

## Moving Forward on Africa's Regional Integration Agenda: Learning from Best Practices and Efforts

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### Abstract

Implementation of regional integration continues to face numerous challenges including inadequate financial resources. The major sources of finance has been the pledges coming from member States' contributions which in most cases have been inadequate and not forthcoming, making it very difficult for these institutions to effectively implement regional integration activities and programmes. Efforts are being made at both continental and regional levels to address the challenge of inadequate financial resources and others. Several alternative sources of financing regional integration activities and programmes have been explored. However, their implementation remain a challenge to many African member States. In addition to the alternative sources of finance, The African Union has taken a board decision on the rationalisation of the RECs, aimed at putting the limited resources from member States to its effective use. Despite these challenges, progress has been made in a number of areas including free movement of people, peace and security, macroeconomic convergence, and trade facilitation, particularly regional payment system which will assist in promoting trade by facilitating payment of goods and services in all regions without difficulties and also at a decreased rate.

**Keywords:** Integration; Challenges; Financial resources; Africa

### Introduction

The African continent is home to 14 percent of the global population. However, it accounts for less than 3 percent of global GDP, only 1.8 percent of global imports; 3.6 percent of global exports; and 3 percent of foreign direct investment. Africa's growth edged up from 3.7 percent in 2013 to 3.9 percent in 2014 (ECA, 2013)<sup>1</sup>. The GDP growth rate is expected to increase to 4.5% and 4.9% in 2015 and 2016, respectively [1]. Against this backdrop, African countries are increasingly realising the virtue of regional co-operation and integration as a strategy to help them achieve robust and self-sustaining economic transformation and thereby become an important and effective player in the global economy. Most of the 54 African countries are small in size and income levels. Besides, 16 countries<sup>2</sup> are land-locked. Regional integration and the creation of an African common market has been the vision of African leaders since the early years of independence. There are several critical reasons for this:

- First, a common market combining Africa's 54 mostly small and fragmented economies will lead to economies of scale that make countries competitive.
- Second, it would provide access to a wider trading and investment environment, inducing backward and forward linkages and promote exports to regional markets, building experience to enter global markets.
- And third, it would provide a framework for African countries to cooperate in developing common services for finance, transport, and communications.

This vision will be achieved through the Abuja Treaty Establishing the African Economic Community which is now backed by the Constitutive Act of the African Union. By this process, the continent can pool its capacities, endowments and energies together to transform it, and thereby help uplift the lives of the millions of its peoples. The direct and indirect multiplier effects of economies of scale, bigger markets and diversified production will result in greater wealth creation.

<sup>1</sup>Assessment of Regional Integration in Africa: Eighth Meeting of the Committee of Experts.

<sup>2</sup>Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Ethiopia, South Sudan, Lesotho, Malawi, Mali, Niger, Rwanda, Swaziland, Uganda, Zambia, and Zimbabwe.

In this respect, African countries and governments, through the Regional Economic Communities (RECs) and the African Union (AU), are determinedly trying to pursue the process of integration along a roadmap of establishing Free Trade areas, Customs Union and Common Markets. Eventually these efforts are expected to converge into an African Economic Community, whereby economic, monetary, fiscal, social and sectorial policies would be integrated or become uniform among all countries. Through the wider economic and market space, Africa could strengthen its economic independence and empowerment vis-à-vis the rest of the world [2-4].

The Abuja Treaty is a region-wide framework for Africa's overall integration, with the RECs serving as the building blocks. The RECs, which include every African country, provide a framework for collective action. Altogether, the African region can be considered as having 14 RECs of varying design, scope, and objectives 8 of which are recognized by the AU as the main AU building blocks. These are: UMA-Arab Maghreb Union; EAC-East African Community; ECOWAS-Economic Community of West African States; SADC-Southern Africa Development Community; CENSAD-Community of Sahel-Saharan States; IGAD-Inter-Governmental Authority on Development; COMESA-Common Market for Eastern and Southern Africa; ECCAS-Economic Community of Central African States [5-8]. The other 6 integration blocs also devoted to regional integration are: CEPGL-Economic Community of Great Lakes countries; SACU-Southern African Customs Union; MRU-Mano River Union; UEMOA-West African Economic and Monetary Union; CEMAC-Central African Economic and Monetary Community, IOC- Indian Ocean Commission.

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The RECs are expected to evolve into free trade areas, custom unions, and through horizontal co-ordination and harmonization, eventually culminate into a common market embracing the entire continent. In this regard, we highlight some key milestones:

### Trade and market integration

The Abuja Treaty anticipates all RECs to satisfy requirements of FTA by 2017. All RECs have made significant efforts to move ahead on this objective by implementing trade liberalization schemes. Though there are some variations in performance, REC members are for the most part adhering to their commitments. ECOWAS has established an FTA and customs union jointly with UEMOA. COMESA launched its Customs Union in June 2009. EAC has recently moved to a stage of common market, and the COMESA-SADC-EAC Tripartite FTA is approaching its formal launch date in June 2015 [9-12].

### Macro-economic policy convergence

Macro-economic policy convergence is one of the key objectives of RECS. Attainment of macro-economic convergence would lead to a stable macro-economic environment in the region and impact positively on economic growth. The main variables are: price stability/control of inflation; fiscal restraint/restraint on budget deficit financing; maintenance of sufficient levels of gross external reserves; growth performance. To monitor the process of convergence, a number of RECs have established macro-economic surveillance mechanisms: e.g., ECOWAS has set up the West African Monetary Agency; SADC has set up a Macroeconomic Monitoring Surveillance and Performance Unit (MSPU) [13].

