

AFRICAN UNION AND THE QUEST FOR REGIONAL INTEGRATION IN AFRICA: CHALLENGES AND PROSPECTS

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Abstract

The Study examined Issues, Challenges and Prospects of African Union (AU) in its Quest for Regional Integration in Africa using primary and secondary methods to collect data and the study was based on content analysis. The study adopted neo-functionalism as a framework of analysis. From the findings of the research, it was discovered that assessment of the impact of Africa's initial efforts to integrate suggests that the expected benefits have eluded the continent. In the light of recent data gathered, evidences show that the African Union (AU) has strong institutions to tackle the continental political integration, it is by the same token affirmed that the African Union can address the challenges in trade that effectively promotes economic growth and reduces poverty. Regional economic integration, as a prelude to continental market integration, is clearly an imperative survival strategy for Africa. The research therefore recommended, among others, that there is need to strengthen the African Parliament to mobilize support, spur debate over the African Union to promote timely democratization and transparency of the process; establish the African Court of Justice to play a vanguard role with the African Parliament in promoting good governance, human rights and democratization of the African Union's institutions and organs and in building a strong moral and constitutional foundation for it; Establish the Economic, Social, and Cultural Council with relevant technical committees to prepare the groundwork for accelerating regional integration (policy convergence and infrastructure).

Keywords: Regional Integration, Africa, African Union (AU), Issues, Challenges and Prospects

Introduction

Regional integration has been part of Africa's strategy for economic transformation for more than three decades and in some cases for almost a century. Most of these early attempts have been dissolved or transformed. New groups had formed, reflecting African countries' continued desire for economic cooperation and integration (ARIA: 2004). In West Africa for example, three economic communities emerged in three years: the Community of West African States (which became the West African Economic and Monetary Union in 1973, the Mano River Union in 1974, and the Economic Community of West African States in 1975). Elsewhere, the Central African Economic and Customs Union was transformed in 1974, and the Economic Community of the Great Lakes Countries in 1976 (ARIA, 2004: 27).

One common criticism is that unlike economic integration in Europe (the European Union), North America (the North American Free Trade Agreement), and South American (the Common Market of the South), regional integration in Africa has done little to accelerate growth or regional trade. And why has regional integration in Africa fallen short of its goals? Key constraints include:

Multiple and overlapping memberships, Countries' reluctance to adhere to integration programmes; Insufficient technical and analytical support, such as cost-benefit analyses; Divergent and unstable national macroeconomic policies; Inadequate capacity and resources among countries and regional economic communities to spearhead the integration process; Lack of coherence and links among sectoral cooperation programmes and macro-economic policies pursued by regional economic communities; Missing or ineffective mechanisms for organizing, implementing and monitor integration policies and programmes; and Inability to make integration objectives, plans and programmes part of national development frameworks. Questions have also been raised about intra-African trade, which remains low despite decades of experimentation with market integration. African trade continues to be skewed towards the West, mainly the European Union. In addition, there are concerns about whether there is sufficient political will to convert words into action about the lack of a concerted approach to integration and the daunting financial and investment challenges. (ARIA I, 2004: 20).

The prime focus of this study is to appraise the African Union in six significant areas in her pursuit for regional integration -to identify if institutions of AU are strong enough to address Africa's integration challenges; to determine if African Union has the capacity and offers the most credible strategy to tackle her Trade Integration Challenges; to appraise the level of implementation of Free Movement of Persons, Labour Mobility, Right of Residence and Establishment; to determine the level of Monetary and Financial Integration; appraise African Union capacity to address the Regional Infrastructural Deficits. The scope of the research was from 2002 - 2017.

Literature Review

This part has two basic sections. The first section attempted a conceptual discourse of some terms that are central to this thesis. The second section explores the theoretical framework for analysis. During the past few decades, there has been a tremendous surge in regionalism throughout the international system. This growth has been stimulated in large measure by the proliferation of regional institutions, giving rise to substantial scholarly interest in both their sources and consequences. The first coherent regional initiatives began in the 1950s and 1960s, but they accomplished little, except in Western Europe with the establishment of the European Community. Some analysts call these initiative "old regionalism". In the late 1980s, a new bout of regional integration also called "new regionalism" began and continues still. Indeed, it may indicate that the nation-state system, which has been the dominant pattern of international relations for some four centuries, is evolving toward a system in which regional groupings of states will be more important than the independent sovereign units. Perhaps, as Walter Lippmann said "the true constituent members of the international order of the future are communities of States" (Carr, 1946: 231). This trend is in part an outcome of the necessity of pooling national resources for protection in a divided and war-threatened world; but it is also an outgrowth of other pressures which are driving nations together in this era.

