AN ASSESSMENT OF THE ROLE OF THE AFRICAN UNION IN RESOLVING THE ECONOMIC CHALLENGES OF AFRICA

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LEGON JULY 2015
DECLARATION

I hereby declare that this dissertation is the result of an original research conducted by me under the supervision of Dr. Boni Yao Gebe and that apart from other works, which are duly acknowledged, no part of it has been submitted anywhere else for any purpose.

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KEBEH GORPUDOLO-SELMA     DR. BONI YAO GEBE
(STUDENT)             (SUPERVISOR)

DATE: .....................        DATE: ......................
DEDICATION

Dedicated to my three daughters Maia Chukee, Alberta Leela and Angel Neemu Selma for whom I do everything and my late father Mr. Moses Garbi Gorpuolo, of sainted memory; may his soul continue to rest in perfect peace.
ACKNOWLEDGEMENTS

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My heartfelt appreciation to Mrs. Louise Thomas Mapleh and my beloved sister Esther Gorpudolo for the key roles they have played.

My Final acknowledgement goes to the lecturers of LECIAD and our class of 2014/15 academic year.
LIST OF ACRONYMS

ABI   Africa Biosciences Initiative
ACP   Africa Caribbean Pacific
AEC   African Economic Community
APRM  Africa Peer Review Mechanism
ATPC  Africa Trade Policy Centre
AU   African Union
BIAT   Boosting Intra Africa Trade
BIAWE   Business Incubator for African Women Entrepreneurs
CAADP  Comprehensive Africa Agriculture Development Program
CFTA   Continental Free Trade Area
COMESA  Common Market for Eastern and Southern Africa
EAC   East African Community
ECCAS  Economic Community of Central African States
EPA   Economic Partnership Agreement
EU   European Union
FDI   Foreign Direct Investment
GDP   Gross Domestic Product
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<th>Acronym</th>
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<tr>
<td>ICT</td>
<td>Information Communication Technology</td>
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<tr>
<td>MAP</td>
<td>Millennium Africa Recovery Plan</td>
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<td>NAFTA</td>
<td>North American Free Trade Area</td>
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<td>NEPAD</td>
<td>New Partnership for Africa Development</td>
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<td>NPACI</td>
<td>NEPAD Pan African Cassava Initiative</td>
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<td>OAU</td>
<td>Organization of African Unity</td>
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<td>RECs</td>
<td>Regional Economic Communities</td>
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<td>ReSAKSS</td>
<td>Regional Strategic Analysis and knowledge Support System</td>
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<td>SADC</td>
<td>South African Development Community</td>
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<tr>
<td>TFTA</td>
<td>Tripartite Free Trade Area</td>
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<td>UEMOA</td>
<td>West African Economic and Monetary Union</td>
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<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>UNECA</td>
<td>United Nations Economic Commission for Africa</td>
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<td>USA</td>
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ABSTRACT

Africa, according to recent World Bank Reviews, has the fastest growing economies in the world and according to UNDP Human Development Index Reviews, the least developed countries in the world. The aim of the research is to assess how the AU has contributed to Africa’s economic growth. The continent has the second largest population in the world and yet the least percentage of world trade and least amount of intra-regional trade. The research investigates this by collecting available data on the African Union projects and policies which are aimed at increasing trade and industrialization as well as food security in Africa. Internet sources, reports, documents, and interviews with people involved with AU research and programs were studied and analyzed. Some findings are that the job of the AU involves currently harmonizing and bridging huge divides among African countries and facilitating intracontinental trade as well as enhancing agricultural growth across the continent. The projects have so far been difficult to implement owing to lack of popular and civil society involvement and lack of broad base education and involvement of the African population. My recommendations are that the AU should interact more with ordinary Africans through the RECS, local government and civil society by playing a role in the making of educational curricula for educational institutions. It should create awareness across the region on days like African Union day, educational columns in newspapers and news magazines and ensuring that educated Africans understand that no African country will economically industrialize solo, not even South Africa or Nigeria; economic development for Africa will require regionalizing economically.
CHAPTER ONE
INTRODUCTION

1.1 Background to the Research Problem

For nearly five centuries – from the 15th century at the onset of the trans-Atlantic slave trade up to the 1950s when African states began to win the struggle for independence, Africa was exploited as a continent. The natural as well as the human resources were taken with no returns. This great pillage led to a complete halt of trade in Africa. Trade implies an exchange, yet the human resources were taken as slaves and the former colonial masters took the natural and mineral resources without the consent of Africans through imperialism.

By the 1950s, several trade agreements were made to address the results of the pillage of Africa. Two Yaoundé agreements and four Lome agreements brought about the Lome Partnership Agreements between individual countries of Africa, Caribbean and Pacific Regions (ACP). These regions were similarly exploited, with Africa being the worst devastated because of the slave trade. The agreements assured the colonialists of continued access to the raw materials of Africa, which they needed. These agreements have led to the current Economic Partnership Agreements (EPAs) negotiations between regional blocs of the ACP and the European Union.

Currently, the world market determines the prices of African natural resources, the reason being that Africa does not have enough industries to process its raw materials and use them on a large scale. Africa’s current participation in World trade is below four percent with its value-adding industries rather few.
The African Union was established in 2002 with a vision of an integrated, prosperous and peaceful Africa. Driven by its own citizens and representing a dynamic force in the global arena. It is partly faced with the herculean task of revamping the economy of Africa, along with African Heads of State, amongst many challenges. These include small markets, many political borders, poor road and rail networks and low level of information and human resource capacity. The AU has a mission to be an efficient and value adding institution, driving the African integration and development process in close collaboration with member states, the regional economic communities and African citizens. In addition to the foregoing, is economic emancipation and to improve the ability of the continent to effectively meet the challenges of globalization.

Having poor infrastructure and having sustained economic relations with western European nations, the vast majority of African countries trade outside with former colonial masters more than amongst themselves. Visa and entry regulations are more stringent for Africans than for Europeans within Africa. Travelling within the continent is difficult and inconvenient. Africa has too many countries all having different regulations for visa and entry. There is also a lack of a common monetary control mechanism for foreign exchange in order to regulate inflation. The exception in West Africa is the UEMOA the Francophone zone has a common currency and a free trade area. However on the whole the region is faced with a currency crisis; this includes Southern and Northern Africa that make up the bulk of the Tripartite Free Trade Area.

Africa is faced with a severe lack of infrastructure, no road/rail networks link the continent making travel difficult and curtailing the movement of goods and services. Visa regulations and immigration procedures between African Countries are stringent especially when travelling by road. The lists of exports from Africa are all raw materials (Gold, Diamonds,
oil, ore, rubber etc.) their imports are manufactured goods (steel, tires, chocolates, jewelleries etc.).

A continent of more than 1 billion people\textsuperscript{5} the second largest and most populated continent in the world receives between 2-3 per cent of Foreign Direct Investment and between 2-4 per cent of World trade.\textsuperscript{5} Participation in trade is only to sell raw materials and purchase basic manufactured goods.

For many African countries remittances and donor aid are their only participation in the global economy.\textsuperscript{6} In these dire circumstances there is the need to identify the central institution in Africa responsible for restructuring the continent’s economy which is the African Union.

\textbf{1.2 Statement of the Research Problem}

From the literature reviewed the economic challenges of African states have been discussed from angles such as globalization, trade liberalization, Foreign Direct Investment and debt relief, donor aid etc. scant attention is given to the efforts and interventions being made on the continent especially by the regional body, and what the African Union is doing to restructure the continent’s economy or what the union could do better. Thus the work seeks to fill this gap by researching the AU projects and policies for economic restructuring of Africa, the AU being the central entity which has the goal of economic emancipation driven by African citizens. Thus the research intends to explore major economic projects and policies of the African Union which are intended for the continent as a whole or in part and assess how their outcomes have impacted the economic challenges of Africa.
1.3 Research Questions

- What factors have led to the lack of sustainable economic growth on the African continent?
- What have been the AU’s efforts to addressing Africa’s economic challenges?
- What are the successes and challenges of the AU’s efforts to resolve the economic challenges of African states?

