

Implementation of Africa's Integration and Development Agenda: Challenges and Prospects

By Dr. Maxwell M. Mkwezalamba* And Emmanuel J. Chinyama**

Abstract: Africa faces several challenges in its endeavors to implement her integration and development agenda. This paper outlines these challenges in four broad categories, namely, peace and security, governance, economic and social issues. It also seeks to provide solutions to these challenges. The paper then discusses the important roles that the African Union (AU), Regional Economic Communities (RECs) and Member States should play in addressing the challenges. It concludes by arguing that Africa's sustainable development and poverty reduction will not be achieved unless these challenges are addressed.

Mise en Œuvre du Programme de l'Intégration et du Développement de l'Afrique - Défis et Perspectives

Résumé: L'Afrique fait face à plusieurs défis dans ses tentatives de mise en oeuvre de son programme d'intégration et de développement. Ce papier esquisse ces défis dans quatre domaines, à savoir, la paix et la sécurité, la gouvernance, les problèmes économiques et sociaux. Il propose également des solutions à ces défis. Par ailleurs il met en lumière les rôles importants que doivent jouer: l'Union africaine (AU), les Communautés Economiques Régionales (CERs) et les Etats Membres, pour relever ces défis. Il conclut en soulignant que le développement durable et la réduction de la pauvreté en Afrique ne seront pas atteints sans que l'on ne trouve une solution à ces défis.

Introduction

Africa continues to face a number of development challenges despite its vast resources and it remains the poorest continent in the world. For example, 34 countries out of the 49 (or approximately 70 percent) poorest countries in the world are from Africa; almost half of the population lives in extreme poverty and hunger; HIV/AIDS prevalence is highest in Africa compared to the rest of the world; many countries have been grappling with the vicious circle of poverty, social-political conflict and underemployment; and corruption is having negative consequences on growth and development. Further, Africa suffers from poor infrastructure, limited Foreign Direct Investment (FDI), and huge external debt problems, among others.

* Dr. Maxwell M. Mkwezalamba is Commissioner for Economic Affairs at the African Union Commission, Addis Ababa, Ethiopia. E-mail: MkwezalambaM@africa-union.org

** Mr. Emmanuel J. Chinyama is Special Assistant to the Commissioner for Economic Affairs, African Union Commission. E-mail: ChinyamaEJ@africa-union.org

Despite these challenges, recent progress in Africa is encouraging and Africa appears to be at a turning point. Many African leaders are taking the leading role in spearheading the development efforts and implementing Africa's integration and development agenda. These development efforts can be observed through, among others, the decisions taken by African Heads of State and Government during African Union (AU) Summits. The change from the Organization of the African Unity (OAU) to the African Union, with emphasis on continental integration and the adoption in July 2001 of the New Partnership for Africa's Development (NEPAD) as a socio-economic programme of the African Union, represents a historic commitment by African leaders to accelerate integration and development in the Continent.

I. Challenges Facing the African Continent

The challenges facing Africa can broadly be classified into four categories, namely: peace and security, governance, economic and social issues.

1. Peace and security

One of the most critical challenges to Africa's integration and development efforts in the past one and a half decades has been the prevalence of conflict and political instability. There exist a number of on-going conflicts in a number of African countries, including The Sudan (Darfur and Southern Sudan), Cote d'Ivoire, Ethiopia-Eritrea, Somalia, the Democratic Republic of the Congo (DRC), the Comoros, and the Central African Republic. The destructive and recurrent nature of these conflicts has had far-reaching consequences on the African State, the region and the continent as a whole, creating an environment of perpetual insecurity.

