

https://dspace.org/

The interface of multilateralism and regionalism within the world trade organisation: contextualising the new partnership for Africa's development

Ndayi, Zoleka Veronica

2008-10-08T14:12:58Z
http://hdl.handle.net/10539/5738

Downloaded from a DSpace repository. https://dspace.org/

CHAPTER SIX

DOES NEPAD QUALIFY THE AFRICAN UNION TO BE DEVELOPMENTAL REGIONALISM?

Besides the Regional Economic Communities (RECs), the African Union (AU), together with its socio-economic programme, the New Economic Partnership for Africa's Development (NEPAD) became the institution and organization for economic and political integration on the African continent. This Chapter attempts to explore whether NEPAD qualifies the AU to be developmental regionalism and tries to locate it within the multilateral trade regime context. It begins by examining the political and economic institutions in Africa. Contextualisation of Africa in the international economic system sheds light on regionalisation efforts in the continent. This is followed by a general overview of NEPAD and its relation with the AU, as well as its successes and limitations. The chapter also contextualises NEPAD by demonstrating how it reconciles developmental regionalism with plurilateralism, and how it influences multilateralism.

6.1. Political and Economic Institutions in Africa.

The genesis of the Organisation of African Unity (OAU) could be traced to the Casablanca [293] and the Monrovia Groups of 1961.[294] The Casablanca Group originated as the Union of African States (UAS): comprising Ghana; Guinea and Mali[295]. The Charter of the UAS was, among other factors, based on defining a common set of economic objectives; support for anti-colonial struggles in the continent; as well as the building up of African unity. The Casablanca Group, as the UAS became informally known, appealed on all independent African states and proposed the immediate creation of a political union in which economic and other development related activities would be coordinated centrally.

The afore-mentioned proposal led to an emergence of a rival group. The states in the rival Brazzaville group, later renamed the Monrovia group, advocated a unity that was not "political integration of sovereign states, but unity of aspirations and of action"[296]. The Monrovia group emphasized gradual economic integration before political integration. Nevertheless, the differences informing both the groups pointed to the need to establish a regional organization that would deal with both the economic and political development of the continent. Hence in 1963, the OAU was established as a compromise between the "gradualist" Monrovia Group and the "federalist" Casablanca Group.

---

[293] This group emerged in 1961, made up of seven countries: Algeria, Egypt, Ghana, Guinea, Libya, Mali, and Morocco.

[294] It comprised the twelve countries of the Brazzaville Group as well as Ethiopia, Liberia, Nigeria, Sierra Leone, Somalia, Togo, Tunisia and Congo (Kinshasa).

[295] Later that year, Libya, Egypt, Morocco and the Algerian Front for National Liberation (FLN) joined the group.

[296] Chimelu, C Integration and politics among African states, Scandinavian Institute of African Studies, Uppsala, 1977, p. 164.

Composed of all independent African States, the OAU had as its two pillars "sovereignty" and "pan-Africanism", whose objectives were to protect the territorial integrity of African states and strive for African unity. Thus while guarding its newly acquired sovereignty from the colonialists, it also wanted the dependent countries to be freed from their colonial yoke.[297] In 1980, it adopted the Lagos Plan of Action and the Final Act of Lagos (FAL) in 1980[298] for the economic development of Africa and economic and social integration of African economies to enhance self-reliance and self-centered development. The FAL committed African governments to establish an African Economic Community (AEC). The Abuja Treaty sought to create the AEC through six stages **See Figure 6.1**, culminating in an African Common Market using the REC as its building blocks. [299] The Abuja Treaty has been in operation since 1994 and the name AEC no longer appears in AU/NEPAD policy documents.

On 02 March 2001, at the extraordinary OAU summit in Sirte, African heads of states declared the establishment of the AU. The AU is more of an umbrella organization that encompasses all the development aspects of the continent. On its own, it does not have a clearly defined programme on how it is going to accelerate socio-economic development nor does it have a detailed approach on how regional integration can be realized in Africa[300]. Nevertheless, the AU's vision encompasses both the political and the economic aspects of development. Understandably, the continent is marred by political instability, civil hostilities, poor governance and so on. Since there is a need to lay a base for economic development by addressing the aforementioned internal problems, it comes as

---

[297] Abiodun Alao, "The role of African regional and sub-regional organisations in conflict prevention and resolution", Working Paper No. 23; September 2001

[298] See the "Lagos Plan of Action"
http://www.uneca.org/itca/ariportal/docs/lagos_plan.pdf

[299] for more initiatives visit "The African Union in a Nutshell";
http://www.africa-union.org/home/Welcome.htm

[300] For it visit NEPAD; http://www.africa-union.org/home/Welcome.htm

no surprise that the AU gives much attention to the political aspects of the continent and has a somehow "flexible" economic affiliate in the form of NEPAD.

The NEPAD was established on 23 October 2001 and its foundation can be traced to the New African Initiative (NAI)[301], which is a result of the merger between the African Recovery Programme (MAP)[302] and the Omega Plan[303]. It is the AU's socio-economic strategy to tackle poverty and underdevelopment of African countries and the continued marginalization of Africa in the global political economy.[304] Amongst its priorities is the establishment of conditions for regional cooperation and integration, and it endorses the LPA.

The AU also re-affirms the status of the RECs as building blocks for continent-wide integration and identifies 7 sub-regional RTAs that dominate the integration landscape. These are: the Southern Africa Development Community (SADC), Economic Community of West African States (ECOWAS), Economic Community of Central African States (ECCAS), Common Market for East and Southern African (COMESA), Inter Governmental Authority on Development (IGAD), Community of the Sahélo-Saharan States (CENSAD) and Arab Maghreb Union (AMU). However, Africa has 14 RTAs of varying design, scope and objectives. The integration process in almost all the sub-regions is currently managed by two or more groupings. Most countries belong to two or more blocs. Of the 53 African countries, 27 are members of two RTAs and 18 of three RTAS. One country (DR Congo) is a member of four. Only seven countries belong to one RTA. **Figure 6.2(a) 6.2 (b) Africa Regional Organisations.**

[301] Established on 03 July 2001

[302] Devised by Thabo Mbeki of South Africa, Olusegun Obasanjo of Nigeria and Abdelaziz Bouteflika of Algeria in 2000

[303] Initiated by President Abdoulaye Wade of Senegal in January 2001

[304] NEPAD Policy Document, http://www. avmedia.at/cgi-script/csnews/news_upload/ABOUT_20NEPAD_2edb.WHAT%20is%20NEPAD%20new.pdf

However, there has been a paradigm shift on the part of African leaders. The LPA was informed by dependency thinking, which attributed the underdevelopment of the continent to external factors inherent in the structural inequality of the world system, and ignored domestic factors. It also defined the continent's problems in terms of external dependence, hence advocating collective self-reliance and self-centred development. On the other hand, NEPAD is much more influenced by modernisation thinking. It promotes the adoption of economic development from the West. While it acknowledges the structural constraints of the asymmetric world economic system and the burden it places on the potential for development in Africa, NEPAD admits engagement into this system and suggests partnership. Contextualisation of Africa's political economy with the international economic system will provide some background into the hows and whys of NEPAD.

