Integration of Africa

Eva Nilsson

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Preface

In 2019, the Department for Africa and the Middle East of the Ministry for Foreign Affairs of Finland commissioned two reports related to Finnish development policy. This is the first publication, which deals with political and economic integration in Africa. The second publication discusses megatrends in Africa.

The reports are not academic research as such. The authors are academically qualified researchers, however, and they base their findings on academic studies. The Ministry for Foreign Affairs chooses authors through an open selection scheme.

Researcher Eva Nilsson from the Hanken School of Economics was chosen as the author of the report: "Political and Economic Integration in Africa – and How Finland Can Support It".

The research report examines the trends of political and economic integration in Africa. Political integration is discussed through the themes of governance, peace and security, and institutional development. This includes the African Union, as well as regional organizations. Economic integration is discussed in the context of the African Continental Free Trade Agreement and different forms of regional economic integration.

The report is meant to support and strengthen Finland's Africa policy, which is why it includes suggestions on how Finland can support further integration in Africa.

The Department for Africa and the Middle East organized a presentation and discussion for the report at the Ministry for Foreign Affairs on 18 June 2019.

These types of reports support the daily work of civil servants when they compile background memos, for example. They have an important role in strengthening evidence-based decision-making. As the reports on Africa sparked a lot of interest in the wider public as well, the Ministry for Foreign Affairs decided to publish them online. The publication can be downloaded in Finnish and English.

On behalf of the Ministry for Foreign Affairs, I would like to thank Eva Nilsson for an excellent report and commendable cooperation. I hope that this publication on economic and political integration in Africa finds its way into the hands of an interested readership that can put it to good use.

At the Ministry for Foreign Affairs on 21 October 2019

Martti Eirola

Senior Adviser on Africa Policy

Recommendations for Finland:

- Finland should support work for democracy and human rights in countries that are increasingly authoritarian. This is a foundational necessity for deeper political integration on the continent and can have substantial transformative effects on human rights.

- Finland should consider supporting the African Governance Architecture in order to improve work around democracy and human rights on continental level.

- Finland should support regional small-scale trading initiatives and the building of regional trading capacity in order to increase intra-African trade overall and to support food trading, a women-led sector.

- Finland should support initiatives to find solutions for increasing the AU's self-financing, e.g. through taxes.

- Finland should support the African Union Commission on developing better leadership and work culture.

- Finland should support the implementation process of the AfCFTA.

- Finland should prepare an alignment about its support for African integration. This could increase its strategic impact.

Political and economic integration of Africa, and how Finland can support it?

Eva Nilsson

Summary

This briefing discusses the current state and the future of political and economic integration in Africa. It looks at political integration through the themes of governance and peace and security and addresses institutional challenges and solutions in the relevant continental and regional organisations. Economic integration is addressed in light of the recent launch of the African Continental Free Trade Area (AfCFTA) and ongoing integration in the continent's regions.

Several divides overshadow integration in Africa. First, a divide between formal and informal politics is characteristic to the continent. There is a gap between formal policies and rhetoric and informal forms of integration. For example, a lot of informal intra-African trade, often done by women, is not part of official

statistics about trade on the continent. Second, a deepening gap between democratic and authoritarian/anocratic regimes is dividing the continent. This makes continental integration difficult both politically and economically, at least in the short term. Therefore, supporting democratic development and integration on sub-regional and national levels is crucial as it forms building blocks for continental integration. The growing number of urban youth is likely to be a game changer for political development. However, in the short-run they might cause political instability.

Continental integration is today motivated strongly through Pan-Africanist ideology and finding "African solutions for African problems". This motivation is hampered by the heavy dependency on external financing. The African Union (AU) has done work

to find its own financing sources. More work in this direction is needed. The institutions of the AU remain weak in terms of resources and staff.

The following scenarios can be drawn out from the analysis of recent academic and institutional works:

Scenario 1: The continent is and becomes increasingly polarised between political and economic extremes and in terms of integration, it seems unlikely that the continent will converge on a common ground in the near future.

Scenario 2: Small-scale or minor armed conflicts increase and persist across the continent, usually in the peripheries of states. It is unlikely that continental peace will be reached in the short-term.