Despite widespread interest in regionalism, there is lack of consensus on its definition. In part, this is because observers do not agree on what constitutes a region. Regions are frequently defined as a group of countries located in the same geographic space; it is important to accentuate that in international relations a region is usually an area embracing the territories of three or more states. These states are bound together by ties of common interests as well as of geography. But where one region ends and the next begins is sometimes unclear. Furthermore, most researchers agree that a region implies more than just physical proximity, although the additional criteria that should be used have proven controversial.

Among some of the best-known studies, for example, Deutsch (1957) views high levels of interdependence across multiple dimensions – including economic transactions, communications, and political values as determining whether a group of countries compose a region. In light of the ontological disagreement over what constitutes a region, it is no surprise that regionalism is also a contested concept. One source of confusion has been the distinction between regionalism and regionalization. Various political scientists have argued that regionalism is a political process marked by cooperation and policy coordination, whereas, regionalization is an economic process in which trade and investment within the region grow more rapidly than the region's trade and investment with the rest of the world (Haggard 1993:48-49, Payne 1996, Breslin & Higgott 2001, Ravenhill 2009). Pempel (2005:19-20) makes a different but related distinction; he defines regionalization as a bottom-up, societal driven process, whereas regionalism "involves primarily the process of institution creation" and is the intentional product of interstate cooperation. Katzenstein (2006:1) defines regionalism as "institutionalized practices and regionalization as "a process that engages actors." For Hurrell (1995:39-40), however, regionalization is a feature of regionalism. Regionalization is "the growth of societal integration within a region and the often undirected processes of social and economic interaction." A "regional understanding" is quite different from a regional arrangement, for it may be entirely without machinery for the implementation of common policies. It suggests more of a common attitude than integrated or even concerted action. Nor should a regional arrangement be confused with "such vague, all-inclusive, and not too candid terms as 'orbit', 'bloc' or 'zone' – euphemisms for domination plain and simple".

Integration has been viewed from many angles by prominent scholars. It is a strengthening of ties reflected through a process in which national political actors shift their expectation, loyalties and political activities from the nation-state level to a larger centre with institutions possessing or demanding authority over the nation-state. Integration according to Ernst Hass, entails people's being persuaded to shift their loyalties from their distinct national settings and so on. Integration can also be viewed as a phenomenon reflected by transactions coupled with co-operative decision-making among states. It could, therefore, be taken as a process as well as an outcome. This implies a process of linking an existing system with a future system. If the present international scene represents a series of different nations with their different political environments, the future of these nations, if involved in integration, would be the type that would lead to greater interaction and co-operation. Nation-states, through integration, are brought together for common purposes within the same institutional structures.

It is important, however, to always note that whether it is the process that one studies or it is the outcome, integration is a product of voluntary movements or voluntary acts by nation-states.

Theoretical Framework

The study adopted neo-functionalism as a framework of analysis. Neo-functionalism as enunciated by Haas and Lindberg, in the 1950s and 1960s was adopted in analyzing the study as the suitable theory that best explains regional integration in Africa.

One of the major European integration theories stems from Mitrany's approach of functionalism on the one hand, federalist thinking on the other hand, and was initially developed in the 1950s and 1960s by Haas and Lindberg, two very influential scholars (McCormick, 2005). Emerging as a response to the creation of the European Coal and Steel Community (ECSC) in 1951 and the European Economic Community (EEC) in 1957, neo-functionalism's main focus rests on the concept of 'spillover'. Roughly speaking, this concept describes how international cooperation in one field stimulates cooperation in other field through different ways.

