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## REGIONAL INTEGRATION AND ECONOMIC DEVELOPMENT IN AFRICA: AFRICAN UNION IN PERSPECTIVE

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### ABSTRACT

The attainment of independence by many African states necessitated the adoption of regional integration initiative as a means of enhancing socio-economic development in the region. Regrettably, after many decades of regional integration efforts, Africans appear not to have benefited significantly from that initiative. The paper examined the regional integration and economic development in Africa with particular reference to the role of the African Union (AU). Methodologically, it uses the qualitative method of research through the use of journals, textbooks, and newspapers as means of data collection. The paper reveals that there are a number of issues confronting African States, which if not addressed, economic development and regional integration in the region would continue to be elusive. Such issues include illegal importation, poverty, corruption, unemployment, low standard of living, terrorism and insurgency, political crisis and ethnic rivalries as well as Xenophobia. Theoretically, the paper uses the economic integration theory in the analysis of the issues and challenges bedeviling regional integration on the African continent. It concludes that, the regional economic integration initiative of African States has not really achieved much, owing to the fact that the region fails to harness the continent's resources religiously so as to have a common market and free business environment for Africans. The paper recommends that, to achieve a viable economic development and regional integration in Africa, there is every need for the continent to go back to the drawing board to prepare a realistic framework of implementation and corporation in tackling political challenges facing the continent. It is by so doing that economic integration and development can be actualized.

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**Keywords:** *Regional Integration, Economic Integration, Development, Economic Development, African Union*

## INTRODUCTION

Since the end of the colonial governments in Africa, economic development has been a long-for chasing goal by most African states as a result of the break away in the 1960s. This is tied to the notion that, African states were left to struggle out their own developmental opportunities, objectives and goals. The first African Heads of States and Governments after the attainment of independence from colonialists had hope of an integrated Africa, with regional integration being not only the key to the development of the continent, but also the path to achieving structural transformation (AU Report, 2019). Over three decades down the track, regional integration has thus emerged as the main objective pursued by African Heads of States and Governments from the perspective of building a united and prosperous Africa, to speak in one voice among the comity of Nations. An early phase of integration started during the early years of independence, and was enshrined in the Lagos Plan of Action, an initiative of the Organization of African Unity, adopted by the Heads of States in 1980 (Melo and Tsikata, 2013:4). The independence of African States motivated the African leaders who took over the mantle of leadership from the colonialists to seek for way out in developing the continent economically due to the fact that regional integration was regarded as the best possible option because most of the countries of Africa were poor and not having what it takes to develop economically and independently. This accounts for why the region had to come together to form a common front towards solving the economic challenges facing Africa. According to European Commission for Africa (ECA, 2021), Africa is increasingly focusing on regional integration as a strategy for achieving sustainable economic growth as there is a consensus that by merging its economies and pooling its capacities, endowments and energies, the continent can overcome its daunting development challenges.

Thus, the need for economic development moved African states to adopt regional integration strategy. The move was to harness all resources by African states to build standing economic Africa, with the grand premise of formulating a continental economic community (that is, African Economic Community) in the nearest future. African countries were motivated and inspired to use the various regional economic communities as building blocs for the continent. In an attempt to achieve these objectives, African countries, in collaboration with their pan-African institutions such as the African Union Commission (AUC), the African

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Development Bank (AfDB), the United Nations Economic Commission for Africa (UNECA), and Regional Economic Communities (RECs), embarked on the process of integration along a systematic continuum of Trade Liberalization Area, Customs Union and Common Market, and common currency. The purposes of these regional integration efforts were strictly geared towards realizing economic development in Africa.

Regional integration remains the key strategy that will enable African governments accelerate the transformation of their fragmented small economies, expand their markets, widen the region's economic space, and reap the benefits of economies of scale for production and trade, thereby maximizing the welfare of their nations. Regional integration increases competition in global trade and improves access to foreign technology, investment, and ideas. African leaders thus consider it an important path to broad-based development and a continental economic community, in accordance with the Treaty Establishing the African Economic Community (1991), and the Constitutive Act of the African Union (2000) cited in (ECA, 2010:4). The African Union (AU) has been championing the institutionalization of economic integration in Africa with its series of policies and programmes. Since the establishment of the body, the organization has been outstanding in the key role of integrating Africa. A lot is therefore required from the African Union in terms of its policies and programmes to actualize economic integration in the region.

However, in spite of the efforts of regional integration as a panacea for economic development in Africa, most States in the continent had experienced great deal of challenges which had contributed largely to the inability of African states to effectively realize the goals and objectives of regional integration. Some of these issues and challenges are complex to the extent that development in its tripartite dimension (economic, political and social) has remained a mirage. Most African countries at present are in the stage of rehabilitation and reconstruction because of the menace that had engulfed the continent as a result of bad governance which has led to political crisis, economic recession and meltdown, terrorism and insurgencies, bad political leadership, corruption and leadership crisis. Similarly (Griffiths, 1994) stated that, "a combination of internal and external factors have been responsible for this state of affairs. For him, internal factors include the pursuit of ill-planned economic policies; lack of adequate financial resources; deficiencies in institutional and physical infrastructure; insufficient managerial and administrative capacities, often lead to rampant corruption; inadequate human resource development; political instability; and disparities in urban and rural

