

Christophe Ingeri

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Towards a more effective regional integration in Africa:

Improving the conditions for a successful implementation of the African Continental Free Trade Area (AfCFTA) through infrastructure coordination

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Supervised by Dr. Nasser Ary Tanimoune

School of International Development and Global Studies

University of Ottawa

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Abstract

This paper examines the importance of regional economic integration for Africa's development. It argues that regional integration is important for the continent's economic growth and development, and overall ability to reduce poverty. Regional economic integration is no longer an alternative for Africa, it is a necessity, and for good reason. Although significant, the continent's resources are finite, and the economic challenges are too many to ignore the need for a regional perspective. As the continent engages in an effort to regionalize its economies through various initiatives aimed at promoting intra-Africa trade, this paper analyses the potential of the African Continental Free Trade Area (AfCFTA), a historic initiative with the aim of creating a single market for the continent. This paper present arguments for an approach that include regional infrastructure coordination as a key contributing factor for the successful implementation of the AfCFTA

Key words: Africa, African Continental Free Trade Area, Regional Economic Integration, Regional Integration, Regional Free Trade Agreements, Regional Infrastructure

List of Acronyms

AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
AEC	African Economic Community
AU	African Union
IEA	International Energy Agency
ILO	International Labour Organization
OAU	Organization of African Unity
PIDA	Programme for Infrastructure Development in Africa
REC	Regional Economic Communities
SDGs	Sustainable Development Goals
TFTA	Tripartite Free Trade Area
TRALAC	Trade Law Centre
UNECA	United Nations Economic Commission for Africa
UNCTAD	United Nations Conference on Trade and Development
WB	World Bank
WTO	World Trade Organization

1. INTRODUCTION

The importance and growing role of trade and free trade agreements in international economic activity has led to a proliferation of regional agreements around the world. In Africa, this trend is highly relevant and offers unique opportunities for the continent. Indeed, today, regional economic integration is no longer an alternative for Africa, it is a necessity, and for good reason. Although significant, the continent's resources are finite, and the economic challenges are too many to ignore the need for a regional perspective. Indeed, it is indisputable that Africa has many obstacles in its path to achieving its potential for economic and social development, it is also clear that tackling these issues will require a united perspective.

Taken individually, few African countries have the resources and capacity to meet the challenges of the globalization era and the situation is even more disadvantageous for many of them: the continent has 15 landlocked and 6 small island countries (UNECA, 2017). However, far from being the birthplace of 'shithole countries'¹ as some people try to portray it, Africa harbors amazing initiatives and reserves of hope for its sustainable development. Nonetheless, much of that progress is all too often concealed by Afro-pessimism. Often an object of exasperation and charity, Africa has been steadily working to change that narrative and has started looking within itself to fuel its future.

This paper will demonstrate some of those efforts, particularly the continent's effort to structurally change its economies by regionalizing its economies through various initiatives aimed at promoting intra-Africa trade. This paper will also explore how, in Africa, improving

¹ U.S President Donald J. Trump as reportedly [quoted](#) on January 11, 2018. Source: Washington Post.

trade through regional economic integration is increasingly presented as a tool for sustainable development for the continent and its population.

Improving trade can help countries achieve sustainable development by stimulating economic growth and, as such, support the 2030 Sustainable Development Goals (SDGs) main goal of eradicating poverty (Goal 1). The benefits of trade are interwoven throughout the SDGs, as trade growth enhances a country's income-generating capacity, which is one of the essential prerequisites for achieving sustainable development (WTO, 2019). The 2016 UNCTAD Report *“The Economic Development in Africa Report 2016: Debt Dynamics and Development Finance in Africa”* estimates that financing the sustainable development goals in Africa will require \$638 billion annually investments in education, health, roads, electricity and water and sanitation to reach the SDGs goals by 2030. This highlights the crucial gap and need for substantial economic growth rate for the region to advance on its SDGs goals.

To grow its economies, Africa is engaged in an integration process aimed at creating a free trade zone spanning the entire continent: The African Continental Free Trade Area (AfCFTA). This area represents the African Union's long-term Pan-African aspirations and will serve as a structure for the effective integration of its economic space.