### Monetary and financial integration

COMESA and ECOWAS have plans to become monetary unions within a span of 5 to 10 years. SACU, whose members, South Africa, Botswana, Lesotho, Namibia and Swaziland, are part of SADC have a common monetary area (CMA) where the South African Rand circulates officially as a common currency exchangeable with the domestic currencies. COMESA has a regional Bank (the PTA Bank) and has put in place the COMESA Fund to finance local activities and to act as seed money for the mobilization of further funding [14]. In SADC, the South African Development Bank has taken the responsibility for serving the interests of all members. In ECOWAS, the ECOWAS Fund has been instrumental in supporting adjustment costs within the Community arising from the implementation of trade liberalization schemes.

### Free movement of people

A number of measures have been adopted to promote free movement of people, particularly in terms of abolition of entry visas and issuance of common travel documents by some RECs. Best practices can be found in ECOWAS and EAC, Others have simply facilitated movement for special categories of people (mostly businessmen).

### Physical integration

Physical connectivity has advanced in many areas. The West African sub-region has a relatively well-linked road network through the Trans-West African Highway system. UMA has fairly well developed road network, and SADC and EAC have good levels of road and rail linkages. All RECs have instruments in one form or another to achieve unimpeded transit facilitation, reduce costs and improve overall efficiency [15-18].

### Peace and security

Peace and security architecture is in place (less conflicts in Africa now than in the past; virtually coup d'etats is now a thing of the past.) The AU Charter on Human and People's rights provides a code of conduct for member States in terms of adherence to principles of respect for human rights and human dignity. The Protocol establishing the Africa Court on Human and People's Rights has been in force since January 2005. The African Peer Review Mechanism (APRM) has become a mutually agreed instrument voluntarily acceded to by the member States of the African Union (AU) as an African self-monitoring mechanism.

Currently, a number of political impetuses are being brought to bear on Africa's integration process to further speed up progress:

First is the launch of the COMESA-SADC-EAC Tripartite Free Trade Area of 26 countries with a combined population of nearly 600 million people and a total Gross Domestic Product (GDP) of approximately US\$1.0 trillion. The tripartite FTA makes up half of the African Union (AU) in terms of membership and just over 58% in terms of contribution to GDP and 57% of the total population of the African Union. The Tripartite FTA is anchored on three pillars namely: Market integration based on the Tripartite Free Trade Area (FTA); Infrastructure Development to enhance connectivity and reduce costs of doing business, and Industrial development to address the productive capacity constraints [19].

Second is the January 2012 AU Summit Decision to fast track the establishment of a Continental Free Trade Area by 2017 (indicative) and implement a parallel comprehensive Action Plan to boost intra-African trade. ECA studies (ARIA V and VI)<sup>3</sup> show that the CFTA plus robust trade facilitation (TF) in terms of reformed customs procedures and port handling would expand trade flows among African countries. It could add up to 34.6 billion (about 52%) to the baseline in 2022. Imports of African countries from the rest of the world would decrease by US \$10.2 billion due to increase in intra Africa trade figures (ECA, 2012, ARIA V). The process is being steadfastly driven by a Continental Task Force composed of representatives of the African Union Commission, the RECs and ECA under close stewardship by the African Union Conference of Ministers of Trade, and high-level political oversight of the Chairs of the RECs, who are Heads of State.

The above political push is designed to build on the "acquis" in terms of existing successes and milestones of the integration agenda [20]. The purpose of this short paper is basically to identify and highlight some of the best examples and practices at both national and regional levels that are helping to move Africa's integration agenda forward, and which other member States and RECs can learn from.

### Selected Best and Notable Practices and Efforts to Learn from the Following

#### Trade facilitation efforts

Broadly speaking, trade facilitation efforts are critical in addressing the logistics of moving goods through ports and other trading corridors or more efficiently moving documentation associated with cross-border trade. They also include the environment in which trade transactions take place, that is, the transparency and professionalism

<sup>3</sup>ARIA V: Assessing Regional Integration in Africa: Towards an African Continental Free Trade Area; ARIA VI: Assessing Regional Integration in Africa-Harmonisation Policies to Transform the Trading Environments.

of customs and regulatory environments, as well as harmonization of standards and conformity to international or regional regulations. The International Chamber of Commerce (ICC) defines trade facilitation as the adoption of a comprehensive and integrated approach to simplifying and reducing the cost of international trade transaction, and ensuring that the relevant activities take place in an efficient, transparent and predictable manner based on internationally accepted norms and standards and best practices [21].

Trade facilitation is particularly important for developing countries, as studies show that they stand to gain the most from more efficient trade procedures, although achieving it may be more challenging for these economies than for the developed world. But even modest reductions in the cost of trade transactions would have a positive impact on trade for both the developed and the developing world. Trade facilitation should not only be perceived as a "transportation or customs problem", but rather a broader issue, which straddles many aspects of weak capacities that exist in many developing countries, which inhibit their effective participation in international trade. This aspect is nowhere more truly than in Africa. To this end, RECs have been at the forefront of trade facilitation at the sub regional level. Most of their efforts are focused on, but not limited to, the removal of non-physical transport barriers along major transit corridors, especially those connecting landlocked countries to seaports. This section therefore focuses on some of the efforts aimed at improving transport and customs operations.

**Addressing high transaction cost through regional payment systems:** Regional payment system remains one of the key tools for making payments safe, sound, secure and timely with certainty and minimum cost. In spite of more than two decades of financial reforms, African payment systems to transact trade and business have remained very cumbersome, underdeveloped, fragmented, costly and inefficient. For instance, it takes just a few minutes to wire money from one corner of the world to another, but to transact business payments across borders in Africa, may take days, weeks or even months. Efforts are being made at all levels to address the problem.

