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Integrating Africa

Integrating Africa: Perspectives on regional integration and development

Edited by Hans van Ginkel, Julius Court, and Luk Van Langenhove

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Preface

By publishing this book on regional integration in Africa, UNU hopes to contribute to the debates on how regional integration can stimulate development in Africa. The editors want to thank the contributors – in particular, all those who made the 2002 Africa Day Symposium possible.

Since 2000, UNU has been working closely with the African Diplomatic Corps in Tokyo in seeking solutions to Africa's development challenges. We thank H.E. Ambassador Rachad Farah, Dean of the Diplomatic Corps, and also the many African diplomats present at the Africa Day Symposium. In particular, we also want to thank the government of Japan – the host country of the UNU headquarters. Japan attaches great importance to the issue of African development. In his opening address H.E. Mr. Seiken Sugiura, Senior Vice Minister for Foreign Affairs, expressed this as follows:

"In Africa today, the African Union (AU) and the New Partnership for Africa's Development (NEPAD), two historic attempts to include the entire African continent, are on the way toward full realization. . . . *This year is especially important, as the OAU is scheduled to be transformed into the AU. Today, it is believed that the strengthening of regional cooperation and the promotion of regional integration are vital for advancing Africa's development. This recognition is also rooted in the vision for the NEPAD. . . .*

Amidst concerns about the desertion of Africa after the end of the cold war, Japan initiated the Tokyo International Conference on African Development (TICAD) process, to draw the international community's attention to the impor-

tance of African development and to heighten its engagement in it. Japan strongly hopes that such efforts as the powerful demonstrations of ownership seen in the launching of the AU and the implementation of the NEPAD will evolve further in the future. We believe that it is essential for the international community to support these new endeavours.

In fact, the world's attention to Africa is increasing these days, with African development scheduled to be one of the main agenda items at the upcoming G8 Kananaskis Summit. Moreover, Japan's Foreign Minister Kawaguchi has designated the year until TICAD III, to be held late next year, as the "Year for Soaring Cooperation in Africa."

We are convinced that substantive meetings on African development, such as the Africa Day Symposium in Tokyo, have a great potential to further innovative ideas and creative thinking, and to come up with new approaches and appropriate effective policies. Approaches and policies can only develop when we are open for friendly, but also frank and in-depth, dialogue. We hope that, in this perspective, you find this book interesting to read and challenging to reflect on.

Hans van Ginkel
Julius Court
Luk van Langenhove

Introduction and context

Hans van Ginkel and Luk Van Langenhove

The topic of this book – regional integration in Africa – is particularly challenging at this point in time, for two reasons. First, this is a historically significant moment for Africa. In July 2002, the Organization of African Unity (OAU) was transformed into a more ambitious African Union (AU), which has identified economic cooperation and integration as the engine to propel African development. Also, the 2002 G8 Summit in Canada focused on ''building a new partnership for Africa's development (NEPAD)'' as one of the three summit priorities.

''Integrating Africa'' is about how regional integration in today's globalized world can contribute to strengthening development and security in Africa as well as to strengthening Africa's participation in the global economy. The bulk of the contributions to this book are based upon speeches and presentations made at the 2002 Africa Day Symposium on ''Integrating Africa,'' organized by the United Nations University (UNU) in collaboration with the African Diplomatic Corps, Tokyo, at UNU Centre. In addition, some contributions have been added from researchers and experts on African development. Together, the contributions deal with many different aspects and varieties of regional integration in Africa, and examine their role in African development.

In order to frame the contributions to this book, we will briefly introduce the concept of regional integration and highlight its importance for Africa. Also, we will give a brief overview of UNU activities in the field of regional integration. And, finally, we will highlight the different chapters of this volume.

Regional integration and Africa

Processes of regional integration are closely linked to globalization and localization, two main forces that are shaping the world in the twenty-first century. On the one hand, the world is becoming more and more "globalized" as a result of a series of inter-related societal changes, such as:

- the ongoing restructuring of the economic world system into a post-industrial knowledge economy (Rodrigues 2002);
- the rise of a "network" society, driven by technological innovation (Castells 2000), in particular, in information and communication technology;
- the growing real and virtual mobility of people, capital and knowledge as a result of new transport facilities and the development of the Internet.

Alongside this complex set of economic, technological and cultural changes, there has also occurred a political reshaping of the world order with the collapse of the communist regimes and the end of the cold war. Also, nation-states have gradually lost their hegemony on governance, and have seen a weakening of their capacity to master economic and political transformations. On the other hand, however, globalization has also fuelled the desire – as well as provided the technical means – for decentralization ultimately leading to localization: the tendency to give a larger role in society to institutions and activities at the local level.

For Scholte (2000), the core of globalization is that it refers to supra-territorial relations between people and that it describes a significant change in the organization of social space – that is, a move to a new geography that goes beyond the classic concept of territory. Larger scale regions play an important role in this, and regional integration of countries is now crucial as we live in an increasingly interconnected world. Regional integration is about working together in a regional and networked context. It is in recognition of this that most countries, particularly the developed ones, have embraced regional integration as one of the best ways of managing today's complex processes of economic, political and social change.

It is not surprising, then, that since the 1990s there has been a renaissance of regional trade agreements (RTAs) worldwide. In the period between 1948 and 1994, no fewer than 124 RTAs relating to trade in goods were notified to the General Agreement on Tariffs and Trade (GATT).

Since the creation of the World Trade Organization (WTO) in 1995, over 100 additional arrangements covering trade in goods or services have been notified. As of March 2002, some 250 RTAs had been notified to the WTO, of which 168 are currently in force. Since January 1995, there has been an average of 15 notifications every year to the WTO, compared with an annual average of less than three during the four-and-a-half decades of the GATT.

Regional integration can only work in the context of more open national economies. The first step is to work towards trade and payments liberalization between neighbouring countries in order to spur inter-country transactions. This is exactly what happened in the first wave of regionalization just after the Second World War. But the wave of regionalization of the 1990s was different from this "first wave": integration is now not only about trade but, in many cases, also about security and regional public goods, such as managing water basins, infrastructure, energy and the environment. Also, regional integration involves more than just states: today, industry and civil society are actors and drivers of regional integration as well.

So, regional integration is crucial as we live in an increasingly interconnected world. There is a rising realization among African countries that Africa's socio-economic situation can hardly improve without regional integration. Africa's market is equivalent in economic terms to that of Belgium, yet it is fragmented into over fifty countries. When one considers the small size and fragmented nature of the African economies and the challenge of competition in a global context, it becomes clear that progressive integration holds great potential for minimizing the cost of market fragmentation and, thus, represents a precondition for integrating African economies into the global economy.

The drive towards regional integration in Africa, both continent-wide (cf. pan-Africanism) and at a sub-continental scale, is not new at all. After a first post-colonial wave of regional integration, a second wave started in 1991 with the signing of the Abuja Treaty regarding the African Economic Community.

A special feature of African regional integration is that African countries have chosen, over time, to create and belong to several regional integration initiatives so as to pursue their integration on multiple tracks. Today, of the 53 African countries, 27 are members of a Regional Economic Community (REC), while 18 states belong to as many as three RECs. Regional integration in the African Union may well proceed, initially, on a narrower geographical scale, to coincide with the many sub-regional integration initiatives that are currently developing across the African continent. These parallel processes and initiatives need not conflict with the broader goal of the African Union, and may even offer scope for synergies and increase the potential for further cooperation.

Regional integration and UNU's research agenda

Regional integration has been on the agenda of UNU for more than two decades. In the mid-eighties, UNU launched the Regional Perspectives Programme. This programme, strongly associated with former UNU Vice-Rector Kinhide Mushakoji, pointed to the "world region" as an important research object *cum* political subject in its own right. Another UNU programme, Multilateralism and the UN System, raised new issues regarding the future world order and argued, in normative terms, in favour of a "new multilateralism" in which a more symmetrical relationship between the regions of the world would be possible.

In 1996, the UNU World Institute for Development Economics Research (UNU/WIDER) commissioned a large research project on "The New Regionalism: Implications for Global Development and International Security" to Björn Hettne at Göteburg University. This project drew together an impressive number of experts from different disciplines, who together produced the five-volume *Studies in the New Regionalism*. The main theoretical framework developed within the UNU/WIDER project was the New Regionalism Approach (NRA). This approach is based upon the assumption that the multi-dimensionality of contemporary regionalization warrants a new type of analysis, one which transcends the dominant theories of regional integration. Under the NRA, integration is conceptualized as a multi-dimensional and socially constructed phenomenon, wherein cooperation occurs across economic, political, security, environment and other issues. It involves not only state actors but also private industry and civil society (see Breslin and Higgott 2000; Hettne 1997; Schulz et al. 2001).

In 2001, UNU set up a new research and training programme in Brugge, Belgium, focused on comparative regional integration studies: UNU/CRIS. The goal of this programme is to build policy-relevant knowledge about new forms of regional governance and cooperation. Also, UNU/CRIS wants to contribute to capacity building on issues of regional integration, particularly in developing countries. Research at UNU/CRIS is focusing on (i) *monitoring* regional integration across the globe, (ii) *exploring* relations between regional integration and issues such as governance, trade and identity, and (iii) *advancing* regional integration initiatives. Included in the current projects at UNU/CRIS is a project on regional integration, peace and security, and one on informal regional integration in southern Africa. Also, important contributions to the present volume have been made by researchers of UNU/CRIS.

Regionalization in Africa

Throughout the chapters of this book, four major perspectives on the diverse and complex regionalization processes in Africa are treated.

A *first theme* discussed is the New Partnership for Africa's Development (NEPAD) and its relation to continental integration (from the Organization of African Unity to the African Union) as well as to the different sub-continental regional integration schemes. A description of the origins of NEPAD and its effects on the processes of regionalization and economic development is given by Ondo-Methogo, Vice Prime Minister of Gabon (chapter 1), who argues that an economic and social development strategy such as NEPAD can only be viable and sustainable if appropriated by African countries and with their leadership. He also stresses that NEPAD is not only about trade and economy, but equally about peace and security. For Ondo-Methogo, the main encumbrance for NEPAD is the problem of indebtedness. The Millennium Development Goal of cutting the level of African poverty in half by the year 2015 is an extremely high objective, given the continent's low average growth rate. A country such as Gabon spends nearly 50 per cent of its annual budget on repaying foreign debts. Hence, a substantial increase of the growth rate of the gross domestic product (GDP) is not possible without a substantial alleviation of its debt burden.

Campbell (chapter 2) presents and discusses the three main parts of NEPAD: the conditions necessary for sustainable development, the six sectoral priorities and the strategies for mobilizing resources. In doing so, she raises several issues critical for the success of NEPAD. For Campbell, the underlying issue is not just more integration, but the manner and the conditions of integrating the continent. She has no doubt that NEPAD can only be realized in the context of sub-continental regional integration. She also joins many other authors of this volume in stressing the critical role of sound regional and continental institutions.

In the *second* theme of this volume, several chapters describe different aspects of the African mosaic of overlapping (and sometimes competing) forms of regionalism. Goldstein (chapter 3), for instance, summarizes how new forms of integration and cooperation in sub-Saharan Africa evolve against the background of multilateral negotiations to liberalize world markets. His main message is that integration is no magic potion, and that simplistic recipes of encouraging integration in the hope of producing significant economic and political effects are not realistic. What is needed, Goldstein asserts, are institution building and a multi-country approach to issues such as infrastructure, water and migration.

A similar argument can be found in Söderbaum's analysis (chapter 4) of "new regionalism." Based upon a series of case studies, Söderbaum distinguishes four modes of regional governance in Africa: political stability clubs, the governing of conflict and plunder, market-driven open regionalism and, finally, micro-regionalism. For Söderbaum, this pluralism of modes of regional governance is perhaps the way in which the political and economic system in Africa should further develop in order to overcome the negative effects of only a market-driven regionalization.

Slocum, Mordonu and De Lombaerde (chapter 5) further explore micro-regionalism by presenting a case study on the Zambia-Malawi-Mozambique Growth Triangle (ZMM-GT), a locally developed initiative aiming at finding solutions for the non-effectiveness of traditional regional integration. The authors present a historic overview of the ZMM-GT project, stressing the role of the United Nations Development Programme (UNDP) and other international organizations in the development of the project, and address a series of economic issues as a way of evaluating the initiative. From a "traditional" economic perspective, the benefits of the ZMM-GT project seem modest. But within the context of the new regionalism, a broader "critical political economy of development" approach is presented. As such, the authors make a plea for complementing the focus on economic measures with awareness and capacity building in areas related to democratic governance, social inclusion and sustainability. They also propose to make use of "foresight" methods in order to develop the vision of such bottom-up regional integration and to bring in all stakeholders and civil society.

A totally different form of regional integration can be found in West Africa, where the Economic Community of West African States (ECOWAS) started as a top-down traditional economic integration scheme. But, as Francis (chapter 6) argues, ECOWAS has become more and more involved in security regionalism as well. There is a clear nexus between economic integration, regional security and stability. This involves more than just an institutional and military approach to security: there is also a need for tackling the many non-military security threats, such as HIV/AIDS.

Advancing Africa's development has to be realized by the African people themselves. But this cannot be achieved without help and support from the international community. The *third theme* of this book deals with the perspectives of the international community towards regional integration in Africa.

Diabré (chapter 7) presents a UNDP point of view. He argues that

African regional integration has, notwithstanding its long tradition, up to now achieved few concrete results. Diabré ascribes this, amongst other things, to the unwillingness of most African governments to cede sovereignty and to the failure to resolve deep-rooted conflicts. Nevertheless, UNDP still advocates increased regional integration as essential for African development. For it to be successful, however, certain critical preconditions must be met. For Diabré, this implies well-functioning institutional structures, but he also stresses that some degree of rationalization of the numerous regional integration schemes will be necessary. He pleads for compensating mechanisms to counter the unequal distribution of benefits from integration.

Kennes (chapter 8), while discussing the European Union (EU) perspective, also notes that regional economic integration among developing countries has often led to disappointing results. He sees as main reasons for the failures a lack of structural stability (peace and security) and an inadequate institutional design. Hence, the current EU support strategy for integration, which focuses on capacity building and institutional strengthening as well as on assistance for the repositioning of the private sector and on the facilitation of governments' policy reform processes. For Kennes, the current wave of ''new regionalism'' has the potential of being a very valuable strategy for developing countries *if* combined with sound macroeconomic policies and a participation in the multilateral trading system.

A *final theme* of this book is Japanese perspectives on African development. At the 2002 Africa Day Symposium in Tokyo, a number of distinguished Japanese officials highlighted different aspects of the Japanese African policy.

Odano (chapter 9) discusses the initiatives Japan has hitherto taken regarding Africa. Central in this is the Tokyo International Conference on African Development (TICAD). For Odano, one important achievement of TICAD is that it has helped root the principles of ''ownership'' and ''partnership'' in international discourse on development.

Yanai (chapter 10) adds to this that NEPAD has endorsed the basic principles of ownership and global partnership of TICAD. As such, he sees as a new task the strengthening of TICAD so that it can effectively support NEPAD.

Hatakeyama (chapter 11), speaking from the perspective of the Japan External Trade Organization (JETRO), stresses that the spirit of NEPAD is also closely related with JETRO's emphasis on assisting and promoting private sector business based upon the principle of self-help.

Finally, Azuma (chapter 12) puts TICAD in a wider context of the advantages of South-South cooperation. He emphasizes that South-South cooperation allows for a better transfer of appropriate technologies, more efficient use of development resources and even an expansion of aid resources. His institution, the Japan International Cooperation Agency, has been promoting South-South cooperation in different ways, one of which is intra-regional cooperation between Asia and Africa.

The various chapters of this book – the presentations at the 2002 Africa Day symposium as well as the additional contributions – clearly show that, notwithstanding some failures and weaknesses hitherto, regional integration has enormous potential for African development. There seems to be a general consensus amongst the authors that, in order to realize this potential, all efforts towards economic integration need to be supported by an adequate institutional infrastructure. There is also consensus that efforts towards economic integration can neither be separated from peace and security concerns, nor from the need to be driven by both African civil society and African leaders.

New regionalism can be an important tool for Africa to allow the continent to profit at maximum from globalization while at the same time protecting itself from the dark sides of globalization. But regional integration is a complex process that needs vision, sound institutions, resources and broad societal support. With NEPAD and the establishment of the African Union, a bold initiative has been taken. This deserves to be widely supported.

Acknowledgements

By publishing this book on regional integration in Africa, UNU seeks to contribute to the debates on how regional integration can stimulate development in Africa. The editors want to thank all contributors, and especially those who made the 2002 Africa Day symposium possible.

Since 2000, UNU has been working closely with the African Diplomatic Corps in Tokyo in seeking solutions to Africa's development challenges. We thank Rachad Farah – Dean of the Diplomatic Corps – and also the many African diplomats present at the Africa Day events. Special thanks also to the Government of Japan (the host country of the UNU Centre). African development is one of the areas in which we are working most closely with the Ministry of Foreign Affairs. The Government of Japan – represented at the Africa Day symposium by Mr. Seiken Sugiura, Senior Vice-Minister for Foreign Affairs – deserves thanks for its on-going cooperation in hosting this annual event as well as in all the other areas where we are working together. We are convinced that these substantive meetings on African development have great potential to further innovative ideas and creative thinking, and thereby to come up with new approaches and appropriate, effective policies – ideas and ap-

proaches that can only develop when we open for friendly, but also frank and in-depth, dialogue.

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1

Regional integration and the NEPAD initiative

Emmanuel Ondo-Methogo

Mr. Deputy Minister for Foreign Affairs of Japan, Mr. Senior Member of the African Diplomatic Corps, Excellencies and Ambassadors, Rector of the United Nations University, representatives of the Japanese co-operation bodies, honoured guests, ladies and gentlemen:

First of all, I should like to acquit myself of a noble duty. On behalf of the President of the Republic of Gabon, His Excellency El Hadj Omar Bongo, and also on behalf of the Government and people of Gabon, I would like to express our sincere good wishes for the happiness and prosperity of His Majesty Akihito, the Emperor of Japan, of the entire imperial family and of the people of Japan.

It is especially fitting that we should pay homage to the nation of Japan itself: a nation which has proven itself a close friend of the African continent, through its pragmatic approach to international relations and its efforts in favour of the developing countries. In particular, its championing of Official Development Assistance (ODA) amongst the Organisation for Economic Co-operation and Development (OECD) countries and its involvement in the dynamics of the TICAD process have shown most clearly that Japan is a nation upon which our continent can rely. I will return to this point in greater depth in the course of my speech.

I would also like to express my gratitude to the African Diplomatic Corps, and to the co-organizers of the present symposium, for granting myself – and through me, my nation – the honour of appearing as main speaker on this illustrious occasion.

Ladies and gentlemen, I would like to approach the theme of regional integration and the New Partnership for Africa's Development (NEPAD) in three stages. First, I will give an account of the development of the dynamics of regional integration. Next, I will describe the origins of NEPAD and its effects on the process of regionalization and economic development. Finally, I shall analyse the process of regional integration within the wider context of globalization.

The theme of this present meeting – ''Regional Integration and Infrastructure Development in Africa'' – is clearly a theme of great contemporary significance. The choice of this theme was, therefore, a wise one, since the statements and discussions we are about to hear will allow us to speak not only of the efforts made by African countries on the path to regional and sub-regional integration, but also about various other contributions to the rebuilding of the African continent, where the provision of basic infrastructures is still so essential.

For this reason, I am pleased to note the presence at this symposium of representatives of the Japanese Government, the African Economic Communities, various international institutions and regional bodies, as well as of universities and the wider civil world. The exchanges of ideas and experiences which will undoubtedly flow from our deliberations are already an indication that our work here will bear fruit.

The fact that this present symposium is being held on the eve of the G8 Summit in Canada further adds to its importance. In effect, we are being called upon to consider (without prejudice or complacency) the effectiveness of current development initiatives on the African continent: initiatives which we intend to implement in partnership with the international community, but based on a new and more African approach to development strategies, founded on responsibility, solidarity and mutual respect.

With this aim in mind, I will outline the economic and social development strategies currently advocated within NEPAD, as well as those contained in the TICAD process – in particular, the Agenda of the Tokyo Action Plan, adopted at the 2nd TICAD in 1998. These two initiatives, as will once again become clear, are mutually complementary in a most important way, since they both embody the same guiding principle: namely, that the totality of economic and social development strategies deemed to be viable and sustainable for our continent should be appropriated by African countries and their leadership.

Ladies and gentlemen, as you know, the process of regional integration in Africa reflects the deep desire of the African peoples for a united Africa. This desire dates back several decades and was inspired by the great nationalists of the African continent (such as Dr. Kwame N'Krumah, to name but one). Nevertheless, it was only in 1963 that the process first began to take shape, with the inclusion in the treaty instituting the Organization of African Unity (OAU) of specific provisions relating to intra-African cooperation and integration. These provisions placed particular emphasis upon the need of the African countries to cooperate in accelerating the durable development of the continent.

Since 1963 – with varying degrees of success – several major milestones have been passed on the road towards greater African regional integration. I shall not describe the origins of this process in detail. Suffice it to say that after a great many postponements – caused by a variety of factors, including divergent political approaches to the integration process – the commitment of the African Heads of State to work, both individually and collectively, for the promotion of economic integration in Africa took decisive shape at the Extraordinary Summit of the OAU, held in Nigeria in 1980.

This commitment on the part of the African leaders was reflected in a document which came to be known as the "Lagos Action Plan." This plan set down the principles that must underlie the creation of national, sub-regional and regional institutions. In turn, these institutions must aim at setting in motion a process of exchange and cooperation that would ultimately lead to the establishment of a continent-wide African Economic Community (AEC).

The commitments undertaken by our Heads of State in the Lagos Action Plan were made concrete at the OAU summit in June 1991, by the adoption of a treaty establishing an African Economic Community and by the subsequent creation of various sub-regional economic communities. This treaty, ratified by all African countries, came into force in May 1994. These community institutions, as foreseen in the Lagos Action Plan, constitute the basis for African economic integration.

In this context – and as a historical reminder – I should like briefly at this point to list the various African community institutions currently participating in the process of regional integration, within the wider framework of the African Economic Community. The institutions in question are:

- The West African Economic and Monetary Union (WAEMU);
- The Economic Community of Central African States (ECCAS);
- The Economic and Monetary Union of Central Africa (EMUCA);
- The Common Market for Southern and Eastern Africa (COMESA);
- The Southern African Development Community (SADEC); and
- The Arab Maghreb Union (UMA).

Ladies and gentlemen, from 1991 until the present day, Africa has resolutely continued its progress in the long and perilous process of regional integration. The sub-regional African economic communities – as their own representatives will have occasion to state in just a moment – have been patiently built up over many years. The political dimensions of this process were more recently reaffirmed at Syrte (in Libya, in September 1999), at Lomé (in July 2000) and at Lusaka (in July 2001). At these meetings, the African Heads of State agreed upon the creation of the African Union (AU) to replace the OAU. The African Union, through its twofold dimension – ''Politics and Economics'' – is intended to pursue the final objective of African integration.

In policy terms, what are the principal phases that will ultimately lead to the realization of the African Economic Community? In view of our presence here in an academic environment, it is perhaps appropriate to stress that the economic processes of these different phases were inspired by the Theory of Optimal Monetary Zones, developed by such eminent economists as Mondell and McKinnon in the early 1960s. Please allow me to give a brief summary of these phases.

Phase One consists of the creation and reinforcement of sub-regional community institutions. This process is still underway.

Phase Two, not yet completed by a number of our economic communities, consists of the liberalization of exchange, the harmonization of customs rates and the consolidation of integration structures in crucial fields, such as communications, industrial policy, trade, finance and currency.

Phase Three has the target objective of establishing, within the economic community, an African free-trade zone and a continental customs union.

Phase Four consists of the establishment of an African Common Market.

Phase Five represents the last step in the process of African regional integration. This final phase is to be achieved through the realization of several objectives – in particular, the free circulation of persons, goods and the means of production, the creation of a pan-African single market, the implementation of economic and monetary union, and the foundation of an African Central Bank.

Ladies and gentlemen, although the process of African regional integration summarized above is based upon a sequentially coherent and theoretical approach, it nevertheless remains subject, like all human designs, to the hazards and misadventures inherent in the hard test of action. A sober analysis of the African experience in the process of continental integration and, more generally, of the current economic situation on the continent, must lead us to the conclusion that results have been mixed. However, it must also be noted that this conclusion is based upon Africa's implementation of macro-economic and structural reforms often considered to be "external," in the sense that their origin or inspiration came from outside the continent itself.

In following up the process of African regional integration, and in order to ensure the continent's economic take-off, the wider international community has launched several important initiatives in support of Africa during the past twenty years. I will not attempt to list them all here. Let us simply note, for example, the following actions of the United Nations: the formal adoption of the United Nations African Development Action Plan, the approval (in 1991) of the United Nations African Agenda, and the inclusion (in October 2000) of special provisions for Africa in the "Millennium Declaration." In addition to these programmes for the structural adjustment of the Bretton Woods institutions, mention must also be made of the World Bank's Global Coalition for Africa, as well as other encouraging initiatives, such as the Tokyo International Conference on African Development (TICAD), the African-European and Franco-African summits, and the Sino-African meetings.

Notwithstanding all of the above initiatives, and notwithstanding the progress made in certain fields, it must be acknowledged that the overall situation in Africa remains critical. Economically, income per capita continues to fall, resulting in the continued growth of poverty in most parts of the continent. In this respect, it should be noted that the objective of cutting the level of African poverty in half by the year 2015 appears highly ambitious, given the fact that the average global growth rate in GDP is currently of the order of 3 per cent per year. All of the most reliable macro-economic simulations have demonstrated that such an objective can only be achieved with an average growth rate in GDP of some 8 per cent or more. Clearly, this target is still a long way off.

The marginal nature of basic African infrastructures, the competitive weakness of African economies, the persistence of tensions or armed conflicts in certain regions, HIV/AIDS and its devastating socio-economic impact, as well as the burdens imposed by budget deficits in relation to good governance, are all factors which are helping to jeopardize the prospects for continental development in Africa. However, the most inextricable of all problems in this respect is the problem of indebtedness. To illustrate this point, it is worth noting that my own country spends nearly 50 per cent of its annual budgetary resources on the servicing of its foreign debt, and less than 10 per cent on its basic infrastructure. It is, therefore, impossible for Gabon to achieve a growth rate of 8 per cent of its GDP without a substantial alleviation of its debt burden.

Ladies and gentlemen, in the face of these hard realities, African leaders have become convinced of the need to make the institutional framework at the continental level more politically dynamic. This has led to the phasing out of the OAU and its replacement by the African Union (AU). At the same time, it was also decided to structure a new concept of partnership with the international community. With this aim in mind, innovative efforts have been made to explore development strategies which are more compatible with African realities and which, above all, provide a coherent politico-economic framework, broadly negotiated on a continental scale.

The resulting framework is NEPAD. Under the impetus of the various African Heads of State, including His Excellency El Hadj Omar Bongo, President of the Republic of Gabon, Africans have at last recognized that development can only become a reality if they, themselves, take the initiative. NEPAD, and the long-term vision it embodies, therefore represents an immense challenge. It is an outward symbol of the deep conviction which underlies the project for dynamic, shared development.

The target objectives of the NEPAD are clear and explicit. Allow me to list them briefly. Through the NEPAD, the African states have committed themselves to promote: peace, security, proper governance, democracy, respect for human rights, and the strengthening of both human and institutional capabilities. These are all indispensable preconditions for the durable development of our countries.

Peace and security occupy a crucial position in the NEPAD concept. Without peace and security, it will not be possible to realize the vast human and material resources upon which the future of Africa depends. I would like to say a few words on this subject, basing my remarks on the guiding political principles of the President and Government of the Republic of Gabon. Social peace, national unity, security, good government and a proper respect for human rights are the foundations upon which the socio-economic progress of any nation is built. That is why our President has always made these values an integral part of the actions performed by the Government to which I have the honour of belonging. Consequently, we are proud to say that our political and diplomatic vision – both at home and abroad – is clearly defined by our desire to serve the causes of development and peace.

Today, it is widely acknowledged in Central Africa that Gabon has not only succeeded in preserving social peace and political stability at home, but that it has also played a leading role in the prevention of conflict within our sub-region. This is due to a number of different factors, of which the following are the most important:

- The pursuit of a pluralist and consensual democratic process, sustained by institutions guaranteeing the harmonious functioning of the state;
- Respect for law, human rights and individual freedoms;

- Economic and social policies intended, as far as possible, to reduce inequality and poverty through targeted actions in the fields of education, health and employment; and
- The personal involvement of the President of the Republic of Gabon in numerous sub-regional and regional arbitration proceedings.

Ladies and gentlemen, while peace and security remain of great importance, Africa also needs to consolidate the economic bases of its durable development, by continuing its inexorable march towards regional integration and allying itself to the process of globalization. To assist in this process, NEPAD has distinguished ten priorities, which I would like to summarize briefly:

- **Good political governance**: This is a question of recognizing the importance of democracy, which must be reflected in free and honest elections, the creation of democratic institutions, respect for human rights and transparency in the management of the African heritage;
- **Good governance of the private economy**: The need to manage the flow of capital and create a healthy and attractive business environment;
- **Infrastructures**: Roads, railways, ports and airports are potentially positive outlets for all of Africa, thus enhancing the profitability of our projects;
- **Education**: Human resources constitute one of the key factors in economic growth;
- **Health**: This is a major challenge in Africa, because of the high mortality rate from endemic diseases;
- **New information technologies**: These technologies are indispensable tools in the real-time exchange of information, goods and services, and represent an opportunity for increased productivity;
- **Agriculture**: The African continent needs to restrict its food dependency and ensure self-sufficiency in food supplies, particularly as it possesses all the natural potential required to achieve such a goal;
- **The environment**: Africa has vast reserves of virgin forest and uninhabited areas, as well as a multiplicity of fauna and flora species, all of which need to be preserved;
- **Energy**: All countries, particularly the non-petroleum-producing countries, must be ensured access to energy. This could be achieved through the construction of oil and gas pipelines;
- **Access to the markets of the developed countries and diversification of production**: The development of agriculture and the diversification of national economies will only be possible if African products enjoy access to the markets of the industrialized countries under circumstances of fair competition.

The formulation of these priorities and their translation into concrete financial proposals – based on both local African resources and the additional funding expected from the international community – is now well under way. In this respect, as you well know, several sub-regional consultation meetings have already been held to agree upon consensual projects and a common platform of action. These points will be used as the basis for further discussions with our development partners: most particularly, at the next G8 summit in Canada.

The advent of globalization has meant that the interdependence of nations has now become an incontestable reality. However, this same process of globalization also places an obligation upon the international community to show greater solidarity with the less affluent. We hope that the G8 summit will reflect this obligation by proposing a series of concrete actions for partnership – actions resulting in real and specific projects, which will conform to the expectations of our peoples.

The process of internationalization or globalization is of concern to us all, and will henceforth require an integrated approach in the fields of economics, politics, security, science, research, culture and environmental management. Faced with such challenges, no country can permit itself the luxury of an illusory withdrawal into isolationism. This century will be a century of great achievements, but they will be achievements reached through integration and cooperation. The New Partnership for Africa's Development forms an indispensable part of this process. The African states must, therefore, commit themselves irrevocably to closer political and economic ties at a regional level. Only then will they be able to exploit the development of similar trends at a global level.

Consequently, one of the main challenges facing Africa today is the challenge of transforming itself into a homogenous block – a block capable of convincing potential sponsors that Africa is not a never-ending, bottomless pit. At the same time, Africans must convince themselves that they cannot, and dare not, remain outside the process of world globalization.

Ladies and gentlemen, Africa knows that it can count on the support of Japan in its dealings with the other members of the G8. In view of the fact that NEPAD and TICAD are complementary bodies, we are confident that Japan will continue to accompany Africa along its road towards integration, growth and sustainable development.

With its positive attitude towards development, its technology and its working methods, Japan is a nation capable of forming a mutually beneficial partnership with Africa – a partnership capable of unlocking the undeniable human and material potential of our continent. Such a partnership must go beyond the already appreciable framework of the Official Development Assistance programme. It must be reflected in increased direct investment in Africa, together with an increased opening up of the Japanese market to African products.

In short, we must build a true community of mutual interests. Only then will Africa – which, as former Japanese Prime Minister Yoshiro Mori once stated, ‘‘holds the key to the future of humanity’’ – become truly prosperous, contributing in its turn to the greater prosperity and stability of the whole world.

I would like to end on this note of hope, and wish this present meeting every success in its deliberations.

Thank you.

2

African regional integration in the context of globalization: Development challenges and NEPAD

Bonnie Campbell

It is particularly relevant to be raising issues of regional development from a forum in Japan, and more generally from this continent, for there is a great deal to be learnt from the rich and varied experiences of Asian development.

At the outset, it must also be underlined how important it is, as well, to reset discussions in the perspective of past experiences of African integration. I refer, in particular, to initiatives such as the Lagos Plan of Action or the Economic Commission for Africa's 1989 "African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation." In fact, the opening sentences of the Preamble of the Lagos Plan of Action remain as true today as they were at the time of signing by the Heads of State of the Organization of African Unity in April 1980. They read:

> "The effect of unfulfilled promises of global development strategies has been more sharply felt in Africa than in the other continents of the world. Indeed, rather than result in an improvement in the economic situation of the continent, successive strategies have made it stagnate and become more susceptible than other regions to the economic and social crises suffered by the industrialised countries. Thus Africa is unable to point to any significant growth rate, or satisfactory index of general well-being, in the past 20 years." (ECA 1989)

Since then, however, the numerous positive African initiatives towards regional integration should not be overlooked or minimized. To cite but one example, the ''Report of the Inter-Agency Mission to West Africa,'' submitted by UN Secretary-General Kofi Annan to the Security Council, on 30 April 2001, noted:

''A significant development at the subregional level was the recent establishment by ECOWAS of a 120-member Community Parliament and a Community Court of Justice.'' (UNSC 2001)

On the economic front, the Report of the Mission states:

''It was conveyed to the Mission that support for regional cooperation and integration and the strengthening of ECOWAS institutional capacity is critical to assist the subregion to better deal with the challenges of globalisation in a rapidly changing world. **A movement from the currency-focused approach, even in the implementation of subregional and bilateral programmes, to a subregional approach was generally urged, given the need for ECOWAS to be the main engine of growth and stability in West Africa**.'' (author's emphasis)

It is from this dual perspective – that of an integrative process already underway in the various regions of Africa, and of the experiences of other continents – that I would like to reset the issue of African integration, in order to put forward a series of reflections concerning development challenges and the New Partnership for Africa's Development (NEPAD). My remarks will be organized around two themes.

First, I shall summarize, very briefly, the context in which this new initiative has been put forward in order to identify certain of the development challenges facing the countries of Africa. Second, I shall refer briefly to certain proposals put forward in NEPAD in response to these challenges.

I shall conclude by raising a series of observations and interrogations from the standpoint of the outside observer (which I am), with the modesty that this implies. I would also like to stress at the outset that my remarks around these complex issues are formulated with considerable reserve: that of the student I shall always consider myself to be of a continent from which I have learnt enormously, and not as lessons to give.

Certain development challenges of the present context

There are many issues that could be raised in regard to development challenges. I shall limit my comments to a particular aspect of the heritage of the adjustment experience of African countries over the last twenty years – that is, the manner in which the process of economic reform has profoundly affected the role and functions of African states (a manner, I would argue, that has no historical precedent). While policies of stabilization and adjustment went a long way toward getting rid of price distortions and liberalizing African economies, this process was accompanied by a very deep redefinition of the relations between states and markets, and between states and their societies, involving a redirection, redefining and even withdrawal of the functions of the state as they had previously existed.

For many, notably in North America, the fundamental and long-lasting changes which were being introduced went unobserved. One notable exception in the academic literature was the work of T. Biersteker (1990), who noted that while opinion in the 1980s seemed to converge concerning the need to reduce the state, there was little discussion on what it meant to do so and even less on the political implications. His analysis led him to conclude that the manner in which the role of the state had been reduced by structural adjustment policies might well undercut its ability to redirect its regulatory intervention on behalf of the private sector. Furthermore, reducing or redirecting the state's distributive intervention in the economy could well undercut its ability to mediate effectively between conflicting factions within civil society, especially between industry and the work force, or to build coalitions in favour of the desired reforms.

Starting from a definition of the state as referring "principally to the instrumental institutions with a capacity to influence and structure society," Bierstecker's study identified six different forms of state intervention in the economy: influence, regulation, mediation, distribution, production and planning. To summarize, Biersteker suggests the following effects of World Bank and International Monetary Fund (IMF) programmes:

- There has been an effort to increase, or at least maintain, state efforts to **influence** the economy;
- State attempts to **regulate** the economy have tended either to be reduced or to be redirected;
- Managing demand by imposing wage restraints or eliminating indexation programmes entails a redirection of state **mediation**, not its reduction;
- Most, though not all, policy reforms recommended entail a reduction of state attempts to **distribute** (or redistribute) the social or private product of capital;
- Policy reforms nearly always entail a reduction in the efforts to **produce** goods and services directly; and, finally,
- While policy measures are not specifically directed against the planning function, as they leave more and more of the economy to the market, they should in fact **reduce** state efforts to **plan** economic activity.

In the short term, ‘‘privatization and greater reliance on market mechanisms reduce the amount both of direct state monitoring and of information about the production process. The decrease in current government spending also reduces resources available for planning.’’ (Biersteker 1990)

Biersteker notes the high degree of interdependence between the public and private sectors in developing countries, as illustrated by the Brazilian experience of the early ’70s, for example, where the state provided generous subsidies to the private sector to finance its high rates of absolute growth. Furthermore, certain policy recommendations could undermine the fiscal basis of the state. And, lastly, by failing to mobilize the private sector adequately and by weakening the fiscal basis of the state, World Bank and IMF programmes, Biersteker concludes, could undermine the legitimacy of the state itself.

Significantly, the forms of stringent state withdrawal of the 1980s were also questioned by the former Japanese Overseas Economic Cooperation Fund in ‘‘Issues Related to the World Bank’s Approach to Structural Adjustment – Proposal from a Major Partner’’ (1991). Here it was queried, among other issues, ‘‘whether privatization is always the solution for improving efficiency of the public sector.’’ Many of the very specific recommendations proposed in this document were derived from the more general observation:

> ‘‘As there are inherent limits of market mechanism itself, market mechanism cannot handle various issues properly. Government intervention in these areas, as a result, is indispensable.’’

A similar position was to be echoed by Japanese representatives at the World Bank in the very early 1990s, who argued that select government intervention, rather than being purely negative, can promote economic development. They insisted, at the time, that the World Bank economists should examine the positive role that the government of Japan and East Asian newly industrializing countries (NICs) had played in their countries’ economic development. Implicit in this was a distancing from the Bank’s past blanket prescription for economic development – deregulation and liberalization – at the expense of government industrial and credit-allocation policies (ECA 1992).

The response of the Bretton Woods institutions in the 1990s was to place much greater emphasis on capacity building and good governance through the introduction of institutional reforms. These were conceptualized in a manner which was inspired by North American currents of thought, historical experience and a notion of the state which, as pointed out notably by Mike Moore (1993), was by no means universal.

The institutional reforms were designed, as well, with a view of ensuring the good management of resources and efficient introduction of economic reforms.

Consequently, the role of the state was to be redefined in such a way as to make it more efficient in the pursuit of what were identified as economic "core functions" and, notably, the creation of an environment favourable to the free play of market forces and ensuring the conditions necessary for the operation of the private sector. Hence, the role of the state was conceived essentially as that of "facilitator." Other objectives, such as the creation of social cohesion through redistribution or greater promotion of domestic initiatives and control in the area of local transformation, remained very secondary and even very marginal to the proposed economic core functions.

By the end of the 1990s, it may be said that African countries had gone very far in introducing the measures of liberalization of their economies which were at the centre of the structural adjustment paradigm. It is in this area of the world where the greatest number of programmes was introduced. As of 1981, 35 countries of sub-Saharan Africa had implemented 162 structural adjustment programmes (SAPs) with the World Bank and/or the IMF. During the same period, 126 SAPs were introduced throughout the rest of the world. (Ben Hammouda 1999).

Institutional reforms introduced over the 1990s with a view of re-regulating what came to be recognized as overly stringent forms of state withdrawal were to be introduced, among other things, via new regulatory frameworks (investment or mining codes, for example). These reforms were conceptualized, however, very much from a technical perspective of ensuring an efficient environment conducive to private investment rather than as a response to the preoccupations concerning the balance between the role of states and market forces raised, for example, by the Overseas Economic Cooperation Fund (OECF). Neither was the latter to be alone in its observations. The comparative study *Asian Industrialisation and Africa* (1995), edited by Howard Stein of Roosevelt University, Chicago, concluded: "if Asia is any guide, without state intervention and the development of supporting institutions, industrialisation will not occur in Africa."

Absence of supportive institutions and policies is certainly, in the context of the extensive process of liberalization of African economies in the 1980s and 1990s, at least part of the explanation for the disturbing evidence summarized in the UNDP in a December 2001 study:

"For example, Senegal experienced large job losses following liberalization in the late 1980s; by the early 1990s, one-third of all manufacturing jobs had been eliminated. In Côte d'Ivoire, the chemical, textile, shoe and automobile assembly industries virtually collapsed after tariffs were abruptly lowered by 40% in 1986. Similar problems have plagued liberalization attempts in Nigeria, while in Sierra Leone, Zambia, Zaire, Uganda, Tanzania, and the Sudan, liberalization in the 1980s brought a tremendous surge in consumer imports and sharp cutbacks in foreign exchange available for purchases of intermediate inputs and capital goods, with devastating effects on industrial output and employment. In Ghana, industrial sector employment plunged from 78,700 in 1987 to 28,000 in 1993, due mainly to the fact that 'large swathes of the manufacturing sector have been devastated by import competition' (Buffie 2001). Adjustment in the 1990s has also been difficult for much of the manufacturing sector in Mozambique, Cameroon, Tanzania, Malawi and Zambia, where import competition precipitated sharp contractions in output and employment in the short run, with many firms closing down operations entirely.''

Looking towards the future, the UNDP report notes, in this regard:

''A further round of cuts in industrial tariffs, if it involves binding industrial tariffs at lower levels in developing countries where local industries do not have the capacity to withstand competition from cheaper imported products, may well result in further difficulties for the domestic manufacturing sector in those countries.''

It is against the background of elements such as these that one may measure the constraints and challenges facing the African continent.

