THE AFRICAN CAPACITY BUILDING FOUNDATION

AFRICA'S SEARCH FOR REGIONAL COOPERATION AND INTEGRATION IN THE 21ST CENTURY

SEVERINE RUGUMAMU

ACBF WORKING PAPER
NO. 3, OCTOBER 2004

THE AFRICAN CAPACITY BUILDING FOUNDATION

ACBF WORKING PAPER

ACBFWP/03/2004

Africa's Search For Regional Cooperation And Integration In The 21st Century

Severine Rugumamu[1]

7th & 15th Floors, Intermarket Life Towers, Harare, Zimbabwe

Produced by the Knowledge Management and Program Support Department
The African Capacity Building Foundation
First printing December 2004

ACBFWP/03/2004

---

[1] Prof. Severine Rugumamu teaches political science at the University of Dar es Salaam, Tanzania and is a Member of the African Capacity Building Foundation's Technical Advisory Panel and Network on Parliaments and Parliamentary Institutions (PARLIANET). This paper was orginally prepared as a background material for the African Union Conference on Intellectuals from Africa and the Diaspora held on October 7-9, 2004.

AFRICA'S SEARCH FOR REGIONAL COOPERATION AND INTEGRATION IN THE 21ST CENTURY

SEVERINE RUGUMAMU
Department of Political Science
University of Dar-Es-Salaam, Tanzania
& Member of ACBF PARLIANET

ABSTRACT

This paper argues that if Europe needs economic and political integration for strength and prosperity, Africa needs it for survival. It calls for a fresh look at regional integration in Africa and notes that in various previous integration attempts in Africa, political leaders jealously guarded their sovereignty and were unwilling to transfer any of it to supra-national bodies, yet the transfer of authority to elected supra-national bodies has the potential of enhancing their ability to plan, strategize, coordinate, monitor and evaluate the implementation of collective projects and programs. The paper further expresses the view that to be successful, African sub-regional and regional integration arrangements need to embrace a knowledge-based development strategy. It concludes by noting that new and imaginative visions, long-term policies and predictable institutions will have to be created, developed and nurtured, if regional integration in Africa is to reach a new frontier.

I. INTRODUCTION

As Bade Onimode (1992:153) poignantly put it over two decades ago, "the unfolding mega-trends of the world system have transformed African cooperation from a regional necessity into a continental imperative - the urgent strategic basis for the corporate survival of the African economy". If developed and large economies like those of the United States, Germany and Japan find it important to engage in regional integration and collective security arrangements, then the case for Africa's underdeveloped, mini-economies must be compelling indeed. They are too fragmented and too vulnerable to be economically viable. Onimode also noted that Africa's new cooperation arrangements with the North should not be limited simply to the so-called new global concerns of protecting the environment, drug control and population issues, important though these issues are. Rather, the united

African nations should press for a restructuring of the international political and economic organizations, trading regimes, technology transfer, finance and debt. The emergence and development of regionalism on a global scale clearly indicates that individual states outside the major economic and security blocs will find themselves slowly but inexorably cast aside. If Europe needs economic and political integration for strength and prosperity, Africa needs it for survival. Only through integration can the continent collectively and effectively respond to the multifaceted challenges posed by the processes of globalization.

The paper is divided into three substantive sections. Section one discusses current efforts at regional cooperation and integration in Africa. The following section examines the inherent policy and institutional handicaps of those initiatives. The third and final section describes an integration policy and institutional framework for Africa that is likely to foster both rapid economic growth, democratic governance and social stability.

ll. RECENT ATTEMPTS AT REGIONAL INTEGRATION

At the extraordinary summit of the Organization of the African Unity (OAU) in Sirte, Libya in September 1999, African heads of state took an historic decision to establish an African Union in conformity with the ultimate objectives of the Charter of the OAU and the provisions of the treaty establishing the African Economic Community. At its 37th Ordinary Session in Lusaka, in July 2001, the OAU Assembly of Heads of State and Government adopted the New African Initiative (later renamed the New Partnership for Africa's Development, or NEPAD). Both visions seek to reconfigure the continent's political and economic institutions in order to manage the forces of globalization and stop the continent from sinking further into anarchy. As its core objectives, the African Union seeks to promote democratic principles, peace, security and stability, greater unity and solidarity between African countries and African peoples, and the acceleration of political and socio-economic integration. Through NEPAD, a new kind of partnership is envisaged with the North and various multilateral and multinational institutions.

For the entire decade of the 1980s, the vision of the Lagos Plan of implementing collective self-reliance remained largely elusive. The African continent was held ransom by the IMF/World Bank policies of structural adjustment and debt restructuring. It was not until 1991 that the Abuja Treaty (the treaty establishing an African Economic Community - was finally signed. Following its ratification by the required two-thirds of member-states, the Abuja Treaty came into force on May 12, 1994. Subsequently, various protocols have been prepared and adopted.[1] One of the primary and core objectives of the Treaty is to promote economic, social, political, and cultural development, as well as the integration of African economies, in order to increase economic self-reliance, self-sustaining development and political stability. Indeed, for the first time in African history, the AEC Treaty not only provides the legal, institutional, economic and political framework for economic cooperation and integration, but also stipulates a comprehensive list of principles to guide the conduct of member-states. The pursuit of these principles is expected to create an enabling environment for regional cooperation and integration. Above all, the Treaty designates the General Secretariat of the AU as the secretariat of the AEC. The AEC institutions include the Annual Conference of the Heads of State and Government, the Council of Ministers, the African Parliament, the Economic and Social Committee, the Court of Justice, the General Secretariat and the specialized technical committees.

