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Statutory issues

Assessing the status of regional integration in Africa

I. Introduction

1. Regional economic communities continue to be the main building blocks of the African Union, as envisioned in the 1980 Lagos Plan of Action and the 1991 Abuja Treaty. The key objective of regional economic communities is to facilitate regional integration and cooperation through various activities and programmes, which has culminated in the establishment of the African Economic Community.

2. Despite having similar objectives, the regional groupings in Africa were established independently of each other and their integration processes have progressed unevenly. While some Regional Economic Communities have achieved tangible outcomes with regard to many of the dimensions of regional integration, others have continued to struggle to meet even the basic objectives of their respective treaties and the targets of the Abuja Treaty. Despite this heterogeneity in RECs regional integration processes, monitoring and evaluating progress on the levels of implementation of their integration agendas remain a priority for them and for the African Union.

3. Africa, in general, has registered remarkable progress in various dimensions and aspects of regional integration. Arguably, the historic signing of the treaty to establish the African Continental Free Trade Area (AfCFTA) in Kigali in 2018 has been the greatest achievement in the continents' integration efforts in recent years. Beyond the establishment of AfCFTA, however, a number of impediments to regional integration continue to linger, including, among them, an infrastructure deficit, low levels of macroeconomic convergence and continued threats to peace and security.

4. The present paper contains an assessment of the current trends in regional integration in Africa, with a particular focus on progress in the areas of macroeconomic convergence; trade, investment and market integration; free movement of persons; infrastructure, including for landlocked countries within the framework of the Vienna Programme of Action; governance, peace and security; and mining.

[*] E/ECA/COE/38/1/Rev.1.

II. Macroeconomic policy convergence, financial and monetary integration

5. Macroeconomic policy convergence and financial and monetary integration play a central role in supporting efficiency and promoting public accountability, which are key aspects to promote economic growth and sustainable development. Following the experience of the European Monetary Union, macroeconomic convergence has emerged as an important path towards the achievement of monetary regional integration. In Africa, the regional economic communities have a major role to play in advancing the continent’s macroeconomic convergence and monetary integration efforts.

(a) Progress towards achieving macroeconomic convergence in selected regional economic communities

6. Progress towards the achievement of macroeconomic convergence, in accordance with the sixth phase of the Abuja Treaty[1], has been slow, despite the existence of many initiatives aimed at accelerating the process. Two recent major decisions by African Heads of State and Government, the establishment of regional free trade areas and AfCFTA, have strengthened the impetus for pursuing macroeconomic convergence at all levels. Achievement of macroeconomic convergence targets on key macroeconomic indicators will be central in attracting investment and promoting industrialization among and across African countries.

7. **The Southern African Development Community (SADC)** had set targets to achieve the following: a common market by 2015; a monetary union by 2016; and a single currency by 2018. Those targets are incredibly ambitious and have proven difficult to achieve in the near- to medium-term. Delays in meeting the targets has resulted in a decision by SADC leaders to revise some of the target dates.

Table 1
Macroeconomic convergence targets of the Southern African Development Community

Indicators	*2008*	*2012*	*2018*
Inflation (annual rate)	Single digits	5%	3%
Fiscal deficit	5% of GDP	3% of GDP	3% of GDP
Public debt	60% of GDP	60% of GDP	60% of GDP
Current account deficit	9% of GDP	9% of GDP	3% of GDP

Source: Southern African Development Community document – Regional Indicative Strategic Development Plan.[2]
Note: GDP, gross domestic product.

8. The real GDP (gross domestic product) of member countries for SADC grew by an average of 1.6 per cent in 2017. It was projected to have increased by 2.0 per cent in 2018 and expected to rise by 2.4 per cent in 2019. The average regional inflation rate stood at 10.5 per cent in 2016, and decelerated to 9.4 per cent in 2017. It is projected to decline further in 2018 and 2019, aided by a bumper crop harvest and the stabilization of exchange rates. Because of the

[1] A single currency by 2028, including an African monetary union and a pan-African parliament.

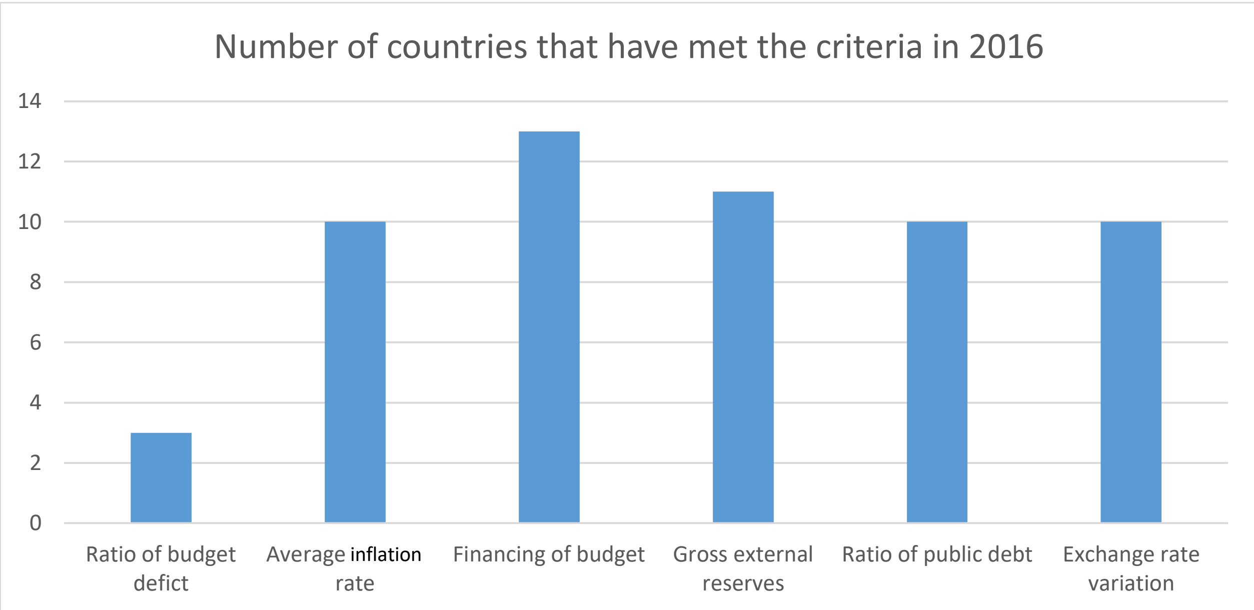
[2] The regional Indicative Strategic Development Plan is a development and implementation framework detailing the regional integration strategy of SADC for the period 2005−2018, which sets out convergence criteria for the region.

tight monetary policies, many of the countries that recorded high inflation rates in 2016 experienced a rapid reduction in 2017, most notably Malawi and Zambia, where inflation declined from 21.8 to 12.3 per cent, and from 18.2 to 6.6 per cent, respectively.