NEPAD as a response to certain developmental challenges

The New Partnership for Africa's Development represents a clear statement on the part of African leaders to assure an enhanced place for the continent in an increasingly globalized world. It presents a comprehensive and integrated development plan that addresses key social, economic and political issues. It stresses the shared responsibility for resolving these issues and pledges that African leaders must work together to implement solutions.

Within this framework, my comments will focus on three aspects of the initiative as a strategy for integration within Africa and into the global economy. My remarks will be very brief and, consequently, there is a danger that they may pass over complex issues all too rapidly and superficially.

NEPAD is premised on the idea of Africa's ''exclusion in a globalizing world'' and of its ''marginalization'' (NEPAD 2001). NEPAD's objective is, among other things, to achieve the International Development Goals (IDGs) adopted by the UN Millennium Summit. Its long-term objectives are poverty eradication, sustainable development, demarginalization of

Africa in the globalization process and the promotion of the role of women in all activities.

NEPAD is divided into three parts.

It sets out the conditions for sustainable development:

– The Peace, Security, Democracy and Political Governance Initiatives, and
– The Economic and Corporate Governance Initiative.

It defines six sectoral priorities:

– Bridging the Infrastructure Gap (which includes bridging the digital divide, investing in information and communication technology; energy; transport; water and sanitation);
– Human Resource Development, including reversing the brain drain (which includes poverty reduction; bridging the education gap; reversing the brain drain and health);
– Agriculture;
– The Environment Initiative;
– Culture; and
– Science and Technology.

It lays out a two-pronged strategy for mobilizing resources:

– The Capital Flow Initiative (which includes domestic resource mobilization, debt relief, ODA reforms and private capital flows) and
– The Market Access Initiative (which includes diversification of production, agriculture, mining, manufacturing, tourism, services, promoting the private sector, promoting African exports and removal of nontariff barriers).

To open up discussion on this important initiative, I shall raise three issues.

1. Mobilizing resources and the private capital flows to meet the development challenges of African integration

Within this framework, NEPAD seeks to strengthen regional economic integration, enhancing the institutional capacity of the five existing regions to improve infrastructure, human resources, health and market access for Africa's exports. According to the NEPAD document:

> "To achieve the estimated 7% annual growth rate needed to meet the IDGs – particularly, the goal of reducing by half the proportion of Africans living in poverty by the year 2015 – Africa needs to fill an annual resource gap of 12 per cent of its GDP, or US $64 billion. This will require increased domestic savings, as well as improvements in the public revenue collection systems. However, the bulk of the needed resources will have to be obtained from outside the continent."

These are to be composed of increased domestic resource mobilization, debt relief, ODA reforms and, especially, private capital flows, which are seen "as an essential component of a sustainable long-term approach to filling the resource gap." To this end, priorities and actions are proposed to provide an economic environment conducive to attracting such flows.

In light of the manner in which other countries of the world have built their competitive advantages,[1] and in the light of the heritage of adjustment which has redefined the role of states away from the areas of policy-making privileged by the experiences in Asia or North America (which permitted the building of such advantages on world markets), a number of issues and questions arise.

The first set of issues concerns the role of states in the promotion, ownership and planning of industrial development. These are among the points put forward by a Canadian economist, Professor John Loxley, to the Standing Committee on Foreign Affairs in April 2002 in a brief entitled "The New Partnership for Africa's Development (NEPAD): How Should Canada React?" NEPAD, Loxley argues, explicitly targets agro-processing, mineral beneficiation and the capital goods sector as priority investment and growth sectors, within a framework for greater regional integration. However, it is not clear what precise role the state will play in developing these sectors. The strong emphasis on promoting the private sector might lead one to conclude it would be minimal in terms of direct ownership and planning. Yet, at one point in the NEPAD document, it is stated that "Africa also provides prospects for creative partnerships between the public and private sectors in the beneficiation, agro-industries, tourism, and human resource development and in addressing the challenges of urban renewal and rural development," leaving open the whole issue of state participation in ownership.

As Loxley points out, it is not clear what is intended, but the whole document is generally silent on the role and conduct of state enterprises, where these still exist. Moreover, and as Biersteker pointed out in 1990 in his analysis of the consequences of certain forms of state withdrawal introduced by structural adjustment measures – that at times they may even be dysfunctional to the private sector – it is difficult to see how African countries can promote a capital goods sector without state input into planning and, possibly, ownership.

In view of the recent orientation of private capital flows to Africa, a further question that arises concerns the role of local states in ensuring that measures be taken in order to make certain that private capital flows will not essentially be directed to the extractive sectors of those countries whose present legal and fiscal frameworks make it very difficult to effectively monitor and enforce social and environmental norms and manage resource flows.

As noted, such issues take on particular significance in view of the heritage of African countries and, consequently, represent an area of potential fruitful debate opened up by this timely document. They echo the findings of a growing body of academic research based on the study of Asian experiences, such as that of Robert Wade (1990).

2. The crafting of African integration

In achieving its long-tem objectives, NEPAD sets increased African integration as its fourth expected outcome. And in its description of sub-regional and regional approaches to development, enhanced integration is seen as a means to improve international competitiveness.

This is obviously a critically important objective. To this end, NEPAD's focus will be on the provision of essential regional public goods (such as transport, energy, water, ITC, disease eradication, environmental protection and provision of regional research capacity). The document stipulates that "the focus will be on **rationalizing** the institutional framework for economic integration, by identifying common projects compatible with integrated country and regional development programmes, and on the **harmonization** of the economic and investment policies and practices. There needs to be **coordination** of the national sector policies and effective **monitoring** of regional decisions" (author's emphasis), and it sets out that the African Development Bank must play a leading role in financing regional studies, programmes and projects.

With regard to the implementation of integration, the NEPAD process has identified many energy, transport, telecommunications and water projects that are crucial to Africa's integrated development. However, while certainly a critical precondition to integration, it may be queried whether the policy process of integrated development may be formulated above in terms, or seen to result essentially from the provision of infrastructure.

While the call for development "on a planned basis – that is, linked to regional integrated development" is key, as is the recognition that "specific needs of the sub-region (be) perceived as a single space for all states in the sub-region," the document is not clear as to what the role of local states is to be in shaping this process from the national level up. Beyond the role of "facilitator" previously described with regard to creating the conditions necessary to ensure an environment favourable to private capital flows, not much discussion is given to the role of states in shaping the direction of such a process through, for example, positive incentives to draw private capital flows to certain sectors or regions or, more generally, in planning the process of integration.

3. African integration, poverty reduction and social cohesion

The NEPAD document states that ''the advantage of an effectively managed integration presents the best prospects for future economic prosperity and poverty reduction.'' Consequently, among the four expected outcomes of this initiative are ''reduction in poverty and inequality.''

As NEPAD reminds us, in speaking of structural adjustment programmes:

> ''They promoted reforms that tended to remove serious price distortions **but gave inadequate attention to the provision of social services**. As a consequence only a few countries managed to achieve sustainable higher growth under these programmes.'' (author's emphasis).

This observation is particularly central. Furthermore, ongoing research in this area suggests that the continuing process of liberalization and privatization of the economic sphere in the 1980s and 1990s has been accompanied by important social and political dimensions (Campbell 2000 and 2002). Hence, there would appear to have occurred a parallel process of the increasingly restrictive redefinition of social norms (social equity is defined in terms of equal access to opportunities rather than results), accompanied by a potential redefinition of political space, again in a restrictive manner (with the instrumentalization, for example, of notions of participation and political power) to ensure adherence to the objectives of predetermined economic and social reforms. The vehicles of these transformations are institutional reforms which have redefined the role of the state, notably with regard to its redistributive role and the provision of social services.

NEPAD comes out strongly in favour of ''people-centred development.'' However, it is not clear here, again, what new role is proposed for local states in a context where it is recognized that past reforms have given insufficient attention to strategies favouring social redistribution.

The strategy NEPAD has adopted with regard to poverty reduction is set out in current Poverty Reduction Strategy Papers (PRSPs) which the document incorporates. The context in which this instrument of reform has been put forward by multilateral funding institutions and the role which it plays for Highly Indebted Poor Countries (HIPCs), particularly since the Enhanced Initiative of September 1999, are significant. The adoption of PRSPs that incorporate not only poverty reduction measures but also institutional reforms, which will shape political processes and the architecture of government institutions, has now become a condition for access to debt reduction mechanisms, as well as funding from multilateral and bilateral institutions. Access to funds, consequently, has become conditioned to the introduction not merely of ''better policies'' but to ''having the right policy and institutional framework in place to make poverty reduction a success'' (World Bank 2001). To the extent that these institutional reforms may be considered largely predetermined, because designed to ensure particular patterns of resource distribution in a manner compatible with meeting specific economic objectives to which they are conditioned, the issue can be raised as to the margin of manoeuvre which African states effectively have in the definition, conceptualization and timing of implementation in the key area of poverty reduction.

In turn, beyond the unquestionably critical objective which they pursue, the conditions under which countries are made to adhere to such measures raise the concern as to whether PRSPs may not represent a form of the ''locking in'' of African governments into sets of reforms that, in many ways, may be seen as predetermined. Should this prove to be the case, it raises the issue not only of the actual margin of manoeuvre of African states but, as well, of the nature of the ownership of this key area of development strategies – the implementation of which, as noted, has become the cornerstone for access to other sources of funding, be they the terms of debt relief to which NEPAD agrees or other sources of concessional funding. In a similar vein, it would seem useful to reserve space to consider the appropriateness of the conceptualization of current poverty reduction strategies and the implications of the conditionalities of such measures on the capacity of states in Africa to reappropriate the conceptualization of reforms, in this as in other areas, with a view of ensuring ownership.

Finally, concerning the funding resources anticipated for the poverty reduction process through PRSPs, a study undertaken by the Canadian North-South Institute based on a series of case studies suggests the need for caution and much closer scrutiny (Serieux 2001). As the study points out, there is no disputing that the Enhanced Initiative does offer eligible countries a substantial opportunity for debt reduction. In late 2000, of the 41 countries with HIPC status, 22 had reached the decision point for adopting a poverty reduction strategy, and had thus become eligible for a 50 per cent reduction in the nominal value of their present debt. What is less clear, however, is whether the Enhanced Initiative offers an adequate framework and sufficient levels of relief to guarantee a long-term solution to insupportable debt. Moreover, since the Enhanced Initiative specifically identifies poverty reduction as one of its objectives, the adequacy of the resources available for this purpose became the focus of the Canadian study.

Of the 19 HIPC countries that had reached the decision point on implementation of a PRSP for which recent information existed at the time of the analysis, 15 were in Africa. An additional three – Guinea, Guinea-Bissau and Rwanda, again African countries – were also eligible, but the relevant data were not provided in their Debt Sustainability Analyses (DSA) and, therefore, they were not considered in the study undertaken by the North-South Institute.

The Enhanced Initiative assumes that the funds released for poverty reduction will be close to the amounts necessary to achieve the objectives set at international conferences. Despite this, and based on empirical analyses, the author of the study, Dr. John Serieux, notes that:

> "There is no necessary correlation between the resources needed to generate the rate of poverty reduction that is required for meeting internationally agreed targets (such as that of halving world poverty by 2015) and the poverty reduction engendered by debt relief. It is the level and depth of poverty existing in each country that will determine the rate of improvement in material circumstances necessary to pull half of the disadvantaged out of poverty, whereas debt-relief levels are related to debt ratios that have little direct relation to poverty."

Indeed, several in-depth empirical studies suggest that the amounts needed to achieve poverty reduction levels in line with international targets imposed on the HIPC countries far outstrip what would be made available by the proposed debt relief mechanisms: there is a blatant mismatch between these two parameters. Specifically, studies of Uganda, Mali and Ethiopia suggest that:

> "HIPC debt relief will only release a fraction of the resources necessary for the poverty reduction envisaged by these countries' poverty reduction strategies. Yet, these programs have poverty reduction targets that are at or below the internationally agreed target (of halving world poverty by 2015). Also, since the dividend from debt relief will become smaller over time, that funding gap will widen." (Serieux 2001)

Concluding observations

The issue of the existing constraints placed by the international economic environment, and nature of the reform process on the achievement of the objectives set out by NEPAD, leads me to four concluding observations/interrogations.

1. Integrating Africa

The emphasis on sub-regional and continental integration in NEPAD is critical, as many of Africa's structural problems can be traced back to colonial fragmentation of the economy and the dominance of primary export production and trade (Loxley 2002). These structural problems have not been lessened by the structural adjustment experience of the last twenty years – rather, the contrary. Moreover, the single country focus of the structural adjustment policies which took each country as viable reinforced that logic, and the strong bilateral character of relations, by linking countries directly with multilateral lending institutions and, hence, minimizing space for alternative negotiations and strategies.

On the other hand, there is tremendous potential for economic gains from specialization and trade within Africa, which might in turn open up new export possibilities and new areas of specialization and, hence, forge a new place for the continent in global relations (Loxley 2002). Consequently, the issue is not just more integration of African countries, but the manner and the conditions of integrating the continent, in order not to prolong and deepen past forms of integration, which I would describe as "asymmetrical." The framework proposed by NEPAD is one of open integration – to a degree in striking contrast with the experiences of other areas of the world – and in an international environment which may well prove unfavourable to African countries to the extent that they face new obligations, notably under the World Trade Organization rules.

These problems include:

- The prohibition of investment measures and subsidies, making it harder to encourage domestic industry;
- Import liberalization in agriculture, threatening the viability and livelihood of small producers whose products face competition from cheaper imported foods;
- Effects of a high intellectual property regime that has led to exorbitant prices for medicines and other essentials;
- The patenting by Northern corporations of biological materials originating in the South; and
- Higher costs for, and lower access by developing countries to, industrial technology.

These problems raise serious issues as to whether African countries can presently, or in the future, pursue development strategies (including industrialization, technology updating, development of local industries, food security and maintenance of local farms and agriculture, and fulfilment of health and medicinal needs).

The countries of Africa, as other developing countries, have put forward their problems of implementation and their proposals for modifications in the rules of the WTO. These requests have been repeated in the WTO General Council special sessions on implementation and in various committees and councils. Unfortunately, the developed countries have so far not responded very positively. The attitude seems to be that developing countries entered into legally binding commitments and must abide by them, however difficult, and any changes will require new concessions on their part.

Such a situation places tight constraints on NEPAD and draws attention to the need for a more holistic approach on the part of developed countries, and notably the G8, in ensuring that the rules set by the WTO are compatible with the objectives of NEPAD to which they give support.

As stated by the Economic Commission for Africa in its "Consensus Statement and the Way Ahead" (2002):

> "The combination of the International Development Goals, the move towards the African Union, and the adoption of NEPAD provide an unprecedented unifying vision and framework for Africa's development over the coming decades. The special features of this partnership include its African ownership, its focus on monitorable outcomes accepted by all, and its move away from an exclusively country-by-country level of action at both African and international levels, towards a development strategy that deals with Africa as an integral unit."

The same paragraph, however, begins with the following phrase: "Africa's unification demands special efforts and consideration from Africa's development partners."

2. Integration from within

The objectives of NEPAD cannot be realized except in the context of sub-regional and regional integration. Moreover, because of the structures of African economies vis-à-vis forces of globalization, integration from within becomes an imperative. This, consequently, has to be a process that is built from the bottom up. It cannot be imposed from the outside by market mechanisms to fit into an overall framework.

It is, naturally, a delicate process and a long one (not as an example to be followed, but simply to illustrate, one need only think of the forty years it has taken the European Union.... and Britain still clings to its pounds sterling), and it raises the question of the articulation with ongoing experiences from within. Above all, integration from within cannot be imposed from outside but must be anchored in the social and economic platforms of the ECA and the African Union. It cannot replace these, nor run in parallel.

Emphasis on shaping of the conditions of integration and building it upwards raises the issue of national states and African institutions in the construction of regional and continental integration. At present, the emphasis has been very much on institutional reforms and redefining of the role of states with a view of ensuring the conditions for an appropriate economic and investment climate. While this is essential, there appears to be need, as well, for the design of a role for government that ensures a balance between market forces and social stability (including forms of social redistribution that would ensure that social development at the national level becomes the foundation for economic development).

3. The institutional foundations of integration

As for regional and continental institutions, institutional foundations are critical. In their absence, the danger exists that the internal dynamics of regional economic integration will be undermined by differential treatment among nations or sub-regions. Moreover, there is need to ensure that specific arrangements do not undermine the capacity of African nations to speak with a common voice. As the ECA has recently stated:

> ''African integration entails presenting common positions in international fora, such as the World Trade Organization and other international conferences on finance, trade, debt, the natural environment, infectious diseases, education and research, human rights, etc. Measures are needed both to ensure the requisite political will and the required technical expertise for these common positions to be adopted and argued. Africa's specialist regional organizations, including the ECA and ADB, can play a leading role in this. The African Union and ECA should be jointly responsible for monitoring upcoming international fora and ensuring that African governments and specialists are able to convene and consult beforehand, where appropriate supported by the relevant international institutions, to produce a common position.'' (ECA 2002)

To this end, the same document points out that there is still clearly room for further articulation of the objectives of NEPAD and the role of the African regional institutions which provide the legitimacy and leverage for their implementation. In this regard, the ECA in its March 2002 statement recommended:

> ''NEPAD shares the same basic principles and aims as the African Union, seeking an integrative response to Africa's plight, and adding a powerful economic and partnership dimension. The secretariat of NEPAD, as currently constituted, **requires engagement with the institutional and political infrastructure of the AU, and other specialist multilateral institutions including ECA and ADB, if it is to succeed. NEPAD is urged to establish a forum for engagement with Africa's elected representatives through the mechanism of the African Parliamentary Union. Integration of parliamentarians into NEPAD's envisaged peer review and self-monitoring mechanism is recommended.**'' (author's emphasis)

4. *Shared responsibilities*

In raising these issues, rather than in any way wanting to suggest that I have answers, my purpose has been to underline shared responsibilities, notably those of the G8 countries, and to suggest that rather than viewing NEPAD as a set document, it might most usefully be seen as a process:

– a very dynamic, open and consultative process which must not be frozen, nor the impetus it has created externalized by the international recognition it has received, but, rather, must remain firmly grounded in African institutions, as the ECA has recommended, and
– encouraged to evolve creatively in an international environment characterized by flexibility in the negotiation of international trade rules, and in which the continent can count on ‘‘special efforts and considerations from Africa's development partners’’
– in such a manner as to capture the richness of past African experience in this area and the experiences of other continents, notably those of Asia.

Note

1. Note that NEPAD refers, in Paragraph 20, to ‘‘The experience of other countries .... through the export of value-added products....’’

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3

Regional integration and development in Africa

Andrea Goldstein

Introduction[1]

What does sub-Saharan Africa need to recover from its present riddle? While other developing countries, in Asia as well as in Latin America, have seen their fortunes rise over the last 30 years, the sub-continent's economic performance has been disappointing and well below its catch-up potential – not to mention the level needed to accelerate growth in order to reduce poverty. A sense that an opportunity is being lost has emerged, especially as the world turns regional in terms of production, financial and trade flows (Guerrieri and Falautano 2000). While sub-Saharan Africa has already had its encounters with regionalism – indeed, the world's oldest customs union exists in Southern Africa – most of them quickly turned sour. Nonetheless, in other developing regions, notably in Latin America, there is evidence to support the view that over the last decade, deeper regional integration has contributed to attract foreign direct investment (FDI), reinforce the legitimacy of democratic governments, reduce cross-border tensions, and develop a shared vision of a region's place on the global scene (Goldstein and Quenan 2001).

The Development Centre recently analysed the six ''Emerging Africa'' countries showing the greater potential for take-off.[2] Besides human capital accumulation and gains in total factor productivity, external non-debt financial resources – such as FDI, legitimate political leadership and a long-term vision for Africa – must be in place to attain long-term, sustainable social and economic development (Berthélemy et al. 2001). What contribution can a regional approach make to meet this daunting challenge? How can one pass from country-specific to region-wide analysis? And, what kinds of regional information may be needed for the implementation of cooperation efforts, and to derive policy recommendations that may also guide the intervention of donors and other non-governmental development partners?

This paper summarizes the results from a research project on new forms of integration and cooperation in sub-Saharan Africa launched at the Development Centre in 1999.[3] The objective is to set current developments – not only in trade and other macroeconomic policies, but also in structural areas and political cooperation – against the background of regionalism in other developing areas and multilateral negotiations to liberalize world markets. The overreaching message is that, while it is no magic potion, integration is a component of the reform process and, in some circumstances at least, it is efficient to sacrifice national interests to the altar of regional cooperation.

Regionalism and sustainable growth in sub-Saharan Africa

Regionalism is a fashionable, but far from novel, phenomenon in sub-Saharan Africa, where extreme geographical segmentation has combined with the problems of economic survival faced by numerous states to encourage the formation of a myriad of inter-governmental organizations (Bach 1999; see table 1). Some sustainable examples of regional cooperation include the Southern African Customs Union (SACU), the (Rand) Common Monetary Area (CMA) and the CFA franc zone. These relatively successful initiatives involve links with a more developed partner – South Africa in the case of the SACU and the CMA, and France and now the EU in that of the CFA franc.

Governments fell into a "fallacy of transposition," assuming that the experience of regional integration among industrialized countries could be replicated in far less developed ones. Sub-Saharan Africa's record of creating and sustaining regional frameworks is, hence, generally very poor. (See table 2 for a synthetic presentation of the most important ones.)

Western Africa, for instance, has had a very large number of inter-governmental organizations that work on integration issues. Conditions are, in theory, conducive to cooperation (Aryeetey 2001): ECOWAS has the largest number of individual countries, some of the densest populations in Africa and the largest variation of mineral ores, and it embraces three different agro-ecological zones (unlike other African sub-

Table 1. Main specialized intergovernmental organizations in post-independence sub-Saharan Africa

Institution	Year created-abolished	Membership	Area(s) of activity
Autorité du Bassin du Niger		Benin, Burkina Faso, Cameroon, Chad, Côte d'Ivoire, Guinea, Mali, Niger and Nigeria.	River water management
East African High Commission	1948–1961	Kenya, Tanganyika, Uganda	Foreign policy
East African Common Services Organization	1961–1967	Kenya, Tanganyika (later Tanzania), Uganda	Transport, research, communication, social services, tax collection, and university education
Desert Locust Control Organization for Eastern Africa	1962	Djibouti, Ethiopia, Kenya, Somalia, Sudan, Tanzania, and Uganda	Research into the locust's environment and pesticides residue analysis
Organization for African Unity (OAU)	1963 (25 May, now African Union Day)	32 independent African states	Economic, diplomatic, educational, health, welfare, scientific, and defence policies
African Groundnut Council	1964	Gambia, Mali, Niger, Nigeria, Senegal, and Sudan	Marketing policies and compensation fund
West Africa Rice Development Association	1970	Benin, Burkina Faso, Chad, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo	Research on rice for West Africa
Mano River Union	1973	Guinea, Liberia and Sierra Leone	Customs and economic union

Table 1 (cont.)

Institution	Year created-abolished	Membership	Area(s) of activity
Permanent Interstate Committee for Drought Control in the Sahel	1973	Benin, Burkina Faso, Cape Verde, Chad, Gambia, Guinea-Bissau, Mali, Mauritania, Niger, Senegal	Agriculture and livestock issues
Economic Community of the Great Lake Countries	1976	Burundi, Rwanda and Democratic Republic of Congo	Operates four joint enterprises producing electric power, bottles, cement, and hoes
Indian Ocean Commission	1984		Trade, Indian Ocean University, economic and trade policies harmonization.

Source: Author's elaboration.

regions with one or two zones). Only three out of the 16 countries of the region are landlocked, and the relief is generally flat, thus making it conducive to the development of railways and roads.

Practical results, however, have been preciously few, as countries have frequently been involved in several different arrangements at the same time, sometimes with conflicting goals and strategies. While it is true that the level of interaction taking place outside of formal arrangements is much larger than that happening through formal trading links, such informality is often maintained in order to satisfy the special interests of specific groups that are able to take advantage of the bottlenecks imposed by weak policy and institutional structures. For such interest groups, maintenance of the poor formal institutional arrangements has become a part of the status quo, regardless of the fact that the broader economies suffer.

Unfortunately, Western Africa is no exception. In Eastern Africa, the British Empire left behind a rather sophisticated set of institutions in place to coordinate policies between Kenya, Tanganyika (later Tanzania) and Uganda in areas such as customs, internal tax collection, transport infrastructure and monetary policy. These, however, did not survive the increasing divergence in policy orientation and ideology in the three

Table 2. A summary view of sub-Saharan Africa's three main "old" regionalism initiatives

	ECOWAS[1]	EAC[2]	SADCC[3]
Membership	Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Togo	Kenya, Tanzania, Uganda	Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia (joined in 1990), Swaziland, Tanzania, Zambia and Zimbabwe
Origins	Following the civil war (1968–70), during which a number of African countries gave military and diplomatic support to Biafra, Nigeria pushed for the formation of ECOWAS (treaty of Lagos in 1975)	East African High Commission (EAHC), consisting of the British Governors of Kenya, Tanzania, and Uganda, and the East African Central Legislature Assembly	Since its inception in 1980, SADCC has sought to promote strategies resistant to South African hegemony in the region and conducive to mutually beneficial development projects among its members (so-called Front Line states)
Objectives	Promote trade; free movement of people and goods; monetary union; fund for cooperation; agricultural self-sufficiency	Common external tariff; unrestricted freedom of transit goods between the three countries; control of imports of goods from third party countries when such goods were also produced in East Africa	Reduce external dependence – particularly, but not only, on apartheid South Africa; implement programmes and projects with national and regional impact; mobilize member states' resources, in the quest for collective self-reliance; and secure international understanding and support. No centralized bureaucracy, only a small secretariat, responsibility for various sectors left with individual member states
Political drive	Weak	Weak	Strong
External support	Weak	Weak	Strong

Table 2 (cont.)

	ECOWAS[1]	EAC[2]	SADCC[3]
Results	Common customs nomenclature	There was no internal tariff (except for a transfer tax) and no other restrictions except for security, health, and moral reasons	Some trade growth; percentage of transit traffic from the six landlocked member states moving through SADC ports increased from 20 to 60 per cent in 1980–90; development of the Beira corridor between Zimbabwe and Mozambique. Progress also made in connecting national power grids, enhancing food security, and cooperative research on new crop strains
Crisis	Non payment of dues; Nigerian domination	East African Currency Board broke down in 1967; new government in Uganda in 1971; different reactions to external shocks; divergence in policies	South Africa's attempts at destabilization caused devastation
Demise	Still functioning	In 1977 member states failed to pay their dues to the community and Tanzania closed its border with Kenya	Renamed SADC in 1992 anticipating that South Africa would soon join following the transition to democracy
Relaunch		Mediation Agreement of 1984 on exploring ways to resume regional cooperation. Establishment in March 1996 of the Secretariat of the Permanent Tripartite Commission at the Headquarters of the EAC in Arusha, Tanzania	South Africa joined in 1994, followed by Congo, Mauritius, and the Seychelles.

Source: Author's elaboration.
1. Economic Community of West African States. Also known by its French acronym CEDEAO.
2. East African Community.
3. Southern African Development Coordination Conference

countries, leading to the demise of the Eastern African Community (EAC) in 1973. Only SACU, with South Africa as the key member, has achieved any significant integration of goods markets (Foroutan 1993). The Communauté Economique de l'Afrique de l'Ouest (CEAO) appeared to have a modest positive impact on intra-regional trade immediately following its formation, but trade growth stagnated thereafter. Other regional integration agreements within sub-Saharan Africa had no discernable impact (Foroutan and Pritchett 1993).

Official statistics show that intra-African trade is a small fraction of each country's total commerce and has remained roughly constant over the years. (See table 3.) While the statistics have shown a mild increase in the early 1990s – from about 8 per cent in 1989 to 12 per cent in 1995 – this growth has not come from an expansion of trade within the various regional preferential trading areas (Yeats 1999). There has been very little manufacturing or intra-industry trade (with fully one-half of this trade accounted for by petroleum, cotton, live animals, maize and cocoa), and revealed comparative advantage does not, therefore, suggest a strong unexploited potential for intra-African trade. Weak infrastructure – in particular, poor telecommunication networks and underdeveloped transport networks – explains a great deal of the dynamics of intra-African trade. On the other hand, sound economic policies, such as the adoption of Structural Adjustment Programmes and good exchange rate management, appear as very conducive to higher intra-African trade (Longo and Sekkat 2001).

The new regionalism in sub-Saharan Africa

In short, the increasing ambitiousness of policy goals – in particular, the creation of a continental common market by 2025, which is the cornerstone of the Abuja Treaty adopted by the OAU in 1991 – bears no relationship with the modesty of the actual achievements. The obstacles are rather clear: Africa started integration at a low level of intra-regional

Table 3. Basic statistics of intra-area trade (per cent values)

	1980	1985	1990	1995	1998
Africa	5.2	4.9	7.3	10.3	11.4
European Union	60.8	59.2	65.9	62.4	60.2
Mercosur	14.3	6.7	10.6	21.6	25.5
NAFTA	33.6	43.9	41.4	46.2	51.0
East Asia	22.4	20.7	20.7	26.4	22.2

Source: IMF (1999), *Direction of Trade Statistics* trade and very high dependence on similar export crops; marked differences in income and industrialization levels prevented intra-industry specialization; the lack of political congeniality in foreign affairs meant that neighbouring countries were often on opposite sides of the cold war divide; and fiscal weakness reduced the capability and willingness to provide compensation payments. Only to compound these structural deficiencies, the continent has barely grown over the last quarter of the twentieth century.

Against the background of globalization, the term regionalism itself is acquiring a new meaning (World Bank 2000). Integration agreements are now about much more than reducing tariffs and quotas: They explicitly include the goal of removing other barriers that segment markets and impede the free flow of goods, services and factors of production; they are outward-looking, instead of attempting to apply to more than one country the import-substitution model of the past; and they frequently associate high-income industrial countries and developing ones. Indeed, many pacts evolve in incremental steps over time, from the granting of one-way trade preferences to reciprocal free trade agreements. For example, the United States often has first extended unilateral trade preferences (e.g., the Caribbean Basin Initiative and the Andean Trade Preferences Act) to its partner countries, and then negotiated so-called ''framework'' agreements that establish consultative forums on bilateral trade relations and the settlement of disputes (Schott 2001).

What, then, is happening, and in which part of Africa are the prospects for regional integration more promising? The recent resurgence of interest in regional integration – both from within Africa and on the part of external agents interested in African development – responds to different motivations. African concerns include small markets and their growing marginalization in a world dominated by powerful trading blocs, but there is a simultaneous fear of the costs of unilateral liberalization, especially when the large world players are most protective of sectors where African countries might feasibly compete. Regional integration is therefore frequently seen as an *alternative* to unilateral trade liberalization.[4] Donors are also concerned about small markets and the lack of progress in economic development and poverty reduction, but they frequently see regional integration as a *complement* to a more general liberalization. In particular, with trade taxes typically accounting for more than 30 per cent of government revenue, it is clear that no sustainable progress can be made in reducing tariff levels unless alternative non-inflationary revenue sources are developed (Dessus et al. 1999).[5]

This increasing interest towards regionalism should be seen in the wider context of the structural reforms being implemented at the domestic level. The period after 1990 witnessed a significant opening of domestic financial markets, substantial progress in trade reform and the introduction of a value-added tax (VAT) almost everywhere. By 1997, there was widespread policy convergence in these three areas of reform. However, there is much less convergence and more variation in the case of privatization and international financial liberalization.

Botswana, Mauritius and South Africa – countries that already had relatively market-friendly policies in the mid-1980s – remain the most open. It is not surprising, then, it is in southern Africa that the greatest progress has been made in rationalizing and realigning integration initiatives (Jenkins 2001). In 1992, the Southern African Development Coordination Conference changed its name to the Southern African Development Community (SADC) and broadened its concerns to facilitating regional economic integration (along various dimensions) alongside trade. (See table 4.) The viability of SADC as an economic community was enhanced by the accession to membership in 1994 of South Africa, which generates around three-quarters of southern Africa's combined GDP.[6] In mid-1996, a trade protocol was signed, which committed the (then) twelve members to a programme of phasing out customs duties and other equivalent measures in the process of establishing a free trade area (FTA) early in the next decade. The details of the FTA are currently being negotiated.

The SADC negotiations are not the only trade arrangements under discussion in southern Africa. South Africa has been involved in sensitive and lengthy renegotiation of the SACU agreement. South Africa has a history of unilateral actions on trade policy issues, in spite of its legal obligations to confer with its SACU partners.[7] Although South Africa's government is committed to reversing the practice of non-consultation, it is already being criticized for not taking the concerns of its smaller neighbours into account. Unlike issues affecting SACU, however, there is no legal obligation for South Africa to confer with fellow SADC members on trade policy issues. Moreover, the formation of an FTA will not bestow this obligation, unless a provision to this effect is specifically included.

Pretoria has also recently signed a trade, development and cooperation agreement with the European Union, the climax of talks that commenced in 1995. All other members of SADC had non-reciprocal preferential access to the EU under the Lomé Convention, and are concerned about the trade-diverting effects of the agreement between South Africa and the EU. At the same time, the expiry of Lomé IV has prompted a general reappraisal of the trade relationships between the EU and its African, Caribbean and Pacific Group of States (ACP) partners. Negotiations started in September 1998, and the new EU-ACP agreement was signed in June 2000 in Cotonou, Benin.[8]

As important as regional integration might be for all members of

SADC, it is not sufficient as a trade liberalization strategy, and the Community as a whole needs to adopt an outward-looking focus rather than a narrow regional view. SADC countries also have to think through their response to the proposed new round of WTO-led negotiations, and to developments within Africa involving the Community of Eastern and Southern African States (COMESA[9]), the revived East African Community (EAC), and the low-key (and, therefore, possibly more effective) Regional Integration Facilitation Forum (RIFF).[10] As South Africa tries accelerating its own economic growth, it is indeed not necessarily in SADC's best interests for South Africa to bind itself in law to the pace of change in non-SACU members of SADC on trade issues. In particular, the SADC FTA could become a means for pursuing trade agreements with a range of developed and developing regions.

Yet, South Africa must consult with its regional partners on trade issues. This is politically important, and it is wise in the interests of good neighbourliness, even though continued liberalization of South Africa's trade with its main (extra-regional) trading partners is essential. At the same time, there is potential for non-trade cooperation, which should promote regional integration in southern Africa without precluding more general reform. Finally, coordination of supplementary activities, many of which are within existing institutional divisions of SADC, will be of increasing importance as the region becomes more integrated.

In a number of aspects, the situation in the rest of sub-Saharan Africa may be different, and indeed possibly less conducive to a quick turnaround of political and economic fortunes. Yet the scope for integration is equally large. African economies have met considerable difficulty in achieving macroeconomic stability, and "contagion effects" have played a role in exacerbating this instability (Easterly and Levine 1995). While in southern Africa the sub-regional power seems to lead its neighbours moderately well in the path towards integration in the global economy, in the case of Western Africa the lethargy of Nigeria has had substantial negative spill-overs in terms of low investment and domestic growth. There is, however, an interesting concentration of emerging African countries, such as Côte d'Ivoire, Ghana and Senegal, in this part of the continent. In addition to pursuing economic reform programmes, they have sought increasing donor assistance to undertake export growth and diversification programmes.[11]

Ghana and Côte d'Ivoire, however, have widely varying policies that tend to affect adversely trade between them and, hence, affect the outcomes of their respective economic reform programmes. In particular, while Ghana has followed a flexible exchange rate policy (partly related to relatively higher macroeconomic instability), Côte d'Ivoire has had a fixed exchange rate anchored in the French franc. Its structural adjust-

Table 4. Status report of "new" regionalism in Africa

	UEMOA	Comesa	EAC	ECOWAS	SADC
Free trade area (FTA): members reduce or eliminate intra-area trade barriers, while maintaining trade barriers *via-à-vis* non-member countries	Originally a monetary agreement, the UMOA (Union Monétaire Ouest-Africaine) turned itself into UEMOA (Union Économique et Monétaire Ouest-Africaine) in January 1994. Duty-free trade started on 1 July 1996 for agricultural and handicraft products, extended to manufacturing on 1 January 2000	Members have reduced tariffs on COMESA -originating goods by between 60% and 80%, i.e., they only charge between 20% and 40% of their general MFN tariffs	Kenya applies 90%, and Tanzania and Uganda 80% tariff reductions. Removal of all non-tariff barriers on cross border trade. Ongoing studies on the establishment of an East African Trade Regime; and completion of study on cross-border trade in agricultural products	Benin, Burkina Faso, Côte d'Ivoire, Gambia, Ghana, Guinea, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo have lifted tariff barriers on unprocessed products; only Benin has removed tariff barriers to trade in industrial products	In mid-1996 a trade protocol was signed, which committed members to a programme of phasing out customs duties and other equivalent measures. Implementation commenced in September 2000. Problems remain concerning rules of origin for wheat flour and products thereof, textiles, and clothing

Custom unions: members reduce or eliminate intra-area trade barriers and adopt a common external tariff (CET) towards non-member countries	A CET was put in place on 1 January 2000, lowering the maximum tariff from 25% to 20%. The resulting revenue loss will be partially compensated by the imposition of VAT (e.g., in Senegal at 19% since July 2000)	Agreement reached to implement a CET by 2004 – set at 0%, 5%, 15% and 30% on capital goods, raw materials, intermediate goods and final goods', respectively	Standardized single entry document adopted. Ongoing harmonization of the last two digits of the Customs Classification Code. Protocol on the Customs Union to to be signed by end of 2001	Started in 1990, the Trade Liberalisation Scheme aims at establishing a customs union over a period of 15 years	SACU established in 1969 between Botswana, Lesotho, South Africa and Swaziland. Namibia became (remained) a member on achieving independence in 1990. Tariff revenues are pooled and shared out according to a revenue formula, which includes a sizeable compensation element paid to the smaller members

Table 4 (cont.)

	UEMOA	Comesa	EAC	ECOWAS	SADC
Common markets: members reduce the barriers to the movement of factors of production (labor and capital)			207 standards of goods and services already harmonized, out of which 91 have been adopted and notified to the WTO. East African Association of Investment Promotion Agencies (EAFAIPA) created in May 1998	Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Guinea, Guinea-Bissau, Mali, Niger, Nigeria, Senegal and Togo have removed all monetary NTBs. Ghana demands only the payment of road transit tax in foreign exchange. The other three members still require that non-residents purchase air tickets and pay airport taxes, etc., in foreign currency	The SACU agreement provides for duty-free circulation of goods within the five-country customs union and grants transit rights across South African territory

Economic unions: members aim to more fully harmonize national economic policies, including exchange rate policy and monetary policies	The Union has regional institutions to coordinate economic policies, mainly through the adoption of budgetary convergence criteria	The Monetary Harmonisation Programme is to be implemented in four phases, from 1991 to 2025, with the final phase to culminate in full monetary union	Tripartite Agreement on Avoidance of Double Taxation; harmonization of VAT rates (between 16% and 20%) and pre-shipment requirements (at US$ 5000); currency convertibility; same-day budget readings. Macro-economic framework being developed	Set of Convergence Criteria adopted in December 1999. Non-UEMOA countries are creating a second monetary zone in West Africa which will merge with the UEMOA zone to give rise to a single ECOWAS monetary zone in 2004	All SACU members except Botswana are also members of a common currency area

ment, however, has been less comprehensive. The inherent subsidy that the CFA franc enjoys as a result of its relationship with the French franc (now with the Euro[12]) effectively distorts the trading relationship between the two countries.

Recent developments suggest a movement away from undue emphasis on trade integration (although tariff reductions remain important[13]) to one with significant institutional adjustments that allow the participation of other free-standing economic agents, including the private sector and civil society, in bringing about integration. The Union Économique et Monétaire Ouest-Africaine (UEMOA), in particular, has made notable progress, setting a Common External Tariff (CET) in January 2000 and a common business legal framework set up under the Organisation pour l'Harmonisation du Droit des Affaires en Afrique (OHADA). There is also growing political interaction, most clearly manifested in peace-keeping efforts in Liberia and Sierra Leone undertaken under the aegis of ECOWAS. Nigeria and some Anglophone UEMOA members have begun discussing currency convergence and the emergence of a single currency zone within the context of a two-track approach that will involve non-UEMOA countries. The risk, however, is that monetary integration may be too ambitious a project at the present stage. Even the revised ECOWAS treaty, moreover, has failed to tackle the issue of the weakness of ECOWAS as a lead agency for regional integration.

Recent attempts are also being made to revive the EAC, now renamed East African Co-operation (Goldstein and Ndung'u 2001). As member countries are hit by similar shocks, the emphasis is on improving macroeconomic management, increasing policy harmonization – as regards, in particular, the rules of origin, so as to encourage cross-border investments – and achieving better coordination of capacity expansion in communication networks and information technology. But the true degree of political will remains the thorniest issue. Current problems include the lack of effective leadership, as political tensions affect Uganda, the most promising reformer in the region, and deep political and economic governance deficiencies make it hard to reverse economic stagnation in Kenya; the emergence of South Africa as a competing attraction, as reflected in migration of skilled labour and the birth of cooperation schemes that allow multiple memberships; continuing internal tensions, civil strife and interstate wars in counties like Ethiopia, Somalia and Sudan; and, finally, the on-going conflict in the Great Lakes region. In poor countries, political will is of paramount importance to guarantee that reforms do not lose momentum while the benefits from integration remain initially low.

As new members, starting with Rwanda and Burundi, knock at the EAC's door, policy makers should show more leadership in elaborating a coherent vision of what the region aims to become. If the focus is on building East Africa as a trading platform between the rest of the continent, the Mediterranean and Asia, institutions like the East African Development Bank should be restructured and refinanced to play a leading role in financing infrastructural projects. Other ad hoc arrangements should be designed to focus compensatory mechanisms for loss of tax revenue and for small countries.

From trade to investment? The paradigm shift

In an imperfect competition framework where scale economies exist, integration theory suggests potential gains that may arise from market enlargement. Indeed, the latter may give simultaneous gains, reducing monopolistic distortion through a greater number of firms in the marketplace avoiding the firm fragmentation through the larger market. Moreover, a market enlargement can create attractiveness for FDI in the region. In the presence of economies of scale and scope, countries may also benefit from technological and knowledge spillovers, coupled with linkages between buyers and sellers (backward and forward linkages) that are made more efficient by physical proximity.[14]

The negative counterpart to this may be a worsening of regional disparities. Promotion of intra-area trade through preferential treatments may bring about substantial income and wealth transfers between members, and can lead to a concentration of industry in a single location. If this happens, the incentive for each member country to free-ride – for example, by competing for scarce foreign capital on the basis of tax and regulatory incentives – may easily offset any possible benefit from negotiating as a bloc.