Unlike the previous integration proposals of the 1960s and 1970s, the current African vision underscores the imperative for both microeconomic and macroeconomic harmonization and coordination in multi-sectoral programs encompassing production, infrastructure and trade. It also stresses the importance of close political cooperation during the early stages of the integration process. Moreover, the new approach emphasizes the need an equitable balance of the benefits in order to induce confidence among the least developed member-states. In very broad terms, the Abuja Treaty outlines various strategies for achieving its goals. Specifically, at the economic level, Article 6 provides a flexible plan for the step-by-step establishment of the economic community in six stages of variable duration. Stage one involves strengthening the institutional framework for the existing sub-regional groupings (and creating new ones where they do not exist) within five years after the Treaty comes into force. During the second stage, concerted regional action will be focused on the liberalization of intra-African trade, reinforcing sectoral integration, and coordinating and harmonizing the activities of different sub-regional communities within the ensuing eight years. The third stage, covering ten years, will be devoted to setting up a sub-regional customs union, to be merged in the following two years (during the fourth stage) into a regional customs union. By the end of the fourth stage, it is believed the time will be ripe for promoting the regional customs union to a regional economic market within a period of five years, constituting the fifth stage. The common market will involve common economic policies and liberalization of the movement of persons within its area. It is expected to develop automatically in the sixth stage, covering five years, into a pan-African economic community, wherein the economic sectors will be integrated, and an economic and monetary union will be established along with the African Monetary Fund, an African Central Bank, and a common currency. In the last stage, the African Parliament is to be established (OAU, 1991).

lll. UNDERLYING PRACTICAL HANDICAPS

As Teshome Mulat (1998a: 119) argues, the “path toward the AEC is neither clear and predictable nor devoid of twists and turns”. It has a number of serious shortcomings. The first and rather obvious major weakness of the Treaty concerns setting a rigid timetable for a long-term development objective. The Treaty specifies the time frame of each phase up to the year 2025, which is totally impractical. The process of programming and planning a continental project is likely to be very difficult at best and almost impossible in the uncertain African context. In an environment of frequent civil wars, disintegration tendencies within states and societies, persistent structural disequilibria, pervasive poverty and crippling debt, rigid timetables are, to say the least, unrealistic. Going by past experience, the ambitious objectives of the Treaty seem to be far beyond the capabilities of the African continent. The requisite institutional capacities, as well as human and financial resources are simply nonexistent. In this regard, Ahmad Aly (1994:94-95) correctly observed that, “all these factors combined have the negative effect of blurring one’s vision and thus making it extremely difficult to assess the continent’s future accurately”.

According to the implementation schedule of the Treaty, by 1999 the first stage was supposed to have given way to the second stage. However, without the courtesy and formality of a prior rigorous assessment of the progress already made, the African Heads of State meeting in Sirte, Libya in 1999, decided to establish the African Union. More specifically, Point 8 of the Sirte Declaration called for the stepping up of the implementation process of the Abuja Treaty through the reduction of the original time frame of 34 years. It also called for the immediate establishment of all institutions provided for under the Treaty. The institutions in question are the African Central Bank, the African Monetary Fund, the Court of Justice, and the Pan-African Parliament. If almost all the Regional Economic Communities (RECs) are still standing on very shaky ground, it is difficult to see how the previous, already unrealistic, time frame could be shortened. The political exigencies of the Sirte Declaration reflect no lessons from history. What is even more troubling is the fact that the intractable political and economic problems that were encountered while establishing sub-regional cooperation and integration arrangements in Africa in the last four decades have been simply assumed away. There are absolutely no shortcuts to an African Economic Community or to African political union.

The Abuja Treaty recognizes the sub-regional economic communities as the pillars of the future continental community. Presently, there are six OAU designated RECs: the Arab Mahgreb Union (AMU), the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of West African States (ECOWAS), the Economic Community of Central African States

(ECCAS), the Inter-Governmental Authority on Development (IGAD), and the Southern African Development Community (SADC). The RECs are expected to restructure their organizations, rationalize and harmonize policies, and coordinate joint programs in such a way that they are in conformity with the objectives, principles and priorities of the AEC Treaty.

In practice, however, the process of establishing and consolidating the RECs, as 'pillars of the continental community' is fraught with fundamental institutional, administrative and policy problems. At the one extreme, there are a few regional economic communities that demonstrate laudable progress toward regional cooperation and integration. SADC and ECOWAS, for example, both have a relatively longer history than the rest, and have developed comprehensive protocols dealing with various aspects of cooperation and integration. Both communities have gone beyond looking at economic cooperation and integration merely as the liberalization of trade. They have long realized that only limited success could be realized from narrow trade liberalization, as most African countries do not have sufficient locally produced goods and services to participate in this trade on balanced terms. In both these RECs, there are a few countries which have the potential to benefit right away from market integration and, therefore, to emerge as effective players in sub-regional integration. As a result, three simultaneous processes have been consciously implemented. First, concerted efforts by all member-states are being directed toward equitable development, integration and rationalization of productive structures throughout the sub-regional economic space, especially in the case of basic industries and agriculture. Second, various sub-regional efforts are being directed at developing comprehensive programs of physical infrastructure - roads, railways, port facilities, telecommunications and energy. Third, the process of trade liberalization has been going on for some time through a progressive reduction and phasing out of tariffs and other barriers to internal trade, by harmonizing external trade protection measures, and by integrating isolated national markets into sub-regional common markets.