9. **The Common Market for Eastern and Southern Africa (COMESA)** continued to be the most rapidly growing regional economic community in the continent in 2017, with six of its member States, the Democratic Republic of the Congo, Djibouti, Ethiopia, Kenya, Rwanda and Uganda, recording growth rates of between 5 and 10 per cent.[3] Despite that achievement, the region is still at the stage of consolidating its free trade arrangements and preparing to launch a customs union. Many treaties and protocols related to macroeconomic policy convergence aimed at deepening integration have been adopted, including the establishment of a monetary union by 2025. Registered achievements include full utilization of the Regional Electronic Payment and Settlement System.[4]

10. **The Economic Community of West African States (ECOWAS)** has also recorded significant progress in achieving a number of macroeconomic convergence targets, including the recent commitment by ECOWAS leaders to fast-track measures to support the creation and use of a single currency by 2020. In this respect, a new road map was proposed to use as a tool to accelerate the creation of the single currency. Despite progress, significant challenges still need to be dealt with, particularly with regard to be the choice of an exchange rate regime and the monetary policy framework.

Figure I
Status of implementation of macroeconomic convergence criteria



Source: ECOWAS, 2016 ECOWAS Convergence report. Available at www.ecowas.int/wp-content/uploads/2017/11/2016-Convergence-report_Clean-final-final.pdf.

11. In 2016, many of the ECOWAS member countries performed less satisfactory towards achieving the targeted budget deficit to GDP ratio compared with the performance in the previous year; only three member States recorded an overall deficit below 3 per cent of nominal GDP, as opposed to six in 2015. Ten countries managed to achieve the annual average inflation rate (≤ 10 per cent). In 2016, thirteen countries met the criterion of central bank

[3] See http://cmi.comesa.int/2017/.

[4] As of March 2017, nine countries were live in implementing the Regional Electronic Payment and Settlement System, which is a multilateral netting system with end-of-day settlement in a single currency. The system provides a single gateway for central banks to effect payment in a multi-currency environment.

financing of the budget deficit to a maximum of 10 per cent of the previous year's tax revenue, compared to twelve in 2015. Almost all member States increased their debt stock in 2017, and only four of them, Benin, Cabo Verde, Ghana and Togo, recorded a debt ratio above 70 per cent in 2016. Only three countries in relation to the West African Unit of Account experienced an average variation outside the ±10% band.

12. **The East African Community (EAC)** recorded significant progress related to economic integration since the inception of the Customs Union in 2005 and the Common Market in 2010. In this respect, Burundi, Kenya, Rwanda, Uganda and the United Republic of Tanzania signed a joint protocol, which set out the process and convergence criteria for the Monetary Union in 2013. The common currency to replace the national currencies will be introduced by 2024. As of 2017, significant progress had been made since the signing of the joint protocol, in, for example, harmonizing the monetary policy frameworks and exchange rate operations, rules and practices governing bank supervision and integrating the payment systems and financial markets and financial reporting in preparation for the East African Monetary Union.

13. **Economic and Monetary Community of Central Africa (CEMAC)** member countries, Cameroon, the Central African Republic, Chad, the Congo, Equatorial Guinea and Gabon have performed well in relation to the multilateral monitoring criteria on convergence on the public debt ratio, but have fallen short with regard to three convergence indicators, a positive or zero-based budget balance, annual inflation rates of less than 3 per cent and ensuring there is no accumulation, by each State, of domestic and external arrears on the management.

14. **The Economic Community of Central African States (ECCAS)** has made little progress towards achieving macroeconomic policy convergence. Although CEMAC has merged into the ECCAS configuration, efforts to expand the monetary union to the rest of the ECCAS member States have been slow. Nevertheless, efforts are ongoing by CEMAC and other stakeholders to support ECCAS member States in pursuing macroeconomic policy convergence, including through the development of a macroeconomic model to enhance the capacity of member States. As part of the effort to provide support to regional economic communities, including strengthening the capacity of member States, ECA organized a brainstorming session in Brazzaville in 2015 to review progress made by CEMAC States.

III. Trade, Investment and Markets Integration

15. Trade, Investment and markets integration play a key role in promoting regional integration in Africa. The implementation of AfCFTA, whose key objective is to boost intra-African trade by forging a single continental legal regime, has potential benefits, including employment creation, industrial linkages, economic diversification and structural transformation, which would contribute to efforts to achieve sustainable development.

16. Many regional economic communities are making progress in their efforts to promote intra-African trade. The launch of AfCFTA in 2018 is an important milestone, as it provides African countries with a safeguard mechanism in an era dominated by uncertainty following the rise of protectionism. The tables below show some trends in African exports and imports over the period 2010–2017.

Table 2
Overall direction of export trade, 2010-2017 average (%)

Regional economic communities	*Intracommunity*	*China*	*United States*	*European Union*	*Africa*	*Rest of the world*
ECCAS	2%	34%	15%	20%	4%	25%
SADC	19%	20%	8%	20%	3%	30%
AMU	3%	5%	8%	63%	2%	19%
ECOWAS	9%	3%	12%	29%	7%	40%
COMESA	9%	12%	4%	37%	8%	30%
IGAD	14%	21%	3%	16%	12%	34%
CEN-SAD	7%	5%	9%	40%	5%	34%
EAC	20%	5%	4%	19%	18%	34%
Africa (average)	10%	13%	8%	31%	7%	30%

Source: ECA, compiled from the UNCTAD database.
Notes: AMU; Arab Maghreb Union; CEN-SAD, Community of Sahel-Saharan States; COMESA; Common Market for Eastern and Southern Africa; EAC, East African Community; ECCAS, Economic Communities of Central African States; ECOWAS, Economic Community of West African States; IGAD, Intergovernmental Authority on Development.