The AfCFTA is a game changer, a historic achievement for the continent. An entirely African driven initiative, the AfCFTA moves the continent towards the realization of a long sought-after vision to unite the African continent towards the realization of the African Union's Agenda 2063: The Africa We Want. The AfCFTA sends a powerful message to the rest of the world at a time when other regions of the world are embracing insular politics and isolationism.

The AfCFTA is an instrument for connection and solidarity between African people and builds a foundation for removing the borders and the system barriers inherited from the colonial past of the continent that have impeded Africa's growth. When fully implemented, the AfCFTA will cover all 55 member states of the African Union, making it the world's largest free trade area, in terms of the number of member countries since the creation of the World Trade Organization. It will cover a market with a population of more than 1.2 billion with a combined gross domestic product (GDP) of US \$3.4 trillion (TRALAC, 2019).

Africa has enormous potential. The continent is the richest in the world in regards to natural and mineral resources and in a few years the continent will have one of the largest workforces in the world. According to projections, 30 years from now in 2050, the African population will have grown to about 25% of the world population of what is projected to be the world's working age population (UNECA, 2019). By 2034, it is estimated that the continent will have surpassed China and India, in population (McKinley, 2016). Africa will also see its economy grow twice as fast as that of developed countries (UNECA, 2019). In order to take advantage of this demographic trajectory, African leaders have for several years been undertaking initiatives aimed at growing their economies and integrating the continent to better meet the challenges of the globalized world.

Indeed, regional integration has a long history in Africa. Much has been said about the colonial heritage of the continent and the limitations and obstacles that Africans have had to overcome. Since the early years of Africa's independence, Pan African leaders have championed the idea of a unified Africa as a powerful response to the challenges of colonization and as imperative for successful economic and social development for the continent. This helps

understand why regionalism in Africa, more than in other parts of the world, has always been a key goal with strong political support (Kessides, Benjamin, 2018).

However, the continent has had limited success in exploiting the opportunities brought by globalization as many of the regional integration initiatives that have taken place in Africa have yielded limited results despite notable efforts by African leaders to integrate the economic space and improve the continent's international competitiveness (Biningo, 2012; Dieye, 2016; Geda (2008, 2015); Hartzenberg, 2011). However, with a size three times the size of the United States and some countries such as the Democratic Republic of the Congo, as large as Western Europe, the complexity and challenges of integrating the continent have largely been understated. Indeed, the geographical scope of the continent is often overlooked when assessing Africa's governance and management efforts (Juma, Mangein, 2018).

It is with this spirit that the paper will review regional integration in Africa and the AfCFTA through the lens of improving geographic connectivity as an important mean to achieve the intended benefits of regional integration in Africa.

1.1. STATEMENT OF PROBLEMS AND RESEARCH QUESTION

This research paper aims to support a better understanding of Africa's recent efforts for promoting economic growth through regional economic integration. The paper will discuss the overall approach of Africa's regional integration approach and its most recent flagship initiative, the AfCFTA. The paper will also provide arguments for the crucial role of infrastructure development in achieving the successful implementation of the AfCFTA. Discussions will revolve around debates on the role of infrastructure in trade and regional integration and the need to align and better coordinate infrastructure development to the implementation efforts of the

AfCFTA. This paper will aim to achieve two main points. First, it will showcase an appreciation for the current efforts towards regional integration in Africa to show the crucial importance of regional integration for the continent's sustainable economic growth and development. Second, the paper will argue that the success of the AfCFTA could reach its potential by improving regional infrastructure development and how infrastructure can further support the development goals of the continent. This paper it will try to answer the following questions:

- a) What is Africa's regional economic integration model and how has it been implemented up to this point?
- b) Is infrastructure a necessary condition for the success of the AfCFTA?
- c) How does regional integration promote (or is likely to) sustainable development for Africans?

Based on the case of the AfCFTA, my hypothesis is that to achieve the expected social and economic benefits for the population intended in this initiative, improved regional cooperation of targeted regional infrastructure initiatives, will be an important element for the AfCFTA's successful implementation.