development aggravated by ecologically unfriendly agricultural policies and exacerbated by a population boom". Also, Clapham (1996) confirmed that, "external factors include adverse terms of trade, a decline in financial flows, a decrease in the price of commodities on which African states largely depend, and high debt and debt servicing obligations." With these numerous challenges, Africa as a continent spends huge amount of money in reconstruction and rehabilitation instead of building infrastructures. For example, in the West African sub-region, huge amount of money, which could have been used to pursue development agenda, has been expended in curbing terrorism and insurgencies leading to underdevelopment. The brotherhood of Africa has been discarded in the minds of many Africans. They consider themselves as enemies of one another. A practical example of this ugly scenario could be seen from the unending xenophobia in South Africa. It is based on the foregoing background that this paper is aimed at using the African Union as the basis for examining regional integration and economic development in Africa. In achieving the objective of this paper, various programmes and policies of the African Union and their effectiveness on African economy were evaluated.

### **STATEMENT OF THE PROBLEM**

Economic development has always been of great concern in virtually all African states. In spite of the abundant human and natural resources in the continent, economic challenges are far from being solved in Africa. This has led to different scholarly interrogations as to the causes and why the backwardness of most of the African states amidst its abundant human and natural resources. Various explanations and theoretical postulations have been presented yet; the economic challenges and underdevelopment still remain the garment of African nations. Suffice it to say that previous studies have not really helped to come up with workable solutions capable of halting the problem of economic development bedevilling Africa. The establishment of the African Union in 1963 was to further bring about economic unity to Africa with many countries signing as member states. Since the inception of the union, many policies and programmes have been formulated and implemented. Some of these programmes were no doubt, with promising outcomes. Unfortunately, most of the programmes could not see the light of the day as a result of bad governance perpetuated by bad leadership thereby making it very difficult for regional integration and economic development in Africa to realize its set objectives. Meanwhile, a number

of reasons such as lack of political will on the side of the various Heads of States in Africa to implement policies and programmes to the fullest, lack of trust between the leaders and the led, continuous meddling of foreign states in the affairs of Africa, fragile political system and high level corruption have been given as impediments to the realisation of the regional integration efforts in Africa. This paper is therefore, of the view that until the African Union takes more authority into its hands in the course of performing its functions especially in the aspect of implementation of policies and programmes, economic development and integration of the region will continue to remain a mirage.

## **LITERATURE REVIEW**

The goal of every literature review is to appraise or criticize scholarly perspectives about certain concepts. This is due to the fact that in social sciences, there is no specific or universally acceptable definition of concepts as well as concentration on a perspective. Thus, this debate has led to conceptual complexity in the social sciences discipline. The goal of this paper is also to add to the pool of existing literature on the subject matter and the complex nature and perspectives of certain significant concepts that are fundamental to this paper and such concepts include: Regional Integration, Development and Economic Development.

**Regional integration:**When early theories of integration were developed, there was much debate in the literature on whether to define the concept or not. The concept was discussed for example whether integration refers to a process or means to an end. Realistically, the two can be combined as integral goal of integration. Laursen, (2008:4) opined that integration could be defined as a process that leads to a certain state of affairs. This definition implies that integration is both a process and state of affairs. Integration is the process of advancing and achieving national interest of some sorts. That integration is a state of affairs that is premised on achieving goals that could not be achieved domestically because of some certain deficiencies. Karl Deutsch, for example, considers integration as "the attainment, within a territory, of a 'sense of community' and of institutions and practices strong enough and widespread enough to assure, for a 'long' time, dependable expectations of peaceful change among its population. Integration can be understood and assimilated from its goals and objectives. These goals and objectives could be political, economic or social. Integration is meant to bring about communality, unity and bonds among the members involved. From the above scholarly submissions,

regional integration lacks some operational conceptuality. Thus, integration is the act or process of building a united standing community guided by certain principles towards achieving common goals. Regional integration is the commitment of various bodies within confined environment, having common historical and traditional background, to form stronger economic, political, social, ecological, scientific corporation which otherwise could not be attained independently. The goal of regional integration is to ease economic, political and socio-ecological business among member states. The tragedy behind this philosophy is that, this rationale in Africa has been defeated because most African regional integration programmes and goals have not been effective in the member states.

Regional integration remains a central strategy that will enable certain regional governments to accelerate the transformation of their fragmented small economies, expand their markets, widen the region's economic atmosphere, and gain the benefits of economies of scale for production and trade, thereby maximizing the welfare of their nations. Regional integration increases competition in global trade and improves access to foreign technology, investment, and ideas. However, the above painted adjectives have not really been achieved or served as panacea to the regional integration of African States. There is no gainsaying that African Heads of States and Governments consider it an important path to broad-based development and a continental economic community in accordance with the Treaty Establishing the African Economic Community (1991), and the Constitutive Act of the African Union (2000) cited in (UNECA, 2010). It is important to note that regional integration within the framework of countries in the Third World is particularly complex and different from what is obtainable in the developed world because of the socio-economic and political dynamics which impact on the process (Adetula, 2004:5) and this socio-economic and political dynamics mitigate the success of regional integration in Africa. There is a great variation of regional integration which can be considered in the world. In other word, what may be considered as the pattern of regional integration in one region of the world might not be in other regions and this is due to the distinct socio-economic and political conditions of the region concerned. What is viewed as regional integration in the 19<sup>th</sup> century might not be in the 21<sup>st</sup> century due to the oscillation of our society.