“Neo” means “a renewal of” or “a new illustration” of an old or classical phenomenon. It follows therefore, that neo-functionalism is a revival or refining of (or new version of) functionalism as espoused by David Mitrany. Thus, Ernst Haas, the founder of neo-functionalism, took as his starting-point a criticism of David Mitrany’s functionalism from the 1940 (Dosenrode, 2010: 21). While Mitrany’s functionalism challenges the state-centric worldview, focusing more on functions rather than forms, the neo-functionalist seeing the utopian nature of classical functionalism, reinstated political agency into the integration process (Rosamond, 2000: 55). Thus, neo-functionalism focus more on the states to explain regionalism (Hurrell, 1995: 331-358). The most innovative aspects of the neo-functionalist theory is the spill-over effect, which Haas defined as a situation where the creation and deepening of integration in one economic sector would create pressures for further economic integration in other sectors of the economy (Haas, 1968: 283-317). The first problem with this definition as Arne Niemann has correctly argued is the possibility to discern different logics of spill-over (Niemann, 2006). The open-ended nature and infinite spiraling of spill-over into some other areas is best captured in the view of Leon Lindberg: Spill-over refers to a situation in which a given action, related to a specific goal, creates a situation in which the original goal can be assured only by taking further actions, which in turn create a further condition and a need for more action, and so forth (Lindberg, 1963: 10).

The key proposition of neo-functionalism are as follows:

- i. Neo-functionalism proceeds with the basic assumption that the integration process is a political, as it is functional or technocratic (Dosenrode, 2010: 22). Hence, states should integrate modestly in areas of “low politics” which are at the same time “strategic economic sectors” (Rosamond, 2000: 51-52).
- ii. States should therefore create a supranational body to drive integration and supervise the integration projects for common interest rather than the interest of individual member states (Dosenrode, 2010: 22).
- iii. States are not exclusive actors and may no longer be the predominant actors in the regional/international system (Dosenrode, 2010: 24).
- iv. A central concept of neo-functionalism is ‘spill-over’. It means that the integration of particular economic sectors across states will create functional pressures for the integration of related economic sectors. The consequence is the gradual entangling of national economies.
- v. Increased interdependence between member-state in one functional or issue area will lead to interdependence in other issue areas. Eventually, their citizens will begin shifting more and more of their expectations to the supranational entity and satisfying them will increase the likelihood that economic-social integration will ‘spillover’ into political integration’ (Dosenrode, 2010: 23; Rosamond, 2000: 51-520).

The utility of the theory to the study cannot be overemphasized. Neofunctionalism describes and explains the process of regional integration with reference to how three casual factors interact:

- i. Growing economic interdependence between nations;
- ii. Organizational capacity to resolve disputes and build international legal regimes;
- iii. Supranational markets rules markets rules that replace national regulatory regimes.

Just as Rosamond put it, political integration will then become an “inevitable” side effect on integration in economic sector (Rosamond, Ben: 2005 237-254).

Challenges of AU In Sustaining Integration In Africa

Weak Institutional and Organizational Constraints

Why has regional integration in Africa fallen short of its goals? Key constraints to regional integration in Africa are however found in the regional economic communities landscaping different parts of Africa.

Articles 5 through 22 of the Constitutive Act cover the inclusive nine institutions of the Union, viz., the Assembly, the Executive Council, Specialized Technical Committees, the Pan-African Parliament, the Court of Justice, three Financial Institutions, the Commission, the Permanent Representatives Committee and the Economic and Cultural Council. However, these Nine Institutions of the African Union (AU) presently manifested some forms of defectiveness organizationally and in their relationship with the existing Regional Economic Communities (RECs) in some areas.

At present there seems to be no clear organizational structure that maps out the formal relationships, duties and functions, and the allocation of responsibilities, between the Regional Economic Communities (RECs) and in the AU systems (Organizing and reporting relationships). This lack of clarity in terms of organizational structure, relationships and duties and functions present important issues of concern, with this, the problem of co-ordination of activities and programmes become intractable. Apart from inter-institutional relationships with the AU, there are also extra-institutional relationships between the AU organs and other regional and national institutions, like between Pan-African Parliament (PAP) and other African Parliamentary Institution. Literature on institutions building also revealed, for instance, the problems of weak capacity and administrative services, financial constraints, unclear legal mandate compounded by limited access to information.

Summing up the efforts and challenges of the AU in institutional building, first, is that the principle of national sovereignty continues to shape the approaches of African leaders towards political integration. The shared collective experience of the OAU/AU over the years has spurn a value system entrenched in the legacy of centralized power and rivalry between the OAU/AU and institution that show supranational promise. Therefore, the highly static and centralized culture of African institutional integrative experience has the potential to threaten its very existence.

