Notable examples include the EAC Capital Markets Development Committee, Committee of SADC Stock Exchanges (COSSE), and the ECOWAS Capital Issues Committee.

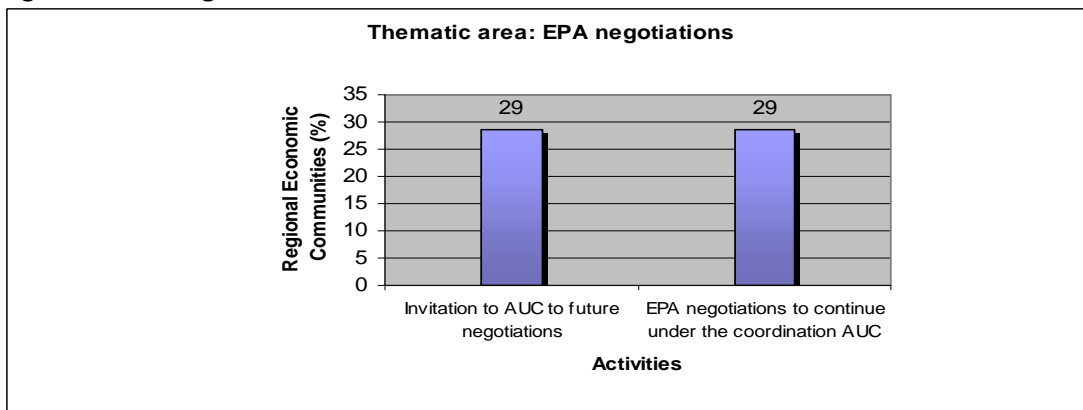
**Figure 8: capital market development**



**623. EPAs and AUC coordination**

624. The recommendation that calls upon RECs to have EPA negotiations continue under the coordination of the AUC curiously was one of the recommendations least implemented. Of the RECs that responded to the questionnaire 29% are implementing the recommendation for the AUC to coordinate negotiations. Some RECs were also undertaking other activities such as extending an invitation to the AUC to observe future negotiations with the European Commission (EC). Despite this result, it is important to note that at the REC Coordination Meeting on January 24, 2008 a Declaration was formulated re-affirming the mandate of the AU Commission to coordinate, monitor and harmonize the efforts of the concerned RECs and Member States in the negotiations of EPAs with the EC.

**Figure 9: EPA negotiations and AUC coordination**



**C) African Union Commission (AUC)**

625. This section sets out a summary of implementation by Departments of the African Union Commission on the recommendations. Twenty-six recommendations were made to the AUC and the progress on their implementation is summarised under thematic areas that correspond to the themes contained within each recommendation.

626. Department of Economic Affairs

**627. Rationalisation of the REC**

628. In the area of rationalisation progress has also been made with the completion of a study in 2007 on the rationalisation of the RECs, review of the Abuja Treaty and elaboration of the Minimum Integration Programme (MIP). The report, reviewed the six integration stages, as set out in the Treaty, with a view to accelerating the process. The report was duly discussed at COMAI II in Kigali, Rwanda in 2007 and forwarded to RECs and Member States for comment before being submitted to the AU Summit in January 2008. In addition, drafting of the study also included wide consultation with various RECs and sub-regional organisations. A second study on the quantification of the scenarios for rationalisation will commence in 2008. A ToR for the study has already been finalised.

**629. Harmonisation of REC activities**

630. The African Union has also been encouraging RECs to create partnerships amongst themselves. A number of RECs have, between them, signed agreements to harmonize their activities and programmes. Notable examples include the Tripartite Joint Task Force between COMESA, EAC and SADC, as well as the Interregional Coordination Committee (IRCC) involving EAC/COMESA/IGAD and the Indian Ocean Commission (IOC), CEN-SAD has been working on signing a MoU with AMU and IGAD.

631. The Commission has also been undertaking a study on the harmonisation of business and financial laws to promote the free movement of financial capital. The study has been looking at amongst others the:

- legal and regulatory systems that exist in Africa
- technical framework for establishing financial institutions;
- stock exchange performance; and
- the options available

632. Once the study is finalized it will be discussed at an Experts meeting. Recommendations will be submitted to the July 2008 AU Summit after adoption by Finance Ministers.

**633. Coordination with RECs, ADB and UNECA**

634. Progress has also been made to strength coordination between the AUC and partners such as the African Development Bank and the United Nations Commission for Africa (UNECA). This includes the jointly held Conference of African Ministers of Economy and Finance (CAMEF) in March/April 2008, organised by the AUC and UNECA. It has also been agreed between the parties that the Joint Secretariat will be revitalised in 2008 as the main mechanism to facilitate this coordination.