The high intensity of conflict in many cases and the protracted nature of conflicts in others have resulted in massive loss of human life, displacement of people, high numbers of refugees, child soldiers, high incidence of vulnerability and social exclusion, destruction of socio-economic infrastructure, and erosion of institutional capacity. For example, the war in the DRC cost the lives of up to 2.5 million people since the war began in 1998, with over 2 million people being displaced. The conflict situation in Africa has exacerbated poverty across the continent, made it difficult to accelerate sustainable economic growth and development and destroyed physical infrastructure and human capital. Further, conflicts have diminished the capacity of the state, the region and the continent to focus on integration and development, and adversely affected the prospects for achieving the Millennium Development Goals (MDGs).

In recognition of the fact that peace and security is key to development, the African Union has made peace and security one of its cardinal priorities. Within this framework, African leaders have individually and collectively taken far-reaching and bold initiatives to promote peace and security on the continent. The main achievement has been the establishment of

a continental peace and security architecture, which includes the Protocol Relating to the Establishment of the Peace and Security Council of the African Union (PSC).

It is also critical that African countries make new commitments in the area of peace and security to ensure that conflicts and instability do not derail progress towards sustainable development and poverty reduction. Efforts in this regard should include effective implementation of peace agreements, and regional, continental and international instruments relating to the promotion and maintenance of peace and security. In addition, there will be need for increased investment in post-conflict reconstruction, involving mobilization of resources from the private and public sectors, as well as regional financial and development institutions such as the African Development Bank (AfDB). Further, there will be need to build international cooperation and partnerships. In this regard, the international community should support Africa's efforts to discourage the influence of foreign and former colonial powers in the domestic politics of African countries. Also, the United Nations (UN) and the International Partners (IPs) should commit more resources to implement Africa's peace and security agenda.

2. Governance

The importance of good governance for sustainable development in Africa cannot be overemphasized. Conflicts and political instability, which have had disastrous consequences on poverty eradication and human development, have been due largely to such factors as inequitable distribution of national and natural resources; human rights violation, absence of rule of law, lack of democracy and an inclusive and fair representation in government.

Furthermore, bad governance, reflected in corruption, lack of transparency, accountability and responsive institutions, has often resulted in the misapplication and inefficient use of scarce resources that could have been utilized for the promotion of growth and development. The limited ability of African states to perform core functions, due to weakness of their capacity, has often accounted for the failure of many institutional and economic reforms to have significant impact on poverty reduction and sustainable growth and development.

African leaders in recent years have demonstrated their commitment to good governance by adopting NEPAD and the African Peer Review Mechanism (APRM)¹ as its flagship programme, and by implementing political and economic reforms. The reforms implemented include introducing democratic forms of government and liberalizing trade and financial markets. Reforms have also been undertaken in the area of public finance management. But in spite of these reforms, many challenges remain. For instance, political parties and capacities and competencies of electoral commissions continue to remain weak; the culture of accountability and internal democracy needs to be

¹ As of July 2006, 25 African countries had joined the APRM.

nurtured; and the judiciary is hampered by poor remuneration of judges, inadequate infrastructure and facilities, weak technical capacity, and inadequate funding.

3. Social challenges

3.1. HIV and AIDS, TB, malaria and other infectious diseases

The African population continues to suffer from HIV/AIDS, TB malaria and other infectious diseases. In most recent years, the HIV/AIDS pandemic has been the most devastating disease throughout the region. For instance, Africa, excluding the North, has the world's highest level of adult HIV prevalence. While the global HIV/AIDS prevalence rate in 2003 was estimated at below 1 percent, that for Africa was 8.5 percent. In addition, approximately 25 million Africans were estimated to be living with HIV/AIDS in 2003 and 2.2 million died from it in the same year (UNAIDS 2004)¹. Latest available data indicate that in 2005, between 2.8 million and 3.9 million people in Africa became newly infected, while 2.4 million adults and children died of AIDS. Further evidence indicates that around 4.6 percent of women and 1.7 percent of men lived with HIV in 2005².