**COMESA regional payment and settlement system-** The system allows member countries to transfer funds within COMESA on the same day and at a lower cost. It is designed to benefit traders by reducing or minimizing the cost for money transfers. It thus saves money for traders as the funds are transferred through a member country's central bank, with customers using commercial banks to deposit and withdraw cash. Under the Regional Payment and Settlement System, traders pay a flat rate of 0.25% to transfer euros or dollars across borders, an improvement on standard bank fees which can be as high as 5% of the transfer.

**East African payments system (EAPS)-**It is a Real Time Gross Settlement System (RTGS) operated by Bank of Uganda, Central Bank of Kenya and Bank of Tanzania. EAPS enables traders to either make or receive cross-border payments in real time and in their respective local currency. Under this system all traders are charged a flat rate of (US \$6.25) to transfer bulk funds within the three EAC countries. A study by the Overseas Development Institute indicates that before the EAPS, it used to cost three times more to transfer money within the EAC than to send a similar amount from Europe into the region; sending US \$200 from one EAC country to another within the EAC used to cost up to US \$50; whereas sending the same amount from the UK into the region costs US \$15 while the global average cost is US \$8.

**The SADC Integrated Regional Electronic Settlement System (SIRESS)-**successfully implemented its first stage in four countries

(South Africa, Namibia, Lesotho and Swaziland) in 2013 [22]. This is the first step towards a common electronic payment system for all the 15 SADC countries. This aims to boost socio-economic development through harmonization in areas of common interest such as trade tariffs and border controls, and integration in areas such as telecommunications and financial infrastructure. Just to single out, Zimbabwe Revenue Authority (ZIMRA) has introduced an E-Payment facility, whereby funds can be electronically transferred into ZIMRA's bank account and will automatically appear in the client's account within the Automated System for Customs Data (ASYCUDA).

**Using transit guarantee schemes to facilitate goods in transit:** Transit Guarantee Schemes are facilities designed to facilitate the movement of goods in transit across regions by providing adequate security of guarantee to the transit countries to recover duties and taxes should the goods in transit be illegally diverted for home consumption in the country of transit. Under this Scheme, only one bond is issued as opposed to current practice whereby a bond is required for each and every country in which the goods are in transit.

**The COMESA carnet-**Under this scheme, governments commit themselves to ensure that goods in transit are not resold in countries other than those destined for. The scheme plays an important role in ensuring the efficient movement of goods in the region, thereby facilitating the realization of the COMESA Customs Union objective. Under this scheme, a trader from Kenya carrying goods to Tanzania, for example, will only have to use a single document to clear the goods from Mombasa to Tanzania instead of several documents.

**COMESA- SADC -Transit Management Systems (TMS):** Under this instrument, a single bond is issued for goods throughout the transit period in place of multiple bonds.

**SADC corridor management committee (CMC):** The CMC reviews conditions of corridors regularly and make recommendations for improvements in terms of physical infrastructure and other related bottlenecks that hinder mobility along the corridor. Operations along the Corridor are therefore subject to constant scrutiny so that bottlenecks and abnormal practices can be quickly addressed. Similar corridor management arrangements also exist in other RECs, such as the Abidjan-Lagos Corridor Organization (ALCO) in ECOWAS and the Walvis Bay Corridor Group that caters for the Eastern and Southern Africa region [23].

**ECOWAS brown card equals COMESA yellow card-**These cards are basically a third party liability insurance cover for accidents involving motor vehicles crossing the borders within the respective RECs. The card protects car owners from third party liabilities incurred in foreign countries since they are fully covered under the auspices of the protocol. Drivers are no longer jailed for accidents causing damages for third party liabilities since the Brown Card cover is enough evidence of his insurer's ability to pay compensation for such liabilities. The insurers have put in place a compensation fund to be used in paying claims under these schemes.

**Harmonization and simplification of customs procedures leading ultimately to borderless and paperless trade:** Excessive customs procedures and documentary requirements coupled with the lack of a harmonized trade and market integration policies and instruments can be administratively difficult to manage at the national level. A country belonging to two or more RECs with differing trade liberalization mechanisms would have to cope with policy contradictions, varying instruments, multiple procedures and formats.

Customs officials would, for instance, have to deal with different tariff reduction rates, rules of origin, trade documentation, statistical nomenclatures etc. applicable to different RECs. According to estimates by UNCTAD, on average customs transaction involves 20-30 different parties, 40 documents, 200 data elements 30 of which are repeated at least 30 times and the re-keying of 60-70% of all data at least once. Such a multiplicity and diversity of steps complicates rather than simplifies customs procedures and paper work, causes possible confusion as to which rules, forms and procedures to apply, adds to the cost of doing business, and provides a scope for indulgence in rent seeking practices by customs and other related officials.

Efforts are therefore being made in enhancing border cooperation among agencies of member States responsible for border controls and procedures dealing with importation, exportation and transit of goods. A number of African countries are in the process of implementing the Integrated Border Management or Coordinated Border Management, including the following:

#### Single-window

Single Windows are being established in a number of African countries. Notable effective single windows include Senegal (Customs Computer System-GAINDE 2000), Ghana (Ghana Community Network Services Ltd.-GCNet), Tunisia (Tunisia TradeNet), Cameroon (GUCE), and Mauritius, among others. The following countries are in the process of establishing single Window systems-Kenya, Burkina Faso, and Libya, Morocco the Republic of Congo, Rwanda and Uganda. Although there are some cost and complexity of setting a Single Window system, the benefits, are known to far outweigh the costs. The Zimbabwe Revenue Authority is currently at an advanced stage in the implementation of a Single Window environment at its major ports of entry, with Beitbridge border post.

To monitor the time spend in clearing goods at the border, countries have started to establish and publish average release times taken during the whole process. For instance, using the surveys conducted with the support of the East African Community and the World Customs Organization, Uganda has available data on average release times at its major.