OECD growth over the last decade has occurred on the basis of economic liberalization and the development of knowledge-based activities (Bassanini et al. 2000). Trends in industrial countries, therefore, make it essential to promote in sub-Saharan Africa, too, a market-friendly environment, clear rules and laws, and efficient governance. Insofar as investors require these elements, what Africa cannot do for itself, others cannot do for it. Countries with the best record in improving the investment climate have met, not unsurprisingly, more success in attracting external non-debt financial resources, such as FDI, and a coordinated, regional approach to attract investment could generate sizeable results (Odenthal 2001).

Sub-Saharan Africa is not immune from the deep reforms being implemented in telecommunications, an industry that has been characterized for a long time by technological stability and bilateral arrangements between public monopolies. In 1996, the region accounted for less than 2 per cent of the world's telephone lines, with a density per inhabitant lower than 1 per cent in more than three-quarters of the 46 countries south of the Sahara. The need for a greater efficiency of the networks, the possibility to introduce competition through deregulation, technical and organizational innovations, and the narrow base of public funds available for new investment are structuring the new landscape of the African telecommunication networks (Plane 2001). While the partial privatization of national incumbent operators is the clearest manifestation of such changes, greater competition in the fixed as well as cellular mobile networks is also emerging.

In terms of prices for voice transmission and reduction of inefficiencies in the use of capital and human resources, early results from internal restructuring, corporatization, and separation of phone from postal services have been limited, albeit positive. This process has, therefore, accelerated with privatization – Guinea and Ghana in 1996, and Côte d'Ivoire, Senegal and South Africa (partially) in 1997 – and new licenses for cellular technology. In the African context, the growing use of cellular phones in rural areas and by women is particularly promising, not least for the potential it has for the development of electronic commerce (Goldstein and O'Connor 2000).

In telecommunications, regional dynamics can be gauged along two different dimensions: investment and regulation. Compared with other developing regions, sub-Saharan Africa has so far found it more difficult to attract the huge FDI flows required to lay down new telecommunications infrastructure. A major exception is represented by companies from South Africa, in particular MTN which, in just seven years, has created a business empire stretching across six countries: South Africa, Cameroon, Swaziland, Uganda, Rwanda and Nigeria.[15] In the longer term, however, markets are not necessarily capable of regulating themselves; providing more services to the largest number of users and improving quality require the establishment of independent, competent and efficient regulatory bodies. In the area of telecommunications and other network industries, African countries have started their reforms only recently and, despite the possibility that a regional approach may be suitable in view of the dearth of human and financial resources, discussions are still at a very early stage.[16]

The financial sector is another area where important reforms are being implemented. The establishment of stock markets is beneficial for a variety of reasons, including their ability to attract inward portfolio investment, boost domestic savings, make privatization relatively easier, and improve the pricing and availability of capital for domestic investment (Jefferis and Mbekeani 2001). More generally, stock markets are seen as enhancing the operations of the domestic financial system in general, and the capital market in particular.

Although Latin America and Asia host the most important emerging markets, recent years have seen the establishment of a number of new stock markets in sub-Saharan Africa. Indeed, it seems that no programme of financial sector reform is complete unless it includes the establishment of a new stock market or the rehabilitation of an old one. Despite their growing number, however, all sub-Saharan African stock markets (except for the Johannesburg Stock Exchange) remain small – in terms of number of listed companies, market capitalization and volume of trade – illiquid and (in financial terms) inefficient. For a stock market to function, there have to be minimal direct controls on the flows and pricing of capital, a supportive legal environment and high quality of law enforcement. Lacking these pre-conditions, their broader economic impact has so far been limited.

It has been suggested that one way of overcoming these limitations is to encourage regional stock exchanges, or at least much stronger collaboration between national stock exchanges on a regional basis. In particular, regionally integrated markets (whether through linked national markets or separate regional markets) offer the potential to achieve higher, uniform standards, to improve technology and access to information, to reduce transactions costs, and to benefit from economies of scale and higher liquidity.

There have been some initiatives in this direction, the most prominent being the establishment of a West African regional stock exchange in Abidjan in 1998 (Lavelle 2001). There have also been discussions regarding regional stock exchanges or integration of national exchanges in East, Central, and southern Africa. However, progress in these initiatives has been slow, often reflecting the differing technical, legal and institutional standards governing markets in different countries as well as broader economic restrictions, such as exchange controls. It is indeed likely that integration will be easier to achieve amongst countries with common legal backgrounds, such as within Anglophone or Francophone groupings, than between countries with highly divergent legal traditions. Unfortunately, politics may play a negative role in this process, as recently shown in Nigeria where a rival stock exchange was inaugurated in Abuja even though the Lagos stock exchange has far from exploited its potential (and could, indeed, become a regional centre for the Western African financial service industry).

A third industry analysed in the framework of this project is air transport (Goldstein 2001). The world of air transport is moving fast, and Africa cannot fall further behind. In a market still dominated by bilateral agreements, the continent already trails well behind regulatory reforms undertaken in the rest of the world, both in the OECD area and in the emerging markets of Asia and Latin America. An inefficient, costly and non-economical civil aviation sector may not allow the continent to increase tourism flows, share in the OECD countries' rising consumption of fresh perishable foodstuffs, attract FDI or integrate it into the just–in–time and lean production systems.

Some progress has been made, in some countries, in the areas of privatization and liberalization. In particular, Kenya privatized its state-owned airline, which is now the only African carrier fully integrated into one of the global alliances poised to dominate the air transport industry. And in South Africa, the liberalization of the air transport market is delivering benefits to customers.

If a viable regional airline were to emerge, Africa would be better able to negotiate equitable partnerships with foreign carriers. The region would also benefit from the increase in foreign traffic that any further market opening would bring. Sub-Saharan Africa, however, has made smaller progress in this respect than, for instance, Central America, as best proven by the slow restructuring of the regional airline of Francophone Western Africa.

The Air Afrique saga points at two important lessons. First, the efforts to revise the Yaoundé Treaty – by opening up the unified zone to limited competition and a second carrier per country with two weekly frequencies – have failed to bring significant improvement because they have been piecemeal instead of comprehensive. Second, in this uncertain context, national authorities have an incentive to free ride, especially in the area of charter flights with Europe, but this obviously comes to the detriment of their credibility vis-à-vis foreign investors and, thus, makes even harder the privatization of the local carriers.

The slow progress toward the creation of regional air transport markets in Eastern and southern Africa centred around South Africa also underscores the power of geopolitics in blocking the implementation of what would otherwise be a rational strategy of stronger cooperation. That most sub-Saharan African countries are small and poor, moreover, is no excuse for shielding an airline from market discipline (as shown by the case of Bolivia, where authorities have designated multiple carriers on routes previously reserved to the state-owned airline).

Following the start of the first WTO air transport review and the launch of a new multilateral round, these issues will gain policy priority for all countries, and may become powerful bargaining tools for non–OECD countries to press for more open access into OECD markets for the South's traditional exports. Reinforcing the institutional framework to encourage, and to watch over, market competition must be a top policy priority, and governments must act more decisively to translate official declarations regarding the benefits of sub-regional, multi-national air companies into concrete policy initiatives.

Regionalism in sub-Saharan Africa: good politics?

Regionalism is seen as good politics, both domestically – insofar as it includes commitment mechanisms that make it possible to overcome problems of time-inconsistency (Kydland and Prescott 1977) – and across borders – the classic liberal statement on the causes of peace is that economic interdependence reduces conflicts. This argument has already been used in favour of European integration. The founding fathers of the European Economic Community considered the interlocking of strategic industries, such as coal and steel, as a way of reducing the risks of intra-European war, especially between France and Germany. Similarly, the creation of Mercosur contributed to improved relationships between Argentina and Brazil.

In the second half of the twentieth century, parties to the same regional integration agreement have been less prone to engage in military hostilities, and the likelihood of disputes dips markedly as trade increases between them (Mansfield and Pevenhouse 2000). Last, but not least, in international forums the political and economic bargaining power of poor countries might be strengthened if their voice came from regional organizations.

It is somewhat peculiar of sub-Saharan Africa that regional *economic* institutions have often taken a prominent role in the *military* realm. While governments have charged integration agreements with too ambitious a political role, the very fact that regional organizations are engaged in peacekeeping testifies to the failure to provide a more stable environment for continental politics (Andreatta et al. 2001). A telling example is that of the increasingly high ECOWAS profile with regard to security issues. Forces operating under its auspices, known as ECOWAS Ceasefire Monitoring Group (ECOMOG), intervened in the Liberian civil war (1990–98). This operation, however, proved controversial for the domination exerted by Nigeria (van Walraven 1999). Rather than an impartial peace-keeping force intent on resolving the conflict no matter which belligerent would be victorious, ECOMOG seemed intent at stopping the National Patriotic Front of Liberia (NPFL). This led to a bitter controversy between ECOWAS aligned with Nigeria and, on the other hand, Burkina Faso and Côte d'Ivoire aligned with the NPFL.

In 1998–99, ECOMOG intervened again, both in Sierra Leone and in the conflict between the government of Guinea-Bissau and rebel military.[17] In October 1998, the ECOWAS Authority approved a proposal for a Mediation and Security Council with responsibility for security issues that would transform ECOMOG into the permanent military arm of the Community.

The relationship between interdependence and peace may still hold, but it may be more complicated. On the one hand, it may hold only when trade volumes reach a critical level, while at lower values it does not provide sufficient incentives for political change. Low trade flows produce little stimulus for the emergence of middle classes that, in turn, usually exercise strong pressure towards *de jure* democracy and *de facto* political opening. In other words, African regional integration agreements may simply not have produced the necessary level of trade and investment for a significant modification of political preferences. On the other hand, interdependence may be a necessary, and yet still insufficient, condition for peace, as its full impact on political preferences may require specific domestic institutions to ensure that the general interest in fostering economic exchange prevails over the specific interests of domestic pressure groups. Insofar as rising interdependence exposes the vulnerability of states to international economic processes and generates more conflict than cooperation, it may lead to attempts to use political means to reduce such vulnerability. A certain amount of prior political stability may therefore be necessary for "commercial peace" to operate.

What role for industrial countries?

The making of Western policy with respect to sub-Saharan Africa should reflect the fact that political and economic relations between the subcontinent and developed OECD countries are often more significant than regional bilateral links. Outside countries and organizations may be in a privileged position to help break the short circuit of poverty and instability. That the removal of the most egregious trade barriers is by far the single largest contribution that donor countries can make has been repeated so many times that the message should be clear enough. In February 2001, the EU decided to eliminate quotas and duties on all products, except arms, from the world's 48 poorest countries, including 33 sub-Saharan African ones.

The US African Growth and Opportunity Act, for its part, became law in May 2000, offering favourable export arrangements to nations liberalizing their economies. Thus far, 35 nations have been deemed eligible for the programme and, in October 2001, the House Ways & Means Committee of the US Congress approved legislation that expands duty-free access for apparel made in Africa and the Caribbean, by more than doubling current quotas limiting preferential access under the Trade Development Act in 2000. These developments are certainly welcome, but an even more generous approach – fully extending the reach of liberalization to agriculture and non-tariff barriers – is still possible. Donors could also take more specific steps in the area of regional cooperation, including the following.

First, think regionally when supporting new infrastructure projects. Even though it is widely known that the potential gains for participating countries in regional infrastructure can be quite large and significant, evidence on the ground shows that regional cooperation in infrastructure has remained very low. With the aim of improving on performance and concentrating resources in areas with large integrating potential and benefits, the intervention strategy should selectively emphasize and direct resources to energy, transport infrastructure, telecommunications and water resources development. Particular attention should be paid to the needs of land-locked countries for road and other ancillary infrastructure development to facilitate the movement of goods and persons (e.g., Maton with Solignac-Lecomte 2001). Moreover, resources should be used to finance studies that will analyse and quantify the benefits from regional cooperation that will accrue to every participating country, as well as indicate the opportunity costs to countries not participating in regional infrastructure cooperation schemes.

Second, provide support for institutional strengthening and capacity-building, while also ensuring ownership rights.[18] In civil aviation, for instance, industrial countries – and the United States in particular – have lately stepped up the profile of their cooperation with Africa. Efforts in capacity-building are welcome, although the lack of an international authority capable of enforcing safety standards on states (thus ensuring that safe aeronautical services are provided) seems to be the crux of the problem. In other areas as well, it is necessary not to confuse capacity-building with the need to improve international governance. Heavy reliance on foreign consultants, technicians and contractors also weakens the sense of ownership of the projects and may perpetuate aid dependency.

Third, build support for regionalism by listening to civil society, including trade unions and business associations. Private sector organizations and agencies, in particular, have already achieved some success in bringing the regional business community together, and in undertaking product and services-based market surveys, buyer-seller meetings, marketing missions and trade fairs. However, persisting constraints are the lack of information on business opportunities in regional member countries and impediments to cross-border movement of merchants and traders.

Fourth, foreign partners should bear in mind that economic reforms, including efforts to achieve wider and deeper integration, are about politics as much as about technical solutions. At least in the beginning, results from these efforts will necessarily be partial and progressive, creating evident losses while gains remain elusive. The transition may not be easy to sustain, especially when deep-rooted scepticism surrounds any discussion over the wisdom of sacrificing national interests to the altar of regional cooperation. In other areas of the developing world, visionary policy makers have emerged over the last 50 years that helped launch sustainable economic growth strategies even when and where initial conditions seemed adverse. Aid may help similar leaders in the African context, especially when they seem sincere in their devotion to regional cooperation.

And fifth, avoid the temptation of playing countries against each other. For a long time, the African policies of the United States, France and the United Kingdom have been dominated by mutual suspicions, especially in Western and Central Africa where, as described in this document, the scope for integration is possibly very positive. In a context of diminishing development funding, the cost of this lack of coordination, when not outright rivalry, is obviously very high – a conclusion that, fortunately, is now acknowledged in Western capitals. A first step in this regard was the announcement of closer cooperation in African affairs made by the French and British governments in Saint-Malo in December 1998, followed by a joint visit of their Foreign Ministers to Accra and Abidjan in March 1999. Since then, France and the United Kingdom have implemented joint initiatives, especially in military affairs (for example, organizing together a workshop on peace-making in Abuja in October 2000).

There is also a risk that the ACP-EU EPAs foreseen in the Cotonou Agreement may open a competition between regions.[19] UEMOA has already proven faster than ECOWAS in obtaining a mandate to negotiate on behalf of its members with the EU. In the end, if individual members of the same integration initiative receive different trade treatment from the EU, trade may become more complicated as new rules of origin are needed.

No alternatives? Main messages from the OECD Development Centre Project

The year 2001 saw an acceleration of policy discussions on regional integration to a brighter tempo with the launch of three separate, but intertwined, initiatives that aim to streamline and rationalize the existing organizational framework of the continent.

The Millennium Partnership for the African Recovery Programme (MAP) and the Omega Plan – which had been sponsored in 2000 by the

Presidents of Algeria, Nigeria and South Africa and by the President of Senegal, respectively – were merged into a New African Initiative approved by the OAU Summit on 11 July 2001. The initiative is a pledge by African leaders, based on a common vision and a firm and shared conviction that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable growth and development, and at the same time to participate actively in the world economic and political system. (See table 5.)

The initiative should be seen in conjunction with the establishment of the African Union at the Extraordinary OAU Summit in Sirte, Libya on 2 March 2001. The African Union should be different – not a mere continuation of the OAU under a different name but, rather, a set up that, while loosely based on the European Union model, should put emphasis on being an African experience.[20]

The third element in this composite picture is the creation of the Conference on Security, Stability, Development and Cooperation in Africa (CSSDCA). This process, which originated in the OAU/AEC Summit in Lomé in 2000, creates a synergy between the various activities currently undertaken by the OAU/AEC, which therefore should help to consolidate the work of the OAU/AEC in the areas of peace, security, stability, development and cooperation.

Regional trade agreements are fashionable, but integration is a policy choice, not an imperative. Agreements that liberalize a high proportion of participants' trade, extend the boundaries of trade policy in ways that are compatible with multilateral accords, and ease barriers vis-à-vis nonmembers are generally to be preferred to those that do not (Jenkins 2001). But individual countries may have a variety of potential regional partners to choose from, and often retain the option of limiting their cooperation to the implementation of certain measures (as it is the case with the EMU).

Still, while cooperation across a wide range of sectors – as in the examples presented in table 6 – could contribute to creating consistent policy frameworks for increasing trade and cross-border investment, much of the responsibility will ultimately lie in the hands of the domestic governments themselves.[21] Insofar as only coherent macroeconomic and sectoral policies at the individual country level can stimulate competitiveness and increase intra-area trade, no integration initiative can substitute for a continuation of the reforms that have painstakingly begun in the 1990s. In this sense, while commendable, the effort at improving institutional mechanisms, ranging from negotiated tariff concessions and compensation schemes to the establishment of joint institutions for research, training and transportation, is *per se* not going to produce any concrete results. There is no way to escape the basic truth: sub-Saharan

Table 5. Programme of action for the New African initiative

Initiative	
Peace and Security	It consists of three elements: *a*) promoting long-term conditions for development and security; *b*) building the capacity of African institutions for early warning, as well as enhancing African institutions' capacity to prevent, manage and resolve conflict; *c*) institutionalizing commitment to the core values of the African initiative through the leadership of a Heads of State Forum
Democracy and Governance	It consists of the following elements: *a*) a series of commitments to create or consolidate basic governance processes and practices; *b*) an undertaking to take the lead in supporting initiatives that foster good governance; *c*) the institutionalization of commitments through the African initiative leadership to ensure that the core values of the initiative are abided by.
Economic and Corporate Governance	A Task Team from Ministries of Finance and Central Banks will be commissioned to review economic and corporate governance practices in the various countries and regions, and make recommendations on appropriate standards and codes of good practice for consideration by the Heads of State Implementation Committee within six months. The Implementation Committee will refer its recommendations to African states for implementation
Human Resource Development	Different measures including the requirement that country plans prepared for initiatives in this programme of action assess their poverty reduction impact, both before and after implementation; work with the World Bank, the International Monetary Fund (IMF) and the United Nations (UN) agencies to accelerate implementation and adoption of the Comprehensive Development Framework, the Poverty Reduction Strategy and related approaches; establish a gender task team to ensure that the specific issues faced by poor women are addressed in African initiative poverty reduction strategies; strengthen Africa's participation in processes aiming at affordable drugs, including those involving the international pharmaceutical companies and the international civil society, and explore the use of alternative delivery systems for essential drugs and supplies; and establish a task team to accelerate the introduction of ICT in primary schools

Infrastructure	With the assistance of sector-specialized agencies, put in place policy and legislative frameworks to encourage competition. At the same time, introduce new regulatory frameworks as well as build capacity for regulators and promote PPPs as a promising vehicle for attracting private investors, and focus public funding on the pressing needs of the poor, by building capacity to implement and monitor such agreements
Diversification of Production and Exports	Different measures on the African and international levels, paying particular attention to the needs of the poor, as well as the establishment of early warning systems to monitor droughts and crop production; enhance agricultural credit and finance schemes, and improve access to credit by small-scale and women farmers.

Source: Author's elaboration based on *A New African Initiative: Merger of the Millennium Partnership for the African Recovery Programme (MAP) and Omega Plan* (http://www.dfa.gov.za/events/afrinit.htm).

Table 6. Other non-trade regional integration initiatives

Kruger-Gaza, and Gonarezhou parks	In 2000, the governments of South Africa, Mozambique and Zimbabwe signed an agreement to create a 35,000 sq km wildlife park, whose official opening is scheduled for April 2002. This agreement, when fully implemented, will consolidate nearly 100,000 sq km of land, an area bigger than Portugal, into one of the world's largest parks. In October 2001, South Africa began to move 1,000 elephants to Mozambique, easing pressures on Kruger's elephant population of more than 9,000, which many scientists say has reached its capacity given the available habitat in the Israel-sized park
Africa Trade Insurance Agency	Established by COMESA and officially launched in August 2002 during the regional gathering of leaders of the Southern Africa International Dialogue, the agency will offer commercial and political risk insurance in Africa. Membership is open to all members of the Organization of African Unity, with Kenya, Tanzania, Uganda, Zambia, Malawi, Burundi and Rwanda having already signed the participation agreement. The official launch of the ATIA took place on 31 August 2001 in Kampala, Uganda. The World Bank has provided initial financing and guarantee support, while MIGA has seconded staff to assist in the establishment of the Agency
Abidjan-Ouagadougou Railway Concession	From 1960 through 1989, this 1,260-km single track metric line was managed and operated by a bi-national public enterprise, the *Régie des chemins de fer Abidjan-Niger* (RAN), jointly owned by Côte d'Ivoire and Burkina (then Upper Volta). In the 1980s, RAN was facing critical financial difficulties, and in 1989, for political reasons, ran split into two separate state-owned companies, the *Société ivoirienne des chemins de fer* (SICF) and the *Société des chemins de fer du Burkina* (SCFB). In July 1992, the Governments of Côte d'Ivoire and Burkina decided to reunify and privatize railway operations under a concession scheme. The World Bank and other donors established a dialogue with the two governments on the design and the conduct of the concessioning process. Following a call for bids, two offers were received, and in March 1993 the railway concession was awarded to SITARAIL, a joint-stock company incorporated in Côte d'Ivoire. A strategic investor, SOFIB – controlled by SAGA and SDV, the two main freight-forwarders active in the region, in association with an Ivoirian investment group (SICC), Maersk (an international shipping line), railway engineering consultants SOFRERAIL and Transurb-Consult – holds 51 per cent of SITARAIL's equity. Other SITARAIL shareholders are the States of Côte d'Ivoire and Burkina (15 per cent each partly through public corporations) and SITARAIL staff (3 per cent). Sixteen percent of the shares, presently carried by SOFIB, are due to be sold to local private investors on the Abidjan Stock Exchange

Supreme Council for Sports in Africa	Established in 1965, the SCSA is a specialized agency of the Organization of African Unity (OAU) with headquarters in Yaoundé. The SCSA aims to seek for and implement all measures and means likely to foster the development of sports in Africa; persuade governments of African countries to protect and promote physical education and sports in and out of school; ensure the propagation and respect for the Olympic ideal across the continent and co-ordinate the action of African National Olympic Committees; foster sports development in Africa so that she may be worthily represented in world sports competitions, especially the Olympic Games; orientate and make sports in Africa serve African unity by consolidating mutual understanding and friendship among those who practice it and its officials; combat all forms of racial, religious or political discrimination in sports towards a country or an individual; study all questions bearing on the world sports movement and adopt a common stand regarding the position and participation of African countries; foster the action of African Sports Confederations and bring about the setting up of those that do not yet exist; organize the All-Africa Games and ensure their continuity; foster the setting up of Sports Development Zones in Africa so as to regionalize continental competitions and guide, coordinate and back up their activities.

Africa is far too small and impoverished to sustain itself throughout a simple increase, however exponential, in intra-area trade.

Resources are scarce, and the road towards global competitiveness and export diversification is paved with the skeletons of too many past and recent failures (Bonaglia and Fukasaku 2001). The need for prioritization, therefore, is clear, and so is the corresponding risk that political summits and declarations succeed themselves without any tangible results. The regional development of infrastructure is an area which should be granted particular urgency. It requires strong political leadership, both to overcome the inevitable resistance of small elites accustomed to their privileges – a direct flight to Europe once a week, say, as opposed to daily connections via a regional hub – and to ensure that the appropriate safeguards and institutions are put in place to prevent market abuse, discourage corruption and reassure private (most often foreign) investors.

But it would be wrong to assume that progress in other areas must necessarily be made contingent on achieving economic stability. Minor as it might seem at first sight, an exemplary area where no effort should be spared is that of the removal of obstacles to the movement of individuals. The experience of more developed areas, and Europe in particular, is that a sense of ownership in what could otherwise be considered top-down endavours can be provided by adopting a single official travel document, to denote the holder's citizenship of a borderless entity. Pursuing this philosophy, the January 2000 UEMOA/ECOWAS ministerial meeting of Bamako recommended that the ECOWAS travel certificate – albeit still non-existent – should ultimately be transformed into a common international passport to be used in place of national passports. In addition, the possibility should be studied of issuing a single entry visa to citizens of third countries, in order to underline the fact of constituting a single Community.[22]

In sum, the *raison d'être* of regional integration seems to be changing, moving away from a mere process of intra-regional trade liberalization to a vehicle for raising private investment through confidence building. Simplistic recipes of merely encouraging integration initiatives in the hope of producing significant economic or political effects are unlikely to be very productive.

Africa comprises many countries: a few successful ones, like Botswana and Mauritius, and too many others descending further into economic, social and political crisis. If Africa is to successfully fight marginalization, it will need to tackle domestic as well as international reform, and political as well as economic issues. In order to ensure that regionalism leads to concrete reforms, rather than remain at the stage of rhetorical statements, appropriate institutions must be designed, and a multi-country approach to issues such as infrastructure, water, migration or technical assistance may produce at least as many benefits as too narrow a focus on trade – not least in achieving peace. Easy-to-measure and monitor targets – for instance, in improving transport networks or easing cross-border controls – can be agreed upon, and participation in regional integration initiatives made contingent upon their fulfilment.

Notes

1. This text is an abridged version of *Policy Brief* No. 19, OECD Development Centre, summarizing a research project which was made possible by a generous financial contribution from the governments of Belgium and Switzerland. I thank Kiichiro Fukasaku, Ulrich Hiemenz, Njuguna Ndung'u, Helmut Reisen, Tim Shaw, Henri-Bernard Solignac-Lecomte and seminar participants at the UN University in Tokyo, and the Ministry of Foreign Affairs in Buenos Aires, for useful comments and suggestions on earlier drafts.
2. These are Burkina Faso, Côte d'Ivoire, Ghana, Mali, Uganda, and Tanzania. In order to test whether the conditions identified on the basis of the "good performers" are indeed necessary – in other words, what happens when such conditions are not met – the project also included the Democratic Republic of Congo.
3. See Andreatta et al. (2001), Aryeetey (2001), Goldstein (2001), Goldstein and Ndung'u (2001), Jefferis and Mbekeani (2001), Jenkins (2001), Longo and Sekkat (2001), Odenthal (2001) and Plane (2001).
4. The implementation of structural adjustment programmes (SAPs) has two main effects on regional integration agreements (RIAs; Söderbaum 1998). On the one hand, SAPs harmonize the economic systems of the individual countries, which has improved the conditions for RIAs. This homogenization effect has often had greater impact on effective market integration than the policies implemented within the framework of RIAs as such. On the other hand, SAPs are designed solely in a national context, with the universal market as the model.
5. The SACU redistribution system is an example of the potential problems that may exist, in particular, when some countries are landlocked.
6. Mauritius joined in 1995, the DR Congo in 1998.
7. Domestic motivations prompted South Africa into signing an agreement with the WTO in 1994. This bound the country, as well as the other four members of the SACU, to an eight-year programme of comprehensive trade liberalization from January 1995.
8. The EU proposes to sign Economic Partnership Agreements (EPAs) with different ACP regions or countries to replace existing non-reciprocal trade preferences. EPAs represent a form of free trade agreements, in which there would be "more than free trade" (they would include provisions for economic co-operation in other fields). ACP partners in such agreements would retain their current preferential access to European markets, but would have to reciprocate by progressively opening their own markets to imports from Europe on a preferential basis. These agreements would be put in place starting in 2010.
9. Launched on 31 October 2000 by Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia and Zimbabwe. The Seychelles pledged to join the FTA in June 2001.
10. The Cross-Border Initiative (CBI) is a framework of harmonized policies to facilitate a market-driven concept of integration. It is not an institution or a new trading bloc. Its

special features are the reliance on variable geometry, voluntary action and peer pressure so that the fastest reformers may set the pace of integration. In May 2000, the CBI Steering Committee decided that, as it was entering its second phase, the CBI should be renamed the Regional Integration Facilitation Forum (RIFF).

11. Fearing a diversion of the little FDI and portfolio investments that they have attracted in recent years following Nigeria's return to democratic rule, these smaller economies are developing new investment packages. Thus, while Ghana calls itself the "Gateway to Africa," Senegal prides itself in being "The Real Gateway to Africa."
12. Rose and van Wincoop (2001) calculate that eliminating the monetary barrier to trade through a currency union brings substantial benefits to consumers. According to Honohan and Lane (2001), EMU provides a demonstration effect suggesting to African countries that regional monetary integration need not have post-colonial connotations. They suggest that its use as an external agency of restraint is the strongest attraction of a multi-country currency arrangement and that the most likely route to new monetary cooperation in Africa is via a common peg to the euro.
13. Progress can be gauged in table 4. Remaining obstacles include some members' failure to print the harmonized documents, the high cost of compensation, the fact that the ECOWAS Trade Liberalisation Scheme (TLS) and the UEMOA scheme coexist, and the absence of measures to inform economic operators about the TLS.
14. Whether new technologies may allow (relatively) backward areas to catch up more rapidly is a moot point, although early evidence seems to suggest that agglomeration is, if anything, playing a stronger role.
15. Other major pan-African operators include Telekom Malaysia, with equity stakes in Ghana, Guinea, Malawi, and South Africa, and MSI, a company founded by a Sudanese engineer and financed by OECD-based private and public investors which has operations in 11 countries, with another three in preparation.
16. The Telecommunication Regulators Association of Southern Africa (TRASA) was established in December 1997 under the auspices of the Southern Africa Transport and Communication Commission (SATCC), the SADC institution responsible for coordinating policy and regulatory matters relating TRASA provides a forum of information exchange and capacity building. TRASA released a Frequency Band Plan for the region in May 2000 and launched an assessment of the regulatory capacity in 2001 in conjunction with the Commonwealth Telecoms Organisation.
17. Peace-keeping ECOMOG forces intervened in Guinea-Bissau in 1999 following the departure of troops from neighbouring Senegal and Guinea-Conakry, that had intervened the previous year to save the Vieira government and to prevent a government friendly to the Casamance rebels from ruling Bissau.
18. The African Development Bank, for instance, funds regional schools that provide professional training in targeted fields, such as the *Ecole Superieure Inter-Africaine de Bingerville* in Côte d'Ivoire.
19. I thank Henri-Bernard Solignac-Lecomte for clarifying this point.
20. The priority organs are the Assembly, the Executive Council, the Commission and the Permanent Representative Committee (the Pan-African Parliament will develop its own Rules of Procedures). In July 2002, South Africa will host the inaugural Summit of the Assembly of the African Union. The Secretary General should consult the Regional Economic Communities (RECs), and RECs should be involved in the formulation and implementation of all Programmes of the Union. The Protocol establishing the Relations between the AEC and REC should be amended or a new Protocol prepared.
21. Dessus and Suwa (2000) reach similar conclusions in their study of the trade liberalization agreements signed between the European Union and the southern Mediterrenean countries.

22. Seven ECOWAS countries recently began to study the possibility of issuing common entry visas.

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4

Modes of regional governance in Africa: By whom, for whom and for what purpose?[1]

Fred Söderbaum

Introduction

The resurrection of regionalism is a major trend in present day international relations. This current wave of regionalism is often referred to as ''the new regionalism,'' characterized by its increasing scope, diversity, fluidity and non-conformity. We should, therefore, speak of regionalism in the plural rather than the singular form. Simultaneously, but separately, there has been a ''rediscovery of governance,'' especially ''global governance'' – the concept commonly used for indicating other forms of political decision-making and implementation than the Westphalian state.

This chapter addresses the problem that the study of ''new regionalism'' and the study of ''governance'' are, to a large extent, separate fields, and tries to facilitate an encounter between the two. This takes us to the much-neglected study of ''regional governance,'' which makes sense for at least two reasons: to put regional authority structures in context, and to concretize the concept of governance.

Few would contest that the new regionalism is alive and kicking in Africa (Bach 1999; Bøås et al. 1999; Hettne et al. 2001; Schulz et al. 2001; Söderbaum 2002). However, in comparison with governance on other levels, regional governance has attracted little attention in the case of Africa. In fact, the discussion on governance in Africa has been heavily focused either on ''global governance'' or that the governance challenge is a question of "national" governance, especially "good governance." Both of these overlapping governance debates are important and challenging. However, the argument put forward here is that it is misleading to assume that "global governance" and multilateral institutions explain the complexities, the realities and "what happens on the ground" in African. Likewise, the debate on national ("good") governance is state-centric, and judging from the literature, regional and cross-border issues are seldom considered (cf. Hydén et al. 2000). By contrast, this chapter will reveal that the regional dimension of governance is crucial if we are to understand the authority structures and systems of rule in contemporary Africa.

The analysis is structured as follows. As a point of departure, the chapter starts out with a discussion of the "new regionalism." The next section conceptualizes the phenomenon of "governance" and makes fundamental distinctions between formal-informal and between public-private dimensions of governance. The content of "regional" governance, in contrast to global, national and subnational modes of governance, is also made clear. Using these analytical distinctions, four different modes of regional governance in Africa are then identified, with evidence mostly taken from West Africa and southern Africa. Together, they reveal an intriguing diversity of regional governance structures in Africa, perhaps first and foremost in the negative sense. In the conclusion, the four modes of regional governance are briefly related to one another.

The new regionalism approach

Regionalism has now, for more than a decade, "been brought back in" to international studies, after some time of almost complete neglect. In order to understand the resurgence of regionalism, it is essential to realize that we are dealing with a qualitatively new phenomenon, although the study of the renewed trend sometimes implies a feeling of *déjà vu*. The theoretical perspective outlined here – the new regionalism approach (Hettne et al. 1999; Schulz et al. 2001; Söderbaum 2002) – emphasizes that regionalism must be placed within its particular historical context.

The old regionalism was dominated by the bipolar cold war structure, with nation-states as the uncontested primary actors. It was often imposed, directly or indirectly, from outside and above, in accordance with the bipolar structure of the cold war and mainly in the interests of the superpowers (i.e., hegemonic regionalism). Furthermore, the old phenomenon was often specific with regard to objectives and content (i.e., free trade areas or security alliances), and sometimes explicitly exclusive in terms of member states.

The new wave of regionalism needs to be related to the current transformation of the world, in which globalization is one of the main challenges. Today's regionalism is extroverted rather than introverted, which reflects the deeper interdependence of today's global political economy. This, furthermore, explains the intriguing relationship between globalization and regionalization.

The new regionalism is taking place in more areas of the world than ever before and, in comparison with the old, it is to a larger extent emerging from "within" and from "below." The global character of the new regionalism implies that the number, scope and diversity of regionalism has grown significantly during the last decade. In essence, the new regionalism is a heterogeneous, comprehensive, multidimensional (and multilevel) phenomenon, which is created by state, market and society actors and covers economic, developmental, cultural, political, and security as well as environmental aspects (Bøås et al. 1999; Hettne et al. 1999 and 2001; Hettne and Söderbaum 1998; Fawcett and Hurrell 1995; Gamble and Payne 1996; Schulz et al. 2001; Söderbaum 2002).

Just like globalization, the new regionalism can be pushed and created by the states. In fact, regionalization is often an instrument to supplement, enhance or protect the role of the state and the power of the government in an interdependent world (Hettne et al. 2000a and b). It is, thus, part and parcel of the "reorganization of the state" and the emergence of new forms of governance in the context of globalization.

It is important, however, to take note that in the new regionalism, there is a much more explicit role of non-state actors. It is too simple to reduce the new regionalism to "a state-led or states-led project designed to reorganize a particular regional space along defined economic and political lines" (Gamble and Payne 1996), with the corresponding view that globalization is a "social process." Although states remain important role-players, non-state actors also have regional visions and are important agents in the (social) construction of regions, and by implication for regional governance. We are today experiencing a trend whereby local and provincial political actors are getting involved in the politics of regionalism (i.e., transgovernmentalism), while these actors are simultaneously involved together with a variety of non-state market and society actors in the increasingly complex game of transnational and multilevel politics. Thus, the new regionalism is a complex process of change, simultaneously involving state as well as non-state actors, and is occurring as a result of global, regional, national and local level forces. It is not possible to state which level is dominant, because actors and processes at the various levels interact, and their relative importance differs in time and space.

The concept of "region" is obviously an important component in the study of regionalism. The main task of identifying regions implies making judgements about the degree to which a particular area in various respects constitutes a distinct entity, which can be distinguished as a relatively coherent territorial subsystem (in contrast with non-territorial subsystems) from the rest of the global system. When different processes of regionalization in various fields and at various levels intensify and converge within the same geographical area, the cohesiveness and, thereby, the distinctiveness of the region in the making increases.

Mostly, when we speak of regions we actually mean regions ''in the making.'' There are no given regions; these are created and recreated in the process of global transformation. It is conventionally held that a region refers to a limited number of states linked together by a geographical relationship and by a degree of mutual interdependence. But what is referred to as a region with regard to economic relations may not always be a relevant delimitation seen from, for instance, a political or a cultural perspective. It is, therefore, necessary to maintain eclectic and flexible definitions of regions, whereby both state-centrism and the fixation on regional organizations are transcended. As indicated above, regions should not be seen as simple aggregations of ''states,'' with the ''state actors'' as the main agents creating this particular space.

It needs to be emphasized that regional (inter-state) organizations are seen as a second-order phenomenon compared to the processes that underlie regionalization in a particular geographical area. Just like nation-states, regions are highly subjective phenomena, created and recreated through identities, ideas and cognitive resources, as well as through our theories. When such constructivist postulation is accepted, what is then important is to understand and assess how actors are involved in the process of regionalization in the case being investigated. This means that regions are not taken for granted; they are not seen as natural, organic, essential or simply as material objects. Instead, regions are considered to be dynamic settings for social interaction, and the research focus is placed on the process through which they are ''becoming.''

The socially constructed nature of regions implies, at the same time, that they are politically contested. There are almost always a multitude of strategies and ideas about a particular region, which merge, mingle and clash. Instead of a pre-given or pre-scientific regional delimitation, the research focus is placed on how social, economic and political actors perceive and interpret the idea of a region and notions of ''regionness'' (Hettne and Söderbaum 2000). Since regions are political and social projects, devised by human (state and non-state) actors in order to protect or transform existing structures, they may, just like other social projects, fail. Regions can be disrupted from within and from without, by the same forces that build them up. This means that both construction and deconstruction need to be integrated into the same analytical framework.

The core concepts of regionalism and regionalization also need to be specified. In this chapter, the concept of regionalism can refer to the general phenomenon of regionalism, denoting formal projects as well as regional processes in the broadest possible sense, or simply the new wave of regionalism. This general concept has to be broken down. In a more operational sense, regionalism represents the body of ideas, values and concrete objectives that are aimed at creating, maintaining or modifying the provision of security, wealth and other goals within a particular region or as a type of world order. Regionalism in this particular sense is usually associated with a formal programme (and often leads to institution-building). Furthermore, regionalism ties agents to one specific project that is clearly limited spatially or socially, but not in time (Hveem 2000).

In the broadest sense, regionalization denotes the process of change from relative heterogeneity and lack of cooperation towards increased cooperation, integration, coherence and identity in a variety of fields (such as culture, security, economic development and politics) within a particular cross-national geographical space (issue-specific or general). It furthermore implies an activist element, a strategy of regionalization, which can be pursued by both state and non-state actors. When active on the regional level, regional actors give substance to the process of regionalization aimed at creating a regional system or network in a specific area.

Regionalization may be caused by regionalism, but it may also emerge regardless of whether or not there is a regionalist project and regionalism ideology. In fact, it should be recognized that regionalization can occur unintentionally, without actors necessarily being conscious of or dedicated to it. Likewise, the rhetoric and ideology of regionalism may not always have much practical significance for the reality of regionalization.

Since regionalism has often been considered as positive from a normative point of view (especially in liberal thought), it must be underlined that this is not necessarily the case. Increased regional interaction and integration may very well be conflictual or exploitative, and reinforce particular power relations or create other negative effects. Some actors will undoubtedly lose from regionalism, while others will benefit.

Conceptualizing regional governance

Why governance? The current interest in governance reflects the decline of government by the state (i.e., state governance). It includes government but encompasses all new forms of ‘‘systems of rules in which goals are pursued through the exercise of control'' (Rosenau 1997), i.e., it is a consequence of the unbundling of state functions. In much of the debate on governance, the concept has been used in a rather loose, normative way, often as ''global governance'' or ''good governance.'' I believe that to prove its usefulness, the concept of governance should be freed from wishful thinking and used in all those situations in which the general definition applies, whether we like those situations or not. The Commission on Global Governance provides a much-discussed general definition:

> ''Governance is the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and co-operative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest.'' (Commission on Global Governance 1995)

Elaborating on this definition, Barry Jones (1998) emphasizes the distinction between public and private governance, and also between formal and informal governance. Jones points out that: *Public governance* serves an identifiable population across a range of issues of general concern. *Private governance* is generated by and for a specific group of actors and concerned with a restricted range of self-interested issues. *Formal governance* is backed by legal treaties or constitutions. *Informal governance* is based upon mutual understandings and accommodations, tacit agreements, etc.

In order to understand the emerging modes of governance in Africa, it should be recognized that they are more than simply formal-public systems of rule and authority structures for goal achievement. If one concentrates only on formal-public modes of regional governance in Africa, there is not much ''new'' to be seen, whereas a much more complex and intriguing picture unfolds with a more nuanced understanding of governance. Here, it should be pointed out that this conceptualization implies that since national government can be clandestine, so can governance. The concept of governance must thus be freed from wishful thinking: governance is constructed by certain actors and for certain purposes.

One critical issue to be addressed is how much control and how much continuity is needed in order to be able to speak of ''systems of rule'' and governance. The distinctions along the axis of formal/informal and public/private blur the dividing line between process and regional governance. The thin line is also helpful in revealing that what is often conceived of as regional cooperation and integration can sometimes be analysed in terms of regional governance. It is, furthermore, reasonable to demand a certain amount of legitimacy and accountability in all systems of rule, which suggest that a certain amount of "formal" and "public" is needed in a *functioning* system of governance.

Somewhat ironically, even among "globalists" there is increasing agreement that some "regulation" and "governance" is needed in the contemporary world political economy; the question is: How, by whom and for whom? Such "return of governance" is dependent on the possibility of conceiving a new social and political space beyond classical notions of Westphalia, and also new transnational actors for (and behind) the implementation of new political and governance strategies. In the era of globalization, new larger structures beyond the state are often preferable to political regression into competitive micro-polities. However, an all-encompassing global organization and genuinely "global" governance is simply not explaining the reality of African authority structures. The question then arises as to whether the regional level is more appropriate.