Scenario 3: All regions on the continent experience economic growth, except for North Africa.

Scenario 4: The launch of the African Continental Free Trade Area (AfCFTA) will increase the value of intra-African exports by 15% in 2040 with the removal of tariffs on goods and 25% with further liberalisation measures.

Scenario 5: A slight increase in economic welfare will occur thanks to the expansion of intra-African exports through the AfCFTA.

Integration trends in Africa

A number of ambitious integration policies have been adopted in the past years on continental level. These policies have caught the interest of observers of African politics. The recent key policy documents for Africa's political and economic integration adopted by the African Union Assembly are:

- Agenda 2063: The Future We Want for Africa that lays out the continent's vision for the next 50 years. It was strongly promoted by the former head of the African Union Commission, the South African Nkosazana Dlamini-Zuma. The vision is accompanied by a first (10-year implementation plan 2014-2023). This plan lists the most urging priorities for reaching the vision. (see Appendix 1 for a list of priorities).
- African Continental Free Trade Area (2018) that aims to create a single continental market for goods and services, with free movement of business, persons and investments. It would be the largest regional trade agreement in the world, including 52 signatories. The agreement is accompanies by an (Action Plan on Boosting Intra-Africa Trade, BIAT), that aims to build the trading capacity of the member states.
- The Imperative to Strengthen Our Union (2017), that lays out a thorough institutional reform of the African Union. President Paul Kagame of Rwanda spearheaded the report in collaboration with nine persons with backgrounds in various regional institutions and high political positions in different countries.
- Financing of the Union. For Africa, by Africa (2016) that aims to increase the self-financing of the AU. It was adopted by Heads of State in a "Retreat on Financing of the Union" at an AU Summit held in Rwanda in 2016. The decision directs all AU Members to implement a 0.2% levy on eligible imports for to finance the AU.

Unfortunately, history shows that regional integration in Africa has been filled with failures. (e.g. Asante, 1997 and Mistry, 2000.) Among the main challenges that the AU is currently facing are a lack of commitment and integrity among some of continent's political leaders despite their verbal or written commitments, institutional weakness and the continued heavy dependence on foreign donors.[1] Regarding the former, many African governments continue to seek national solutions or inward-looking state-centric solutions to problems that require regional and continental perspectives. There is also a constant tension between rhetorically embraced Pan-Africanism and some political leaders who continue to pursue – in the worst case – their personal interests. Therefore, the AU has a complicated role as an international actor. It is facing difficulties in promoting consensus among its member states and in maintaining consensus in the face of often-divergent national interests. Even though the AU is emerging as an increasingly influential international actor, it has not yet become effective at asserting its will and projecting its power in order to efficiently represent the African continent's collective interests. (Karbo & Murithi, 2018.) One of the most explicit problems that the AU faces is Morocco's recent re-entrance to the AU and tensions related to Western Sahara. This has for example led to a slowdown in formulating and implementing common positions on UN policies. (Aybare, 2018.)

In addition to political commitment, the AU faces institutional challenges. There is a lack of coordination between its different work strands and decision-making. The AU Commission is a prime example. It has a very large range of priorities and functions but lacks proper funding, leadership, qualified staff, systems of monitoring and accountability and it does not have a clear role. There is institutional competition between the AU Commission and other institutional and regional bodies and their roles are not clear even though the Commission should have a coordinating role. Due to an improper funding base, it has been blamed to be captured by donor interests. Furthermore, staff policies and performance culture is highly politicised, suitable staff do not stay for long, there are no prices or sanctions related to good or bad performance and many Commissioners respond to the needs of their constituencies rather than the AU. (Rukato, 2018) Rather than technical, operational support, the Commission needs to develop value-based leadership, priorities and accountability.