At the other extreme, there are several RECs that are either in the formative stages or are simply non-functional. IGAD, for example, which attained recognition as a REC only in 1996, is in the initial process of establishing the basic administrative infrastructure for effective economic cooperation and integration. ECCAS has been dormant, chiefly due to the political and economic destabilization of the region. At the same time, the OAU faced enormous difficulties in working with the AMU because Morocco, where the AMU the headquarters is located, left the OAU in 1982 over the question of independence for the Saharawi Arab Democratic Republic. In short, the move toward building and consolidating a continental community through sub-regional communities is neither as easy nor as straightforward as it may look.

Moreover, many African states seek concurrent membership in more than one REC. Thus, the majority of COMESA member-states are also members of SADC and most IGAD members are also members of COMESA. Ultimately, multiple membership in RECs makes the task of horizontal coordination difficult, since the same country will be progressing toward economic cooperation and integration at different paces in the different RECs to which it belongs. Likewise, the cost of membership rises with the increase in the number of organizations that countries choose to join. Furthermore, financing and management difficulties increase with the number of regional organizations and with shifting membership, rendering the RECs unsustainable. These problems, together with the fact that the RECs are not moving toward the AEC at the pace envisaged by the Treaty, have created grave doubts as to which specific path toward integration is being followed.

Another source of serious conflict within RECs is the variable geometry of regions. There are different patterns of relations between countries, some representing fairly high levels of integration. For example, South Africa, Botswana, Lesotho, Namibia and Swaziland are members of the Southern African Customs Union (SACU) and all states, except Botswana, are members of the Common Monetary Area (CMA). Several SADC member-states are members of COMESA. Then there are bilateral trade agreements between Botswana and Zimbabwe, Malawi and Botswana, Malawi and Zimbabwe, Mozambique, Tanzania and Namibia, and between South Africa and separately, Malawi, Mozambique and Zimbabwe. In order to fully play the role of a uniting force, SADC, or any other REC on the continent, will have to grapple with establishing a *modus operandi* with various integration arrangements within their respective economic spaces. This is important in order to create a coherent and rational linkage of policies and programs, as well as to pursue a coordinated and harmonized utilization of the meager resources allocated to regional integration.

IV. A FRESH LOOK AT REGIONAL INTEGRATION IN AFRICA

Although the process of integration in Africa would appear complex and intractable, the difficulties involved are not insurmountable. Nor should they discourage ongoing reforms and progress toward cooperation and integration. The existence of many integration organizations, in itself, should not be perceived as constituting an impossible impediment to reform. They should be understood as initial moves toward an ideal goal of integration. They can all contribute, in various ways, to the implementation effort of the AEC Treaty, if carefully thought-out harmonization and coordination policies are undertaken along the way. In light of this, the AEC Summit in Harare, in June 1997, adopted the Protocol on the Relations between the African Economic Community and the Regional Economic Communities. This protocol, which governs AEC-REC relations, has the objective of strengthening the

RECs and harmonizing intra-REC relations, with a view to facilitating progress toward the AEC. It calls for the realignment of broad macroeconomic policy and the institutional framework. Understandably, such alignments are expected to manage economic, political and social tensions that may arise along the way (Mulat, 1998b).

In order for the above Protocol, and indeed for others coming on stream, to achieve its integration objectives, several observations and recommendations are in order. It should also be quickly pointed out that a new theoretical and policy orientation should be adopted to inform the way in which cooperation and integration arrangements are conceived and implemented in Africa. Following the neo-functionalists David Mitrany (1966) and Charles McCarthy's (1995; 1999) approach, we propose that a modest function-based cooperation be seriously considered. Broadly defined, it would be a regional cooperation arrangement, which would be essentially minimalist and incremental in approach, and which did not make unrealistic demands on the institutional, technical and political capacities of participating nation-states. It would seek to concentrate on a few carefully targeted and politically viable development projects or schemes within clearly defined sectors. Among the advantages of this integration strategy are its flexibility and pragmatism in circumventing the problems posed by nationalism, and equity in the distribution of costs and benefits. It is also better suited to deal with the many fiscal, physical and technological barriers to trade that cannot single-handedly be addressed by trade policy.

In this regard, the initial cooperation and integration projects to be considered in various sub-regions should include cooperation in the development of transport and communications infrastructure and electricity generation and distribution, the development and management of water resources, and cooperation in the provision of educational and research facilities. Many of these products and services require high-cost and indivisible investments and are likely to have lower unit costs when provided on a regional rather than a national scale. The targeted nature of this approach also serves as a practical means of inducing, and thereby neutralizing, the demands of domestic interest groups, and is suited to the creation of the infrastructure and production capacity necessary for growth and intra-regional trade, as well as successful entry into world markets. As cooperation proceeds and deepens, member-states' conception and evaluation of sovereignty is expected to gradually change, and policy makers will feel less encumbered when making decisions in more controversial areas of activity of high politics; this will almost inevitably lead to a redefinition of regional identity away from narrow national identities (Hurrell, 1995).