6.2. CONTEXTUALISING AFRICA IN THE INTERNATIONAL ECONOMY

Africa has the least share of world exports at 2.0 percent.[305] According to the *UN Economic Development Report 2001*, Africa generally still relies on primary commodities for their exports. 80.0 percent of Africa's exports consist of oil and non-oil commodities. Simon[306] postulates that the Organisation for Economic Co-operation and Development (OECD) countries impose agricultural subsidies amounting to US$300 billion a year, equalling the African continent's entire GDP. High tariffs, anti-dumping regulations and technical barriers to trade in industrialised countries cost Sub-Sahara African (SSA) countries US$20 billion a year in loss of exports. Cited from the *This Day News*, Ugandan President Yoweri Kaguta Museveni lamented the marginalisation of Africa in global trade, saying that while world trade in agriculture was worth US$1.2 trillion,

[305] World Development Indicators, 1998

[306] David Simon, http://impuls.kulak/ac.be/south_africa/Md2_economy/theoMA3.asp

Africa's share stood at a paltry US$13 billion, representing 1.0 percent of the world total.[307]

This situation is clearly not favourable to the less developed countries, which are producers of primary products. A report prepared by the *UN Millennium Forum of World Civil Society* on 26 May 2000 adds to this sentiment, stating that the non-industrialised world suffers economic losses from agricultural protectionism in the industrialised world. It estimated that US$700 billion of annual export earnings could be achieved in a relatively short time by the non-industrialised nations in a number of low technology and resource-based industries, if those were not protected in the North.[308]. In addition, around 80.0 percent of the workforce in the developing countries is employed in the agricultural sector.[309]

The protection of major industrial countries' markets, reliance on labour-and-resource intensive exports and competition, have even worse repercussions for Africa, which has a higher share of primary commodities in its world trade. The economic vulnerability of the SSA countries in the international market is depicted in the United Nations Conference on Trade and Development (UNCTAD) document entitled *Economic Development in Africa, 2001.* According to this document, SSA is more exposed to the threat of declining terms of trade for their exports to the developed countries than many other developing countries.

In addition, protection measures such as subsidies for agricultural and industrial products, sanitary and phytosanitary import restrictions, and anti-competitive practices implemented by the trans-national corporations (TNCs), are widely used by the developed countries against developing countries. For Africa, the loss due to protection

---

[307] Cukwudi Nwabuko, ThisDay News; 18 September 2001
http://www.jubilee2000.org/worldnews/africa/Museveni_Laments_Africa.html

[308] http://www.theallianceforddemocracy.org/campaigns/2000/globalisation/challenges.htm #2

[309] World Development Indicators, 1998

of the OECD markets was estimated at US$470 billion in 1997. In SSA, protection of OECD countries markets amounted to 241.0 percent of the region's combined GDP. The gain for SSA economies from the elimination of agricultural protection in OECD countries is estimated at US$6 per capita.[310]

This scenario explains the slow pace of integration of African economies into the world economy. Milan Brahmbhatt and Uri Dadush[311] use indicators such as ratios of international trade and foreign direct investment (FDI) to GDP (both indicative, among other things, of openness to outside knowledge), creditworthiness ratings (a measure of access to international capital markets), and the share of manufactures in exports (an imperfect measure of a country's ability to produce at world standards and absorb technical knowledge) to measure integration into the global economy. **Table 6.1** below illustrates that SSA is lagging far behind other developing countries in terms of global economic integration. In terms of share in FDI, although Africa has recorded an increase over the years, it still lags behind other developing countries. **Figure 6.3 illustrates** this.

However, Ejeviome Eloho Otobo[312], chief of Policy Analysis and Monitoring Unit in the Office of the Special Advisor on Africa at the United Nations (UN), argues that Africa is more fully integrated into the world economy than some larger economies. Using the share of trade as a percentage of GDP this, according to him, is the widely accepted measure of integration into the world economy. Africa's imports as a share of GDP are 38.5 percent and its exports as a share of GDP are 27.7 percent. For Sub-Saharan Africa, the shares are even greater at 62.2 percent, actually being above the world average of

---

[310] Economic Development in Africa: Performance, Prospects and Policy Issues, Ref. No. UNCTAD/GDS/AFRICA/1TD/B/48/12; UNCTAD, 2001

[311] Milan Brahmbhatt, (senior economist in the international economic analysis and prospects division of the world bank's international economics department) and Uri Dadush, (chief of the international economic analysis and prospects division of the world bank's international economics department) "disparities in global integration"; http://www.worldbank.org/fandd/english/0996/articles/0150996.htm

[312] Ejeviome Eloho Otobo , "Regionalism and Trade: A Glimpse of Africa's Experience", The New School Economic Review, Volume 1 (1) Fall 2004, pp. 119-128

57.0 percent. These averages mask wide disparities among African countries, as the export ratios of countries depending on a narrow range of primary commodities are even higher.

Otobo goes on to argue that the central problem with Africa's way of integration into the world economy is of the wrong type: Africa is caught in a "commodity trap." In addition, the prices of commodity exports have suffered severe declines over the years. These facts help explain why Africa has benefited least from globalization. Another factor attributed to Africa's integrating style is that much of the continent's labor force lacks the scientific training required for participation in the fastest growing technology sectors. Finally, Africa's inability to penetrate and participate in the production and supply chains of global competitive sectors, together with its inadequate infrastructures and the perception/misperception of a "continent in crisis," serve as deterrents to FDI in the region. Perhaps the history of developmental regionalism in Africa would shed light on the current nature of the political economy of the continent.

6. 3. History of Regionalisation in Africa (1960s-2000s)

African countries have suffered colonial or racist minority rule for centuries. Colonisation meant that the colonised were inferior and had no control over their destiny. Consequently, the colonies had no power to control their own economic progress and export production. As a result, many colonies were turned into mono-cultural economies.[313] In addition, the abundant natural resources were at the disposal of the European capitalist industries.[314] It was during this period that regionalism surfaced in the developing world.

[313] Countries raising single crops to the exclusion of others.

[314] For the nature of colonialism, see O. Nnoli, Introduction to Politics, (Longman) pp. 104-111

Richard Stubbs and Geoffrey Underhill[315] argue that the first underlying factor for regionalism is the intensity and commonality of historical experiences. Nonetheless, while the African move towards unity has taken its institutional form in the twentieth century, the roots could be traced a long way back into history, to the time of the slave trade; the time when Africans were first introduced to Europe and vice versa. However, it is not in the scope of this study to dig the roots of African nationalism.[316]

It is imperative to recall that regionalism is an ideology induced by a particular environment or situation with the consequential relations among the affected people, thus giving them a common attitude to the outside world and a general strategy to achieve shared objectives. However, these feelings are among the affected and those people affected should be located within a geographic entity, the region. Hence, Meenai refers to regionalism as the "feeling of belonging arising out of commonalities, based on geographic contiguity, culture, language, history or socio-economic factors"[317].

African intellectuals such as Gamal Abdel Nasser and Kwame Nkrumah took over the Pan-African[318] and developed a more geographical idea of African identity. These men were to be the founders of the OAU[319]. It was at the end of colonialism that regionalism in Africa started gearing towards economic spheres. In order to change the existing pattern of economic relationships and to create new economic structures, Africa adopted

---

[315] Richard Stubbs and Geoffrey R. D. Underhill (eds), Introduction The Political Economy and the Changing Global Order, (Macmillan: London; 1994) p. 31

[316] For slaver and colonisation see George Padmore, "Pan-Africanism or Communism: The Future Struggle for Africa", African Perspective, 3rd Issue Autumn 2000

[317] Tasneem Meenai, "Regionalism and the South Asian State: The Imperatives of Globalisation", in B. Ramesh Babu, Globalisation and the South Asian State, (New Delhi: South Asian Publishers; 1998) p. 207

[318] . For more on Pan-Africanism see Immanuel Wallersten, Africa The Politics of Unity, (New York: Vintage Books; 1967) pp. 7-15

[319] "Pan-Africanism":, http://www.cbaac.org/pan_africa.htm

economic regionalism.[320] Hence the formation of such sub-regional groupings as the Southern African Development Coordination Conference (SADCC) in 1980.