The above position accounts for why Adetula (2004:5) posits that;

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*Regional integration arrangements in the African continent are established on certain philosophical premises which developed generally from the practice of countries in the Western industrialised societies and each of the different types of integration scheme has its distinct regularities, processes and method of operation.*

Furthermore, regional integration can be politically, economically or socially intended. That is to say, regional integration existed to satisfy certain political, economic or social motives. For example, there is no doubt saying that economic integration revolves around the orbit of trade liberalization between group of communities or independent states to achieve economic objective. Economically, regional integration is easier comprehended by its goal or purpose. It was with the Marshal Plan for the reconstruction of Europe that the term (Economic Integration) came into being officially. Economic integration can be considered as a theoretical framework or as a process or strategy for economic development. To Balessa (1969:1), "economic integration is a process and a state of affairs." While Amatai (1965) observed that economic integration was seen more as a process whose goal considered the establishment of a political union. That is to say, economic integration of any region is aimed at fulfilling political interests of the various states involved. The minimum prerequisite of economic integration was considered as the removal of all the unnecessary and unnatural restrictions which are hindrances to free trade simply because free trade was conceived as the key indicator and a determinant of economic integration. As observed by Tibor (1967:16), "economic union will be defined in terms of its minimum requirements: the abolition of restrictions on the movement of products and, through part of the argument, on the movement of labour and capital". From Tibor's postulation, abolition of trade restrictions leads to economic integration. From the removal of the artificial hindrances in the way of the free trade, the issue moved towards coordination and cooperation in other fields, notably labour and capital, economic integration of various continents differs from one another. The first phase of economic integration in the world was that of the Europe.

**Development:** There are different definitions of development as there are different scholars and writers. This study however, limits its conception to that of Rodney (1974:1), who viewed development in human society as a

many sided process. At the level of the individual, it implies increased skill and capacity, greater freedom, creativity, self-discipline, responsibility and material well-being. Some of these are virtually moral categories and are very difficult to evaluate depending on how they do on the age in which one lives, one's class, origins and one's personal code of what is right and what is wrong. While at the level of social groups, therefore, development implies an increasing capacity to regulate both internal and external relationships. Much of human history has been a fight for survival against natural hazards and against real imagined human enemies. To some, development is the increase in wealth of the social group and indeed to infringe upon the freedom of others irrespective of the will of the people within the society involved.

Development from the Rodney's (1974) perspective signifies that, it exist when people have the freedom to make decision, capacity to use the available resources for survival, creativity in the sense of initiating ideas and alternative of providing prompt solution to emerging problems, general discipline to respects formal regulations and informal societal values, norms, culture and moral behaviours.

**Economic Development:** Economic development has been viewed from different perspectives by different scholars even though its substance crosses economic values and ideas. Thus, economic development is the presence of economic self-sufficient, increased employment, sufficient job opportunities, and maximum utilization of man power, increased industrialization, and adequate production of food, increased science and technology, increased infrastructural facilities, increased national security, mechanized and highly scientific agriculture, maximization of the natural resources and increased in household income. Economic development is a process whereby simple, low-income national economies are transformed into modern industrial economies (*economic development/Britanica.com*). Going by the above conceptualizations, economic development has been compromised in Africa owing to the fact that what is obtainable in the region is almost a direct opposite of what economic development entails. Therefore, economic development is a better economic life for all. This implies that individual should be able to have access to the basic needs of life. When citizens have access to their basic needs, there is certainty of development in such society.

## Theoretical Framework



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For the purpose of this study, Economic Integration Theory propounded by Bella Balassa in (1967) was adopted as the theoretical framework for the analysis. Bela Balassa who reigned between 1928 and 1997, was a professor of political economy at The Johns Hopkins University, was one of the most productive students of economic integration. He drew his thesis on the work of Jacob Viner and others. Balassa made a major contribution to the understanding of the effects of integration on trade and other economic activities in the 1960s and 1970s. In his introductory chapter of the important work, *The Theory of Economic Integration* (1967), Balassa defines economic integration, identifies its stages, discusses political and ideological aspects of the integration process, and specified what he means by "economic welfare."

Economic integration, as explained by Balassa (1967), can take several forms that represent varying degrees of integration. These are a free-trade area, a customs union, a common market, an economic union and complete economic integration. In a free-trade area, tariffs (and quantitative restrictions) between the participating countries are abolished, but each country retains its own tariffs against non-members. Establishing a customs union involves, besides the suppression of discrimination in the field of commodity movements within the union, the equalization of tariffs in trade with non-member countries. Also, the theory suggests that a higher form of economic integration is attained in a common market, where not only trade restrictions but also restrictions on factor movements are abolished.

Thus, the relevance of this theory to the study finds expression in the fact that the theory of economic integration is concerned with the economic effects of integration in its various forms. In view of this, the effectiveness of this theory to the current study relies on the regional integration agenda in Africa. The formation of regional integration stands as the foundation for economic development. This is premised in the objectives of AfCFTA, AEC, Lagos Plan of Action and others.