3.2. Poverty

The proportion of people living in extreme poverty (living on less than US\$1 per day) in Africa, not including North Africa, increased from 44.6 percent in 1990 to 46.5 percent in 2001, while the world's developing countries as a whole registered a significant reduction in extreme poverty from 27.9 percent to 21.3 percent over the same period. Between 1990 and 2001, the number of people living on less than US\$1 a day rose from 227 million to 313 million. In addition, the region has the highest rate of undernourishment, with one-third of the population below the minimum level of dietary energy consumption.

Further, Africa, not including North Africa, has the lowest primary enrollment rates of all regions and progress in access to safe drinking water, though promising, is still too slow to achieve the MDG targets. Despite this being the case, a number of African countries, including Mauritius, Botswana, Namibia, Cape Verde, Lesotho, Ghana, Mauritania, Guinea, Benin, Mozambique, Burkina Faso, Mali, and Ethiopia, have made good progress in reducing income poverty³.

¹ UNDP, *A global Overview of the AIDS Epidemic*, page 7.

² Summit of African Heads of State and Government on HIV/AIDS, Tuberculosis and Malaria, Abuja, Nigeria, May 2006).

³ African Union Commission, *The Review of the Millennium Declaration and the Millennium Development Goals*, 2006, page 24.

4. Economic challenges

Africa faces a number of economic challenges. These challenges relate to trade, including declining terms of trade facing African exports; low levels of foreign direct investment (FDI); huge external and domestic debt levels; and the rising oil price. The challenges are discussed below.

4.1. Trade

Trade has the potential to act as a catalyst for economic development. However, this potential in Africa has been hit by the declining terms of trade facing primary commodities. The Doha “development round” of trade negotiations provided a unique opportunity to make trade more effective for economic growth and poverty reduction. But to date, little has been achieved in this regard. The Doha Work Programme is yet to be fully completed and the negotiations have since been suspended.

In addition, Africa remains marginalized in the world market and continues to maintain a small share of world exports. Rich countries are part of the blame. This is partly explained by the fact that although rich countries have pledged to reduce tariffs on imports from developing countries and reduce subsidies for their farmers, not much has happened. In some cases, the subsidies have been increased, instead of being reduced.

Furthermore, intra-Africa trade figures continue to be unsatisfactory, compared to the other regions of the world despite substantial progress made by some countries and regional economic communities in reducing and eliminating tariff and non-tariff barriers. For instance, in 2004 intra-African trade accounted for only 9 percent of the total volume of the Continent’s exports, which is slightly lower than 9.2 percent in 2003. On the other hand, trade within European countries accounted for 67 percent of the total volume of exports from Africa. The 9 percent intra-Africa trade in 2004 mainly came from the Southern African Development Community (SADC), the Economic Community of West African States (ECOWAS) and the Common Market for Eastern and Southern Africa (COMESA), which accounted for 12.9 percent, 12.6 percent and 11.7 percent, respectively. The modest performance of intra-African trade can be explained by a number of factors, including type of production (mainly raw materials and agricultural products); poor infrastructures; institutional and financial weakness and poor trade regulations and policies among Member States of the African Union.

4.2. Foreign direct investment (FDI)

The level of investment in Africa is very low with her share in global FDI inflows remaining below 5 percent. According to available data, investment coming to Africa only concentrates in a few countries that export natural resources like oil and minerals. It is argued that the investment climate in most African countries is not conducive to attracting foreign investors owing to a

number of factors, including existence of unstable macroeconomic conditions, poor governance, and persistence of conflicts and insecurity.

4.3. Debt burden

The situation of debt in Africa has been a concern to many African leaders. Outstanding total debt stock at the end of 2004 was estimated at \$330 billion in nominal terms and African countries continued to pay over \$30 million a day on the loans contracted over the last 30 years. Thus, many African countries are spending their scarce resources in servicing debt, instead of allocating them to growth and social sectors.