17. The continent continues to trade more with the outside world than internally, with the European Union holding the largest share of exports from Africa, which exceeded an average of 30 per cent from 2000 to 2017.

Table 3
Overall direction of import trade, 2010-2017 average (%)

Regional economic communities	*Intracommunity*	*China*	*United States*	*European Union*	*Africa*	*Rest of the world*
ECCAS	3%	34%	13%	19%	5%	26%
SADC	16%	27%	8%	21%	3%	25%
AMU	3%	5%	8%	64%	2%	18%
ECOWAS	8%	4%	13%	31%	6%	38%
COMESA	9%	13%	5%	38%	5%	29%
IGAD	9%	24%	4%	16%	11%	36%
CEN-SAD	6%	5%	11%	41%	4%	33%
EAC	17%	14%	5%	19%	14%	31%
Africa (average)	9%	17%	8%	31%	6.0%	28%

Source: ECA, compiled from UNCTAD database.
Notes: AMU; Arab Maghreb Union; CEN-SAD, Community of Sahel-Saharan States; COMESA; Common Market for Eastern and Southern Africa; EAC, East African Community; ECCAS, Economic Communities of Central African States; ECOWAS, Economic Community of West African States; IGAD, Intergovernmental Authority on Development.

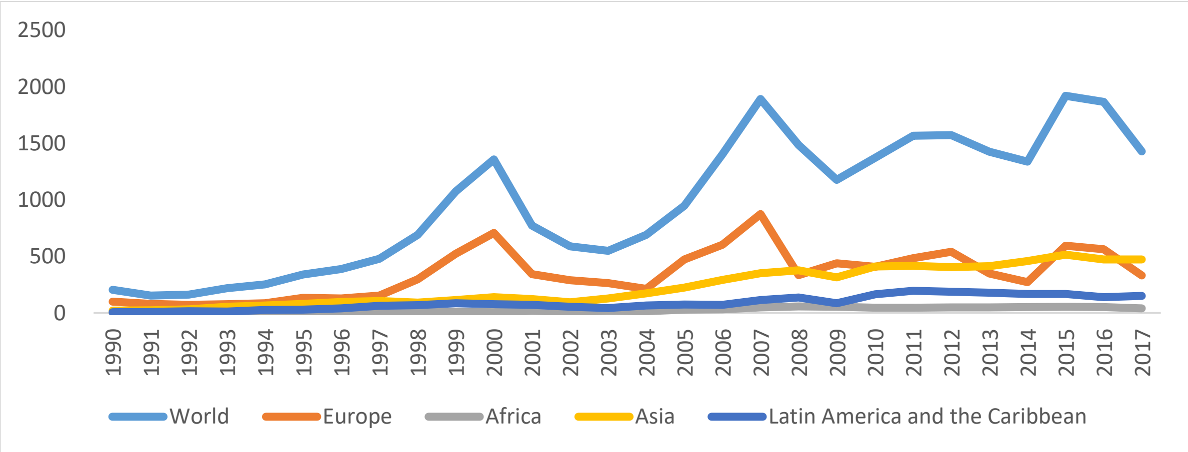
18. Only the Arab Maghreb Union (AMU), the Community of Sahel-Saharan States (CEN-SAD) and ECOWAS, have continued to import more from the European Union than from Africa. EAC and SADC have increased their intracommunity trade, registering an annual average of 17 and 16 per cent, respectively, during the period under review.

(a) Overview of African investment trends

19. Africa is going through an interesting time against the backdrop of an ever-changing and challenging global landscape. Global foreign direct investment (FDI) increased rapidly, from approximately US$200 billion in the early 1990s to $1.43 trillion in 2017.

20. Figure II shows that the FDI inflows to Africa have been structurally low, compared with those directed to the Asian, Latin American and European regions. The African share of global FDI flows was only 3.2 per cent in 2017, although net FDI flows to continent increased more than fourfold, from $10.9 billion in 2000 to $42 billion in 2017[5] (UNCTAD, 2018).

Figure II
Foreign direct investment inflows: global trends (millions of United States dollars)

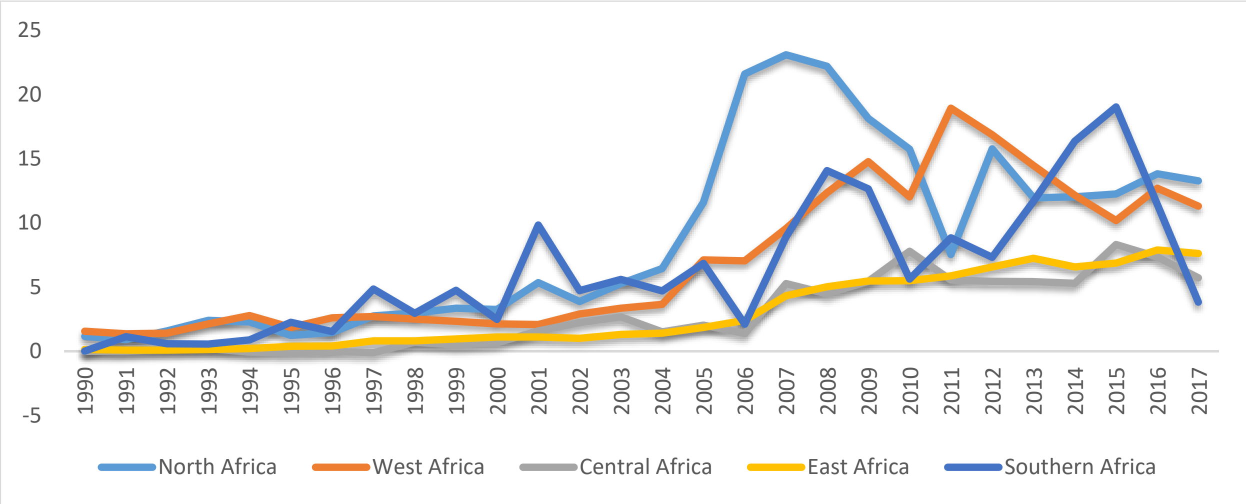


Source: *World Investment Report 2018: Investment and new industrial policies* (United Nations publication, Sales No. E.18.ll.D.4).