1.4 Objectives of the Study

- To identify the factors which have led to the lack of sustainable economic growth on the African continent
- To identify the AU’s efforts to address Africa’s economic challenges
- To identify the successes and challenges of the AU efforts to resolve Africa’s economic challenges.

1.5 The Rationale of the Study

The study will contribute to understanding how the African union has intervened in Africa economically and to understanding the shortcomings of the interventions and point the way forward to more sustainable results.

1.6 Scope of the Study

The study covers economic restructuring projects and policy interventions of the African Union for the Africa Region which impact the whole region from 2000 to 2015.
1.7 Hypothesis

The African Union’s economic interventions have been inadequate in meeting the economic challenges of Africa.

1.8 Theoretical Framework

The research uses the theoretical framework of liberal institutionalism. The African union is an intergovernmental institution therefore the theory of liberal institutionalism could best explain the actions of this institution as it relates to the economic restructuring of the African continent.

Institutionalism is a theory of international relations that tries to explain why states cooperate in spite of competing national interests. The theorists emphasize that even though anarchy makes international cooperation among states more difficult, because of relative gains and the fear of cheating, states are still willing to cooperate when they have similar interests and that such states stand to benefit from cooperation.

The theory propounds that states (even powerful states) benefit from cooperating with other states who may be less powerful in terms of economic, military or human resources. In cooperating states do not necessarily relinquish their sovereignty. And yet they stand to gain the benefits like larger states that have consolidated their sovereignty.

Some critics of the theory assert that institutionalism makes a false promise about the ability of institutions to maintain world peace or, in other words, peace amongst states by independently affecting state behaviour. In reviewing Liberal Institutionalism, Collective Security and Critical Theory, Mearsheimer posits that: “There are serious problems with the
causal logic of each theory, and little empirical evidence for any of them. Misplaced reliance on institutional solutions is likely to lead to more failures in the future.\textsuperscript{,8}

Notwithstanding, the theory is relevant to the study in that it helps to explain why African states have been cooperating from the 1960s as the Organization of African Unity (OAU) and still find it important and necessary to increase cooperation amongst themselves by forming the African Union in 2002. The study further seeks to assess the role of the African Union in meeting the economic challenges of Africa as an institution and seeing what more improvement the institution can make as compared to individual states. Thus, states do benefit from membership in international institutions.

1.9 Literature Review

\textit{NEPAD}

According to Asante,\textsuperscript{5} NEPAD is the new comprehensive economic intervention by the AU for Africa and he says that it is a comprehensive approach that is built by Africans themselves but takes into account that Africa cannot develop in isolation and therefore needs the help of donor countries. NEPAD projects focus on the need of the African people and aim to penetrate the shield of sovereignty, behind which corrupt leaders often hide. It is a project which is aimed at building policies to build a strong economy for Africa therefore African leaders will make these policies with the needs of Africans in mind. NEPAD is made up of a volunteer Peer Review Mechanism through which African leaders can put a measure of control on each other through peer pressure and policy guidelines that will eventually lead to the convergence of economic policies within the African region.
The difficulty is that NEPAD is not a holistic approach and not bottom up but rather top down. NEPAD is not financed solely by Africa or the AU. It is therefore difficult for the organization to maintain control of project outcomes. The donors, Africa’s former colonial masters finance the projects therefore their interests are a consideration in the NEPAD policies. There are therefore regulations on where their investments are used as opposed to where financing is actually needed. Experience has shown that the donors provide financing that is highly restrictive in terms of procurement and other costs. The source of funding for NEPAD projects become a problem, coming as they are from the same sources that financed the structural adjustment and other programs that failed to bring about sustainable growth in the past. The focus of the NEPAD programs is therefore lobbying and advocating for donor aid where the African union sees that Africans have needs.

**Foreign Direct Investment and NEPAD**

According to Landsberg, the new program to meet the economic challenges of Africa from the point of view of the African Union (AU) is NEPAD. NEPAD arose from two separate ideologies. Whereas Thembbi Mbeki and Mandela were interested in the idea of a new Africa or an African renaissance, President Obasanjo was concerned with security, stability, development and cooperation in Africa. These two ideas laid the foundation of NEPAD. Therefore, one of NEPAD’s key strengths, according to the author, is that it recognizes that there can be no development without peace, security and good governance.

Politics and the centrality of democracy and governance are where the real problems are for Africa. NEPAD, therefore, recognises this as the starting point for development efforts. NEPAD focuses on continental initiatives that are backed by foreign assistance. Therefore, with the emphasis on good governance, NEPAD has an inbuilt mechanism for monitoring
member states in terms of their conformity to the rules of good governance and economic management. At the formation of NEPAD, economic cooperation and intra African trade received scant attention.

Landsberg says for NEPAD in order to eradicate poverty, Africa will vigorously campaign for international commitments to greater flows in overseas development assistance, debt relief and enhanced flow in private investment (FDI). Thus, NEPAD highlighted the need for international support, the eradication of corruption and Foreign Direct Investment.

For many scholars, the project’s greatest strength might be its greatest weakness. With the nature of politics in Africa, national programs are less likely to be sustained after a change of government. The NEPAD approach does not find a place for civil societies and other non-political entities to play a key part not only in the implementation of NEPAD policies but also in the monitoring and evaluation - the African Peer Review Mechanism (APRM). The program does not focus on the concerns of market women and local traders and civil society, from the perspective of the ones who the projects are intended to benefit. The needs of the end beneficiaries should be seen from the point of view of them.

The NEPAD policies does not take into consideration the education of those involved in the final implementation their needs, for travel, the movement of their goods and capitals communication, customs and clearing, and safe accommodations, and the education of the actual ones who provide these needs.
Foreign Direct Investment and Donor Aid

Kousari, asserts that, Africa’s achievement of the conditions of rapid growth and sustainable development does not lie with the continent alone not only because there are external conditions facing Africa but also because these influence the domestic policies through aid conditionality and stabilization and adjustment programs. African countries continue to rely on commodity exports as a major source of foreign exchange earnings; the economies are therefore vulnerable to the vicissitudes of the market and weather conditions.

With the continuous material decline in the prices of commodities and the resulting terms of trade losses, levels of savings and investment have been insufficient to invest in human and physical infrastructure development; thus retarding the economic transformation of the African economies. The Problems include commodity dependence, terms of trade and value adding, trade liberalization and financial flows.

The total dependence of the economies on export for foreign exchange in the countenance of trade liberalization has made government institutions to be weakened in regulating trade policies instead they have single-mindedly focussed on attracting FDI without calculating the actual costs and benefits. Meanwhile foreign firms and industries have merged mainly in the agricultural sector and they purchase, process and distribute agricultural products, the firms therefore get the benefit of value adding and with few options for the producers to choose from the producers become vulnerable selling their products for less.

The situation of mining and other industries are not much better, he says, for example in Tanzania, where exports on gold have risen from 1 to 40 per cent between 1997 and 2002, according to the author, the government received 86.9 million in revenue from total export
revenue of 890 million. Ghana similarly earned 46.7 million out of total mineral exports value of 893.6 million according to 2003 government revenue report. These figures constitute ten per cent and five per cent of revenue from the total export for both countries respectively.

For financial flows the author recommends that aid to African countries need to be delinked from conditionality which only compounds the above two problems of trade liberalisation and commodity dependence.

The author stresses the problems of commodity dependence, trade liberalization and financial flows, but under stresses that the sustainable growths of the African economies are deeply challenged by widespread corruption and weak government control in policy conditions, poor roads, rails, telecommunications and other basic infrastructure. The lack of these challenges the larger population. Furthermore, in spite of the minimum gains from natural resources, resources are not divided equitably across all sectors of the population thus regional efforts for development and economic growth have not recorded marked improvements. Domestic governments pay scant attention to issues of corruption.

**Foreign Direct Investment**

Dupasquier and Osakwe argue that Foreign Direct Investment (FDI) could be the solution to sustainable economic growth in Africa by increasing capital inflows. They acknowledge that the recent increase in FDI has not served the purpose of sustained economic growth since the investments have been in the primary sectors, mostly the extractive industry, as contrasted with FDI in Asia which has mostly been in the secondary and tertiary sector. They therefore argue that for FDI to benefit African economies, Africa must do more to encourage them in sectors other than primary. Accordingly, based on the high level of competition for FDI globally, the
encouragement of FDI will not only depend on individual countries but regional as well as sub regional organizations key amongst which is the AU. African economies need to improve relations with their current investors by giving more incentives for investment in Africa.