Coupled with the need for transformation was the notion that relations between Africa and the developed world depict economic dependence. Hence some economists argued that free trade with and foreign investment from the industrialised countries, that are the core of the world economy, could be potentially deleterious for the developing countries. Instead, deliberate state policies that fostered local industrialisation through protectionism were necessary to transform these countries' economies.[321] Import-substitution industrialisation policies became some developing countries' strategy to attain the autonomy needed to achieve the necessary structural change and economic diversification. Thus the SADCC adopted a functional approach based on political considerations.[322]

At continental level, African leaders stated their commitment individually and collectively to promote the economic integration of Africa, so as to promote socio-economic development. They also committed themselves to promote the integration of their economies and, to that end, to establish national, regional and sub-regional institutions leading to a dynamic and interdependent African economy. Nevertheless, the end of the Cold War marked the triumph of liberalism in both political and economic spheres. The end of the Cold War meant that Africa no longer held strategic importance between the Capitalist West and the Communist East. This was accompanied by declining economic concessions to Africa from these two rivals. Consequently, marginalisation in the global economy became the common problem facing African economies; hence the new approach of developmental regionalism.

---

[320] For negative political, economic and social colonial legacy on African political economy see O. Nnoli, Introduction to Politics, pp 61-70; also (Jorge Lozoya and Hector Cuadra; 1980, pp. 5-8

[321] Jesmond Blumenfeld, Economic Interdependence in Southern Africa: From Conflict to Cooperation, (Cape Town: Oxford University Press; 1992) p. 63

[322] Lynn K. Mytelka (ed), South-South Co-operation in a Global Perspective, Organisation for Economic Co-operation and Development (OECD) p. 24-25

Market liberalisation means that Africa has to yield its autonomy to pursue independent development strategies, and thus abandon the old regionalism project that was based on protectionism. However, though it is in line with liberalism, the new developmental regionalism still promotes some level of protectionism.

According to Keet[323], developmental regionalism is a wide-ranging and striving approach to regional cooperation and integration among the developing countries that also involves the least developed countries. However, notwithstanding their internal configurations and varying policy emphases, as well as divergent tendencies within the countries of the developing regions, "they are all officially oriented towards both economic and political integration, and officially view the regional groupings as building blocks towards eventual continental (re) integration". In that light, it becomes imperative to look at the AU relations with NEPAD.

6.4. THE AU-NEPAD RELATIONS

Though NEPAD is the AU's socio-economic development strategy, the relationship between the two is unclearly defined and vague. For example, the NEPAD implementation committee has total discretion and merely reports to the AU Summit. The AU Secretariat is represented in the NEPAD steering committee. There is neither AU control nor veto over NEPAD. As Adedeji observed, nowhere in the Act has NEPAD been mentioned and there are hardly any references to the Constitutive Act in NEPAD. Thus, he questions the association between the two. He argues that the impression given is that although the AU is the supreme body, NEPAD is special and is not to be integrated into the AU. It has its own organs, which are quite different from those of the AU.

Perhaps the ambiguity of the AU-NEPAD relationship could very well be attributed to funding as well as to the attitude of some African leaders towards the programme. For example, there has been a notion that the AU does not have the resources to set up the

[323] Dot Keet, "Strategic Developmental Regionalism Towards Effective Global Engagement", http://www.aidc.org.za/archives/dot-Keet_2.html

programme. South Africa, the pioneer of the programme and the economic hub of the continent, plays a prominent role in the financing of NEPAD. On the other hand, Libya, the advocate of the AU, is somewhat radical and plays a too important role in the Union. According to the paper prepared by the Inter-Africa Group / Justice Africa "The Economic Dimension to the African Union", for the *African Union Symposium*, the AU is a state-led process. It has relatively little input from either civil society or from the private sector.[324]

However, African leaders recognized that there is a need to clearly define the relationship between the two initiatives. The AU Commission (AUC) and the NEPAD Secretariat jointly commissioned a study to this effect. At the Seventh Summit of the Heads of State and Government Implementation Committee (HSGIC) [325] of the NEPAD on 28 May 2003, the NEPAD Steering Committee gave an account of progress of the "Formal Integration of NEPAD into AU structures and processes" and the HSGIC decided to consider the matter again at their next meeting in the July 2003 summit in Maputo, Mozambique.

In the Summit[326], the AU Assembly reaffirmed the vital importance of "building capacity within the AU Commission to manage NEPAD" by way of formalizing the working relations between the AUC and the NEPAD Secretariat, especially for programme coordination and harmonisation. They also agreed to provide the NEPAD Secretariat in South Africa with "a legal status of an African Union office operating outside the African Union Headquarters for a transitional period of three years from July 2003 or until such

---

[324] InterAfrica Group / Justice Africa "The Economic Dimension to the African Union", Issues Paper for the African Union Symposium; http://www.uneca.org/adfiii/auissuepn1.htm

[325] "Communiqué Issued at the End of the Seventh Summit of the HSGIC of the New Partnership for Africa's Development, 28 May 2003 Abuja, Nigeria"; http://www.dfa.gov.za/docs/2003/nepa0530.htm

[326] see the "Draft Communiqué Issued at the End of the Eighth Summit of the Heads of State and Government Implementation Committee (HSGIC) Of the New Partnership for Africa's Development, Maputo, Mozambique", 09 July 2003; http://www.iss.org.za/AF/RegOrg/nepad/hsic8.pdf

time the relevant structures of the African Union are fully operational, whichever comes first". The need to develop a sustainable funding mechanism for NEPAD after its complete integration into the AU structures and processes was discussed[327].

All the 2004 HSGIC summits held did little to resolve the AU/NEPAD confusion. Although Obasanjo as HSGIC chairperson, confirmed that the integration of NEPAD into the AU was extensively discussed, the HSGIC's final communiqué, held in Algeria on 23 November 2004, decided that the Steering Committee and the AUC should look into the matter, and the Ministers of Foreign Affairs thereafter, in order to report to the next AU Summit at the end of January 2005[328].

In May 2004, the AUC produced the *"2004 – 2007 Strategic Plan"* (The Plan). It noted that an integrated continent needs to be systematically interlinked, and yet moving around the continent takes time and effort and involves excessive costs, which discourages integration and trade. Thus, more emphasis needs to be put on infrastructure. The Plan also noted that the AUC, which is supposed to be the engine of the Union and of the integration processes, does not yet posses the necessary capacities to achieve the stated objectives.

The Plan stated that the AUC would focus attention on updating the stages defined in the Treaty in order to fix timeframes for the accomplishment of the integration process. Following the creation of the AU and the integration of the AEC within the AU, the 6 stages would be updated. In this regard, the AUC would work with the RECs to formulate a minimum integration programme (to be known as *"Integration Horizon 2007")*, which will be a common regional cooperation pact of sufficient integration level to orientate all

---

[327] Also visit the "Decision on Integration of Nepad into the Structures and Processes of the African Union". Doc. Ex/Cl/60 (Iii); http://www.africaunion.org/Official_documents/council%20of%20minsters%20meetings/Maputo/EX_CL_Dec%2059.pdf

[328] Final of the 12th Summit of the Heads of State and Government Implementation Committee (HSGIC) of the New Partnership for Africa's Development (NEPAD); Algiers, Alegria-23 November 2004; http://www.sarpn.org.za/documents/d0001053/index.php

the RECs towards an irreversible momentum of continental integration to be attained in 2007. The *Strategic Plan* has also produced a broad framework for building the AU in 3 stages. See **Figure 6.4**

Nonetheless, on 5 February 2005, *This Day*[329] (Lagos) reported that the NEPAD Secretariat could be relocated from South Africa to Ethiopia by the end of the year as part of a strategy to accelerate its integration into AU structures. This has raised fears among the African "think-tanks", with issues such as funding to keep the programme going; loss of support from the international community; overloading the AU as well as disintegration of the programme, at the centre. Cited in *This Day*, however, NEPAD's communications manager Thaninga Shope-Linne said the issue was not relocation, but how and when integration would take place. She said the final decision would be taken at the AU Heads of State and Government summit in July 2005.

The AU's structures and objectives support and complement NEPAD's objectives in many ways. Consequently, the AU represents a political agenda for the continent, while NEPAD plays the role of a collective African economic development. One way of integrating NEPAD into the AU would be for the NEPAD Secretariat to become part of the AU economic system (African Central Bank, African Monetary Fund, and African Economic Community). Utilising the integration phases adopted by the Abuja Treaty and in close co-operation with the regional economic communities (RECs). NEPAD would become the driving force and main implementing agency of Africa's economic integration. A brief examination of NEPAD and the initiatives that saw its establishment dwells on the nature of the programme.