In order to address the problem of debt facing African countries, several debt relief initiatives have been initiated, including the enhanced Highly Indebted Poor Countries (HIPC) initiative and the Gleneagles Summit (July 2005) decision to cancel debt for 18 HIPCs, including 14 from Africa. However, these initiatives have fallen short of meeting the demands of African countries. Also, in a number of African countries, there is a rising problem of domestic debt.

4.4. Increasing oil prices

Another challenge facing the continent is the recent rise in the price of petroleum products. While the price of crude oil was under US\$25 per barrel in mid 2003, it sharply increased to over \$60 barrels in 2005. As of mid- April 2006, the price had reached \$72 per barrel. In this regard, the rising world oil prices remain one of the determining factors of global economic performance in Africa and other parts of the world. Currently, many African economies are facing economic hardships following the recent and escalating increases in oil prices and they are struggling to make adjustments to the ever increasing oil prices.

II. Africa's Responses to the Challenges and the Way Forward

1. Peace and security

One of the greatest achievements in Africa at the dawn of the new Millennium was the adoption of the Constitutive Act, establishing the African Union, which was officially launched in July 2002. The creation of the African Union was a manifestation of the commitment of African leaders to endow the continent with the ideal and robust institutions to meet the challenges of a new era in the history of the continent, laying greater emphasis on integration and economic development.

The Constitutive Act itself underlines the linkage between peace and security and economic development. It does this by stressing in its preamble that the scourge of conflicts in Africa constitutes a major impediment to the promotion of peace, security and stability as a prerequisite for the implementation of the Continent's development and integration agenda. On the other hand, the Vision, Mission and Strategic Plan of the African Union has

identified peace and security as one of the four Axes for building the Union, stressing that “Armed conflicts contribute immensely to the deterioration in socio-economic development, with attendant sufferings of civilian populations, increase in refugees and displaced persons, denial of basic human rights, and diminished hope for African People”¹.

In order to promote and maintain peace and security on the continent, African leaders, individually and collectively, have taken far-reaching and bold initiatives. These include the adoption of several instruments such as the Declaration on the Framework for the Organization of African Unity (OAU) Response to Unconstitutional Changes of Government; the Solemn Declaration at the Conference on Security, Stability, Development and Cooperation in Africa (CSSDCA); and the Memorandum of Understanding on Security, Stability, Development and Cooperation in Africa.

The most significant achievement in Africa’s commitment to reversing the pattern of conflict and insecurity has been the adoption of the Protocol Relating to the Establishment of the Peace and Security Council (PSC) of the African Union². The Peace and Security Council of the Union has risen to the challenge of conflicts on the continent by playing a leadership role and taking landmark and decisive actions to ensure peace and security in Africa. In addition, African countries have signed and ratified relevant regional, continental and international instruments for the promotion and strengthening of international peace and security, particularly in the areas of combating terrorism and transnational organized crimes, drug control, anti-corruption, money laundering and disarmament.

2. Good governance

The APRM aims at fostering the adoption of policies, standards and practices that lead to democracy; political, economic and corporate governance; and socio-economic development. African countries have made considerable progress in improving systems of political and economic governance. For instance, the electoral process, as indicated by the wave of democratisation across the continent, is gaining credibility and legitimacy, and the political space has become more inclusive. This notwithstanding, there remain serious setbacks.

In light of the critical importance of good governance for continuing economic and social progress, African countries need to:

- Forge and continue to deepen effective participatory forms of governance through decentralization;

¹ African Union Commission, *The Review of the Millennium Declaration and the Millennium development Goals*, 2006, page 47.

² The Protocol was adopted in Durban, South Africa, in July 2002 and became operational in March 2004 and was launched two months later.

- Have zero tolerance on corruption which requires that every African country joins the APRM;
- Sign the African Union Convention on Corruption, which provides for legislative measures to prevent and punish acts of corruption and enforce transparent tendering procedures and declaration of assets and properties by public officials;
- Ensure strict adherence to the rule of law, respect of basic human rights, protection of individual, associative and political freedoms, establishment of transparent and independent electoral processes;
- Improve the commercial justice systems, protect property rights, and improve the overall business environment;
- Promote greater involvement of civil society in the formulation, implementation and monitoring of policies, projects and programmes; and
- Enhance institutions to ensure transparent hiring procedures, tendering processes, and improved tax and fiscal system control.