The author focuses on foreign investment as an answer to economic growth in Africa. The author however under stresses the need for the African governments, who make up the AU to use government revenues to encourage local manufacturing industries within African countries. To use revenues to invest in infantile industries as opposed to using revenues to import foreign manufactured commodities.

Furthermore, when governments negotiate with investors, they should make it a priority to negotiate for production instead of extraction. Governments should bargain, for instance, for the production of fuel and gasoline and give more incentives for this rather than for the extraction of crude oil. Incentives will be given to investors but in exchange the countries will gain skills and relevant knowledge transfer which could lead to sustainable development.

Since the time of independence, according to Asante, Africa’s principal trade partner has been Europe. There is more trade between African countries and Europe than between African countries and each other. Yet Asante stresses that the agreements which guide their trade relations are unequal and keep African economies dependent. The history of Europe-Africa relationship can be traced back to colonialism after which the Lome conventions further reinforced Africa’s dependency on Europe. The Lome conventions were reviewed every five years to increase the unequal corporation and add on more members yet the relationship remained patriarchal through Yaounde and the current EPA agreements which he says will hamper Africa’s ability to trade with other partners like Asia and hamper integration on the
continent. The major point he stresses is that the partnership is uneven and will perpetuate the dependency of Africa’s economies on European trading.

The author raises salient points which are well worth considering in furthering Africa EU negotiations and trade. If the goal of the AU is to foster sustainable economic growth, then the way forward for Africa is to gain more control over trade negotiations and increase production and industrialization. To make the infantile industries in Africa compete equally with more well developed and profitable industries in Europe is obviously not a viable option for sustainable growth within the region.

Globalization and Africa’s Marginalization in World Trade

According to Collier, Africa is marginalized in trade but not in aid. The continent is given more aid than other developing regions. For instance most of Africa’s dealings are with the World Bank than the World Trade Organization. Bilateral relations are with aid ministries than with trade ministries. However, aid is unlike investment, which brings returns in the future and additionally may not provide as much formal sector employment. Aid comes with much conditionality and may not be in government priority areas. NGOs come with their mandates and sometimes staff. Excess of aid does not directly contribute to economic growth.

As a result the author points out that formal sector employment has been rising as a percentage of total employment in most developing regions but declining in Africa from 12 per cent to 9 per cent from the 1970s and 80s to 1990s-2000s.

Collier says, African economies are less outward oriented as compared to other developing regions.
1970-80 per annum export growth in Africa was 2.8 per cent per annum while South Asia was 3.6 per cent. 1980-1992- export growth decelerated to 2.4 per cent south Asia accelerated to 6.8 per cent. In addition according to the author, In spite of record low prices of coffee the share of agricultural export earnings coming from the two main crops(Coffee and Cocoa) averaged 35 per cent in 1960s and 40 per cent by 89-90. This shows an intense focus of the African economies on exporting more and more raw materials (primary products) with the low prices; increase in percentage of income on export shows that high volumes of the raw materials were exported.

Africa has not participated in the widespread phenomenon of more rapid rise in export than in national output – African economies have continued to use more on the national scale than they export. The reason is obvious; the economies do not manufacture and need to pay for finished products to use locally while exporting unprocessed commodities. Exports are additionally very concentrated most economies export at most one or two natural resources. In the 1970s-90s Africa’s Share of primary commodity export was 83 per cent and it was still 76 per cent in 1992.

Direct private investment to developing regions is approximately 200 billion per annum less than one per cent comes to Sub-Saharan Africa. However, Africa is the centre of attention in aid programs for some African countries aid and migrant remittances now constitute their main form of participation in the world economy.

Sub-Saharan Africa by 1991 was receiving about a third of global net aid transfers. Most privately owned companies trade rather than produced due to the harsh realities created by colonization, conflicting with the industrialization objectives of most African governments.
This is a clear case of marginalization which has persisted due to the very reasons that the marginalization happens to begin with; the human resources were colonized and after colonization Africa is not conducive for trade due to lack of adequate infrastructure and human resources which were not developed during colonization. The potential trading partners are from the regions that colonized Africa. The outcome is that Africa is the most underdeveloped region in the world and receives the least FDI even though it is the second most populated.

In the literature much has not been done to appreciate or assess the economic restructuring efforts currently on going on the continent. Since 2000 the NEPAD policy Framework has been the key policy of the African Union there is a need for proper evaluation of NEPAD policies and projects and there is a need to mark the challenges and successes thus to evaluate the first ten years of the NEPAD projects and map a clearer future pathway. This is what the research seeks to do.

1.9 Sources of Data

Sources of data are in two parts:

Primary data consists of unstructured interviews using a single questionnaire to interview relevant key African Union personnel in Accra, as well as scholars and policy makers.

Secondary data is obtained from books, journal articles, documents, internet sources, magazines etc.

1.10 Research Methodology

The research is a qualitative study that utilizes both primary and secondary sources of data.

The qualitative research approaches that were used are key informant interviews and document
analysis. In the key informant interviews, Professor SKB Asante, Professor of Regional Integration and Former Representative for Africa, UNECA and Founder of Centre for Regional Integration in Africa (CRIA), Prof. Samuel Asuming-Brempong, Professor, Legon Centre for Agricultural Economics and Agribusiness, University of Ghana, Dr. George T-M. Kwadzo Lecturer, Legon Centre for Agricultural Economics and Agribusiness, University of Ghana, Consultant, Ministry of Food and Agriculture, Republic of Ghana, Dr. Vladimir Antwi-Danso, Senior Research Fellow, Legon Centre for International Affairs and Diplomacy, Associate Director, Centre for Regional Integration in Africa, Mr. Anthony K. Nyame-Baafi, Director Multilateral, Regional and Bilateral Trade, Ministry of Trade and Industry, Republic of Ghana were interviewed.

For the document analysis, information from books, documents, journal articles, newspaper articles and annual and programmatic reports of CAADP, NEPAD, UNECA, etc. were source and analyzed. The information from these sources formed the basis of the study’s analysis and conclusions.

1.11 Arrangement of Chapters

Chapter One constitutes the research design. Chapter Two talks about African Union’s projects and policies for the economic restructuring of Africa. Chapter Three examines the outcomes of these interventions for sustainability and continuity. Chapter Four provides summary of findings, conclusions and recommendations.
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CHAPTER TWO

AU PROJECTS AND POLICIES FOR THE ECONOMIC RESTRUCTURING AND GROWTH OF AFRICA

2.0  Introduction

Africa is currently rated economically as the poorest region in the world. It has the least intra-continental trade compared to other developing regions 11-12%. The region receives between 2-4 percent of Foreign Direct Investment because the continent is not seen as a good location for investment. Aid to the region has been high since the post colonization era. However aid comes with conditions, these conditions do not help to create conducive grounds for economic growth and development. Therefore, though poverty has declined in the region it still has the highest number of poor countries in the world. The continent is still battling food insecurity.

This chapter provides a list of the AU projects and policies which are linked to the restructuring of Africa’s economy. The African Union has adopted the NEPAD policy framework as the official African Union method for economic intervention in Africa. NEPAD is the fusion of two plans the Millennium Africa Recovery Plan (MAP) and the Omega plan by former President Abdoulaye Wade of Senegal. It was previously called the New Africa Initiative. The MAP originated from the G8 summit, Japan 2000.¹ NEPAD’s key aims are to reduce poverty, and address developmental issues, Africa’s marginalization and women empowerment. Current economic projects of NEPAD for the continent include: The NEPAD Agriculture and Food Security Program, the Spanish fund for Women Empowerment, and the African Continental Free Trade Area and Boosting of Intra Africa Trade under the guardianship of the African Trade Policy Centre, UNECA.
2.1 NEPAD’s Agriculture and Food Security Program

The program aims to fast-track development by encouraging African countries to improve economic growth by means of agricultural development. Specifically, the NEPAD program aims to ensure that smallholder farmers who make up the majority of Africans get better access to markets, finance and technical support which will lead to improved income for the farmers and poverty alleviation.