Absence of Strong Supra-National Institutions

The African Economic Community Treaty (AEC) and the African Union (AU) Constitutive Act changed the form of African integration by providing for potentially supranational institutions like the Pan African Parliament (PAP) and others. Nonetheless, there are signs that African leaders still prefer a strictly intergovernmental approach in regional decision-making and thus view supranational leaning institutions as a departure from a familiar predictable path. African Head of States as institutional designer's views' are that, they value more the principles of states autonomy over that of continental political integration which at certain times in future may undermine state sovereignty. Sovereignty and nationality concerns drive African member states to become reluctant actors in their approach to integration because of unintended consequences which could undermine the sovereignty of their states.

One of these consequences is the supranational potential of institutions which emerge out of the African political integration process. This concern thus drives regional actors towards centralization of decision making at the intergovernmental bargaining level. While there are legitimate concerns on issue of sovereignty, the need to empower these institutions is also vital

for integration in Africa. The reluctance of African leaders to delegate sovereignty in any form is driven chiefly by the need to protect state control at the national level.

However, this threatened the strengthening of the African Union (AU) as a nascent regional institution. The concept of supra-nationality has often not been adopted in African integration, even though the Abuja Treaty and the AU Constitutive Act sought to tackle that problem. The regional institutions in existence are rather too weak and do not have the required supranational authority and power necessary enough to implement or enforce treaties and protocols.

Wide Scope of Regional Integration Agenda

Related to the preceding concern is the potential challenge of biting too much at once. At the inception, not only did the AU kick off with a mammoth crowd of member countries, but it's also trying to operate on all cylinders. One of the lessons of regional integration in general, and of the EU's experience in particular, is that regional integration is a process, and not an event. In the neo-functionalist tradition, it's best to integrate the African economy, one sector at a time, and gradually, via the construct of a new collective decision-making center. In a way, the AU seems cognizant of this gradualist strategy, and seems to have subscribed to it by creating mechanisms for creating supranational EU organs. Missing somewhat from the current arrangement are mechanisms for formulating concrete policies for actualizing its aims, or following through on rhetoric.

But the communities show too much independence in their integration agendas, and their treaties appear to take precedence over the Abuja Treaty in formulating and implementing policy. No hard and fast rules bind integration agendas to the continental framework, and no supranational authority provides oversight, leaving several broad issues to be addressed.

Human Resources and Labour Mobility

Removing impediments to free movement of labour and people is important for successful integration. In many countries, restrictions on visas and the rights of establishment impede free movement. Removing these restrictions will promote a sense of belonging to the community, creates movement of know-how and skills across borders and help integrate labour markets.

While labour mobility is included in the protocol and objectives of several African regional economic communities, many practical obstacles still hamper its effective realization. Many regional economic communities have agreements on free movement of people, but several have yet to implement them. Thus labour markets remain fragmented, serving as a barrier to the free movement of labour among countries. Xenophobia has partly hampered labour movement among member countries. Other challenges of implementing the protocol on the free movement of people include those enumerated: The effect of bilateral arrangement; Uncoordinated Economic Programmes and Fiscal Policies; Minimum Capital Requirement for Investment in Member States; Security Concerns; Border Disputes and Spillovers from Political Instability.

Inadequate of Finance

Another major concern is a glaring omission from the Act how the Union intends to finance its activities and programs. The best we can discern from the Act is that the budget will rely on member state's annual dues and fines that are imposed on recalcitrant member states. Whereas annual dues are more predictable, sanctions are too unpredictable to rely on as a major source of revenues. In view of the fact that funding was a major handicap of the defunct OAU, the absence of any explicit provision on how the Union will finance its ambitious programs and institutions is worrisome.

However, it is generally recognized that inadequate financing is one of the main barriers to Africa's integration. Financial resources to support the regional economic communities comes mainly from assessed contribution, but external assistance has been the prime source of financing their operations.

Actual paid contributions have declined over time and external support, in some cases, is no longer as forthcoming and sufficient to meet the needs of the regional economic communities. This disturbing trend needs to be considered against the backdrop of a major shift in the African integration landscape – the advent of the African Union. The gap between the needs of the regional economic communities and member contributions is already large, and projections suggest that it will not grow.

Unclear View of the Cost and Benefits of Integration:

According to Economic Commission for Africa (ECA) as cited in (ARIIA II, 2006: 20), some 42% of countries that have undertaken cost-benefit analysis studies of integration concluded that regional integration portends net long-term gains for the country, and only 8% concluded that they are likely to experience net long-term gains for the country.