[329] "NEPAD to Relocate to Addis"; http://allafrica.com/stories/200502090469.html

6.5. CONTEXTUALISING NEPAD

NEPAD tries to reach a compromise between the dependency and modernisation paradigms. As a way of acknowledging the dependency theory, like its predecessor the LPA, NEPAD puts emphasis on collective self-reliance and acknowledges regional integration as part of the strategy for African economic renaissance. As such, the more than half of the LPA's thirteen chapters focusing on Africa's regional strategic sectors,[330] are similarly identified by both NEPAD and the Constitutive Act as being of primary interest to regional transformation and development.

Thus, NEPAD calls for both internal and external approaches towards the region's economic development. NEPAD embraces developmental regionalism and plurilateralism as well as multilateralism as efforts toward Africa's progress and economic emancipation.

NEPAD endorses plurilateralism by forging new partnerships with the industrialised countries through, among other things, ensuring changes in the unequal relationship between these countries and Africa. As for promoting developmental regionalism, NEPAD acknowledges the role of the continental sub-regional groupings in promoting development in the region. A detailed analysis of these approaches in relation to Africa's economic development will shed some light on the nature of NEPAD. NEPAD is both a strategy to promote developmental regionalism in Africa, as well as an effort to seek plurilateralism, which would be favourable and sensitive to the continent's economic woes with the Northern countries.

[330] food and agriculture, industry, human resources, transport and communications environmental protection, science and technology, gender etc,

6.4.1. NEPAD and Developmental Regionalism

NEPAD is said to be an "African-owned and African-led development" programme and calls for the acceleration of regional and continental integration to tackle Africa's developmental needs. The main objectives of NEPAD in relation to Africa's development are: to accelerate industrialisation, increase intra-Africa trade, and diversify production and exports. Though it acknowledges that integration into the global economy has created opportunities, NEPAD also points out that globalisation has led to further marginalisation of those countries that are unable to compete effectively.

According to Senegalese economist Sanou Mbaye[331], the aforementioned objectives must be backed by a regional integration commitment and endeavor in encouraging a transition from small domestic markets to wider markets and dismantling the customs barriers. This cannot be achieved without a development programme involving protectionism and subsidies. Since nowhere in NEPAD is a reference to protectionism, Mbaye regards it as "a bogus programme recycling the failed development strategies and policies of the Bretton Woods institutions".

Sharing this view is Dot Keet[332], who opines that NEPAD seems to have displaced the established AEC programme, which was an internally focused, state-led integration and development plan aimed at reducing Africa's external dependencies. Ngwane,[333] like Keet, believes in the Sirte vision conceived by Libya and supported by Gambia, Mali, Togo, Chad and Congo of the AEC treaty as the economic roadmap of Africa. In the

---

[331] Sanou Mbaye "NEPAD : The Wrong Plan ?"; July 2002;
http://sanou.mbaye.free.fr/WAM_Nepad_the_wrong_plan_for_africa.htm

[332] Dot Keet, "The Strategic Aims of Regional Cooperation and Integration in Africa", Alternative Information and Development Centre (AIDC), Regional Briefing, January 2004

[333] Mwalimu George Ngwane; "Remember 9/9/99 Or Souvenirs Of The Sirte OAU Summit";
http://www.africaphonie.org/

Fourth Extraordinary Session of the Assembly of Heads of State and Government, held on 8 and 9 September 1999, it was decided to establish the AU in conformity with the OAU Charter and the provisions of the Treaty establishing the AEC.[334] However, Article 33(2) of the Constitutive Act of the AU stipulates that provisions of the Act will take precedence over and supersede any inconsistent or contrary provisions of the Abuja Treaty

According to Ngwane, the AEC is home-grown and indigenous inspired. He makes reference to its focus on localisation and on the need for Africa, citing Thandikara Mkandawire, "to reclaim the driver's seat in articulating the solution for our economic development problems". He goes on to argue that it is the launching of the AU that brought a shift in the vision of the AEC. South Africa, Nigeria, Algeria and Senegal, the Durban visionaries as he calls them, torpedoed the AEC treaty in favour of NEPAD. He describes the Durban visionaries as Global Pan Africanists who continue to believe that Africa's salvation would come from an integrationist, yet renegotiated, relationship with the international community.

Candice Moore[335] argues that the AU's approach is unique since "it defies the notions of developmental regionalism as comprising strategies of 'de-linking' and "self-reliance". She argues that it is a "hybrid of the developmental regionalism of de-linking and the open regionalism of greater integration with the world economy through joint policy strategies in trade and development in the form of extra-regional trade agreements". According to her, there are many difficulties attendant to pursuing both simultaneously

---

[334] Fourth Extraordinary Session of the Assembly of Heads of States and Government, 8-9 September 1999, Sirte, EAHG/DRAFT/DEC/ (IV) REV.1

[335] "Regional Integration and Regional Governance under the new African Initiatives: a Critical Appraisal" (May 2004), Policy: Issues and Actors Centre for Policy Studies, Johannesburg Volume 17 no 13

In the same vein, Nabudere[336] maintains that Africa is already part of the global economy and does not need to seek "partners" in order to join the global economy. He blames the continent's marginalisation to being the most exploited and not necessarily being excluded from the global economy. He does not see reconciliation of regional economic integration on the basis of "free trade" and regional "customs unions" in order to arrive at pan-Africanism. He further asserts that it is political unity alone that can make it possible for Africa's natural resources to be the basis of African development, and not financial resources from outside.

Nevertheless, instead of calling for protectionism and de-linking, NEPAD calls for partnerships that would be sensitive to the continent's economic needs and "strategic linking". This approach, pragmatic as it is, seems to suggest a change in developmental regionalism, characterised by a shift from protectionism to benign partnerships. It also acknowledges that self-reliance goes hand-in-hand with interdependency. This would especially be true in a case where some parties have little to offer in relationships to the international political economy, where the export base is mainly primary products and is lagging behind in attracting Foreign Direct Investment (FDI).

Further backing this stance is the fact that intra-Africa trade is around 9.0 percent of the continent's total trade. With the countries in the region producing similar primary products, competing against instead of complementing each other, the scope of trade thus limits itself. Perhaps some statistics might shed light on the whys and hows of NEPAD.

According to the *ADB Report 2004*, Intra-SADC trade was around 9.0 percent of the sub-region's total trade in 2004, with much of it conducted with the European Union (EU), Asia-Pacific Economic Co-operation (APEC), the North American Free Trade Agreement (NAFTA) and the European Free Trade Association (EFTA). In the ECOWAS region, intra-regional trade was slightly more than 10.0 percent, and trade with the rest of Africa around 13.0 percent of the sub-region's total trade. The figures are

[336] Dani W. Nabudere, "Nepad: Historical Background And Its Prospects" http://www.worldsummit2002.org/texts/DaniWNabudere.pdf

even worse for ECCAS, where intra-community trade stands at 1.3 and 2.5 percent exports and imports respectively. COMESA membership consists of low-producing countries, which depend on exporting raw materials for their revenues, and rely on importing manufactured goods to meet their needs.[337] Intra-community trade consists of 5.6 and 4.2 percent exports and imports respectively, and trade with the rest of Africa is made up of 8.6 and 13.9 percent exports and imports respectively. **See Table 6.3**

The North African countries under CENSAD tend to favour bilateral trade agreements and North-South co-operation over regional integration. IGAD's membership is characterized by, amongst other factors, poorly developed domestic market structures, low savings and investment and heavy debt burden. The economic mainstay of the region is agriculture. All the IGAD Member States are categorized as Least Developed Countries (LDCs), with the exception of Kenya. The level of intra-state trade remains low and markets are neither inter-dependent nor inter-linked.