The relationship between the AU and regional bodies is also not clear. There are currently about 19 sub-regional organisations in Africa, with substantial differences in the objectives, capacities, levels of functionality and overlapping memberships. In 2006, the AU decided to recognise only eight Regional Economic Communities (RECs) and placed a moratorium on the founding of new ones. These are ECOWAS, COMESA, EAC, ECCAS, SADC, IGAD, AMU, CEN-SAD. The AU should coordinate and harmonise the policies between RECs and the AU. However, the relationships have been challenging, contributing to the slow pace of regional integration. The main challenge is a continued lack of definition of the subsidiarity principle and its recognition and implementation. This means that there is no clear understanding of how power should be shared between the parties. (Nagar & Nganje 2018.)

To understand integration in Africa, two notable characteristics have to be kept in mind. First, it is important to note that "informal" and "formal" politics exist hand-in-hand. There are interesting forms of regionalisation beyond the formal regionalisation processes that are state-driven. In a considerable number of spaces in Africa, borders either essentially do not exist in the formal sense that Europe knows them, because they are ignored by local populations and refugees or strategically used by political elites. They carry on as normal, while formal processes might seem to be in a standstill or failing. In Central and Western Africa, the lack of formal regionalism structures is most evident. In Southern Africa, on the other hand, formal structures are most evident. In this region, formal and informal regionalism are subsumed within each other. (Söderbaum ja Taylor, 2008.)

Second, regional integration in Africa links to Pan-Africanism as an ideology.[2] This ideology has recently become a stronger driver of formal integration in Africa in light of challenges that the "liberal order" is facing (Karbo & Murithi p. 4). In other words, regional integration has not been promoted as a means for economic prosperity only, but also as a strategy for self-determination, decolonisation and for addressing Africa's economic marginality in the global economy.

Trends of political integration

Political integration is likely to face challenges as Africa is becoming more and more polarised politically. The AU is committed to democratic values through its African Charter on Democracy, Elections and Governance (2007). However, while the continent's authoritarian states are becoming more repressive, the more democratic ones have seen relatively little change. The continent's countries can be roughly divided into 50% authoritarian countries and 50% democracies of different scale. (Cheeseman, 2018.) The Institute for Security Studies (ISS) categorises most of the countries in Sub-Saharan Africa as anocracies, combining elements of both autocracy and democracy. These types of regimes are prone to political instability. (See Appendix 2 for a listing of countries by ISS.)

Since about 2015, democratic development on the African continent has on average been deteriorating. This recession has been characterized by the removal of presidential term-limits[3], poor quality elections, and the introduction of legislation that has enabled governments to exert

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1 The funding problems are intensified by the fact that many AU member states are not paying their financial obligations. In 2015, only 19 out of 54 members fully paid their fees to the AU. In the same year, Algeria, Egypt, Libya, Nigeria and South Africa financed 65% of member states' contributions to the AU's operational budget. Since then, funding from Libya and Egypt fell drastically due to the political turbulence of the Arab Spring. In total about 25% of the union's funding is financed by members and 75% by external funders, mainly the EU and the US. (Karbo & Murithi, 2018.)

greater control over social media and non-governmental organizations. (Rakner, 2018.) One reason for this backlash could be that there are a few international incentives to change course. **International donors that have traditionally promoted democracy abroad do not seem to be increasing their support in the coming years.** Meanwhile the number of authoritarian-leaning external partners (Asian and Middle-Eastern states) continues to grow and offer African states greater policy space than before to dilute any international pressure to democratise. (Cheeseman, 2018.)

A look at the different sub-regions of the continent shows that the variety is large. West and Southern Africa consistently perform better on democracy and governance than East, Central and North Africa. (ibid.) In terms of political instability, the pressure is relatively high in East Africa and the Horn. Most of West Africa is less exposed, as the levels of democracy are higher. Central Africa currently has the longest-serving and oldest African presidents and some kind of turnover, which might cause instability, is inevitable within the next 10–15 years. (Bello-Schünemann & Moyer, 2018.)

North African states rank poorly on governance. With the exception of Tunisia, all feature either weak or very weak governance. The North African experience has been distinctive, but the Arab Spring of 2011 has seen greater convergence between North and Sub-Saharan Africa. Instability and conflict have undermined state capacity and economic growth in Egypt and Libya, in similar ways as for example in the Central African Republic or Somalia. Furthermore, much like many post-conflict African states, one of the most serious challenges facing countries such as Egypt and Algeria is the continued presence of the military that threats civilian rule. (Cheeseman, 2018.)