Chirundu One Stop Boarder Post (OSBP) at the border crossing between Zambia and Zimbabwe which is often cited as a best practice has helped to significantly improve the efficiency in the border crossing procedures. Before the one stop border post became operational clearing times were between 3-5 days but now clearance is done on the same day. An average of 480 trucks cross Chirundu every day so a total of 960 to 1,920 travel days per day are being saved. This translates, at a conservative estimate, to between US\$288,000 and US\$576,000 in savings every day. Box 1 shows other OSBP efforts in progress.

A Memorandum of Intent has been signed between Mozambique and Zimbabwe Customs Administrations with the view to establishing OSBPs at Nyamapanda/Cuchamano and Forbes/Machipanda border locations.

South Africa and Zimbabwe are also currently in negotiations to improve operations at the Beitbridge border post and eventually planning to create OSBP between the two countries.

The EAC has passed a bill on OSBPs, indicating the importance attached to the concept in the sub-region. Currently, there are OSBPs involving: Kenya and Uganda; Tanzania and Uganda; Rwanda and Uganda; and Sudan and Uganda.

The concept of OSBP is being complemented in Eastern Africa with the introduction of the practice of customs clearance at first port of entry. In 2012, the EAC adopted in principle, the destination model of clearance of goods where assessment and collection of revenue is at the first point of entry and revenues are remitted to the destination partner States subject to the fulfillment of key pre-conditions to be developed by a High Level Task Force.

Efforts to establish the Cinkase OSBP between Burkina Faso and Ghana under the auspices of UEMOA are advanced, and ECOWAS is also now fully involved.

**Source:** Compiled by the Authors from official sources, RECs' websites.

#### Box 1: Efforts in establishing OSBP in the continent.

The lack of or insufficient use of automated processes and information technology is also a major source of delays, costs and inefficiencies. Many African countries have recognized the need to simplify and speed up customs procedures by use of automated systems, by introducing the use of the Automated System for Customs Data (ASYCUDA ++ which is now called ASYCUDA World). ASYCUDA is part of the modernization of customs clearance procedures, in order to achieve efficiency and effectiveness in the clearing of goods from the customs. With the help of COMESA and many other RECs, the cumbersome paperwork, delays and bureaucratic procedures associated with customs clearance is now a thing of the past in many of our countries. Currently, 16 COMESA countries use ASYCUDA in addition to the much simplified Customs Declaration Document (COMESA CD)<sup>4</sup>-a standardized document currently being implemented for customs transit traffic control. Holders of COMESA CD are able to minimize time spent at border checkpoints significantly through the use of COMESA CD. The document caters for imports, exports, transit and warehousing and has replaced, on average 32 documents in some member States [24]. Once data is entered at an initial customs checkpoint, automatically it becomes available on the system at all other customs check points. ECOWAS countries also use ASYCUDA systems. Three of the ECOWAS member States, namely, Côte d'Ivoire, Liberia and Mali are already using ASYCUDA world, the new version of ASYCUDA.

**Getting rid of non- tariff and other man-made barriers:** Non-tariff barriers are the set of trade distorting measures and policies other than tariffs. In a narrow sense, non-tariff measures are quantitative restrictions that are explicitly recognized as trade barriers, such as quotas. In a broader sense non-tariff measures include unfair measures or misuse of policies such as technical barriers to trade and unfair government policies. Other non-tariff barriers include illegal practices on major trading corridors by both uniform and non-uniform personnel. There are other man-made barriers, which create or add to price differences. They include policies such as import restrictions, special incentives or restrictions on export, foreign exchange policies, and preferential national treatment. They also include policies, which increase the costs imposed by natural barriers, such as regulations in the transportation and communications areas that keep prices of these services artificially high.

Clearing document is of great concern in many African countries and appears to be particularly burdensome by international standards.

<sup>4</sup>Angola, Burundi, DRC, Egypt, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Uganda, Zambia and Zimbabwe are using the COMESA CD and the document takes into account the data elements required for the ASYCUDA systems.

Importing activities in Africa cost more compared with the rest of the world. On average, the import of one standard container takes on average 37 days and costs US\$ 2,567. This compares to 22 days and US\$ 958 in East Asia and Pacific, 19 days and USD 1,612 in Latin America and the Caribbean, and 33 days and US\$ 1,736 in South Asia. (Though exports are more costly in Eastern Europe and Central Asia, Africa excluding Northern Africa still compares rather 1 poorly with the remaining regions. The export of one standard container takes on average 31 days and costs US\$ 1,990 in the sub-Saharan African region; that is 10 days and US\$ 1,067 more than from East Asia and the Pacific, 14 days and US\$ 722 more than from Latin America, 1 day less but US\$ 387 more than in South Asia (ECA, 2014, Trade Facilitation from an African Perspective).

The COMESA region has registered an increased growth in intra-regional trade due to efforts in elimination of non-tariff barriers. Of all reported NTBs, 72% were removed and they continue to streamline their trade facilitation programs. The 14 member States participating in the COMESA FTA are a testimony to the regional trade liberalization regime (FTA).

In the EAC region, all EAC partner States are using national and regional committees to monitor and address challenges posed by NTBs. In terms of best practice at the national level in the elimination of NTBs, Rwanda can be considered as a pace maker, using different approaches including the online reporting mechanism and institutional committees. Further, it has removed all checkpoints after the border compared to an average of 10 check points in some EAC countries.

On-line reporting scheme by COMESA, EAC and SADC is being implemented through NTB Reporting and Monitoring Mechanism (ORM). The mechanism is designed to enable private and public sector operators to register complaints on NTBs which can then be resolved bilaterally. To date, 329 complaints have been registered on the system, out of which about 227 (69%) have been resolved (Table 1).