Findings from these studies influenced more than 60% of the countries on such policies as membership and affected government commitment to a given regional economic community. On balance, most African countries have realized more benefits than costs from regional integration, and 36% say that regional integration benefits have far out weighted the costs. A quarter said that it is too early to tell, but many of these countries have yet to conduct a cost-benefit study (ARIIA II, 2006: 20).

Lack of political commitment also derives from concerns about the gains from integration, the sentiments expressed in the treaties notwithstanding. Unwillingness to 'give up' some sovereignty has been frequently suggested as a reasons for the lack of political will (McCarthy, 1996). This cannot be divorced from the concerns about materials benefits. For each member country, the objective is to achieve net gains from integration or cooperation. A certain amount of sovereignty will be given up only if there are tangible benefits to be obtained in return. The plethora of integration and cooperation units may be indicative of the search by individual countries to create that grouping which will best serve its interests. The end result, however, is a large number of groupings, none of which can be described as a success.

Hegemonic/Leadership Threat

Experience, especially in Europe, shows that regional integration is much more likely to be successful if one country serves as institutional leader and regional paymaster. European integration was successful largely because France and Germany's willingness to serve this role. Germany was able to because of its strong economy, which by the mid-1990s was one of the largest in the world and exhibited high productivity than the economies of other European countries. Its success was reflected in the strength of the Dutch Mark and the Bundes Bank, which became the model for the European Central Bank. The country is by far the largest net contributor to the EU budget, easing distributional concerns. But most regional economic communities in Africa lack leadership, and very few countries are willing to serve as paymaster. Countries are also seldom willing to compromise on important treaties or to persuade others to agree.

Insufficient Integration in terms of Trade

Most African countries are committed to trade liberalization schemes and treaties (many overlapping, some even conflicting) through their memberships in regional economic communities. But the communities have not integrated markets or established full-fledged free trade areas, let alone customs unions. Failure to rapidly unify sub-regional markets has slowed the investment growth associated with larger markets and economies of scale. Insufficient progress has harmed trade creation and expansion, especially intra-community and intra-African trade flows. African trade still remains skewed towards trading partners outside the continent. According to some analyses, the relatively low level of African trade flows is largely due to poor infrastructure, with the elasticity of trade flows with respect to transport costs estimated to be minus-three (-3) (Lima and Venables, 2001). This is supported by the findings of Longo and Sekkat (2001) that a 1 per cent increase in the stock of transportation and telecommunication infrastructure in the exporting country boost its exports to other African countries by about 3 per cent. Poor road infrastructure is responsible for 40 per cent of the transport cost in coastal countries and 60 per cent in landlocked countries. For landlocked countries in particular, transport costs largely accounted for the relatively low average import share in GDP (11 per cent), compared with a 28 per cent average for coastal economies.

Similarly, transport costs in Africa are recorded to be the highest in the world. As cited in ARIA IV, 2008, the continent's freight costs, as a percentage of the total value of imports, were about 13 per cent in 2000, compared with 8.8 per cent for all developing countries and 5.2 per cent for developed countries (UNCTAD, 2002). The freight costs differ from region to region in Africa, with Eastern and Southern Africa experiencing higher costs compared with other region. Similarly, Morrissey (2005) note that transport costs constitute about 15 per cent (about 20 per cent for landlocked countries) of unit value of African exports, which is considerably higher than regions such as Asia (about 8 per cent) and Western Europe (about 5 per cent). Deficiencies in telecommunications services – another aspect of trade infrastructure also tend to isolate African states from one another. For example, it is much easier for businessmen in Africa to communicate with their counterparts in Europe and North America than with their fellow businessmen on the continent (ARIA IV, 2008). Thus, intra-Africa trade is further constrained by the absence of market information. While standard trade theory assumes that information about the availability of the products in the foreign countries, their characteristics or prices is accurate and free, in Africa, where communication links among countries are few and indirect, relevant market information may be expensive to obtain for both importer and exporters (ARIA IV, 2010: 297-298). The absence of Information and Communication Technology (ICT) at most African borders adds to the high cost of trade as recent studies revealed the importance of modern ICTs as determinants of international trade costs. The various regional integration programmes in Africa attempt to increase trade among countries through trade liberalization. However, in many cases, formal trade liberalization has not been successful partly because some fundamental aspect of trade logistics, such as infrastructure, have been limited. Poor infrastructure, or complete absence, make trade physically difficult, if not impossible, independent of the trade regime. The net impact on trade is that the prices of infrastructure services in Africa are high by global standards (ARIA IV, 2010: 299).