It is relevant to make an analytical distinction between modes of governance at different levels of the global system, both "above" and "below" the nation-state. The prevailing view that authority and governance simply "disappear" or are weakened hand-in-hand with weakened, "failed" or collapsed states in the South in general, and in Africa in particular, should be challenged. The deterioration of government does not necessarily imply the deterioration of governance. Authority "travels" to other levels, "up" or "down" in the system in the new world order, and takes more informal and disguised forms. Furthermore, governance at various levels is often closely interrelated. Since actors are fully capable of walking on two legs, the "regional" and the "national" (and sometimes "global") are intrinsically intertwined, together reshaping one another.

Just like the concept of region, the "regional" should be understood in an eclectic manner, and minimally indicates a cross-border and territorial dimension of governance. Building on the conceptualizations made above, regional governance can be defined as spheres of authority at the regional level of human activity, that amount to – formal or informal, public or private – systems of rule in which goals are pursued through the exercise of control (cf. Rosenau, 1997).

Modes of regional governance in Africa

There is limited debate on regional governance outside the favourite case of Europe. The ambition here is to widen the discussion to the "South" by drawing on four examples of regional governance in Africa, with evidence mainly gathered from West and southern Africa. Needless to say, there are other varieties of regional governance in Africa. The cases are selected in order to draw attention to certain intriguing aspects and the complex relationship between public-private and formal-informal modes of regional governance. By abstracting from various concrete cases, it is possible to identify more general modes, which in many cases overlap. Although the modes of regional governance emerge within a particular Africa context, I believe that similar structures can be discerned in other parts of the world.

The analysis starts out with what is normally at the core of public governance: the provision of security. Here, I will discuss two partly overlapping modes of regional security and conflict governance – namely, ‘‘political stability clubs’’ and ‘‘governance for conflict and plunder.’’ The distinction between public and private helps to clarify that self-interest is often a fundamental feature of security governance structures in Africa. In the two subsequent cases, I move into political economy and highlight what are referred to as ‘‘governing open regionalism’’ and ‘‘micro-regional governance.’’

Political stability clubs

There is a clear continuity of regional security cooperation in southern Africa. Most government officials and freedom fighters have lived with a common security thinking for over three decades. The fact that what is today the Southern African Development Community (SADC) has served as a ‘‘club of friends’’ is sometimes held as an important achievement and stabilizing factor in the region. After the cold war and apartheid, this ‘‘club of friends’’ now includes all governments in southern Africa, which is an important step towards the construction of a (states-led) security community.

In the early and mid-1990s, southern Africa was undoubtedly experiencing several positive developments in terms of the provision of peace and security. There were, for instance, no serious interstate conflicts and even the major civil wars, such as those in Angola and Mozambique, seemed to be under control (not to mention the success of reconciliation in South Africa). There was also a trend of democratization in most countries of the region. Furthermore, the SADC Organ on Politics, Defence and Security, which is an outgrowth from the previous, more informal Front Line States (FLS), emerged as the much needed framework for conflict prevention and conflict resolution as well as a mechanism for the management of broader non-military security threats, such as arms and drug smuggling, organized crime and migrant labour.

However, since the mid-1990s there have been many negative developments in southern Africa. The two latest regional interventions in

Lesotho and the Democratic Republic of Congo (DRC) – both either "blessed" by or carried out under the auspices of the SADC Organ – have been failures, and it will take a long time to regain the momentum and legitimacy of regional security cooperation achieved during the early 1990s. Future progress is predicated upon more clearly defined and institutionalized procedures of the SADC Organ, which until now has left space for not so well-thought-through ad hoc decisions and for particular political leaders to use regional security governance in order to achieve their personal interests (to get a share of mineral resources or back up "old friends" around the region). The previous informality of the FLS was not problematic, since during the apartheid era the dividing line between "good" and "evil" was very clear, which gave regional security cooperation a high degree of legitimacy. Today, there is a more turbulent situation, whereby informal regional security governance and the SADC Organ can be utilized for myopic interests.

The most obvious failure of organized security cooperation in southern Africa and Central Africa was the eruption and continuation of war in the DRC – a war that involved several southern Africa states. Similarly, it was not until the death of Jonas Savimbi that the conflict in Angola could be controlled. The Angolan and the DRC conflicts were rather similar, and also intimately connected through the quest for natural resources, the tight personal loyalties and complex strategies to form alliances and use the DRC war to get an upper hand in the Angola war and border turbulence at the Caprivi strip. To some extent, the tragic rationality in the DRC-Angola war zone resembled the political economy of warlordism and plunder in the West African war zone (discussed below). In this regard, it is thus not altogether misleading to speak of a "West Africanization of southern Africa."

There has also been a reversal of the democratization trend in southern Africa, with continuation of human rights violations or a retreat to personal rule and authoritarianism in several countries (such as Zimbabwe, Zambia, Lesotho and Namibia, to mention a few examples). There is no indication that the governments and the "securocrats" in the SADC Organ have the intention to pick up non-state opinions and civil society opinions in the construction of regional security governance in southern Africa. Differently expressed, there is no indication of that ruling political leaders are committed to moving from brutal and militarist (Westphalian) notions of "state security" to broader and more inclusive public and human security.

To sum up, regional security governance in southern Africa is an example of classical Westphalian ("securocratic") intergovernmental governance, which is designed to collectively secure existing political regimes and pool resources and legitimacy in order to maintain political stability internally or in the larger region. The viability, strength, legitimacy and desirability of this informal mode of regional security governance depends on the interpretation and assessment of the state and the political leaders. The analysis made here has underlined that there have been several negative developments in this regard during the last decade, whereby it can be argued that the states have become "private" and that there is a privatization of what at least ought to be a public governance mechanism. This logic is much more explicit in West Africa, the region to which we now turn attention.

Governing conflict and plunder

The post-colonial state in West Africa is, to an overwhelming extent, ruled by personal leaders, military regimes or warlords (would-be-leaders). They use the coercive instruments of the state to monopolize power and further their own interests, and to deny or restrict political rights and opportunities of other groups. Such "privatization of the public" has at least two important consequences: political power becomes personal power, and politics becomes mainly a matter of self-enrichment (Médard 1982). This has important consequences for security cooperation in West Africa.

In the past, there has been a considerable degree of informal "security" networking in West Africa, whereby personal rulers and military regimes have been able to pool power and sovereignty and seek informal alliances, often together with extra-regional powers (mainly France or the superpowers), in order to stabilize their weak states. This is a substitute for domestic legitimacy. The official rhetoric of regional security cooperation has often followed conventional language: that is, to secure national stability from internal and external threat. This is the Westphalian security logic and the principle of absolute sovereignty, to which personal leaders and military regimes can pay lip-service in order to further their own personal and neopatrimonial interests (Clapham, 1996).

In the post-cold war era the "neopatrimonial quasi-states" in West Africa have run into severe financial difficulties. Through structural adjustment and other reform programmes, the state has been further "privatized," which means that there is not much left to plunder and steal. Instead of collapse, this has led to a militarization of the weakest (so-called) states, and consequently to the eruption of civil wars and "the privatization of violence" in cases such as Liberia and Sierra Leone, and a very explosive situation in most other states in the region. Such "governance for conflict and plunder" operates with an even more detrimental logic compared to the conventional military regime networking of the past, because it can be argued that the latter system of rule was more functioning, more ‘‘public’’ and actually had some redistributive effects, while the new form of governance has further increased exclusion and ‘‘anarchy.’’

West Africa has experienced a partly regionalized political economy of warlordism, which is run by new entrepreneurs and private mercenaries who are fighting among themselves for the control of state apparatus and valuable natural resources. The various factions in the warlord political economy in the West African war zone, including ECOMOG (sometimes rendered as ‘‘Every Commodity and Movable Object Gone’’), fought not only for control over Liberia and Sierra Leone, but also over the abundant natural resources (such as diamonds, gold, hardwood, palm oil, marijuana, rubber and looted goods) as well as the access to networks of commerce, smuggling and political affiliation over a wide area (Bøås 2000).

There was a diffuse and complex set of personal relationships, friendships, loyalties and alliances among the key principal actors, which made the conflicts spread over large parts of the West African war zone the way they did. On the one hand, there was what can be labelled ‘‘rebel networking,’’ primarily amongst the National Patriotic Front of Liberia (NPFL) and the Revolutionary United Front (RUF) in Sierra Leone, but also involving the regimes in Burkina Faso and initially Côte d'Ivoire. On the opposing side, there was the Nigerian-led ECOWAS Cease-Fire Monitoring Group (ECOMOG) intervention force, which was by no means all-inclusive and mainly grouped Guinea, Ghana and Gambia. Initially, the more moderate Francophone states, such as Senegal and Togo, were sceptical towards the whole ECOMOG operation in Liberia. However, gradually the countries in the region managed to come closer to a common position on the problem.

This mode of regional governance can be studied from a slightly different angle, with a stronger emphasis on the political economy dimensions of private accumulation and plunder. It is widely recognized that there is a vibrant, multidimensional and dynamic processes of *de facto* and mainly informal market regionalisms in large parts of Africa. Although the informal economies sometimes are ‘‘survival strategies,’’ some analysts argue that the informal activities are intertwined with state activities. This leads to a detrimental hybrid of state-regionalization and private market-regionalization, which then can be labelled trans-state regionalism (Bach 1999) but can also be understood as a particular mode of regional governance.

Although trans-state regional networks depend on state policies and the inclusion of state agents, they are not linked to any institutionalized and formal (or public) process. Trans-state regional governance does not seek the implementation or rationalization of regional economic integration schemes and tariff liberalization, but depends on the exploitation of boundary disparities, and political and economic differences on a rent-seeking basis, and also demands their preservation in order to prosper (Bach 1999; Lavergne 1997). In fact, the expansion of trans-state networking is tied to state decay and states' declining financial capacities and territorial control. Trans-state regional networks emerge as strategies for private accumulation, and in worst case even for plunder.

Due to liberalization and the changes resulting from structural adjustment, trans-state regionalization stems no longer only from the exploitation of existing African border disparities. Rather, it has expanded to new trades in illicit drugs, including heroin and cocaine, and light weapons and other merchandise of war, which means that the networks expand also to Europe, Asia and America (Bach 1997; MacLean 2002; Söderbaum 2002). Taylor and Williams particularly emphasize the motives for private accumulation and plunder:

> "Far from being a humanitarian and developmental disaster which sabotages the nascent [African] Renaissance, for well-placed elites and businessmen the wars in the Great Lakes region ... offer potentially substantial resources for those able to exploit them. This explains much of the foreign interventions in the DRC: it is not only about preserving national security and defeating enemies, it is also about securing access to resource-rich areas and establishing privatised accumulation networks that can emerge and prosper under conditions of war and anarchy. In this sense, war assumes the characteristics of a business venture, the beneficiaries of which are unlikely to abandon the venture easily." (Taylor and Williams 2001)

This logic illustrates the political economy of conflict at work in the various war zones in West and Central Africa, in which both state and non-state actors come together in diffuse and volatile informal networks of plunder in order to profit from violence, chaos and underground economies. The basic motivation behind these types of mainly informal regional governance mechanisms, regardless of whether they are driven by personal leaders, military regimes, warlords or rebels (in alliance with certain economic actors), is a desire for private accumulation, the well-being of the neopatrimonial elite and, in the worst case, also plunder. Essentially, it is a devilishly well-calculated terror war and has little to contribute to human development and public security.

Governing open regionalism

Most "old regionalism" schemes in Africa have been top-down and state-centric, (unsuccessfully) striving for collective self-reliance, delinking, and the creation of protected regional industrialized communities. Even if some theorists and policy-makers hope for a revitalization of ‘‘old’’ ideas with the ultimate goal of an African Economic Community (AEC) as outlined in the Abuja Treaty (which can be seen as a neo-Westphalian mode of state-driven, formal-public governance), there has been a clear shift in regional visions and economic governance structures in southern Africa and to quite an extent also in East and West Africa during the last decade. The great majority of present-day regionalist schemes in Africa conform with market fundamentalist notions of regionalism and the structural adjustment paradigm, best captured by the concept of ‘‘open regionalism’’ or what Jens Haarløv (1997) has defined as ‘‘adjustment-adapted market integration.’’

Open regionalism is based on the notion that the regional (economic) integration project should be market-driven and outward-looking, should avoid high levels of protection and remove obstacles to the free movement of goods, services, capital and investment. Its main justification is that it contributes more to the process of global liberalization than it detracts from it. As such, it represents a shift from the formal and ambitious public modes of regional governance of the ‘‘old regionalism’’ towards the post-Westphalian logic of neoliberal globalization, whereby public governance is reduced to ‘‘less government’’ and ‘‘getting the prices right’’ rather than providing public goods and intervening in the economy.[2]

Open regionalism is founded on the conviction that any regional trading bloc in Africa is too small to generate economic development, resulting in the concept that the overall intention should be to ensure a closer integration of the region (and continent) into the global economy. There is heavy emphasis on liberalization, both on regional and extra-regional levels. As two influential economists emphasize:

> ‘‘For all SADC members, regional integration should not be perceived as an alternative to more general trade liberalization, which is crucial if African economies are to grow, but rather as a one step in a process of greater integration into international markets. Regional integration is complementary to global integration: it can play an important role in facilitating trade and investment through creating larger markets, which could ultimately enable SADC to compete in the global context.’’ (Jenkins and Thomas 2001)

Open regionalism can be understood as a distinctive mode of regional governance, with a highly political content, fashioned and pursued by identifiable actors, institutions and interests. The ideology and strategy is shared and reinforced by a wide range of politicians and policy makers, think tanks and researchers, businesses and corporations, private sector alliances and other agents.[3] It needs to be understood that the governance mechanism in this strategy is very limited and reduced.

According to the ideology of open regionalism, there is no need for a general build-up of formal organizations and public institution-building, since they are seen as rent-seeking and bureaucratic anyway. The public has been subsumed under the private, since the market mechanism is assumed to provide also public goods.

Open regionalism can be understood as a ''barrier-dropping approach,'' which makes it compatible with all or most other forms of liberalization and deregulation. This works both horizontally, in relation to different macro-regional schemes, and vertically, in relation to global frameworks, African continentalism and micro-regionalism as well as national reform programmes. From the perspective of open regionalism, the pluralism of co-existing macro-regional economic integration projects is no major problem as long as these projects contribute to the same goal of state deregulation, market liberalization and a deeper integration into the global economy. Although each regional project perhaps can be seen as a mode of governance in its own right, the various projects fit into the same overall neoliberal belief system and broader ''system of rule.'' This appears to be a feasible explanation of the ''peaceful co-existence'' of the Common Market for Eastern and Southern Africa (COMESA) and the SADC. It also explains why the donors and the international financial institutions have not intervened more strongly to ''solve'' the problem (but rather continued to support most schemes). Likewise, from this perspective the SACU is not seen as a problem either.

Micro-regionalism is another layer in this vertically ''open'' strategy. According to South African President Thabo Mbeki, the spatial development initiatives (SDIs) and development corridors contribute to the ''African renaissance'' as well (DBSA 1999). Similarly, development corridors are part of ''SADC's way of doing things,'' thereby constituting crucial components of the fostering of regional economic integration.[4] Following the same neoliberal logic, open regionalism is, at the same time, conceived to be compatible with national economic reform and structural adjustment programmes.

Micro-regional governance

The SDI programme was launched by the central government in South Africa in 1995 and is intended as the practical implementation, on a spatial ('micro-regional') in contrast with a sectoral level, of the South African government's macro-economic strategy as set out in its self-imposed structural adjustment programme, the Growth, Employment and Redistribution (GEAR) policy. The SDIs are targeted, short-term and often extremely comprehensive initiatives, designed to facilitate global competitiveness, access to global capital and investment, infrastructural development and sustainable job creation in certain specific spatial locations in South Africa and southern Africa (Jourdan 1998).[5] They are designed to enhance regional economic integration, but even more so to meet the challenges of globalization and integrate into the global economy. They are based on a straightforward and mutually reinforcing relationship with economic globalization.

One crucial component of the SDI programme is to involve the private sector in the process. This has lead to the emergence of so-called public-private partnerships (PPPs), which are new modes of governance designed to involve the private sector and broaden the ownership base in the economy, especially in order to enhance the delivery of infrastructure and other state functions (Söderbaum 2002; Söderbaum and Taylor 2001). The Witbank-Maputo N4 Toll Road is the most comprehensive PPP within the flagship of the SDI programme, the Maputo Development Corridor (MDC). Other PPPs in the MDC include the one-stop border post at Komatipoort/Ressano Garcia and the Maputo port. The PPPs imply a process whereby conventional state functions and investment projects are privatized or made into PPPs.

The problem with this strategy is clear, however: It is a more or less fundamentalist market paradigm that rules investment decisions in the MDC project. As stated by one of its main architects:

> ''In order to be selected for inclusion in the SDI process, a project must offer a commercially viable return on investment, i.e., it must be a bankable project – a project which a commercial financial institution would be willing to back.'' (Jourdan 1998)

It appears that rather than a genuine public governance mechanism, what is emerging is a partnership between the political elite and global capital supported by the international financial institutions (IFIs) and the donor community. This (semi)private form of governance employs the rhetoric of people-centred development, but in reality the main concern is jobless growth and foreign exchange earnings, and little else. According to this line of thinking, good governance is defined as less government. In the case of the MDC, this ideology is taken one step further. The role of public governance is reduced to boosting new bankable and commercially viable investment projects, often of gigantic proportions (such as in the case of the Mozal aluminium smelter in Matola outside Maputo). The state is reduced to an investment promotion agency and to providing technical support to private investors. In accepting this neo-liberal ideology, the state becomes the disciplining spokesman of global economic forces, a ''transmission belt'' for economic globalization rather than the protector and ''buffer'' against these forces, which is the classical task of mercantilist nation-building (cf. Cox 1996; Söderbaum 2002; Söderbaum and Taylor 2001).

There are a number of important institutional and management problems occurring as a result of the rolling back of the state, whereby it seems to want to do as little as possible and leave implementation to provincial and local levels – but without a genuine concern that decentralization is actually working in a sustainable way. It implies a premature retreat of central government because there is not much to replace it. This is the institutional aspect of the prescription that good governance means less government.

Considering the size of the SDI projects, they are weakly institutionalized. There is an intention to be non-institutionalized and non-bureaucratic in order to be flexible and adjustable to private and contextual demands. However, this simply implies a loss of public participation and democratic control in the decision-making and implementation process. Again, informality serves the interests of the powerful and wealthy, especially a small ruling political elite and transnational capitalist interests. Similar to the case of open regionalism described above, micro-regional governance leads to a reduced provision of public goods, first and foremost as a consequence of that public goods are commercialized and turned into private goods. One of the core challenges (and problems) in the discussion on governance in Africa is whether public goods are being provided at all when they are (believed to be) supplied through the market mechanism.

Conclusion

This chapter has addressed the problem that the study of "new regionalism" and that of "governance" are separate fields. The purpose has been to facilitate an encounter between the two, which has taken us to the neglected study of "regional governance." The ambition has been to enrich the study of governance by (i) going beyond the current emphasis on global governance or national-level governance and drawing attention to the fact that the regional dimension plays an important role in the larger picture, and (ii) transcending the focus on public and formal modes of governance and showing that governance is, to a considerable extent, driven by private aims and with a great deal of informality.

The chapter has concentrated on four particular modes of regional governance in Africa. Since the cases are taken from the current empirical scene in Africa, it is obvious that this scene may look very different tomorrow. On the other hand, it looks as if some of these modes of governance, perhaps in combination, give a good clue to the current political and economic system in Africa, and perhaps also what will become its future. One general conclusion of the analysis is that there is a pluralism of modes of regional governance in Africa. To a large extent, they are also co-existing, closely tied together and often mutually reinforcing, which explains why they might be rather persistent in spite of their often detrimental effects.

Nearly all the modes of regional governance discussed in the chapter involve state actors in various ways and in different degrees. This does not, however, necessarily contribute to the strengthening of the state and nation-building. On the contrary, they might undermine the state or create a pattern of pre-Westphalian or postmodern dynamics.

The "political stability clubs" represent a system of rule with the state largely in control, assuming the privilege of intervention by reference to a value system focused on political order and state stability. To a certain extent the "governance of conflict and plunder" can be similar to the political stability clubs, but in case the warlord and private content take the upper hand it implies a combination of post-modern quasi-statehood and a regression back into the pre-Westphalian route. Especially the latter, governance for conflict and plunder, implies a diffuse and turbulent system of changing authority structures in competition, with the consequence of "exclusion" as well as a drastically reduced role for the nation-state as we know it.

In its current design, governance for open regionalism reinforces a process of neoliberal globalization, which lacks ethical content and contains a drastically reduced role for public interests, since here governance depends on global market demands and access to international capital rather than a concern with poverty reduction. Micro-regional governance travels well with open regionalism. In fact, the two are to a large extent mutually reinforcing, especially in their negative effects for the poor and the weak. Nevertheless under the right conditions, these two modes of regional governance have a potential to be transformed into more inclusive, democratic and just governance structures, primarily through the mobilization of local business and involvement of civil society.

Notes

1. The financial support from the Swedish International Development Cooperation Agency (SIDA) is gratefully acknowledged. The constructive comments from Morten Bøås, Björn Hettne, Patrik Stålgren and Ian Taylor are highly appreciated.
2. The transformation from SADCC (Southern African Development Coordination Conference) to SADC is perhaps the best illustration of this shift in regionalist ideology in southern Africa, although the neoliberal vision is somewhat more firmly rooted in other policy-making circles such as the CBI/RIFF (Cross-Border Initiative/Regional Integra-

tion Facilitation Forum). Whereas the SADCC was deliberately designed to *avoid* market and trade integration and had the ambition to reduce economic and political dependence on South Africa and the rest of the world, the new scheme, SADC, is dominated by a vision which seeks to reinforce outward-looking trade liberalization, external as well as regional market and investment flows, *inter alia* in order to enhance competitive forces and productivity and ultimately become globally competitive.

3. The dominance of open regionalism implies by no means a linear or irreversible drive towards totally "free" trade and market integration. Sometimes, state elites seek to prevent or "resist" liberalization, for instance, in order to prevent anticipated de-industrialization in the domestic economy (cf. Mittelman 2000). Such resistance tends to arise when the costs of liberalization and integration are visible.
4. Government official, Division of Multilateral Economic Relations, SADC Affairs, Maputo, Mozambique (interview 5 March 1999).
5. There are a range of SDIs and development corridors in the South African SDI programme, of which several involve neighbouring countries. Since the late 1990s, the SDI and development corridor paradigm has quickly spread to the rest of southern Africa and even beyond. Several regional SDIs are in the making, and many others are being planned (http://www.sdi.org.za).

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5

The Zambia-Malawi-Mozambique Growth Triangle (ZMM-GT): A case study of new regionalism in Africa[1]

Nikki Slocum, Aurora María Mordonu and Philippe De Lombaerde[2]

Introduction

In this chapter, we will examine an emerging development initiative, the Zambia-Malawi-Mozambique Growth Triangle (ZMM-GT), which can be seen as an example of the so-called ''new regionalism'' (Hettne 1999). According to the new regionalism approach (NRA), new regionalisms often are ''bottom-up'' and emerge from within the region, as opposed to being imposed from the outside and above. Furthermore, new regionalization results from more comprehensive, multidimensional societal processes that are concomitant to the processes of globalization. We see the role of the UNU, at this stage of the ZMM-GT project, as supporting the initiative by placing it within a broader theoretical perspective, comparing it with other development initiatives, and providing constructive critique and suggestions.

In the forthcoming sections, we first place the ZMM-GT within the context of regional integration in sub-Saharan Africa. Next, we discuss the concept of ''growth triangles'' and present the (short) history and characteristics of the ZMM-GT. Finally, we present a critical analysis of the project design, combining a traditional economic approach to the design of integration agreements with a critical political economy approach. We recommend supporting the integration process with tools for participatory decision-making, research and assessment, in order to contribute to the sustainability and democratic character of the project.

Table 1. Intra-trade of regional groupings in Africa (% of total exports, 1990–2000)

	1990	1995	2000
Economic Community of the Great Lakes Countries	0.6	1.3	1.6
Common Market for Eastern and Southern Africa – COMESA	2.2	2.8	2.9
Economic Community of Central African States	1.5	1.4	1.0
Economic Community of West African States	7.4	9.8	10.6
Mano River Union	0.0	0.1	0.7
Southern African Development Community	2.9	9.7	9.4
Central African Customs and Economic Union	2.5	2.0	1.4
West African Economic and Monetary Union	12.4	8.9	14.1
Africa	*7.3*	*10.3*	

Sources: UNCTAD, UNU/CRIS calculations.

Regional integration in sub-Saharan Africa

In general terms, it can be said that integration in Africa has been relatively slow (UNECA 2002) and that the results of regional integration have only had a marginal importance (NISER 2002).[3]

As far as trade is concerned, the levels of intra-African trade are generally low and have not been stimulated significantly by the regional integration agreements (Inter Africa Group 2002; Goldstein 2002). This is partly a structural and post-colonial phenomenon (dependence on raw materials exports and exports to the North)[4] but, as stressed by Oyejide (1997), it is also the consequence of the fact that most of the trade liberalization commitments contained in the regional integration agreements have not been implemented.

Regional integration in Africa has not been translated into significantly more intra-regional trade.[5] However – and independently from the levels of intra-regional trade – this finding is not very different from the findings in other parts of the world. At least during the 1990s, it seems to be very difficult to find an econometrically significant relationship between integration and intra-block trade. Soloaga and Winters (2000), for example, evaluated the creation or revamping of nine[6] integration blocks at the beginning of the '90s, and failed to find significant changes in the propensity for intra-block trade.[7]

Although the levels of intra-regional trade are low in the whole continent, they are particularly low in Central Africa (table 1). Smaller and poorer countries, like the ZMM-GT countries, often show higher intra-regional trade indicators than larger and richer countries (table 2). This is related to the fact that they encounter a regional market for their production and that a substantial part of their trade is being re-exported.

Table 2. Geographical structure of exports of Malawi, Mozambique and Zambia, 2001

	Total (mill. USD)	Africa, excl. South Africa (mill. USD)	South Africa (mill. USD)	Africa (mill. USD)	Rest of the World	Africa as % of Total
Malawi*	497.2	22.2	94.8	117.0	380.2	23.5
Mozambique**	235.0	59.0	53.1	112.1	122.9	47.7
Zambia**	759.0	133.0	68.3**	201.3	557.7	26.5

* 2000 figures; ** 1999 figures.
Sources: UNCTAD, IMF, SADC.

As far as factor movements in Africa are concerned, labour has not been mobilized by ‘‘classical’’ economic incentives reflected in wage differentials due to the existence of high mass unemployment levels, and the levels of intra-regional FDI have stayed low because of policy inconsistencies and a lack of credibility with the reform programmes (UNECA 1998a). It would be wrong, however, to judge the failure of integration in Africa exclusively in terms of trade and factor movements. Other forms of cooperation and policy coordination also have showed levels below expectations.

It is tempting to attribute part of the poor results in terms of growth and development in Africa to this lack of regional integration and cooperation. But although the European post-WWII experience indeed suggests a causal relationship between the two, integration and openness should not be considered as sufficient conditions for economic development. Empirically, trade liberalization and structural adjustment, when they were implemented, have not shown the expected positive effects on economic growth and development. In many countries, patterns of de-industrialization and growing unemployment have been the counterparts of liberalization and growing imports (UNECA 1998a).[8]

The African case illustrates well the ongoing debate on the relationship between (liberalizing) trade policies and economic growth. Both on empirical and theoretical bases, this relationship is not straightforward. Using African data, whereas Agama[9] finds a significant positive relationship between trade openness and growth, and Dollar and Kraay (2001) between growth and the changes in trade volumes, Rodrik (1999) finds only an indirect and modest effect of trade policy on economic growth. According to Rodrik’s findings, the variables that significantly explain long-term growth are macroeconomic stability, the rule of law (institutional factors), human resources and physical infrastructure. According to Amponsah’s review of the specific empirical literature that links regional integration to growth, the literature tends not to confirm a positive relationship (Amponsah 2002).

In addition, the existence of complementarity or the capacity to build complementarity in production is not a sufficient condition to stimulate real integration. According to the authors of the UNECA study (1998a), a number of basic prerequisites will have to be met. These include, in each country, structural transformations, institutional changes, and the creation of entrepreneurial and innovative capabilities. On the (sub)regional level, they include policies aimed at stimulating factor movements and (incorporated) skill and technology transfers, and consistent industrial policy. In addition, the institutional framework and arrangements of the regional integration groups should be revised. According to UNECA (2002), they have contributed little towards the attainment of the desired integration results.

However, in spite of the theoretical and empirical controversies about the economic effects of regional integration arrangements, there seems to exist a consensus among analysts that regional integration in Africa is an important policy tool that could strengthen the external negotiation capacity, promote policy credibility, generate economies of scale, stimulate investment flows, mobilize human resources and knowledge, reduce transaction costs, extend the impact of growth poles, and promote greater political stability. According to UNDP, regional integration could facilitate a significantly higher level of participation in the global economy (Diabre 2002). One of the conclusions of an OECD research project on new forms of integration and cooperation in sub-Saharan Africa was that integration "is a component of the [macroeconomic and structural] reform process and, in some circumstances at least, it is efficient to sacrifice national interests to the altar of regional co-operation" (Goldstein 2002).[10]

Different ideas have been presented in order to relaunch integration in Africa. The Abuja model of integration, referring to the Abuja Treaty of 1991 adopted by the Organization of African Unity and incorporated in the proposal for the creation of the African Union, is wider and more ambitious than the classical trade agreements.[11] "[I]t conceives of a long-term development strategy, aims to integrate economic and non-economic sectors, builds new institutions consistent with a self-reliant development process, upholds democratic principles, and fosters new social and cultural values" (Amponsah 2002). An explicit objective is the integration of productive capacities and infrastructure facilities in Africa, leading to a more sustainable and autonomous development path. The Abuja Treaty foresaw the creation of a continental common market by 2025.

NISER (2002) stressed the need to complement traditional integration in Africa with institutional changes and regional technological policies in order to make it more effective. According to the Inter Africa Group, future initiatives will have to deal with (i) the existence of dominant partners and asymmetries in regional blocks, concentrating the benefits with the dominant partner in the agreement (e.g., Kenya in the EAC, South Africa in SACU), (ii) the relative absence of the private sector and civil society, (iii) the complexity related to the existence of many initiatives and overlapping country groupings, and (iv) the weak (national and supra-national) institutional basis (Inter Africa Group, 2002).

The search for new forms and modalities of integration in Africa found its expression both in larger scale and smaller scale initiatives. On the one hand, NISER, for example, defends the idea of a continental integration block (African Union) and criticizes the existence of several polarized regional groupings (NISER 2002). The motivation is based on cost effectiveness considerations and the possibility of strengthening the negotiation position of the African countries. The Cross-Border Initiative, co-sponsored by the World Bank and the IMF, is another example of a new integration initiative with a relatively large scale.[12] On the other hand, initiatives like the ZMM-GT are taken that involve border-zone micro-regions. Both types of initiatives try to present solutions for the shortcomings of traditional integration groupings. We can consider them to be complementary, although a rigorous ex-post evaluation would be needed to confirm this.

Locally initiated solution

The Zambia-Malawi-Mozambique Growth Triangle is a locally initiated solution for the problems related to the non-effectiveness of traditional integration in sub-Sahara Africa. The Pre-feasibility Study that confirmed the validity of the initiative, conducted by the United Nations Department of Economic and Social Affairs (UNDESA), was initiated in September 1999 and published in 2000. In this section, the concept of growth triangles will first be discussed, and then the ZMM-GT project will be presented.

Growth triangles

A number of terms are circulating and used almost as synonyms to indicate the different forms of economic cooperation in border zones that emerged at the end of the 1980s in Asia. These forms of cooperation attracted a lot of attention from the academic community, policy makers and supra-national organizations. The term "growth triangle" was officially launched by Prime Minister Goh Chok Tong of Singapore in 1989, referring to the Johor-Singapore-Riau triangle (Tang and Thant, 1994). Other terms include ‘‘sub-regional economic zones,’’ ‘‘growth circles’’ (which is understood as more general in terms of the number of countries involved), ‘‘natural economic zones’’ or ‘‘natural economic territories’’ (stressing the economic and political logic behind the initiatives and the spontaneous character of their emergence; Scalapino 1992; Yeung 1995), ‘‘economic bridges’’ (especially when only two countries are involved), ‘‘extended metropolitan regions,’’ ‘‘border zones,’’ ‘‘development corridors,’’ etc.[13]

According to Kumar (1994), a growth triangle can be defined as a form of regional cooperation between three geographically proximate areas with different factor endowments and comparative advantages that connect in order to form an economically dynamic region. Thant, Tang and Kakazu (1994) add that growth triangles are more export-oriented than trading blocks, and that they offer better means for maintaining competitiveness in exports.

Bøäs and Hveem (2001) have listed the following possible additional advantages of growth triangles:

- they can be established at relatively low cost within a short period of time;
- they can be used to localize the effects of economic liberalization (‘‘meaning that positive effects of regionalization can be extended while negative consequences can be contained within the specific triangle’’); and
- they can be used by countries to protect themselves from trade blocs and protectionism in other parts of the world.

In order to elevate the usefulness of the growth triangle concept, both for policy-making and academic research, a number of unsettled issues should be clarified:

- How crucial is the role of the private sector?
- Is the development of the triangle based on complementarity or similarity (proximity)?
- What are the relative weights of economic and non-economic factors behind the initiatives?
- Is it a typically Asian phenomenon?
- Does the concept refer to a state or to a process?
- What is the role and importance of the institutionalization of the growth triangle initiatives?
- Does it imply new forms of governance?

It is safe, at this point, to use a relatively broad working definition that covers a variety of forms and modalities, not only within Asia. Growth triangles could be defined as referring to cooperative development initiatives, involving actors from bordering zones of two or more countries, converting these into relevant spaces for decision-making by local, regional and supranational authorities, the private sector and other interest groups. Private sector business interests typically play a central role in the initiative. The growth triangle contributes to the development of both intra-regional and extra-regional relations (Cuyvers et al., 1997). Usually, growth triangles characterize themselves by common infrastructural needs and should be seen as an expression of the simultaneous move towards political decentralization, globalization of the production system and international cooperation (Naya and Eggleston Lee, 1996).

Cuyvers et al. (1997) stressed the heterogeneous character of the Asian growth triangles. In some cases, for example, the private sector or mixed companies play a leading role; in other cases, leadership comes from outside (international organizations like the UN, or regional organizations like ADB). In some cases, emphasis is laid on the mobilization of production factors (both within and externally, including the promotion of FDI from third countries) and, in other cases, on the mobilization of goods and services (sometimes incorporating informal cross-border relations into the formal economy). Some triangles have a strong technological component (e.g., through the creation of science parks), while others do not. The dominant economic activity in the area can be manufacturing industry, trade or tourism. Sometimes there are clear geographical, historical and/or cultural ties between the sub-regions, and sometimes these links are not so clear.

Recognizing, also, the diversity of the phenomena, Chia and Lee Tsuan (cited in FIAS, 2001) tried to design a typology of growth circles in an Asian context. They proposed four categories: metropolitan spill-over into the hinterland, joint development of natural resources and infrastructure, common geographical interests and geographical proximity.

There are, however, some elements that contribute to the Asian specificity of the phenomena. We might mention the following[14]:

- Diminishing tensions or pacification between countries in the region (e.g., People's Republic of China-Vietnam, Malaysia-Singapore and Malaysia-Indonesia, and in Cambodia).[15]
- Growth triangle initiatives as substitutes for rather than as complements of traditional regional integration.[16]
- The active role of overseas Chinese communities in the different countries.
- The compatibility of the growth triangles with the political culture in the region (preference for informality, proximity between politics and business, and "resilience" as a pillar of international relations in Southeast Asia).[17]
- The prominent role of the Asian Development Bank.

The ZMM-GT project is an attempt to translate the Asian growth triangle concept to an African context. It has as important precedents in the southern sub-region in the so-called Spatial Development Initiatives (SDIs), a programme initiated in South Africa in 1995 to foster the development of a number of regions in the country.[18] More recently, however, SDIs that involve neighbouring countries in the SADC region have been launched.[19] In this way, they seem to come very close to the growth triangle concept.

ZMM-GT objectives

The ZMM-GT initiative is among the most recent forms of regional cooperation on the African continent. The ZMM-GT is a type of informal regional integration, a way of deepening and "fast tracking" formal regional integration by transforming rural areas at the periphery of three Least Developed Countries. Moreover, its purpose is not to create a common policy framework, such as a free trade area, customs union, common market or economic and monetary union, but to hasten particular initiatives proposed by SADC and COMESA. Therefore, ZMM-GT does not tackle all the aspects of regional cooperation; its focus is on enhancing private sector capacity.

The formal objectives of the ZMM-GT are the following:

– "Transform the sub-region into a vibrant and dynamic economic growth area as a result of joint ventures and improved infrastructure.
– Reduce poverty and improve the quality of life through job creation and enhanced income levels.
– Attract domestic and external investment resulting in a stronger private sector – the engine of development.
– Accelerate the development of key sectors (agriculture, transport, communication mining and agro-industry) through joint efforts.
– Serve as a practical implementation in the on-going harmonization of trade and investments efforts in the ZMM-GT states within the context of COMESA and SADC.
– Promote effective private sectors as critical partners in regional integration efforts in the sub-region.
– Promote mutually beneficial linkages with Asian counterparts associated with Growth Triangles." (UNDP 2000)

A short history of the ZMM-GT project

A Pre-feasibility Study was conducted to inquire into the potential applicability of the growth triangle concept in this southern African region.[20] The study was executed by the United Nations Department of Economic and Social Affairs (UNDESA) from September 1999 through May 2000, and managed by the Regional Coordinator of the Programme for Innovative Cooperation Among South (PICAS) from May until October 2000. In its work, UNDESA was closely helped by the ZMM-GT Private Sector Forum, which made sure that national governments of the involved countries gave the highest consideration and support to the project. The study confirmed the validity of the ZMM-GT and recommended to include in the project Mozambique's Manica Province and Blantyre in Malawi. It was also concluded that the concept of the growth triangle was in line with the African Economic Community building blocks approach.

The Pre-feasibility Study proposed a relatively simple institutional agreement, in order to minimize bureaucracy, consisting of:

– A Growth Triangle Commission, comprising a Joint Council, Working Groups and a Secretariat;
– A Private Sector Forum;
– A Public Sector Coordination Unit; and
– A Research and Development Centre.

The Commission was designed for a provisional life span of two to three years, while the other institutions did not receive time constraints. Apart from the ZMM-GT organizational structure, the Pre-feasibility Study proposed, also, a listing of Procedural and Policy Changes, Projects and Programmes for the ZMM-GT as a whole, and a listing of National Projects/Programmes with strong ZMM-GT linkages and Major ZMM-GT Regional Projects with significant externalities. They have been organized on fast-track, short-term, medium-term and long-term bases. However, the later FIAS Report emphasized that not all pilot projects identified in the Pre-feasibility Study were appropriate to be tackled within a growth triangle framework. Thus, the implementation of the proposed ZMM-GT focused on a set of certain pilot initiatives.

The next major step was the Inception Meeting in Malawi, in November 2000, where the results of the Pre-feasibility Study were presented to the main stakeholders: the public and the private sector, the UNDP and other international organizations. Equally, the Inception Meeting was the moment when the growth triangle was endorsed as a legal entity, by the governments of the three participating countries. The institutional arrangement governing the proposed ZMM-GT was also set up; its design was meant to insure good functioning and fair distribution. Thus, the Private Sector Forum, which had been operating from Zambia, would be divided into two parts: one would be headquartered in Malawi in 2001 and would be entrusted with administrative responsibilities, while the other part would be established in Maputo, Mozambique, and would be in charge of financial resources mobilization. The Coordinating Secretariat would be temporarily located in Zambia, operate as the main actor in the ongoing process and play the leading role.

Following the Inception Meeting in Malawi, the Government of Zambia, on behalf of all three Governments of the ZMM-GT countries, requested a study of the project. The study, undertaken by the Foreign Investment Advisory Services (FIAS) – a joint service of the International Finance Corporation and the World Bank – was started in May 2001 and finished in October 2001. Its conclusions, presented in a final report, underlined the central role of the Coordinating Secretariat and identified lessons and opportunities for agriculture, agro-based industry and cross-border trade. To increase the likelihood of success of the ZMM-GT initiative, the report recommended the following measures (FIAS 2001):

- clarify the difference from formal regional integration efforts,
- clarify the central goal of the initiative,
- focus and successfully implement a conceived core set of pilot projects,
- avoid the temptation of ''institution building,''
- develop an effective Secretariat,
- develop a framework for project selection and results evaluation,
- recognize that a public-private partnership is required for success,
- develop the capacity of the private sector to fully participate in GT activities, and
- obtain adequate and sustained funding.

Regarding the short-term agenda and pilot initiatives to be implemented, the report recommended the inclusion of ''private sector capacity building, assessment of investment climate, investment opportunity identification, information needs assessment, baseline indicators for impact evaluation, competitiveness and supply chain analyses and initiation of critical infrastructure improvements'' (FIAS 2001).

The report emphasized that prioritization of the initiatives, sources of financing them, and the speed with which they will be implemented are equally important for the success of the whole project. The next step in the advancement of the initiative is mobilizing domestic and external as well as public and private resources.

Previous funding for the development of the initiative has come from a broad range of sources, including the UN Economic Commission for Africa (UNECA), the World Bank/International Finance Corporation–Foreign Investment Advisory Services (IFC-FIAS), the Common Market for Eastern and Southern Africa (COMESA), the United Nations Development Programme (UNDP) with ZMM-GT country offices and its Special Unit/Technical Cooperation among Developing Countries (SU/TCDC), together with the United Nations Volunteer Programme (UNV). The UNV supported one Tokyo International Conference on African Development (TICAD) volunteer assigned to work with the Coordinating Secretariat from 21 January 2002, for one year. Another expert supported by the United Nations International Short Term Advisory Services (UNISTAR) became available for assisting the ZMM-GT institutions in early March 2002. Also, the African Development Bank (ADB), the African Union and the Southern African Development Community (SADC) showed interest in the project, while the European Union and the United States Agency for International Development (USAID) contributed to the Pre-feasibility Study.