### Greater benefits from trade facilitation efforts

There is enough evidence that the benefits of improved global trade facilitation far exceed those available from further tariff reduction. Box 2 below highlights positive trends in intra-REC trade. The CFTA plus trade facilitation efforts predict even greater benefits, as pointed out earlier in this paper.

Measures adopted by COMESA	Measures adopted by SADC
Harmonized axle load limits	Single customs declaration of goods
COMESA carrier licence and transit plates	Harmonization of weight limits and vehicle dimensions
Harmonized road transit charges	Harmonization of road transit charges
Customs Regional Bond Guarantee	Legal framework for overload control
The COMESA Customs Declaration	Adoption community insurance scheme
Third Party Motor Insurance (Yellow Card)	SADC road design standards
ACIS - the Advance Cargo Information System	Defining a regional trunk road network
ASYCUDA - the Automated System for Customs Data	SADC road signs and signals
Inter-railway working agreement between railway companies	SADC Driver Licensing - harmonizing the training of drivers and delivering of driving licensing
	SADC region has adopted the concept of Development Corridors and Spatial Development Initiatives (SDI)

Source: ECA, from official sources.

Table 1: Other trade facilitation efforts: The examples of COMESA and SADC.

Intra-EAC trade grew to \$5.5 billion in 2012, up from \$4.5 billion recorded in 2011, even as the five member states -Kenya, Uganda, Rwanda, Tanzania and Burundi-dithered on the elimination of non-trade barriers (NTBs). The figures do not include informal cross-border trade, estimated to be as much as 40% of formal trade. Intra-trade in the EAC region grew from US\$2.6 billion to US\$8.6 billion between 2004 and 2014

Trade within the SADC has increased since the implementation of the SADC Protocol on Trade, which has been in effect since January 25, 2000. Exports increased from US\$5.8 billion in 2000 to US\$11.7 billion in 2010. Intra-SADC trade as percentage of SADC's total trade has however remained stagnant at roughly 15% over the entire period of implementation. Intra-trade in the SADC region grew from US\$20 billion to US\$72 billion between 2004 and 2014.

The existence of the FTA has in part led to a rise in intra-COMESA trade from US \$3.1 billion in 2000 to US \$19.3 billion in 2012, reflecting a 523% growth rate over the period or 44% per annum on average. Global trade for the COMESA in 2012 grew by 9% from US \$240 billion in 2011 to US \$262 billion in 2012. Total exports rose by 12% from levels of US \$96 billion in 2011 to US \$108 billion in 2012, while imports on the other hand also registered a 7% growth, from US \$144 billion in 2011 to US \$155 billion in 2012.

Intra-COMESA total trade grew by 5% in 2012 over 2011 levels, from US \$18.4 billion in 2011 to \$19.3 billion in 2012. Among the countries contributing to this growth were Libya, Zambia and Rwanda, all with growths in both intra-exports and intra-imports in 2012. Intra-trade in the COMESA region grew from US\$8 billion to US\$22 billion between 2004 and 2014.

The combined intra African trade of the three RECs in the tripartite grew from US \$30 billion between 2004 and 2014. This translates to a more than threefold growth in a period of 10 years. However, this growth has taken place on the basis of individual FTAs of the three RECs.

Source: Computed from Tralac website

### Box 2: Trade figures in selected RECs.

Intra-REC Export trends: Trade facilitation efforts have also had a positive impact in intra-REC export trade as shown in Table 2.

### Free Movement of People and Right of Establishment

As one of the key objectives of Africa's regional integration agenda, the issue of free movement of people often unleashes strong passions, and criticisms against governments' policies on visas, immigration and nationality laws.

#### Best practices in free movement

a. All ECOWAS citizens do not need a visa to travel to any ECOWAS country. The region has made significant progress in introducing the biometric identity card, replacing residence permits and the program is set to be launched in 2016. It is designed to ensure the unrestricted movement of citizens from member nations of the community. The ID card will circulate alongside the national identity card in each member states for a set period of time until the new ID card is fully implemented within a specified timeframe.

b. EAC countries grant 3 months visa for citizens holding only their national passports. If they have the common EAC passport, they are entitled to a 6 months visa. The EAC common passport is valid for 5 years and is recognized by all the member States. It is however not valid for international travel beyond EAC. For a number of years now

RECs	Measure	2005	2006	2007	2008	2009	2010	2011	2012	2013
COMESA	US dollars (Millions)	3367.8	4037.7	4731	6882	6703.7	8738.6	9292.1	10866.6	11342.1
	Percentage	5.1	5.1	4.8	5.4	7.1	7.4	9.5	8.1	9.4
EAC	US dollars (Millions)	1128	1012.1	1383.6	1914.4	1755	2088.5	2596.4	3051.9	2755.5
	Percentage	18.5	15.5	17.7	18.9	18.8	18.6	19.7	20.7	19.5
ECCAS	US dollars (Millions)	438.8	554.9	1301.7	1105.3	1119.2	1626.5	1201.4	1352.3	1236.8
	Percentage	0.9	0.9	1.7	1	1.6	1.8	1	1.1	1
ECOWAS	US dollars (Millions)	5978.7	6550.6	7308.1	10241.7	8016.5	9637.1	10417.2	12060.4	13479
	Percentage	9.6	8.4	8.4	9.6	9.7	8.3	6.3	7.8	9.3
IGAD	US dollars (Millions)	980	1029.4	1242.8	1581.7	1496.2	1950.6	2430.8	2336.1	2405.2
	Percentage	9.8	9.1	7.8	7.7	8.7	9.2	11.8	14.1	12.6
SADC	US dollars (Millions)	9083.4	10889.2	14510.4	18489.8	16068.5	22813.3	24000.2	29072.5	36104.8
	Percentage	9.7	9.8	10.5	10.8	12.3	12.6	10.8	13.3	16.8
CEN-SAD	US dollars (Millions)	9 61.3	10 50.2	11 01.8	17 51.4	1 95.9	16 33.2	16 93.8	19 33.3	21512.2
	Percentage	6.4	6	5.9	6.7	7.5	6.7	6	6.6	7.8
UMA	US dollars (Millions)	116.7	2 333.1	2 901.6	4 569.4	3 235.9	3 451.5	3 639.2	4 675.3	5547
	Percentage	1.9	2	2.1	2.5	2.9	2.4	2.7	2.7	3.7

Source: Compiled from UNTAD database.