It must be emphasized that the prime responsibility of tackling corruption rests with Africans themselves. But there is much that Africa's development partners can do to help. These include improving corporate governance in donor countries as it pertains to African countries, and developing mechanisms for the recovery of assets illegally acquired from Africa.

3. Social Policies

Regarding HIV and AIDS, the launching of the Abuja and United Nations (UN) Declarations of Commitments by the World Health Organization (WHO) and UNAIDS has helped to mobilize and support governments and their partners to scale up access to treatment. As a result, 20 percent of more than 4 million People Living With HIV/AIDS (PLWHA) needing antiretroviral (ARV) drugs in Africa had received treatment by the end of 2005, with three countries (Botswana, Namibia, Uganda) reaching the target of treating 50 percent. Despite rising numbers of new infections, adult infection rates decreased in Kenya from a peak of 10 percent in the late 1990s to 7 percent in 2003. Reports also indicate evidence of drops in HIV prevalence from 26 percent in 2003 to 21 percent in 2004 in Zimbabwe. In urban areas of Burkina Faso, prevalence among young pregnant women declined from 4 percent in 2001 to less than 2 percent in 2003.

In addition, about 85 percent of African countries have now established HIV/AIDS national coordinating bodies, with over half of them chaired by Presidents, Vice-Presidents or Prime Ministers. Some countries have

gone farther by creating Ministries of HIV/AIDS¹, putting in place sub-national level HIV/AIDS coordinating bodies², developing national HIV/AIDS strategic frameworks, and also putting in place national monitoring and evaluation systems.

There has also been some progress in allocating increasing resources towards health in line with the Abuja Declaration of 2001³. Overall, 33 percent of countries have allocated 10 percent or more of their national resources to health. In addition, African Heads of State and Government have engaged fruitfully with the Group of Eight Industrialized Countries (G8) for additional resources, and for the cancellation of debt in favour of increased spending on poverty reduction, including health. Many countries have also accessed considerable funding from global health partnerships, private foundations and bilateral and multi-lateral sources.

Apart from these, African countries will need to mainstream gender into national development strategies, eliminate gender disparity in primary and secondary education, guarantee sexual and reproductive health rights, women's and girls' property and inheritance rights, and allocate adequate budgetary resources for the empowerment of women. Further, they will need to enhance investment in the development of human capital, particularly in science and technology; and combat the HIV/AIDS pandemic and other diseases. Furthermore, there will be need to design and integrate social protection and social safety net programmes within broader national social policy frameworks and national development strategies; and build statistical capacity for policy and programme design, implementation and monitoring.

4. Economic Policies

4.1. Macroeconomic policies

The attainment of sustainable growth, development and poverty reduction will require the formulation and implementation of effective economic and social policies at national level. The last decade has shown that African governments have pursued prudent macroeconomic policies despite the large exogenous shocks facing many of them. As a result, Africa has registered notable progress. For instance, the real growth rate for the region rose to 5.3 percent in 2005 compared to 1.28 percent in 1990; the region's inflation decreased to 8.2 percent in 2005 compared to 16.43 percent in 1990; and fiscal deficits came down to 0.7 percent of gross domestic product (GDP) in 2005, lower than 4.19 percent in 1990⁴. Despite these achievements, the average growth rate for the

¹ Examples include Cote d'Ivoire and Rwanda.

² 43 percent of the countries in Africa.

³ According to the Abuja Declaration of 2001, countries must allocate 15 percent of their budgetary resources to health.