635. In addition to this it has also been agreed to hold regular meetings between RECs and the AUC. Two meetings are held annually at Expert and Chief Executive levels, respectively. Relations and coordinating mechanisms have also been strengthened with the signing of the new Protocol on Relations between the African Union and the Regional Economic Communities. The new Protocol was signed at the Heads of State and Government Summit in Addis Ababa, Ethiopia on 27 January 2008. Signing of the Protocol is a major development. It aims at, amongst others:

- Formalising, consolidating and promoting closer cooperation amongst the RECs and between them and the AU through the coordination and harmonisation of policies, measures, programmes and activities in all fields and sectors;
- Establishing a framework for coordination of activities of RECs in their contribution to the realisation of the objectives of the Constitutive Act and the Abuja Treaty; and
- Establishing a coordination mechanism of regional and continental efforts for the development of common positions by its members in negotiations at a multilateral level.

636. The Conference of African Ministers in Charge of integration has also been institutionalised (Assembly/AU/Dec.113 (VII)), with conferences now held annually.

637. In terms of sectoral coordination, the Commission is planning to organize sectoral meetings in 2008, which will feed into the development of an Action Plan for implementation of the MIP. These meetings will focus on the following sectors:

- Free Movement of persons, goods, services and capital
- Agriculture and Food Security
- Infrastructure and Energy
- Monetary harmonisation

**638. AU financial institutions**

639. Significant steps have also been taken to speed up the establishment of the three AU financial institutions. Host countries have been identified:

- The African investment Bank will be located in Tripoli (Libya)



- The African Monetary Fund in Yaounde (Cameroon)
- The African Central Bank in Abuja (Nigeria)

640. Three Technical Committees are to be put in place from the host countries. Host agreements are also in the process of being signed, with Libya having signed in September 2007 and Cameroon and Nigeria due to sign in 2008.

#### **641. Pan-African Stock exchange**

642. A feasibility study is currently in preparation. A report is due to be finalised in early 2008. This report was informed by missions to:

- A number of stock exchanges;
- Regulatory Authorities;
- Ministries of Finance;
- RECs (except AMU); and
- Central Banks
- Stock brokers

643. Once the report is finalized an Experts meeting will be held in May, 2008, the recommendations of which will be taken to the Conference of African Ministers of Economy and Finance (CAMEF).

#### **644. Department of Agricultural and Rural Economy**

##### **645. Production side**

646. In order to promote production at the national level a Technical Cooperation Study was undertaken, in partnership with the Food and Agricultural Organisation (FAO). This is a feasibility study which looked at the 'Establishment of a Common Market for Basic Food Products'. A draft Protocol for the establishment of a Common Market has also been developed, with consultation workshops having taken place in January of 2008. The consultations reviewed the feasibility synthesis report, draft Protocol and developed an Action Plan for establishment of a Common Market. The workshop was also conducted in partnership FAO.

#### **647. Department of Infrastructure and Energy**

##### **648. Regional infrastructure development**

649. In light of the recommendation to promote regional infrastructure and develop appropriate financing mechanisms the EU-Africa Infrastructure Partnership was launched on October 24, 2007. Accordingly, a steering committee has also been set-up. Strengthening of the Infrastructure Consortium for Africa (ICA) mechanism has also been established to improve collaboration between ICA members (in such areas as harmonization of procedures and promoting co-financing). Further, a round table for raising resources to finance flagship infrastructure projects (such as NEPAD STAP)

was held in January 24 2008 in Saly, Senegal. Lastly, ToRs for Africa Railway Development Fund have been completed. The study is due to start in 2008.

650. Department of Trade and Industry

**651. Supply side constraints**

652. To address the challenge of supply side constraints including the free movement of goods and capital, the Department aims to organise a Joint Customs Community meeting towards the end of 2008. The meeting will consolidate the Sub Committee on Customs DG of the AUC and the African Union Chambers of Commerce, Industry, Agriculture and Trade. The aim will be to develop understanding and cooperation in terms of the movement of goods at the continental level. The Commission is also considering a program to set up where it does not exist, facilities for interconnectivity between Member States and RECs. This could result eventually in a single customs computer network within a customs union mainland. This topic was a major point in the 4th session of the Customs DG of the AUC. A study will also be undertaken on the topic and preparations for the launch are on track.