The program is guided by the Comprehensive Africa Agricultural Development Program (CAADP) framework. The overall goal is the advancement of agriculture and food security. The framework brings together key players for instance African leaders, policy makers, scientists, partners and farmers, to engender agricultural growth and sustainable development on the continent.

2.2 Objectives of CAADP

The objective of CAADP is to raise agricultural productivity in Africa to at least six percent annually, thus contributing directly to poverty reduction and the elimination of hunger. CAADP requires signatory countries to commit no less than ten percent of their national budgets to agriculture. Since 2003 many countries have signed up to the CAADP framework eight of which have surpassed the ten percent target.

2.3 Pillars of CAADP

CAADP has four pillars

a) Build Sustainable land and water control systems;

b) Engender private sector development, rural infrastructure growth, and improved trade and market access for African farmers;
c) Increase food supply and correspondingly reduce hunger;

d) Enhance Agricultural research and dissemination of agricultural technology.

2.4 Programs Complementing CAADP

TerrAfrica program- this is a NEPAD program under CAADP which major aim is to improve land management. The program works to improve coordination between the governments of sub-Saharan Africa, the international development community and other global and regional stakeholders on issues relating to land acquisition and the protection of land and water bodies in the region.²

Fertilizer Support Program- The Fertilizer Support Programme aims to affect policy and markets at country and regional levels to encourage the development of a sustainable market for fertilizer in Africa. The programme also works to improve access to fertilizer and provide incentives to farmers to make wider use of fertilizer.³ Of all developing regions Africa is making the least use of Fertilizer. The Program aims to address this issue by improving fertilizer usage within the region, and improving the production of fertilizer locally on the continent.

Partnership for African Fisheries- works for the improvement and sustainability of Africa’s fisheries and the improvement of the returns provided by the sector. Their vision is to make fish contribute significantly to Africa’s economic growth and development.⁴

Africa Bioscience Initiative- The NEPAD/African Biosciences Initiative is a cluster of three NEPAD Science and Technology program areas: biodiversity science and technology, biotechnology and indigenous knowledge systems. Biosciences are considered as one of the major engines of growth in the world in fields such as human health, industrial processes,
environment and agriculture. Africa lags behind in biosciences. Two major reasons for this are insufficient funding from governments and lack of proper expertise. The problem is further worsened by the lack of private sector investment to support and initiate research.

NEPAD/African Biosciences Initiative (NEPAD/ABI) focuses on garnering biological applications in the health, agriculture, and environment and mining sectors. Its tactical objectives are:

- Address African problems in agriculture, health, and the environment and mining sectors through the application of bioscience technologies.
- Use new developments in biosciences to protect the natural environment including flora and fauna.
- Build and strengthen human capacity in biosciences through enhanced research and information sharing across sectors.
- Promote access to affordable, outstanding research facilities within Africa, to lead to enhanced human resource capacity building within the region. Leading to economic growth.
- Garner indigenous knowledge and technology of the African people for sustainable utilization of natural resources. Using indigenous technology means that the skills and know how is from Africa and thus resources do not have to leave the region to bring trainers or staff.

NEPAD pan African Cassava initiative (NPACI) - This program aims to create a link between national agricultural researches of African countries to regional initiatives on the cassava plant, which is common to countries across the region.
2.5 **The African Trade Policy Centre (ATPC)**

The ATPC was established in June 2003 with the aim of strengthening the human and institutional capacities of African governments to formulate and implement sound trade policies and to participate more effectively in trade negotiations at bilateral, regional and multilateral levels.  

2.6 **The Objectives of the ATPC include:**

Firstly, using Structural transformation to attain sustainable and inclusive growth- The forum believes that for sustainable growth to be achieved it takes the realignment of structures and institutions. The processes by which production and trade happens is important for the sustainability of growth achieved at the end of the process.

Secondly, Strengthening Africa in the global trade domain- the forum conducts capacity building and skills training to improve the negotiation skills and knowledge of African negotiators in matters of trade, globalization and economic development.

Finally, Promoting Africa’s economic regionalization in the spirit of collective development, The Forum Understands that regionalism and integration are the way forward for lasting growth, even regions that are not as balkanized as Africa have turned to regionalism for economic growth. For Instance the USA is part of the NAFTA treaty and countries in Europe have built up the European Union to enhance economic growth and industrialization.

2.7 **Continental Free Trade Area**

Under this action plan the assembly of African Heads of State and Governments of the African Union adopted a decision in January 2012 to established a Pan-African Continental Free Trade
Area (CFTA) by 2017, (Assembly/AU/Dec. 394 [XVIII]. The major objective of the free trade area is the removal of tariff and non-tariff barriers to trade among African countries in order to have one market for the African Union Member states. Benefits will include heightened competition which will lead to more diversity in production, larger markets and higher GDP for the Africa Region and less need for extra continental imports.

2.8 Boosting Intra Africa Trade (BIAT)

The forum endorsed an action plan for Boosting Intra Africa Trade (BIAT). The BIAT plan is expected to be achieved by implementing seven major clusters. Namely: Trade policy, Trade Facilitation, Productive Capacity, Trade-Related Infrastructure, Trade Finance, Trade Information and factor Market Integration. The plan thus provides an indicative list of programs and activities that needs to be implemented in short to long term at the national, sub regional and regional levels.

The Centre works with the private sector, civil society and academic institutions in its research, training, information dissemination and advisory services in order to achieve inclusive outcomes.

2.9 The NEPAD Spanish fund for African Women Empowerment

The NEPAD Spanish Fund for African Women Empowerment was created in 2007 following the signing of a memorandum of understanding between NEPAD and the Spanish government. The program considers gender equity, equality and women’s empowerment as the bases for sustainable economic growth and development. The NAPAD- Spanish Fund contributes to the economic development efforts through projects that Eradicate poverty by empowering women.
economically by giving financial and technical assistance to projects that support gender equality and the improvement of women's economic, political and social welfare.

Major objectives include: education, health, promotion of economic structure and social and political participation of women especially in sub Saharan Africa. Primary focus is given to Women’s economic empowerment, strengthening of civil society and community based organizations and strengthening of institutions.

The NEPAD Spanish Fund also has an upcoming BIAWE initiative- a business incubator project for African Women Entrepreneurs for Eastern, Southern and Western Africa. This program aims to encourage African women to be entrepreneurs the plan aims to encourage African women to start-up their own businesses by making microfinance and training available to them. The program focuses on women who already have started their own businesses as well to provide managerial trainings and capacity building in other to help them expand their businesses.

The majority of these businesses are likely to be in agricultural processing and packaging and in the services and marketing sectors across the region. These sectors are currently mostly run and staffed by women.
ENDNOTES


3. Framework for the establishment of the Africa fertilizer financing mechanism (October, 2007) www.nepad.org/foodsecurity/fertilizer-support-program/about

4. www.nepad.org/foodsecurity/fisheries/about

5. www.nepad.org/foodsecurity/africa-biosciences-initiative-abi/about


CHAPTER THREE

ANALYSIS OF AU PROJECTS AND POLICIES FOR ECONOMIC DEVELOPMENT FOR ITS MEMBER STATES

3.0 Introduction

This chapter seeks to assess the AU projects and policies for sustainability in light of the achievements and challenges each of the projects and policies have encountered and suggest what could bring about the lasting economic growth which the Union seeks.

3.1 Agriculture and Food Security: using the CAADP Framework

3.1.1 CAADP Achievements

Since 2003, at the inception of CAADP, Twenty five African countries have completed the four stages of signing a CAADP compact. The four stages include signing of the compact, making a national agricultural investment plan, technical review of the investment plan for harmony within the RECs and conformity to the CAADP framework and the business meeting, at which individual countries have to strategize and show how funding for CAADP will be acquired at the national level.