⁴ Macroeconomic indicators taken from African Development Bank Website, *Africa's Performance*, 2004.

continent is less than that required to make a dent on poverty¹. Further, savings and investment levels have remained far too low, with investment to GDP ratios at below the 25 percent level needed to accelerate growth.

Critical to the achievement of the MDGs in Africa is the attainment of MDG 1 (reduce extreme poverty by half by 2015). To this end, the effectiveness of the country-based poverty reduction strategies is essential. African countries should, therefore, gear their poverty reduction strategies toward the attainment of the MDGs and aim to attain and sustain long-term growth rate of at least 7 percent per annum. In addition, African countries will need to deepen their macroeconomic reforms and enhance domestic competitiveness and efficiency as a foundation for promoting investment and achieving rapid economic growth and poverty reduction.

4.2. Broad-based economic policies

Beyond maintaining sound macroeconomic policies, acceleration of continental integration and sustainable growth and development in Africa will require a number of other key measures. These include rural transformation and agricultural revolution to raise the level of agricultural productivity, improving food security and enhancing living conditions in rural Africa; promoting and developing the private sector, with particular emphasis on micro, small and medium-scale enterprises (MSMEs); and pursuing export-oriented industrial development strategy.

Other measures include enhancement of the competitiveness of African economies through the development of national and regional infrastructure, particularly transport, communication and energy; creating an enabling environment for improving the investment climate; prudent management of natural resources to reverse the trend of deforestation, desertification, overgrazing, rapid soil erosion and to ensure environmental sustainability; and mainstreaming trade policy into national development strategies.

Effective public-private sector partnership is crucial for the implementation of the above measures. The nurturing and enhancement of such partnership should therefore be of high priority on Africa's development agenda.

III. Financing for development

A major obstacle to implementation of Africa's integration and development agenda is the inadequacy of resources for the financing of policies, projects and programmes and the building of capacity. The mobilization of resources, both internal and external, therefore, constitutes a major challenge for the

¹ In order to have a dent on poverty, the Economic Commission for Africa (ECA) estimates that African economies will need to grow by at least 7 percent per annum.

achievement of sustainable growth and development and poverty reduction in Africa.

1. Domestic resources

Africa must take necessary measures to mobilize additional domestic resources for the financing of its integration and development. These measures should include promoting and sustaining macroeconomic stability; continuing to implement financial sector reforms, including strengthening informal financial institutions; broadening the tax base and improving tax administration; and enhancing peace and security and good governance.

2. Overseas development assistance (ODA) and foreign direct investment (FDI)

The achievement of sustainable growth and development in Africa also requires an effective and enhanced global partnership. The Millennium Declaration called on the international community to support the development efforts of African countries through, *inter alia*, increased flows of ODA and FDI, fairer trading system, and debt cancellation. The limited socio-economic progress achieved by Africa can be attributed largely to the failure of the international community, especially the major developed countries, to meet the commitments in these critical areas. Developed countries must translate their commitments into concrete actions.

Furthermore, both the Monterrey Conference on Financing for Development (March 2002) and the World Summit on Sustainable Development (September 2002) urged developed countries, which had not yet done so, to make concrete efforts to achieve the target set since 1970s of 0.7 percent of gross national product (GNP) as ODA. As at the end of 2003, only five of the 23 OECD largest donors had attained the target¹. As indicated earlier on, Africa has taken measures to improve governance and create a better environment for integration and development. This clearly improves their case for a significant increase in aid flows to Africa.

The International Partners (IPs) are, therefore, called upon to significantly increase the level of ODA and ensure the attainment of the target of 0.7 percent of GNP as ODA by 2015. They are also called upon to improve the quality of aid through better coordination and harmonization of their aid delivery processes to minimize transaction costs to African countries. Improvement in quality of aid should also be through ensuring a stronger linkage between aid and the MDGs, the NEPAD programme, and national Poverty Reduction Strategies (PRSs). Further, there is need for greater predictability of ODA flows; strengthened ownership of aid by beneficiaries; and greater policy space in the utilization of aid. At the same time, Africa will need to reduce its dependency on aid. In this regard, it is recommended that Africa develops “aid exit” strategies. In addition, Africa will also need to

¹ The countries are Norway, Denmark, The Netherlands, Luxemburg and Sweden.

mobilize resources from the Diaspora through implementing appropriate policies.