In this scenario, whereas there is a case for developmental regionalism, the questions that need to be answered are: With low levels of industrialisation, incomplementarity among regional economies and high levels of external dependency, what is there to protect? How do these countries de-link from the internatinal economic field? In answering these questions, NEPAD sought to give a new meaning to developmental regionalism.

The study argues that NEPAD is neither a replacement of the developmental regionalism or AEC, nor is it purely open regionalism, rather it portrays a tripartite approach to economic development in the region. One approach promotes developmental regionalism, the second promotes plurilateralism, and the final approach promotes multilateralism. The combination of all these approaches gives insight into how we should interpret developmental regionalism in this era of African economic marginalisation in the global market.

---

[337] COMESA Trade Statistics, http://www.comesa.int/trade/information/Folder.2003-11-04.5835/

However, Moore's view of the AU's approach is somehow relevant for this study in the sense that it highlights the difference between the "conventional" developmental regionalism and the AU's strategy. This distinction is what brings the AU to the reality of the current international political economy. What developmental integration means in this era of marginalisation is best captured in a *Report to the South African Parliament working Group on the African Union.* Cited by Ben Turok[338], the argument is that:

> *We need to critique the conventional trade integration approach, which focuses on the removal of tariff and regulatory barriers and move from a Free Trade Area and Customs Union, to Common Market and Economic Union. It is argued that this approach may be inappropriate for developing countries and regions where trade barriers often derive from underdeveloped production structures and inadequate infrastructure.*

As a complement to the Abuja Treaty which focuses more on promoting intra-regional trade, NEPAD acknowledges that the continent needs a wider approach, which does not only focus on trade but on other basic factors as well, which would ultimately promote trade. Thus it emphasises sectoral cooperation in key infrastructure projects and productive sectors. According to Turok, addressing developmental backlogs serves as a basis for promoting effective trade integration and will encourage political cooperation at a more intensified level than conventional trade integration programmes. It is in this light that the established regional economic communities (RECs) become the implementing agencies of NEPAD.

[338]Ben Turok, " Socio-economic integration in Africa", A paper presented to the Southern Africa Research Poverty Network (SARPN) and Centre for Civil Society workshop on "Engaging NEPAD: government and civil society speak to one another"; 4th July 2002, University of Natal, Durban

6.4.2. The Limitations of NEPAD

In areas of conflict resolution, Nabudere feels NEPAD has a good course to pursue but is taking a wrong direction. He argues that while it must be acknowledged that Africa should improve its position in the global economy, solutions to African states' conflicts do not require foreign "partners" to handle, since these need the political unity of the different territorial states that the colonialists created in their "divide and rule" policies[339].

With regards to RECs, just as the AEC Treaty devoted an entire chapter to the need for the RECs to march in unison, the Constitutive Act of the AU reiterates the competence of a harmonious approach to realizing the Union. Before the implementation of NEPAD, the Economic Commission for Africa (ECA) [340] noted an uneven progress in RECs' integration. The Union Economique et Monétaire Ouest-Africaine (UEMOA), ECOWAS and SADC were clear frontrunners, while the Communauté Economique des Pays des Grands Lacs (CEPGL) fared the worst.[341] Likewise, wars within the Mano River Union (MRU), comprising Guinea, Liberia and Sierra Leone, also brought poor performance initially, although integration advanced somewhat in the later years as fighting subsided in Liberia.[342]

---

[339] Dani W. Nabudere, "Nepad: Historical Background And Its Prospects" http://www.worldsummit2002.org/texts/DaniWNabudere.pdf

[340] In examining specific indicators for each REC, the ECA has developed its own African Integration Index . It combines data from eight different sectors of activity: trade, money and finance, transport, communications, industry, energy, food and agriculture, and human development and labour markets. Each of the sectors is weighted -- with trade given a weight of 34 percent and transport 15 per cent -- in the calculation of the index. Assigning an index value of 100 to 1994, it finds that over the next five years integration within the 12 RECs it reviewed increased modestly, to an average of 120 in 1999.

[341] Comprising Rwanda, Burundi and the Democratic Republic of Congo, this is largely due to the incessant wars that have afflicted the region.

[342] Material by Africa Recovery at the African Development Forum, organized by the UN Economic Commission for Africa in Addis Ababa, Ethiopia,

However, NEPAD on its own does not have a clear strategy on how it is going to lead the RECs into a continent-wide economic arrangement. One of the major challenges now facing the AU will be how to relate to the RECs in terms of long-term issues of integration or cooperation between the AU and RECs. A longer-term strategic question posed by an anonymous writer is whether the AU proposes to integrate RECs into its structure, or to cooperate with them? Will the RECs continue to exist as autonomous entities as the AU is established or is it envisaged that, over time, they will gradually be absorbed into the AU? If the 'integration' or absorption scenario is followed, how will this occur?

Perhaps the question of integration is best answered by the phases proposed in realizing the AEC, in this case the AU. Chapter IV Article 28 of The Abuja Treaty explicitly states that African regionalism would be set up through a process. Hence it would take coordination, harmonisation and progressive integration approach of the activities of existing and future RECs in Africa. Article 6 has set up the modalities for establishing the AEC over a period of 34 to 40 years.

From the discussion above, one is inclined to argue that NEPAD has not replaced the AEC, rather that there has been a dropping of the name (AEC) and a slight change in relation with the outside world. The AU/NEPAD approach to developmental regionalism, or rather the new developmental regionalism should be seen as an effort toward collective and self-reliance through "strategic linking", hence the "new partnership" as opposed to "de-linking" envisaged by conventional developmental regionalism. The impact of plurilateralism on developmental regionalism in Africa helps shed some light on the feasibility of the trend in the continent.

---

http://www.un.org/ecosocdev/geninfo/afrec/vol16no2/162reg1.htmn 3-8 March 2002 and devoted to the theme, "Defining Priorities for Regional Integration."

6.5. THE IMPACT OF COMPETITIVE PLURILATERALISM ON DEVELOPEMNTAL REGIONALISM IN AFRICA

Sub-Saharan Africa (SSA) is connected to the US through AGOA passed by the US in May 2000. This plurilateral arrangement is based on market liberalisation and negotiating a free trade area (FTA).[343] Elimination of barriers to the US trade and investment, and clauses forbidding to engage in activities that undermine national security and foreign policy interests of the US, point to the specificity of these relations.

In the name of promoting economic development in Africa, AGOA gives unlimited duty and quota free access to apparel made in eligible countries, from US fabric, yarn and thread; and substantial growth of duty free and quotas free for apparel imports made from fabric produced in SSA.[344] This feature could have a negative impact on the region. There is great textile competition in the region and the issue of textile has been of great concern in the SADC FTA negotiations. Unlimited access to apparel made with US bases and limited for apparel made from regional fabric induces or perpetuates individualistic approaches to economic development among regional economies.

For the highly competitive economy of the region in the textile and clothing sector, unlimited access to US markets would be the best option for economic development. What is this supposed to entail? According to Thamsanqa Ngqugwana, Research Manager at the South African Department of Trade and Industry, textile and clothing is one of the sectors that are fast growing in the South African economy, and has the potential to grow more and provide employment to a lot of people, thereby combating the

---

[343] For the full text on the AGOA, visit: http://www.agoa.gov/About_AGOA/about_agoa.htm

[344] http://wwww.agoa.gov/About_AGOA/about_agoa.html

escalating high unemployment rate especially in the unskilled workforce, since this sector is labour intensive.[345]

For Southern Africa, the above scenario could have repercussions. In trying to encourage industrialisation, the SADC FTA strongly emphasises the "rules of origin", covering goods that are made in the region with material and resources of the region. Therefore, if South Africa opts for prioritising AGOA at the expense of the SADC FTA, there could be a distortion of efforts towards regional industrialisation. Nonetheless, in response to a question on AGOA's impact on regional integration in southern Africa, Basil van der Merwe, Deputy Director of the Americas in DTI (what's DTI?), sees the impact on a positive light.