According to Mr. Nyami Baafi, Director Multilateral, Regional and Bilateral Trade, Ministry of Trade and Industry, Republic of Ghana the CAADP intervention is laudable and rich, those countries implementing the CAADP framework have benefited immensely. For example he said, Ethiopia has improved in the export of coffee and cut flowers, Somalia has enhanced the export of livestock to the Middle East, Kenya has improved sweet potatoes consumption and export, Malawi’s farmers have built private partnerships to support subsistence farmers and Nigeria has improved rice and cassava farming and processing. These countries have likewise shown marked improvements in poverty reduction and reduced childhood mal nutrition.
He said also that there is an average four per cent annual increase in agricultural growth across the continent. This is significant because one per cent GDP growth reduces poverty for the poorest ten per cent of a given population.

Thirty-three countries have national investment plans, which is the second stage in endorsing the CAADP compact. Thirty countries have had technical review, forty one countries have signed a CAADP compact with Rwanda being the first in March 2007 and Angola the last in August 2014.¹ Five countries are in the process of signing the compact, South Africa has launched CAADP framework since October 20, 2011 but is yet to proceed through the other three stages. South Sudan has an advanced investment plan. The other three are Comoros, Eritrea and Botswana. Namibia, Egypt, Tunisia, Algeria and Somalia are yet to launch CAADP implementation but are being engaged by the African Union.

As for the RECs, ECOWAS has a regional plan already being implemented; the business meeting was held in June 2010. IGAD has signed a regional compact in October 2013. ECCAS has signed a regional compact and has an investment plan in place. COMESA recently signed a regional compact in November 2014.²

To date out of the twenty-five countries that have endorsed the compact nine have achieved an annual growth rate of 6 per cent: Angola, Republic of the Congo, Gambia, Guinea Bissau, Burkina Faso, Nigeria, Senegal, Eritrea, Ethiopia and Tanzania. Eight are investing ten per cent of the national budget into Agriculture: Burkina Faso, Ethiopia, Malawi, Mali, Niger, Ghana, Guinea and Senegal. Four countries have achieved growth rate of four to five per cent.
It is worth noting that the CAADP framework has demonstrated that it is relevant to accelerate the growth of agriculture in Africa and has made agriculture to be a top priority developmental agendum for many countries across the region, unlike in the past. It has gained political and international support for agriculture, CAADP has gained international financial support for Agriculture with the creation of a U.S. 60 million-multi donor trust fund for the implementation of CAADP.³

For Prof. Samuel Asuming-Brempong, Legon Centre for Agricultural Economics and Agric-Business, University of Ghana, the CAADP framework has given confidence to donors who want to invest in agriculture in Africa and also has encourage African states to align their agricultural policy with the CAADP framework, if countries do not act nothing happens when they do they tend to benefit from donor support in agriculture by benefiting from the funds as well as policies which the institution AU has put into place for the benefits of member states. He says CAADP is a good guide.

Another achievement of CAADP as Prof. Brempong has pointed out is the organization of the ReSAKSS, Regional Strategic Analysis and knowledge Support System, under the CAADP framework. The ReSAKSS encourage performance through a peer review and organizes workshops at the country and regional levels where other states can learn from the achievements of others and feel some compulsion to improve their own research and policy in agriculture.

CAADP principles and countries’ agriculture strategies are converted to investments at the national levels through the implementation of post-compact strategies.
In addition CAADP has recently launched a ten-year implementation road map with the objectives of keeping the CAADP momentum and improving implementation as well as monitoring and evaluation. The investment framework has the following focal areas using two strategic action points:

- To see tangible improvements in the socio economic wellbeing of ordinary Africans through agriculture
- To facilitate intervention on system and capacity transformation and enhance productivity and value addition
- Improve Human and institution capacity development and improve science and technology development in agriculture
- To integrate trade and markets.  

It is clear from the above that the African Union’s CAAPD policy has brought some improvements in agriculture and food security on the continent namely The CAADP has improved the Collective GDP of the continent by four per cent, improved food security and reduced poverty and child malnutrition, focused donor attention on agriculture and made African countries sensitive to agriculture which is the primary economic engagement of many poor Africans.

In addition as per the literature reviewed Kousari K (2005) the achievement of the conditions of rapid growth does not lie with the continent alone not only because there are external conditions facing Africa but also because these influence the domestic conditions. The CAADP framework has taken into consideration that the domestic policies of African governments in Agriculture are aligned and consistent based on the peculiar conditions of Africa in line with the global economic conditions. Sort of like invest in Agriculture and we will invest in
Agriculture as well and will not need to import food and also we can create jobs and economic opportunities for our farmers who are the poorest in the world but whose livelihood is to farm thus creating sustainability. As Landsberg C (2008) also pointed out the strength of the African Union Nepad will be a vigorous campaign for international commitment for improved development assistance and enhanced private investments towards poverty eradication.

Thus the African Union can have donor support, FDI and Private and government investments work together for the eradication of poverty, this is done in the CAADP framework by providing jobs for the poor whose basic economic activity is farming and simultaneously improving food production and food security as seen in Nigeria, Kenya and Malawi to name a few. These improvements will be major for the continent if all member states implemented the framework but as the research observed the African Union NEPAD, CAADP program has many challenges.

**Figure 1: Strategic Actions Area**

![Strategic Actions Areas](source: www.nepad-cadep.net; CAADP strategic framework)
3.1.2 CAADP Challenges

Dr. Antwi-Danso sees the CAADP as a good framework but wrought with many challenges he says the problem is with the implementation of the framework as the AU is battling economic development issues and security issues at the same time, there is also competition between the sub regional and continental programs. Many of the RECs, the RECs make up the African Union, are having challenges and these same challenges overflow to the AU namely: funding-security-governance-integration.

Mr. Nyami-Baafi sees that the AU has a major challenge enforcing implementation because it is an institution that is based on volunteerism and has no sovereign power over the states that are members of the institution. Some member states have signed the CAADP framework and have not taken actions in line with their commitment.

These point to the traces of colonialism and marked divisions among African countries as pointed out in the literature reviewed by Kousari K's foreign firms have merged mainly in the agricultural sectors, they purchase, process and distribute agricultural products, they get the profits for value addition African counties who depend solely on exports for foreign exchange, have small markets and need the merged firms to sell their agricultural products. The African Union has limited ability either to enforce compliance to the framework or compliance to good governance. If a country has security issues for instance Uganda, Zimbabwe to name a few the AU has no ability to demand that the country invests 10 per cent in agriculture especially when the AU cannot provide the state national security.

CAADP has failed to secure greater understanding and ownership at the country level. CAADP has not acquired broad understanding by individual Africans. To most Africans, CAADP is a
program of the African Union. Ordinary Africans do not see it as being significant to their individual aspirations and development. Some even highly educated Africans do not link the importance of Agricultural development to national development. However, current statistics show that with every one percent annual growth in Agriculture Poverty and hunger is correspondingly decreased seven times for the poorest of the African poor whose basic livelihood is agriculture.⁵

CAADP has failed to achieve further increasing donor investment in Agriculture. The donors focus on their national interest and invest in countries in Africa where their national interests are served. Rather than focus solely on the AU. The countries which implemented the CAADP framework have significantly reduced poverty and malnutrition⁶, but The AU still has huge challenges ahead since NEPAD and CAADP are hugely sponsored by foreign aid and donor support from Europe and other developed countries.

The Maputo Plan of Action was endorsed in Maputo, Mozambique in July 2003 at the second ordinary session of African Heads of State. It was based on the outcome of the WTO inter-ministerial conference which was held in Cancun, Mexico June of the same year. In the Declaration African heads of state agreed to invest at least ten percent of the national annual budgets in Africa’s agricultural sectors. They also agreed to give preferential treatment to TRIPs- Trade Related Aspects of Intellectual Property Rights and public health, and joined in agreement with other heads of state whose nationals and farmers had been afflicted by developed countries’ cotton subsidies to take action to remedy the heavy side effects of the said subsidies.
The declaration further supported the common African position on Tariff escalation and asked that these be clearly respected in further WTO agreements, with special attention given to developing and least developed countries. The declaration decried the lack of transparency in WTO negotiations towards Africa and asked for observer status for the African Union in WTO negotiations and called for a fairer global trading system. The heads of state made further decisions on the EPAs, Malaria and other tropical and infectious diseases.⁷

In Malabo, Equatorial Guinea, 26-27 June 2014 was the 23rd ordinary session of African Heads of state, several decisions were made including decisions regarding the establishment of a common monetary fund for Africa, decisions regarding the boost of productivity in Africa, decision to improve Science and technology in the Region, decision to improve protection for intellectual property and innovation and encourage technical and vocational training and many others which are key and pertinent to the current African condition.