Challenge of Informal Sector Trade:

Currently, the integration process focuses on formal economic sectors and activities. The labyrinth of treaties, objectives, plans, and programmes hardly mention the informal sector. Thus efforts geared towards Africa's integration at the national, sub-regional, and regional levels have failed to recognize the activities and potential of the informal sector. The success of Africa's

integration will depend on its ability to harness the ingenuity, potential, and energy of all segments of society. The informal sector, which accounts for a significant share of economic activity and livelihood of large segments of the population, needs greater attention in the integration discourse. A significant level of cross-border trade occurs within the informal sector. If such trade were captured by official records,

Intra-African trade would likely be much greater than the current 10%. Moreover, there may be more cross-border movement of capital through informal channels than official records suggest.

Capturing the dynamics of the informal sector – particularly in trade – requires reconciling current integration goals, policies, strategies, and programmes with this African reality and adapting research and monitoring of Africa's integration process to include the interaction between the informal sector and the integration process. Regional economic communities should include the informal sector in their policies and activities.

Challenges of Non-tariff Barriers

It is difficult to verify the actual performance of members of the regional economic communities in the removal of nontariff barriers. Nontariff barriers cover a wide range of trade-retarding policies and activities, most not directly measurable, such as deliberate stalling customs clearance papers by rent-seeking customs personnel and illegal road blocks to harass cross-border traders. And data on nontariff barriers, unlike data on tariffs, are often not comprehensively published, even at the national level.

Infrastructural Deficit in Transport, Communications and Energy

Infrastructure poses challenges for integration at all levels. Transport is still affected by disjointed links and inadequate networks in all modes, especially roads, railways, and air transport. For example, the percentage of missing road links on the Trans-African Highway is as high as 46% (ARIA I, 2004: 58) in one sub-region and many African cities are not linked by air. The telecommunication sector is the fastest growing sector in terms of services, but physical connectivity needs to be significantly enhanced. Above all, the capital costs of infrastructural investment programmes and services remain unaffordable for member states. Regional integration require effective regional infrastructure, in transport, communications, and energy to widen and integrate markets, achieve economies of scale, encourage participation of the private sector, and attract foreign direct investment and technology transfers.

Infrastructure development is included in the treaties of all the African regional economic communities, which provide the best framework for aligning sectoral policies, designing regional master plans, harmonizing regulatory regimes and investment codes, attracting seed capital, and mobilizing investment resources. Yet despite efforts to integrate transport, communications and energy, gaps still exist in infrastructure and services across regional economic communities and across Africa – raising the cost of doing business and impeding factor mobility, investment, and competitiveness (ARIIA I, 2004: 131).

Weak Inter-Sectoral Links and a Limited Range of Products

Industrial cooperation in regional economic communities has hardly boosted production, productivity, or value added. The main reason are weak inter-sectoral links and a limited range of products across countries. Manufacturing lacks technological sophistication and has an antiquated capital stock. The role of the private sector is still marginal. Overall intra-community trade in manufactures has remained low (2-7%) and in some cases has declined as a share of total trade (ARIA I, 2004: 58). Promoting industrial cooperation across Africa is a major challenge. Aggregate production, productivity, and manufacturing value added remain low because of poor

intra-sectoral and inter-sectoral links and the similarity and limited range of products across countries. In addition, the lack of domestic corporate pressure for regional integration also explains the low level of cross-country industrial cooperation. ARIA I, 2004: 58

Poor integration in Food and Agriculture

There are many obstacles to trade in food and agriculture that must be removed. These include bureaucratic red tape and harassment, protective nontariff barriers, and legal and institutional inadequacies. Both input and output markets must be enlarged to stabilize prices, reduce transaction costs, and increase competition. Lack of credit, land scarcity, insufficient input supplies, and poor infrastructure still limit private entry in the market. International market access is a potentially pivotal factor in African agricultural development. However, African agriculture has long remained isolated from major global markets, in part because of domestic policies and institutional deficiencies such as persistently overvalued real exchange rates. As with industry, few regional economic communities have boosted agricultural production or productivity. Low productivity and limited domestic markets translate into low incomes for peasants. Dominated by smallholder, Africa's largely rain-fed agricultural production remains highly vulnerable to nature. Drought and famine are frequent. Expanding agricultural production and ensuring food security require intensified efforts in extension services such as research, education, and seed dissemination. Human induced land degradation is severe in Africa, where about 30% of agricultural land is degraded. Policies and institutional factors also explain much of the poor performance of African agriculture. Rural public investment has typically been low, and high explicit and implicit taxes have been imposed on the agricultural sector (World Bank 2000, chapter 6, ARIA I, 2004: 177) other areas still require attention.