### **Overview of African Union's Economic Integration programmes**

This section of the paper focuses on the programmes and policies formulated and implemented for the purpose of enhancing economic development in Africa. Some of these programmes are highlighted and discussed below;

- The Lagos Plan of Action (LPA) and the Final Act of Lagos (1980)

- The treaty establishing the African Economic Community (AEC) 1991
- The New Partnership for Africa's Development (NEPAD)
- African Continental Free Trade Area (AfCFTA)

### **The Lagos Plan of Action**

Taking into consideration the nature and character of integration and development in Africa, there are certain objectives or purposes and challenges being faced by such arrangement in the continent. The plan for the integration of Africa began during the first decade of independence of many States of the continent and was inculcated into the Lagos Plan of Action (LPA), an initiative of the Organization of African Unity, adopted by the Heads of States in 1980. The proposed framework was for the integration of Africa into the Pan-African unity and continental industrialization by the division of the continent into RECs that would constitute a united economy, the African Economic Community (Melo and Tsikata, 2014:4). For Luqman and Zekeri (2015:2), the joint efforts of ECA and the OAU (now AU) in April 1980 endorsed the final Act of the Lagos plan of Action for Economic Development of Africa (LPA) to serve as Africa's development blueprint from 1980-2000. Some of the issues discussed in the plan were possible alternatives to help African states grow in diverse capacities. The thirteen chapters Plan discussed food and agriculture industry, natural resources, human resources, development and utilisation, science and technology, transport and communications, trade and finance, measures to build up and strengthen economic and technical co-operation including creation of new institutions and strengthening of existing ones, environment and development of the least developed African countries, energy, women and development, development planning, statistics and population.

Also stated in the document were the following assertions; the same determination that has virtually rid our continent of political domination is required for our economic liberation. Our success in exploiting our political unity should encourage us to exploit the strength inherent in our economic unity. We therefore resolve, in the context of our Organisation, to unite our efforts in the economic field. To this end, certain basic guidelines must be borne in mind. Some of the pointed out guidelines according to OAU were; Africa's huge resources must be applied principally to meet the needs and purposes of its people; in the sense that, Africa's almost total reliance on the export of raw materials must change. Rather, Africa's development and growth must be based on a

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combination of Africa's considerable natural resources, her entrepreneurial, managerial and technical resources and her markets (restructured and expanded), to serve her people. Africa, therefore, must map out its own strategy for development and must vigorously pursue its implementation; Africa must cultivate the virtue of self-reliance. This is not to say that the continent should totally cut itself off from outside contributions. However, these outside contributions should only supplement our own effort: they should not be the mainstay for development; as a consequence of the need for increased self-reliance, Africa must mobilise her entire human and material resources for her development; each of our States must pursue all-embracing economic, social and cultural activities which will mobilise the strength of the country as a whole and ensure that both the efforts put into and the benefits derived from development are equitably shared; efforts towards African economic integration must be pursued with renewed determination in order to create a continent-wide framework for the much needed economic co-operation for development based on collective self-reliance (OAU, 1980).

On the basis of these guidelines, we, the Heads of States and Governments, meeting in Lagos at the 2nd Extraordinary Session devoted to Africa's economic problems, decided to adopt the following Plan of Action as well as the Final Act of Lagos. In so doing, we are conscious of the tremendous effort which will be required of us, individually and collectively, to attain the goals we have set for ourselves in these documents (OAU, 1980). We are confident that we have the determination to overcome the obstacles that may lie in our path and that our Organisation and its General Secretariat will be able to enlist the active support of the international community as well as of the relevant international organisations. In spite of this lofty and promising plan for African states, sluggish or lack of effective implementation has been the major challenge. Also, more member states are yet to accept and implement some of the objectives of the programme. This had however, hindered the effectiveness of economic integration and development in Africa. Lack of economic development will continue to linger in African states until some of these policies are forcefully implemented by whatever means. Another great problem that led to the sluggish implementation of the plan is over dependence on foreign financial institutions to finance the plan.

**African Economic Community (AEC)**

The African Economic Community (AEC) Treaty was adopted in Abuja, Nigeria on the 3<sup>rd</sup> of June, 1991 and was enforced in May 1994." It was of course, an ambitious economic programme by adopting the treaty of the AEC, by virtue of Article 2, an African Economic Community was established. Its broad-based objectives seek to:

- i. promote economic, social, and cultural development
- ii. integrate the African economies leading to increased economic self-reliance
- iii. harness and develop Africa's human and material resources
- iv. promote co-operation so as to raise the standard of living and enhance economic stability
- v. foster peaceful relations among member states
- vi. Contribute to the progress, development, and economic integration of the continent.

It was agreed that these objectives are to be achieved by a number of different means, including the liberalization of trade between member states through the abolition of import and export customs duties and non-tariff barriers, which will eventually lead to the setting up of a free trade area; the adoption of a common trade policy and external tariff vis-a-vis third party states; the harmonization of member states' policies in the areas of agriculture, industry, transport and communications, energy, trade, finance, and science and technology; the removal of obstacles to the free movement of persons, goods, services, and capital; the conferment of the rights of residence for natural persons and establishment for legal persons; and, finally, the establishment of a common market (Naldi and Magliveras, 1994). Furthermore, this enumeration of the means to be employed reveals that, unlike the European Union, the Treaty envisages for the AEC a role going beyond the economic sphere and covering the social and political domains, which might eventually lead to political integration. Therefore, the programme was expected to take place in six different stages over a transitional period not exceeding forty years from the day the Treaty enters into force, that is, until 2034. The first stage was believed to have reflected the Lagos Plan recommendations, requires the strengthening of existing regional economic communities and creation of new ones where they do not exist." Secondly, the next stage, the removal of tariff and non-tariff barriers between member states and the harmonization of customs duties in relation to third party countries should be achieved (see AEC Treaty). The third stage, "is the Free Trade Area (FTA) and customs union in