In the declaration on agriculture and post-harvest losses, the heads of state resolved to end hunger in Africa by 2025 and vowed to halve after harvest losses of food and agricultural produce namely livestock, forestry and fisheries by the same year.⁸

The AEC aims to promote the socio-economic development of the Africa region and facilitate unity and encourage the region to trade on a team or bloc basis. Currently, many educated Africans know little about the Malabo and Maputu declarations or the EAC bloc trade policy for the region. These Africans become immigration and border officers and coordinators at various branches of ministries and in government without understanding the common African positions on trade and the economy.
To quote Dr. George Kwadzo, Consultant Ministry of Food and Agriculture, Republic of Ghana: in Africa “there is a fundamental human resource problem especially in Agriculture and lack of discipline, this affects productivity…The prospects are dismal because of lack of skills, knowledge and discipline.” Dr. Kwadzo who is also a lecturer at the University of Ghana said further that for West Africa the Common External Tariff (CET) is not being respected in reality and neither is the Free Trade Area. These agreements lack implementation as tariffs are still being collected across the ECOWAS subregion.

For CAADP which is an agricultural framework, non-farming countries could benefit by participating in the services sectors. However with increased use of fertilizers most African countries have arable lands; Zimbabwe is a good example of a landlocked African country which is highly suitable for farming.

To conclude, the possibility for the AU to bring about economic restructuring through the CAADP framework is great and yet the challenges are enormous. They include the small markets, poor human resource capacity, steep demarcation in the mindset of Africans about a common economic development objective, lack of authority of the African Union over member states and low capacity to enforce implementation of AU Policies and Projects, country-domestic security problems and poor governance.

3.2 The Africa Trade Policy Centre (ATPC): Achievements

The ATPC’s aim has been to research and improve the skills of African Negotiators in trade related negotiation matters internationally and on the continent. Some achievements are the launch of the tripartite free trade area in June 2015. The continental free trade area was
launched simultaneously and intra continental trade has improved somewhat more recently than in the past as shown below.

3.3 The Establishment of a Continental Free Trade Area by 2017

The CFTA is to be built following a series of steps, one of which is the tripartite Free Trade arrangement between EAC-SADC-COMESA, this tripartite arrangement is a free trade area of 26 countries, out of 54 in Africa, and 60 per cent of Africa’s GDP and capital. The TFTA will cover a population of 625 million people and total of over a trillion United States dollars in GDP. The TFTA was launched in Egypt June 10, 2015. Most of the 26 countries in the TFTA had overlapping memberships in the regional blocs that merged to form it, except South Africa, Libya, Lesotho, Comoros, Djibouti, Mozambique, Ethiopia and Eritrea. The CFTA was simultaneously launched in Johannesburg, South Africa at the summit of African heads of state also in June 2015.

The CFTA is a slightly different arrangement than CAADP since the rules and regulations are binding and non-compliance is subject to sanctions- Mr. Nyami-Baaﬁ. The commodities in the free trade area are also limited to value added commodities no primary product will be traded in the Continental Free Trade Area. Thus the AU is placing pressure on member states to have value added commodities and encourage industrialization. To beneﬁt African countries must have improved infrastructure.

The CFTA will improve the exchangeability of African currencies with each other and reduce the need for foreign exchange. Since trading will be done intra continental. The TFTA is the stepping-stone on which the CFTA will eventually be built by December 2017. ECOWAS, which already has a common agricultural policy and a free trade area, is expected to join the
TFTA and eventually the rest of Africa, which are not part of RECs. Other RECs are expected to form free trade areas and join the ECOWAS and TFTA by January 2018 when the CFTA is expected to become operational.

The UNECA calculates that the CFTA could increase intra Africa trade by adding an additional 35 billion to intra trade by 2022. Extra continental Imports would decrease by ten billion dollars a year, agricultural and industrial exports would increase by four billion dollars (seven per cent) and 21 billion dollars (five per cent) respectively.¹⁰

At the African Union summit of heads of state in Johannesburg, further negotiations were launched to expedite the operations of the CFTA. The negotiations are in two phases: Phase one is concerned with tariff liberalization, including laws on rules of origin, non-tariff barriers, dispute resolution and technical barriers to trade.¹¹ Note that the CFTA negotiations are seeking to have legal repercussions for failing to abide by its policies unlike CAADP and other AU projects. Phase two, Trade in services including facilitating movement of people and capital, competition policies and intellectual property.
3.4 Boosting Intra Continental Trade

Intra Africa trade was worth thirty two billion dollars in 2000 and one hundred thirty billion in 2011. This notable boost was due to increase in prices of commodities. The value of trade rose by a factor of four point one during this period, but a factor of one point seven in terms of volume.\textsuperscript{12} From 2007-2011 average intra Africa trade share was eleven per cent compared to other emergent regions. Intra-regional exports in Africa sum up to 10.9 per cent of the world Africa exports 2007-2011 and intra-regional imports totalled 12.7 per cent for the same period. As compared to total intra-regional exports for the Americas, which was twenty point six per cent for the same period and twenty one point one per cent imports, and Asia which was fifty point one per cent exports, and fifty three per cent imports both developing regions and part of the ACP group of countries.
It is important to note that these regions have better infrastructure. Africa has roads and ports only around areas rich in minerals and natural resources a residue of colonialism and compounded by widespread corruption. Better infrastructure and more diversity in production are advantageous for the Asia and America regions. Africa has poorer infrastructure therefore there is no value addition most exports are primary products which are not useful to other African countries since all the countries in Africa lack infrastructure to process raw materials and add value. Thus, trade is impeded by infrastructure and further by lack of diversification and need.

However, from 2007 to 2011 nine countries: Benin, Djibouti, Rwanda, Sierra Leone, Swaziland, Zambia, Kenya, Mali, and Zimbabwe imported forty per cent of their goods from Africa compared to five countries during the period from 1996-2000. Likewise Mali exported 53.5 per cent to Africa, Togo 55 per cent, Zimbabwe 50.8 per cent Senegal 47.9 per cent Uganda 44.7 per cent and Botswana imported 82.1 per cent from other African countries, Zimbabwe 73.5, Swaziland 69.5 Zambia- 63.5 and Lesotho 63.5.

These statistics exclude informal cross border trade, which UNCTAD surveys have shown to be of significantly high volume. There has been an increase in Intra trade mostly in the informal sector; actual intra-regional trade is higher than eleven per cent if informal trade could be calculated but still low considering the economic potential of African countries and the level of trade in other developing Regions.

The above figures are set to rise with the launch of the TFTA and the CFTA probably in the next five to ten years comparable to other regions. However, this will require intense focus of African governments and the African Union on improving infrastructure and free movement
and higher manufacturing productivity and industrialization. The costs of production for agricultural products are relatively less as compared to other commodities especially in the extractive sectors. Processing gold, diamond or ores are more costly, their yields will bring returns form top down instead of bottom up unlike agriculture.

3.5 Challenges

A significant challenge for liberalizing trade in Africa, especially to build the CFTA, is the elimination of revenue that comes in the form of tariffs. Many African countries depend on these revenues to fund national projects and for national development as well as a source of Foreign exchange. Inadequate infrastructure, unpaved roads and high transportation, telecommunications and other costs are top impediments to trade. These challenges impede Africa’s economic development more than Trade liberalization. Whereas African goods are produced at a higher cost due to lack of infrastructure like telecommunications and are exported at a higher price due to lack of roads and rails and ships. The other regions produce and transport for less. Thus infrastructure remains a major challenge to intra continental trade.