21. Despite the structurally low FDI inflows, the continent continues to be one of the most rapidly growing economic regions globally. 11.4 per cent of the worldwide FDI capital flows in 2016 involved Africa, making it the second most rapidly growing destination based on FDI capital. This, in turn, is an indication of scope for greater opportunities in investment diversification. There is a high level of heterogeneity in the distribution of FDI inflows in Africa, as observed at the national, subregional and regional levels. Figures II and III show the disparities in FDI inflows that exist across the African subregion and regional economic communities.

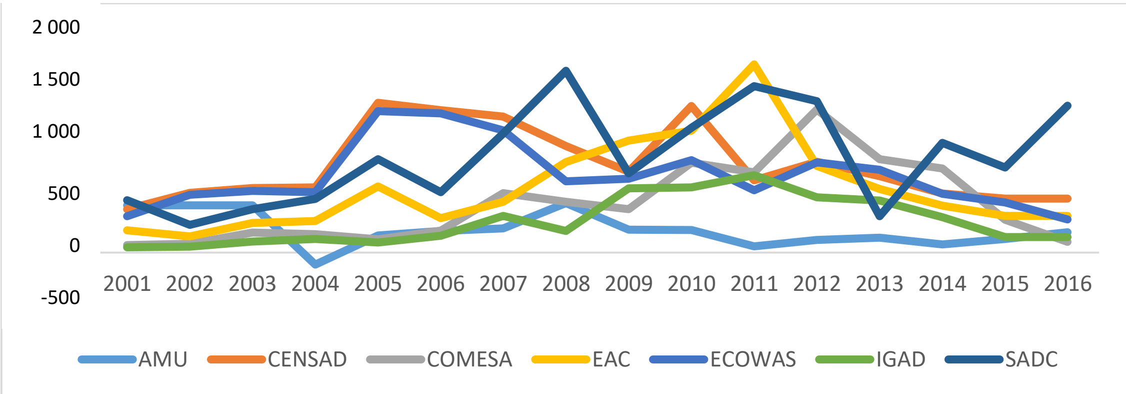
[5] *World Investment Report 2018: Investment and new industrial policies* (United Nations publication, Sales No. E.18.ll.D.4).

Figure III
Recent trends in foreign direct investment inflows in Africa: regional disparities (billions of United States dollars)



Source: *World Investment Report 2018: Investment and new industrial policies* (United Nations publication, Sales No. E.18.ll.D.4).

Figure IV
Recent trends in intra-African FDI Inflows: disparities within the regional economic communities (millions of United States dollars)[6]



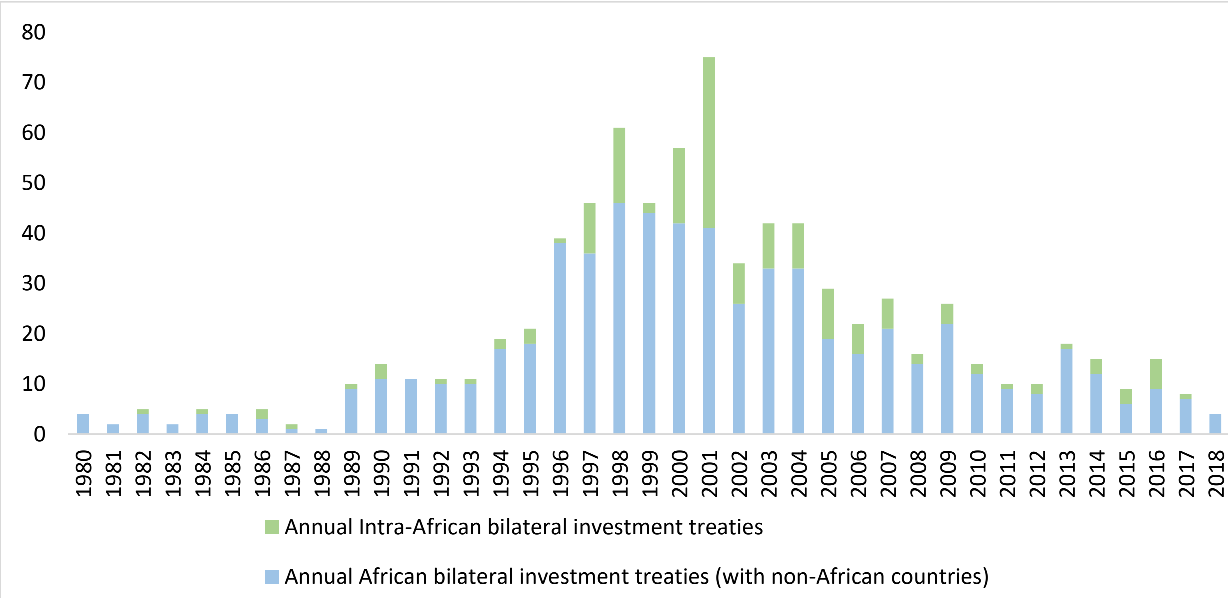
Source: United Nations Conference on Trade and Development (2017). UNCTADSTAT. Available at *World Investment Report 2018: Investment and new industrial policies* (https://unctadstat.unctad.org/EN/).
Notes: AMU; Arab Maghreb Union; CEN-SAD, Community of Sahel-Saharan States; COMESA; Common Market for Eastern and Southern Africa; EAC, East African Community; ECCAS, Economic Communities of Central African States; ECOWAS, Economic Community of West African States; IGAD, Intergovernmental Authority on Development.

22. A study on factors spurring intra-FDI indicates that trade openness, infrastructure and the performance of the logistics and business environment influence the attraction of investment within Africa. Furthermore, improvements in logistics, the business environment and trade costs can enhance intra-African investment, in addition to trade openness. Also, a discussion on the divergence in the drivers of the intra-African investment at the continental versus the subregional levels is included in the study.