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each REC”: this phase is under way, but progress is very uneven among the RECs (three have not yet created FTAs; two have launched their FTAs – ECCAS in Central Africa (not yet functional) and SADC in Southern Africa; two have launched customs unions – COMESA in Eastern and Southern Africa and ECOWAS in West Africa; and the EAC has gone further, creating a common market in East Africa); trade is the area where RECs have made the biggest progression overall (Zanfiri, 2017:2). The stage four is the Customs union at continental level which should have been implemented in 2019, stage five is the Establishment of an African Common Market in 2023. Finally, stage six is African Economic and Monetary Union with a single currency to be issued by the African Central Bank in 2028. Currently as it stands, the integration process is now in its third stage. The treaty is confronted with certain challenges such as; some RECs are lagging behind. This is because the AU does not have any power of enforcement over them, as they are not AEC members or parties to the AEC Treaty, and the AU can at most coordinate and oversee their efforts. This has affected the implementation power of the programme in Africa.

**New Partnership for Africa’s development (NEPAD)**

The New Partnership for Africa’s Development (NEPAD) was introduced in 2002 as a mono framework for bringing together economic development efforts especially in Africa. It was fully ingrained into the AU in 2010 with the creation of the NEPAD Planning and Coordinating Agency. NEPAD was conceived as an innovative instrument based on Africa’s experience of development, and it is now widely recognised as the main framework for development agenda by Africa’s development partners (Zanfiri, 2017). As some of its objectives, NEPAD has tried to promote good political and economic governance as an essential prerequisite for economic development. NEPAD focuses on key projects aimed at boosting development, and has succeeded in launching long-term projects, improving regional cooperation on projects and mobilising more funding (Zanfiri, 2017). He stated further that, Key integration programmes developed under a common NEPAD-AU Commission framework are Comprehensive Africa Agriculture Development Programme (CAADP) and Programme for Infrastructure Development in Africa (PIDA). The New Partnership for Africa’s Development (NEPAD) has set the pace for addressing the developmental challenges facing the African continent in the 21st century (Luqman and Zekeri, 2015:5). This

was demonstrated by African Heads of State and Government in Durban, South Africa where they shared commitment thus;

*We do not underestimate the challenges involved in achieving New Partnership for Africa's Development (NEPAD) objectives, but we share a common resolution to work together even more closely in order to end poverty on the continent and to restore Africa to a place of dignity in the family of nations' (NEPAD, 2002). This commitment has been demonstrated by the domestic revenue that is now the major source of development finance in Africa, accounting for about 84 percent of all total sources of financing in Africa, increasing four-fold from 2002 to 2008 (New Africa Magazine, 2012) cited in (Luqman and Zekeri, 2015:5).*

Despite such enthusiasm on the programme, certain challenges still mitigated its full operation. Funding of the programme stands as one of the biggest challenges that confronted the implementation of the programme. Arising from the above, Luqman and Zekeri (2015) posit that;

*Bad socio-economic condition of the Africa states is another limitation. Also, the reasons why the New Partnership for Africa's Development (NEPAD) received lukewarm responses on the part of the international partners were that African states lack the resources to implement the framework. Secondly, lack of confidence on the part of African leaders to achieve the New Partnership for Africa's Development (NEPAD) objectives also informed their responses. Contrary to this claim was that the New Partnership for Africa's Development (NEPAD) objectives negates the interest of the international partners as they perceive addressing issues on Africa marginalization within the global economic system not important, as addressing this structural imbalance will be detrimental to their economy.*

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It is a right time for African states to stop relying on foreign nations, agencies, or organizations for implementation of its regional economic integration policies. African natural resources are enough to curb this challenge if properly harnessed and judiciously utilized. African states should look inward towards the available potentials and see what can come out of the continent's abundant resources to fund their various policies and programmes aimed at enhancing regional economic integration.

### **African Continental Free Trade Area**

To implement the decision of the AU Assembly of Heads of States and Governments during its Eighteenth Ordinary Session held in Addis Ababa, Ethiopia from 29th-30th January, 2012 (Assembly/AU/Dec. 394(XVIII) of the Framework, Road Map and Architecture for Fast Tracking the establishment of the African Continental Free Trade Area and the Action Plan for Boosting Intra-African Trade was initiated. In 2012, African Heads of States and Governments, recognizing that 'the promotion of intra-African trade is a fundamental factor for sustainable economic development, employment generation and effective integration of Africa into the global economy', decided to establish the Continental Free Trade Area (CFTA) in 2017. On 21 March 2018, the Establishment of the ACFTA was signed in Kigali, Rwanda, by 44 Heads of States and Governments of the 55 African Union (AU) Member States).