The emergence of new trade agreements outside the continent, for instance, the emergence of the (TTIP) Transatlantic Trade and Investment Partnership between Europe and the United States have increased the importance of trading more within the Africa region. This partnership means less need for primary commodities and raw materials, which Africa depends on almost solely for foreign exchange. The prices of raw materials will become even more dependent on markets that will eventually have less need for them as compared to Africa’s need for manufactured goods. Prices of raw materials will continue to be vulnerable to weather conditions on external markets, as pointed out by Dupasquier, C. and Osakwe, PN in the literature reviewed. If Africa needs to sell to partners who have options the preferences of the
partners will determine prices of the African products which are competitive in nature further compounding the problem. For example Ghana exports cocoa and so does Ivory Coast, with no common external tariffs the trading partners could deal with the African country more compliant with their terms.

The second is the emergence of the Trans Pacific Partnership between twelve countries from Asia, Pacific and America. These regions have already higher intra-regional trade and produce higher amounts of manufactured goods as compared to Africa, in addition they are in developing and developed regions that would become more self-reliant and need to trade less with outside and even less with Africa. This will Compound the already worse situation of Africa’s small percentage in world trade.

Thirdly, the operationalization of the EPAs, if the agreements come into effect before Africa has adequately regionalized it could stop Africa’s industrialization by making manufacturing industries not needed on the continent. Without regionalizing economically Africa is no match for the well-developed European industries with which they will be trading if the EPAs start to operate. These factors are huge challenges for the actualization of the CFTA.

The lack of Human and institutional capacities on the continent for negotiations of the magnitude of the CFTA which is more than a trillion dollars’ worth of GDP, is a further huge challenge facing the implementation of the AU CFTA project. With the current human capacity challenge African countries are facing in handling smaller GDP market negotiations, this challenge cannot be over emphasized.
Producing similar goods is another key challenge to trade within the continent—without industrializing it is simply no need for African countries to trade with each other. For instance what would two high cocoa producers trade in, the need to trade is always based on product diversification which does not exist for African economies while they trade in primary products.

Harmonization of FTA laws at the domestic levels in Africa is another challenge for economic restructuring, especially at the level of the CFTA, the implementation of regional laws, takes the building of new institutions and new education, which are costly there is low level of financing for such projects at the local and international levels and even with strong political will there is a lack of leadership at the domestic as well as continental and civil society levels to harmonize the continent’s many free trade agreements which is needed to fully operationalize the continental free trade area.

3.6 The NEPAD Spanish Women Empowerment Fund
3.6.1 Achievements

In April 2008, forty-six projects from twenty-three Sub-Saharan African countries were approved for financing under the NEPAD Spanish Women Empowerment Fund program, the focus of the projects is women’s empowerment. Twenty four of these projects have been implemented, eighteen are ongoing one was stopped and two of the projects have pending issues. Under The CAADP program NEPAD has a component to support female farmers exclusively. Female farmers make for up to seventy per cent of rural farmers.

More than 2000 women and girls have been trained in economically viable vocational skills such as ICT, Leather making, needle work, baking, catering, brick making etc. in Kenya, Namibia and Ethiopia increasing numbers are similarly trained across the continent. The
The project has created employment opportunities for seventy-two people in The Gambia, Ethiopia and Kenya. It has also improved income generation activities for women in agriculture processing by providing forty five machines for women in agro- production and giving business management training to six hundred women entrepreneur in several countries including Kenya, Mali, Namibia, DRC, Angola and Mozambique.

Under the NEPAD Spanish women fund successful tourism projects managed exclusively by women from a small community island- Inhaca in Mozambique was launched, they have successfully arranged three tours from South Africa to the Island. Additionally, 7, 456 women and women’s groups in The Gambia and Malawi received fertilizers and seeds to help boost their agricultural production.

The program also helps to inform policies in the interest of African women. A women’s bank (ENAT Bank) is being established in Ethiopia as a result of research on issues affecting women entrepreneurship. Nine similar researches have been conducted in Ethiopia and Senegal to inform policies and program establishment. Microfinance facilities have been set up to provide access to loans for women establishing small businesses in Kenya, Liberia, Angola, Niger, Senegal, Ghana and Sierra Leone. In Cape Verde and Angola a domestic violence bill has been drafted pending legislative approvals. Two safe houses for victims of gender-based violence have been built in Liberia. There is increased awareness about gender-based violence across the continent and increased awareness about mechanisms to address it. 1,637 women have been trained in gender-based violence awareness and prevention in Kenya and Namibia.

The project has trained 300 women leaders in civil society organizations in management and leadership skills in South Africa. 70 young girls in Niger and three rural women groups in
Uganda received training in ICT skills. The project also increased women’s participation in natural resource management by mobilizing 5000 women to participate in the reforestation efforts in Rwanda—Volcanoes national park they assisted in planting 773,650 trees.\textsuperscript{20}

\section*{3.7 Challenges of the NEPAD Women Empowerment Program}

The major challenge to women’s empowerment in Africa is the traditional African tendency of distinguishing men and women by rank or hierarchy. Gender plays a huge role in African life and Gender is a mindset. Women are certainly different than men but if differences are ranked as more important and less important; Africa has a problem since women make up for more than 50 per cent of Africa’s population and they make up a huge percentage of the informal sector as well as traders in goods and services. More than half of the population cannot be less important.

More girls drop out of school in Africa than boys. Despite increasing enrolment of girls in primary schools across the region only 33 per cent out of the almost 90 per cent enrolment of girls at primary level complete secondary school.\textsuperscript{21}

Poverty in Africa in both rural and urban settings is feminized meaning women tend to bear the brunt of the African poverty. This is understandable because, most work within the homes. When they do get employment outside of the homes it is in low wage and traditionally undervalued jobs. The MDG assessment report 2012 shows that families, where women earn an income, are more likely to keep their children in school and these families show higher completion of secondary school rates.
Women participate in politics in the region; however the level of their participation to discussions and decisions that are development related is still very low. Women in the region do participate but they have limited influence over the outcome of developmental decision making.
ENDNOTES

1. Countries with compacts/investment plans- 2014, caadp.net/caadp-country-process
2. Countries with compacts/investment plans- 2014, caadp.net/caadp-country-process
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CHAPTER FOUR
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

4.0 Introduction

This chapter provides the summary of findings based on the literature reviewed and the data collected from the interviews, journal articles and internet sources and draws relevant conclusions as well as makes recommendations.

4.1 Summary of Findings

Based on the literature and primary data the findings of the research are that:

The AU’s interventions and policies, namely the agricultural policy CAADP, the ATPC and the Spanish Women empowerment projects are laudable but the AU’s current efforts to implement the projects are inadequate. The projects, if implemented, could lead to growth but there are many challenges and problems that impede their implementation and they are yet to bring about significant economic restructuring.

The problems include traces of neo-colonialism; former colonial masters are still influencing the economic restructuring policies and projects in Africa through funding regulations. The steep sense of demarcation in the thought pattern of Africans about economic growth is a further problem Africans seem to think that one portion of the continent could be detached from others and attain economic development.

The continent is severely segmented; the region has many national borders and markets. Many African countries have very numbered populations and spending capacity, some countries in
the region, for instance, Guinea Bissau has less than two million population size, Seychelles has a population of less than a 100,000 - the population of the islands was 93,306 in 2014.\(^1\)

The African region has very poor infrastructure and lacks basic resources such as electricity, telecommunications and transportation. These factors hamper the movement of capital and people.

National currencies of African countries are largely non exchangeable. Foreign exchange becomes a challenge for trading. The very key challenge of human resource capacity people, including border and customs officers and officials are not aware of the treaties and agreements which allow for free trading and there is still a level of harassment along African borders.

The research finds that in spite of these challenges the continent is showing improvement. Six of the world’s thirteen fastest growing economies are in sub-Saharan Africa.\(^2\) According to Business Insider Ethiopia is the world’s fastest growing economy in 2015.

