



**African Economic Conference 2018**

***Continental and Regional Integration for Africa's Development***

Statement by Ahunna Eziakonwa, Assistant Administrator and Regional Director, UNDP

Regional Bureau for Africa, time 10 min

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*[As prepared for delivery]*

Hon. Claudine Uwera, Minister of State in charge of Economic Planning, Ministry of Finance and Economic Planning of Rwanda

H.E. Prof. Victor Harison, AUC Commissioner for Economic Affairs

Giovanie Biha, Deputy Executive Secretary, Economic Commission for Africa

Gabriel Negatu, Director General, East Africa Regional Development and Business Development Office, African Development Bank

Excellencies,

Representatives of national and regional institutions, the private sector, the think tanks and development partners,

Colleagues,

Members of the Press, Distinguished participants,

Ladies and Gentlemen,



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It gives me great pleasure and honor to deliver this welcome address to such a distinguished audience, at this 13<sup>th</sup> African Economic Conference 2018, on the theme, “**Continental and Regional Integration for Africa’s development**” organized by the African Development Bank, the UN Economic Commission for Africa and the United Nations Development Programme and hosted by the Government of Republic of Rwanda.

I acknowledge the warm welcome received in Kigali and recognize that Rwanda is a fitting location for this conference, a country that has made significant strides in implementing its continental vision for regional integration marked by the historic launch of a common market for Africa - the African Continental Free Trade Area (AfCFTA) here in Kigali in March 2018.

The importance of regional integration in Rwanda’s transformation is expressed in Rwanda’s Vision 2020 that aspires for a united, democratic and inclusive nation with an economy that is competitive both regionally and globally. The Government of Rwanda is really ‘walking the talk’ of regional integration. Since its accession to the East African Community in 2007, the country has been setting the pace for effective regional and continental integration. Some examples are very notable:

- In addition to the innovative visa application that facilitates ease of securing visa, Rwanda is one of the only two countries ranked among the best 45 countries in ease of doing business globally in 2018.
- The elimination of Non-Tariff Barriers that led to 81 percent reduction in time to transport cargo containers from Dar es Salaam to Kigali is novel.



- The amiable cross-border collaboration between Uganda and Rwanda that led to the 24-hour operations in the Gatuna border is one of the best practices on the continent.

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Among other benefits, commitment to genuine regional integration has been yielding some dividends. For instance, within the first seven years of accession to EAC, over \$100 million increase in foreign direct investment flows and 2,500 jobs in direct employment generation have been linked to regional integration.

Let me begin by stating five ways that sustained and inclusive regional integration is central to Africa's the achievement of Africa's transformation Agenda 2063 and the 2030 Agenda for Sustainable Development.

**I. Africa's poverty eradication should be driven inclusion**

Regional integration is not an end. It must be used as a means to reduce poverty and inequality. Eradicating poverty in all its forms for the 560 million Africans currently living in multidimensional poverty remains the primary goals of Africa's development through continental, sub-regional and national plans for bolstering growth, transformation and economic integration.

If integration is inclusive, equitable and sustained, this could help to overcome the current challenge of inequality in development outcomes within and between countries, and by age, gender and geography. It will not only lift people from poverty, it will also keep people out of poverty.



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**Africa's prosperity and integration into the global economy rely on connectivity** We live in an increasingly connected world. National prosperity rests on the ability of individual nation states to exploit opportunities within their borders, but also the ability to participate effectively in regional and global value chains. Regional and continental integration help to maximize economies of scale to effectively integrate into the global market. It will be impossible for Africa to connect effectively with itself and the world if we do not look beyond policy and physical connectivity to digital connectivity and affordable energy access.

ITU estimates that only 1 out of 5 Africans uses the internet and the proportion of women using the internet is 25% lower than for men<sup>1</sup>. So, building economies of scale and creating a competitive digital economy through regional integration is vital for Africa and a lifeline for the 16 African landlocked countries.

### **III Africa's management of shared natural resources and regional commons should be transformational**

Africa's rising population growth rates, double the world's average<sup>2</sup> need to keep pace with the finite planetary boundaries. Exploiting natural resources without effective

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<sup>1</sup> ICT Facts and Figures 2017 (ITC)

<sup>2</sup> Africa's population (2000-2015) grew at 2.46% – 2.59% compared to global average of 1.25%-1.19% (UNDESA, 2017)

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regenerative strategies of non-renewable resources is a challenge that must be addressed. Collaborative and regional management approach to shared watersheds, fisheries, forests, mineral deposits, and sensitive environmental resources is vital for continued economic growth, diversification and community livelihoods. So also, is effective action on the management of regional commons, including joint management of migratory diseases like Ebola Virus Disease - that almost brought the economies of Guinea, Liberia and Sierra Leone, and by extension, the West African economy, to its knee few years back - and collaborative efforts to dealing with the vulnerabilities to dealing with climate change. We are all living witnesses of the impact of droughts in the Sahel and the Horn of Africa and heat waves in Southern and East African countries.

This calls for better regional mechanisms to manage cross-border environmental resources to secure the livelihoods – particularly of border communities – and promote inclusive and sustainable development for all.

### **IV Africa’s peace and resilience agenda crosses borders**

We know that governance across Africa is improving, yet the concentration of crisis and conflict within national borders has resulted in an increased number of internally displaced people often spilling across borders including 6.3 million refugees and 14.5 million IDPs (2017). People living in marginal and border areas, young persons and women are disproportionately affected.