The general objectives of the ACFTA are to:

*create a single market for goods, services, facilitated by movement of persons in order to deepen the economic integration of the African continent and in accordance with the Pan African Vision of "An integrated, prosperous and peaceful Africa" enshrined in Agenda 2063; create a liberalised market for goods and services through successive rounds of negotiations; contribute to the movement of capital and natural persons and facilitate investments building on the initiatives and developments in the State Parties and RECs; lay the foundation for the establishment of a Continental Customs Union at a later stage; promote and attain sustainable and inclusive socio-economic development, gender equality and structural transformation of the State Parties; enhance the*

*competitiveness of the economies of State Parties within the continent and the global market; promote industrial development through diversification and regional value chain development, agricultural development and food security; and resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes.*

The African Continental Free Trade Area is also in line with the Lagos Plan of Action. This economic integration programme envisaged by the AU was to further boost economic development and businesses in the African continent. The programme was designed to be implemented in January, 2021. In spite of the programme being a good effort under the umbrella of the AU, the programme is yet to be implemented in some African countries. For example in Nigeria, the programme has not yet been implemented. This is tied to series of problems facing some of these countries especially the West African countries that are faced with terrorism, kidnapping and banditry. The fear of implementing the policy is high so as not to create more problems in the countries. The big question now is, will ACFTA has its effect on the African economy since most States in the continent are yet to implement it? Or will it be like other programmes that lack implementation capacity?

### **Regional Integration and Economic Development in Africa**

There is no gainsaying the fact that the challenge of development particularly the economic aspect it in Africa really calls for concern of many stakeholders across the continent who appear to be at a crossroad on what to do to rescue the continent from shackles of underdevelopment. This is so because, Africa is yet to take advantage of its potentials both human and materials which could have enhanced the development of the continent. Most African countries are under-industrialised and as such, are faced with developmental challenges. Pertinent among these challenges are poverty, insecurity, unemployment, corruption, bad governance perpetuated by bad leadership, high cost of living and cost of doing business which are fundamental reasons for the introduction of regional integration of African states so as to speak with one voice towards curbing the challenges. Indeed, since independence, Africa embraced regional integration as an important component of their development strategies and put together a large number of regional



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integration arrangements (RIAs), several of which have significant membership overlap (Trudi, 2011:2). The goal was to come to terms with certain economic and socio-political benefits. Regrettably, this lofty strategy (regional integration) has not really achieved its primary objective as the challenge of development is far from being combated within the continent of Africa. As stated earlier, Africa is yet to benefit positively in terms of development from the goals of the regional integration strategy. The objectives which include free trade, common market, harmonization of economy of the member countries, followed by a customs union, and the integration of monetary and fiscal matters to establish an economic union are yet to be achieved as a result of lack of effective and proper planning of the Regional Integration Arrangements (RIAs). According to Trudi (2011:4), African RIAs are generally ambitious schemes with unrealistic time frame towards deeper integration and in some cases even political union.

From the foregoing background, it can be argued that since the independence of Africa, the implementation of this vision of integrating the continent has not really seen the light of the day in spite of the adoption of various strategies indicating the strong need for closer cooperation among African countries (AU REPORT, 2019). Although, the renewed interest in regional integration as Africa's overall development method has prompted policymakers, assisted by a group of intellectuals to formulate certain policies and strategies so as to gain more from the strengthened cooperation among African countries. However, this strategic orientation has manifested in the proliferation of continental agreements and programmes such as the Abuja Treaty and the Agenda 2063. Through these initiatives and strategies, the pan-African agenda of integration has made significant progress in the areas of trade, peace and security, air transport, the free movement of people and goods, and in emerging areas such as the environment and the climate. Indeed, aftermath of the colonial rule in Africa made the continent to embrace regional integration as an important factor to enhance socio-economic development leading to perfection of many regional integration arrangements (RIAs). According to Jiboku (2015), there were however, some 'missing' elements in Africa's regional integration process. She observed that, given that African countries were newly independent, they were yet to achieve economic independence. She stressed further that as political entities, states were yet to achieve a workable form of national integration. From Jiboku's position, it is clear that the basic structures and

institutions to enable the integration process were not yet in place when compared to what was obtainable in Europe (which provides a model for regional integration in Africa). One of the major problems militating against Africa's integration strategy is not having an ideal and articulated defined plan of action to facilitate or drive the goal of regional integration to achieve the set objectives. That is to say, regional integration in Africa is merely a paper work as specific plan on how to implement the various strategies are not clearly spelt out. Failure to have an ideal plan is tantamount to the failure of the policy and this has the tendency to hinder socio-economic development of African states. The regional integration in Africa especially economic integration lacks ingredients for their implementation. Ingredients such as finances, legislation to sustain and maintain the programmes. Also, over dependent of some of the economic integration programmes on foreign agencies has contributed to the problem to development in Africa. Thus, the continent's regional integration was patterned according to that of the European regional integration. However, instead of identifying priority needs and challenges in the continent and formulating deliberate policies to address them, African leaders imitated the European process, which they saw as a model for Africa (Jiboku, 2015). African states fail to understand the economic power and development of the Europeans before forming a regional integration. Most European countries were highly industrialized and developed in virtually every capacity, before their integration. The European countries were economically developed and had already achieved a level of intra-regional trade before the commencement of the integration process (Radelet, 1997:5). Same is not the case of states of Africa. The decolonization of African states from the colonial rule which left many states destroyed with various conflicts, matching into political independence without economic independence posed great challenge to African regional integration which has put the continent at a disadvantaged position by not achieving meaningful sustainable development. African states however, sought political independence before considering economic development. Since regional integration was aimed at achieving economic development in the region, the absence of industries and sophisticated factories, high level of technological development were not in place to facilitate the objectives of regional integration. For instance, there were no adequate transportation facilities, common market or currency to fast-track the African economic integration. The reason being that every country was busy concentrating

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on building and rehabilitating the casualties of the decolonization event in their various territory instead of focusing on African states.