Closely related to the above argument is the idea that a program of credible but gradual, state-guided liberalization that lasts for several years, if not decades, is likely to ease the economic transition by allowing less efficient regional and national enterprises, as well as firms, the time necessary to become more competitive. Other interventions, such as transfer payments and broad-based social insurance, could compensate for the lower wages and the flexibility required for relatively backward economies to be competitive in international markets. Transfer payments to losers are likely to enable states to craft imaginative coalitions for growth-promoting reforms, and compensatory social spending is likely to mitigate the costs of reform. Ultimately, social policies of deliberate redistribution have the potential to lessen income inequalities and to create poverty reduction (Graham, 1994). The second essential prerequisite would be for states to transfer a certain degree of national sovereignty to elected supra-national bodies. Sovereignty is likely to be one of the persistent areas of discontent. As earlier pointed out, African states have, at least in theory, hitherto retained total sovereign control of their territories and all aspects of decision-making, and have demonstrated a remarkable unwillingness to cede any part of this authority for the common good of the continent. The Abuja Treaty calls on member-states to relinquish some of their powers to the Union. This implies a willingness to sacrifice some control over national economic policy management that directly affects the populations of the participating countries. Indeed, this is the basic litmus test for genuine political will and commitment to any regional integration effort. The Constitutive Act remains ambiguous on this important subject. On the one hand, it seeks to defend the national sovereignty of member-states, while on the other it proposes to appropriate the right to intervene in the internal affairs of member-states. This contradiction, if not properly handled, is likely to haunt future integration efforts in Africa.

In various previous integration attempts in Africa, political leaderships jealously guarded their sovereignty and were unwilling to transfer any of it to supra-national bodies. As a result, national political agents tended to determine the nature and the pace of their participation in the integration project. The transfer of some powers will not only provide sub-regional secretariats with the necessary legitimacy but, most importantly, will vest in these institutions the necessary authority to make tough policy decisions and to enforce coordinated action in critical areas of national policy management. These shifts in decision-making do not necessarily imply erosion of existing state power and authority. Rather, what will have changed is the way in which states use their power and authority; decision-making will be made in coordination with other member- states. Moreover, the transfer of authority to elected supra-national bodies will enhance their ability to plan, strategize, coordinate, monitor and evaluate the implementation of collective projects and programs. In this context, sovereignty need no longer be thought of as a zero-sum game. Pooling it does not reduce sovereignty. Rather, the trade-offs of pooling sovereignty include security and stability, reduced anxiety and conflict, reduced military spending, and enhanced economic and technological cooperation (Rugumamu, 1999a; 2001b).

In the same spirit, the power of supra-national bodies to make policies, and to design and supervise their implementation would require full support and compliance by broad political, economic and social forces in the respective member-states. Ideally, the will and commitment to integration endeavors are affected, in the first instance, by expectations of gains and losses that member states perceive would be derived from participation. If one of the main objectives of integration is balanced growth within the region, then efforts should be made to ensure that this objective is promoted and sustained at all cost. The Economic Community of West Africa (CEAO) seems to have done relatively better than most regional schemes precisely because the two relatively prosperous members, Cote d'Ivoire and Senegal, have been willing to shoulder a large compensatory burden. SACU, in turn, can credit its longevity as a customs union of unequal partners to compensatory payments that South Africa makes to smaller members of the Union (McCarthy, 1999:25). In short, the imperative of political will would constitute another important test of commitment to an integration project.[2] This means that strong institutions at the national level would be indispensable for implementing the large (and increasingly diverse) policy and project initiatives for integration arrangements.

Most successful regional cooperation and collective security initiatives the world over have thrived on the strong and willing leadership that Robert Keohane (1980) and Charles Kindleberger (1981) elegantly describe as 'the theory of hegemonic stability'.[3] Hegemony is a condition of dominance without resort to coercion, due to the dependence of the subordinate actors in the sub-system on the fortunes of the hegemon. A hegemon is functionally necessary to institute and provide 'international collective goods' that make the international economy work better. The Dutch were hegemonic in the European world economy of the 17th century. The British rose to hegemony in the 19th century, and the United States and the former Soviet Union emerged as the economic and military powers of the 20th century in the Western and Eastern blocs. As a practical matter, equity among sovereign entities has always been a convenient international relations fiction. It has never been backed by reality because some powers have always been more dominant than others and, therefore, have been explicitly or implicitly charged with the responsibility of enforcing the agreed-upon norms of international behavior.

The theory posits that the hegemonic power facilitates international cooperation and prevents defection from the rules of the regime through the use of side payments, sanctions and/or other means, but can seldom, if ever, coerce reluctant states to obey the rules, norms and regulations of the regime. The presence of a regional core or nucleus has the capacity to serve as a positive force for developing and nurturing a viable economic cooperation arrangement, as well as for building a regional peace and security system. In order to lead, as a minimum, other member countries in the region would have to accept such a benign hegemony and put sufficient effort into regionalization activities to gradually increase their own power and influence. As a maximum, benevolent leaders are expected to assume a disproportionate cost burden for the integration project as well as to serve as the paragons of compliance with the regime's rules, norms and procedures. It is not unusual in integration schemes to tax the wealthier member-states in order to aid the poorer. The hegemonic leader's economic strength and political stability, for example, would bolster the region's economic vitality and political stability. It should also champion the cause of cooperation and integration by pulling the less willing and the less able countries along, as it may not be possible for all countries to move at the same time and pace (Keohane, 1980). Thus, the role of the United States in NAFTA, the emerging role of Germany in the European Union, and that of the Republic of South Africa in the Southern African Customs Union are excellent contemporary examples of hegemonic stability. In a much quoted study by Mancur Olson (1985), he concluded, "thus the world works better when there is a hegemonic power – one that finds it in its own interest to see that various international collective goods are provided". Indeed, effective international regimes tend to rest on a political and economic base established through a strong and effective leadership that can persuade, induce or force other countries to open up their economies only at a cost.