Developments on sub-regional level are important because they might give rise to "neighbourhood effects". However, it is worth to note that when one looks at the level of individual countries, variety is equally wide. Southern Africa, for example, features Botswana (very good governance) and Malawi and South Africa (good), but also Angola and Mozambique (weak) and Zimbabwe (very weak). West Africa is also split between a number of countries that are performing well, most notably Benin, Ghana, Liberia, and Senegal and those that are struggling, such as Mauritania and Nigeria. (ibid.)

It is important to highlight the connection between democracy and economic growth to understand trends of political and economic integration. Mainly because of impressive growth in Rwanda and Ethiopia in recent years, popularity and acceptance of "developmental authoritarianism" has increased. At the same time some democratic states such as Ghana has faced considerable economic distress due to heavy indebtedness. Thus, democracy does not always lead to economic growth and transformation. However, recent research has found that on average Africa's democracies grow at a faster rate than its autocracies. This applies especially to long-term democracies. (Masaki & Walle, 2014). The quality of governance is an important explanatory factor. The majority of authoritarian states do not have good or very good governance, with Rwanda being an exception rather than a rule. **This suggests that further authoritarian retrenchment will undermine economic transformation on the continent.** The situation is worse because many African countries are currently getting heavily indebted and managing debt distress requires proper governance. (Cheeseman, 2018.) Another worrying trend in light of democracy is that several African countries have recently discovered oil and natural gas reserves. So far, there is only one democratic petrostate in Africa, which is Ghana. Hence, there is a clear correlation between petrostatehood and authoritarian/anocratic regimes. (Cheeseman and Smith, 2019.)

In light of these observations the continent looks increasingly polarised between political and economic extremes and in terms of integration, it seems unlikely that the continent will converge on a common ground in the near future. On a more positive note, the increase of urban and younger voters is likely to challenge current ruling parties and to vote for alternatives. The urban electorate is projected to be higher than the total number of rural voters by 2050. The Ibrahim Index of African Governance shows that democratic progress lags far behind citizens' expectations. (Ibrahim Index, 2018.) The vast majority of Africans want to live in a democracy, but the proportion who believe they actually do falls almost every year. In the long run, this can lead to democratic development. In the short run, it can lead to political instability.

The current and the future of peace on the continent does unfortunately not look bright either, even though the continent has made important gains in peace and stability over the past two decades. **Small-scale or minor armed conflicts have increased and persist across the continent, usually in the peripheries of states. This trend is unlikely to change significantly over the coming decades and means that the AU's peace objectives will be difficult to reach.** From 2014 Sub-Saharan Africa experienced a significant increase in large- and small-scale organised violence, driven by wars in Nigeria, Somalia, Sudan and South Sudan and smaller-scale armed conflicts in Burundi, Cameroon, the DRC, Republic of the Congo, Eritrea, Ethiopia, Kenya, Mali, Mozambique, Niger, Nigeria, Rwanda, South Sudan and Uganda. The continent is most affected by non-state organised violence and has the highest level of one-sided violence (against civilians) in the world. Communal violence over access to land, water and other resources is a prominent form of non-state organised violence in Africa. Violence related to elections has also increased. Low-intensity political violence such as violent riots and demonstrations have risen sharply across Sub-Saharan Africa over the past decade. Non-violent protests have also become a much more prominent feature of African political dynamics, particularly in urban areas. (Bello-Schünemann & Moyer, 2018.)

Political integration, the African Union and RECs

The main work streams of the AU that relate to political integration are the African Governance Architecture (AGA) and the African Peace and Security Architecture (APSA). The AGA pursues aspiration 3 of Agenda 2063 that envisions an Africa of good governance, democracy, respect for human rights, justice and he rule of law.

Democratisation was not a priority during the times of the Organisation of African Unity but have become so during the AU. The AGA was launched in 2011. At the 2011 Summit, the Assembly adopted a policy on Prevention of Unconstitutional Changes of Government and Strengthening the Capacity of the African Union to Manage Such Situations. It also called for all members to sign, ratify and implement the African Charter on Democracy, Governance and Elections originating from 2007. (Matlosa, 2018.)