Worthy of note is that there are challenges bedevilling the realization of Africa's economic development and regional integration. However, the obvious reality is that the integration process in Africa suffers several setbacks due to the fact that the governments have formulated regional integration initiatives without addressing key governance and development challenges at the centre (Jiboku, 2015). African government fails to address national problems which are vague in assessment and this has made development unsuccessful in the continent. The failure to address poverty, unemployment and overpopulation, bad governance, corruption, political instability, insurgency and terrorism, mismanagement, economic dependent, poor industrialization, poor technological advancement, poor infrastructural facilities and tussle for power have made development a big issue in Africa.

In line with the above, the Executive Summary of AU (2019) revealed that African integration process are faced with obstacles relating to the quality of infrastructures, customs and administrative policies, the narrowness of the markets, the weakness of purchasing power, the poverty of capital markets, the lack of diversified productive base and the absence of mechanisms for coordinating and harmonizing regional policies. For Jiboku (2015), the various integration frameworks in place, the contending governance issues and development challenges at the central level in African countries constitute a paradox in the continent's integration agenda. Bad governance, political violence and insurgency were and are issues ravaging some parts of Africa. For instance, the nefarious activities of Boko-Haram, Al-Sha'abab, and Al-Qaeda in some countries of Africa have denied those countries the chances of achieving sustainable socio-economic development.

Despite the challenges, the African Union Executive Summary provides a wonderful report regarding the success and development recorded in Africa in the pursuit of regional integration. Some of the findings of the report are discussed below.

**Free movement of persons:** All Regional Economic Communities (RECs) have made good progress towards an increasingly borderless Africa. There however still exist some gaps. There are quite several political dialogues to make the reality of the experience for Africans travelling

across the continent, whether they need a visa or not, or can get one on arrival, to match up to these ambitions. For instance, SADC has a Protocol on the Facilitation of Movement of Natural Persons, which is aimed at developing policies that progressively eliminate obstacles to the movement of persons of the SADC Region generally into and within the territories of SADC Member States even though not yet enforced, the protocol also provides for the right of establishment in terms of the national laws of the State Parties (Article 19). The Protocol has so far been ratified by nine (9) Member States.

**Productive integration:** All RECs are striving to ensure effective productive integration which is crucial for the creation of an economic base that is more resilient to shocks and more diverse. This area also includes building human and institutional capacities to add value to goods and services while raising people's incomes on ground – for example, opportunities with mining and manufacturing are now shifting to Africa's advantage. For example, a draft framework for fostering cooperation in technology acquisition, development, transfer and commercialization of innovations and IP frameworks was developed by the EAC while the mining Bill 2017 was passed. COMESA is undertaking remarkable initiatives in terms of investment promotion. IGAD has developed an agenda to develop agriculture, manage natural resources and the environment.

Some African countries stand out positively in terms of food production and other technological development. In the areas of telecommunications, telephone and computer accessories, there has been an improvement in Africa for over a decade now.

**Trade Integration:** According to the report of (AU REPORT, 2019), the RECs covered in this Report are all working towards facilitating Africa's trade in line with the AU decision on Boosting Intra-African Trade. Due to this effort, the African continental Free Trade Area was initiated in 2017. The goal of this policy was to facilitate trade among member States (see more of this above). For example, COMESA Member States have established a Free Trade Area (FTA) on 31 October 2000 after a sixteen-year period of progressive trade liberalization through reduction of intra-COMESA tariffs. The COMESA Rules of Origin are used to determine whether goods produced in the COMESA region are eligible for preferential treatment within the FTA or not.

**Infrastructure Development:** As highlighted in Agenda 2063 (connecting Africa's capitals and commercial centres through high-speed rail), all RECs are working towards developing infrastructure. Moreover, programs such as PIDA (Programme for Infrastructure Development in Africa) are in the radars of RECs. For instance, the SADC has developed an infrastructure development framework, the SADC Infrastructure Vision 2027, whose objective is the establishment of a strategic framework to guide the development of seamless, cost-effective trans-boundary infrastructure.

**Monetary Policy:** African Regional Economic Communities are undertaking several initiatives aimed at fostering monetary integration in Africa. For instance, one of the long-term objectives of SADC regional integration as set out in the Regional Indicative Strategic Development Plan (RISDP) is the establishment of a Monetary Union, which will require establishment of necessary institutions including a central bank. The EAC has made some progress in terms of integration by signing the Single Currency Protocol. ECCAS and ECOWAS have among them a number of countries sharing the same currency; this represents a real asset for the implementation of their regional currencies.