1.2. RESEARCH DESIGN, METHODOLOGY, LIMITATIONS AND SIGNIFICANCE

This research paper is qualitative in nature and entirely derived from secondary data sources through a systematic literature review of peer-reviewed journal articles and books. Given that the topic of this research is of an ongoing initiative and deals with current events, the most recently available news sources have been included for my research. The scope of this research will focus on evidence found in literature on the topics discussed. The paper will highlight the importance of a regional focus on investing in infrastructure in order to attain the AfCFTA

expected benefits. These issues will be addressed through a review of literature on the status of regionalization in Africa which will include a review of Africa's approach to regional integration and of its issues in terms of implementation; the links between regional integration, and economic development; and links between infrastructure and regional integration. Interwoven in this review will also be linkages to sustainable development and poverty reduction efforts.

Financial challenges are known to be the main issues facing the continent's integration efforts. For the purpose of this paper, financial challenges will be broadly acknowledged but are outside the scope of this research. Furthermore, as access to reliable data remains an issue in Africa, analytical findings in this paper may include inferences based on incomplete data. Finally, as AfCFTA is an ongoing endeavor and is currently being implemented, it is possible that there are unexpected developments that may limit the scope and impact of this research. However, this should not affect the ability to use the study as an example to be broadly applied to other future continental or regional initiatives in Africa.

1.3. STRUCTURE OF THE RESEARCH PAPER

The proposed research seeks to help further research around the winning conditions of regional integration in Africa and present arguments for an approach that include infrastructure as a key contributing factor for the successful implementation of the AfCFTA.

The paper will first set the present context on the need for a regional perspective and provide a description of Africa's integration model as well as its main infrastructure gaps. A literature review of Africa's regional integration will then follow highlighting how it fits in the theoretical discourse, present its main implementation issues, as well the role of infrastructure in economic development, specifically in relation to trade, and regional integration. The following section

will present an in-depth overview of the AfCFTA, its potential, and risks. Following this, a discussion section will provide arguments for infrastructure as a key condition to effectively implement the AfCFTA and a discussion around options for improved regional collaboration. The paper will conclude with a high-level summary of the observations.

2. CONTEXT

2.1. THE NEED FOR SUSTAINABLE ECONOMIC GROWTH

Africa's population has been steadily growing and the combination of this demographic boom and absence of quality employment growth poses a serious risk to the poverty reduction objectives of African governments. It is estimated that 70 percent of the population in sub-Saharan Africa is below the age of 30 and the poverty rate among youth at around 72 percent (Signé and al, 2018). By 2030, Africa will represent approximately 87 percent of the global poor. However, there has been some significant progress. According to trend from the World Data Lab, Ethiopia and Kenya are projected to achieve SDG 1 by 2032; Ghana, Angola, and Côte d'Ivoire in 2033; and Djibouti in 2034 (World Data Lab, 2019). This is important testament to the strong growth and social investments in those countries.

It is well documented that economic growth is a key driver in attaining positive development outcomes and helping reduce poverty (although the links between growth, distribution and poverty is still a subject of debate). For Africa, growing its economies is a survivalist exercise, given the increasing demographic, ecological and geopolitical pressures it is contending with. Indeed, the continent continues to walk a tight rope: heavily dependent on foreign aid with many countries resource-dependent economies consistently at the mercy of fluctuations in global commodity prices and currency variations, Africa is consistently fighting

to reach a plateau of fiscal and economic sustainability that can allow the continent to make the development strides that are much needed for its population.

The current Coronavirus pandemic that is sweeping the world also comes at a time when the region has been experiencing modest economic growth and brings additional risks to the already difficult economic and fiscal state of the continent. Early estimates from United Nations Economic Commission for Africa (UNECA) point to a reduction of 1.8 percent of the expected continent's growth rate, which is an optimistic estimation, as the full impact of the pandemic is still unclear. In such a context, the need for Africa to ensure long-term sustainable economic growth, employment creation and poverty alleviation is even more critical today.