AGA's work is based on four pillars. It is to promote democracy and participatory governance, it brings together relevant institutions (African Commission on Human and People's Rights, African Court on Human and People's Rights, the Pan-African Parliament, the African Peer Review Mechanism (APRM), the Economic, Social and Cultural Council, the Peace and Security Council). It also hosts dialogues through the African Governance Platform and includes the African Governance Facility, which is a funding body. The AGA also deals with issues related to a visa-free continent.

A crucial part of the AGA is the African Peer Review Mech-

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2 Pan-Africanism as an ideology refers to social solidarity as well as cultural, political and economic emancipation. It is an expression of 1) pride and achievement of Africans, 2) the idea of returning to Africa, 3) the liberation from colonialism and all forms of oppression 4) the promotion of African unity as a primary objective in the struggle for liberation from European colonialism (Kuruvilla, 2018 p. 16)

3 Since 2000, at least 30 African presidents have tried to extend their rule, and 18 of them have succeeded. In 2018 alone, four presidents made such attempts, in Burundi, Uganda, Sudan, and Togo. (Felter, 2019)

anism (APRM), established in 2003 by the AU in the framework of the implementation of the New Partnership for Africa's Development (NEPAD). It is Africa's self-assessment method on good governance. It was highly praised initially as part of an African Renaissance and the "third wave of Pan-Africanism" when the AU was founded. However, despite its initial praise, the APRM has never really taken off well and its level of activity has been decreasing over the years. It has had a weak secretariat, shrinking financial contributions by participating countries and stagnant visibility on national and continental levels. In 2016, 35 countries had voluntarily signed up for it but only 18 had undergone a base review. No evaluations of the mechanism have been done. The APRM panel has been polarised by quarrels about practicalities such as seating. The main funders of the AU (Algeria, Egypt, Nigeria, and South Africa) have also been the main funders of the APRM and there has been no clear supporters for it on heads of state level. However, in the past years, APRM has been undergoing restoration and revival and it has made some progress on e.g. impact assessments. (Sawyer and Jerome, 2018.)

In the case of AGA, there seems to be more rhetoric than actual realisation of commitments. National and regional politics matter more and democracy is not high on the agenda of many members. These constraints also hamper civil society organisations from engaging with the AU in promoting democratic values and principles.

The APSA, on the other hand, can be said to have been a bit more successful. The African Peace and Security Architecture was established in relation to the establishment of the Peace and Security Council (PSC) of the AU in 2002. The architecture includes the PSC, the Panel of the Wise, the Continental Early Warning System (CEWS), the African Standby Force and the Peace Fund. APSA's agenda includes direct and structural conflict prevention, early warning and preventive diplomacy, peace making and peace building, the encouragement and promotion of democratic practices, intervention, humanitarian action and disaster management.

The APSA has also faced institutional constraints. The AU Commission's peacekeeping missions have lacked staff and expertise and have suffered from a confusing mix of donor capacity-building projects. The PSC's weakness has been relatively little attention to the prevention of conflict that encourages bad governance and a limited connection to the Panel of the Wise. It has been reactive rather than proactive. It has addressed many conflicts but some have not made it on the agenda at all (e.g. Niger Delta region or Ogaden of Ethiopia). There has also been low level of interaction between the PSC and its counterparts on REC's level. This same lack of interaction persists between the continental Early Warning System and all regional Early Warning Systems. (Apuuli, 2018.)

Another persistent criticism of the APSA has been the over-reliance on external donors. The African Standby Force became operational only in 2006, mainly with the support of the EU, as has been the case generally in AU-originated peacekeeping and peace support missions. As a response to this donor dependency and the AU's dependency in general, the heads of state took a decision in 2016 to introduce a 0,2% levy on eligible imports. The levy was instituted in 2017 and the aim is that the revenue will finance 100% of the AU's operational budget, 75% of its program budget and 25% of the Peace Fund's annual budget. (AU, 2016.) African leaders are also committed to take financial responsibility for 25% of its peace activities by 2020.