Table 2: Intra-trade of regional and trade groups by product, annual, 2005-2013 (US dollars-millions and percentages).

the tourism industry has been lobbying the governments in Southern Africa to come up with a single UNIVISA that will allow free movement of tourists within the region encouraging tourism. Finally, the single visa was officially launched by heads of state from the three countries in 2014. The revolutionary proposal seeks to boost the flow of tourists into the EAC region through the removal of Visa barriers. According to the proposal, tourists will only need to use the same visa they acquire at the point of entry into the EAC region, including Rwanda, Kenya and Uganda, to access all the three countries without paying any extra fees or stopping into other embassies.

c. Since the signing of SADC protocol on the development of tourism 1998, there has been little progress in the implementation of the protocol. The provision for a univisa was set for 2002, but was not materialized. Despite the challenges, the South African Institute of International Affairs (SAIIA), indicated that the importance of the univisa, which among others could promote tourism in the region as it would introduce a smooth entry for regional and international visitors, especially within trans-frontier conservation areas. It is estimated that the univisa will bring about 3%-5% annual growths to the region.

#### Best practices in right of establishment

- Rwanda has waived visas to all African countries and visas to be issues upon arrival.
- Rwanda and Kenya have waived work permits for EAC citizens.
- Kenya has waived work permit fees charged on citizens of Uganda, Burundi and Tanzania. Uganda does so on a reciprocal basis.
- All of Kenya's border posts have harmonized immigration procedures, while eight are operating 24 hours.

- Rwanda allows citizens from all EAC member countries to live and work in the country.
- Zambia waives visas and visa fees for all COMESA nationals on official business.
- Mauritius and Seychelles have waived visas to all COMESA citizens.
- Holders of diplomatic passports are exempted from visas in CEN-SAD region.

#### Efforts to Speed up Physical Connectivity

Good infrastructure is critical for the long term economic development of a country. Key infrastructure assets create additional economic benefits by supporting industrial development and stronger trade links. African countries therefore recognize the importance of infrastructure in general and regional infrastructure networks in particular to their development and physical integration. To this end, a number of continental infrastructure development initiatives have emerged over the years. Among the most ambitious of these initiatives are the Trans African Highways network, conceived in early 1970s as a network of good all-weather highways linking Africa's capitals and major economic production areas to promote integration of African peoples and economies, and more recently the Program for Infrastructure Development in Africa (PIDA) and the Presidential Infrastructure Champion Initiative (PICCI). Some of the key recent efforts by RECs and member States in advancing the infrastructure agenda are highlighted below:

#### Transport (Road, Rail, Port, Pipeline)

There is a 4,500 km Trans-Saharan highway linking Algiers

(Algeria) to Lagos (Nigeria). Once completed, the highway will facilitate trade and economic and social links between North African countries and other African regions. US \$25 billion infrastructure development programme launched by the governments of Kenya, Ethiopia and South Sudan, which includes the construction of a highway linking the three countries. Donors have pledged over US \$2 billion to support its implementation.

Heads of State and Government of Cote d'Ivoire, Ghana, Togo, Benin, and Nigeria have signed a Treaty for the modernisation of the Abidjan-Lagos Corridor by expanding the existing road into a 6-lane dual carriage highway linking the 5 countries. The Treaty establishes a supra-national corridor management organisation and a USD 50 million Seed Fund to accelerate the implementation of the highway. ECOWAS Commission is spearheading the ongoing efforts to modernise the Abidjan-Lagos Corridor.

- As part of the Presidential Infrastructure Champion Initiative (PICCI), Egypt is spearheading the construction of a navigable waterway linking Lake Victoria and the Mediterranean Sea. The pre-feasibility study of the transport corridor has been completed. Efforts are ongoing to initiate the feasibility studies.

- The construction of the LAPSSET Corridor was launched in March 2012 at the site of the Lamu Port in Kenya. The initiative consists of the following components: Lamu Port; LAPSSET Railway; Highway; Oil Pipeline; Oil Refinery, Resort Cities; and Lamu Airport at an estimated investment cost of USD 16,481 million. The detailed engineering designs for three berths and associated infrastructure have been completed for the Lamu Port. Funds are available to start the construction. About 365 km of the LAPSSET Road in Kenya and Ethiopia has been completed while work is ongoing in several other sections. The construction of the LAPSSET Corridor Railways is on course and the Government of Kenya signed a Memorandum of Understanding with the China Civil Engineering Construction Corporation in October 2014. The preliminary design and feasibility study has been completed.

- African countries are revamping their railway network, including those with regional dimension. Construction is underway on the Djibouti-Ethiopia railway, while Kenya is making progress in the Mombasa-Nairobi railway construction. UEMOA is spearheading the construction of the Dakar-Bamako rail project which is at the phase of studies, in the context of PICCI.