**653. Production side**

654. In the recommendation pertaining to placing more emphasis on the production side, the 10th Ordinary Session of the African Union (AU) Assembly of Heads of States and Government held in January 2008 in Addis Abba, Ethiopia was dedicated to the theme of African Industrialization. During this Summit, important decisions and actions were pronounced. One important decision was the endorsement and adoption of the "Action Plan for Accelerated Industrial Development of Africa". The Action Plan put emphasis on the production side and transformation of natural recourses. In approving and adopting the Action Plan, the African Union Commission (AUC) working with other stakeholders, were directed by the Summit to establish actionable priorities and further assist in the implementation of the Action Plan. In direct response to the directive, the Department of Trade and Industry organized the first stockholders meeting in Cairo, Egypt on April 12, 2008. The main objective of this meeting was to have stakeholders input on rationalizing the Action Plan.

**655. EPA negotiations**

656. Concerning the WTO and EPA negotiations, the Department has been closely following developments in the negotiations on tariff issues and trade facilitation. Consequently, Decision EX.CL/DEC.378-413 (XII) was formulated in January 25-29 2008 on EPAs and the hosting of the third Summit of Heads of State and Government of Africa and the European Union. In addition, a Declaration on the EPA negotiations AU/EXP/CAMTF/Decl.(I) was formulated on April 3, 2008. Also on the EPA the department organized in April 2008, a customs expert workshop on rules of origin in order to reach a common position for further negotiations.

**D) AfDB and UNECA**

657. This section sets out a summary of implementation by AfDB and UNUNECA on the recommendations. Five recommendations were made to AfDB and UNECA from the previous two Conferences. Progress on their implementation is summarised under thematic areas that correspond to the themes contained within each recommendation.

**658. Regional infrastructure development**

659. In the area of regional infrastructure development, AfDB has developed several financing mechanisms for infrastructure development on the continent. UNECA has been working with the AUC and NEPAD Secretariat and AfDB to develop a continental master-plan for energy, transport and water infrastructure. Further to this, UNECA, in collaboration with the AUC and NEPAD Secretariat and AfDB, organized a review meeting of the NEPAD's medium to long-term strategic framework for infrastructure. UNECA have also, undertaken a study on the financing of infrastructure. UNECA and AfDB have together organized a high level Ministerial Symposium on the Financing of Infrastructure. Through UNECA sub-regional offices the organisation is also working with the RECs on the implementation of their infrastructure projects.

**660. Harmonisation of business and financial laws**

661. The AfDB is undertaking a study looking at the gaps that exist in financial integration within the RECs. This study is scheduled for completion in 2008. UNECA also organized the 5<sup>th</sup> Session meeting of the committee on trade and regional integration where the issue was addressed and recommendations made with the view of boosting intra-African trade. UNECA is also working with other partners on the harmonization of investment codes on the continent.

**662. Capacity building of RECs**

663. The AfDB is in the process of developing courses for the staff of RECs to support and help strengthen REC capacities in regional integration processes. UNECA and AUC also undertook a study on Assessing Regional Integration in Africa, focusing on macroeconomic convergence within regions. Further, UNECA has multi-year work programme agreements with the RECs with a view to addressing the capacity gaps within the RECs in implementing their programmes.

**664. Coordination with AUC**

665. Efforts have been made to coordinate the activities of AfDB and UNECA with the AUC through meetings of the Joint Secretariat. Although the Secretariat had been dormant in recent months, it is scheduled to be revived in 2008. Further, the Executive Secretary of UNECA is in constant touch with

the heads of AUC and AfDB. In addition, AUC-AfDB-UNECA also have common activities on the management of land.

#### **XIV. IMPLEMENTATION CHALLENGES**

666. A number of challenges have been experienced during the implementation of the recommendations. Technical problems, had delayed start on the quantification study on the proposed scenarios for rationalisation of the RECs. Also in the area of rationalisation, some RECs have not developed partnerships with others, particularly those in the same regional space. For example, ECCAS needs to develop relations with CEN-SAD, COMESA and ECOWAS. A number of RECs noted rationalisation and harmonisation still remains low on the agenda of some Member States and RECs. It was also noted by some RECs that participation in each other's meetings often does not occur due to lack of time. One REC noted that where harmonisation is in progress the impetus is often donor driven rather than regional integration driven. Moreover, that competition between RECs and Member States is also a factor precluding effective harmonisation. Furthermore, both the AUC and RECs have also found it difficult to hold regular coordination meetings due to both parties having busy calendar of meetings.