Although the focus of the major RECs have been more on economic integration, they also play a role in peace and security. However, they often lack capacity and again, national interests of powerful member states often interfere with regional peace efforts, for example because of historical rivalries between political elites in different countries. In 2008, the RECs and the AU Commission signed a MoU that included the principles of subsidiarity, comparative advantage and complementarity but these have not been clearly defined and institutional competition and tensions persist between the actors. Regional actors do also not have an active voice in the decision-making

processes of the PSC. (Nagar and Nganje, 2018.)

Trends of economic integration

Formal statistics reveal that the amount of intra-African trade remains low. In 2017, intra-African exports accounted for about 17% of the total African exports. In 1995 the corresponding figure was 7%. Compared to other continents in the world, intra-African trade remains remarkably low, with Europe trading at 69%, Asia at 59% and North America at 31%. (Brookings 2018.) Three quarters of intra-African exports are concentrated in just 13 countries. South Africa alone captures about 45% of the total. It is also leading statistics on African imports from African countries. The sectors in which South Africa tops all other African countries on exports are machinery and transport, food items and ores and metals. Eswatini (former Swaziland) leads in raw agricultural materials and Nigeria in fuels. (UNECA, 2019.) The powerful economies (Nigeria, Kenya, Egypt, Angola and South Africa) have affected Africa's economic integration through protectionist policies. For example, South Africa has stringent rules of origin that hamper trade in Southern Africa. (Nagar ja Nganje, 2018.)

The UN Economic Commission for Africa estimates that Africa's real GDP growth is projected to increase marginally from 3.2 in 2018 to 3.4% in 2019 and the rise is expected to continue slowly in 2020. This is a change to the period 2015–2017 when growth was projected lower. **All regions of the continent are expected to experience economic growth, except for North Africa.** The highest growth will happen in East Africa, rising to 6.4% in 2019. East Africa grows mainly on increased private investment, growth in industry and services, higher public investments in infrastructure, stronger private consumption, oil and gas explorations, foreign direct investments and diaspora remittances. The more moderate growth in West Africa (3.4% in 2019) is largely based on higher oil prices and increased oil production, expanding services sectors, rising private consumption and public investment in

infrastructure. Because Nigeria covers nearly three quarters of West African GDP, its declining growth affects the whole region and shadows greater growth in Cote d'Ivoire, Senegal, Togo and Sierra Leone. Central Africa grows modestly at 2.7% in 2019 thanks to rising commodity prices, increased production of oil and gas, agribusiness, mining, manufacturing and services. Southern Africa is the slowest grower with 2.1% in 2019. Growth is spurred by rising commodity prices and increasing agricultural production. Finally, North Africa is expected to decline. Despite growth in most sub-regions, all countries face risks because of tightening monetary policies and protectionist policies in OECD countries, weather-related shocks, threats of terrorism and conflict, political instability and high debt distress. (UNECA, 2019.)

Most intra-African trade occurs between African countries that are members of the same regional grouping. Four of the eight major RECs have declared Free Trade Areas (FTAs). These are COMESA, EAC, ECOWAS and SADC. EAC and ECOWAS are the only customs unions among them. In 2008 COMESA, EAC and SADC formed a Tripartite Alliance FTA. So far, however, mainly COMESA members have signed it. ECCAS has the lowest share of intra-regional trade in terms of GDP of all the continent's regions. Despite some form of FTA being in place, on average the region has reduced only 34% of tariffs to zero. The Arab Maghreb Union has also been negotiating an FTA but progress has been slow. (Nagar and Nganje, 2018.) In addition to the RECs recognised by the AU, the Pan-Arab FTA, the Central African Economic and Monetary Community (CEMAC) and the Southern African Customs Union (SACU) are implementing their own liberalisation methods. In 2016 the African Development Bank, the AU Commission and UNECA published an Africa Regional Integration Index. This useful index tracks country and regional progress on trade integration, regional infrastructure, productive integration, free movement of persons, and financial and macroeconomic integration as well as gives an overall score based on these

different indicators. (UNECA, 2017. See the index scores in Appendix 3.)