## Energy infrastructure

Energy supply, especially electric supply is still weak and patchy in many African counties including even in large economies, such as Nigeria and South Africa. In 2012, the total generation capacity of SSA was 90,000 MW, and approximately 50% of this capacity was in South Africa. The energy demand in the region shows remarkable growth and has grown by 45% from 2000 to 2012, but still only four% of the world's total. However, in the recent years, there has been a positive development in addressing the energy infrastructure deficit. Unlike many other infrastructure types, energy projects have a long gestation period sometimes spanning over eight years. Currently, under PIDA, which aims to connect more than one country, there are many projects that are in the implementation stage. In total, there are 15 energy sector projects in the PIDA PAP at a total cost of US \$40.3 billion (excluding the Nigeria-Algeria Gas Pipeline). A selection of projects advanced under implementation is presented below in Table 3.

The highlights of these projects are the following:

- In April 2011, the late Ethiopian, Prime Minister, Meles Zenawi formally launched the largest engineering project ever attempted in Ethiopia-the Grand Ethiopian Renaissance Hydropower Dam of Project (GERHDP) over the River Abbai (Blue Nile). The main objective of the project is to generate electric power with installed capacity of 5,250 MW, with an annual energy production of 15,130 GWH/year. What is noteworthy about this project is that most of the estimated USD 4.7 billion is sourced internally through Ethiopian bonds and taxpayers.

- The Kenyan and Ugandan governments are jointly developing the Kenya-Uganda oil pipeline project. It will have significant impact of replacing the road tankers, as the primary means for transporting oil products from Kenya to Uganda. This pipeline on completion will deliver white petroleum products from Kenya to Uganda and vice-versa. The governments of Kenya and Uganda together hold a 49% (24.5% each) share in the pipeline project, while private investors will have a 51% stake. The private investors are yet to be confirmed for the project.<sup>5</sup>

- Nigerian gas reserves are estimated at 5 trillion cubic

Project title	Cost (US\$ m)	Countries	REC(s)
Great Millennium Renaissance Dam <sup>1</sup>	8,000	Nile Basin (Burundi, DRC, Egypt, Ethiopia, Kenya, Rwanda, Republic of Sudan, Tanzania, Uganda)	COMESA/IGAD
Uganda-Kenya Petroleum Products Pipeline	150	Kenya, Uganda	COMESA/EAC
Nigeria-Algeria Pipeline	13,000	Nigeria, Niger, Algeria	UMA/ECOWAS
Sambagalou	300	OMVG <sup>2</sup> (Gambia, Guinea, Guinea Bissau, Senegal)	ECOWAS
Kaleta	179	OMVG (Gambia, Guinea, Guinea Bissau, Senegal)	ECOWAS
Batoka	2,800	Zambezi Basin (Angola, Botswana, Malawi, Mozambique, Namibia, Tanzania, Zambia, Zimbabwe)	EAC/COMESA
Ruzizi III	450	Rwanda, Burundi, DRC	COMESA/EAC
Rrusumo Falls	360	Nile River Basin (Burundi, Rwanda, Tanzania)	COMESA/EAC

Source: AfDB Project Fiche, 2008, 2012, 2013

<sup>1</sup>Now renamed The Grand Ethiopian Renaissance Dam (GERD)

<sup>2</sup>Gambia River Basin Development Organization

Table 3: A selection of PIDA Energy projects.

meters. Trans-Sahara Gas Pipeline Project is a "veritable vehicle for strengthening the bilateral economic relations between Nigeria, Algeria and Niger"<sup>6</sup>. The project, which is currently under construction, is expected to deliver first gas around 2015.

### Information and communication technology (ICT)

- Some SADC countries performed well the development of ICT development-Between 200-2008, Mauritius and Seychelles registered an average of 13.6% in penetration of fixed telephony lines while South Africa and Tanzania registered about 19% and 5%, respectively, of the mobile subscription in Africa. Remarkable contribution in 2000/08 by SADC countries in terms of internet users was 1.8% (South Africa), 1.4% (Zimbabwe), 0.7% (Zambia) and 0.5% (Angola) and internet penetration rate 38% (Seychelles) and 30% (Mauritius). Implementation of sound policy reforms in the region has led this sector to privatization and progressive liberalization of ICTs services. Notable policies include the development of up-to-date harmonized cyber laws in the region, reflecting international best practice.

- The EAC is the leading example in implementing one network system in the continent. Uganda, Kenya and Rwanda have adopted the use of One Network Area, aimed at reducing the cost of calling within the region<sup>7</sup>. One area network is a regional framework comprising countries that have agreed to waive or manage roaming charges and other surcharges for telecommunications traffic. One network allows member countries to exempt regional calls from surcharges applied by member States on international incoming calls and move any additional charges to subscribers on account of roaming within the region. This means that subscribers will not be charged for roaming within the region for receiving calls while travelling within the member states.

- According to The Kenyan Communication Authority report, Kenyans are now calling more within the East African region following the scrapping of taxes imposed on incoming voice calls by Rwandan and Ugandan governments. The last three months of 2014, statistics indicate that the number of outgoing voice minutes rose by 24.4% to 17 billion, up from 14 billion in the previous quarter. The number of calls from the neighboring countries also went up by 8.2% to 20 billion minutes from 19 billion. Kenya is the only East African state that does not levy any taxes on cross-border calls.

- The East Africa region is set to achieve more in ICT development than any other region in Africa. It started with cheaper voice communication and now it is moving to data and mobile money services. The region is determined to allocate more funds to ICT projects, from less than 3% to a minimum of 5% of national budgets.

### Peace and security

RECs play a critical role in promoting peace and security within their regions. First, by virtue of their mandate in terms of helping to integrate countries both economically and politically, they provide a framework that should help limit inter-state conflict. By helping

to create commonalities of interest among their different member countries and governments across their region, they help militate against internal conflict, as there are economic interests vested in maintaining a well-functioning internal market. Economic and political integration can therefore only be successful if it is facilitated by peace and security.