3. Fair and equitable global trading system

The second major area where Africa requires the support of the international community for the attainment of sustainable development and poverty reduction relates to the establishment of a fair and equitable global trading system. This system has to be more responsive to the development needs of Africa through:

- Improvement in the access of African products to the markets of the developed countries by eliminating tariff peaks and escalation, and non-tariff barriers;
- Elimination of trade distorting subsidies and domestic support, especially in Agriculture, by the developed countries;
- Provision of assistance to African countries to integrate more effectively with the global trading system by increasing support for capacity building, environmental conservation, regional integration, and cross-border infrastructure;
- Speedy operationalization of the Aid for Trade initiative;
- Provision of assistance and adjustment support to mitigate the poverty-deepening consequences of trade liberalization in Africa;
- Dealing with problems of commodities, including improvement of chain value and diversification of production and trade;
- Full completion of the Doha Work Programme and successful conclusion of the negotiations launched at Doha in 2006, as agreed at the Hong-Kong Ministerial Conference on December 18, 2005. In this regard, there will be need to develop new strategies to deal with the recent collapse of Doha Round of negotiations, including having Africa speak with one voice under the umbrella of the African Union; and more importantly
- Promotion of intra-African trade.

4. Debt cancellation

The future of Africa's integration and development will also require debt cancellation. Among the 38 countries considered likely to be eligible for assistance under the enhanced HIPC Initiative, 32 are in Africa. While some progress has been made in debt relief for the HIPCs under the enhanced HIPC Initiative and the Gleneagles Summit of July 2005, a more accelerated debt relief effort is essential if these countries are to avoid slipping back into unsustainable debt positions. In this respect, debt cancellation will need to be extended to all African countries.

In addition, African countries will need to develop and put in place debt policies that will guide them on future borrowings. It is also important that African countries suffering from huge domestic debt problems work towards addressing this issue. This could be done through implementation of prudent public financial management policies and utilization of debt relief resources under the HIPC Initiative and Multi-lateral Debt Relief Initiative (MDRI) to reduce the level of domestic debt.

5. Regional integration

Africa has a rich history of both political and economic integration projects for the unity of the continent. For instance, in 1980, the Lagos Plan of Action outlined a pan –African programme of economic cooperation and integration. The Plan of Action and Final Act of Lagos generated the Abuja Treaty Establishing the African Economic Community (1991), which entered into force in 1994. Since then, progress has been made in a number of areas, which include free movement of people in some Regional Economic Communities (RECs); adoption of common currencies in some regions; and establishment of Free Trade Areas (FTAs) and Customs Unions¹. Further, in order to accelerate the pace of continental integration, the African Union is currently working on the establishment of the three financial institutions, namely, the African Investment Bank (AIB), the African Monetary Fund (AMF), and the Africa Central Bank (ACB), as per its Constitutive Act.

The RECs and the AU have a critical role to play in promoting rapid socio-economic development in Africa. This role includes the promotion of regional integration through the enhancement of the competitiveness of African economies by establishing large regional markets, the promotion of intra-African trade, harmonizing and coordinating national policies, and the provision of regional infrastructure and regional public goods. Because continental integration efforts are currently being hampered by the multiplicity of the Regional Economic Communities, including their overlapping mandates and duplication of efforts, the African Union is currently working on their

¹ The East African Community (EAC) Customs Union went into force in January 2005, whereas the Common Market for Eastern and Southern Africa (COMESA) and Southern African Development Community Customs Unions will be effective in 2008 and 2010, respectively.

rationalization¹. This work needs to be completed at the earliest opportunity so that the RECs can be efficient and effective instruments for continental integration, as building blocks of the African Union.