Finally and as already mentioned earlier in this paper, formal information does not tell the whole truth about integration. Much trade between African countries is not recorded in official statistics, because it is "informal". An example is Benin. Its informal trade with Nigeria is estimated to be 20% of its GDP. The lack of information on informal trade makes it difficult to evaluate the total impact of formal policies on the lives and livelihoods of informal traders. They might have extensive gender impacts though, as women are known to make up 70% of informal cross-border traders. (UNECA, 2017.)

The African Continental Free Trade Area

Because of the low value of intra-African trade, increasing intra-African trade through new agreements can have substantial effects on economic growth on the continent. (Brookings, 2019). According to estimations by UNECA, **the launch of an African Continental Free Trade Area (AfCFTA) could increase the value of intra-African exports by 15% in 2040 with the removal of tariffs on goods and 25% with further liberalisation measures. At its best, implementing the AfCFTA could increase the value of trade by 40–50% between 2020 and 2040.** (UNECA 2018a.) The overall effect of the AfCFTA is estimated by UNECA to be **a slight increase in the economic welfare of Africa due largely to the expansion of intra-African exports**. (UNECA, 2019.) The agreement is expected to stimulate economic growth by 1–6%. (UNCTAD, 2017.)

The greatest potential of increasing intra-African trade lies in the fact that African countries trade considerably more manufactured and processed goods with each other than with external trade partners that usually export raw materials out of the continent. In 2014 nearly 42% of intra-African trade consisted of manufactured goods while the corresponding figure of trade leaving the continent was only

14.8%. In other words, increasing intra-African trade could have a positive effect on accelerating expert diversification and product sophistication. Between 1990 and 2014, only East Africa had been able to diversify exports at a rapid pace. Other regions on the continent experienced a concentration of diversified production or even lost ground. (UNECA, 2018b.)

Because of the emphasis on manufactured and processed goods in intra-African trade, the AfCFTA can create opportunities to industrialise. Trade in industrial products could, by 2040, increase between 25–30% depending on the degree of liberalisation. Textile, apparel, leather, wood, paper, vehicle and transport equipment, electronics and metals would benefit the most. For agricultural products, especially sugar, vegetables, fruit, nuts, beverages, tobacco, meat and dairy, the increase is estimated to range between 20–30% and for mining and energy products 5–11%. (ibid.)

The AfCFTA was preceded by the BIAT Action Plan for Boosting Intra-African Trade (2012). BIAT has the aim of developing trade policies, trade facilitation, productive capacity, trade-related infrastructure, trade finance, trade information, and factor market integration. These measures are crucial for example for reducing non-tariff barriers to trade and for developing productive capacities. These are among the greatest challenges of bringing the AfCFTA into operation. Currently Africa remains far behind the world on its border crossing efficiency in terms of document and other processing requirements. (UNECA, 2017.) To support the development of trade-related infrastructure, the African Development Bank (AfDB) alongside the AU Commission, New Partnership for Africa's Development Agency (NEPAD), UNECA and RECs have developed the Programme for Infrastructure Development in Africa (PIDA) in 2015. The aim of the programme is to build four longitudinal and six latitudinal north-south and east-west continental railway networks to be implemented over a period of 50 years. (African Development Bank, 2019.)

The AU Commissioner for Trade and Industry Albert M.

Muchanga has pointed to the challenge of bringing win-win outcomes to all AfCFTA members given that the economies on the continent are so diverse, including LDCs, land-locked countries, small-island states, lower and upper-middle countries and countries in conflict. (Muchanga in Brookings, 2018.) A concrete example of the diversity among the members is that Djibouti, Ethiopia, Madagascar, Malawi, the Sudan, Zambia and Zimbabwe have formed a so-called group of seven, demanding for slower integration to the AfCFTA. The implementation requires considerable political will and the question of whether there is enough of that still remains to be answered. In the beginning of 2019, the particular products to be excluded from liberalization under the AfCFTA have yet to be determined by each country. This process is expected to be finalised by July 2019. An additional factor that can become a challenge to the AfCFTA, is that it will have implications on tariff revenue. The UNECA has calculated a decrease of 6.5-9.9% of revenue in the long term. The fall in tax income could be balanced in the medium term if the potential benefits of increased intra-African trade are realised and consequentially tax bases are widened. Currently import duties are on average 15% of total tax revenue in Africa (ATAF, 2017.)