[6] These results do not include ECCAS because of the lack of data.

23. The international legal framework governing FDI flows in Africa is complex, consisting of bilateral investment treaties and regional investment agreements. Since the 1960s, African countries have signed 853 bilateral investment treaties, out of which 173 are intra-African. In line with global trends, the pace of concluding bilateral investment treaties picked up around the turn of the century, but it has slowed significantly in recent years. Many of the existing African bilateral investment treaties belong to the old generation marked by broad standards of treatment. Those unreformed treaties can make African countries vulnerable to costly investor disputes.

Figure V
Evolution of bilateral investment treaties in Africa (1980−December 2018)



Source: ©UNCTAD, IIA Navigator, Note: preliminary data for 2018 (https://investmentpolicyhub.unctad.org/IIA).

IV. Free movement of persons and right of establishment

24. Africa continues to make progress towards the free movement of its people across the continent, which is a major prerequisite for the attainment of the regional integration agenda. Cognizant of the importance of that dimension of regional integration, the African Union launched a common electronic, biometric African passport in July 2016. Free movement of people will enable Africans to reap the benefits of a borderless continent and further foster regional integration and economic growth.

25. African countries have enhanced the process of domestication of regional protocols and policies on free movement in their national development strategies. ECOWAS remains the best performing regional economic community in offering free movement of persons, followed by EAC, SADC, the Arab Maghreb Union (AMU), Cen-SAD, ECCAS, COMESA, and the Intergovernmental Authority of Development (IGAD). As for ECOWAS, citizens can travel within the region visa-free by using an ECOWAS passport, and as of December 2014, citizens can move freely to work and start businesses without applying for permits. EAC has also made significant progress, including through the introduction of an EAC passport in 1999[7]; reduction of

[7] With this passport, EAC citizens are able to travel visa-free for up to six months at a time (they can stay longer as long as they notify immigrant authorities in their destination country), and can do so with only their national identity document.

visa fees for EAC applicants; full implementation of the protocol on free movement using IDs; and offering of a single tourist visa. The SADC region has also made progress in this area since the adoption of the protocol on free movement in 2005. It grants visa entry to citizens from its member States for a maximum of 90 days, however, rules relating to residence and establishment are left to the discretion of individual member States. To date, nine countries have signed the SADC protocol on free movement, but only four of them have ratified it.

26. Overall, as of December 2018, only 11 African countries offered liberal access, either they did not require a visa or allowed one to be obtained upon arrival, which indicates that most countries on the continent still have restrictive visa policies. Going forward, removing visas or offering more visas on arrival could help to make the free movement of Africans a reality. To date, 30 countries have signed the Protocol on Free Movement of Persons, Right of Residence and Right of Establishment, however, the implementation of it remains challenging.

V. Education and skills development for enhanced labour mobility

27. The non-recognition, non-compatibility and non-comparability of skills, educational qualifications and experiences in Africa have been major impediments to labour mobility. The mismatch between available skills and the needs of the African labour markets has continued to slow economic integration in Africa and overall development. Accordingly, regional cooperation in the area of education must be enhanced. Over the years, attempts have been made to enhance cooperation and integration in the continent's educational sector, particularly in higher education, albeit with mixed results. The Arusha Convention on the Recognition of Qualifications in Higher Education, adopted in 1981, laid the legal foundation for cooperation in the higher education sector in Africa. Although only 19 of the then 54 African countries ratified the Convention, it formed the basis for the articulation of the Strategy for Harmonization of Higher Education in Africa adopted by the Conference of Ministers of Education of the African Union in 2007.

28. One of the four instruments of the Strategy for Harmonization of Higher Education in Africa is the Pan-African University, established in 2010 under the African Union Executive Council Decision 290.[8] It consists of 55 universities spread across the five subregions of the continent. The objective of the university is to enhance research and innovation capacity in science and technology in Africa and produce world-class human resources at the masters and doctoral levels in key areas. The roll out of the programme started in 2012 with 100 students, and by 2015, enrollment reached 1,500. One of the most recent actions in the implementation of the Pan-African University was the signing of the host agreement between Cameroon and the African Union for the seat of the Rectorate of the Pan-African University in 2018. Furthermore, the continent, through the African Union, has recently endowed itself with a ten-year continental education strategy – the Continental Education Strategy for Africa 2016-2025, which is aimed at setting up a qualitative system of education and training to provide efficient human resources capable of achieving the vision and ambitions of the African Union.

[8] The other three instruments are the following: the Nyerere Mobility Programme; the African Quality Rating Mechanism and Accreditation; and Tuning Africa.

VI. Infrastructure Integration

29. Adequate infrastructure is a key driver supporting economic growth and sustainable development. Understandably, the massive infrastructure deficit in Africa remains a major hindrance to intraregional trade. Africa has lost a cumulative 25 per cent in forgone growth in the previous two decades because of inadequate infrastructure, which has affected trade through high costs.[9] AfDB has estimated that the continent's infrastructure deficits are between $130 billion and $170 billion a year and that the financing gap is between $68 billion and $108 billion. Accordingly, improving infrastructure could enable African countries to engage fully in intraregional trade and reap the benefits of regionalization and globalization.

30. **Road Transport** − Road density in Africa is more than four times lower than the world average,[10] and only 25 per cent of the continent's road network has been paved compared to more than 50 per cent worldwide.[11] Rwanda, the highest ranked African country in terms of road transport with a score of 5, is only 0.9 points away from the global leader, United Arab Emirates. Efforts are under way to promote an extensive infrastructure project, which is expected to boost significantly AfCFTA.

31. **Air Transport** − Intra-African air connectivity received a major boost when the Single African Air Transport Market, a flagship project under Agenda 2063 to liberalize and unify air transport in Africa, was launched by the African Union in January 2018, in Ethiopia. The Single African Air Transport Market is expected to facilitate free movement of people and goods by enhancing the continent's integration and connectivity and foster the development of the aviation sector, tourism and trade. It is expected to facilitate the attainment of the objectives of the Action Plan for Boosting Intra-African Trade and AfCFTA. The African Union Commission has estimated that the Single African Air Transport Market will translate into 300,000 direct jobs and provide two million job opportunities indirectly.