Poor integration in Shared Water Resources

Water is essential to development. But because Africa is one of the world's driest continents, the diminishing availability of usable water in the face of rising demand creates the potential for disputes and conflicts over water resources, both within and between countries. Moreover, the uneven distribution of water resources the result of erratic rainfall and varying climate has stratified the continent into areas of abundant water resources and areas of extreme water scarcity and stress. Africa has some 80 trans-boundary river and lake basins, and the catchment areas of the 17 largest exceed 100,000 square kilometers each. Large trans-boundary rivers flow through many countries. For instance, the Nile has 10 riparian countries, the Congo (which holds almost 30% of Africa's freshwater resources) has 9, the Niger 9, the Zambezi 8, the Volta 6, and Lake Chad 5. Moreover, many countries are crossed by several international rivers – 12 rivers traverse Guinea alone.

And in 14 African countries almost all the landmass falls within trans-boundary River and lake basins. The increasing water intensity of modern development (including irrigation) has raised the stakes on the sharing, common use, and environmental protection of these resources (ARIA I, 2004: 167-168). Africa's huge trans-boundary water resources remain poorly developed.

Poor integration in Mining

Mining plays a crucial role in many African economies, accounting for more than half of export earnings in seven – from 50% in Sierra Leone to 85% in Guinea (World Bank 2002). In some countries (such as Botswana) mining accounts for a third of GDP. Africa produces 77% of the world's platinum, 62% of aluminum silicate, more than 50% of vanadium and vermiculite, more than 40% of diamonds, palladium, and chromites; and more than 20% of gold, cobalt, uranium, manganese, and phosphate rock (ARIA I, 2004: 173 – 176)

Still, most regional cooperation and integration efforts in the mining sector have failed to achieve their goals. Few efforts have been made to harmonize mineral policies, laws and regulations and to adopt common safety and environmental standards. Most African countries compete against each other by trying to offer potential investors the most attractive investment terms. Mining codes and regulations are constantly being reviewed, with no attempt to harmonize them within regions. One of the most glaring deficiencies has been the failure to develop common investment policies and fiscal codes.

Poor Monetary and Financial Integration in Africa

Macroeconomic policy convergence; monetary cooperation and unification; financial and capital market development are essential for effective regional integration. Integration must occur quickly to provide an enabling environment for trade and domestic and foreign investments. But not all regional economic communities have established macroeconomic policy criteria on which to converge. For communities that have, convergence has been difficult because of differences in economic and political governance, varying degrees of acceptance of the subordination of national policy to supranational oversight, and reversals of policy due to conflicts. An even when policies have converged, outcomes may not necessarily have converged.

Regional financial and capital markets are underdeveloped, while national markets lack sub-regional outreach and capacity to mobilize savings and investment. Foreign direct investment flows are equally weak. A multiplicity of nonconvertible national currencies in Africa makes trade, cross-border investment, and economic activity in general difficult. Lack of financial integration creates serious difficulties in economic integration. Without similar development in financial markets and institutions, monetary convergence unevenly distributes costs and benefits among member states.

Widespread Conflict and Political Instability

Cross-border and civil conflicts remain a tragic reality or constant threat in many parts of Africa, the result of weak democratic institutions, poor economic performance, and a lack of political and civil rights. Political instability and conflicts, in turn, erode institutional capacity and worsen economic performance, creating a vicious cycle. (ECA 2002, ARIA I, 2004: 20).

Prospects of AU in Promoting Regional Integration in Africa

Why do countries join regional integration arrangements? And to what extent do such arrangements achieve their goals? The benefits of regional integration are gains from new trade opportunities, larger markets, and increased competitions. Integration can also raise returns on investments, facilitated larger investments, and induce industries to relocate. Regional integration can commit governments to reforms, increase bargaining power, enhance cooperation, and improve security. But these benefits are neither automatic nor necessarily large. Regional integration arrangements must be viewed as means to improve welfare in participating countries not as ends in themselves. Some of the expected prospects include:

Trade Creation

All formal regional integration arrangements reduce barriers (such as tariffs) to trade among member countries. Economic theory predict that free trade will improve welfare by enabling citizens to procure goods and services from the cheapest source, leading to the reallocation of resources based on comparative advantage. Trade creation – the displacement of higher cost

domestic production by lower cost production from partner countries due to lower barriers within regional integration arrangements increase welfare. Regional integration generates welfare gains only when trade creation dominates trade diversion.