While democratic and politically stable South Africa, Nigeria, Egypt and, possibly, Kenya have the capacity to play this strategic role in their respective sub-regions, the dominant position should be utilized in a constructive and benevolent way that is guided by a long-term perspective, rather than short-sighted national self-interests. By almost every measure, South Africa is the undisputable economic and military power in the Southern African sub-region, and will remain so for the foreseeable future. Its GDP was US$130 billion in 1998. Its economy accounts for about three-quarters of the region's GDP and an estimated 57 percent if one includes the Common Market for Eastern and Southern Africa. The Zimbabwean economy, which comes in a distant second, was only $6 billion (Africa Confidential, 1995:7). With the fall of the apartheid system, commercial competitiveness has replaced its pariah destabilization campaigns. As a result, its shipping, port management, railways, road transporters, forwarding agents and air companies have further strengthened their dominant position in the region. As with the question of economic might, so with issues related to military superiority. The Republic of South Africa has no challenger in the region. It enjoys a marked supremacy on almost all counts: artillery, infantry, armored fighting vehicles, jet combat aircraft, helicopters and major warships. At least at the level of rhetoric, the present African National Congress government of South Africa has committed itself to linking its country's future to the future of the region as a whole. For a while, that is a reassuring posture.

Just as in the Southern African region, the role of Nigeria cannot be underplayed or ignored if one is to understand regionalization processes in West Africa. The economic and resource dominance of Nigeria is important in understanding the political economy of West Africa. It is by far the most populous country in Africa. With an estimated population of 126 million inhabitants, it dwarfs every other country in the region. Along with South Africa, Nigeria is a focal point of American foreign policy in sub-Saharan Africa. Moreover, its economic potential goes hand-in-hand with its population weight. Its GDP of roughly $30 billion is equivalent to more than half of the GDP of the West African region as a whole. Its industrial and military sectors are by far the largest and the most diversified. In terms of regional security, Nigeria has played an unparalleled role in finding solutions to internal conflicts in countries such as Liberia and Sierra Leone. Its banking and financial system is the most developed and its infrastructural base is the most extensive in the region. Nigeria has frequently sought to shape the region in order to suit its interests, but France and its Francophone allies have often counteracted it indirectly. However, with the end of the Cold War and a gradual withdrawal of France from Africa, Nigeria, is likely to play a more decisive hegemonic role in its region, just as South Africa is doing. Egypt and Kenya display similar superiority in their respective sub-regions. The AU should consider aggressively promoting the role of the leaders in its sub-regions.

Understandably, in the absence of substantive sub-regional hegemons or a strong collective leadership at the center, sub-regional organizations, and even individual African states, have not hesitated to by-pass the cumbersome and usually indecisive OAU/AU Mechanism for Conflict Prevention, Management and Resolution in order to restore peace in neighboring countries. The 1990s witnessed several peace-enhancing initiatives, including uninvited interventions by some African states in neighboring countries in order to restore constitutional government, end threats to peace, or achieve peace enforcement. These are a clear testimony to the AU's institutional incapacity.[4] Moreover, in the absence of a strong decision-making organ at the center, the OAU remained virtually powerless to intervene in relatively bigger countries, such as Angola, Sudan and the DRC. In fact, for a long time, the former OAU failed to articulate credible plans for conflict management in these three conflict-ridden countries. The principle reasons for its incapacity to act were lack of both resources, political will and resolute leadership.

Likewise, most of the arguments behind the failure of most previous integration schemes in Africa lie in both the scarcity of resources to finance projects and integration programs and over-dependence on financial support from the donor community. At the same time, member-states were not always in a position to honor their obligations, given their fragile financial positions and to some extent, their political will. Consequently, in the absence of adequate foreign investment, too much dependence on foreign aid rendered integration projects and programs unsustainable over time. In order to resolve their chronic financing problem, African economies will have to increase their levels of domestic savings and develop innovative capacities for domestic resource mobilization. Besides various forced savings schemes, governments must devise strategies to stop capital flight from the continent. For countries such as Nigeria and the DRC, with several tens of billions of dollars in foreign private bank accounts, any program that attracts back a significant portion of these funds could unleash the required momentum for growth in some sectors (Mkandawire and Soludo, 1999:115-116). Moreover, African economies will have to devise and operate innovative self-financing mechanisms as well as upgrade the capabilities of national and regional financial institutions. In 1996, UEMOA presented its member-states with tax options and the formalization of revenue transfer to REC coffers. However, it is too early to comment on how this has been accepted by member-states in the sub-region.

In the same spirit, regional and sub-regional financial institutions, such as the African Development Bank, the African Development Fund and the Nigerian Trust Fund, will have to be strengthened and equipped in order to play a catalytic role in the mobilization of resources from the private sector, as well as from bilateral and multilateral development institutions. They should be scrupulous, publicly owned, development finance institutions with tough financial sector regulations that would allow for effective circulation and reinvestment of the continent's financial resources. Admittedly, their previous combined record in promoting regional integration leaves a lot to be desired. Although the Statutes of the African Development Bank clearly define regional economic integration as one of its major functions, resources devoted to regional integration projects have not been rising in line with total loan commitments (Otieno, 1990: 72-73).[5] As a practical and strategic concern, it should be emphasized that no serious national development endeavors, or indeed any integration programs, in Africa should entertain excessive dependence on foreign assistance. These continental institutions should be the principal sources of development financing. As Ibbo Mandaza has counseled, a united Africa should develop a capacity to translate donor aid into programs and projects for self-reliant development, notwithstanding the dominance of international capital (Mandaza, 1990:151).