AfCFTA is expected to be in operation in 2019 and to be fully operational by 2035. By 2022, intra-African trade is expected to be doubled. By April 2019, 52 countries have signed the AfCFTA and 22 countries have ratified it. When The Gambia ratified the agreement on April 2nd, it reached enough ratifications to come into force. Eritrea, Nigeria and Benin have not signed the agreement at all.

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Appendix 1: The priority projects of Agenda 2063 during 2014–2023

- **Integrated High Speed Train Network** – aims to connect all African capitals and commercial centre to facilitate the movement of people, goods and services.
- **Africa Virtual and E-University** – Open Distance and eLearning (ODeL) resources to offer guaranteed access to the University from anywhere in the world and anytime
- **African Commodity Strategy** – aims to enable African countries to add value, extract higher rents from their commodities, integrate into global value chains, and promote vertical and horizontal diversification.
- **Annual African Forum** – aims to bring together annually African political leadership, the private sector, academia and civil society to discuss developments and constraints as well as measures to be taken to realize the Aspirations and goals of Agenda 2063
- **Continental Free Trade Area** – aims to double intra-Africa trade by 2022, strengthen Africa's common voice and policy space in global trade negotiations and establish the following financial institutions within agreed upon timeframes: African Investment Bank and Pan African Stock Exchange (2016); the African Monetary Fund (2018); and the African Central Bank (2028/34).
- **African Passport and free movement of people** – aims to enhance free movement of African citizens in all African countries by 2018.
- **Grand Inga Dam Project** – a hydroelectric dam on the Congo River in the Democratic Republic of Congo. The dam has an expected generating capacity of 43,200 MW and would thus be the largest energy-generating body ever built.
- **Pan African E-Network** – a multistakeholder group that envisages and information revolution as the basis for service delivery in the bio and nanotechnology industries that will ultimately transform Africa into an e-Society.
- **Silencing the Guns by 2020** – a vision that aims to end all wars, civil conflicts, gender based violence and violent conflicts and prevent genocide.
- **African Outer Space Strategy** – aims to strengthen Africa's use of outer space to bolster its development.
- **Single Air-Transport Network** – aims at delivering a single African air transport market to facilitate air transportation in Africa.
- **Continental Financial Institutions** – aims to establish financial institutions to accelerate integration and socio-economic development.
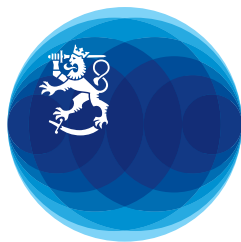
Source: African Union (2015). Agenda 2063. The Africa We Want. First Ten-Year Implementation Plan 2013-2023.

Appendix 2: Democracies, Anocracies and Autocracies in Africa according to Institute for Security Studies (2018)

Table 2. **Levels of democracy in sub-Saharan Africa (Polity IV); 2018**

Democracies	Mauritius, Cape Verde, South Africa, Kenya, Comoros, Botswana, Lesotho, Ghana, Senegal, Zambia, Benin, Sierra Leone, Nigeria, Namibia, Guinea Bissau, Malawi
Anocracies*	Burkina Faso, Madagascar, Liberia, Niger, DRC, Mozambique, Mali, Somalia, Zimbabwe, Guinea Bissau, Ivory Coast, Gabon, Tanzania, Sao Tome and Principe, South Sudan, Burundi, Uganda, Central African Republic, Mauritania, Togo, Angola, Chad, Rwanda, Ethiopia, Cameroon, Sudan, Congo, Gambia
Autocracies	Equatorial Guinea, Eritrea, Swaziland

Source: Bello-Schünemann, Julia and Jonathan D Moyer (2018). Structural pressures and political instability: trajectories for sub-Saharan Africa. Africa Report, Institute for Security Studies.