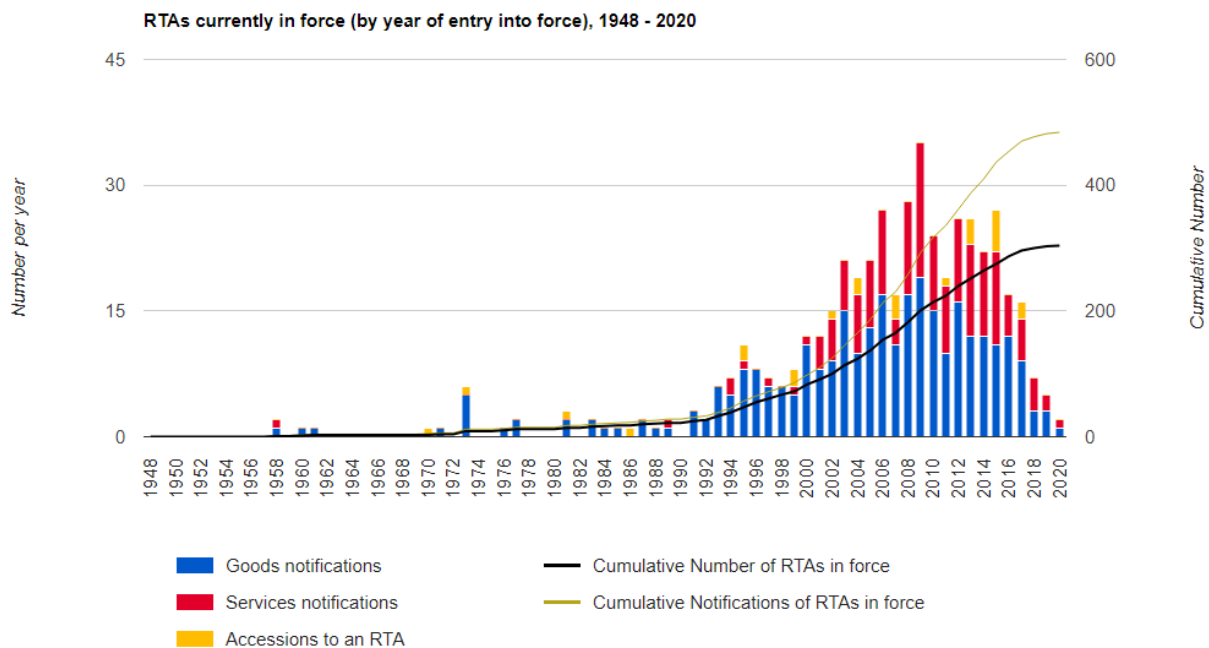
2.2. REGIONAL INTEGRATION IN AFRICA

There is a lack of consensus on a unique definition of regional integration. The terms regional economic integration, regional integration, regionalism and regionalization are often used interchangeably. Regional economic integration and regional political integration can be understood as stages or dimensions in the process of regional integration. For the purpose of this paper, the definition used will be based on Figuiere and Guilhot (2006) definition of economic regional integration as an area regionally integrated with both a concentration of trade flows and institutional coordination, and which permanently establishes common rules, between the concerned nations². In this paper, regional integration and regional economic integration will be used interchangeably as meaning the same.

² Figuière, C. & Guilhot, L. (2006). Caractériser les processus régionaux : les apports d'une approche en termes de coordination. *Mondes en développement*, no 135(3), 79-100. doi:10.3917/med.135.0079.

Regional integration has been one of the main trends in the global economy in the last few decades. Around the world, the numbers of regional integration arrangements have grown exponentially (see Figure 1). Today in 2020, there are currently 304 regional trade agreements in force, compared to 83 in 2000 (WTO, 2020).