Ideally, these regional financial institutions should not only provide the core development financing but, most importantly, serve as centers of excellence in offering development policy advice and technical assistance. Their research departments should respond to the policy management needs of the continent. They should, for instance, assist national and sub-regional economies to put in place sound macroeconomic policies. Through policy dialogue, the African Development Bank has recently succeeded in persuading most African countries to become members of the convention establishing multilateral investment guarantees (MIGA) and the Convention on the Settlement of Investment Disputes between states and nationals of other states. Moreover, on the basis of African Development Bank advice, many African countries have established investment promotion agencies to combat their bad image as well as to facilitate investment. In the SADC sub-region, for example, all fourteen member-states have established such agencies. In addition, since 1995, investment promotion agencies from 25 African countries have joined the World Association of Investment Promotion Agencies in order to benefit from an exchange of information on best practices in investment promotion (ADB, 2000).

Of equal importance, in order to make Africans the genuine actors in the process of cooperation and integration and in order to facilitate cross-border dialogue toward the attainment of the pan-African ideal, the Abuja Treaty calls for the participation of the private sector and civil society. As earlier pointed out, there are important trends towards increased cooperative networking, knowledge and information sharing, joint pooling of resources, and problem solving among a great variety of market and civil society actors engaged in regional cooperation efforts. These include informal cross-border traders and financiers, NGOs, think tanks, social movements in important issue areas such as economic justice, debt cancellation, the environment, health and HIV/AIDS, as well as human rights activists and, not least, vibrant regional research and education networks. Promoting effective participation of such civil society organizations will be the most important way to build a broader base of support for regionalism. The fidelity with which each stakeholder represents the views and interests of its constituency will increase the effectiveness of the policy process as well as enhancing the consultation norm. Unquestionably, the process of cooperation and integration is too important to be left to state bureaucrats alone. This is what is meant by popular participation of the governed, and public accountability of those in government. The people must not be taken as an unthinking bunch that, like minors, have to have their decisions made by those in authority. The leaders on their part should be both responsible and responsive to the led.

By the same token, major cooperation and integration policies should be debated and discussed in various forums. This will necessitate the creation

of new political and economic institutions to represent social interests operating on the regional level, thus going beyond the inter-state mechanisms that are in place now. To this end, African states may consider engaging the media to increase awareness of the African cooperation and integration project. In addition, in support of S. Asante, it would serve a good purpose to introduce a course on regional integration in all schools and universities in member countries, as well as to teach Arabic, English, French and Portuguese. All these efforts would help create a long-lasting intellectual foundation for the movement toward African unity among young people (Asante, 1990:132-133).
It is important to emphasize, because it is often overlooked, that one of the major causes for polarization in the defunct East African Community was the disproportionate sharing of benefits from the cooperation project. It will be important to ensure that during the process of strengthening RECs, deliberate and corrective policies and mechanisms are designed to promote equitable and balanced development. A number of devices to check and redress significant unequal access to benefits are available in the regional integration literature. The choice may be between income transfers and instruments that seek to effect a change in the emergent patterns of trade, and development which income transfers may not address. Under the latter option, there is a choice between instruments that principally rely on the market versus instruments that rely on deliberate, planned rationalization of industrial development. In each case, the chief objective is to bring about profitable specialization, subject to the requirements of balanced development (Robson, 1983:20-21). Once again, the role of sub-regional leaders comes to the fore. They would be expected to shoulder a heavier burden of the cooperation and integration enterprise.

Above all, to be successful, African sub-regional and regional integration arrangements need to embrace a knowledge-based development strategy. In a knowledge-based economy, the prevailing cultural, social, economic, political, and institutional conditions favor the generation and dissemination of knowledge and its systematic interaction with technological innovation. Together, these linked factors would provide the foundations for economic growth in a highly competitive global economy (Thomas, 1994; Mytelka, 1994; 1999). Both Clive Thomas and Lynn Mytelka recognize the fact that, if what is nationally and regionally produced is not only to satisfy local demand but also to serve as a basis for exports, then the continuous technological upgrading of the production and quality of export services is mandatory. Enhanced productivity, particularly in agriculture, would be the only means of raising economy-wide income and welfare levels.

This new development thinking breaks with traditional theory and practice of the promotion of South-South cooperation. It moves away from trade as the mechanism whereby specialization and economies of scale can develop, towards a more dynamic perspective, one in which knowledge, linkage, and flexible structures are fundamental building blocks. In short, the model postulates the active involvement of the state, the private sector and other non-governmental economic actors, in the design and launching of new forms of South-South cooperation. It also advocates policies that foster networking for technological adaptation and innovation among such actors across national boundaries in the South. Such arrangements, it is argued, would give rise to denser networks of user-producer linkages, within and across national and regional markets, than existed in the past. The strategy will first seek to satisfy user demands, and adjust to continuous changes in tastes, prices, and competitive conditions nationally and regionally, and to move internationally only much later. This version of regional cooperation and integration would not only create economic benefits for member countries, but would also serve as a credible instrument for enhancing peace and security in the region by multiplying points of interaction among people and groups with similar interests (Rugumamu, 1997:283).

In order to achieve the above objectives, the innovation-driven model of regional cooperation and integration proposes the establishment of a strategic regional partnership in research and development. The model also promotes the sharing and spreading of the costs and risks of technological acquisition, adaptation, innovation and commercialization. It further proposes that, by using national and regional resources, research and development institutions would gradually develop and introduce knowledge-intensive products and processes in all national and regional economic sectors and markets. The model further proposes a dynamic scientific and technological springboard for Africa's future insertion at a competitive point in the world economy. As earlier pointed out, for Africa to make any progress in this important endeavor, an international campaign must be mounted to ensure that there is fair use of intellectual property rights and fair implementation of TRIPS. This will require that the TRIPS agreement be implemented in a way that enables developing countries to use safeguard provisions that secure access to technologies of overriding national importance. It will also require that commitments under TRIPS, and under other multilateral agreements that seek to promote technology transfer to developing countries in the South, must be enforced by a new and rigorous international regime.