667. Concerning infrastructure development although it appears that a lot of work is occurring in various regions this is hampered by the absence of appropriate legislative frameworks and varied technical standards across different countries. It was noted by one REC that the issue of legislative frameworks and common standards is often secondary when it comes to infrastructure development in Member States. Another REC also noted the lack of robust implementation structures at the level of Member States. Technical problems have also delayed the completion of some infrastructure projects such as the West African Gas Pipeline (WAGP). Furthermore, the provision of adequate funding for regional infrastructure development also remains a persistent challenge.

668. As noted earlier, implementation of protocols and agreements on free movement continues to face a number of challenges. These range from security concerns between some Member States in the same REC, poor implementation of some regional passport schemes and harassment, corruption and extortion of travellers at border posts. The limited mobility of factors of production, especially labour, across national boundaries is a major constraint to regional integration in Africa. In addition, there is reluctance by some Member States to remove tariff and non-tariff barriers, which are obstacles to regional trade.

669. In the area of monetary cooperation within regions some Member States are not making the progress necessary to harmonise their regulations on exchange rates by implementing market orientated monetary policy tools. Exchange rate policies are yet to be harmonised in some regions and harmonisation of capital accounts has also been low in some regions.

670. Inadequate resources have also been a problem. This has affected the establishment of the AU financial institutions, precluding swifter progress on their creation. Accumulated or outstanding budget contributions by some Member States to RECs have hindered the recruitment of key staff members, the payment of basic services such as utility facilities and hindered programme development and implementation. This has caused some REC to be in a position of not being able to meet their contributions to creditors. In addition, continued delays in the payment of contributions adversely affect the support provided by partners who may interpret the situation as a lack of commitment by Member States to regional initiatives.

671. In some of the RECs that have operationalised a community levy there are some areas of concern such as the inaccessibility by some Member States to levy proceeds due to bottlenecks in treasury systems, irregular deposits of proceeds, denied access to some levy bank accounts and irregular reconciliations and reporting assessments.

## **XV WAY FORWARD AND RECOMMENDATIONS**

672. Although all the recommendations either have been or are in the process of implementation, this has not been without its challenges. Much work remains to be done to build on current efforts:

### **673. Member States**

- Member States should undertake the required reforms in legislative frameworks and technical standards for infrastructure development
- Member States should undertake the required legal and regulatory reforms to attract investment while also putting in place enforceable legal instruments for sustainable investment and trade flows
- Member States should work towards expediting the removal of technical and physical barriers impeding the free circulation of goods, services, capital and people in order to benefit from higher economies of scale in trade and production. These include removal of tariff barrier and non-tariff barriers to facilitate free movement of goods and the creation of a common market
- Member States should work towards adding value to productive sectors such as processing natural resource products domestically
- Member States should undertake concrete efforts to promote industrialisation of their economies to promote growth and development
- The issue of rationalisation should become central to the agenda of Member States and popular participation from civil society on the rationalisation issue
- For capital market development, Member States should expedite the harmonisation of regulations on exchange rate controls, as well as harmonise capital accounts

**674. RECs**

- RECs should work towards removing barriers to trade in services
- Where it has not been done, RECs should look into the potential of developing a 'Development Fund'. The Fund could include amongst others an adjustment facility aimed at supporting members with the potential adverse effect of trade liberalisation on their public finances, and infrastructure development.
- RECs should support Member States to enhance their technology acquisition and application (i.e. electronic and internet commerce) to expand intra-regional trade.
- RECs should harmonise education curricula and qualifications to promote free movement of persons and labour
- Agriculture, industry, mining and the service sectors should be strengthened to raise productivity, boost output and increase trade
- The issue of rationalisation should become central to the agenda of RECs with national consultations undertaken with a variety of stakeholders (parliamentarian, civil society, private sector) on the issue
- To deepen the regional integration agenda RECs should place more emphasis on expanding the outreach of their programmes to civil society and creating synergies with national developments plans (including PRSPs).
- RECs that have not developed relations with other RECs in the same regional space should begin to do so through such mechanisms as Memorandums of Understanding (MoUs)

**675. African Union Commission**

- AUC should undertake a capacity needs assessment to document the capacity gaps within each REC and devise action plans that will add value to the implementation of regional cooperation and integration schemes and mandates in the continent.

**676. African Union Commission and the RECs**

- Emphasis should be placed on advancing infrastructure development particular in post conflict countries
- Concrete modalities should be developed to effectively implement the new Protocol on relations between the AUC and the RECs

**677. African Union Commission, AfDB and UNECA**

- An MoU should be created between the three institutions on the issue of Continental integration so as to avoid duplication and to strength the working relationship between the three institutions
- Concrete modalities should be set out on the operationalisation of the Joint Secretariat

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