Main features and scope for cooperation

Cultural, linguistic, commercial and socio-economic factors explain some degree of proximity between the three regions and the relevance of incorporating them in a growth triangle project. To some extent, this is linked to the existence of the so-called Maputo Corridor, a wider regional space along the east coast of southern Africa, based on historical patterns of migration (Lundin and Söderbaum 2002).

The ZMM-GT zone incorporates 16 districts in Zambia (eight in the Eastern Province – Chipata, Chama, Lundazi, Petauke, Katete, Chadhiza, Nyimba and Mambwe – and eight in the Northern Province – Mpika, Kasama, Mungwi, Mbala, Nakonde, Mpulungu, Isoka and Chinsali), 14 districts in Malawi (five in the Northern Province and nine in the Central Province, notably Karonga, Rumphi, Nkata Bay, Mzimba and Lilongwe), and 12 provincial districts in Western Mozambique (in the Tete Province up to the city of Beira). Table 3 presents a brief profile of the components of the ZMM-GT in each country.

The proposed ZMM-GT covers 18 per cent of the total area of the three countries and 23.8 per cent of the whole population, with a large disparity in national characteristics. Considering the previous comparative indicators, the ZMM-GT has the greatest importance for Malawi, followed by Zambia. While the project seems less significant for Mozambique, it has an additional weight for this country as its population living in the ZMM-GT area is below the national poverty line.

Common to the three countries is a predomination of exports of primary products, which usually do not bring high revenues and deprive the country of natural finite resources. Even though its natural potential is considerable, this is a region with serious economic problems, including low productivity, high unemployment rates, insufficient technical and managerial capacity, and social problems, such as prominent illiteracy rates, demographic crises/difficulties and high HIV/AIDS prevalence rates.

In the Zambian region of the GT, there is evidence of a population growth rate higher than the national average of 2.75 per cent. Official forecasts show that around 85 to 90 per cent of the population within the

Table 3. Comparative analysis of land area, population and human development status of the ZMM-GT components

Attribute	Zambia	Malawi	Mozambique	Total
Land area (sq km)	178, 340	61, 523	61, 661	301, 474
% of total country area	23.6	51.8	7.7	18.0471
Population (in millions)	2.155	5.2	1.5	8.855
% of total country population	23.4	53.0	0.1	23.8
Population density (per sq km)	12.1	84.5	24.0	
Availability of land	Abundant soils and extensive commercial land	Agricultural and commercial land very scarce	Vast stretches of agricultural and commercial land	
HDI[i]	0.433	0.400	0.322	

Source: UNDESA (2000).
Note: Slightly different figures appear in UNDP (2000) and in ZIC (2002).
i. The Human Development Index (HDI) value for each country is defined as a "composite index measuring average achievement in three basic dimensions of human development – a long and healthy life, knowledge and a decent standard of living." For details on how the index is calculated, see technical note 1 at http://www.undp.org/hdr2002/indicator/indic_290_1_1.html.

ZMM-GT will be under the age of 15 in the next decade. The highest population pressure is displayed in Malawi, caused especially by land constraint rather than an unsustainable population growth rate. In contrast, Mozambique has a favourable land-population ratio.

Another feature common to the countries consists of the recent macroeconomic reforms undertaken in the 1990s, aiming at a progressive withdrawal of the state from the economy and promoting a market system approach. To a lesser extent, it is also the case in Mozambique, which experimented with ineffective economic policies of socialist inspiration and was plagued by serious civil conflicts. These reforms have important negative consequences in the short run, impeding producers to perform adjustments at an adequate pace. Due to low productivity, most domestic companies have to close or reduce activity, and as a logical consequence massive layoffs occur. The liberalization of prices has redistributive effects, with immediate negative consequences for most social categories. Consequently, these actions need to be backed by a sound and coherent public policy.

The three participating countries could benefit from significant synergies and complementarities implied in the three main areas of strategic cooperation: agriculture, industry and infrastructure. The Pre-feasibility Study undertaken by UNDESA and the Regional Coordinator for the PICAS was a detailed analysis of factor endowments and current challenges faced by the ZMM-GT, and serves as a basis for further discussion.

Agriculture

The three countries that are part of the ZMM-GT share a heavy reliance on agriculture. The proposed ZMM-GT region in Zambia benefits from a large natural resources base and has the highest groundwater potential in the country. In the Eastern Province, livestock and fisheries are the backbone of the local economy, although tourism and the export of timber have increased in the region. In the Northern Province, soils are not as fertile as in the east, and the main economic potential lies in fisheries and tourism. The Mweru-wa-ntipa, Tanganyika and Bangweulu lakes contain the most important fisheries resources in the country, and all of them are situated in the Northern Province. These lakes, together with numerous rivers and swamps, contribute more than one-third of the country's fish catch.

The Malawian region of the GT displays an area with high agricultural potential – national agriculture accounting for almost 40 per cent of GDP, about 85 per cent of employment and exports, and two-thirds of manufacturing input (UNDESA 2000). Nevertheless, land constraints and low productivity hamper large-scale land exploitation.

In Mozambique, the GT covers a less favourable climatic area than in Malawi and Mozambique. However, the northern part of the Tete province has a richer agricultural potential, which would be sufficient for covering the needs of much of the country and for exporting likely surpluses. Animal husbandry is very important for the region, with the province hosting one-quarter of total cattle stock in Mozambique.

The Northern Province in Mozambique shares borders with Malawi and Zambia. Most of its surpluses are easily marketable in these two neighbouring countries, because of several infrastructure facilities and low transportation costs. The proposed ZMM-GT would enhance trade among the participant countries by reducing trade barriers and enlarging market size. Mozambique's natural comparative advantage could then be fully exploited, reducing the costs further and benefiting all three countries.

Within the ZMM-GT area, the major problems impeding development in agriculture are pervasive rudimentary technologies, insufficiency of adjacent services (such as irrigations, fertilizer application and use of hybrid seeds and animal diseases, including that caused by Tsetse fly).

Thus, productivity in agriculture remains low and vulnerable to changes in climate. By making the ZMM-GT operational, it is hoped that the agricultural potential could be better addressed with collective action, and higher efficiency would be brought by economies of scale and scope.

Industry

Liberalization has affected industrial performance in the ZMM-GT countries and weakened the production base overall. In several sectors, inflows of cheaper goods have hampered production potential and diminished profit margins.

Zambia's industry is mainly based on the extraction, production and export of metals, such as copper, cobalt and zinc. These are responsible for approximately 75 per cent of aggregate export receipts. Other economic activities include production and exportation of precious/semi-precious stones (such as amethyst, aquamarine and emeralds), especially in the Eastern Province. In Malawi there is no recognizable mining activity, but there exist important unexploited reserves of coal, uranium and gemstones. The country also has moderate quantities of kimberlites, gold, platinum and gypsum. In Mozambique, coal is the most abundant mineral resource (estimated to be about 1 per cent of the world reserve), all of which is located in the ZMM-GT region. These resources have been insufficiently exploited, particularly due to the inception of civil conflict in 1993.

An important structural constraint is that the three counties suffer from a narrow production base, with a focus on primary production in agriculture. In Zambia, agro-industry is directed to meat and dairy plants, while in Mozambique, it is dominated by fish processing for exportation. In comparison, Malawi benefits from a more sizeable agro-industrial activity.

Equally, manufacturing is minimal on the ZMM-GT territory, and it depends on imported finished goods. Subsisting under colonial rules, the three countries focused on mining and extractive agriculture, whereas manufacturing and services were concentrated in big port towns. Concerning electric power, Mozambique has the most significant energy capacity, with a high potential for exporting to the other countries of the ZMM-GT at relatively low costs.

Trade within the proposed ZMM-GT is mainly agro-based. The core of cross-border trade relations takes place within the territory, every ZMM-GT component exchanging products with the others, whereas Mozambique has exclusive relations with Malawi. For the most part, cross-border trade is informal and involves food items and some manufactured goods, such as textiles, bicycles, spare parts and so forth. The justification for lower formal trade includes a similar production base of the ZMM-GT national economies, limited manufacturing activity in the sub-region, considerable barriers and transaction costs that hamper free movement of goods and services.

A comparable situation exists in terms of investment. Various factors, such as poor infrastructure, cheap imports, excessive regulations and high costs of doing business, reduce the profitability of most investments. A prominent example is the high cost of borrowing, particularly in Malawi and Zambia, which prevents entrepreneurship and undermines existing capacity utilization.

Differences among the ZMM-GT components exist in terms of tourism. In Zambia, eco-tourism is well developed, while in Malawi and Mozambique, there is a high under-developed potential. Due to common borders and transportation networks with southern Africa, where tourism is a prospering activity, the proposed ZMM-GT offers significant scope for cooperation in tourism.

Infrastructure

Connectivity is the key to success for the ZMM-GT project. Therefore, infrastructure should be the main factor to be developed – or, rather, created. As the territory contained by the ZMM-GT is land-locked, transportation based on roads and railways is essential. The overall picture of transport infrastructure in the region shows, besides insufficient and under-maintained physical networks, poor transport services and deficient managerial capacities. Following former colonial rules, transport networks run from principal mining and agricultural sectors to export gateways. Within the ZMM-GT, production centres are disconnected from potential markets.

The largest fraction of traffic in the ZMM-GT countries is controlled by roads. The roads are underdeveloped in Zambia and Malawi, with a predilection for the remote areas, while in Mozambique the war caused great damage. The poor roads cause constant breakdowns of vehicles, generally accompanied by prohibitive costs of truck repairs.

In the ZMM-GT participant countries, a similar situation is shared by the railway networks. First, the regions of Malawi and Mozambique involved in the project are fully integrated, but this is not the case for the Eastern Province in Zambia. Second, a significant drawback is poor safety, caused by relatively frequent derailments and resulting in damage to equipment. Third, low speeds of 30–40 km/h on average result in long transit times and have a negative impact on operational costs.

Two main feeder ports to the Indian Ocean remain major trade outlets for the ZMM-GT local economy: Beira and Nacala, both situated in

Mozambique. A third significant harbour on Lake Tanganyka, Mpulungu (located in the Northern Province of Zambia), acts as a channel for transportation and exportation to Tanzania, Burundi and the Democratic Republic of Congo. Such as in the previous infrastructure components, various challenges have to be faced: shallow access at Beira, poor security at Nacala, slow clearance procedures, limited storage capacity for bulk handling and electricity constraints.

In telecommunications, the situation is not much different. Connectivity among the countries in the ZMM-GT is far from sufficient, although within the countries, especially in Malawi, the circumstances are slightly better. These constraints hamper trade and constitute a disincentive for investors. The Pre-feasibility Study indicates that "it is very difficult and time consuming to establish telephone or fax contact between Tete City in Mozambique, Chipata in Zambia and Lilongwe in Malawi, while international telephone contacts between these locations and Europe/USA are better facilitated" (UNDESA 2000).

The sub-region is rich in both surface and groundwater resources. From this perspective, the challenge would be the deployment of an efficient management of these resources. In the meantime, imbalanced water distribution could be better addressed by irrigations.

The three participant countries have more in common than a border: they share transportation lines, and rivers flow from one country to another. Therefore, a successful development of rail/road networks and optimal use of water resources require regional and sub-regional cooperation.

Orientations for future research and actions

As the ZMM-GT is a recent initiative, not much academic analysis has been done heretofore. In this section, we will present a proposal for research and action ("action-research") that could guide the integration process in the ZMM-GT in the (near) future. Our starting point is the fact that since integration and development are multi-dimensional concepts (and realities), a holistic approach is necessary. Additionally, we stress the process characteristic of integration.

The traditional approach to the design of integration projects should be combined with a critical political economy approach in order to highlight the democratic principles on which the project should be based and the importance of sustainability. In our opinion, this combination of approaches logically leads to participative methods of research and assessment.

The traditional approach

An evaluation of the ZMM-GT project requires in-depth analyses of the characteristics of the micro-regional economies involved, their complementarities, projections of their internal and external markets, projections of population growth and migratory flows, and so forth. There is also a need to estimate the financing requirements of, especially, the public goods and infrastructure that are needed to make the project feasible and effective.

While these economic and financial analyses are important to evaluate the feasibility of economic integration, the outcome of this effort should not be considered as sufficient information for decision-making. Policy decisions can take not only economic but also other societal concerns into consideration. We will focus on economic issues important to evaluating policies regarding integration, and then place these economic considerations within a broader critical framework of human development. All of these concerns and analyses can be important input for the foresight exercises that we will discuss in the subsection on ‘‘Foresight and Regional Integration.’’

The economic issues that we will address are the following: (a) the relationship between micro-regionalism and macro-regional integration, (b) the scale of the initiative, (c) the issue of asymmetries, (d) the role of factor complementarities, (e) the role of informal trade relations, (f) policy harmonization and (g) labour market policies. (This list could obviously and easily be expanded.) We will briefly comment each of the proposed issues.

First, regarding the relationship between micro-regionalism and macro-regional integration, the application of the ZMM-GT concept does not substitute, but rather complements, SADC, COMESA and other regional integration efforts under the African Economic Community.[21] In this respect, the ZMM-GT is developed in a slightly different context than the Asian growth triangles, where only ASEAN is a relevant regional integration agreement and where the growth triangles have been explained rather as substitutes for classical forms of integration, more in line with the political culture in that region (Cuyvers et al. 1997; Page 1994).

The ZMM-GT does not duplicate the other regional agreements covering the area, as it is, in principle an informal structure of cooperation. Empirical evidence shows that broad regional integration agreements are not sufficient for tackling as serious problems as those confronting Zambia, Malawi and Mozambique. The GT project creates the operational framework and ‘‘fast tracks’’ the formal existing agreements in a world where the speed of action influences policy effectiveness. As underlined in the FIAS Report, the success of the ZMM-GT depends on whether the central goal of the initiative, as well as the difference between informal and formal regional integration efforts, is made clear (FIAS 2001). It should be pointed out, however, that the pressures for a more formalized project are not absent in the ZMM-GT region.

Second, it is true that the dimensions of the proposed ZMM-GT do not impress by size. However, in opposition to wide, inefficient programs, narrow agreements, such as the proposed ZMM-GT, can be steered more effectively. Another argument is that the triangle could become larger when it will be efficiently conducted, and its positive effects may attract other territories. In selecting the areas involved in the sub-regional economic zone, attention has been paid to exploring scale benefits overall, and factor complementarities in agriculture. The Pre-feasibility Study has recommended the inclusion of other territories in the ZMM-GT because of their relevant links. These territories are the Province of Manica in Mozambique, which has high economic potential and traditional trading relations with Tete, and the city of Blantyre in Malawi, as it is the commercial capital of the country and is very close to Tete Province (UNDESA 2000).

Third, in contrast to some other initiatives – e.g., in Asia or the SDIs in southern Africa – there is no obvious leading dynamic component that is able to act as a growth pole, triggering the economic development of the neighbouring areas. It should be said, however, that the integration literature is not conclusive on the role of dominant components (countries) in integration schemes (Inter Africa Group 2002).

On the one hand, the absence of dominant partners produces a more equilibrated distribution of the effects and reduces the need for formal supranational institutions with redistributive functions. According to Stakhovitz (1991), for example, the relative success of European integration would be related to the structural balance between the four big countries, whereas the relative failure of integration schemes in Latin America and Asia would be related to the presence of dominant countries. Edozien and Osagie (1982) were also of the opinion that more homogeneous integration schemes would be more successful in Africa.

On the other hand, the World Bank (Collier et al. 2000) considers that, for developing countries, the first best solution is to have high-income, developed countries as partners. This is justified by the greater scope of exploiting the comparative advantage and a higher chance of reaching the proposed targets. In accordance with this assertion, regional integration agreements (RIAs) among poor countries would cause divergence in the level of income, depriving the poorest countries. This was the case for the East African Common Market, wherein a relocation of economic activity from Tanzania and Uganda to Kenya, mainly in manufacturing, shifted incomes from the former to the latter and had an inequitable redistribution effect on income, leading to the failure of the initiative. Therefore, the World Bank warns against South-South RIAs among the lowest income counties, which are confronted with a ''real danger of divergence'' (Collier et al. 2000). It remains to be seen how the ZMM-GT will be positioned vis-à-vis the SDIs launched by South Africa.

As a final remark on the issue of the role of asymmetries in integration in the growth triangle, it could be added that although the project characterizes itself broadly by symmetrical conditions in terms of levels of socio-economic development, asymmetries appear when the relative importance of the project for the different countries is considered. The project is clearly relatively more important for Malawi than for the other countries.[22]

Fourth, in the case of the ZMM-GT, factor complementarities are relatively weak and, therefore, the main building blocks of the GT were considered to be ''(i) the common cultural heritage and family linkages among the GT population, (ii) an existing vibrant, yet largely informal, cross-border trade in food and other consumer goods, (iii) potentially large infrastructure synergies, including transport, communications and energy, and (iv) existing and potential supply chain synergies in agriculture and agro-industry'' (King-Akerele 2001). In this context, the development of infrastructure is a major factor, aiming to improve conditions for investment and trade.

Fifth, there are apparently important flows of informal trade that show the potential for formal trade and business relations in the region (Inter Africa Group 2002). This is comparable to the cases of the Indonesia-Malaysia-Thailand growth triangle and the so-called ''Golden Hexagon.''[23] High ''informal'' cross-border commercial relations mirror the need for trade deregulation. This should happen in a sound legal climate in which quality and health standards are complied with. Therefore, subregional cooperation within the Growth Triangle would bring the benefits of trade deregulation and would avoid the costs of disregarding public safety. It has also been pointed out that lowering of different kinds of barriers can reduce rent-seeking activities by influential groups and produce a welfare gain (Inter Africa Group 2002).

Sixth, in the quest of placing the ZMM-GT on a growth trajectory, policy harmonization becomes the cornerstone of the process. The three ZMM-GT countries are all members of the SADC, but only Zambia and Malawi are participating in the COMESA. Special attention should be paid to membership, as separate undertakings may cause Mozambique policies to diverge from those of Zambia and Malawi within the COMESA. In preparation for the COMESA Customs Union in 2004, divergence might become even larger between Zambia and Malawi, on the one hand, and Mozambique on the other hand, in terms of customs procedures. An increasing cooperation between the COMESA and the SADC would facilitate policy harmonization in the region and therefore contribute to the success of the ZMM-GT.

Of equal importance for making the ZMM-GT effective is macroeconomic convergence. Similar to the Southeast Asian countries, single-digit inflation and low interest rates, sustainable growth and a non-restricted capital account would enhance trade and investment in the sub-region. In conformity with the Pre-feasibility Study, four broad policy areas have to be reformed: taxation policies, investment policies, the exchange rate regime and policies relating to labour mobility and residency (UNDESA 2000). According to the same study, the fiscal regime has to be relaxed, especially by lowering marginal taxation. This will create greater incentives for investment and stimulate domestic capital formation. In tariff and customs regulations, Zambia and Malawi made important progress in harmonizing the procedure to the lowest rates, and Mozambique is expected to follow. As far as exchange control is concerned, policy harmonization is more evident. All the ZMM-GT countries have liberalized their foreign exchange markets to varying degrees. Zambia completely opened its capital account, both for resident and non-resident investors. In Malawi and Mozambique, the Exchange Control Acts still restrict investment abroad, in the sense that capital repatriation is allowed but needs centralized approval. Thus, there is room for more harmonization. As a solution, free cross-border investment within the ZMM-GT might be accomplished on a reciprocal basis.

Seventh, in labour-abundant countries, like the three countries included in the GT, the labour market deserves special attention. Specific measures will have to be taken, at least in two aspects. On the one hand, common initiatives in education and training have to be taken to improve the skills of the labour force. This should contribute to solving the paradoxical situation of high unemployment levels coexisting with a lack of skilled workers.[24] To make the supply match the demand, active policies should be undertaken, and full political commitment is requested.

On the other hand, important divergences exist in the area of labour mobility and residency requirements. Between Zambia and Malawi, mobility is relatively free; there are no visa requirements, and visitors within the sub-region can obtain their visas at the port of entry. The existing regime is more restrictive in Mozambique, where all non-residents need a visa to enter the country. For residents of the Eastern and Northern Provinces of Zambia and the Tete Province in Mozambique, the situation is even worse as they have to obtain their visas from the capital cities, by travelling hundreds of miles. In addition, the validity period of visas is also an impediment.

In this traditional economic evaluation, issues of distribution amongst beneficiaries are not addressed. Who is likely to benefit from the policies? Will the broad population benefit, or only a small elite? Could some people even be squeezed into deeper poverty? Furthermore, economic concerns may not be the only "benefits" and "costs" worth considering; indeed, a democratic sample of interests might even reveal that other concerns are of equal importance to a society. These issues, as well as a venue to address them, are discussed below.

A new "critical political economy of development" approach

From the foundation of the New Regionalism Approach (NRA) (Hettne 1999), a "critical political economy of development" is burgeoning that builds upon critical international political economy (IPE) and development studies (Hettne et al. 1999; Söderbaum 2002; Lundin and Söderbaum 2002) and links these to regional integration. In contrast to rationalistic approaches with static definitions of regions, the NRA sees regions as constructed and re-constructed – intentionally or unintentionally – by a variety of state, market and societal actors from within as well as external to formal regions (Söderbaum 2002). This approach focuses upon the content of development, rather than the form, and asks the following critical questions: What type and whose development is fostered? What social forces are drivers or barriers to the project? What are the consequences? (Lundin and Söderbaum 2002; Hettne et al. 1999)

The present section frames the ZMM-GT within this critical approach, examining the potential pitfalls learned from similar projects in southern Africa and discussing measures to eschew them. It proposes a method to facilitate the suggested measures, and it considers the implications of the approach for the development of indicators for monitoring and evaluating development initiatives.

As stated before, the ZMM-GT is one of a multiplicity of micro-regional cooperation projects, such as spatial development initiatives (SDIs) and development corridors (DCs), which are aimed at stimulating development and have recently been proliferating across southern Africa. These initiatives focus on attracting private investment, enhancing regional economic integration, and integrating into the global economy; as such, they often seem to be inspired by a neoliberalist view.[25] In accordance with neoliberal development philosophy, it is believed that development results automatically from major investment projects, and that good governance means less governance (Lundin and Söderbaum 2002). However, closer examination of such development initiatives has generated criticism of these assumptions and of purely economic approaches to development (see, for instance, Stiglitz 2002).

Lundin and Söderbaum (2002) have studied extensively the Maputo Development Corridor (MDC), a cross-border development initiative, which focuses on a region that runs through South Africa and Mozambique and shares many common objectives with the ZMM-GT. The MDC's stated objectives are to rehabilitate the primary infrastructure network, maximize investment, social development and employment, and increase the participation of historically disadvantaged communities. It intends to provide access to global capital, to facilitate regional markets and economic integration, and to ensure sustainability by developing policy, strategies and frameworks that encompass a holistic, participatory and integrated approach to development (DBSA 1999).

In contrast to these stated aims, Lundin and Söderbaum (2002) claim that "the so called holistic, environmentally sustainable and people-centered aspects are difficult to discover in practical implementation" of the MDC. They criticize that the project mostly serves big business elites, has only a limited effect on permanent employment opportunities, generally fails to realistically benefit the disadvantaged and involve citizens in decision-making, and neglects ecological management and environmental effects. The authors suggest that strengthening the participation of government is one necessary measure to increase the likelihood of a more positive development of the MDC. In accord with the NRA, the authors see it as the duty of government to allow the voices of not only market but also other interests to be heard.

These points raise the question of whether a purely economic, neo-liberalist approach goes too far in its attempt to minimize the role of government. In accordance with this suggestion, the Third Way (Giddens 2000) is a political philosophy that assigns to governments the duty to balance out the interests of private industry by representing other social interests, which may be less organized, have fewer resources and, thus, have less power. Emphasizing the role of the state and civil society for effective economic development, Giddens iterates that:

> "A market economy can only function effectively within a framework of social institutions and if grounded in a developed civil society – a proposition that holds on a global level as well as more locally. The good society is one that strikes a balance between government, markets and the civil order."

Various other authors have also emphasized the interdependent nature of development and governance. For example, Hettne (1999) argues that:

> "Real developments depend on the dialectical relationship between the two logics [of] the forces of market expansion and the need for political control. In order to function, a market presupposes some kind of social order."

Here, the tasks of providing ‘‘political control’’ and ‘‘social order’’ refer to responsibilities of governance. In this context, governance should not be equated with (formal) systems of government (Söderbaum 2002). Taken broadly, to govern is ‘‘to control, direct or strongly influence’’ (Merriam-Webster 2002),[26] and governing can be conducted by public, private, formal or informal systems (Jones 1998). Hence, while governance is integral to the success of development strategies and can thus be seen as a normative imperative (Hettne 1999), some form of governance, or directing influence, is always inherent in any form of regionalism. Thus, regional cooperation/integration initiatives can be seen as forms of cross-border governance (Hettne and Söderbaum 2001).[27]

However, these systems of governance are not always transparent. Of the majority of present-day regionalist schemes in Africa, Söderbaum writes:

‘‘Although each regional project perhaps can be seen as a mode of governance in its own right the various projects fit into the same overall neoliberal belief system and broader ‘system of rule.’ ’’[28]

Söderbaum presents the critique that this system of governance serves economic and political elites but systematically neglects to accommodate the interests of the poor, disadvantaged and unemployed. In other words, it can be said that these forms of governance bear a severe democratic deficit. This insight brings us to the issue of the relationship between regional integration, development and democracy.

Democratic development

While a democracy may reflect interests other than economic ones, it has also been argued that sustainable economic success is dependent upon a healthy democracy. In a book published by the OECD and the African Development Bank (AfDB), Spicer (2002) asserts that while countries that trade more grow faster and that openness can work, openness alone cannot achieve economic competitiveness. He underscores the importance of a democratic state and civil society, saying:

‘‘[Openness] works partly because it sends out a signal about what sort of economy the liberalising state wants to have – one that is open not only to trade, but also to ideas, people, skills and investment; one that wants to compete on a global stage; and one that stands for internationally acceptable political values and social practices. These points are particularly relevant to Africa in general, but above all to South and Southern Africa.’’

Similarly, Giddens (2000) argues that:

> "In many countries, and some regions, there is as yet no developed civil society, and hence little democracy; without these there is little chance of effective economic development either."

According to Giddens, development investments should be directed at human resources (through education and training), promoting active supply interventions and coupling these with structural changes in state and civil society.

In addressing the role of regional cooperation/integration in the promotion of democratic developments in southern Africa, Spicer (2002) makes the following recommendations (among others):

- Find means to link the interests of business, governments and intergovernmental organizations and develop joint approaches;
- Find and apply strategies and mechanisms, such as variable geometry, to deal with differences between potential regional partners, but without abandoning integration schemes altogether;
- Generate a shared appreciation of democratic values.

The ZMM-GT project is an example of "variable geometry," and it focuses on linking business and government. However, fortifying democracy by establishing links to IGOs and civil society are missing from the current programme. Concerning democratic values, which Spicer considers his most important point, he poses the following challenge:

> "The question for all of us today is thus: how can we – in the context of partnerships within and between regions – actively encourage and sometimes intervene to facilitate the spread of such values [e.g., 'tolerance, openness, reform and good governance']."

The question is well formulated in asking "how," because rather than focusing on a specific outcome – which may or may not reflect a democratic goal – it requests a process, a method.

A method is needed that can both build the capacity of the various sectors of society as well as facilitate their communication. Various conditions in the past, such as corrupt and overbearing governments, have left the private sector and, in particular, civil society undeveloped in Southern Africa. While the ZMM-GT focuses on empowering the private sector, other interests groups and government should also be engaged. Indeed, as described above, these forces can be seen as complementary, rather than oppositional.

Callon et al. (2001) introduced the general concept of hybrid forums, which can be described as a public space for different groups to discuss certain controversies. The word "forum" refers to the mobilization of different groups to debate policy choices that pertain to the collective. The hybrid nature of these forums is twofold: first, the groups and their spokespersons are heterogeneous and, second, the kinds of questions and problems addressed can be very diverse. One kind of hybrid forum, which could be useful for involving all sectors of society in engendering democratic goals for development, is "Foresight."

Foresight and regional integration

Foresight is a systematic, participatory, future intelligence gathering, and medium- to long-term vision-building process (Van Langenhove 2002). Its success lies both in the product and the process: It aims to improve the quality of decisions, taking into account the views and expertise of all stakeholders of an issue, as well as to mobilize the participants and their networks. Foresight can make a unique strategic contribution to future-oriented thinking as an element of sound policy-making. It accomplishes this by including multiple perspectives, actors and disciplines, by emphasizing the interrelations between the technological, economic, social, political and cultural sectors of society, by focusing on both opportunities and risks, and by aiming to produce orientations rather than predictions. The foresight process itself generates new opportunities for communication among all stakeholders, counters the tendency toward short-sighted, oversimplified decisions, and encourages enthusiasm and cooperation among otherwise disparate or even conflicting interest groups. Applied to the development and integration of the ZMM region, foresight can improve the quality of policy decisions as well as their likelihood for success.

A Foresight workshop on development in the ZMM-GT region would involve all relevant stakeholders, such as (but not limited to) representatives from:

- government (national and local),
- private industry,
- civil society (including public-interest NGOs, employee unions, etc.),
- academia,
- regional organizations (such as SADC and COMESA),
- investors,
- development banks and IGOs, and
- other key professions, such as journalists, educators, etc.

Often, experts on relevant issues are also invited to make a presentation and/or to participate in the discussions. With the assistance of a facilitator, the participants employ various techniques, such as scenario-construction, in the vision-building process and, thereby, identify goals and potential unintended "spill-over effects" that should be eschewed. Thus, foresight enhances democracy in two ways. First, the decisions taken may be based upon a more representative discussion of the issues at hand. And second, the process itself actually builds the capacity for democracy by strengthening each of the sectors as well as the communication between them.

The role of the facilitator is vital to the success of Foresight workshops. Duties of the facilitator include identifying participants, providing a structure for the workshop, ensuring that all voices are heard, and giving some pragmatic direction to the discussions. Thus, facilitation should be conducted by someone who is accepted by the participants and who is seen as neutral and authoritative. An appropriate candidate might be an external expert from an international institution and/or academia (Schiff and Winters 2002).

The results of the Foresight exercises can be translated into a transition management plan. Rotmans and Loorbach (2001) define a transition as a "structural societal change that is the result of developments in different societal domains and also the interaction between developments at the macro-, meso-, and micro-levels. Shortly: transitions are multi-domain and multi-level."[29] Transition management is based upon three cornerstones: problem exploration, the development of long-term visions and the participation of multiple actors. The authors emphasize:

> "Transition management requires the development of integrated long-term visions. These visions are not developed only once and then implemented through 'backcasting,' but rather are continually adapted and updated: evolving visions."[30]

Thus, transition management and vision-development in the course of Foresight exercises are complementary and iterative processes.

Indicators for monitoring development and evaluating "progress"

The need for indicators to monitor and evaluate "progress" has been reiterated not only by regional organizations themselves but also by (potential) investors and donor governments and organizations.[31] Indeed, the FIAS report on the ZMM-GT includes the development of such indicators in its recommendation for the first set of pilot projects of the initiative. Indicators not only enable assessment for the re-evaluation of strategies to maximize efficacy, but they also provide transparency. So, how does one measure progress and success?

The approach of the African Development Forum (2002) has been to assemble a set of "African Integration Indicators" for eight sectoral clusters of activity:

- trade and market integration,
- monetary, fiscal and financial integration,
- transport,
- communications,
- industry,
- energy,
- food and agriculture, and
- human development and labour markets

According to the Forum's Annual Report:

> "Each sectoral cluster itself comprises a subset of variables, with the trend calculated as a weighted average of the components of the subset. For example, the trade indicator is a weighted average of intra-REC exports and imports."

These quantitative indicators may provide important information about levels of "integration" and facilitate quick comparison between regions. However, these indicators should not be confused with measures of "successful development." Here, it is essential to remember that integration is a process, a means; the question as to whether or not integration facilitates the goals and vision of societies is left unaddressed. The above indicators do not reflect whom the "integration" benefits or its consequences for various aspects of society.

In accordance with the new "critical political economy of development" approach, measures of "successful development" should reflect the extent to which the stated goals have been reached and undesired consequences have been eschewed. These goals and undesired effects should be developed through a democratic and iterative process, in which all relevant stakeholders participate, such as Foresight workshops. As some of these goals probably will not be quantifiable, it is necessary to consider qualitative indicators. Due to their nature, qualitative indicators lend themselves less to direct comparison. However, it would be a mistake to assume that all quantitative "indicators" are comparable, because the goals of regions may (and indeed, are likely to) differ.

Summary and conclusions

The ZMM-GT project is an expression of the so-called "new regionalism" trend that is taking place all over the world. It can be interpreted as a policy response to the disappointing results of the traditional integration schemes in sub-Saharan Africa, but also as the logical expression of the adaptation of local and micro-regional actors to a changing and globalizing world and the search for new forms of governance in the post-cold war era.

Although proximity, the shared problems and opportunities for development, and the support received from several local and international actors (including the UN institutions) seem to justify the project, it should be recognized that the project also has some structural weaknesses (for example, the poor economic basis, the absence of a growth pole, the absence of a leading actor).

We have come to the conclusion that while economic strategies are important for promoting development and reducing poverty, a holistic approach is more likely to ensure success. International institutions can support such regional development initiatives by supplementing the focus on economic measures with awareness for and expertise in other vital areas, such as developing democratic governance, an active and peaceful civil society, and a concern for sustainability. One useful method for promoting democracy and more informed decision-making is the use of Foresight workshops. In the course of such workshops, development goals can be defined in a democratic manner, and quantitative and qualitative indicators can be generated for the purpose of monitoring and evaluating progress towards those goals. We also identified the need for more analysis to be carried out before or in conjunction with the implementation of this participatory process, combining two approaches: the traditional approach and a "critical political economy" approach.

Notes

1. The authors thank Luk Van Langenhove, Mary Farrell, Kojo Asiedo and Fredrik Söderbaum for their comments on a previous draft. Only the authors are responsible for remaining errors.
2. The authors are researchers at the United Nations University Comparative Regional Integration Studies programme (UNU/CRIS) in Bruges, Belgium.
3. See, e.g., Nkombo et al. (1998) for an evaluation of COMESA and a list of factors that explain the poor results, also applicable to other regional blocks.
4. Although colonial rule also contributed to the formation of regional blocks; see, e.g., NISER (2002).
5. See, e.g., Forountan and Pritchet (1993) and Elbadawi (1997) on SADC.
6. The nine PTAs included by the authors were: Andean Community, CACM, LAIA, Mercosur, NAFTA, ASEAN FTA, Gulf Cooperation Council, EFTA, and EU.
7. In only a few cases, the analysis of only imports or exports showed significant trade diversion. See Soloaga and Winters (2000).
8. This was particularly the case in Malawi and Zambia; see, e.g., UNECA (1998).
9. Using data for 40 African countries corresponding to the 1980–1999 period, cited in Amponsah (2002).
10. Asante (1997) also offers well-founded arguments in favour of an acceleration of regional or continental integration in Africa in a context of globalization.

11. The Treaty Establishing the African Economic Community was signed by the Heads of State and Government of the 51 member states of the Organization of African Unity (OAU) on 3 June 1991 in Abuja (Nigeria).
12. Although based on orthodox economic policy principles; see, e.g., AFDB (sd) and Fajgenbaum et al. (1999).
13. In this chapter, we use the term ''growth triangle'' in a general sense and as synonymous with the other terms.
14. See De Lombaerde (2001).
15. Obviously, the end of the cold war made new forms of cooperation possible all over the world, not only in Southeast Asia.
16. Although the expansion of ASEAN changed this to some extent.
17. On the concept of resilience, see, e.g., Klein and Dreis (1995) and De Lombaerde (2001).
18. See, e.g., Hettne and Söderbaum (2001) and Jourdan (1998).
19. These include the Maputo Development Corridor (involving Mozambique, Swaziland, Botswana and Zimbabwe), the Lubumbo SDI (Swaziland and Mozambique), the Coast to Coast SDI (Namibia, Botswana and Mozambique) and the Platinum SDI (Botswana).
20. This ''historical'' overview of the development of the ZMM-GT is largely based on ZIC (2002).
21. For arguments in favour of complementarity between regional (small-scale, project-based) cooperation initiatives and traditional regional integration, see, e.g., Schiff and Winters (2002) who combine a game-theoretical framework with the analysis of case studies.
22. See table 3.
23. Also called the Greater Mekong River Basin Sub-Regional Project, involving the bordering areas of Myanmar, Thailand, Laos, PR China (Yunnan), Vietnam and Cambodia.
24. A first step would obviously be to bring the illiteracy rate down. The most acute situation is found in Mozambique, with 60 per cent of the population being illiterate, followed by Malawi with 44 per cent and Zambia with 22 per cent.
25. See Söderbaum's chapter in this volume.
26. Rosenau (1997) defines governance as ''spheres of authority at all levels of human activity that amount to systems of rule in which goals are pursued through the exercise of control.''
27. See also Söderbaum's chapter in this volume.
28. Söderbaum's chapter, this volume.
29. Our translation from Dutch.
30. Our translation from Dutch.
31. For example, representatives from the European Commission, OECD and World Bank have expressed a need for indicators of regional integration.

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Formal regional integration in Africa: The case of ECOWAS

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Introduction

This chapter analytically and empirically provides an understanding of the evolution and transformation of economic integration and cooperation in West Africa – in particular, the expansion of the frontiers of economic integration into security regionalism. The transformation of contemporary world politics in the 1990s and the effects of globalization have converted the West African sub-region into the new theatre of violent intra-state conflicts with devastating consequences on regional peace, security, economic development and social progress. The civil wars and conflicts have reversed the developmental and economic gains of decades of West African integration and cooperation. They have not only stretched the capacity of the Economic Community of West African States (ECOWAS) in managing and resolving these intra-state conflicts, but also undermined the possibility of achieving the common market objectives of the regional organization.

Arguably, achieving the objectives of ECOWAS integration and cooperation cannot be devoid from the regional context of peace and security because there can be no long-term development, sustained economic growth and lasting peace in the face of wars and protracted socio-political conflicts. Achieving the objectives of West African integration and cooperation, and establishing the foundations for long-term economic growth and sustainable development, are only possible in conditions of regional stability and a peaceful environment. Herein lies the nexus between economic and security regionalism in West Africa. The exploration of this link will be through the prism of ECOWAS regionalism and its expansion into the complex security frontier in the form of the ECOWAS Cease-fire Monitoring Group (ECOMOG).

"Geographical expression" and the political economy of West Africa

The "geographical expression" that is West Africa occupies a land area of some 6.5 million km^2, with an estimated population of 225 million people (2000). West Africa accounts for approximately 32 per cent of Africa's population. It comprises sixteen independent states, which stretch from Mauritania in the northwest to Niger in the northeast, Nigeria in the southeast, and the gulf of Guinea in the south and southwest.

The political map of West Africa consists of three land-locked states (Mali, Burkina Faso and Niger), an island state (Cape Verde) and twelve coastal states (Sierra Leone, Liberia, Guinea, Ghana, The Gambia, Togo, Benin, Nigeria, Senegal, Côte d'Ivoire, Guinea Bissau and Mauritania). The definition of West Africa, however, seems to defy geographical precision in that Cameroon and Chad are sometimes regarded as part of West Africa. This rather imprecise political geography is at the heart of the diversity and complexity of the West African sub-region. West Africa as a "region" consists of geographically proximate and contiguous states, emerging as a distinct entity or more precisely, a territorial sub-system.[2]

West Africa exhibits a diverse range of historical, ethnic, cultural, political, economic, religious, ecological and linguistic differences. The region has a trilingual cultural heritage (i.e., Anglophone, Francophone and Lusophone), a product of European colonialism in Africa. The Berlin Congress of 1885 effectively divided West Africa into different spheres of influence, subsequently known as British West Africa, French West Africa, Portuguese West Africa and German West Africa. European colonialism and partition bequeathed to West Africa the most heterogeneous group of states in Africa. The arbitrary demarcation of political frontiers in West Africa cut across ethnic, linguistic and cultural borders. Thus, the Via-speaking people are divided between Sierra Leone and Liberia; the Ewe, between Togo and Ghana; and the Yuroba, between Benin and Nigeria. The map of West Africa, therefore, presents a picture of uneven states, both in size and resource endowment.

In spite of these differences, the states in West Africa share certain similar characteristics. The general characteristic is that these states can be categorized as least developed and underdeveloped, in that they share the common features of low life expectancy, high infant mortality, high levels of illiteracy, low growth rates and per capita incomes, and increasing poverty. However, not all states in West Africa conform to this essentially economic criteria. What is obvious is that West African states are at different levels of development.

The territorial boundaries and organizational structures of West African states are a product of European colonialism. The only exception is Liberia, which was never formally colonized. Modern state power in these countries is, to a very large extent, a reflection of the colonial state power based on bureaucratic control and exploitation of trading and production relations by the ruling and governing class in post-colonial West Africa. Therefore, in the majority of post-colonial states, political ethnicity continues to play a significant role in the nature of domestic politics and the struggle for the control of state power. Another similarity is that the majority of West African states had their political independence in a relatively peaceful manner, through political agitation and the mobilization of nationalist fervour against colonial rule. The only exception is that of Guinea Bissau, which had to undertake an armed struggle led by the *Partido Africano da Indepêndncia da Guiné e Cabo Verde* (PAIGC) against Portuguese colonialism.

Another common feature is that contact with European imperialism incorporated West African economies into the capitalist world system, primarily as producers of raw materials. The cash crop economies include agricultural products such as coffee, palm oil, piassava, cocoa, groundnuts and pineapples, while the extractive-based economies depend on strategic resources such as oil, diamonds, bauxite, iron ore, tin, zinc copper, uranium, gold, rutile and manganese. As export economies, they do not have control over the externally determined market prices, which explains their peripheral status in the world economy and the corresponding limitation to independent socio-economic development. The uneven economic development within West African territories is reflected in the urban and coastal focus of the majority of these economies. This urban-coastal focus also accounts for the patterns of intra-regional migration and some of the regional conflicts of economic interests within and amongst these states (Dunn 1978).

Industrialization efforts in West Africa have been a means of diversifying the economic base of the sub-region. These efforts have been hindered by the lack of technological development and manufacturing expertise. West African economies had to rely on Multinational Corporations (MNCs) and bilateral economic cooperation with Western governments for the extraction of these strategic resources. The region's trading pattern is dependent on the outside world, with less than 10 per cent of official trade being intra-regional. This external-dependent nature of West African economies means that they are often in competition with each other for external trading partners, markets, foreign capital and technology.