Figure 1



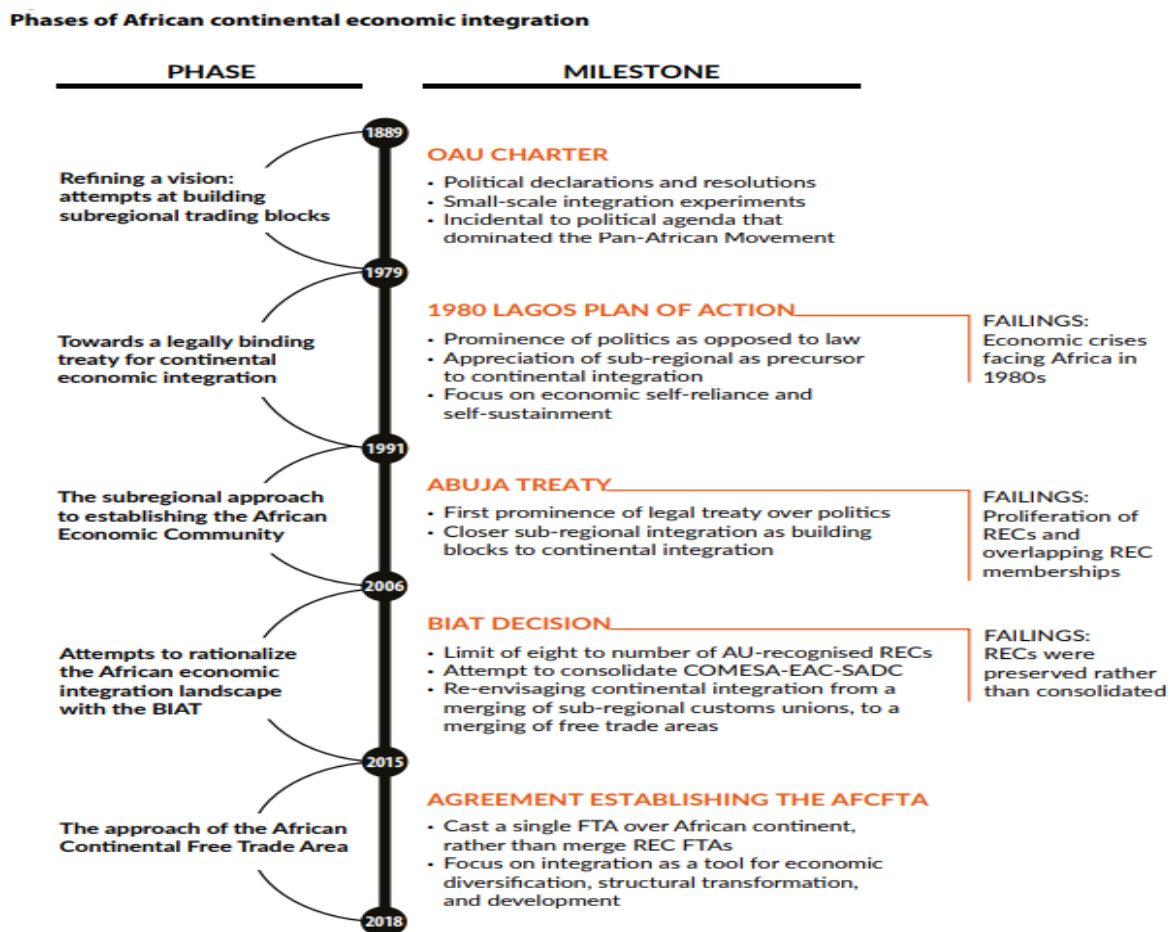
The cumulative lines show the number of RTAs/notifications currently in force

Source: WTO Secretariat - February 29, 2020

Almost a quarter century ago, in May 1963, the representatives of 32 African countries signed the Charter in Addis Ababa, establishing the Organization of African Unity (OAU), which is now the African Union (AU). Throughout the following decades, more states gradually joined the organization signaling the continent’s ambitions and trajectory towards a continent-

wide approach for the economic³, social and cultural development in Africa (Kessides, Benjamin, 2018; Geda and Kebret, 2007).

Figure 2 - Phases of Africa’s continental economic integration



Source: AfDB, 2018

The Lagos Plan of Action that was introduced in 1980 was the foundational instrument for the establish of Africa’s economic integration. The Lagos Plan of Action was established as a framework for Pan-African unity and continental industrialization through the creation of Regional Economic Communities (RECs) that would serve as building blocks toward an African

³ See Figure 2 for the phases of Africa’s continental economic integration

Economic Community. This first phase of regionalization was to focus on economic unification of Africa through cooperation between African member states of the OAU and to promote faster industrialization across the continent, such as the establishment of regional trade agreements between members. Unfortunately, efforts to enshrine a supranational authority were met with reluctance from the leaders of young post-independent African states wary of the erosion of national sovereignty. This put the continent on the competing path of pursuing regional integration while also maintaining national sovereign identities, an approach that differs from the conventional view that strengthening supranational organizations requires surrendering part of national sovereignty. This effectively put cooperation at the centre of Africa's regional integration efforts.