Africa will need to engage the multilateral financial, trade, and development institutions as well as regional organizations more proactively than has previously been the case. The continental leadership must not only seek to maintain a strong physical presence in Brussels, Geneva, New York and, and Washington D.C., but, equally importantly, must quickly learn how to negotiate and lobby actively for its pressing interests and concerns in the global economy. Recent experience in negotiations on biosafety, the TRIPS agreement, and the ACP-EU agreements show that only a handful of developing countries have the resources and skills to negotiate positions that reflect their vital national interests. Most of them, particularly those from Africa, either do not participate at all or are under-prepared and stretched among too many negotiations. As would be expected, most major global negotiations continue to be driven by a few countries from the North. Their superior economic and institutional resources are abundantly reflected in their overwhelming ability to set the negotiations agenda, as well as to define broad parameters for implementation that are perceived to be favorable to their own point of view (Oxfam, 2002).

V. CONCLUSION

The challenges posed to African economies and societies by globalization and liberalization require more than reactive, short-term adjustments to the consequences of capitalist marginalization. New and imaginative visions, long-term policies and predictable institutions will have to be created, developed and nurtured. The days of regional integration and cooperation in Africa on casual basis are long gone.

Endnotes

[i]. These include, among others: free movements of persons, rights of residence and establishment; transport and communications; rules of origin; customs cooperation within the community; industry; trade promotion; solidarity, development and a compensation fund; food and agriculture; science and technology; a pan-African parliament; and human resource development.

[ii]. Going by the EU example, the Maastricht Treaty put in place strict convergence criteria to be fulfilled by member-states before being accepted into the monetary union. Africa would be well-advised to take a leaf from the EU's convergence instruments.

[iii]. The theory posits that there are two important capabilities necessary for regime leadership, namely, its capacity to act given its size, power, economic strength, and administrative efficiency, and its responsiveness. It is the ability of its political system to control its own behavior and redirect its own attention. For more details on this see Deutsch et al., 1957:40.

[iv]. Uganda and Rwanda government forces supported Laurent Kabila's military campaign to overthrow President Mobutu's military regime in Zaire in 1997. Shortly thereafter, in the neighboring Republic of Congo, the Angolan government militarily supported the militia of Dennis Sassou-Nguesso to overthrow the government of President Paschal Lissouba. It is important to note that both incidents were undertaken without prior authorization of the UN Security Council or of the OAU.

[v]. The African Development Bank Group has attributed the inability of countries to access the Bank's resources mainly to the pervasive weaknesses of sub-regional organizations and national governments in identifying and promoting multinational projects, and to widely differing perceptions among participating countries regarding the costs and benefits of regional projects. For details on the role of the ADB in regional cooperation see Otieno (1990); Ndiaye (1990) and, the African Development Bank (2000).

[vi]. Theoretically, these imbalances could be resolved through one of the following: (i) proportional distribution of benefits according to the differential growth rates of respective economies; (ii) the 'uncontrolled' sharing of benefits, with more accruals to the strongest and fastest growing economies; (iii) distribution of benefits in favor of the poorer and slower growing economies; or (iv) equal distribution of benefits. For more discussion on compensatory schemes see Mshomba (1999).

REFERENCES:

Africa Confidential. Vol. 36 (6) May 1995:6-8.

ACP. *Technical Notes on Economic and Trade Cooperation.* ACP/00/001/98 Rev.2 Brussels, 1998.

African Development Bank. *Annual Report 1999.* Abidjan: ADB, 2000.

Aly, A**.** *Economic Cooperation in Africa: In Search of Direction.* Boulder, CO: Lynne Rienner, 1994.

Asante, S. "Regional Economic Cooperation and Integration: the Experience of ECOWAS" in Anyang' Nyong'o, P (Ed*). Regional Integration in Africa: Unfinished Agenda.* Nairobi: Academy Science Publishers, 1990:99-140.

Deutsch, K. *Political Community and the North Atlantic Area.* Princeton NJ: Princeton University Press, 1957.

Graham, C. *Safety Nets, Politics, and the Poor: Transitions to Market Economics.* Washington, DC: The Brookings Institution, 1994.

Hurrell, A. "Regionalism in Theoretical Perspective" in. Fawcett, L. and A. Hurrell (Eds). *Regionalism in World Politics: Regional Organizations and International Order.* Oxford: Oxford University Press, 1995.

Keohane, R. "The Theory of Hegemonic Stability and Changes in International Economic Regimes" in Holisti, O. and A. George (Eds). *Change in the International System.* Boulder CO: Westview Press, 1980:131-162.

Kindleberger, C."Dominance and Leadership in the International Economy", *International Studies Quarterly* 5 (2) 1981:242 254.

Mandaza, I. "SADCC: Problems of Regional, Political and Economic Cooperation in Southern Africa: An Overview" in Anyang' Nyong'o, P. (Ed). *Regional Integration in Africa: Unfinished Agenda.* Nairobi: Academy Science Publishers, 1990:141-156.

McCarthy, C. "Regional Integration in sub-Saharan Africa: Past, Present, and Future" in A. Oyejide et al. (Eds). *Regional Integration and Trade Liberalization in sub-Saharan Africa.* London: McMillan Press, 1999:12- 49.