Overlapping shocks and stressors including food insecurity, recurrent natural disasters, and climate variability force population movement. The impact is amplified



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by poor disaster preparedness and conflict prevention mechanisms, weak coping capacity and poor coverage of existing social safety nets.

A regional approach is needed for increased human security through promoting stability, building resilience, preventing conflict, empowering people by engaging them in decision making and protecting people's rights including safe migration.

#### **V. Africa must not shy away from addressing the potential costs of integration**

Regional and continental integration is not without costs. One of them is trade diversion, which displaces low cost products from non-members by higher cost products from the integrating countries. Revenue loss associated through tariff cuts and indirectly from shift away from imports from non-member states that are subject to tariffs is another. The third is preventing cross-border crimes that could be associated to free movement of people and capital.

Strategies and mechanisms to ensure these costs are mitigated must be put in place for the benefits for regional integration to be maximized.

#### **Going forward**

As we collectively take stock and deliberate on the way forward in achieving Africa's aspiration of Agenda 2063 of "an integrated, prosperous and peaceful Africa, driven



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by its own citizens and representing a dynamic force in the international arena”<sup>3</sup>,  
I would like to share four pillars to enrich the discussion over the next three days:

### **1. Strengthen institutions and policies for human development:**

African countries need to collaborate more effectively in devising public policies that can create skills, foster innovation and technological advancement, facilitate labour mobility and access to productive assets including land and finance.

Africa must also invest in building capacity to manage regional integration at the national, regional economic commissions (REC) and the African Union levels. This includes developing Africa’s trade and investment negotiation experts to engage non-African members and world organizations like the World Trade Organization. African missions and embassies must have trade and investment experts with strong negotiation skills. International economic diplomacy should be a central mission of African embassies within and outside Africa.

### **2. Mobilize sustainable infrastructure financing**

To genuinely integrate Africa, a traditional approach to financing infrastructure is insufficient. New and innovate financial mechanisms are needed to close the transport, telecommunication and power infrastructure financing gap of USD 130-170 billion per

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<sup>3</sup> [The Africa We Want](#) (Agenda 2063, AU, 2015)

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year (AfDB, 2018). For instance, there is significant room to tap into the current investments from African Sovereign Wealth Funds - estimated at USD 163 billion and to capitalize on the estimated USD 7.2 trillion available worldwide. Africa could also grow its Pension Funds' investments estimated at USD 334 billion out of global assets of USD 36 trillion. Africa must develop sustainable innovative financing strategies for implementing regional integration.

### 3. Strengthen cross-border collaboration and management

Regional integration must trigger cross-border collaboration on economic, social, environment and security related areas to maximize welfare for all Africans including migrants. By 2017, there were 19.4 million African migrants within Africa compared to 16.9 million who lived outside Africa<sup>4</sup>. There are more African migrants living in Africa (53%) than elsewhere (47%) and 47% of all migrants are women. Facilitating free movement of persons remains a critical hurdle for progress regional integration as only ECOWAS and EAC have made considerable progress.

Cross border collaboration goes beyond movement of people and human security. It also includes developing regional mechanisms to promote access to ICT, shared management of cross-border natural resources, and joint management of regional commons, and to mitigate the potential costs of regional integration. Africa needs credible mechanisms to compensate losers and redistribute benefits of regional integration in a more inclusive manner.

### 4. Stronger partnerships for recovery, resilience and sustaining peace

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<sup>4</sup> UNCTAD (2018) Economic Development in Africa Report: Migration for Structural Transformation

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Building mechanisms for resilience is key to deepening Africa’s regional integration. Sub-regional mechanisms in the Lake Chad Basin, Great Lakes, Sahel and Horn of Africa can play an important role in helping people to cope with shocks and reduce exposure to crisis. Countries must use regional integration as an opportunity to leverage their capabilities to prevent conflict and violent extremism, strengthen resilience, and build back better after disasters.

### 5. Africa needs Champions of regional integration

The large size of Africa (54-member states) makes coordination very challenging. Realizing the maximum benefits of regional integration requires strong and sustained dedication from member states. In addition to Establishing regional champions across the five regions in Africa is an imperative. The African Union, through NEPAD, should be the continental champion to drive momentum towards effective integration.

Let me conclude by saying in the words of Kwame Nkrumah “**It is clear that we must find an African solution to our problems and that this can only be found in African unity. Divided we are weak; united, Africa could become one of the greatest forces for good in the world.**”

UNDP is actively promoting regional integration as an effective strategy to realize the SDGs and Agenda 2063. Mindful of the challenges ahead, UNDP stands ready to support Africa’s pursuit of a home-grown agenda for continental and regional integration that positively impacts on human development through strong collaborative effort between governments, private sector, civil society and citizens.

**Excellencies, Ladies and Gentlemen,**

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Africa's regional integration must be built on subsidiarity principle. For Africa Continental Free Trade Agreement to work, it must take precedence over Africa's partnership with other regions of the world. Other investment and trade agreements with other regions must serve as instruments of facilitating Africa's regional integration. This is a strong political decision that African leaders must make for Africa to be genuinely integrated and to serve as a tool to achieve shared-prosperity.

I have the highest confidence that our Kigali conference will guide us on that journey.

Thank you for your attention.



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