32. **Energy** − Development in energy infrastructure is key for economic growth and access to affordable energy for all. Many studies have found that frequent power outages in Africa have a direct negative impact on the continent's industrial performance and consequently on the economy. Power generation capacity in Africa is about 124 gigawatts. Regional energy integration through power pools is a prerequisite for implementing Agenda 2063. The average effective cost of electricity to manufacturing enterprises in Africa is about $0.20 per kWh, approximately four times higher than industrial rates elsewhere in the world. Over the period 2010−2015, three countries, Algeria, Egypt and South Africa, held 66 per cent of the total electricity capacity in Africa .[12] The Programme for Infrastructure Development in Africa (PIDA) estimates that demand for power will grow annually by 6 per cent to 2040.

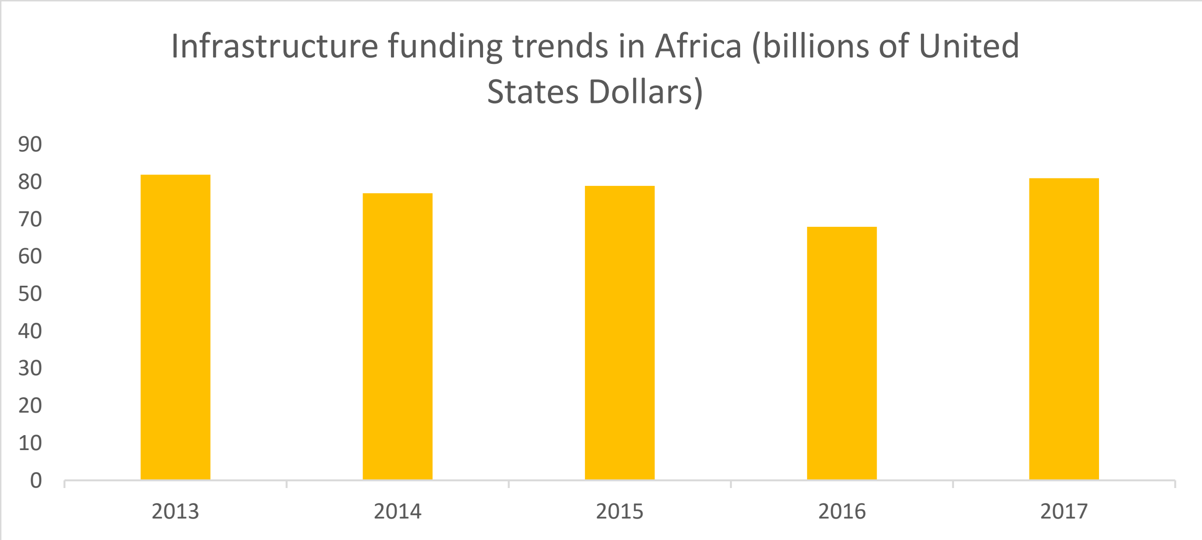
[9] African Development Bank, *African Economic Outlook* (Abidjan, AfDB).

[10] Albert Mafusire, John Anyanwu and Zuzana Brixiova, Infrastructure deficit and opportunities in Africa, *African Development Bank Economic Brief*, vol. 1, pp. 1-15 (September, 2010).

[11] Africa Energy Forum, "Road infrastructure in Africa", 1 June 2016. Available at https://www.ashurst.com/en/news-and-insights/insights/road-infrastructure-in-africa/.

[12] BP Statistical Review of World Energy June 2016. Available at http://oilproduction.net/files/especial-BP/bp-statistical-review-of-world-energy-2016-full-report.pdf

Figure VI
Infrastructure funding trends in Africa (billions of United States dollars)



Source: Infrastructure Consortium for Africa, Reported and identified financing flows in Africa (Abidjan, Infrastructure Consortium for Africa).

33. **Vienna Programme of Action –** The 16 landlocked countries in Africa have built-in geographic disadvantages that contribute to their poor performances in terms of economic growth, social achievements and political stability. The Vienna Programme of Action was adopted in 2014 with the overall objective to develop a more coherent response to the specific needs and problems of landlocked developing countries. Several infrastructure development projects are under way at regional and national levels that are intended to support the continent's integration and link landlocked countries to coastal countries. Among them are the following: North-South Corridor Programme in Eastern and Southern Africa; Walvis Bay Corridor Group in Southern Africa; the navigation line project, linking Lake Victoria and Mediterranean Sea through the Nile; Africa Clean Energy Corridor; the West African rail network to connect Benin, Burkina Faso, the Niger, Côte d'Ivoire, Ghana, Nigeria and Togo; Grand Ethiopian Renaissance Dam; Mombasa-Kampala-Kigali Railway Project; Grand Inga Dam in the Democratic Republic of the Congo; and the Bagamoyo Port in the United Republic of Tanzania.

VII. Governance, Peace and Security

34. Peace and security create conducive environments for the implementation of regional integration initiatives, such as AfCFTA, and the attainment of broader development objectives, including those embodied in the 2030 Agenda and Agenda 2063. Cognizant of that, African leaders continue to strengthen collaboration within the framework of the African Union, regional economic communities and other pan-African organizations to overcome the challenges of poor governance and the associated threats to peace and security. In that respect, the African Union continues to articulate and champion the implementation of overarching, continent-wide norms and instruments for the promotion of good governance and to entrench peace and security on the continent, embodied in the African Governance Architecture and the African Peace and Security Architecture, respectively.[13]