He argues that African countries can form a value chain to take advantage of the AGOA, by producing and manufacturing the base material and export the finished goods to the US. In this value chain, cotton would be grown in one country, turned into a thread in another, developed into a yarn in another and finally a finished fabric in another in the region. All these processes would be based on the comparative advantage of the countries in question.[346]

Even so, the strategy envisaged by van der Merwe does not seem to guarantee that AGOA would help African economies to industrialise. One factor in support of this notion is that the AGOA also states that if an increase in imports undermines US industries, the President has a right to withdraw the benefits accorded to the African countries.

Not surprisingly, AGOA excludes some agricultural products, such as coffee, sugar and other products of economic benefit to the African countries. Footwear, handbags and

---

[345] Telephonic interview with Thamsanqa Ngqungwana, Research Manager at the South African Department of Trade and Industry (DTI), on 28 January 2002

[346] Telephonic interview with Basil van der Merwe, Deputy Director of the Americas in DTI, 28 January 2002

watches were included after extensive public comment and review.[347] It seems, therefore, that the effects of the US arrangements with Africa would be of more benefit to it than to Africa. With weak industrial structures, African countries are further pushed to a point where it would be difficult to diversify their exports. These arrangements undermine the economic development efforts in Africa, in the process impeding the countries of the continent from pursuing their own development strategy. Hence the US plurilateralism has contributed to the weakening of development efforts in Africa.

Moreover, developing countries, especially in Africa, are exporters of primary products. Meaning there would be loss of economic potential, where these countries would not be able to raise their share of manufactured goods in world trade. The scenario counteracts the very same objective of developmental regionalism, which is, in this context, economic diversification. The same scenario also worsens the intra-regional economic development and extra-regional relations.

De-industrialisation has serious implications such as job losses in the manufacturing sector and balance-of-payments constraints, especially in developing countries in Africa. The same situation could also worsen Africa's economic performance in the international economy. According to the *Africa Economic Outlook*[348], Africa's share in world economy comprises 2.0 percent exports and around 1.0 percent FDI.

In an ideal situation, developmental regionalism could have been a bargaining tool for developing countries to use against the developed countries that control and direct global economic interaction. Competitive plurilateralism seems to counteract the development efforts by developing countries, by further skewing the playing field in favour of the more competitive economies. This development, however, seems to undermine developmental regionalism in the region and push African economies deeper into globalisation and thus exacerbates disintegration and marginalisation of the continent.

---

[347] Visit the AGOA site

[348] A report produced by the Development Centre of the Organisation for Economic Cooperation and Development (OECD) and Africa Development Bank, OECD/AFDB 2002

It is in this light that Africa has sought to adopt NEPAD. It is a multifaceted strategy that endorses developmental regionalism while acknowledging plurilateralism and multilateralism. It pleads with the developed countries to consider the continent's economic woes and take these into consideration when entering into partnerships with African countries so as to help in the development process of the region. NEPAD appears to be a platform for the African countries to force the developed countries to re-consider their position, restructure global governance and change the rules and principles of the international institutions to be more favourable to their conditions [349] Theoretically, the section depicted the AGOA as having a negative impact on developmental efforts in the region. The practical side of the relationship merits exploration.

6.6. The NEPAD and Plurilateralism

NEPAD is not only gaining support from the above-mentioned multilateral institutions, it is also getting a warm welcome from the developed countries. The "New Partnership" with the developed countries it calls for, is best defined by plurilateralism. NEPAD realises that inter-continental South-South cooperation would yield little or no benefit for Africa's prosperity and economic development. From a regional perspective, this sentiment is best expressed by the leading countries in the ECOWAS. For example, because of the aforementioned disparities in ECOWAS' regional economies, Adibewa[350]noted that Nigeria, Senegal, Côte d'Ivoire, and Ghana, believe that they are important enough to secure a better deal if they pursue their cause as individual countries rather than as a group.

This means bilateralism or plurilateralism with the developed countries as well as globalisation can secure a better deal. This provision is clearly stated in paragraph 62 of

---

[349] Linda Low, "Singapore's RTA Strategy", September 06 2001, http://www.rieti.go.ip/661/lowBBC.pdf

[350] Aderemi Adibewa; London: Centre for Democracy and Development (CDD) ; June 2002

NEPAD: "....place African countries, both individually and collectively, on the path of sustainable growth and development and thus halt the marginalisation of Africa in the globalisation process." In support of the Nigeria- and- crew stance, African countries have markets outside the region. Intra-regional trade is insignificant compared to extra-regional trade. This assumption is best explained by the graph in **Figure 6.5**. Latin America and Developing Asia show a remarkable intra-regional export base compared to the Middle East and Africa. Perhaps the explanation for this difference lies in the fact that the former are better developed compared to the latter due to closer proximity with economic hubs such as the US and Japan, respectively.

However, there has been new development in international trade that worth mentioning. The Africa North-South arrangements are being supplemented by the South-South in the form of Asia-Africa relations. In his book, Africa's Silk Road: China and India's New Economic Frontier, (2007) Harry G. Broadman[351] depicts how Asia's trade with Africa has been growing since 2001; nearly matching the continent's trade with the US. According to Broadman, exports from Africa to Asia tripled in the last five years, making Asia Africa's third largest trading partner (27 percent) after the European Union (32 percent) and the United States (29 percent). The World Bank Group's 2007 Doing Business survey also noted that Sub-Saharan Africa was the third best reforming region, after Eastern Europe and Central Asia, and OECD countries. One can attribute these developments to the conducive trade and investment climate that the AU/NEPAD has paved to attract the involvement of the international community in Africa's efforts towards economic development.

Nonetheless, South-South plurilateralism is utilised best on multilateral platforms of negotiations and decision-making. But when it comes to the realities and practicalities of global economic conditions and Africa's marginalisation, NEPAD acknowledges the advantages of North-South cooperation. In the latter sense it becomes a tool with which Africa seeks to reconcile developmental regionalism with plurilateralism. Though the

[351] Broadman, H Africa's Silk Road: China and India's New Economic Frontier (World Bank Publications; 2007)

relationship between African countries and the developed countries might have a negative impact on developmental regionalism, the realities of Africa's political economy necessitate some form of benign partnership with the countries of the North.

The previous chapter has argued against Africa's plurilateral arrangement with the (Africa Growth and Opportunity Act) AGOA, however, the reality is that there are always two sides to the same coin. While the AGOA might have a negative impact on "conventional" developmental regionalism in Africa, it is in line with the "reformed" developmental regionalism under NEPAD and has positive effects on Africa's economies. Perhaps a brief look at NEPAD's successes would shed some light on its effects in the continent. .

6.7. NEPAD Successes

The NEPAD strategy appears to contain promising potential for economic growth in Africa, despite its numerous limitations. For instance, in February 2003, the UN Development Program (UNDP) agreed to provide USUS$ 1.9 million to support NEPAD. Furthermore, the African Development Bank (ADB) plays a leadership role in the areas of infrastructure and development, amongst other things. As a result of the Bank's support NEPAD regional economic integration initiatives, a number of regional infrastructure projects have been elaborated. These included a road program linking landlocked Burkina Faso and Mali to Ghanaian ports, the natural gas pipeline project in South Africa and Mozambique, as well as other sectoral developments such as the Comprehensive Africa Agriculture Development Program (CAADP), which was drawn up and approved in July 2003, with the support of the UN Food and Agriculture Organization.[352]

Owing to the positive perception that NEPAD portrays to the international community, specifically the industrial countries, there has been a significant contribution by the developed countries towards economic development in Africa. The G8 Gleneagles 2005

[352] "The African Economy in 2003", ADB 2004, http://www.afdb.org/knowledge/publications/pdf/adr2004_chap1.pdf

Report[353], applauded progress made by the NEPAD in areas of governance, reduction of civil conflicts, promotion of democracy and political stability within the region. In addition, the G8 and OECD countries see the transformation of the OAU into the AU and the establishment of African Peer Review Mechanism (APRM) as demonstrating serious commitment by African leaders to realize the economic development goals of the continent.