Mitrany, D. *A Working Peace System.* Chicago: Quadrango Books, 196

Mkandawire T. and C. Soludo. *Our Continent our Future.* Trenton NJ: Africa World Press, 1999.

Mshomba, R. *Africa in the Global Economy.* Boulder CO: Lynne Rienner,1999.

Mulat, T. "Multilaterialism and Africa's Regional Economic Communities",*Journal of World Trade* 32 (4) 1998a: 115-138.

Mulat, T. "The AEC Treaty, Trade Liberalization and Regional Integration" in OAU (Ed). *Trade Liberalization and Regional Integration: Proceedings of the Workshop on Trade Liberalization and Regional Integration.* OAU: Addis Ababa, 1998: 95-122.

Mytelka, L. *Competition, Innovation and Competitiveness in Developing Countries***.** Paris: OECD Development Center, 1999.

Mytelka, L. "Regional Cooperation and the New Logic of International Cooperation" in L. Mytelka (Ed). *South-South Cooperation in a GlobalPerspective.* Paris: OECD, 1994:21-54.

Ndiaye, B. "Prospects for Economic Integration in Africa" in P. Anyang' Nyong'o (Ed). *Regional Integration in Africa: Unfinished Agenda.* Nairobi: Academy Science Publishers, 1990:35-42.OAU. *Lagos Plan of Action for the Economic Development of Africa 1980- 2000.* Geneva: Institute of Labor Studies, 1981.

Olson, M. "Multilateral and Bilateral Trade Policies" in J. de Melo and A. Panagariya (Eds). *New Dimensions in Regional Integration.* New York: Cambridge University Press, 1995:122-127.

Onimode, B. "African Cooperation and Regional Security" in O. Obasanjo and F. Moshi (Eds). *Africa: Rise to Challenge*. Abeukuta: Africa Leadership Forum, 1992:153-165.

Otieno, J. "The Experience of the African Development Bank in Financing Regional Integration Projects in Africa" in P. Anyang' Nyong'o (Ed). *Regional Integration in Africa: Unfinished Agenda*. Nairobi: Academy Science Publishers, 1990: 43-84.

Oxfam International. *Rigged Rules and Double Standards: Trade, Globalization, and the Fight against Poverty.* Oxfam: London 2002**.**

Robson, P. *Integration, Development and Equity: Economic Integration in West Africa*. London: George Allen and Unwin, 1983.

Rugumamu, S. "Globalization and Africa's Future: Towards Structural Stability, Integration and Sustainable Development", *AAPS Occasional Paper* 5 (2) Harare, AAPS, 2001.

Rugumamu, S. "Globalization, Liberalization and Africa's Marginalization", *AAPS Occasional Paper* 4 (1) Harare: AAPS, 1999.

Rugumamu, S. *Lethal Aid: The Illusion of Socialism and Self-Reliance in Tanzania*. Trenton NJ: Africa World Press, 1997.

Thomas, C. "Introduction" in Thomas C. and P. Wilkin (Eds). *Globalization, Human Security and the African Experience.* Boulder CO: Lynne Rienner, 1999:1-19.

ACBF WORKING PAPER SERIES

Overview: The ACBF Working Paper Series (AWPS) was launched in October 2004 as one of the instruments for disseminating findings of ongoing research and policy analysis works designed to stimulate discussion and elicit comments on issues relating to capacity building and development management in Africa. A product of the Knowledge Management and Program Support Department of the African Capacity Building Foundation, a Working Paper very often ends up as an Occasional Paper, a book or some other form of publication produced by the Foundation after a thorough review of its contents. It offers a means by which the Foundation seeks to highlight lessons of experience, best practices, pitfalls and new thinking in strategies, policies and programs in the field of capacity building based on its operations and those of other institutions with capacity building mandates. AWPS also addresses substantive development issues that fall within the remit of the Foundation's six core competence areas as well as the role and contribution of knowledge management in the development process.

Objectives: AWPS is published with a view to achieving a couple of objectives. Fundamental among these are the following:

- To bridge knowledge gaps in the field of capacity building and development management within the African context.
- To provide analytical rigor and experiential content to issues in capacity building and the management of development in Africa.
- To highlight best practices and document pitfalls in capacity building, the design, implementation and management of development policies and programs in Africa.
- To systematically review, critique and add value to strategies, policies and programs for national and regional economic development, bringing to the fore pressing development issues and exploring means for resolving them.

Focus: AWPS focuses on capacity building and development management issues. These are in the following areas:

- Capacity building issues in the following six core competence areas and their relevance to development management in Africa:
    - ***Economic Policy Analysis and Development Management.***
    - ***Financial Management and Accountability.***
    - ***Enhancement and Monitoring of National Statistics.***
    - ***Public Administration and Management.***
    - ***Strengthening of Policy Analysis Capacity of National Parliaments.***
    - ***Professionalization of the Voices of the Private Sector and Civil Society.***
- Engendering of development
- Development challenges, which include issues in poverty reduction, HIV/AIDS, governance, conflict prevention and management, human capital flight, private sector development, trade, regional corporation and integration, external debt management, and globalization, among others.

Orientation: Papers published by the Series are expected to be analytical and policy-oriented with concrete guide to strategies, policies, programs and instruments for strengthening the capacity building process and enhancing growth and development. In line with the objectives of the Series, such papers are expected to share experiences, information, and knowledge, disseminate best practices and highlight pitfalls in capacity building processes and/or the management of development policies and programs.

Contributions: AWPS welcomes contributions from policy analysts, development practitioners, policymakers, capacity building specialists, academics and researchers all over the world, but with a focus on the African context.