Conclusion and recommendations

Africa needs to accelerate the implementation of its integration and development agenda in order to achieve poverty reduction, sustainable growth and development. However, it faces several challenges. These are peace and security, political and economic governance, economic and social challenges. On the other hand, Africa has undertaken efforts to implement a number of measures to address these challenges. But more needs to be done.

African governments will need to put in place measures to eliminate aid dependency in the longer term by designing effective and credible "aid exit" strategies, supported by efficient and effective domestic resource mobilization efforts as well as mobilization of resources from the Diaspora. In addition, there will be need for Africa to develop effective mechanisms for following-up commitments made by International Partners. Above all, concerted actions will be required in the areas of peace and security, good governance, social and economic policies and development financing. With concerted efforts by both Africa and the International Community, Africa should be able to surmount the numerous continental integration and development challenges it faces and move onto a sustainable economic and development growth path.

¹ During its Assembly Meeting in Banjul, The Gambia, in July 2006, the African Union took a Decision not to recognize any new RECs.

References

- African Development Bank (2006), *Selected Statistics on African Countries*, Vol. XXV.
- African Union Commission (2004), *The Mission, Vision and Strategic Framework of the African Union Commission (2004-2007)*, African Union Commission, Addis Ababa.
- African Union Commission (2006), *The Review of The Millennium Development Goals and the Millennium Declaration: An African Common Position*, African Union Commission, Addis Ababa.
- African Union Commission (2006), *The Catalogue of Programme of Activities*, African Union Commission (Economic Affairs Department), Addis Ababa.
- Axline W.A. (ed) (1994), *The Political Economy of Regional Integration*, Printer publishers, London.
- Edwards Sebastian (1993), "Openness, Trade Liberalization, and Growth in Developing Countries," *Journal of Economic Literature*, 31, PP. 1358-93.
- Hirsch Robert L. (2005), *Peaking of World Oil Production: Impacts, Mitigation, and Risk Management*, United States Department of Energy, National Energy Technology Laboratory (DOE NETL), February.
- Hooker Mark A. (1999), "Are Oil Shocks Inflationary? Asymmetric and Nonlinear Specifications Versus Changes in regime", Working Paper, Federal Reserve Board.
- Hunt Benjamin, Isard Peter, and Laxton Douglas (2000), "The Macroeconomic Effects of Higher Oil Prices", IMF Working Paper, Washington D.C..
- International Energy Agency (IEA) (2004), *Analysis of the Impact of High Oil Prices on the Global Economy*, IEA.
- Kapoor Sony (2005), *Paying for 100 percent Multilateral Debt Cancellation*, European Network on Debt and Development (EURODAD).
- Organization of African Unity (OAU) (2000), *Constitutive Act of the African Union*, OAU, Addis Ababa.
- Organization of African Unity (OAU) (1980), *Lagos Plan of Action*, OAU, Addis Ababa.
- Organization of African Unity (OAU) (1991), *Treaty Establishing the African Economic Community*, OAU, Addis Ababa.

- Oxfam International (2002), *Poverty in the Midst of Wealth*, United Kingdom.
- United Nations Economic Commission for Africa (ECA) (2004), *Assessing Regional Integration in Africa*, ECA, Addis Ababa.
- United Nations Economic Commission for Africa (ECA) and African Union Commission (2006), *Assessing Regional Integration in Africa II*, ECA, Addis Ababa.
- United Nations Economic Commission for Africa (ECA) (2005), *Survey of Economic and Social Conditions in Africa*, ECA.
- United Nations Development Programme (UNDP) (2004), *Human Development Report*, Geneva.
- Vamvakidid, A. (1998), “*International Trade and Economic Growth*”, The World Bank Economic Review, Vol.12, No.2.
- World Bank (2004), *Global Economic Prospects*, Washington D.C.