The African Economic Outlook[354] reported that aid to Africa rose to US$22 billion in 2002 (a 32.0 percent increase in real terms from 2001) and continued to rebound in 2003. This report is further supported by the by the OECD report, which noted that collectively, G8 members have more than doubled Official Development Assistance (ODA) to Sub-Sahara Africa since 2001.[355] The *Outlook* explains this positive development in part to the support of the international community to NEPAD.

In the same vein, the *World Economic and Social Survey 2002* reported that production and exports of textiles and apparels increased significantly in African countries that had the capacity to benefit from improved access to the US market under the provisions of the AGOA. The *Survey* noted that investment and jobs also increased in every country as a result of AGOA. A reference is made to Kenya, where there was a 50, 000-job increase and Lesotho, where there was a reported AGOA-related investment of up to four times the official development assistance (ODA) to the country.

---

[353] "Progress report by the G8 Africa Personal Representatives on Implementation of the Africa Action Plan";
http://www.fco.gov.uk/Files/kfile/PostG8_Gleneagles_AfricaProgressReport,0.pdf

[354] "Growth Trends and Outlook for Africa"; OECD Development Centre/African Development Bank 2003/2004 African Economic Outlook; http://www.oecd.org/dataoecd/31/27/32340741.pdf; 28 June 2004

[355] Development aid from OECD countries fell 5.1% in 2006;
https://www.oecd.org/document/17/0,3343,en_2649_201185_38341265_1_1_1_1,00.htm

Besides all this, the *African Development Bank Report 2004* has published statistics illustrating the increase of the region's merchandise trade exports. Trade in this sector has more than doubled in a period of a year, from less than 2.0 percent in 2002 to over 4.0 percent in 2003. Furthermore, at the request of NEPAD, the World Bank (WB) agreed to support Pan-African initiatives in such areas as infrastructure, agriculture, regional trade facilitation, health, nutrition, education, community-driven development, and capital flows. In September 2004, the *DevNews Media Center of the World Bank Group* [356] reported that funding for infrastructure projects in the region more than doubled between fiscal years 2001 and 2003.

As of June 2004, the WB was cumulatively funding 334 projects in Africa, with a net commitment of US$16.6 billion, or 41.0 percent of all IDA commitments worldwide. In the same year, a total of 46.0 percent of all IDA new commitments were to Africa. The Bank also funded 37 education projects in Africa for a total value of US$1.5 million. According to the *World Investment Report* 2004[357], FDI inflows to Africa increased from US$12 billion in 2002 to US$15 billion in 2003. In the case of 34 LDCs, all except three oil-producing countries (Equatorial Guinea, Angola, and Sudan) received less than US$1 billion dollars in 2003, with 26 of them receiving no more than US$200 million. The *Report* attributes this performance, amongst other factors, to the growth rate of 28.0 percent that was higher than that of the other groups of countries, developed and developing.

In July 2002, at the Summit in Kananaskis, G8[358] adopted *the G8 Africa Action Plan* (AAP) as a framework for action in support of the NEPAD[359]. The eight major industrialized economies (including the EU) agreed to each and collectively, establish

---

[356]"Africa:Overview"http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20040675~menuPK:34480~pagePK:36694~piPK:116742~theSitePK:4607,00.html

[357] World Investment Report 2004; pp.39-41

[358] Comprises leaders of Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, the United States, and the EU president of the European Council and the President of the European Commission.

[359] G8 Africa Action Plan; http://www.fco.gov.uk/Files/kfile/PostG8_Summits_AfricaActionPlan.pdf

enhanced partnerships with African countries whose performance reflects the NEPAD commitments.

In fulfilling the objectives of AAP, Canada set up the Canada Investment Fund for Africa (CIFA)[360] and the Canada Africa Fund (CAF)[361]. Under this CIFA, Canada dedicates US$212 million to encourage private sector engagement in Africa, with a focus on infrastructure projects and small and medium-sized businesses. In collaboration with the African Development Bank (ADB), the country is also providing $10 million for financially viable projects. These include the two development projects in progress: the Kenya-Uganda oil pipeline and the Benin-Togo-Ghana electricity interconnection project.[362]

Through the CFA, Canada is providing $28 million to help African countries develop their human capital, including skills and expertise in the public sector, financial accountability and economic policy. Additional $6 million helps in the provision of basic community needs, such as access to water, sanitation and health care. The Fund also provides $2.5 million for the NEPAD Outreach Fund to help involve African communities as well as the private sector in making NEPAD a reality. In the areas of trade, Canada is providing $20 million for initiatives that promote exports within and outside Africa[363]. The afore-mentioned fund also caters for capacity-building of African countries and institutions in multilateral trade negotiations.[364]

Some of the achievements of AAP as recorded by the World Bank include economic growth averaged 5.5 percent and 5.3 percent in 2005 and 2006, respectively; provision of

---

[360] Canada Investment Fund For Africa; http://www.cifafund.ca/en/index.html

[361] Canada Fund for Africa ; http://www.acdi-cida.gc.ca/canadafundforafrica

[362] What has Canada done so far to implement the G8 Africa Action Plan and NEPAD? "Economic Growth"; http://www.dfait-maeci.gc.ca/africa/aap-canada-en.asp#3

[363] Ibid. "Governance"; http://www.dfait-maeci.gc.ca/africa/aap-canada-en.asp#3

[364] For detailed Canada's relations with NEPAD, see "Canada's Contribution to the G8 Africa Action Plan: Consolidating Africa's Place at the Centre of Canada's International Cooperation Agenda";
http://www.dfait-maeci.gc.ca/africa/aap-national-report-2005-en.asp

1.7 million people with access to safe water; building of the systems to irrigate 15,524 hectares of farmland; and the training of 86,116 teachers and built 46,058 classrooms between 2002 and 2006.[365] In line with the objectives of the AAP, on January 24, 2006, the WB Board of Directors approved three International Development Association (IDA) credits, and a grant of a combined total of US$199.02 million and Partial Risk Guarantees for up to US$60 millions to improve trade and transport services in three member states[366] of the EAC.[367]

Japan's support of NEPAD is remarkable in the areas of investment. One can mention the 2001 Asia-Africa Business –Forum in South Africa; Asia-Africa Investment and Technology Promotion Centre-including two investment missions sent to Africa in 2000 and 2002; and the Tokyo International Conference on investment in Africa in February 2003. In 2001, Japan also provided overseas investment loans- approximately US$200 million, to Japanese companies that invest in Africa. Japan has made the following financial contributions to African regional and sub-regional organizations in financial years 2001 and 2002: AU -US$ 400, 000; UNECA -US$ 200,000; ADB-US$ 10,000,000 (approximately); African Development Fund (ADF) - US$ 182,000,000 (approximately); SADC -US$ 152, 000; ECOWAS -US$ 200,000.[368]

Besides EU Water Facility of €500 million which is already in progress, the EU Commission has earmarked US$ 10 million for preparation of action plans for integrated development of 5 priority river basins in Africa -, Volta, Niger, Lake Chad, Lake

[365] "Bank Hones Plan to Accelerate Progress in Africa"; http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/0,,contentMDK:20687937~menuPK:258649~pagePK:146736~piPK:226340~theSitePK:258644,00.html

[366] Kenya, Tanzania and Uganda as well as in Rwanda, which is currently seeking membership of the community.