At independence in the 1960s and 1970s, West African economies generally had a healthy economic growth rate, but in the 1980s and 1990s, a combination of external and domestic factors produced unfavourable economic conditions and underdevelopment. It forced most West African governments to implement IMF/World Bank Structural Adjustment Programmes (SAPs) with specific economic objectives and stringent conditionalities. The experiment with SAPs has not generated economic growth and development that is felt in tangible terms for the peoples of West Africa. West Africa, therefore, has some of the world's poorest nations.

In political terms, the immediate post-independence experiment with democratic pluralism, largely based on the political systems of former colonial powers, was to be replaced by centralization of power through one-party rule and military dictatorships. West Africa has produced a variety of regimes ranging from one-party dictatorship and military juntas to multi-party democracies (Senegal), Socialist and Marxist-Leninist regimes (Guinea, Mali, Ghana [Kwame Nkrumah], Benin) and revolutionary and popularist regimes (Jerry Rawling's Ghana and Thomas Sankara's Burkina Faso). West Africa alone accounts for a large share of military coups in Africa.

The "Third Wave" of democratization in the 1990s heralded political liberalization and multi-party politics in the majority of West African states. The tidal wave of political liberalization in post-cold war West Africa, supported by Western governments and international financial institutions such as the IMF and World Bank, swept away one-partyism and some of the autocratic regimes. In some West African states – such as Liberia, Mali, Sierra Leone and Guinea Bissau – this partly led to political instability, civil wars and the collapse of the state. State implosion in West Africa and its effects on regional peace and security have led some writers, such as Robert Kaplan, to paint a rather pessimistic vision of post-cold war West Africa in that:

> "West Africa is becoming the symbol of worldwide democratic, environmental and societal stress, in which criminal anarchy emerges as the real 'strategic' danger. Disease, overpopulation, unprovoked crime, scarcity of resources, refugee migrations, the increasing erosion of nation-states and international borders, and the empowerment of private armies, security firms, and international drug cartels are now most tellingly demonstrated through a West Africa prism." (Kaplan 1994)

Although Kaplan's "Coming Anarchy" raised some serious security issues facing West Africa, it is an exaggerated account. What is obvious is that post-cold war West Africa exhibits contradictory elements of reversal (civil wars, poverty, economic underdevelopment, etc.) and renewal. Far from "reverting to the Africa of the Victorian atlas" as portrayed by Kaplan, West Africa has re-invented itself by taking responsibility for solving some of its regional problems, though with qualified success.

The political economy analysis of West Africa illustrates the fact that West Africa is marginalized in the international divisions of both labour and power. As developing or least developed states, they operate within a set of international rules and regulations fashioned by the dominant capitalist economies (Dickson 1997). The economic and political vulnerabilities of West African states explain their propensity for external dependence. These states, therefore, have to devise strategies of coping in an unfavourable international economic and political system, and in the 1990s, they have to face the complex challenges of intra-state wars and conflicts, and regional instability.

Evolution of the Economic Community of West African States (ECOWAS)

In general, a variety of factors, both external and domestic, were responsible for the formation of the West African integration project, including economic imperatives, political motivations, the imperative of South-South cooperation, the tradition of functional cooperation, Nigeria's leadership ambitions and the role of France.

Economic imperatives were a driving force for the creation of a West African-wide community. West African states perceived the formation of a regional economic community as a strategy for national and regional development. Economic integration was seen as a means of overcoming the disadvantage of small size, and by establishing economies of scale, it would provide opportunities for enhanced economic growth and development. A large consumer market for over 200 million people was an attractive proposition for integrating the economies of West Africa. A region-wide economic integration was seen as the best means of maximizing the economic advantages to be derived from the economies of scale, comparative advantage and complementarity of goods.

A further economic motivation stemmed from the desire to industrialize and advance technological progress that would generate trade expansion and stimulate the economic growth and the productive capacity of the region. The idea of a regional economic bloc that would serve as a collective bargaining platform with other economic blocs of the world, within the context of the New International Economic Order (NIEO) of the 1970s, also provided a powerful motivation. These economic motivations are shared by all regional integration projects in Asia, Latin America and Europe.

Political motivations were crucial for the creation of a West African economic community. Economic regionalism was perceived as a political bloc that would enhance the political leverage of West African states. It was generally acknowledged that the formation of a West African economic community would provide a political platform for the sub-region to play an influential role in continental politics and cold war power politics. It was assumed that a West African community would provide the institutional political framework to conduct the international relations of the sub-region. It was also assumed that a regional community would provide a forum to pursue independent foreign policy strategies under the umbrella of a regional bloc, and at the same time provide further sources of foreign aid.

Pan-West African solidarity also served as a motivating factor. The idea of a pan-West African integration, in political and economic terms, proposed the formation of economic and technical cooperation schemes as the basis for the gradual movement towards African political unity. The ideology of pan-Africanism, therefore, served as attractive political motivations for West African leaders. Concerns for national and regional security, political leverage derived from a collective bargaining bloc, and the domestic political considerations of all the member states played a significant part in the evolution of the West African economic regionalism.

The motivations for the formation of a West African economic community were perceived within the wider context of the Third World ideology of South-South cooperation. South-South cooperation had its roots in the dissatisfaction with North-South relations and the perception of being marginalized in the international division of labour and of power. The Third World perceived the structure of international economic relations, designed and maintained by the North, as responsible for their marginalization and permanent peripheral status in the global economy. The Third World, therefore, demanded a New International Economic Order that would serve as an alternative to the liberal international economic order that was advantageous to the North.

The Arab-Israeli war in 1973 and the subsequent OPEC price rises provided a political and economic leverage for the primary oil producers in the South. The OPEC action provided a political forum for united action where the countries of the South "could exercise commodity power over the North" (Dickson 1997). The NIEO debate became crystallized in the Third World ideology of empowering the South in the international system. The demonstration effects of OPEC's political power provided a rallying point for regional economic blocs in the South. The failure of NIEO to bring about any significant transformation in the structure of international economic relations between the North and the South motivated Third World countries, including the West African subregion, to focus on bilateral and regional cooperation arrangements for economic development and progress. South-South cooperation was, therefore, seen as a viable collective strategy based on self-reliance and a means to surmount the imbalance of the North-South divide, whilst at the same time making the international system more responsive to the needs of the South. West Africa states, like the majority of Third World countries, therefore clung to the Third World ideology, though most times half-heartedly, as an alternative form of political and economic expression.

West African states have a long tradition of functional cooperation, which dates back to the pre-colonial period. Historical evidence points to the fact that there existed in pre-colonial West Africa the "integrative habit." Cooperative efforts between these kingdoms and city-states in economic and commercial ventures utilizing the waterhead of Senegalese river, Mano river, and the Lake Chad basin had been a feature of West Africa for centuries.

The tradition of functional cooperation was further strengthened during the colonial era when administrative, economic and political expediencies forced the colonial governments to establish inter-territorial and intra-regional politico-administrative and economic structures. For instance, the French in 1946 created an overall government of federation of French West Africa (AOF) and a Francophone West African Customs Union, with a centralized common currency, the CFA Franc Zone, whose convertibility was guaranteed by France in 1962. The British, for their part, organized common services in Anglophone West Africa, and created the West African Currency Board and the West African Produce Board to handle the marketing and management of agricultural products. A number of these arrangements extended into the post-colonial era, such as the monetary union between Francophone West African countries and France. French West Africa, drawing from a common history of functional cooperation, was in the vanguard in establishing several economic unions. These included the Niger River Commission (RNC), the Chad Basin Commission (CBC), the *Union Monetaire de L'Ouest Africain* (UMOA), the *Union Douanire de L'Afrique de L'Ouest* (UDEAO), the Organisation of Senegal River States (OERS), the Senegambia Confederation and the *Communaut de Afrique de L'Ouest* (CEAO). The habit of cooperation established during pre-colonial and colonial periods laid the foundation for economic regionalism in West Africa.

Nigeria, the leading factor for the creation of a West African-wide economic community, was motivated by a variety of domestic, regional and international considerations (the majority of which were economic, political and strategic in nature). Nigeria is Africa's most populous nation, with rich strategic resources, and regards West Africa as its sphere of political and economic influence. Two events shaped Nigeria's leadership role in the formation of a West African economic community.

First, the Biafra civil war of 1967–70 established the link between national security and regional security. The civil war was a turning point in the history of Nigeria, in that it shifted its foreign and security policy orientation from ''isolationism'' to ''interventionism'' in regional affairs. Second, the oil crisis of 1973 brought Nigeria into the international limelight because of its strategic oil resources. Nigeria became an indispensable oil producer for the West and used the forum provided by OPEC to flex its political muscle in African and international affairs. Oil diplomacy became a major instrument of Nigerian foreign policy.

Nigeria's civil war history and strategic oil resources strengthened its leadership ambitions in West Africa. This was to reinforce a self-image of Nigeria as the leader in West Africa with a ''manifest destiny'' to lead the sub-region. Nigeria's leadership role in the formation of ECOWAS was, therefore, in pursuit of achieving the traditional ends of politics – i.e., power, prestige and political influence. West African economic regionalism was to provide Nigeria with a platform for a more activist diplomacy in African affairs. Furthermore, Nigeria's West African leadership was geared towards limiting French influence (which rivals Nigeria for leadership of West Africa) in the sub-region. Nigeria has always regarded French influence in West Africa as a threat to its national security and political independence. Therefore, an economic integration project under Nigerian leadership was perceived as a counter-weight to French influence in West Africa.

France is the most influential extra-regional actor in West African integration. French West Africa is a centrepiece of France's African foreign policy. Its considerable economic, military and political involvement in the sub-region dates back to the colonial period. Post-colonial Francophone states maintained a series of interlocking relationships in the form of economic and technical cooperation, all of which were largely dependent on France. In the post-independence era, France discouraged any effective socio-economic and political cooperation between the Francophone and Anglophone parts of Africa. Olatunde Ojo (1980), therefore, argues that France served as the main protagonist of the anti-West African economic community. However, France's anti-West Africa integration stance indirectly served as a stimulus to strengthen the resolve of Anglophone West African states to bring about the formation of a region-wide economic community.

Formation of ECOWAS: 1972–1975

The formation of ECOWAS was the result of a complex combination of factors and initiatives of regional players. The late president Tubman of Liberia could be credited with leading the diplomatic and political initiative for the creation of a West African economic community. In his speech on 7 January 1964, he introduced the idea of a free trade area in West Africa and even organized a series of bilateral and multilateral talks with other West African governments on the possibility of creating a free trade zone. The Liberian initiative encouraged the UN-ECA to organize a West African Summit of free trade in Monrovia in 1968, but the Francophone states did not attend the ECA-sponsored regional free trade summit. This led to the emergence of two rival economic groupings in the sub-region: CEAO, whose membership was exclusively Francophone countries, and the Nigeria-Togo Union, which was to serve as the basis for the proposed West African community. Within the Anglophone community, the Mano River Union (MRU) was established in 1973 between Liberia and Sierra Leone (joined by Guinea in 1980). Between 1965 and 1972, all efforts to achieve the creation of a regional economic community were futile, despite the institutional support given by ECA. The political divide between the Francophone and Anglophone West African states, a clash of national interests and complex geopolitics considerably hindered the formation of ECOWAS.

General Gowon and President Eyadema of Togo could be credited with spearheading the campaign for the formation of ECOWAS. The creation of CEAO in 1972, which excluded Anglophone countries and gave observer status to Togo, brought a new diplomatic impetus from the two leaders. The Gowon government in the post-civil war era made a determined effort to win over Francophone states that had supported the Biafra secessionists. To counter the political influence of the Francophone grouping, Gowon proposed an all-West African economic community, and in collaboration with Togo, formed the Nigeria-Togo embryonic West African Economic Community (WAEC) in 1972, with open membership. The support for an all-West African economic community generated by Togo, Dahomey (Benin) and Niger created the momentum for other Francophone states, particularly Senegal and Ivory Coast, to join ECOWAS.

A series of meetings of West African states from 1964 to 1975 directly led to the establishment of ECOWAS. The ECOWAS Treaty was signed in Lagos on 28 May 1975 by the original fifteen member states. Cape Verde, the sixteenth member, joined in 1977 after its independence from Portugal. The Magreb-oriented Mauritania has withdrawn from ECOWAS, effective 31 December 2000, for a variety of reasons. The realist political pursuits of West African states are reflected in their political gains from the formation of ECOWAS. "Big brother" Nigeria secured the ECOWAS Secretariat, Togo provided the secretariat for the ECOWAS Fund, whilst Côte d'Ivoire provided the first Executive Secretary for the regional economic community. This, therefore, set the stage for the future politics of regionalism in West Africa and for why it is dominated by the ECOWAS "big four": i.e., Nigeria, Côte d'Ivoire, Ghana and Senegal. The formation of ECOWAS provided a major organizational framework for regional economic integration and political cooperation in West Africa (Francis 2001).

Aims and objectives, institutional framework and main features of the treaty

The primary objective was to establish a common market that focuses on trade liberalization, harmonization of economic policies and the removal of barriers to the free movement of factors of production (i.e., people, goods and services). It was proposed to achieve this in "stages," through the establishment of:

i. A free trade area with no tariff (quantitative and qualitative restrictions) on intra-regional trade,
ii. A customs union with no intra-regional tariff, but a common external tariff towards third countries,
iii. A common market that allows free movement of the factors of production, and
iv. economic integration that would harmonize the economic, monetary, fiscal and agricultural policies of the community.

The aims of the Community outlined in Article 2 of the 1975 Treaty[3] also proposed to undertake sectoral development programmes in such areas as industry, transport and communication, energy and infrastructural development. To achieve the objective of monetary integration and equitable distribution of the benefits of economic integration and cooperation, the treaty proposed to establish a fund for cooperation, compensation and development. It is obvious that the economic objectives are protectionist and exclusionary, like the majority of economic integration schemes in other parts of the world.

The institutional mechanisms charged with administering and directing the affairs of the ECOWAS community include the authority of Heads of State and Government, Council of Ministers, Executive Secretary, the Fund for Co-operation and Development, Tribunal of the Community and the ECOWAS Parliament. A variety of specialized Commissions have been established; these include the Trade, Customs, Taxation Statistics, Monetary and Payments Commission; the Industry, Agriculture and National Resources Commission; the Transport, Telecommunications and Energy Commission; the Social and Cultural Affairs Commission; and the Security and Mediation Council. An additional technical commission is that of the Community Computer Centre, with the responsibility to computerize the collection, acquisition and management of community customs and external trade statistical data.

The Revised Treaty of 1993[4] made important changes to the 1975 Treaty to reflect the changed international political and economic environment. The Revised Treaty added an Economic and Social Council, a Community Parliament and a Community Court of Justice. It also established a specialized technical Commission for Political, Judicial, Regional Security and Immigration.

The common market objectives through trade liberalization and free movement of persons are at the heart of ECOWAS integration. Through ECOWAS community citizenship, it creates a borderless West Africa that facilitates the free mobility of the factors of production. Free movement continues to generate support and commitment from ECOWAS countries, in spite of the general reluctance to open their economies to regional pressure. The freedom to move without visa restrictions within the community is regarded as the most important symbol of the existence of the West African community. However, community citizens have to contend with illegal barriers such as road blocks, and extortion by customs and immigration officers. These limitations have not detracted from the relatively successful achievement of the free movement protocol, when compared with other regional integration projects in Africa.

Expanding the security frontiers of ECOWAS integration

The political and security dimensions of ECOWAS regionalism have, until recently, been fairly muted. This is understandable, given its economic integration origins. But the phenomenon of violent intra-state conflicts in West Africa has brought home the realization that the economic integration objectives are unattainable in an environment of political instability and societal conflicts.

The West African sub-region in the 1990s has become the new theatre of violent civil wars, in Liberia, Mali, Sierra Leone and Guinea Bissau. These domestic conflicts threaten not only regional and international peace and security, but also challenge the capacity of the United Nation and regional organizations in managing and resolving them. Though these civil wars are domestic in nature, they often have regional and international ramifications. The most serious threat to regional peace and security in West Africa is the "contagion effect" of civil wars. These domestic conflicts are perceived with apprehension as the "fire next door" – a bush fire that does not respect national boundaries because its consequences are felt far beyond the state's borders (Francis 2000b). These brutal intra-state conflicts have led to state collapse, and their contagion effects threaten the national and regional security of the sub-region mainly due to the influx of refugees and the proliferation of small arms.

It is the concern for regime survival, and national and regional security, that has forced West African leaders to take an active role in managing and resolving these regional conflagrations. In particular, the Mano River states of Liberia, Sierra Leone and Guinea have been locked into a vicious cycle of civil war and regional security complex. They have, therefore, appropriated collective solidarity as the mechanism to intervene and put out these threatening regional "fires." It is the imperative for regional peace and security as a precondition for achieving the economic integration objectives that forced the political leaders in West Africa to create a home-grown regional security and conflict management mechanism in 1990. The formation of the ECOWAS Cease-fire Monitoring Group (ECOMOG) and the experiment with ECOMOG security regionalism means that political and security issues have dominated the ECOWAS economic integration agenda. The transformation of ECOWAS – i.e., taking on the mantle of security regionalism – is part of the wider responses of regional groupings to the challenges of economic globalization and the changed international conflict environment of the 1990s.

The creation of ECOMOG: The Liberian civil war and international neglect of Africa

The expansion of ECOWAS into the security domain was made possible by two crucial imperatives. The outbreak of the Liberian civil war and the response of the international community led to a new thinking in West Africa about how to address regional security and economic crises.

The immediate cause for the Liberian civil war was the rebel invasion led by Charles Taylor of the National Patriotic Front of Liberia (NPFL) on Christmas Eve in 1989. The insurgency was against the nearly ten years of tyrannical rule of President Samuel Doe who, in 1980, as a Master-Sergeant, led a bloody military coup against President Tolbert. Due to the level of state weakness and economic impoverishment, Taylor's invasion, in less than a year, succeeded in controlling 90 per cent of the country (i.e., 12 out of the 13 counties), which he later called "Greater Liberia" and proclaimed himself president.

During this period, Liberia effectively degenerated into chaos and anarchy, and the authority of President Doe did not extend beyond the Executive Mansion where he was besieged. He was subsequently captured and killed by the rival Independent National Patriotic Front of Liberia (INPFL), led by "General" Prince Johnson, whilst on an "official mission" to the ECOMOG headquarters (Francis 2000a).

For a variety of personal interests and political considerations, Taylor's rebellion was supported by Burkina Faso and Côte d'Ivoire (both ECOWAS members) and Col. Muammar Qaddafi of Libya. The level of human carnage and destruction during the civil war led to a massive influx of refugees and created a humanitarian catastrophe. According to a US State Department Report (1990): "All combatants routinely engage in indiscriminate killing and abuse of civilians, looting and ethnically based executions, with one of the worst single episodes occurring in July when AFL soldiers killed approximately 600 persons taking refuge in the courtyard of St. Peter's Church." West African nationals were also targeted for brutal reprisals by all parties to the conflict for allegedly supporting their opponents. This brutal civil war and humanitarian catastrophe directly threatened regional peace and security.

The Liberian civil war had important implications for the response of the international community to violent intra-state conflicts in Africa. When the war broke out, numerous calls for the United States and the UN to intervene went unheeded. The US, in particular, had a special relationship with Liberia because of the country's strategic and economic advantages during the cold war. The changed international environment of the post-cold war era meant that the only form of foreign intervention was limited to the protective evacuation of Western nationals by US marines.

The international response to the Liberian civil war was to set the pattern of international neglect of African conflicts in the post-cold war period. The Liberian conflict coincided with the end of the cold war and the outbreak of the Gulf war, which attracted the attention of the international community. The end of the cold war adversely affected Africa in that there was general reluctance amongst major powers to continue the traditional practice of unilateral intervention in African conflicts. Also, Africa was, during this period, of limited strategic, political and economic relevance to the major powers. The UN, in spite of its preoccupation with the Gulf war, was vastly over-burdened with new post-cold war responsibilities. The so-called new world order and the post-cold war peace dividend had a considerable impact on international response to African conflicts such as the Liberian civil war. The international neglect and differential treatment of African conflicts created the space for West African leaders to develop new ideas and home-grown approaches to regional security and conflict management, devoid of cold war ideological divide.

The expansion of the ECOWAS community security frontiers was by default. The spreading sub-regional conflict and instability, coupled with the international neglect of Africa, foisted on West African leaders the pragmatic political necessity to expand into security – an expansion that incorporated the new and vexing challenges of the security landscape in the sub-region. The Nigerian president, General Ibrahim Babangida, in an impromptu briefing on the Liberian crisis in 1990 stated: "When certain events occur in the sub-region depending on their intensity and magnitude, which are bound to affect Nigeria's politico-military and socio-economic environment, we should not stand by as helpless and hapless spectators" (Nwachukwu 1991).

Nigeria took the political and diplomatic initiative in convening the ECOWAS Standing Mediation Committee (SMC) because it perceived the Liberia crisis as a threat to national and regional security. An ECOWAS peace plan was designed for Liberia as a framework to resolve the civil war. It provided for an immediate cease-fire. The establishment and deployment of the ECOWAS Cease-fire Monitoring Group (ECOMOG) as a multinational intervention force to monitor the observance of the cease-fire, and the establishment of an interim government of national unity as a prelude for the holding of democratic elections under international supervision. The ECOWAS peace plan for Liberia was supported by both the OAU and the UN.

ECOWAS, therefore, had to adapt its traditional economic integration institutions to play a conflict management and resolution role. ECOMOG's mandate embraced elements of peacekeeping and enforcement, hence the justification for military intervention. However, when the ECOMOG "Operation Liberty" landed in Monrovia on 24 August 1990, it was without the consent of one of the main parties to the conflict, the NPFL. There was no peace to keep, or cease-fire to observe, nor had the force any previous experience in peacekeeping. In such circumstances, the ECOMOG intervention force inevitably got embroiled in the Liberian imbroglio. This was to have serious implications for the peacekeeping force to serve as a neutral inter-positionary force in the conflict.

Arguably, the Liberian civil war was a "clear and present" danger to the regimes in West Africa, most of whom are of dubious legitimacy. These West African leaders were, therefore, not ready to entertain the domino effect of the Liberian example. Political realists would argue that the struggle for regime survival was the primary motif for the rather unusual regional military concert to respond to a "regional" security threat (Francis 2001).

The nexus between economic and security regionalism

The politics of economic regionalism had ensured ECOWAS preoccupation with regional political cooperation and confidence building, especially in such areas as peaceful resolution of inter-state disputes and forging a common position on international affairs. ECOWAS foreign policy response to inter-state disputes and other threats to regional security have been based on mobilizing regional solidarity to mediate peaceful resolution of dispute and to forge a common ECOWAS position on controversial global issues. The pursuit of national interests under the guise of regional cooperation had provided the opportunity for ECOWAS members to articulate a common foreign policy, when they deem it necessary. However, the willingness to pool their sovereignties goes beyond the simple realist interpretation. The pooling of sovereignty is a recognition of their mutual political, economic and security interdependence (and vulnerability), which had been the driving force for collective action (Keohane and Nye 1989).

The ECOWAS experiment with security regionalism has provided a platform for the regional organization to formulate and articulate a common foreign policy on security and conflict management issues. At the December 1999 ECOWAS summit in Togo, two important issues relating to regional security were adopted:

i. protocol establishing a permanent mechanism for conflict prevention, management and resolution, peace and security, and
ii. support for a regional moratorium on the importation, exportation and manufacture of light weapons.

ECOWAS regionalism has, therefore, provided a regional framework for institutionalized cooperation at political, economic, security and diplomatic levels. Though ECOWAS regionalism has been primarily preoccupied with economic regionalism, regional peace and security considerations have never been lost on member states. The 1975 Treaty did not make any provision for political and security cooperation. To fill this security vacuum, a Protocol on Non-Aggression of 1978 and a Protocol on Mutual Assistance in Defence of 1981 were signed by community members. These defence protocols were confidence-building mechanisms for peaceful coexistence, and reflected the recognition that regional peace and security were a necessary prerequisite for economic development and socio-political progress.

In particular, the 1981 Defence Pact provided for permissible armed intervention by ECOWAS, but only in defence of member states against external aggression. This was an unprecedented provision for legitimate intervention in the internal affairs of member states. However, this "cooperative protection" (Okolo and Wright 1990) against civil strife was directed against proxy wars and externally orchestrated civil wars. The conformity with the principle of non-intervention in domestic affairs of member states as provided for in the UN and OAU Charters militarily barred ECOWAS from intervening in any such conflicts. The Liberian civil war forced on ECOWAS leaders the need to formulate a regional policy approach on the propriety of military intervention in domestic conflicts. The ECOWAS extra-ordinary summit in Mali in 1990 established the rules of engagement for the threat and use of force by the regional community. The 1993 Revised ECOWAS Treaty, in an attempt to respond to the imperatives of regional security, specifically provided for regional political and security cooperation.[5] Additionally, the Francophone Mutual Defence Pact (*Accord de Non-Agression et d'Assistance en Matiere de Defence*; ANAD) in 1977 was integrated into the new ECOWAS security mechanism in 1999.

Civil wars in West Africa, and their threat to regional peace and security, have led to the need to redefine the notion of security. With the end of the cold war, Africa was literally on ''fire'' as manifested by the multiplicity of intra-states conflicts. The regionalization of these domestic conflicts is made possible because the majority of these ''fragile polities, by definition, are easily permeable. Therefore, internal issues in Third World societies ... get transformed into inter-state issues quite readily'' (Deng et al. 1996). In the post-cold war period, political instabilities and state implosion have become the prominent feature of the continent's political landscape. The lid placed on Africa's simmering conflicts during the cold war era was now removed, as support for clients states was no longer forthcoming. Insurgency groups, therefore, took up arms to contest state hegemony or the dominance of a small ruling and governing class. The result has been catastrophic in Africa – for example, state collapse and societal fragmentation in Somalia, DCR, Liberia, Sierra Leone and Rwanda.

In West Africa, the emerging non-military security threats include crime, drugs, HIV/AIDS, small arms proliferation, poverty, resource scarcity, religious, environmental problems and ethnic oppression, and these have instigated conflicts. The state could on longer continue to be the single referent object of security, and the traditional response to solve security threats is grossly inadequate to deal with the multiplicity of security threats in the changed conflict environment of the 1990s. The Liberian conflict impacted on the redefinition of security in the West African sub-region. The OAU, for its part, after decades of perceiving security in traditional military and external terms, finally acknowledged at its Dakar (Senegal) summit in 1992 that ''there is a link between security, stability, development and co-operation in Africa.''[6]

Insecurity in West Africa has been the product of both internal fissures and fission, as well as of external factors. Therefore, the formation of ECOMOG manifests the interplay between "economic development, regional security, democratization and conflict management in Africa as a whole" (Inegbedion 1994). However, the changing focus of the security problematic in the West African sub-region is part of the wider concern with rethinking security, i.e., broadening and deepening the conception of security (see Baldwin 1999). Although military security still remains important, for the majority of peoples in West Africa, human, environmental, economic, societal and food security are more serious threats than the traditional inter-state wars.

ECOMOG: Peacekeeping, peace enforcement and conflict management in West Africa

The West African experiment with security regionalism has led to involvement in peace support operations and conflict management in Liberia (1990–97), Sierra Leone (1997–2000) and Guinea Bissau (1999). The expansion of ECOWAS regionalism into the security domain was an *ad hoc* coalition to respond to regional security threats posed by the Liberian conflict. However, "adhocery" characterizes all coalitions that have come together to conduct complex emergency operations (Taw and Grant-Thomas 1999). For example, the creation of the first UN peacekeeping operations was formulated on an *ad hoc* basis in response to the Suez crisis in 1956. The United Nations Emergency Force (UNEF), which started as an *ad hoc* operation, became a model for UN peacekeeping forces.

It could be argued that the contagion effects streaming from the influx of refugees, the spread of national dissidents, arms proliferation and a militarized West Africa were enough reasons to force the member states to band together to prevent the spread of instability. The ECOMOG coalition was, therefore, a rational approach to serve the national interests of community members. The range of incentives was enough to coerce ECOWAS leaders to overcome their differences and political rivalries, and under the banner of ECOWAS to collectively address regional security issues – whilst, at the same time, securing the fragile stability of some of the illegitimate governments and weak states.

ECOMOG's interventions in West Africa have been generally cast in humanitarian terms: both forcible and non-forcible humanitarian intervention. These complex emergency operations range from peacekeeping, peace enforcement and democratic intervention to humanitarian relief assistance and helping to restore collapsed states. The ECOMOG experiment reflects the emerging phenomenon of intervention in domestic conflicts by intergovernmental collective security arrangements in the 1990s (for example, the American-led UN intervention in Haiti, UNPROFOR in Bosnia, UNOSOM I & II in Somalia and KFOR in Kosovo). These multinational interventions in international conflicts are not only costly, but also contravene the norms of international society (Francis 2001).

Peacekeeping and conflict management in Liberia

The intervention of ECOMOG into Liberia was without a formal peace agreement or cease-fire, which inevitably compounded the regional forces' peacekeeping capability. Through UN-ECOWAS cooperative security, a United Nations Observer Mission (UNOMIL) was sent to Liberia to legitimize and facilitate the mandate of ECOMOG. The ECOWAS and ECOMOG twin-track conflict management strategy of political negotiation and military pressure led to series of peace talks from Banjul to Bamako, Geneva, Lomé, Yammassoukru, Cotonou, Akosmobo and Abuja. The coercive diplomacy adopted by ECOMOG led to the signing of series of cease-fire agreements and the eventual commencement of disarmament and demobilization of warring factions.

The ECOWAS peace plan for Liberia was politically and diplomatically supported by the UN, OAU and key western governments and institutions. Through diplomacy backed by force, the ECOWAS peace plan for Liberia succeeded in its primary objective of holding democratic elections in July 1997, under the supervision of ECOWAS and other international observers. The elections were won by Charles Taylor, with the tacit support of the sub-regional hegemon, Nigeria.

Though ECOMOG's intervention did not solve the underlying root causes of the conflict or eliminate the potential for relapse into further conflict, it nevertheless brought a deadly civil war to an end, and not only helped to stabilize war-torn Liberia, but also stopped the humanitarian disaster, assisted with engineering the restoration of the collapsed state, and ensured democratic governance based on respect for the rule of law, and not "gun law."

Democratic intervention and peace enforcement in Sierra Leone

The contagion effect of the Liberian civil war was felt in Sierra Leone, when Corporal Foday Sankoh's Revolutionary United Front (RUF), supported by Charles Taylor, invaded the eastern borders of the country in March 1991. The Taylor-sponsored RUF insurgency eventually led to the overthrow of the All Peoples Congress Party (APC) regime in 1992 by a military junta, the National Provisional Ruling Council (NPRC). The re-introduction of democratic governance in 1996 was aborted by the intervention of the military in May 1997.

The ECOWAS mediation led to the signing of the Conakry Peace Accord for Sierra Leone. Failure to implement the peace agreement provided the opportunity for ECOMOG's military intervention, which led to the overthrow of the Armed Forces Revolutionary Council (AFRC) military junta and the restoration of constitutional order in Sierra Leone. ECOMOG intervention in Sierra Leone, therefore, helped to restore constitutional order – an unprecedented example in the political history of West Africa – negotiated a political settlement to the nine-year old brutal civil war and provided security for the state.

Cooperative peace broker in Guinea Bissau

The insurgency led by General Ansumana Mane against the authoritarian regime of President Bernado Nino Viera was mainly the product of the politics of underdevelopment established by post-independence regimes in Guinea Bissau. The sacking of General Mane as head of the army by President Viera, on allegations of arms sales to the Senegalese separatist movement in Casamance, led to armed revolt by loyal soldiers. This led to intervention by neighbouring Senegal and Guinea, under the auspices on ECOWAS, on behalf of the beleaguered President Viera. Senegal's intervention in Guinea Bissau was considered a national interest because of the impact of the Casamance separatist rebellion in southern Senegal.

President Viera's appeal to ECOWAS led to the formation of an ECOWAS Committee of seven to facilitate a negotiated settlement of the conflict, and the security mandate of ECOMOG was expanded to cover Guinea Bissau. A cease-fire and a peace agreement between Viera's regime and his former army chief was signed in Praia, Cape Verde. The peace accord was jointly brokered by ECOWAS and the Portuguese-speaking countries, the Community of Lusophone Countries (CPLP). The Senegalese-led ECOMOG observer mission was entrusted with the responsibility to monitor the cease-fire agreement.

However, the military superiority of the rebel army led to the overthrow of the Viera government and the setting up of a government of national unity. The military had since returned to the barracks after organizing domestic elections. In the internal conflict in Guinea Bissau, ECOWAS diplomacy contributed to ending the fierce fighting and, through cooperation with the CPLP and the UN, contributed to post-war peace building and reconstruction.

Strengthening conflict management capacity: establishment of an early warning system

In recognition of the nexus between peace, security, conflict management and ECOWAS integration, an Early Warning System has been established with regional observation networks. These regional observatories are responsible for conflict tracking, observing, analysing and reporting on the socio-political, economic and security situations in the sub-region that have the potential to escalate into armed conflict; the nature of threat perception; and the dynamics of conflict instigating factors. Four regional zones for conflict tracking and mapping have been established.[7]

The Security and Mediation Council (SMC)[8] formulates the strategies for responding to conflicts and instability or to diffuse potential violent conflict in the sub-region. The strategies include setting up of a fact finding mission; the use of the good office of the Executive Secretary for dialogue, intervention and mediation; utilizing the services of the Council of Elders[9]; and, as a last resort, the deployment of military force. However, what is noticably absent in the ECOWAS Early Warning Response mechanism is a framework for early response. The examples of the Rwandan genocide in 1994 and the violent and bloody conflict in Sierra Leone in 1991 demonstrate the limitations of early warning response mechanisms. These examples show that the problem is not one of early warning, but of failure or lack of early response to conflicts that have all the indications of generating into armed violence. It is, therefore, argued that it will serve the ECOWAS security framework to develop a twin-track mechanism of early warning and early response mechanisms.

Blurring the frontiers of economic and security regionalism: implications for African international relations

The ECOWAS expansion into the security frontier has relevant implications for African and international politics. When this ad hoc multinational intervention force was created, it was criticized by political analysts and media commentators as an example of how not to conduct peacekeeping operations outside the traditional UN framework (Shaw and Okolo 1999). However, ECOWAS security regionalism has shown relative success in peace support operations and conflict management. As a regional intergovernmental collective security organization, it has assumed a dynamics of its own and has, therefore, affected the nature of African international relations. The ECOMOG conflict management experiment has major implications for the understanding of post-cold war African politics. It has moved the regional community beyond its primary state-centric focus to a pluralistic conception of domestic and international politics. In the management of the West African crises, ECOWAS had to deal not only with collapsed states, but also civil society organizations, warlords and extra-regional actors.

Civil wars in West Africa have undermined the traditional norms of international society, in that ECOMOG interventions contravened the OAU and UN principles of non-intervention and political sovereignty – principles which have constrained the effectiveness of the OAU and the UN in the management and resolution of domestic conflicts. The threats posed by civil wars in West Africa have led to a fundamental rethinking of the norms of international society within the ECOWAS region, a development that has influenced the creation of the new African Union which now recognizes the collective right of the African states to intervene in situations of state collapse, gross violations of human rights and war crimes. West African leaders, like the majority of those in Africa, now recognize that non-intervention and political sovereignty are no longer sacrosanct when it comes to deadly internal conflicts.

A fundamental shift in the international relations of African states is the recognition that "internal human rights violations (and civil wars) is [sic] a threat to international peace and security warranting the attention of outside states" (Damrosch 1993). The OAU, which has spent decades hiding behind the protection offered by the norms of international society, had to endorse ECOMOG's intervention in the West African conflicts. This paradigm shift in African inter-state relations means that states now have the responsibility to demonstrate not only the "legal fiction" of juridical sovereignty, but also domestic sovereignty. ECOWAS interventions have been concerned not only with managing and resolving armed conflicts, but also with the reconstruction of collapsed states and halting humanitarian catastrophes. These kinds of "reconstitutive interventions" have been regarded as permissible breaches of international law (Zartman 1995).

The ECOWAS experiment in security regionalism has positively influenced other regional and sub-regional organizations. The West African example in Liberia served as the basis for the OAU's adoption of a security agenda in 1992 as a mechanism for the management of continental conflicts. It was followed by the adoption of the Mechanism for Conflict Prevention, Management and Resolution in 1993. The Southern African Development Community (SADC) in 1996 established an Organ for Politics, Defence and Security, which later organized and deployed an intervention force in the Democratic Republic of Congo.

The ECOMOG peacekeeping and peace enforcement operations in West Africa have established a new cooperative security between the UN and ECOWAS in terms of task-sharing in the maintenance of international peace and security. ECOWAS security regionalism is, to some extent, emerging as the practical realization of the OAU's "try Africa first" approach to conflict management and resolution.

Conclusion

The ECOWAS expansion into the frontier of security regionalism is a novel initiative, but the experience shows that developing a multinational force is the easiest part; sustaining the intervention and implementing an exit strategy are, most times, difficult. The ECOMOG interventions are also very expensive operations for the largely underdeveloped economies in the sub-region. However, the ECOMOG experience demonstrates the need for the regional security organ to move beyond the traditional neutral inter-positionary approach to peacekeeping, and instead adopt a more comprehensive approach to regional security that embraces peacemaking, peacekeeping, peace enforcement, conflict management and conflict prevention.

The recognition of the nexus between economic integration, regional security and stability means that ECOWAS should henceforth prioritize human and social security, democratic governance and respect for human rights as the enabling environment within which the objectives of ECOWAS integration and regional economic development can be achieved. Peace, security and development are necessary prerequisites for West African integration. However, the salient point should be made that the ECOWAS institutional and military approach to security in West Africa is insufficient to respond to the myriad of non-military security threats, such as increasing poverty, and depressing social and development indicators such as HIV/AIDS, intra-communal violence and ethno-religious strife. According to the ECOWAS/International Peace Academy Conference in Abuja, "ECOWAS capacity to tackle the nexus between good governance and security will be key to any attempt to build peace in West Africa, *and hence achieve the economic integration objectives*" (Ero et al. 2001).

Notes

1. Dr. David Francis lectures in the Department of Peace Studies at the University of Bradford. He has written extensively on economic and security regionalisms in Africa. His forthcoming publication is *Uniting Africa: Building Regional Security Systems* (Boulder: Lynne Rienner, 2003).
2. The political economy analysis of West Africa draws extensively from Francis (2001), pp. 8–12.

3. *Treaty of the Economic Community of West African States (ECOWAS) 1975*, Lagos: ECOWAS Secretariat, 1975.
4. *Economic Community of West African States (ECOWAS)- Revised Treaty*, Abuja: ECOWAS Secretariat, 1993.
5. Chapter X, Articles 56 and 58, of the ECOWAS Revised Treaty (1993) addressed the issues of both inter-state and intra-state conflicts, and recognized the need to "establish a regional peace and security observation system and peacekeeping forces."
6. Quoted in Keller and Rothchild (1996).
7. The four zones include: 1. Cape Verde, Guinea Bissau and Mauritania, with Banjul, Gambia, as the zonal HQ; 2. Côte d'Ivoire, Mali and Niger, with Ouagadougou, Burkina Faso, as the HQ; 3. Ghana, Guinea and Sierra Leone, with Monrovia, Liberia, as the HQ; and 4. Nigeria and Togo, with Cotonou, Benin, as the HQ.
8. SMC comprises Heads of States and Governments, Foreign Affairs Ministers and Ambassadors. It is responsible for taking important decisions relating to peace, security and the deployment of any peacekeeping and enforcement troops. Also, it has established a Defence and Security Commission constituting defence chiefs and security experts.
9. The Council of Elders, comprising 32 eminent persons, is charged with the task of facilitating negotiation, mediation and reconciliation in potential conflict situations. This is a recognition of the relevance of traditional Africa conflict management and resolution mechanisms and the utility of regional societal resources for conflict prevention and resolution.

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7

UNDP perspectives on African integration

Zéphirin Diabré

This chapter focuses on "United Nations Development Programme (UNDP) perspectives on African integration." I would like to demonstrate our role of facilitator between our development partners in Africa and one of our most important donors: Japan.

Those of you who are familiar with UNDP know how supporting adequate responses to the development challenges facing Africa has always been a major preoccupation for our organization. The topic of this volume is extremely relevant to our efforts to fight poverty in Africa. It is also very timely. The recent establishment of the African Union and the launch of the New Partnership for Africa's Development (NEPAD) have provided opportunities for extensive retrospective analysis of Africa's recent development achievements and failures, but also prospects for the new millennium. In the overall context of globalization, and in the light of the renewed regional political commitment around these two initiatives, the concept and need for regional integration in Africa takes a new powerful dimension and presents itself with new challenges.

Undoubtedly, the heightened concern of the international community about global development challenges expressed during the Millennium Summit of September 2000 and confirmed during the Monterrey Conference provides a unique opportunity to tackle more effectively Africa's development needs. The Millennium Development Goals (MDGs) offer concrete objectives to reach, and commitments for increased resources from donor countries provide additional means to development actors.

Furthermore, NEPAD offers a new framework for a closer partnership not only between the traditional actors of the international development community and the African leaders, but also with new actors: the civil societies and the private sectors from both donor and developing countries.

Despite this positive environment prevailing today, we should not, however, minimize the formidable challenges Africa is facing. And UNDP believes regional integration is, among others, a powerful and promising tool to achieve success in Africa's development.

A brief historical perspective shows that Africa has played a pioneer role in regional integration. Important lessons from previous experiences and attempts in integration can be highlighted, and demonstrate that important foundations exist for integration efforts. We have had numerous opportunities to address this issue, the latest in Addis Ababa last March during the Third African Development Forum.

Africa has had some of the oldest formal and structured regional groupings in the world in modern history. The former colonial governments in Africa had established regional blocs of countries in contiguous areas through free trade, common currencies and services with some success. In some cases, like the East African Community, positive achievements continued after the independence of the countries. For instance, a grouping of the West African British colonies, comprising Nigeria, Ghana (then the Gold Coast), Gambia and Sierra Leone, benefited from a common currency, free movement of factors of production, goods and services as well as common services covering transportation and communications, health and educational standards. Similarly, in the West and Central African French colonies, the countries were grouped into two common currency zones respectively, which are still functioning today as the CFA zone, established way before the euro and from which European Bank experts even came to get advice.