The AU recognizes eight RECs and five subgroups⁴. The RECs have been fundamental to improving intra-African trade. According to the United Nations Conference on Trade and Development (UNCTAD) report *From Regional Economic Communities to a Continental Free Trade Area*, in 2015, it was estimated that about 80% of all intra-African trade flowed through the RECs (UNCTAD, 2018). The following table below provides an overview summary that can help better understand their key characteristics:

⁴ These subgroups were established prior to the Abuja Treaty that established the African Economic Community (AEC) in 1991. They are the Southern African Customs Union (SACU); the Mano River Union (MRU) – arms length with ECOWAS; the Intergovernmental Oceanographic Commission (IOC) - the only regional community comprised of only Africa's island nation; the West African Economic and Monetary Union (WAEMU); and the International Conference on the Great Lakes Region (ICGLR). Source: (UNCTAD, 2018).

Africa's Regional Economic Communities (Recs)

Economic Community of West Africa (ECOWAS)

- Established by the ECOWAS Treaty in May 1975 with the primary objective of promoting economic integration
- Fifteen West African countries members: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo
- Total population: 318.5 million - based on 2013 data.
- The majority 55% live in rural areas
- GDP: US\$ 395.7 million or US\$ 1,242.2 per capita
- Almost all ECOWAS countries (besides Cape Verde) hold double membership with CEN-SAD
- ECOWAS exports to other African countries was US\$ 14 million or 16% of the community's total exports.

Source: Author summary based on UNCTAD, 2018 and MIF, 2014

The Economic Community of Central African States (ECCAS)

- Established in 1983, was fully operational in 1998. Approaches regional integration in phases, by promoting free trade.
- Ten Central African countries members: Angola, Burundi, Cameroon, Central Africa Republic, Chad, Republic of the Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Rwanda, and São Tomé and Príncipe
- Total population: 141.9 million people

- The majority 60% live in rural areas
- GDP: US\$ 224.2 billion or US\$ 1 579.7 per capita
- Five members have double or triple memberships with COMESA and SADC

Source: Author summary based on UNCTAD, 2018 and MIF, 2014

The Arab Maghreb Union (UMA)

- Established under the Marrakech Treaty of 1989
- Five members: Algeria, Libya, Mauritania, Morocco and Tunisia
- Total population: 91.8 million people
- The majority 65% live in urban areas
- GDP: US\$ 414 billion or US\$ 4,522.5 per capita
- Algeria is responsible for close to 80% of the traded volumes within the community
- Four members have double or triple memberships with CEN-SAD and COMESA
- UMA exports to other African countries was US\$ 83 million or 8% of the community's total exports

Source: Author summary based on UNCTAD, 2018 and MIF, 2014

The South African Development Community (SADC)

- Formed in 1992.
- Fifteen southern African states: Angola, Botswana, Democratic Republic of the Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia,

Seychelles, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe

- Total population: about 286.8 million people
- The majority 57% live in urban areas
- GDP: US\$ 648.3 billion or US\$ 2,269.6 per capita
- South Africa is responsible for close to 75% of the traded volumes within the SADC
- In 2015, South Africa alone was responsible for more than 40% of all intra-African traded volume
- Five members including South Africa have single membership to the SADC; two have double membership (with ECCAS and EAC); seven members have double membership with COMESA and one has a triple membership with COMESA and ECCAS.

Source: Author summary based on UNCTAD, 2018 and MIF, 2014

The Common Market of Eastern and Southern Africa (COMESA)

- Formed in 1993 by the COMESA Treaty, for the primary purpose of creating a free trade region
- Twenty member states: Burundi, Comoros, Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, and Zimbabwe
- Total population: about 469.4 million people
- The majority 70% live in rural areas
- GDP: US\$ 587.8 billion or US\$ 1,252.6 per capita
- All member states of COMESA have more than one REC membership: Eleven members have double membership with

either CEN-SAD, IGAD or SADC; seven have triple membership; and one member has four other memberships (Kenya).