[367] "East Africa: World Bank Provides US$199 Million in Credits and Grants and Two Partial Risk Guarantees of US$60 Million for Trade and Transport Facilitation"; http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/KENYAEXTN/0,,contentMDK:20796160~menuPK:50003484~pagePK:2865066~piPK:2865079~theSitePK:356509,00.html

[368] For more details see "Japan: Support to NEPAD (period 2001- 2003)"; http://www.un.org/esa/africa/support/Japan.htm

Victoria, and Senqu/Orange and has allocated a further €8 million for support in additional river basins. Furthermore, the Africa Water Facility (AWF) has been established at the ADB with the help of the EU and other development partners, and have already committed US$75 million[369]. The EU €35 million Africa Peace Facility also supports governance programmes and helps build the capacity of the African Union and Africa's regional and national institutions.[370]

Since the establishment of the NEPAD, UNECA[371] has observed a growing rapport between ECOWAS and UEMOA, which has borne fruit in a common program of action on trade liberalisation and macro-economic policy convergence. Some of the findings of UNECA are that:

- In Central Africa, ECCAS is adopting a trade regime that takes into account the dispensations in CEMAC.
- IGAD and IOC are applying most of the integration instruments already adopted within COMESA, while the EAC and COMESA have concluded a memorandum of understanding to foster the harmonisation of their policies and programmes. COMESA and SADC have agreed to set up task forces to deal with common issues and to invite each other to their policy and technical meetings.

The plan for realizing the AEC had anticipated that all the RECs would satisfy the requirements of an FTA by 2017. COMESA and SADC have already achieved the legal launching of FTAs. UEMOA, SACU, and CEMAC are already fully functioning customs unions. But ECCAS and UMA have fallen behind. **Figure 6.6** and **Table 6.2** depict those RTAs comprising developed economies on the continent that seem to be doing well in terms of integrating their economies.

However, not only do the industrialized countries show some concern with economic development of the region, they also realize that in their plurilateral arrangements with

[369] "The projects under NEPAD"; http://www.uneca.org/nepad/Projects_Infrastructure.htm

[370] EU and Africa: Towards a Strategic Partnership; http://www.europa-eu-un.org/articles/en/article_5499_en.htm

Africa they should consider the continent's efforts toward regionalism. It is in this light that on 01 April 2004, at the EU-Africa Ministerial in Dublin, Ireland, both African and European Ministers recognised the importance for the European Commission and the African Union Commission (AUC) to work together to ensure coherence and mutual reinforcement between the RECs engaged in the Economic Partnership Agreements (EPA) negotiations and the establishment of the AEC. With the launch of EPA negotiations with Western Africa, Central Africa and Eastern and Southern Africa, the Communiqué acknowledged that a joint EU-Africa monitoring mechanism (EU-Africa MM) should be put in place as a priority. It was decided that the EU-Africa MM together with the co-ordination between the AU and the RECs, should work informally at ensuring better flow of information[372].

6. 8. The AU/NEPAD and Multilateralism

With regards to multilateralism, NEPAD acknowledges that multilateral rules are unfair and have increased the ability of the developed countries to "advance their interest to the detriment of the weak, especially in the areas of trade..." In this regard, both the AU and EU Ministers confirmed their strong belief in multilateralism. They reason that a strategic EU-Africa partnership and strengthened EU-AU relations will contribute to the reinforcement of a multilateral system that would address, amongst others, issues of poverty and underdevelopment.

To this effect, the AU and EU ministers adopted an EU-AU Joint Declaration[373]. At the heart of the Declaration is the commitment that the EU and Africa will continue to promote open, equitable, rules-based and non-discriminatory multilateral trading and financial systems that benefit all countries in the pursuit of sustainable development. As such they welcomed the decision contained in the Doha Ministerial Declaration to prioritise the needs and interests of developing countries. The Declaration goes on to state

[371] http://www.uneca.org/adfiii/ariaoverview.htm#P429_36208/
[372] Communiqué of the EU-Africa Ministerial in Dublin, Ireland on 1 April 2004; http://www.iss.co.za/AF/RegOrg/unity_to_union/pdfs/au/euafrapr04.htm

that the EU and Africa encourage ongoing efforts by international financial and trade institutions to ensure that decision-making processes and institutional structures are open and transparent.

However, in this chapter the author has argued that NEPAD recognised that economic plurilateralism with the Northern countries is the way to resolve the continent's economic ills. This argument was based on the reasoning that African countries do not have the economic might to self-reliance through "strategic de-linking", as reflected by the continent's political economy discussed above. However, when it comes to institutional multilateral issues, the economic plurilateralism cannot be trusted to yield benefits for the continent.

This is so since the countries in these arrangements do not have common interests in multilateral negotiations and are not equal partners when it comes to decision-making. In that light the AU-EU Declaration could be seen as a wrong step in the right direction, because if the AU means serious business with the multilateral institutions, it should adopt political plurilateralism. In this scenario, political plurilateralism in the form of South-South cooperation becomes the best tool to influence multilateral negotiation and decisions, and not economic plurilateralism as in the North-South arrangements. In that light, the following section explores AU/NEPAD's relationship with the WTO.

This study views multilateralism as non-discrimination or equal treatment of all trading partners based on rules and principles set to regulate the international trade system under the WTO by all member countries. The AU/NEPAD goals are to improve the living standards of its people and to develop their overall economies through integration of trade and investment. The WTO aims to enhance the living standards of all people the world over, by liberalising trade and streamlining investment regulations and measures, especially those related to trade. From the afore-going, it is obvious that the goals of the AU/NEPAD are consistent with those of the WTO.

---

[373] ibid

It is for this reason that the WTO recognizes regional trade arrangements (RTAs) such as the AU/NEPAD, and makes specific provisions for them under its rules-based trading system. Regarding multilateralism, the AU/NEPAD agenda involves renegotiating international trade measures to improve equity in WTO rules and regulations which would in turn reduce unequal exchange in international commerce and enable the African countries to have better and more rewarding access to foreign markets.

Although the WTO has special provisions for developing countries, the problems with the implementation of their rules and the fact that key issues related to those countries are often sidelined in the international trade regime, means that this regime is unable to level the playing field of world trade for the developing countries. Perhaps the fact that of the 42 African WTO members, 19 do not have a representative at the WTO headquarters partly explains this asymmetry. In addition, many developing countries are often faced with funding problems and cannot afford adequate representation at Ministerials outside Geneva. This hampers their ability to ensure that in critical negotiations, their interests are taken into consideration[374].

Consequently, in June 2003, the Heads of State and Government of the AU endorsed the Mauritius Ministerial Declaration[375] on the Fifth Ministerial Conference of the WTO; and its Annex the "African Common Position" on the Fifth WTO Ministerial Conference, which was to be held in Cancun from 10 to 14 September 2003. The Declaration was triggered by the concern about the general lack of progress in the Doha Round of multilateral trade negotiations. Noted in this respect is the missed deadline in key issues of importance to African countries in the negotiations. Thus the Declaration called for WTO members to fulfil the commitments undertaken in Doha, such as agricultural liberalisation including through less than full reciprocity in tariff reduction commitments, having due regard to the principle of special and differential treatment.

---

[374] Barry Coates, "WTO: Don't Retreat Behind Closed Doors!" World Development Movement http://www.wdm.org.uk/presrel/current/wto_singapore.htm

The Declaration also reiterates the notion that the African sub-regional and regional integration organizations are pillars of the AU and are necessary for the promotion of Africa's socio-economic development and serve as the dynamic building blocks of the continent's effective integration into the Multilateral Trading System (MTS). Thus it calls for development-friendly WTO disciplines, pertaining to the clarification and improvement of these disciplines applied to regional trade agreements.

The AU ministers also voiced the lack of transparency and inclusiveness in the WTO negotiations and decision-making processes and as a remedy, called for measures to ensure the effective participation of African countries in the system. The AU is also campaigning for backing from all other WTO Member States to support the Union in its endeavour to secure Observer Status for the AU in this multilateral institution.

According to the *ADB Report 2004*, the AU submitted almost two-thirds of all the specific submissions to the Committee on Trade and Development (CTD) and over one third of the proposals on systematic 'crosscutting' issues in the period to July 2002 in the Doha Round. Nonetheless, Africa has managed to pose a challenge to the multilateral system, since resolving these problems is not just for Africa to do but also for the entire multilateral system.

375 Declaration on the fifth WTO Ministerial Conference