This notwithstanding, economic integration is also a process that is not totally devoid of friction among the members. Successful integration therefore requires strong institutional mechanisms for containing friction and resolving disputes. And when conflicts erupt among member countries, RECs should be in a position to resolve them. It is in this perspective that a number of RECs have endeavoured to put in place dispute settlement and peace keeping or conflict resolution mechanisms. Among the key peace keeping interventions they offer to countries facing conflicts is a standby arrangement that has military, police and civilian components.

For instance, SADC has approved the formation of a SADC Standby Brigade (SB) in 2007 where all member States are expected to contribute to the brigade for the purpose of intervening in conflict situations in the SADC region. The Heads of State have also recently decided during their 2015 Summit in Maputo to deploy a peace-keeping force of about 4000 troops in the Democratic Republic of Congo (DRC). This decision will strengthen the on-going peace keeping by the MONUSCO in DRC. SADC also intervened in Lesotho to help restore peace following the actions by the Army in that country that appeared like a putsch; although the main protagonists claimed it was nothing more than an antiterrorism operation.

ECOWAS has a Protocol on Mutual Defense Assistance, which provides for a non-standing military force to intervene in the defense of a member State under external attack, as well as a Protocol for Conflict Prevention, Management, Resolution, Peace-keeping and Security. The Protocol provides for the establishment of various organs and mechanism for conflict prevention, management and resolution in West Africa.

Notable achievements include intervention operations of ECOMOG in legitimate governments of ECOWAS member states which were victims of armed attack by rebel groups. The region managed to deploy ECOMOG troops to prevent total breakdown of law and order in the effected ECOWAS member States. Furthermore, the ECOWAS region, undertook operations in other countries like Sierra Leone and Equatorial Guinea to restore peace when the parties could not reach a peace agreement towards the settlement of the disputes. Other countries assisted by the ECOWAS include Guinea Bissau and Côte d'Ivoire during the time when the two countries had internal conflicts.

### Conclusion

Regional integration remains critical in transforming African economies and change lives of many people from the deep levels of poverty. Many African countries, in close collaboration with the Regional Economic Communities and other development partners, remain committed in implementing regional integration. Significant progress can be seen in a number of areas including: Trade and Market Integration; Free Movement of People and Right of Establishment; Macroeconomic Convergence; Peace and Security; and Transport and Communication.

Progress in trade facilitation, particularly regional payment system

<sup>6</sup><http://www.hydrocarbons-technology.com/projects/kenya-uganda-oil-pipeline/>

<sup>7</sup>[www.nnpcgroup.com/PublicRelations/NNPCinthenews/tabid/92/articleType/ArticleView/articleId/172/TRANS-SAHARA-GAS-PIPELINE-PROJECT-viable-GMD.aspx](http://www.nnpcgroup.com/PublicRelations/NNPCinthenews/tabid/92/articleType/ArticleView/articleId/172/TRANS-SAHARA-GAS-PIPELINE-PROJECT-viable-GMD.aspx)

<sup>7</sup>Despite being members of the EAC, currently, Tanzania and Burundi are however excluded from the framework

will promote trade by facilitating payment of goods and services in all regions without difficulties and also at a decreased rate. African citizens will be able to transact their business in a very smooth and effective manner. From the analysis in the paper, traders would incur less cost as a result of regional payment systems which in many cases have resulted in traders paying flat rates when doing their transaction. Establishment of regional payment systems will also be key in resolving the current problem of currency convertibility arising from intra-African trade. Regional Economic Communities which have not yet established regional payment systems are encouraged to do so in order to start reaping the benefits as demonstrated in this paper.

Transit guarantee schemes have indeed brought a big difference in facilitating movement of goods among African countries. Countries will save a lot of money by issuing a single bond for all countries where goods are transiting. Transit guarantee schemes will also assist in improving the conditions of the corridors through corridor management committees which are established to oversee the activities and movement of goods. Through these committees, member States are bound to implement specific corridor programs which could not be easily achieved when pursued individually.

Borderless and paperless trade has yielded significant results in many African countries. Countries which have implemented One Stop Border Post have seen a big improvement in reduction of operating hours and procedures. Regional Economic Communities should work in close collaboration with member States in implementing the decision on the establishment of OSBP. The use of automated processes and information technology such as ASYCUDA has played a big role in reducing delays in customs procedures. Implementation of ASYCUDA by all countries is a step ahead in having consolidated trade data among member States of regional Economic Communities. Regional Economic Communities and the member States are called upon to enhance their efforts in implementing measures such as ASYCUDA, OSBPs among others. Governments should consider regional integration as part of their broader national development strategies. In this regard, regional integration decisions should be given priority during the planning stages of national programs and strategies. Continued political commitment by the African leaders is the key, if continent is to achieve its regional integration agenda.

In moving forward, African leaders need to pull their efforts and resources together in the implementation of agreed decisions pertaining to regional integration. There is need to learn from best practices. Efforts should be made by all countries to learn more from one another in terms of best practices and experiences in implementing agreed programs in regional integration. As implementation of regional integration activities and programs require substantial amounts of money, countries need to invest money and efforts in these programs by allocating funds for them in their national budgets.

Monitoring the implementation of these decisions should be taken as one of the key priorities by all the key stakeholders dealing with regional integration issues. The on-going work by the three pan-African institutions (ECA, AUC, AfDB) on the establishment of the regional integration index should be supported as this will indeed help in putting checks and balances in the implementation of regional integration agenda. This work need to be supported by all the RECs and member States. In addition, other monitoring mechanisms need to be put in place by all parties. Recommendation could be given to online reporting function which is a regional instrument for the

monitoring, reporting, and elimination of NTBs within and across the three Regional Economic Communities (COMESA; EAC; and SADC).

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