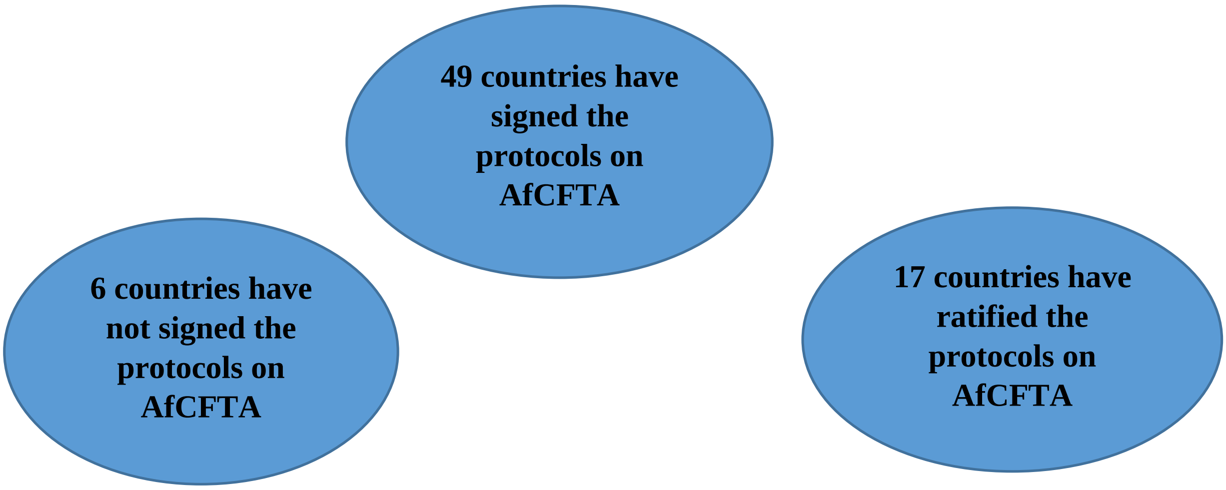
[13] The two most important instruments in this regard are the African Governance Architecture and the African Peace and Security Architecture. The former is intended to foster operational linkages by coordinating and harmonizing existing governance institutions and mechanisms, such as the African Peer Review Mechanism and the New Partnership for Africa's Development (NEPAD). On the other hand, the African

35. As part of their role as building blocks for the economic integration of Africa, regional economic communities continue to take the lead in interventions aimed at upholding democratic governance norms and principles and in resolving conflicts on the continent. For example, in 2016, ECOWAS strengthened its long-standing presence in Guinea-Bissau by deploying additional personnel to the ECOWAS peace mission, while SADC deployed a contingent force of military and civilian experts to Lesotho in the aftermath of the assassination of the head of the Lesotho defense force in September 2017. In East Africa, EAC and IGAD, with the support of the African Union and the United Nations, have continued to assist efforts to resolve the war in Somalia and South Sudan and the conflict in Darfur. In support of this work of the regional economic communities, the African Union Assembly, at its twenty-sixth ordinary session, held in Addis Ababa on 30 and 31 January 2016, reiterated its agreement to contribute up to 25 per cent of the costs of African Union peacekeeping and security operations until 2020, and at its twenty-seventh session, held in Kigali on 17 and 18 July 2016, agreed to introduce a 0.2 per cent levy on imports from member States to increase funding extended to the African Union.

VIII. State of play on the African Continental Free Trade Area

36. The launch and signature of the African Continental Free Trade Area Agreement by 44 African countries during the African Union Summit, in Kigali, in March 2018, represented a momentous milestone for economic integration in Africa. At its Summit, held in Nouakchott on 28 and 29 June, the Assembly negotiated additional instruments, which are annexed to the agreement. The topics of the instruments are customs cooperation and mutual administrative assistance, trade facilitation, non-tariff barriers, technical barriers to trade, sanitary and phytosanitary measures, transit and trade remedies. AfCFTA has brought together the continent’s diverse economies under one umbrella.

Figure VII
Status on protocols for the African Continental Free Trade Area



Source: African Union Commission report for the tenth extraordinary session.

Peace and Security Architecture is a core component of the Peace and Security Council of the African Union for the prevention, management and resolution of conflicts.

37. The African Continental Free Trade Areas Agreement will enter into force only after 22 member States of the African Union have deposited their instruments on ratification. By November 2018, 11 such instruments had been, or were in the process of being, deposited, from the following countries: Chad, Côte d'Ivoire; Ghana, Guinea, Kenya, the Niger, Rwanda, Sierra Leone, South Africa and Swatini. To date, 49 countries have signed the protocols, 17 countries have both signed and ratified the protocols, while only 6 countries have not yet signed the protocols. Efforts are underway by ECA and the African Union to ensure that the remaining countries will soon sign the protocols.

IX. E-commerce, digitalization and integration in Africa

38. E-commerce has become a key area of interest for governments because of its impact on economic growth and sustainable development. The General Assembly has committed to harnessing the potential of information and communications technologies (ICT) towards achieving the 17 Sustainable Development Goals. The digitalization of economies presents opportunities and challenges for many countries. Shifting from traditional forms of trade to e-commerce can contribute towards lowering transaction costs and the remote delivery of goods and services. It can also spur innovation and job creation. A well-known example of this in Africa has been the emergence of mobile money solutions from which services have been extended to previously unbanked areas.

(a) Situational analysis of e-commerce in Africa

39. Worldwide e-commerce sales in 2015 reached $25.3 trillion, 90 per cent of which were in the form of business-to-business e-commerce and 10 per cent in the form of business-to-consumer sales. The cross-border business-to-consumer e-commerce in 2015 was estimated at $189 billion, with some 380 million consumers making purchases on overseas websites.[14] However, e-commerce is hard to measure, and few developing countries can collect e-commerce data and statistics. The International Telecommunication Union estimates that only 18 per cent of African households had access to the Internet at home in 2017 and, on average, there are only 26 active mobile-broadband subscriptions per 100 inhabitants in Africa. The continent is still lagging with respect to the indicators, as shown in figures VIII and IX.

[14] *Information Economy Report 2017: Digitalization, Trade and Development* (United Nations publication, Sales No. E.17.ll.D.8.