The AU Assembly has adopted protocols for the establishment of the AIB and AMF detailed as follows: The drafted Protocol for the establishment of the African Central Bank (ACB) is yet to be submitted to the Assembly. According to report, the proposed structures will be submitted to the Executive Council for approval once the protocols for each institution come into force. The role of these institutions is to implement the economic integration called for in the 1991 Treaty Establishing the African Economic Community (Abuja Treaty). The 1999 Sirte Declaration, under which the OAU decided to create the AU, called for the speedy establishment of all institutions proposed in the Abuja Treaty. The African Central Bank's (ACB's) purpose will be to build a common monetary policy and single African currency as a way to accelerate economic integration as envisaged in articles 6 and 44 of the Abuja Treaty. The ACB's objectives will be: to promote international monetary cooperation through a permanent institution; Promote exchange stability and avoid competitive exchange rates depreciation; Assist in the establishment of a multilateral system of payments in respect of current transactions between members and eliminate foreign exchange

restrictions that hamper the growth of world trade. It is proposed that the ACB Headquarters will be in Abuja, Nigeria.

In addition, the African Investment Bank's (AIB) purpose will be to foster economic growth and accelerate economic integration in Africa, as envisaged by articles 6 and 44 of the Abuja Treaty. The AU Assembly established the AIB at its February 2009 Summit with the adoption of the Protocol and Statute on the African Investment Bank (see Assembly/AU/Dec.251 (XIII)). The Protocol and Statute will enter into force 30 days after ratification by 15 Member States. As of 1 September 2014, 20 Member States had signed and two had ratified the Protocol establishing the AIB. The AIB's objectives will be to: promote public and private sector investment activities intended to advance AU Member State regional integration; utilize available resources for the implementation of investment projects contributing to strengthening of the private sector and modernization of rural sector activities and infrastructures; mobilize resources from capital markets inside and outside Africa for the financing of investment projects in African countries; provide technical assistance as may be needed in African countries for the study, preparation, financing and execution of investment projects. The AIB will be located in Libya (see Assembly/AU/Dec.64 (IV))

Finally, the African Monetary Fund's (AMF's) purpose will be to facilitate the integration of African economies by eliminating trade restrictions and providing greater monetary integration, as envisaged under articles 6 and 44 of the Abuja Treaty. The Fund is expected to serve as a pool for central bank reserves and AU Member States' national currencies. The Fund will prioritize regional macro-economic objectives in its lending policies. The AU Assembly established the AMF at the Malabo Summit in June 2014 with the adoption of the Protocol and Statute for the Establishment of the African Monetary Fund (see Assembly/AU/Dec.517 (XXIII)). The Protocol and Statute will enter into force 30 days after ratification by 15 Member States. As at 1 September 2014, no Member States had signed or ratified the Protocol. The specific AMF objectives include: providing financial assistance to AU Member States; Acting as a clearing house as well as undertaking macro-economic surveillance within the continent; coordinating the monetary policies of Member States and promoting cooperation between their monetary authorities; encouraging capital movements between Member States. The

Headquarters of the AMF will be in Yaoundé, Cameroon (see EX.CL/Dec.329 (X))

### **CONCLUDING REMARKS**

The review of some literature shows that the condition of Africa has made economic development and regional integration problematic in the continent. The socio-economic condition of African states couple with the political vices have hindered effective regional economic integration in most states of Africa. The regional economic integration project of the continent fails to adopt or work out plan of action to achieve sustainable economic development. Regional integration requires pulling African resources together to have a common market and free business environment for Africans but this has not been achieved largely due to the fact that most African states are faced with many internal crises which require regional attention and corporations. Thus, the persistence of national issues and development challenges had made most African countries to place their loyalty to the national issues instead of that of Africa as a broad community for all which has led to unimpressive achievement in the economic integration thereby halting development in the continent. The challenges of regional integration and development in Africa such as inadequate physical infrastructure at the regional and state levels (poor transport network, as well as unstable electricity and water supplies); inadequacy of resources and delays in disbursements of financial commitments mainly from member-states (and development partners, in some instances); multiple and overlapping memberships which not only creates confusion, competition and duplication, but also constitutes a burden on the taxpayers; the division of labour between AU and RECs has not yet been clarified; delay in the implementation of policy decisions, mainly explained by the weak capacities in amending national policies, laws and regulations to conform with the various new policies; existence of recurrent non-tariff barriers that affect the movement of goods across borders has increased and compounded issues of regional integration in Africa.

### **RECOMMENDATIONS**

To achieve a viable economic regional integration in African states, the continent must go back to the drawing board to prepare a realistic framework or plan for Africa's economic development, the plan should include the resources needed, time frame and what to achieve within a particular period of time. African states must first deal with their various

national issues before thinking of regional economic integration. When national and development issues are solved, more concentration will be on regional economic development in Africa. The goal of integration is to achieve economic development in a continent, thus African states must join hands and put heads together in the fight against illegal importation, poverty, corruption, unemployment, low human living standard, terrorism and insurgency, political crisis and ethnic rivalries including Xenophobia to achieve positive regional integration and economic development in the continent.

Thus, Africa must make efforts to provide adequate infrastructure at the regional and intra-regional level such as transportation, electricity, and water supply; ensure clarity of functions and responsibility between AU and Regional Economic Communities (RECs); implementation power of various economic integration programmes must be enforced.

In addition, forming a sustainable economic integration, member states must first deal with socio-economic and political issues. This is so because, economic integration agenda may not have base if political issues and social problems are left unsolved. Making African integration and development a reality, corporate efforts by all African states is required. AU must have unique influence or contribution to members' domestic problems, such as having a standing army to first corporately fight the menace of internal crises. Until all these are addressed, regional integration and economic development in Africa will continue to lack remedy.

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