Intra continental trade has also increased in the informal sectors, though this is not easily measurable. Since 2005 nine countries have imported up to 40 per cent of their products from the region as compared to five before 2005.\(^3\)

The continent has made significant efforts by incorporating agriculture and food security onto the African development agenda and striving to increase financial investment to the sector. The continent has a plan for the eradication of poverty. Absolute poverty in sub-Saharan Africa (excluding North Africa because of very different socio economic contexts) reduced from 56.5 per cent to 47.5 per cent from 1990 to 2008. However, the research found that compared to
other developing regions this progress is low. Given the average, poverty reduction was 0.5 per cent annually compared to one per cent in south Asia and 2.3 per cent in east Asia and the Pacific.\textsuperscript{4} More Importantly this growth shows a reversed trend on poverty in the region which was increasing in the period from 1990 to 2005 but has been decreasing from 2005 to 2008. Additionally in the period since 2005 the poverty line is 1.25 dollars as compared to one dollar before 2005. Poverty has been on the decrease in sub Saharan Africa. No doubt attributable to some of the CAADP projects which have increased agricultural exports and reduced poverty and child malnutrition. Poverty alleviation could be attributed as well to the AU’s increased focus on women’s empowerment.

South Africa which is the second largest economy on the continent after Nigeria is a member of the BRICs, countries which are considered to be very nearly developed except for huge disparities between the middle and upper classes and the larger populations.

The research found that Africa’s middle class has been increasing due to increased availability of jobs over the last 30 years,\textsuperscript{5} attributable to increased agricultural activities and informal cross border trading and other factors. Although the middle class is highly vulnerable to economic shocks and other factors like availability of investments including FDI.\textsuperscript{6}

The research found that the ECOWAS region has a common agricultural policy and a free trade area just within the past decade. SADC has a free trade area and making progress towards a common external tariff.\textsuperscript{6}

Finally, the research found that African exports need to be diversified through value addition and industrialization. For instance if two huge cocoa exporters manufactured chocolate on a
large skill and another manufactured a product of cocoa in excess this diversification will create a need to trade within the continent, intra continental trade will directly benefit the continent because the revenue for intra trade goes directly to Africans as well as the commodities as compared to trading with other regions where revenue will go outside the continent and only the commodities will benefit Africans.

4.2 Conclusions

The research concludes that the hypothesis is true. The AU’s economic policies and interventions have been inadequate to resolve the economic challenges of Africa. The AU could still do a lot more to adequately restructure Africa’s economy. There is a need to create awareness among Africans about the importance of agricultural industrialization for Africa for instance.

It is important for the African Union to facilitate integration by encouraging diversity in production and an economy of scale for African countries which could lead to relative advantage for the economies. Economies could specialize, produce in excess and export to each other leading to self-sufficiency. There is a crucial need for increased commitment from African governments and civil societies. The AU needs to find means and methods of funding its own projects and policies.

Implementing the CFTA will result into a united and bigger market for the continent. The continent would have a higher GDP and voice to negotiate in external markets for better terms and prices for their commodities however, this is a longer term goal, and should work alongside the CAADP; investing in agriculture, agricultural infrastructure and agricultural human resource development has almost immediate benefits for African economies.
The low amount of international trade for African countries is linked to non-tariff barriers on European and other markets such as quality standard controls. African countries stand to gain by trading amongst themselves, adding value to primary products and setting a higher quality standard for products they plan to export to neighbouring markets. Gradually African standards could improve and meet global standards or better. Having to get the approval and consent of donors to fund such developmentally critical policy will pose a distinct challenge since the donors are also competitors.

Women’s empowerment is also men’s empowerment, by empowering women children are empowered since women are primary care givers. The health and well-being of the next generation of Africans depend on women and the importance of the well-being of future generations does not need to be explained, the importance is intrinsically apparent. More could be done about Women’s empowerment issues.

The research further concludes that the African Union does have a huge challenge. Africa is as severely balkanized now as during the days of colonization. African markets are small with low GDP, for instance the GDP of twenty nine countries in Africa was less than 10 billion in 2012; 266 out of the world’s top 500 companies had revenue more than 10 billion dollars in the same year.7

The Continent competes in a global economy with partners who had long exploited the natural and human resources and built well-developed industries, because of the disparity in development, the trend of globalization puts Africa at a disadvantage with the new wave of free markets and economic liberalization.
The AU’s cardinal need is deeper integration in the mindset of Africans educating and informing every African about how the demarcation of Africa happened and why so many African states. Furthermore, it must educate Africans that economic industrialization and growth for African countries is impossible maintaining economic solitude and interacting solo on the larger markets. Because that way African exports remain competitive rather than complimentary, perpetuating colonial trading patterns.

The Research shows that despite the many challenges faced by the African Union liberal institutionalism theory has its merits. The AU has strengthened agriculture in the region through its CAADP program by creating a multi donor fund and some gains have been made in GDP across the region. The AU has also launched a free trade area amongst others; the continent is showing some economic growth now than in the past before the formation of the AU and the NEPAD framework. Agriculture generates 35 to 40 per cent of Africa’s GDP; before 2003, the formation of CAADP, Agriculture received scant attention across the region.

4.3 Recommendations

- The African Union needs to work on getting supra sovereign powers since it is an institution of sovereign states.
- The AU needs to work with the RECs to find a way of making African currencies easily exchangeable among themselves without having to be changed to currencies external to the continent. Intra continental trade can facilitate this.
- The AU, working with the RECs, needs to include education institutions and curricula development in their line of focus: harmonizing educational curricula across the continent will be a start and adding basic facts about Africa like the intricacies of the Malabo and Maputo Plans, the formation of the AEC that are not ordinarily taught. In
order to enhance country and citizen ownership, civil society and educational institutions can play a key role by using newspaper columns and relevant curricula development in teaching institutions. Instead of the industrial revolution for instance it might be more appropriate to teach the Maputo and Malabo Plans of Action and the relevance of the formation of AEC (African Economic Community) thus increasing awareness about the CAADP framework and that economic growth is more than a challenge for individual African countries

- The AU, working with the RECs, needs to speed up the harmonization of laws that have to do with economic integration by adding sanctions for non-compliance to the treaties and policies which encourage regional integration.

- The AU, working with the RECs, should make policies to work with domestic governments to promote agricultural infrastructure development and capacity building.

- The AU needs to work with RECS, local governments and civil society to ensure support from the grassroots. One way could be by using the CAADP framework to assist farmers and food producers in the region thus building trust in the mindset of ordinary Africans about the benefits of economic and regional integration.

- The AU needs to work with RECs, local governments and civil society to encourage farmers at the local levels to process and package their produce, and enhance marketing skills at the domestic and continental levels.

- The AU needs to work with the RECs to help improve infrastructures such as rails roads, ships, and telecommunications on the continent working with sovereign governments to influence policies and plans in this direction.
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APPENDICES

Appendix I: Interviews:

1. Professor SKB Asante, Professor of Regional Integration and Former Representative for Africa, UNECA and Founder of Centre for Regional Integration in Africa (CRIA)

2. Prof. Samuel Asuming-Brempong, Professor, Legon Centre for Agricultural Economics and Agribusiness, University of Ghana.

3. Dr. George T-M. Kwadzo Lecturer, Legon Centre for Agricultural Economics and Agribusiness, University of Ghana, Consultant, Ministry of Food and Agriculture, Republic of Ghana.

4. Dr. Vladimir Antwi-Danso, Senior Research Fellow, Legon Centre for international affairs and Diplomacy, Associate Director, Centre for Regional Integration in Africa

5. Mr. Anthony K. Nyame-Baafi, Director Multilateral, Regional and Bilateral Trade, Ministry of Trade and Industry, Republic of Ghana
Appendix II: Questionnaire:

This is an interview to collect primary data on the AU projects, no opinion will be taken in isolation. Data will be collectively analysed to draw relevant conclusions.

Name of interviewee:

Position:

Organization:

The AU since 2000 has made efforts to restructure Africa’s economy primarily through Agriculture and food security and women empowerment. Using the CAADP for Agriculture and food security.

1. What in your opinion are the positive outcomes of the AU interventions for the continent so far, in particular CAADP, NEPAD Spanish Women Fund and the ATPC?

2. What are the prospects for Africa’s economy in the light of the current AU projects and policies?

3. Since 2000, would you say that there has been improvements in the continent’s economic situation which are directly linked to the implementation of any of the above?

4. If yes what improvements? If no why not, in your opinion?

5. Closing points?