Scale and Competition Effects

Regional integration arrangements can benefit member countries through increased scale and competition, usually when countries, their endowments, or both are small and markets size limited. Small markets constrain the number and scale of firms or projects that can be sustained, hindering competition among firms and the development of scale economies. Regional integration can combine markets, enabling firms to expand and markets to be more competitive. More competition and the increased possibility of bankruptcy may induce firms to eliminate internal inefficiencies and raise productivity. The consequent reduction in staffing and more intense competition can increase workers' productivity, and attractive benefit to small and low income countries.

Increased Investment

Regional integration arrangements can increase investment in member countries by reducing distortions, enlarging markets, and enhancing the credibility of economic and political reforms. The result can raise the returns to investments, make larger (and lumpier) investments more feasible, and reduce economic and political uncertainty. Apart from its direct impact on production, increased investment particularly foreign direct investment (FDI) can promote knowledge and technology transfers and spillovers, raising productivity in member countries.

Relocation of Production

By reducing distortions and altering incentives, regional integration arrangements are likely to induce economic activities to relocate. Industries may relocate based on the comparative advantages of members relative to one another and to nonmembers. In addition, backward (demand-related) and forward (supply-related) links may generate interdependence among the location choices of different firms, triggering cumulative causation and creating agglomeration of activities. Relocation can change income levels and demand for factors of production, generating gains for some members and losses for others.

Enhanced Bargaining Power

By binding together through regional integration arrangements, member countries can enhance their international economic bargaining power, especially beneficial for small countries in trade negotiations.

Cooperation

Countries, especially small and low income ones, can benefit from cooperation including resource pooling to promote regional public goods and combat regional public bad. Regional integration arrangements can promote cooperation in two main ways. First, such arrangements can provide a framework for cooperation on resources (such as rivers, road and rail links, and electricity-grids) or problems (such as pollution or transport bottlenecks) shared by members. Embedding regional cooperation in integration arrangements bolsters enforceability. Second, the regular and collaboration among policymakers that regional integration arrangements generate can enhance rapport and trust.

Reduce the Risks of Security and Conflict

Regional integration reduces the risk of conflict in two ways. First, increasing interdependence among members makes conflict more costly. Economic integration may pave the way for political integration, substantially reducing the risk of internal conflict. Second, regular political contact among members can build trust and facilitate cooperation, including on security. Considerable direct and indirect evidence indicates that regional integration agreements can promote regional peace and ultimately lead to political union.

Conclusion

Regional integration effort in Africa, though moving in the right direction and broadly based, are sorely inadequate. Lack of significant progress does not bode well for integration and points to the enormous challenge that the nascent African Union faces in boosting African's integration to levels comparable to those in other regions. Therefore: Regional economic communities, as the main operator of regional integration, have not received the supranational authority required to ensure implementation of collective decisions and enforce policy convergence. Deeper, more coordinated, more effective regional integration means giving these institution the authority to oversee the implementation, monitoring, and coordination of regional integration activities. By working together under the ambit of the African Union, they could be more successful in their integration efforts.

Recommendations

Following from the findings, the study recommends as follows:

- i. Strengthening the African Parliament to mobilize support, spur debate over the African Union, to promote timely democratization and transparency of the process;
- ii. Establish the African Court of Justice to play a vanguard role with the African Parliament in promoting good governance, human rights and democratization of the African Union's institutions and organs and in building a strong moral and constitutional foundation for it;
- iii. Establish the Economic, Social, and Cultural Council with relevant technical committees to prepare the groundwork for accelerating regional integration (policy convergence, infrastructure);
- iv. Adopt special concurrent measures to move quickly towards the free movement of people, goods, services, and capital as a precursors to accelerating the amalgamation of Africa's economic and market spaces under African Union;
- v. Ensure that the key African Union Financial Institution, the African Investment Bank, complements existing needs of the African Union, the regional economic communities, and related programmes;
- vi. Establish and strengthening the African Central Bank after progress has been made towards monetary unions at the regional and sub-regional level to create a continental Central Bank.

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