- COMESA exports to other African countries was 75 million or 22% of COMESA's total exports

Source: Author summary based on UNCTAD, 2018 and MIF, 2014

Intergovernmental Authority on Development (IGAD)

- Established in 1996
- Eight member states: Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, and Uganda
- Total population: about 236.5 million people
- The majority 79% live in rural areas
- GDP: US\$ 175.1 billion or US\$ 740.7 per capita
- Besides South Sudan, all member states of IGAD have more than one REC membership: Two members have double membership with either COMESA or CEN-SAD; three countries have triple memberships, and as mentioned, one has four other memberships (Kenya).
- Only five members of IGAS (Ethiopia, Kenya, Somalia, Sudan and Uganda) are responsible for all traded volumes

Source: Author summary based on UNCTAD, 2018 and MIF, 2014

The Community of Sahelo-Saharan States (CEN-SAD)

- Formed in 1998 with the primary objective of promoting the economic, cultural, political and social integration of its Member States.
- Twenty-seven member states: Benin, Burkina Faso, Central African Republic,

Chad, Comoros, Côte d'Ivoire, Djibouti, Egypt, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Liberia, Libya, Mali, Mauritania, Morocco, Niger, Nigeria, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, Sudan, Togo, and Tunisia.

- Total population: about 551.4 million people
- The majority 57% live in rural areas
- GDP: US\$ 973.5 billion or US\$ 1,766.8 per capita
- All members have more than one REC membership: twenty three hold a double membership; three countries have triple memberships, and as mentioned, one has four other memberships (Kenya).

Source: Author summary based on UNCTAD, 2018 and MIF, 2014

The East African Community (EAC)

- Initiated in 1999
- Consists of Burundi, Kenya, Rwanda, Tanzania, Uganda, and South Sudan (which is not yet a WTO Member).
- Total population: about 148.6 million people
- The majority 79% of the population live in rural areas
- GDP: US\$ 98.4 billion or US\$ 662.1 per capita
- All members have more than one REC membership: one has double membership;

three have triple membership; and one has four other memberships.

- COMESA exports to other African countries was US\$ 14 million or 41 per cent of EAC's total exports
 - Agriculture is the key driver of the economies of the EAC countries, but the services sector is the main contributor to the members' GDP.
 - Recorded increase in GDP growth driven by public investments in transport and energy infrastructures. Domestic resources are insufficient to match public expenditures, particularly on ongoing infrastructure projects, which results in chronic fiscal deficits.
 - 90% of the EAC's trade in goods takes place mainly outside the continent. Imports originates mainly from China, India, the European Union and the United Arab Emirates
- seeks to promote the Community as a single investment area
- Ongoing reform efforts by EAC countries aim at establishing a monetary union by 2024
 - The EAC countries established a Customs Union in 2005 and a Common Market in 2010

Source: Author summary based on UNCTAD, 2018 and MIF, 2014

There has been some initial successes (the list is shared for broad context and is not exhaustive):

- COMESA & EAC have each established regional customs union and 14 African countries have a common currency, the CFA franc.
- More than 51% of countries wither offer visas on arrival or do not require prior visas from African travelers. For example, Seychelles and Benin now offers visa-free access to all Africans.

However, some issues remain: There are many multiple memberships within the RECs. Indeed, there are 39 countries which are members of more than 1 REC. Burundi, DRC, Djibouti, Eritrea, Libya, Uganda and Sudan are each members of 3 RECs and Kenya is a member of 4 RECs. In addition, 28 countries belong to 3 or more regional communities or groupings.

Table

Establishing the RECs as the building blocks towards a continental economic area helped Africa strengthen the regional regulatory frameworks and institutions that are needed for a successful regional integration by improving cooperation and interdependence between African countries. However, as it will discussed in the implementation issues section, this approach has had its share of problems.

2.3. THE NEED FOR INFRASTRUCTURE DEVELOPMENT

In this paper, reference to “infrastructure” and “regional infrastructure” will be defined as projects that involve the physical construction and/or coordinated policies and procedures with two or more neighbouring countries, which also include planning and implementation involving

cooperation or coordination, and the relative impact on stimulating regional trade and income (Bolanos, 2016).