Efforts to foster the integration of Africa have been many during the last 50 years – from the commitment of the leaders of the continent's independence movements and the establishment of the Organization of African Unity in 1963, followed by the launching of numerous subregional initiatives such as ECOWAS, SADC, COMESA, ECCAS, etc. which were to be the building blocks of the eventual African Economic Community. In the 1980s, renewed efforts led to the Lagos Plan of Action and, later to the Abuja Treaty in 1991, preparing the grounds for the foundation for the African Union, to be established in 2002.

But, despite these efforts, few concrete results have been achieved. A recent study by Ernest Aryeetey, in March 2001, focusing on the outcomes of integration efforts in West Africa indicates only a very marginal increase in intra-ECOWAS trade, from 3 per cent in 1975 to just over 5 per cent in 2000, with no increase between 1985 and 1998.

Another study of the UN Economic Commission for Africa indicates that, as of 1999, exports between countries belonging to the same regional groupings did not exceed 10 per cent on average. More significantly, intra-regional bloc trade in manufactures remained insignificant, at between 2 to 7 per cent on average. The same ECA study shows that the degree of integration and quality of energy, transportation and communications infrastructure within most of the regional groupings continued to be low, constituting a serious bottleneck to integration. Above all, the level of commitment of the member countries to implementing the various treaty obligations has remained low.

What are the reasons for this, and what lessons should we draw as renewed efforts are being made by the Africans and their external partners to speed up the process of integration?

Major factors that have hampered Africa's integration efforts include the unwillingness of most African governments to cede sovereignty, and a low level of implementation of treaty obligations; limited complementarity between African sub-regional economies, and low levels of integration of infrastructures; failure to resolve deep-rooted political differences among member countries of regional groupings; and proliferation of conflicts in Africa. The proliferation of sub-regional groupings established since the 1980s is also believed to be more of a constraint to integration efforts than a facilitating factor. In addition, a lack of broad participation by all stakeholders in African countries has been an important stumbling block to the success of these groupings.

Nevertheless, motivating factors for regional integration are numerous: economic, political and strategic. Above all – and as all of us are aware – we live today in a world profoundly marked by the rapid globalization process. It has reduced considerably distances between countries and people, and bred a highly competitive global economic environment. It is estimated that, today, one-third of world trade is supported by regional trade agreements.

UNDP has long advocated that increased regional integration is essential for accelerated growth and transformation of African economies. Bigger markets enable firms to better exploit economies of scale, thereby spurring both local and foreign private investment. This is even more important for African countries whose individual national markets are limited in size. Regional groupings also facilitate improvements in production efficiencies, which in turn contribute to higher supply of quality factors of production and rapid technological advances. Additionally, regional integration contributes to halting the marginalization of Africa in the global economy by facilitating increased intra-regional trade as well as enhancing the bargaining power of the countries for global negotiations. Africa's effective participation in the global economy is no longer an option, but an integral part of its efforts to realize the development aspirations of its people. Given the limited capacity of individual African countries, closer and more genuine cooperation between them and deeper regional integration is essential for the realization of their development goals.

Clearly, regional integration in Africa is essential to addressing effectively one of the major development challenges that the continent faces today: poverty. Currently, Africa is the only region where the proportion of people living in extreme poverty is rising, with over 51 per cent of the population estimated to be living on under one dollar a day and about 40 per cent living on only 50 cents per day. Declining livelihood opportunities, low access to basic social services and significant gender inequalities are other important dimensions of poverty – all of which are also very prominent in Africa. It is estimated that, in order for the continent to meet the Millennium Development Goal of reducing poverty by half by 2015, African countries have to more than double their current growth rates from an average of about 3 per cent to 7–8 per cent, and investment-to-GDP ratios from 10–15 per cent to over 30 per cent. Increased growth and higher investment rates cannot be attained by African countries without a much higher level of participation in the global economy, which can be facilitated by regional integration.

An encouraging factor is that Africans have recently demonstrated a strong willingness to make integration work for the continent's accelerated growth and development efforts. In this regard, they have embraced a developmental approach to regional integration, linking, in the Abuja Treaty of 1991 and the African Union declaration, the integration of productive capacities and infrastructure facilities of African countries to poverty reduction and capacity-building. Governance issues have also been identified in order to foster integration within democratic environments.

Regional integration can also assist African countries to tackle the other equally important development challenges they face. These include the growing environmental degradation and progressive loss of biodiversity, the HIV/AIDS pandemic and the widening digital divide as well as proliferation of conflicts in Africa. There is broad agreement that all of these development challenges have explicit cross-border and regional dimensions. And examples of success are available: the positive experiences of ECOWAS peace-building initiatives, but also growing convergence of macroeconomic policies in many of the regional groupings are encouraging signals.

UNDP believes that we have today an enabling environment for ensuring a better success to Africa's renewed efforts at integration. As noted above, the Millennium Declaration and the MDG campaign has sparked international support for Africa's development aspirations. The launching of the African Union and the New Partnership for Africa's Development initiatives have attracted overwhelming support from both the international development and corporate sectors.

However, UNDP believes that certain critical pre-conditions have to be met, and certain types of integration strongly promoted, to achieve this time around better success for a more integrated Africa. First of all, regional integration should be pursued within a sustainable development framework and seen as a learning experience for Africa's integration in the global economic and political environment. This implies a more bottom-up approach to integration processes, with the active involvement of all stakeholders from civil society, NGOs and parliamentarians to the private sector. This will ensure broader participation and deeper ownership of the processes and, therefore, a better guarantee of their success. It also implies a comprehensive approach to integration, applied not only to the macroeconomic and financial sectors, but also to tackle issues pertaining to conflict prevention and peace building, democratic governance, environment and natural resources management, fighting HIV/AIDS and bridging the digital divide.

Second, stronger political commitment is required from governments. Individual countries should be prepared to cede portions of their sovereignty over policy-making processes to jointly established supranational institutions.

Third, in order to sustain the commitment of individual countries to integration schemes, adequate and well-functioning compensating mechanisms need to be put in place to counter natural tendencies towards unequal distribution of benefits from integration. These have, in most cases, been due to initial advantages of some of the member countries. This compensating mechanisms should be reinforced by effective dispute resolution mechanisms.

Fourth, there has to be some degree of rationalization of the numerous sub-regional groupings to make them building blocks rather than stumbling blocks to wider integration in the continent. This rationalization could also address issues of mandate and focus in order to increase the added value of the specific contributions of the respective sub-groupings beyond simple geographic considerations.

Also important is that sound and well-functioning institutional structures overseeing the integration processes should be nurtured and supported adequately by external partners.

After having played a key role in the transition process of African nations, UNDP has concentrated its resources on supporting their efforts at building their capacities to manage and address, through a sustainable human development approach, the development challenges facing the continent. Notable among these challenges are the rising incidence of both relative and absolute poverty, environmental degradation, the HIV/AIDS pandemic and regional conflicts.

After the Millennium Summit in September 2000, the entire international community is focusing on the achievement of the MDGs and providing support to the developing countries in reaching this ambitious but critical objective. The political momentum achieved in the Summit and in the launching of the MDG campaign provides a great opportunity for all development actors in their efforts directed to Africa. But achieving the Millennium Development Goals is particularly challenging for Africa. Furthermore, the intensification of civil conflicts in many parts of the continent have aggravated considerably the already high incidence of poverty.

I have argued that Africa cannot expect to achieve the MDGs without much higher levels of poverty-reducing growth. Currently, an important element of the reform process within UNDP aims at further concentrating UNDP's operations on policy and institutional reforms that strengthen the capacity of African countries for formulation and implementation of more effective poverty reduction plans. This includes the identification of macroeconomic and sector policies that are more supportive of accelerated poverty reduction. Although UNDP does not perceive growth as the panacea to poverty reduction, it recognizes its important role in the process. Emphasis will continue to be placed on facilitating growth processes that are explicitly pro-poor. This will be achieved, for example, by providing more scope for productive activities where the poor are concentrated, such as small- and medium-scale industrial and agricultural sectors, or directing more resources towards building up the productive assets and human capabilities of the poor.

UNDP's support to poverty reduction is explicitly premised on its appreciation of the multi-dimensional nature of poverty, which goes beyond purely growth and income considerations. The other widely recognized dimensions of poverty are gender inequalities, environmental degradation, the HIV/AIDS pandemic and inadequate access to basic social services. It is also evident that poor governance structures and conflict dramatically impact poverty. In addition, UNDP believes that harnessing information and communication technologies and closing the digital divide are essential to poverty reduction, particularly in Africa. Providing support to Africa in responding to these other dimensions of poverty constitute equally important focus or practice areas for UNDP.

UNDP firmly believes that in order for African countries to meet their desired growth rates and the MDGs as a whole, their participation in the global economy has to be increased significantly. For UNDP, the major issue at stake about the globalization process is how the multilateral trading system and global financial and capital markets could operate in ways that support and foster poverty reduction while still maintaining the attributes of efficiency. As our Administrator, Mr. Mark Malloch Brown, strongly advocated at the Third LDC Conference last year, UNDP sees better global governance as crucial to the attainment of the development goals with respect to poverty reduction in Africa. Important reforms of the global governance system are key to a more equitable participation of African countries. As a trusted partner of both the more powerful countries and LDCs, UNDP is well placed to play an important role in the promotion of a more equitable international economic and political system in partnership with UNCTAD and WTO. UNDP launched in 2000 a project known as Trade and Sustainable Development in order to contribute effectively to that process.

Strengthening the capacity of African countries through more effective regional integration schemes is essential to increase their participation in the global economy. Through its regional programmes, UNDP is actively providing support to African countries to strengthen their capacity for increasing their benefits from the globalization process, starting with an active participation in the major global trade talks, from the Uruguay Round to Seattle and most recently Doha.

UNDP's support goes beyond fostering a better understanding of, and compliance with, WTO rules and regulations by African governments. It aims at developing a comprehensive preparedness of African countries to participate more meaningfully in the globalization process. In this connection, the new Regional Programme for Africa has an important component for further strengthening the sub-regional and regional frameworks facilitating the countries' participation in the globalization process and efforts to forge closer linkages between globalization and poverty reduction. It is also providing critical support to strengthening the institutional set-up and resource mobilization capacities of the Secretariats of both the African Union and NEPAD.

In addition to advocacy, policy advice and capacity-building activities aimed at supporting regional integration efforts, UNDP is also providing countries with its network of country offices and compiled knowledge and development experience and expertise. Our universal presence in 136 developing countries has provided us with an excellent observation post to analyse and identify some of the best practices and criteria of success for regional integration processes around the world. For example, UNDP has provided support to specific regional groupings in Asia around common concerns and resources such as the Mekong River Commission in South East Asia and the Tumen River Programme in North East Asia. Working in a decentralized and networked fashion, UNDP promotes South-South approaches to developing countries partners. The TICAD programme funded by Japan is an excellent example of a development tool focusing on Asia-Africa linkages to effectively integrate Africa in the global economy through accelerated economic growth and sustainable development.

I have tried to make the case for regional integration. A series of enabling factors have emerged from international meetings, global processes and political commitments. Regional integration is today, more than ever, not only highly relevant but essential, vital to the efforts of Africa to achieve self-sustaining growth and development.

UNDP is committed to providing support to African countries in their efforts to participate more actively in, and benefit more equitably from, the globalization process, and to assist them in meeting their growth and poverty reduction objectives in the context of the MDGs. Integration in Africa provides an important instrument for this – hence our support to Africa's renewed efforts at regional integration. But, as acknowledged by a lot of development actors, the latest integration efforts very much appear as a "now or never" situation. Therefore, the on-going process within the NEPAD and African Union frameworks requires the support of all to achieve concrete and sustainable results for Africa.

8

The European Union and regionalism in developing countries

Walter Kennes[1]

Introduction

Over the past decade, there has been a significant increase in the efforts of developing countries to achieve regional economic integration. In various parts of the developing world, existing regional arrangements have been revitalized or expanded, and new groupings formed.

This can be illustrated with a few examples. The Association of South East Asian Nations (ASEAN) agreed on a trade liberalization agenda in 1992, and admitted several new members over the following years. During the first half of the 1990s, Mercosur in Latin America achieved rapid tariff dismantling within the region and worked towards a common external tariff. The West African Economic and Monetary Union (WAEMU)[2] started implementing its customs union in 2000, and installed a system of multilateral surveillance. A core group of nine member states of the Common Market for Eastern and Southern Africa (COMESA) installed a free trade area in 2001, and there are plans for a customs union; the Southern African Development Community (SADC) began the implementation of its free trade area around the same time. In the Caribbean region, the Caribbean Community (CARICOM) is finalizing an ambitious programme to achieve a single market and economy, and has entered into trade agreements with the Central American Common Market (CACM) and with the Dominican Republic.[3]

The initiatives between developing countries have coincided with further deepening and widening of regional integration among industrialized nations – as exemplified for the EU by the Maastricht Treaty, signed in 1992, leading (among other things) to the introduction of the euro. And in 1995, the EU was enlarged to the present fifteen member states. With the creation of the North American Free Trade Area (NAFTA) in 1994, the US also demonstrated a new interest in regionalism. Furthermore, there is an increasing number of North-South arrangements, such as the EU-South Africa Trade, Development and Cooperation Agreement and the EU-Mexico Agreement on Economic Partnership, Political Coordination and Cooperation. There are also several new agreements between the EU and the Southern Mediterranean countries in the context of the Barcelona initiative, which started in 1995.

One of the key objectives of the EU's development cooperation policy under the Maastricht Treaty is "the smooth and gradual integration of developing countries into the world economy." It is widely recognized that regional integration forms an important part of the strategy for achieving this. More recently, in December 2000, the EU Council of Ministers included regional integration among the six priority areas for the EU's development policy. Another of these six areas, "the link between trade and development," is closely related to regional integration, because trade liberalization is a key aspect of economic integration.[4]

Although we may be seeing a new wave of regional initiatives, past attempts at integration have not always lived up to expectations. This chapter examines why early attempts at regional economic integration among developing countries often led to disappointing results, and outlines why the new initiatives have more chances to be successful. It then suggests some elements for a coherent and realistic strategy towards integrating developing countries into the regional and world economy. Finally, it looks at the support that development cooperation can provide for the regional integration process.

Old regionalism: why did it not live up to expectations?

The recent integration initiatives are sometimes referred to as "new regionalism," to distinguish them from the "old regionalism" practiced in the 1960s and 1970s. The first wave may have faltered, but it seems that the second wave is here to stay. The lack of success "first time around" can be attributed mainly to three shortcomings: a misplaced focus on inward-looking economic policies, the absence of basic preconditions and weaknesses in institutional design.

During the 1960s and 1970s, the predominant development strategy was "import-substituting industrialization" using high protective barriers.

The main theoretical justification for tariff protection was the "infant industry" argument. The view was that, in order to gain a manufacturing foothold, local companies should have protection from established foreign competitors. At the same time, proponents were over-optimistic about the capacity of governments to plan and steer economic development. High tariffs were needed to support the import substituting industries, but they also became a useful source of funds for the rapidly expanding public sector. This inward-looking trade policy was reinforced by restrictive foreign exchange policies, which led to overvalued currencies.

Because most developing countries are small economies, it was felt that import substitution would have a much better chance if pursued at the regional level, and this stimulated various integration schemes. In many cases, this approach was underpinned by "regional industrial planning." The idea was that industries would be shared out among participating countries, on the basis that they would then go on to supply the whole regional market. This would allow benefiting from economies of scale.

The reasons for the failure of this strategy have often been documented.[5] They can be summarized as follows:

– High protection led to inefficient production and a lack of competitiveness.
– The infant industries did not grow up, and became an increasing burden for the rest of the economy.
– The strategy did not encourage technical innovation, and acted as a disincentive for export activities.
– The overvalued exchange rate further discouraged exports and stimulated imports by privileged groups with access to foreign exchange.
– In many cases, the strategy was combined with other policies that favoured urban over rural areas.

Nevertheless, the limitations of import-substituting industrialization only partly explain the failure of the first wave of integration. Even if inefficient, one might reasonably expect such a strategy at least to increase intra-regional trade, but there is little evidence that this actually occurred. So, there were clearly other problems as well.

Regional integration can only succeed if certain economic and non-economic preconditions are fulfilled (see, for example, European Commission 1995). Important aspects here include structural stability (peace and security), the rule of law, good governance, and macroeconomic and monetary stability. In many of the countries that participated in the "first wave" of regionalism, one or more of these preconditions was lacking. Two examples suffice to illustrate the problem: The absence of good governance can lead to a battery of irregular non-tariff barriers, which restrict the flow of goods across national borders within a region and increase the risk of doing business. And, if there is conflict or civil strife in one of the member states, it is hardly realistic to expect any meaningful progress towards economic integration.

It is interesting to observe that the above-mentioned preconditions for integration are usually consolidated, or made more credible, when economic integration becomes successful. A virtuous cycle can be achieved. An example of this is the EU. But, clearly, there seems to be a threshold effect. When the situation of the preconditions is very poor, economic integration cannot get off the ground to start the virtuous cycle.

Inadequate institutional design also contributed to the difficulties. Most literature on economic integration glosses over such matters. If countries say they want to form a customs union or free trade area, it is simply taken for granted that they can do it, provided only that they devise a workable scheme on paper. However, the actual implementation is a delicate process covering the setting of realistic targets, negotiation, implementation, control and resolution of disputes. It is conditioned by the nature of the decision-making process, which can be intergovernmental, supranational or mixed. Since its origin, the EU has been following a supranational approach on economic integration (more recently complemented by an intergovernmental approach for the two new "pillars" introduced by the Maastricht Treaty: foreign and security policy and justice and home affairs).

For various reasons, most developing countries were not keen on supranationalism, which would have implied a sharing of the sovereignty that many had only recently acquired. The result, in almost all cases, was the creation of regional institutions with weak secretariats and little or no authority. These bodies were invariably hampered by lack of resources, and political interference in personnel management. They were not able to ensure adequate preparation, implementation and control of agreed integration policies. And, in several cases, they became over-dependent on donor funding, even for their day-to-day functioning. This is clearly not a sound basis for progress.

An important aspect of institutional design is to achieve an efficient distribution of labour between different regional organizations. In some cases, there were overlaps in membership and contradictory objectives. Rivalry between regional organizations sometimes contributed to failures in the implementation of agreed policies. A number of approaches have been discussed in the literature, and increasingly put into practice, to facilitate the coherence of regional organizations as well as to deal with the accession of new member states and the introduction of new policy areas. These include variable speed, variable geometry, integration "à la carte" and flexible integration.

Under the *variable speed* approach, common objectives are agreed, but some member states can move more rapidly towards implementation.

Rather than let progress be determined by the slowest member, those who are ready to proceed can do so. Variable speed can accommodate different situations across member states, and it has become a usual feature in recent initiatives. Taking on board new member states is also a form of variable speed.

Variable geometry accommodates a situation wherein a sub-group of member states moves towards deeper, more advanced integration than the others, on a more or less permanent basis. Examples in Africa include the West African Economic and Monetary Union (WAEMU) within the wider Economic Community of West African States (ECOWAS), and the Southern African Customs Union (SACU) within the Southern African Development Community (SADC). (See figure 1 for an overview of the membership of African regional organizations.)

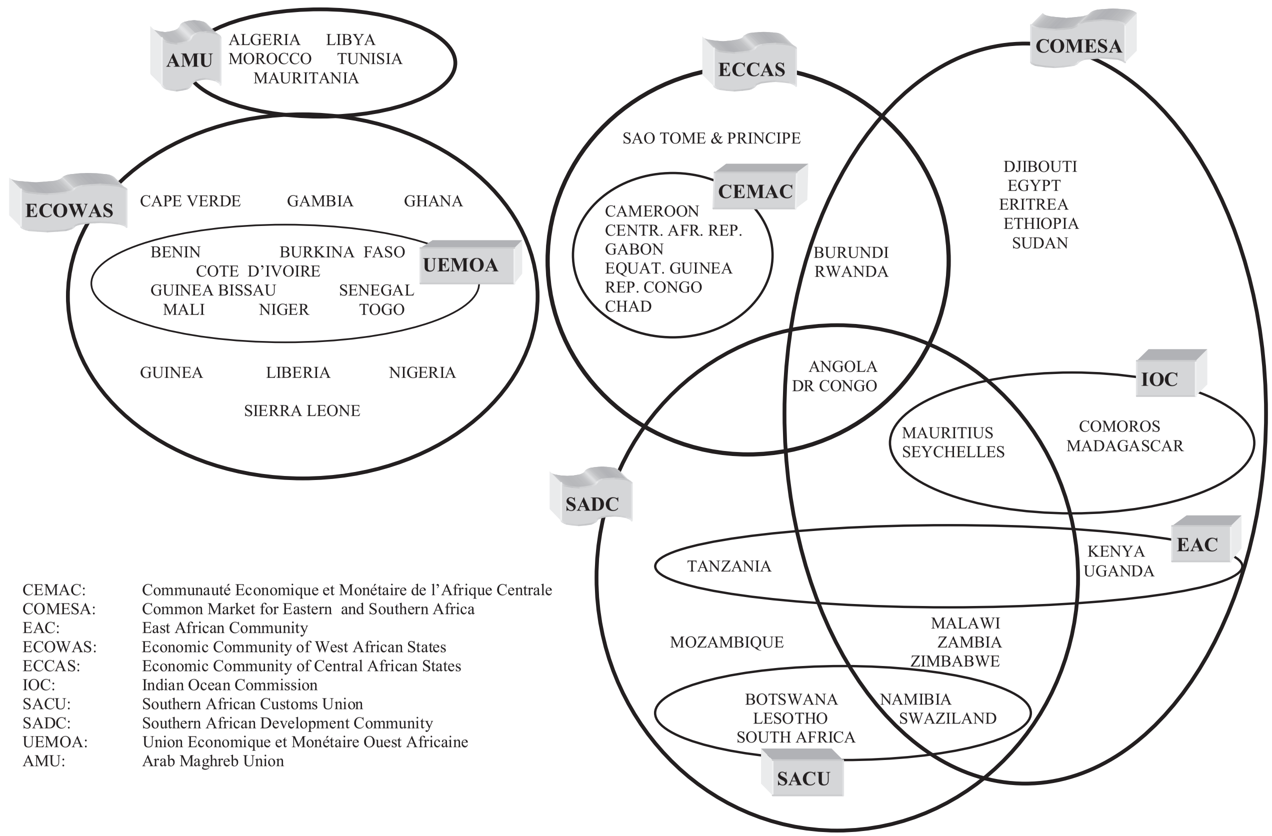
With "à la carte" integration, each member would be allowed to make its own selection from a menu of integration policies. Expressed differently, each member can opt-out of any policy that it does not like. Clearly, this is not a very manageable or desirable situation in practice.

Finally, *flexible* integration involves agreement on a list of core policies to which all state parties must subscribe, together with other areas where participation is voluntary. In other words, the opting-out possibility is limited to non-essential matters.

Following successive EU enlargements, and with further major enlargement towards Eastern Europe foreseen in the near future, there has been increased attention for allowing more flexibility in the EU set-up, even though not going all the way to an approach of flexible integration. The Treaty of Amsterdam (signed in 1997) introduced the possibility of *closer cooperation* to enable a subgroup of member states to work together in some areas, when not all the member states wanted to (or could) do so. The Nice Treaty (signed in 2000) clarified the conditions for what is now called *enhanced cooperation*. A minimum of eight member states are required to establish enhanced cooperation in a particular area, and member states have no right to veto the launch of enhanced cooperation. Enhanced cooperation needs to respect the role of existing institutions, and the member states that do not wish to participate immediately can join whenever they are willing and ready.

Two other reasons are sometimes cited to explain the lack of success of regional integration initiatives among developing countries. These are *wide disparities* between member states and *insufficient infrastructure*.

There are many types of disparity relating, for example, to income levels, development, economic size and the degree of industrialization, as well as differences in political systems, culture, history and language. Such divergences clearly make the management of integration more complex and costly. But, having said this, the effect of divergent devel-



CEMAC:	Communauté Economique et Monétaire de l'Afrique Centrale
COMESA:	Common Market for Eastern and Southern Africa
EAC:	East African Community
ECOWAS:	Economic Community of West African States
ECCAS:	Economic Community of Central African States
IOC:	Indian Ocean Commission
SACU:	Southern African Customs Union
SADC:	Southern African Development Community
UEMOA:	Union Economique et Monétaire Ouest Africaine
AMU:	Arab Maghreb Union

Figure 1. African Regional and Sub-Regional Economic Integration Groupings (11/2002)

opment levels on the distribution of the gains of integration is often exaggerated. In the long run, economic integration will generally tend to reduce disparities, and this is one of the main motives for integration. However, it is often the case that in the short run (during the transition phase) the benefits may not be evenly spread. Divergences will tend to decrease most rapidly if integration goes well beyond trade liberalization to include free movement of capital and workers, the right of establishment, and common competition and fiscal policies.

It is also possible to set up a cohesion policy to speed up convergence among the member states, such as practiced in the EU. There is an example of this approach in West Africa, where WAEMU has introduced a fund to help integration. This fund is financed from a levy of one per cent on imports from the rest of the world. The same levy is used to finance the common institutions and to provide a phased out compensation for losses of tariff revenue on intra-regional imports. While the EU's cohesion policies can be considered successful (especially in relation to Ireland, Portugal and Spain), it is too early to assess the WAEMU scheme. It is fair to say that a cohesion policy can only succeed when integration is fairly advanced and considered irreversible.

Lack of adequate transport and communications infrastructure is a formidable constraint that makes trade between many developing countries difficult and costly. This applies particularly to landlocked nations. Improving transport facilities has long been a priority for EU's regional cooperation programmes, especially in the African, Caribbean and Pacific Group of States (ACP group). However, the lack of transport infrastructure is not really a good explanation for lack of progress in economic integration. It is progress towards integration that usually leads to better infrastructures, rather than *vice versa*. This is because successful integration will tend to increase the rate of return of investments in cross-border transport and communications. It is the trade passing through that indirectly pays for the road and its maintenance.

New regionalism: What are the chances for success?

Why should the new integration initiatives have any better chance of succeeding than those attempted in the past? The main reason is that the current initiatives are taking place in a very different political and economic context. A key political difference is that the cold war is over. Certain rivalries that used to hamper conflict resolution no longer exist. In addition, many developing countries have evolved from authoritarian to more democratic regimes, and the influence of civil society on economic decision-making has significantly increased. On the economic front, there has been a strong policy shift towards more openness and reliance on market forces. Macroeconomic policies have also become much more stable. Monetary and exchange rate policies have brought down inflation rates and eliminated or drastically reduced the differences between official and parallel exchange rates.

Many of these policy reforms have been implemented in the context of macroeconomic reform programmes, in collaboration with the Bretton Woods institutions and other cooperation agencies including the EU. And, notwithstanding some exceptions, the economic shocks that so badly affected developing countries with few mineral resources during the 1970s and 1980s (commodity price, interest rate and exchange rate movements) have diminished.

The recent integration initiatives also follow a different approach, no longer emphasizing high protective barriers or regional import substitution. They are more outward-oriented. Additionally, the concept of regionalism has been broadened to cover a variety of issues ''beyond the borders,'' such as technical and health standards, competition policy, investment regulations, the provision of services and government procurement.

Even though the above reasoning provides important arguments for the view that the ''second wave'' of regional integration is here to stay, it is too early to declare it a success.[6] What is clear, however, is that the circumstances are now very different from those that pertained during the ''first wave,'' and important lessons have been learnt in the meantime. In view of this, regionalism may well prove to be an important step towards integration into the world economy. The next section works out more in detail how regionalism, in combination with sound macroeconomic policies and participation in the multilateral trading system, can be a valuable strategy for developing countries.

Regionalism: A useful tool for integrating into the world economy

Technological innovations, especially in the areas of information management and communication, combined with increased capital mobility have exposed the limitations of national economic policies, even in large industrial nations. A discussion on regionalism cannot ignore this globalization process, which implies both opportunities and challenges. There is a legitimate fear in many developing countries that they will lose out unless they prepare themselves, and regionalism is one of the instruments that developing countries can use.

Small economies lack diversification, thus making them extremely vulnerable to economic shocks. The opening up of such economies has often led to greatly increased interdependence and risks. Countries have become "stakeholders" in the economic policies of their neighbours. In such circumstances, some form of regional policy coordination becomes imperative. So, in reality, the question for developing countries is no longer whether or not they should take part in regionalism, but what kind of regionalism best suits them (see Kennes 2000).

The most frequent advice given to developing countries in relation to globalization has been participation in the multilateral trading system of the WTO together with unilateral trade liberalization. The rest of this section looks at some of the limitations of both recommendations, and suggests how regionalism in different forms can improve the strategy for integration into the world economy.

There has always been controversy over the extent to which the multilateral system actually benefits developing countries, who have often sought to justify the import substitution strategies mentioned above on the grounds that the international system was "unfair" to them. At the same time, by making this choice, they neglected the possibility of exerting influence on the direction of multilateral developments. The rapidly rising developing and transition country membership of the WTO, and the fact that more and more of these countries are also fulfilling the IMF requirements on current account convertibility, suggest an important shift in attitude. This is highly significant, because it means that developing countries will gradually become much more influential in the global system.[7]

The WTO puts in place a system of rules that establish rights and obligations for its member states. Developing countries have a right to "special and differential treatment" (SDT), mainly in the form of longer transition periods before obligations enter into force, and sometimes involving less stringent treatment. They can receive various kinds of trade-related assistance to help in meeting their obligations and defending their interests in case of disputes. But despite SDT, many developing countries, especially the least developed, have suffered from new obligations resulting from the Uruguay Round.[8]

Developing countries also felt that they were not able to participate effectively in WTO matters. This was one of the main reasons behind the failure of the Seattle ministerial meeting of the WTO in December 1999. Therefore, the Doha Development Agenda, approved in 2001, sets out a framework for further trade negotiations that responds to many concerns of developing countries: for example, in the areas of agricultural export subsidies, elimination of tariff peaks and tariff escalation for non-agricultural products, investment, competition and intellectual property. The challenge will be to reach a genuinely development-friendly outcome of Doha.

But even if the multilateral trading system becomes more development friendly, many limitations still remain. The WTO is a member-driven organization. An important constraint is that most developing countries lack the resources to participate effectively in the many meetings and technical panels. Another is that, in most areas, the international rules offer only a general framework – an outline that must be filled in by governments through national legislation and institution building. Because of the scarcity of national resources, a solution may be found in adopting a regional approach that complements the multilateral system. Regional organizations can ensure that the interests of their members are taken into account in the multilateral system, as well as deal with issues not yet covered by the latter.

Unilateral trade liberalization, going much beyond the WTO tariff reduction commitments, has often been recommended, especially by the Bretton Woods institutions, as a key strategy for developing countries. Unilateral reforms (whether or not in the context of a formal macroeconomic programme) may indeed help to achieve macroeconomic and monetary stability (and to eliminate costly distortions, as mentioned above). However, unilateral strategies do not automatically improve market access. Inefficient industries producing import substitutes may be forced to close down before any new export-oriented industries can be established. Where this happens, the result can, in fact, be renewed macroeconomic instability, not to mention an increase in social problems. This explains why unilateral liberalization is often not a popular strategy.

So, rapid unilateral liberalization can pose some big risks, especially for the least-developed countries and small, vulnerable economies. A large diversified economy may be able to respond more quickly to new market opportunities, but the same is not necessarily true of a country that depends on just a few commodities for its export earnings. There are significant adjustment costs that are difficult to handle in a vulnerable economy. Balance of payments support under a structural adjustment programme can contribute to the government budget and help maintain imports, thus providing temporary relief, but it does not directly increase the competitiveness of the private sector. It may, therefore, not lead to new investments and the desired supply response.

Another point that most developing countries must bear in mind is that unilateral trade liberalization will require important fiscal adjustments, given governments' continuing heavy reliance on trade-related taxes. Regional liberalization should help to ease this, because tariffs can still be charged on imports from third countries. Similarly, speedier and more coordinated liberalization at the level of the regional market (vis-à-vis the world market) will mitigate the adjustment costs for the private sector. Unlike the unilateral approach, it will improve access to the markets of regional partners. Thus, regional integration, taken in conjunction with an orderly and gradual opening up of markets to the rest of the world, can be superior to quick unilateral liberalization (which may be reversed if adjustment costs become too high).[9] One final point is that regionalism reduces the influence of pressure groups that would like to see protection restored and, hence, may be more credible than unilateral liberalization.

A theme that has received increased attention recently is ‘‘North-South’’ integration. This is a subject that goes beyond development co-operation policy in the strict sense, as it usually involves also interests of the North (for example, counteracting drug trafficking, money laundering and illegal migration). There are two important arguments discussed in the literature for developing countries to favour North-South integration. One is ‘‘locking-in’’ of sound economic policies and insurance against future forms of protection in the North (in certain cases, stringent health or social requirements could act in a way similar to tariff protection). Another strong point of North-South integration is the positive effect on foreign direct investment and on technology transfer.

But some analysts have also indicated possible risks of North-South integration for developing countries. One aspect is that adjustment costs may be large in the South, maybe not much different from unilateral liberalization. Still, the possibility and likely increased importance in the future of North-South integration does not diminish the benefits of South-South integration as elaborated above. In fact, successful South-South integration will facilitate future North-South integration.

When a regional grouping in the North enters into an agreement with another grouping in the South, rather than with an individual country, it is possible to speak of ‘‘South-South-North’’ integration (European Commission 2002). This kind of integration seeks to combine the strong points of South-South and North-South integration.

The EU is following this approach in its negotiations with Mercosur and with the Gulf Cooperation Council (GCC). In September 2002, the EU also opened negotiations for Economic Partnership Agreements (EPAs) with the ACP countries.[10] The EPAs are meant to put in place a trade regime between the EU and the ACP countries that is fully compatible with the WTO. This implies introducing an element of reciprocity in the trade relationship. A key aspect is that EPAs should help to strengthen ACP regional integration. Therefore they should preferably be concluded between the EU and regional groupings of ACP states that are sufficiently advanced in terms of integration. EPAs will not be limited to market liberalization in goods, but will also cover services and trade-related areas such as technical and labour standards, sanitary and phyto-sanitary measures, and rules in environment, investment and competition. In order to facilitate the preparation and implementation of EPAs, the EU is ready to provide a broad range of support measures. Most importantly, EPAs are conceived as a tool for development and should lead to an enlarged market governed by a stable and favourable framework for trade and investment.[11]

In summary, regionalism can help the smooth and gradual integration into the world economy and, thus, strengthen the basis for sustainable and equitable growth – provided the preconditions are fulfilled. Successful regional integration will increase competition, reduce transaction costs, enable firms to exploit economies of scale more easily, encourage inward foreign investment, facilitate macroeconomic policy coordination and reduce negative spill-over effects between neighbours. Regional groupings should best be conceived within the overall framework of the multilateral system, and should be accompanied by gradual opening towards the world market. Tariffs should be set at levels that do not encourage trade diversion. A regionally coherent liberalization strategy will reduce the cost of adjustment to an economy in the face of globalization, both for the private and public sector.

Support for regional economic integration

For a long time, the EU has been supporting regional integration initiatives among developing countries. Over the past decade, increased attention has been paid to the consistency of regional integration policies with sound national macroeconomic policies and with the multilateral trading system. The EU has strongly advocated that national policies should take into account the regional context. Support for regional integration has been focused on helping countries to benefit more from trade – not only in their region, but also with the EU and with the rest of the world.

Recent EU experience has led to a strategy comprising three interrelated areas:

- *capacity building* (including technical assistance, training and research) in the areas of regional economic integration and trade policy at the level of regional institutions and national governments;
- *assistance to the private sector* to facilitate repositioning in the wider regional and world markets, including improvements in the financial sector; and
- *support to governments* that are committed to implementing regional integration policies, to help them cope with the transitional effect on budgetary resources (balance of payments or budgetary support).

In more concrete terms, certain orientations might be envisaged for the three areas. Under the heading of capacity building, adequate attention must be given to the institutional design and legal framework of regional integration initiatives. There is also a need to develop analytical capacities (for example, to be able to make sustainability impact assessments of trade liberalization and regional integration). It should be kept in mind that the broad sustainability concept covers economic, social and environmental aspects. The approach should cover the training of personnel responsible for policy design and for handling WTO and regional obligations.

A lot of effort is needed to upgrade customs and other government services to deal with issues such as verification of origin, sanitary and phytosanitary requirements and technical barriers to trade. There is often a need to simplify and harmonize rules of origin. The private sector should also be involved in this capacity building – for example, in areas such as standardization, quality control and international payments procedures. Regional organizations should be strengthened so that they are able to provide real services to their member states in these areas. Customs unions (and other "deeper" integration structures) should be mandated to represent their member states in the WTO, thus both saving resources and ensuring a higher profile. Multilateral surveillance of monetary and trade policies, particularly the WTO's Trade Policy Review Mechanism, could be more closely linked to economic policy surveillance at regional level. And, if all of this is to work, capacity building is essential.

The benefits of unilateral liberalization and regional integration will materialize through decisions by the private sector. Subsidies to enterprises that are no longer viable in the regional or global markets should be resisted; this will be easier at regional level because of the reduced influence of pressure groups. At the same time, it should be recognized that adjustment and restructuring costs are real. There needs to be a new industrial policy that enhances competitiveness and facilitates adoption of improved technologies. Development cooperation can play a useful role here. Special attention should also be given to integrating developing countries more effectively into the global financial markets.

Trade liberalization will usually diminish government revenue in the short-run, as it will take time for new private sector activities to generate higher taxes. Particular care will be needed in undertaking fiscal adjustments. However, it should be kept in mind that reforms to increase the efficiency of customs services and to combat leakages will positively affect revenue. Moreover, expansion in the volume of trade as a result of liberalization will also increase tariff revenue.

The EU has been involved in many initiatives to support economic integration across much of the developing world, with an emphasis on sub-Saharan Africa, the Caribbean, Central America and the Andean Community.[12] In most cases, the focus has been on capacity building at the level of regional integration institutions. In view of the renewed attention for trade-related assistance following the Doha Development Agenda, it is useful to point out that most of the support for regional integration is also support for trade. This is because the regional integration initiatives of the "second wave" are conceived within the WTO context. A major part of the subjects generally dealt with by regional institutions (for example, customs valuation, rules of origin, technical standards, health requirements, competition rules, etc.) are also part of the Doha negotiations.

An example where all three areas for a strategy to support regional integration are present is the Cross-Border Initiative (CBI), which was recently renamed the Regional Integration Facilitation Forum (RIFF). CBI/RIFF has been co-sponsored by the EU, together with the African Development Bank, the IMF and the World Bank. The initiative is designed to facilitate regional trade, investments and payments in Eastern and southern Africa and the Indian Ocean region. Fourteen countries and four regional organizations participate on a voluntary and self-selecting basis. Capacity building has been mainly organized through Technical Working Groups (TWGs) set up by all participating countries. The TWGs bring together the main government and private agencies involved in regional integration and trade issues. The starting point was a detailed inventory by these TWGs of all the obstacles of doing business across the regional borders.

The CBI/RIFF provided a framework for the governments and regional organizations to agree on a road map for improving regional trade and investment. Participating governments implementing the agreed road map received additional EU budgetary support to assist with transitional costs. A variety of specific projects were implemented to help the private sector identify new export opportunities and improve quality. EU support to CBI/RIFF under the three headings of capacity building, budget support and direct assistance to the private sector amounted to around €90 million.

Another example where the EU supported a regional integration initiative combining the same three headings is the construction of the West African Economic and Monetary Union.

Conclusion

The economic success of a growing number of developing countries has demonstrated that integration into the world economy is possible and beneficial. But, while the globalization process holds opportunities for developing countries, it must be recognized that it also poses important risks and challenges, especially for small and vulnerable economies.

This article has presented the view that regionalism can help to reduce some of the risks of participating in the global economy. It has also summarized the EU support strategy for integration comprising three elements: capacity building and institutional strengthening, assistance for the repositioning of the private sector and facilitation of the government's policy reform process.

Regionalism can diminish adjustment costs and increase the effectiveness and credibility of macroeconomic policies. In combination with participation in the multilateral trading system, and involving gradual opening towards the rest of the world as well, it can help to make a more sustainable and socially more manageable transition. Hence, regionalism can indeed be a way for the "smooth and gradual integration of developing countries into the world economy."

Notes

1. Development policy, coherence and forward studies unit in the Development Directorate General of the European Commission. The views expressed do not necessarily represent those of the European Commission.
2. Better known under its French acronym UEMOA (*Union Economique et Monétaire Ouest Africaine*).
3. It is important to mention that progress towards regional integration has not always been steady. During the second half of the 1990s, the economic crisis in Asia and elsewhere led to some policy reversals. However, the reversals usually attempted to deal with a specific issue or sector, and did not stop the overall integration process.
4. The other priority areas are: support for macroeconomic policies (particularly the promotion of equitable access to education and health), transport, food security and sustainable development, and institutional capacity building (particularly in the area of good governance and the rule of law).
5. The criticism of import substitution behind high tariff walls should not lead to a conclusion that the state cannot or should not work towards a sound industrial policy. The best ingredients of such a policy are typically those that lead to a better overall investment climate; for example, improving education and skills and upgrading public utilities, infrastructure and financial services.
6. There are still many issues to be resolved. A persistent problem in the African context is the partial or complete overlap of regional integration groupings. For example, there are nine countries that are members of both SADC and COMESA. In addition, both the Southern African Customs Union and the East African Community are fully contained in the combined membership of SADC and COMESA. The overlap not only calls for additional resources to manage the institutions, but it also leads to lack of coherence between the policies of different groupings. Successful integration calls for gradually moving towards full harmonization of the different regional integration policies.
7. An example of the rising influence of developing countries in the WTO is the Doha Ministerial Declaration on TRIPS and public health (November 2001). The Ministers concluded that the TRIPS Agreement "does not and should not prevent WTO Members from taking measures to protect public health." As a result, mechanisms are being set

up to ensure availability of medicine in developing countries at much more affordable prices than would be permitted under the normal TRIPS provisions.