Figure VIII
Percentage of Households with Internet access at home (2010–2017)

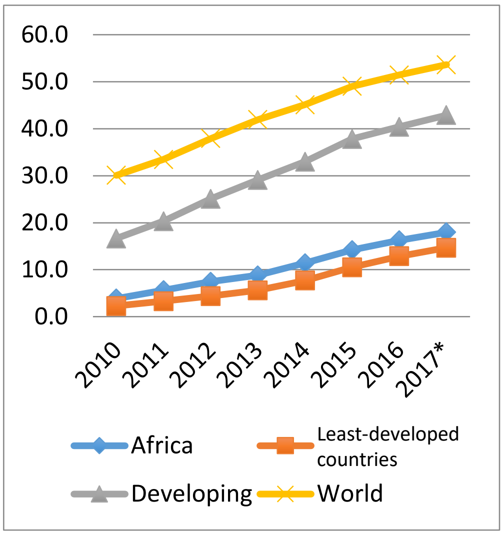
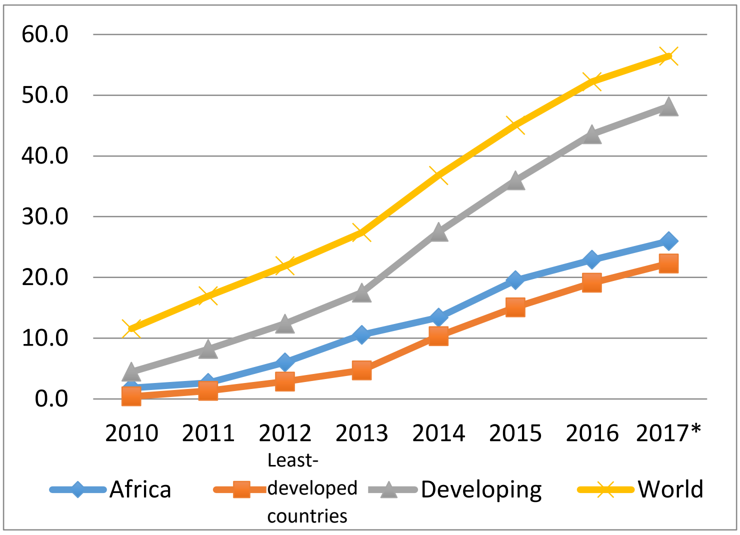


Figure IX
Active mobile-broadband subscription per 100 inhabitants (2010–2017)



Source: ITU World Telecommunication/ICT Indicators database. Available from https: //www.itu.int/en/ITU-D/Statistics/ Pages/publications/wtid.aspx.

40. Cognizant of the growing importance of e-commerce, countries and regional groupings, with support from bilateral and multilateral partners, such as ECA, have been developing strategies and adopting policies to deal with issues related to e-commerce. The African Information Society Initiative, launched by ECA in 1996, was instrumental in developing a comprehensive regional ICT network, which contributed to the adoption by many countries of national information and communication infrastructure plans and strategies.

41. Some countries have made progress in implementing e-commerce projects. For example, Egypt set a national e-commerce strategy at the end of 2017 to support efforts to expand the country's expanding digital economy and to carry out the implementation of the 2030 Agenda. Similarly, South Africa framed a policy debate around e-commerce in a document issued in 2000 entitled "Green paper on electronic commerce for South Africa". That paper is not a policy document, as it was designed to serve as a consultative document and to raise awareness on issues that needed to be addressed during the government policy formulation processes. In it, the benefits that can be gained from e-commerce through the implementation of successful strategies and the contribution that e-commerce can contribute towards the achievement of sustainable socioeconomic growth are highlighted.

X. The mining sector

42. The mining sector continues to be an important element of the regional integration processes in Africa through its significant contribution to the economies of many African countries. This relevance is highlighted below, in two main contexts, continental prospects for realizing mining sector synergies with AfCFTA, and efforts under way towards developing a harmonized SADC regional approach to mining development through its Regional Mining Vision initiative. In seeking to deepen economic integration, deliberations underpinning the launch of AfCFTA have also helped to reinforce the leveraging of continental synergies with the mining sector. Those synergies include the potential for AfCFTA to foster regional linkages between mining and other economic sectors; promote regional mining policies, incentivize the

development of regional mineral value chains and enhance resource corridor projects.

43. With regard to regional mining policies, the East African Legislative Assembly is continuing its push forward an EAC mining law. An overarching, stated objective in that process, is to establish a regionally harmonized legal framework aligned with the Africa Mining Vision to regulate mining in EAC. While challenges remain, progress was made in 2018, through the holding of public hearings on the EAC Mining Bill, 2017, in the six EAC partner States. Similar to the progress made pertaining to an EAC mining law, regional activities are also being carried out within the SADC region, to develop a harmonized regional approach to minerals development. This objective of the Regional Mining Vision is to optimize the beneficial developmental impact of mineral resources extraction across SADC, while factoring in the region's variable geometry, divergent mining trajectories and national political economies. Currently, the SADC region exports most of its mineral resources as feedstocks into global value chains.

XI. Conclusions

44. Despite progress made at continent, regional and national levels, implementation of regional integration continues to face several challenges. Among them are the following: limited energy and infrastructure development; security and conflicts in some member States; multiple memberships; the poor design and sequencing of the regional integration arrangements; and limited financial resources. Enhanced collaboration is needed among African countries and development partners in supporting the implementation of activities and programmes on regional integration.

45. Member States need to mainstream regional integration activities into their national development strategies to improve and make the allocation of human and financial resources more effective. Honouring commitments to support the African Union and the regional economic communities in the implementation of the regional integration agenda is essential. African countries should prioritize investment in the key sectors of infrastructure.

46. Full implementation of AfCFTA presents an opportunity for African countries to help reap the benefits of engaging in e-commerce. African countries and their private sectors, particularly small- and medium-sized enterprises, need to be more prepared to engage in e-commerce and maximize their participation in it. E-commerce will further promote intra-African trade and facilitate the integration of the continent into the global economy. In that respect, enhanced collaboration to support the implementation of AfCFTA among key institutions, such as the African Union, ECA and regional economies, is essential. There is also need for a comprehensive mechanism for assessing the implementation of AfCFTA to ensure effective coordination, evaluation and monitoring of the process.

47. E-commerce can be viewed as a vehicle for overcoming specific barriers to trade, such as distance, however, to successfully implement e-commerce, several barriers must be overcome, such as insufficient postal and logistics services, lack of credible payment channels, and low computer and Internet literacy rates. In that respect, African countries need to carry out policies in order to maximize the benefits of digital transformations and to ensure an equitable distribution of them.