8. For example, the cost of new notifications and customs procedures, compliance with high technical standards and sanitary and phytosanitary measures, installation of standards offices, and the preparation and enforcement of new legislation for intellectual property protection.
9. A research programme covering 10 African countries, carried out by the African Economic Research Consortium and completed in 1996, demonstrated that reversals in trade policy took place in 8 countries.
10. The EPAs are foreseen under the Cotonou Agreement, signed in June 2000. This Agreement implies a continuation of the present non-reciprocal preferential trade regime until at the latest the beginning of 2008. During the WTO Doha Ministerial Conference, a waiver was granted to this effect. Apart from the trade regime, the other main components of the Cotonou Agreement, i.e., the political dimension and the development cooperation aspects, will remain valid for 20 years.
11. It is useful to compare the EPA approach with the Free Trade Area of the Americas (FTAA), which intends to achieve a free trade zone across the countries in the Western Hemisphere, except Cuba. Both initiatives will, over a transition period, lead to reciprocal trade preferences between industrial states and developing countries. Both will conform to the WTO rules for regional trade agreements (GATT, Article XXIV). But there are also differences. The EPAs are conceived as a development tool and are designed to strengthen regional integration among the developing countries. The EU foresees important support measures to facilitate the transition. For the FTAA, the development dimension is less prominent, even though attention is paid to the situation of small economies, and the US recently accepted some form of special and differential treatment for the CARICOM members.
12. There have been only a few other development cooperation agencies supporting already, for some time, regional integration; for example, the Interamerican Development Bank in the Caribbean region, and France in the countries of the CFA monetary zone. But it is interesting to observe that over the past few years, many more agencies have also become involved, including the World Bank and the IMF.

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9

Japanese African policy

Nobutake Odano

Introduction

In recent years, relations between Japan and Africa have been growing closer. At the very outset of the twenty-first century, in January 2001, then-Prime Minister Yoshiro Mori made the first official visit to sub-Saharan Africa by a Japanese Prime Minister. Similarly, visits to Japan by African leaders have also been increasing. I would like to take this opportunity to express Japan's sincere gratitude to Your Excellencies, the resident ambassadors from African countries in attendance here today, for your many and continuous efforts in promoting and facilitating these exchanges.

As we head into the twenty-first century, a new and powerful vibrancy is starting to emanate from Africa. This is manifested in the creation of the New Partnership for Africa's Development (NEPAD), a plan for development crafted by Africans themselves, and the launching of the African Union (AU), which aims at deepening regional cooperation and integration by encompassing the entire African continent into its vision. On top of this, the international community's attention on Africa is being heightened, as seen by the fact that African issues will be taken up as a major agenda item at the upcoming G8 Kananaskis Summit.

As you are well aware, Japan, because it recognizes the importance of African issues, has hosted two major international conferences on African development, TICADs I and II. Focusing on the TICAD process, Japan has made continuous and consistent efforts for tackling Africa's problems. In addition, as was mentioned by Vice Minister Sugiura in his preface, Japan will host TICAD III sometime in the latter half of next year. Japan has designated the next year or so until the convening of TICAD III as the "Year for Soaring Cooperation with Africa," and we intend to take concrete measures to enhance our policies toward Africa.

Within this context, I will discuss the initiatives Japan has hitherto taken regarding Africa, and Japan's responses to the new currents in Africa.

Japanese African initiatives

As the international community's neglect of Africa at the end of the cold war, from the beginning of the 1990s, grew more salient, Japan set about making comprehensive efforts for dealing with Africa's problems, based on the sentiment of "together with Africa, for Africa." Japan's first endeavour was the hosting of the First Tokyo International Conference on African Development in October 1993. In collaboration with the United Nations and the Global Coalition for Africa (GCA), Japan subsequently held the Second Tokyo International Conference on African Development (TICAD II) in October 1998. The "Tokyo Agenda for Action," a comprehensive blueprint for African development in the future adopted at TICAD II, set the areas of social and economic development, and the provision of basic infrastructure, as priority areas for Africa's development. To contribute to these aims, at TICAD II Japan pledged 90 billion yen in grant aid over a five-year period for education, primary health and water supply. Since then, Japan has been steadily fulfilling this commitment.

I believe that one important achievement of TICAD is the fact that the TICAD process has helped root the fundamental principles of "ownership" and "partnership" in international discourse on development. The TICAD process attaches great importance to self-help efforts, human resources development and poverty reduction through economic growth, and it has directed efforts by the international community for the realization of these aims. Based on our own development experience, Japan believes that foremost, and more than anything else, ownership – that is, independent efforts for development by a country's own hands – is a basic condition for successful economic development.

But, just as Japan was able to proceed with its own development plans after the Second World War, thanks to the assistance we received from the World Bank and the United States, so should the self-help efforts of developing countries be supplemented by assistance from the international community. Japan's own experience has been that only when ownership and partnership function in tandem will development efforts bear real fruit. Through the TICAD process, Japan has been trying to share this experience with African countries. As the policy dialogues in the TICAD process move forward, the importance of ownership and partnership has entered the thinking of African leaders. I believe that the adoption of NEPAD, which I will speak about in more detail later, provides one example of this.

Another achievement of TICAD has been to bring back African issues about which international attention had been flagging to the agenda of the international community, by offering a forum at which all African countries and development partners in the international community can talk on an equal footing. That the TICAD Ministerial-level meeting convened in Tokyo last December became the first opportunity for the international community to discuss NEPAD is proof that TICAD continues to offer a forum for valuable policy dialogue between African countries and their development partners. Moreover, Japan's Africa-mindful stance was also revealed at the 2000 Kyushu-Okinawa Summit when, for the first time in G8 Summit history, African and G8 leaders were able to engage in dialogue at the summit. This dialogue between African and G8 leaders was continued at the 2001 Genoa Summit and was pursued at this year's Kananaskis Summit.

As preparation for TICAD III, to be held in 2003, Japan will discuss eagerly with African countries, development partners and its co-organizers, such as the United Nations and the World Bank, focusing on the main agendas of TICAD III. As did the last year's TICAD Ministerial-level meeting, the international community is expected for the time being to discuss widely the latest situation of NEPAD and what kind of inputs TICAD can bring to it, as well as to review the achievements of the "Tokyo Agenda for Action," adopted at TICAD II. In addition, such issues as South-South cooperation, which is one of TICAD's features, and regional cooperation, which is increasing its importance in relation with NEPAD, should be discussed. I hope that active and fruitful discussions will be held at this symposium, thus contributing to TICAD III.

Africa's development initiatives

It goes without saying that opportunities for self-help efforts are increasing in Africa. The first comprehensive development strategy to be formulated by African countries themselves, the New Partnership for Africa's

Development, was agreed upon last July. Based on a concrete plan of action and rooted in the belief that Africans themselves should carve out their own future, NEPAD has fixed a strategy for sustainable development. NEPAD is a declaration of African leaders' intent for African development, a purposefulness that will not permit Africa's marginalization and that will lead to the reduction of poverty and the integration of Africa into the global economy. I believe this is a definite manifestation of the spirit of ownership recognized by TICAD.

In response to these active movements on the part of Africa, there is a clear tendency within the international community to attach importance to efforts for supporting Africa. At the G8 Kananaskis summit in 2002, the G8 adopted an ''Action Plan for Africa,'' and Japan is actively involved in this process.

Through the TICAD process, Japan will continuously endeavour to strengthen its dialogue and collaboration in the future with NEPAD, which is guiding and giving concrete form to efforts for Africa's development.

As prerequisites for development, NEPAD calls for peace, democracy, human rights, good governance, sound economic management, and regional cooperation and integration. As priority areas that Africa must tackle, it specifies infrastructure, information technology, human resources development, culture, agriculture, the diversification of export products and market access. This approach has been given great attention in the TICAD process as well. I would also like to add that in the fields of trade and private-sector investment – fields in which interest has been rapidly increasing in African countries in recent years – Japan has made significant contributions to the improvement of trade and investment environments in African countries through human resources and infrastructure development.

Regional integration in Africa

As all of you are well aware, the 37th Assembly of Heads of State and Government of the OAU, held in Lusaka, Zambia, last July, formally decided to reshape the OAU into the AU after a one-year period of preparation – by the 2002 OAU Assembly. The preamble to the Constitutive Act of the AU, adopted at the 36th Assembly of Heads of State and Government of the OAU in 2000, states that member nations shall be ''guided by our common vision of a united and strong Africa and by the need to build a partnership between governments and all segments of civil society, in particular women, youth and the private sector, in order to strengthen solidarity and cohesion among our peoples.'' The conception of the AU should be highly regarded as a crystallization of the earnest efforts for regional integration and cooperation by African countries up to now, and an expression of the independent efforts by Africans themselves to pave the way for their own future.

In this regard, the African countries' commitment to promote democratic principles and institutions, popular participation and good governance, which is stated in the AU Constitutive Act as one of the objectives of the AU, should also be greatly applauded. This intention is very much in line with the prerequisite for development expressed in NEPAD, as I mentioned earlier, and I believe it can be said to reflect a new current in African affairs.

This activation of regional integration in Africa can also be seen at the sub-regional level. Organizations like the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) provide beneficial frameworks for promoting integration and cooperation at the sub-regional level.

Through the TICAD process, Japan has already crafted a policy for emphasizing regional cooperation and integration in Africa. In addition to extending direct financial assistance to the OAU, ECOWAS and SADC, Japan has provided lateral assistance to various countries in the region to support these efforts at regional integration. In addition, Japan's cooperation for the construction of the Chirundu Bridge over the Zambezi River, which flows between Zambia and Zimbabwe, can be cited as another example of Japan's contribution to the development of infrastructure that is expected to be a boon at the regional level for the expansion of economic exchanges within the SADC region.

The future trends of the AU will likely become important keys for determining the position Africa holds in the international community, as well as for auguring Africa's vision for the future. From now, Japan wishes to jointly share our wisdom with African countries while strengthening our ties with the AU, and to contribute to the promotion of regional integration and cooperation in Africa.

Conclusion

As I mentioned earlier, TICAD III is scheduled to be convened in the latter half of next year. Designating the period until TICAD III as the ''Year for Soaring Cooperation with Africa,'' Japan will take concrete measures to enhance our policies toward Africa. For this, the Japanese government hopes that we can receive the kind support and cooperation from the resident ambassadors of the African countries and all of the representatives from Africa, as well as from the volunteers from Japanese NGOs working so hard in local areas in Africa.

I would like to conclude by expressing my sincere hope that the tightening of relations between Japan and Africa will contribute in no small way to the new currents of promise in Africa.

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The TICAD process and African development

Shunji Yanai

My chapter will be brief, and will focus on the Tokyo International Conference on African Development (TICAD) process. Real peace and prosperity in the world is not possible without the resolution of Africa's problems. Based on this recognition, Japan has been promoting the TICAD process for almost a decade, in close cooperation with many African and other partner countries as well as the United Nations and major international, regional and sub-regional organizations.

It is gratifying to note that the TICAD process has immensely contributed to mainstreaming African development in the agenda of the international community. The Tokyo Declaration on African Development "Towards the 21st Century" and the Tokyo Agenda for Action, adopted by TICAD I in 1993 and TICAD II in 1998, respectively, continue to gain relevance. Today, a little over one year before TICAD III is to be convened, as Senior Vice-Minister for Foreign Affairs Sugiura announced in his address, the most important thing for all the African states and development partners concerned is, in my view, to redouble their efforts to achieve the objectives embodied in the Tokyo Agenda for Action.

TICAD has been advocating "ownership and global partnership" as the basic principles for the development of Africa. The most encouraging development in recent years is the launching of the New Partnership for Africa's Development (NEPAD), which was formulated by African leaders. I welcome NEPAD for two reasons: first, because it was launched on the initiative of African leaders and, second, because it endorses the basic principles of ownership and global partnership of TICAD. Thus, the two initiatives have become complementary to each other, by sharing the same spirit and objectives of development in Africa. Our new task today is to strengthen the TICAD process so that it will be able to give NEPAD effective support in its efforts to achieve the objectives of Africa's development. Therefore, it is very important for the two initiatives to establish close cooperative relations between them.

The South-South cooperation that has been initiated and developed in the TICAD process is its most creative and unique approach. This new kind of international development cooperation is widely appreciated, since it enables African countries to benefit from the useful experience and know-how gained by successful developing countries, and especially from Asia. This approach contributes to the strengthening of cooperation among developing countries, and also encourages their own initiatives in their development strategies.

In my view, in some cases, technologies offered by the newly developed countries of Asia and Africa are more useful and readily applicable to the countries which are at the start of their economic development than the state-of-the-art technologies and know-how offered by the highly developed countries. South-South cooperation can take place in a wide range of development fields, such as trade and investment, information technology (IT) for development, science and technology, and the fight against HIV/AIDS and other infectious diseases, to cite just a few examples. In more specific terms, the Asia-Africa Business Forum that has been held in cooperation with the United Nations Development Programme in the field of trade and investment is highly appreciated, since it offers good opportunities for Asian and African enterprises to find mutual benefits as business partners. Likewise, various activities carried out through Asia-Africa cooperation with the participation of the United Nations Industrial Development Organization (UNIDO) serve the purpose of promoting trade and investment.

The Ministerial Level Meeting of TICAD held in Tokyo in December 2001 took up the question of regional cooperation as an important approach to Africa's development. At that meeting, ministers and other representatives confirmed that the strengthening of inter-regional cooperation and the promotion of regional integration were gaining importance in the development strategies of African countries, and highly commended the transformation of the Organization of African Unity (OAU) to the African Union (AU).

The same meeting reaffirmed that the regional organizations of Africa were playing important roles in various areas, such as the following:

- building frameworks for the prevention, containment and settlement of armed conflicts;

- enlarging markets and offering incentives to investors through the integration of regional economies;
- promoting trade and investment, and improving infrastructure;
- strengthening measures to prevent and curb HIV/AIDS and other infectious diseases through global cooperation; and
- promoting human resources development.

Through the utilization of IT in the promotion of personnel exchange and mutual understanding among African peoples, the vast continent of Africa, which embraces a large variety of countries, will benefit in a big way from an information network among the different areas within each country, sub-regions and regions. Increased efficiency of development is one of the more important benefits. Thus, it is desirable that the construction of such networks should be borne in mind in the planning and implementation of future development projects in Africa.

In conclusion, let me once more welcome the launch of NEPAD and the inauguration of the AU which will mark the new millennium of an Africa that, I earnestly hope, will become a continent of peace and prosperity. In the meantime, I look forward to the third session of TICAD to be held here in Tokyo in the latter half of next year.

11

Africa's development and the Japan External Trade Organization (JETRO)

Noboru Hatakeyama

The topic of this brief paper is regional integration. When this means economic regional integration, the first thing you should do is to strengthen the private sector, which is a key player in economic activity. The Japan External Trade Organization (JETRO) is an organization to cooperate with African countries in this regard.

JETRO was established in 1958 as a governmental organization to promote Japanese exports. However, since Japanese exports grew much more than expected, JETRO has changed its policy 180 degrees since the early '80s, from export promotion to import promotion. Today, JETRO also promotes investment and technology transfer, both from and into Japan. However, JETRO is not a financial assistance organization: we neither lend money nor invest.

JETRO has 80 offices around the world, including seven offices on the African continent: Johannesburg, South Africa; Abidjan, Ivory Coast; Nairobi, Kenya; Lagos, Nigeria; Dar Es Salaam, Tanzania; Harare, Zimbabwe; and Cairo, Egypt. We also have a network of correspondents in five countries, who support JETRO activities by providing us with economic information: Algiers, Algeria; Rabat, Morocco; Douala, Cameroon; Addis Ababa, Ethiopia; and Accra, Ghana.

I recognize the significance of the New Partnership for Africa's Development (NEPAD). I applaud this effort by African countries themselves to put great importance on self-help. The spirit of NEPAD is, I believe, closely related with JETRO's emphasis on assisting and promoting private sector business based on the principle of self-help rather than just giving grants or low-interest loans.

My personal feeling is that official development assistance these days is too much focused on basic human needs. I think it should be utilized more strategically to develop trade and investment, and to strengthen regional integration as instruments for sustainable growth in developing countries.

I would like to emphasize the importance of private sector's role in the economy, especially at a time when official development assistance from developed countries, including Japan, has stopped growing. I believe that JETRO's assistance to the private sector in your countries will surely reap benefits many times greater than our original input. So, we are pleased to be continuously involved in contributing to Africa's economic development and its sustainable growth. I can say that the basic ideas of JETRO's activities have many things in common with the spirit of NEPAD.

Allow me to explain how JETRO actually promotes African exports into Japan and Japanese investment in Africa.

As to the promotion of imports from Africa, JETRO helps African countries participate in leading exhibitions in Japan, such as FOODEX. Our support includes dispatching experts to Africa to look for potential export products, as well as inviting African business people to Japan to study the market and business opportunities here.

In terms of promotion of investment in Africa, JETRO helps to organize investment seminars when African VIPs visit Japan – such as the Gabon seminar held yesterday, on the occasion of the visit by Vice Prime Minister Methogo. We also organize Japanese missions to study the investment climate in Africa, such as the one dispatched to Nigeria, which returned just this Sunday. I visited Prime Minister Koizumi to report on this mission on Monday.

In JETRO's Overseas Investment Fair, currently underway in Ariake, Tokyo, 16 African embassies in Japan are taking part. Five of these will also make presentations regarding their environment for FDI.

In addition to these activities, I would like to encourage your utilization of three other programmes. The first one is JETRO's Business Support Centers (BSCs), which are located in six major cities in Japan, including Tokyo and Osaka. Our BSCs provide rent-free office space for up to 4 months, with business consulting services by marketing advisors.

The second programme is our Export to Japan Study Program (EJSP). Under this programme, JETRO invites (at JETRO's expense) your business people with potential export products to study the market and explore business opportunities for 10 days. The third programme is our online business matching system, called the Trade Tie-up Promotion

Program (TTPP). By using this programme, African businesses can look for potential partners for joint ventures, technological tie-ups and export/import business.

Unfortunately, African companies have not utilized these programmes too extensively. Thus far, 2,500 companies from all over the world have used our BSC facilities, but of these only 57, or 2.3 per cent, were African. African participants in our EJSP invitation have numbered 48 out of a total of 1,700, or 2.8 per cent. And African firms registered on the TTPP number 326, which is just 1.07 per cent of the total of 30,000 firms registered from all over the world. I strongly recommend that African companies make more active use of JETRO's services.

JETRO also cooperates with regional communities in Africa. For example, we are now preparing for the SADC Exhibition this October, for the Southern African Development Community countries. During the exhibition period, JETRO will organize an investment seminar for the region as well.

The Institute for Developing Economies (IDE), the research arm of JETRO, has carried out top-level research on Africa over its forty-year history. Its study results are publicized through various channels, such as publications, open lectures and international workshops.

The IDE's African studies are further enhanced by the institute's Visiting Research Fellow programme. Since 1997, the IDE has received six researchers from countries including Nigeria, Cameroon, Uganda and Ethiopia. At the same time, the IDE has dispatched many researchers to Africa, sometimes for joint studies with counterpart African researchers.

Japanese Prime Minister Koizumi announced last December that the third Tokyo International Conference on African Development (TICAD III) will be held in the latter half of 2003. As a follow-up event of TICAD II (which was held in 1998), JETRO held an African Exhibition in 1999. JETRO is now considering the possibility of holding the Second African Exhibition in 2004, following TICAD III in 2003.

Practically speaking, I think African countries can be classified into three basic groups: that is, those that are industry-centred, agriculture-centred and mineral resources-centred. JETRO assists countries belonging to the first two groups through the activities I have mentioned today. In this regard, I am glad to hear that the New Rice for Africa, known as NERICA, is showing potential as a partial answer to Africa's food shortage problem.

Many countries in Africa boast plentiful resources, such as petroleum, diamonds, copper and more. However, mineral resources have limited long-term potential. For example, although China recently replaced Japan as the country with the largest trade surplus with the USA, Japan previously held on to that position for 24 years, since 1976. But before that, which country had the largest trade surplus with USA, until 1975? It was resources-rich Nigeria. Even countries with plentiful resources must make strategic efforts to promote their industrial and agricultural sectors.

In closing, I should like to note that the twentieth century, particularly its latter half, has been called the ''Century of Asia.'' As was mentioned by Senior Vice Minister Sugiura, I believe that the twenty-first century will be undoubtedly the ''Century of Africa.'' Africa is destined to be the most attractive lady whom many gentlemen will court.

I sincerely hope that Africa can fully utilize its potential and thereby realize meaningful development and prosperity for its people through self-help and assistance for self-help given from outside, including from Japan.

12

South-South cooperation from a Japanese perspective

Hisao Azuma

Introduction

This chapter focuses on the importance of South-South cooperation in the development and integration in Africa. "We will support the consolidation of democracy in Africa and assist Africans in their struggle for lasting peace, poverty eradication and sustainable development, *thereby bringing* Africa into the mainstream of the world economy" – this was the resolution delivered at the Millennium Summit of the United Nations in September 2000, as a way of contributing to resolving African problems. This surely indicates that the problems besetting Africa need to be dealt with urgently in order to realize a stable, peaceful international community. And this indicates that the heads of all nations acknowledge the seriousness of the Africa problems. That is, 40 per cent, or approximately 240 million people, of the total population in sub-Saharan Africa are living on less than one dollar a day, and 32 of the world's 41 heavily indebted countries are African countries.

In Africa, there are many difficult problems to be solved to succeed in poverty reduction and to achieve economic and social development. Africa is a region where problems are concentrated and complicated, but I dare to say that a quick response to those problems in all aspects – political, economic and social – is expected, despite Africa still being tied to the vestiges of the past. Especially, political stabilization and good governance must be achieved urgently, because those are prerequisites to ensure sustainable economic and social development.

In terms of economy, improvement in government administrative ability to manage a healthy macro-economic policy, promotion of the private sector with proper role-sharing with the public sector and establishment of a system or framework to encourage private investment are urgent necessities. For social problems, improvement in access to and quality of education as well as in health and medical services, including a safe water supply, is required. Moreover, it has been reported that the ratio of adults infected with HIV/AIDS exceeds 30 per cent in some African countries. Over 70 per cent of those carrying the HIV virus in the world are found in Africa, which seriously hinders economic and social development. Countermeasures to address these problems are a matter of urgency.

The phases of these problems differ in each country. Therefore, I believe that each country needs to deal with them based on its own ownership of the development process. But in the case of African countries, some phases of those problems would be mutually shared.

The Tokyo International Conference on African Development initiative

In order for Africa to be integrated into the global economy in a sound way under such situations, Africa should seek the way of its development as a whole based on its own self-reliance. For this purpose, individual countries should utilize their resources, especially human resources, effectively not only for their development but also for helping other African countries. And then, through activating inter-regional economic and political interchanges, African countries should stimulate their self-help efforts for Africa as a whole, and should enhance their competitiveness as a whole.

In 1993, the Japanese government held the first Tokyo International Conference on African Development (TICAD I) in cooperation with the United Nations and the Global Coalition for Africa (GCA). In 1998, it held TICAD II, and it was also agreed to hold TICAD III in the latter half of next year. TICAD I emphasized Africa's self-help efforts, good governance and the importance of democratization, and also recognized the roles of the private sector and relevance of experiences in Asia. The "Tokyo Agenda for Action," adopted at TICAD II, indicates the action guidelines of development, based on the clear statement of specific goals. TICAD III will examine measures for the further development of Africa based on these foundations. One perspective of those measures will be the concept of the regional integration in Africa.

Advantages of South-South cooperation

In this TICAD process, ''South-South cooperation'' is positioned as an important component for promotion of intra-Africa cooperation and integration. South-South cooperation based on partnership between developing countries, especially Asia-Africa cooperation and intra-Africa cooperation, is expected to be an important approach for effectively dealing with problems concerning agriculture, trade, investment, technology, HIV/AIDS and so on.

In 1954, Japan participated in the Colombo Plan, which was a cooperation system launched in 1950 with the aim of promoting economic and social development in Asian and Pacific countries. Although Japan was a recipient country at that time, it soon started providing Asian countries with technical cooperation in such areas as rice production and mechanical engineering.

Since we have this experience, we are aware of the advantages of South-South cooperation. I believe that it has the following three advantages:

The first advantage is related to the transfer of appropriate technology. The process, in which developing countries promote development and tackle poverty issues, differs depending on the social situation, economic development stage, natural environment and cultural background of each country. Therefore, the development route of one country is not entirely applicable to the development of other countries. However, cooperation among developing countries is expected to have an impact on smoothing the transfer of practical experience and appropriate technology to beneficiary countries, since developing countries have much in common, such as the stage of development, language and culture.

The second advantage is the efficient use of development resources. The Monterrey Consensus, which was adopted this March in the United Nations International Conference on Financing for Development, indicated that an increase in the amount and efficiency of development funds is an urgent task that must be dealt with in cooperation by the international community to achieve poverty reduction, economic growth and sustainable development in developing countries. In this regard, technology transfer between developing countries is superior in terms of costs in some cases to that by donor developed countries. The utilization of experts and training agencies in developing countries should be promoted from the standpoint of effective use of limited development resources in the transfer of some technology or in some parts of projects or programmes.

The third advantage is related to the expansion of aid resources. Developing countries not only concentrate on receiving one-sided development aid but also transform themselves into donor countries by using their own resources. This is not merely an issue related to the efficient use of funds, but also means an absolute increase in aid resources. Therefore, we should recognize that there are plenty of aid resources that have not been sufficiently utilized or are utilizable; I believe that we should further promote the development and utilization of aid resources in developing countries through South-South cooperation.

South-South cooperation and JICA

As I have mentioned, in addition to the bilateral aid and aid by international agencies, South-South cooperation can be one of the most effective approaches for Africa as a whole to realize ownership of the development process. However, donor countries have to bear a financial burden in South-South cooperation, and it seems that cooperation is more effective when it becomes a part of overall development planning. Therefore, I think that cooperation with developed countries is necessary in this regard. This is the reason why South-South cooperation is also called ''tripartite cooperation.'' The Japan International Cooperation Agency (JICA) has introduced South-South cooperation or tripartite cooperation methods in various activities in Africa in order to increase the effectiveness of cooperation.

JICA has been promoting South-South cooperation mainly by the following three types of methods:

The first is called ''the base system promoted mainly through third-country training.'' JICA selects one of the project sites as a base to disseminate technology in the region through training for special themes on which the selected project has comparative advantage. This is called ''third-country training'' as participants from neighbouring countries in the region undertake training in the developing country where the original transfer of technology was considered particularly effective. This is the main activity of JICA's South-South cooperation, especially in Africa.

The second method is ''intra-regional cooperation between Asia and Africa.'' This aims to use the good practices acquired from experience in developing Asian countries for the purpose of developing Africa. Certainly, as I mentioned before, Asia and Africa differ in their political and economic situations, as well as in historical background, which means that experiences in Asia are not entirely applicable to Africa without adjusting for local conditions. However, I believe that an important approach is to learn from successful examples and not-so-successful practices in Asian countries, and to make use of the lessons for the development of African countries as a whole.

The third method is called "the partnership programme." This is a comprehensive tripartite cooperation framework for Japan and developing countries, which engages in the expansion of mutual bilateral cooperation between Japan and its partner in order to jointly offer cooperation to neighbouring beneficiary countries. In the past, we have concluded partnership documents with eight countries, including Egypt and Tunisia. Under this programme, JICA and the implementing country jointly provide training courses and dispatch experts as well as transfer JICA's know-how concerning aid implementation.

As an actual example of one of these approaches, I would like to describe JICA's project with the African Institute of Capacity Development (AICAD) based in Kenya. The AICAD project was initiated in 2000 centring on the Jorno Kenyatta University of Agriculture and Technology (JKUAT), to which Japan has been offering cooperation for more than 20 years. JKUAT started as a vocational training school resulting from JICA's projects, and went on to become a technological university and a seventh national university of Kenya.

AICAD has constructed a network of JKUAT and seven other universities, including those in Tanzania and Uganda, aiming to establish a new base for studies on poverty reduction, human resources development and information transfer in cooperation with government agencies, the private sector, NGOs and civil society. Joint research projects selected by the eight participating universities have just started, including those dealing with water resource management and food production and processing. In this way, AICAD offers South-South cooperation based on a network approach, and it is considered to be a new development in JICA's cooperation. One of the aspects of this cooperation is that the African governments and universities are able to initiate ownership as implementing bodies. Another aspect is that it is a cooperation in disseminating the technology that was acquired through technical cooperation between Japan and Kenya.

Conclusion

Since the dawn of the twenty-first century, the international community has shown increasing interest in the development of Africa, more so than ever before. The Millennium Summit of the United Nations of September 2000 indicated specific goals for the development of developing countries. Moreover, Africa formulated NEPAD by its own initiative, seeking the construction of a new partnership between Africa and the international community. Also, extremely important conferences for Africa are scheduled to be held, such as the G8 Summit in Kananaskis in July 2002, the World Summit on Sustainable Development (WSSD) in August and TICAD III in the latter half of 2003.

Moreover, a strong commitment to African development was highlighted in January 2001 in the speech of Prime Minister Mori, who was the first Japanese Prime Minister to visit Africa during his term in office. ‘‘There will be no stability and prosperity in the world in the twenty-first century,’’ he said, ‘‘unless the problems of Africa are resolved.’’

In the process of African development, JICA intends to implement projects and transmit information so as to promote South-South cooperation more than ever before. Last October, JICA and UNDP jointly held a symposium titled ‘‘JICA-UNDP Joint Workshop – Supporting South-South Cooperation in the 21st Century.’’ The UNDP is a strong promoter of South-South cooperation. The symposium reconfirmed the necessity of support for South-South cooperation and active promotion thereof, as well as actively discussed common problems, such as approaches including IT-based network construction, sustainability, effective evaluation and the participation of beneficiaries. Furthermore, JICA started preparation for transmitting information to the international community in consideration of South-South cooperation at the WSSD in August.

We must further consolidate African countries’ ownership and partnership with development partners to promote the important approach of South-South cooperation, considering the trend toward African development in the international community as a good opportunity. Since we have no time to lose when considering the prevailing poverty and the spreading of HIV/AIDS in Africa, I would conclude by saying that now is the time for action.

Annex

Integrating Africa – Seven-point plan prepared for the G8 Summit 2002

Prepared at the Africa Day Symposium 2002, organized by the African Diplomatic Corps, Tokyo, and the United Nations University

Introduction

Each year, in celebration of the founding of the Organization of African Unity (OAU), the African Diplomatic Corps in Japan (ADC) and the United Nations University (UNU) jointly organize an international symposium on pressing issues of human security and development in Africa. The 2002 Africa Day symposium focused on the importance of – and policy perspectives on – regional integration and development in Africa. This brief outline was intended to provide input for the Group of 8 (G8), New Partnership for Africa's Development (NEPAD) and Tokyo International Conference on Africa Development (TICAD) policy processes.

A new partnership with the G8

It is to their great credit that G8 leaders have decided to devote particular attention to Africa at the forthcoming Summit in Canada. Although recent events have understandably shifted international attention away from problems facing Africa, conflict and poverty have lost none of their devastating impact for Africa's peoples. There are three reasons why the G8 Summit is so crucial.

First, Africa has clearly shown an increasing commitment to put itself on a stronger development path. Over the last decade, most African countries have embarked on painful economic and political reforms that are now displaying tangible progress. Macroeconomic management policy has improved, medium-term economic strategies to reduce poverty are at the core of the programmes implemented across the continent, respect for human rights has improved, and systems of governance are becoming more and more democratic. Moreover, there are marked improvements in the resolution of conflicts. To consolidate further these achievements, this year has seen the launch throughout the continent of the New Partnership for Africa's Development (NEPAD). The leadership and national ownership underlining this important initiative deserve to be supported, as does the initiative itself.

Second, Africa does need support. While the possibilities of an African renaissance are real, so too are the risks that globalization and increased competition will leave many countries on the continent behind. The signals of renewal in Africa contrast starkly with the massive agenda of concern. Nearly half the continent's people live below the poverty line. Thirty-two of the 48 least developed countries in the world are located in Africa. HIV/AIDS is ravaging whole countries. Resource flows towards Africa remain disturbingly low, foreign direct investment is negligible, the debt overhang is compromising prospects for higher growth, institutional and human resources need to be strengthened, and economic infrastructure remains weak.

Third, the events of September 11 are likely to worsen poverty and exacerbate conflict in Africa. The terrorist attacks have accelerated and deepened the global economic slowdown; they have already led to weaker exports and lower commodity prices for many developing countries. In such a decline, more people will be pushed into poverty, and there is greater potential of implosion in the most fragile and divided countries on the continent. Africa has already seen – in Rwanda, Democratic Republic of Congo (former Zaire) and Sierra Leone – far too much of the devastation that occurs when states collapse.

Seven key issues for action

African governments and the international community face a major task. A key issue will be to meaningfully commit to NEPAD, the Africa-led strategy to reduce poverty and promote development. The need for both more, and more timely, support is vital: the challenges are massive, and yet official development assistance to Africa declined 40 per cent in the 1990s. The key will be to find more effective ways to support the continent's renewal based on national priorities and visions. Seven issues deserve particular emphasis.

First, there is an overwhelming case for swift and substantial relief of Africa's debt burden. The people of Africa should no longer be made to suffer today because inappropriate loans were given and taken yesterday. Moreover, current debt initiatives appear to have failed to produce the expected results, as only three out of forty-two eligible countries have so far benefited from debt reduction operations under the Highly Indebted Poor Countries (HIPC) initiative. New, innovative approaches, including meaningful debt reduction and cancellation schemes, are needed to reduce Africa's unsustainable debt burden.

Second, Africa's own development efforts must be complemented with significant development assistance, which is not limited to disaster or emergency relief. In addition to a focus on human capital, such aid should also be targeted at building infrastructure, promoting trade and investment, and more generally laying the foundations for significant and sustainable development.

Third, there must be greater commitment towards aid effectiveness. Countries that are committed to the welfare of their people and seriously engaged in reforming their economies should be able to mobilize additional aid. Ensuring local ownership of strategies and removing procurement restrictions would have a major positive impact. World Bank research suggests that such an approach would be the same as increasing the aid budget by 50 per cent. The practice of conditionality should also be fundamentally reformed. It has become an infringement on national sovereignty and, at the same time, is an ineffective tool for changing economic policies.

Fourth, providing access to more and better education is vital. Primary school enrollment rates have fallen since 1980. Sixteen countries enroll less than 60 per cent of their children in primary school. Less than a quarter of poor rural girls attend school. Around half of African women cannot read or write. This situation is a disaster for Africa's current and future development. The targets agreed at the Millennium Summit by world leaders – to ensure universal primary education by 2015 and to eliminate gender disparity in primary and secondary education by 2005 – will be missed by a very wide margin unless there is a major push. And without investing more in its people, at all levels and in all sectors, Africa will not be able to sustain rapid growth and reduce poverty.

Fifth, Africa is being bypassed by globalization, and the situation is getting worse. There is a need for rich countries to open their markets to African goods. Organization for Economic Co-operation and Development (OECD) analysis suggests this is the most important contribution the G8 could make. This is particularly important for key sectors such as agriculture and textiles. It is in these sectors that Africa's comparative advantage lies, yet it is these markets that are often the most protected.

Ensuring that the new trade round of the World Trade Organization (WTO) is truly a "development round" would be a major step forward.

Sixth, there is great potential for African countries to promote regional interaction and markets – important in themselves as well as in helping Africa better integrate into the global economy. Consolidation at the regional level would enable Africa to benefit from economies of scale, both on the supply side in exporting to external markets as well as on the demand side in importing products. Building regional and continental infrastructure networks in transport and telecommunications would help promote efficiency and regional integration.

Seventh, the provision of infrastructure is at the centre of any strategy to spur economic growth and to reduce poverty. If Africa is to provide its producers and populations, particularly the poor, with reliable and affordable basic services in the areas of water, sanitation, energy, transport and communication, there will need to be massive infrastructure investments in the coming years. In particular, the ongoing revolution in information and communication technology has far-reaching implications for the future of Africa. But, if Africa is to link to global information infrastructures, it will need to provide much greater access to the Internet for its populations and at much lower prices.

TICAD and NEPAD as complementary processes

The underlying principles of ownership and partnership in TICAD and NEPAD are essential for helping Africa deal with the various challenges militating against its sustainable economic growth. Peace and security, good governance, improvement of international trade, and establishment of an enabling environment for the private sector and civil society are among those challenges that deserve not only effective leadership from Africans themselves, but also support from the international community – including, specifically, Japan. Indeed, there are many ways that Japan, through TICAD, can enhance her partnership with Africa.

First, trade between Japan and Africa remains negligible. There is a need to urgently increase the volume of trade.

Second, promoting foreign direct investment, opening Japan's markets for African exports, facilitating transfer of technology and assisting in finding lasting solutions to Africa's debt overhang are areas where Japan can make a significant difference.

Third, massive capital investment in infrastructure development is required in key areas in order to realize Africa's potential. A mutually beneficial partnership with Japan, both through ODA and private investment, can be built in such areas as roads, railways, ports, electricity generation, and information and communication technologies.

Fourth, as a major source of ODA to Africa and as a prominent member of the G8, Japan is well placed to give impetus – through additional contributions – to its partnership with NEPAD. This will help realize Foreign Minister Kawaguchi's designation of the year preceding TICAD III as the year of "Soaring Cooperation with Africa."

Conclusion

Many of these issues have been recognized as key elements of an African renewal. Yet, advances have been painfully slow. The G8 Summit must serve, as intended, to speed up progress – to spur African governments and international partners, including Japan, to strengthen their commitment. This would not only help improve the lives of ordinary African men, women and children, but also make the world more secure for everyone.

Tokyo – 18 June 2002

Acronyms

ACP	African, Caribbean and Pacific Group of States
ADB	Asian Development Bank
AEC	African Economic Community
AFL	Armed Forces of Liberia
AFRC	Armed Forces Revolutionary Council (Sierra Leone)
AICAD	African Institute of Capacity Development
ANAD	*Accord de Non-Agression et d'Assistance en Matiere de Defence*
AOF	French West Africa
APC	All Peoples Congress Party (Sierra Leone)
ASEAN	Association of South East Asian Nations
AU	African Union
BSC	(JETRO's) Business Support Center
CACM	Central American Common Market
CARICOM	Caribbean Community
CBC	Chad Basin Commission
CBI	Cross-Border Initiative (now RIFF)
CBI/RIFF	Cross-Border Initiative/Regional Integration Facilitation Forum
CEAO	*Communauté Economique de l'Afrique de l'Ouest*
CET	Common External Tariff
CMA	(Rand) Common Monetary Area
COMESA	Common Market for Eastern and Southern Africa; Community of Eastern and Southern African States
CPLP	Community of Lusophone Countries
CSSDCA	Conference on Security, Stability, Development and Cooperation in Africa

DC	Development corridor
DRC	Democratic Republic of Congo
DSA	Debt Sustainability Analysis
EAC	Eastern African Community
ECOMOG	ECOWAS Cease-fire Monitoring Group
ECOWAS	Economic Community of West African States
EJSP	(JETRO's) Export to Japan Study Program
EMU	Economic and Monetary Union
EMUCA	Economic and Monetary Union of Central Africa
EPA	Economic Partnership Agreement
EU	European Union
FDI	Foreign direct investment
FIAS	Foreign Investment Advisory Services
FLS	Front Line States
FTA	Free trade area
GATT	General Agreement on Tariffs and Trade
GCA	Global Coalition for Africa
GCC	Gulf Cooperation Council
GDP	Gross domestic product
GEAR	Growth, Employment and Redistribution policy
HIPC	Highly Indebted Poor Country
IDE	(JETRO) Institute for Developing Economies
IDG	International Development Goal (adopted by the UN Millennium Summit)
IFC	International Finance Corporation
IFI	International financial institution
IMF	International Monetary Fund
INPFL	Independent National Patriotic Front of Liberia
IPE	International political economy
JETRO	Japan External Trade Organization
JICA	Japan International Cooperation Agency
JICA	Japan International Cooperation Agency
JKUAT	Jorno Kenyatta University of Agriculture and Technology
KFOR	(NATO) Kosovo Force
LDC	Least Developed Country
MAP	Millennium Partnership for the African Recovery Programme
MDC	Maputo Development Corridor
MDG	Millennium Development Goal
MNC	Multinational corporations
MRU	Mano River Union
NAFTA	North American Free Trade Area
NEPAD	New Partnership for Africa's Development
NERICA	New Rice for Africa
NGO	Non-governmental organization
NIC	Newly industrializing county
NIEO	New International Economic Order
NPFL	National Patriotic Front of Liberia

NPRC	National Provisional Ruling Council (Sierra Leone)
NRA	New regionalism approach
OAU	Organization of African Unity
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OECF	Overseas Economic Cooperation Fund
OERS	Organisation of Senegal River States
OHADA	*Organisation pour l'Harmonisation du Droit des Affaires en Afrique*
OPEC	*Organization of Petroleum Exporting Countries*
PAIGC	*Partido Africano da Indepêndncia da Guiné e Cabo Verde*
PICAS	Programme for Innovative Cooperation Among South
PPP	Public-private partnership
PRSP	Poverty Reduction Strategy Paper
REC	Regional Economic Community
RIA	Regional integration agreement
RIFF	Regional Integration Facilitation Forum
RNC	Niger River Commission
RTA	Regional trade agreement
RUF	Revolutionary United Front (Sierra Leone)
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADCC	Southern African Development Coordination Conference
SADEC	Southern African Development Community
SAP	Structural adjustment programme
SATCC	Southern Africa Transport and Communication Commission
SDI	Spatial development initiative
SDT	Special and differential treatment
SMC	(ECOWAS) Standing Mediation Committee; ECOWAS (Security and Mediation Council)
SU/TCDC	(UNDP) Special Unit/Technical Cooperation among Developing Countries
TICAD	Tokyo International Conference on African Development
TLS	Trade Liberalization Scheme
TPPP	(JETRO's) Trade Tie-up Promotion Program
TRASA	Telecommunication Regulators Association of Southern Africa
TWG	Technical Working Group
UEMOA	Union Économique et Monétaire Ouest-Africaine
UMA	Arab Maghreb Union
UMOA	*Union Monetaire de L'Ouest Africain*
UDEAO	*Union Douanire de L'Afrique de L'Ouest*
UNCTAD	United Nations Conference on Trade and Development
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNIDO	United Nations Industrial Development Organization
UNOMIL	United Nations Observer Mission in Liberia

UNOSOM	United Nations Operation in Somolia
UNPROFOR	United Nations Protection Force (in former Yugoslavia)
UNU	United Nations University
UNU/CRIS	UNU Comparative Regional Integration Studies Programme
UNU/WIDER	UNU World Institute for Development Economics Research
UNV	United Nations Volunteer programme
USAID	United States Agency for International Development
WAEC	West African Economic Community
WAEMU	West African Economic and Monetary Union (better know by its French Acronym, UEMOA)
WCCAS	Economic Community of Central African States
WSSD	World Summit on Sustainable Development
WTO	World Trade Organization
ZMM-GT	Zambia-Malawi-Mozambique Growth Triangle

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