As Rodrigue (2016) noted in *The Palgrave Handbook of International Development*: “when transport systems are efficient, they provide economic and social opportunities and benefits that result in positive multipliers effects such as better accessibility to markets, employment and additional investments. When transport systems are deficient in terms of capacity or reliability, they can have an economic cost such as reduced or missed opportunities and lower quality of life” (Rodrigue, 2016, p. 596).

Infrastructure connections are indispensable for the free flow of goods and services across the entire region, which are crucial for improving the region’s productivity and trade competitiveness (Kessides, Benjamin, 2012). Indeed, deficient connections are not just with transport, but electricity, communications network, and water and sanitation can put severe constraints on the economic growth and poverty reduction on the continent. According to the AfDB (2018), poor infrastructure in Africa have significant negative impact to the population as higher child mortality rate are driven by low access to basic services, such as electricity and clean water. The lack of modern infrastructure in Africa can be argued to pose a major constraint on poverty reduction and delayed human development on the continent.

The globalization of the production structures has made infrastructure an even bigger factor for economic growth in every country in the world. As production units can now be geographically dispersed, efficient transportation structures are vital in allowing countries benefit from their comparative advantage and compete in the global economy. More than manufacturing a product in one country and selling it in another, international trade is about cooperating to maximize market coverage across boundaries and time zones (AfDB, 2018). Therefore, the

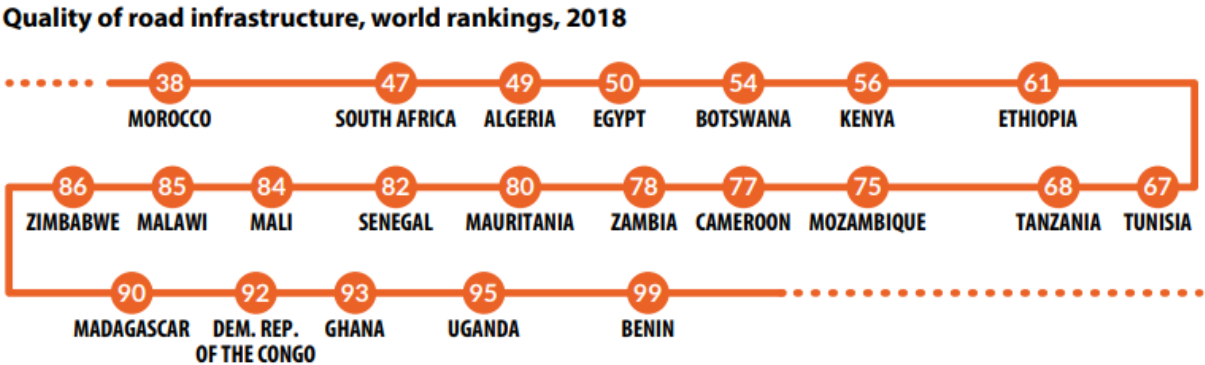
opportunities of individual countries to participate in the global economy have been significantly expanded. However, to benefit from those opportunities, efficient transportation and energy structures, as well as modern information and communication that enable efficient connectivity are key.

2.4. AFRICA’S INFRASTRUCTURE NEEDS

Roads

In Africa, roads remain the main mode of transportation for 90% of Africans and the main mode of transportation for 80% of traded goods. Africa’s road density—an indicator of connectivity within countries—is significantly lower than other parts of the world. Compared to a global average of 944 kilometers per 1,000 square kilometers, and more than 50% paved, Africa’s road density sits at 204 kilometers of road per 1,000 square kilometers with only 25% paved (Kessides, Benjamin, 2012). Furthermore, in SSA, 85% of the roads are not usable during the wet season. The other transportation modes have a limited reach on the continent, with close to a quarter of countries without an operating railroad system, and the major ports suffering from significant capacity and operation inefficiencies (Kessides, Benjamin, 2012).

Figure 3



Source: UNECA, 2019: from the World Economic Forum (2018). Note. Data only available for selection of countries.

Energy

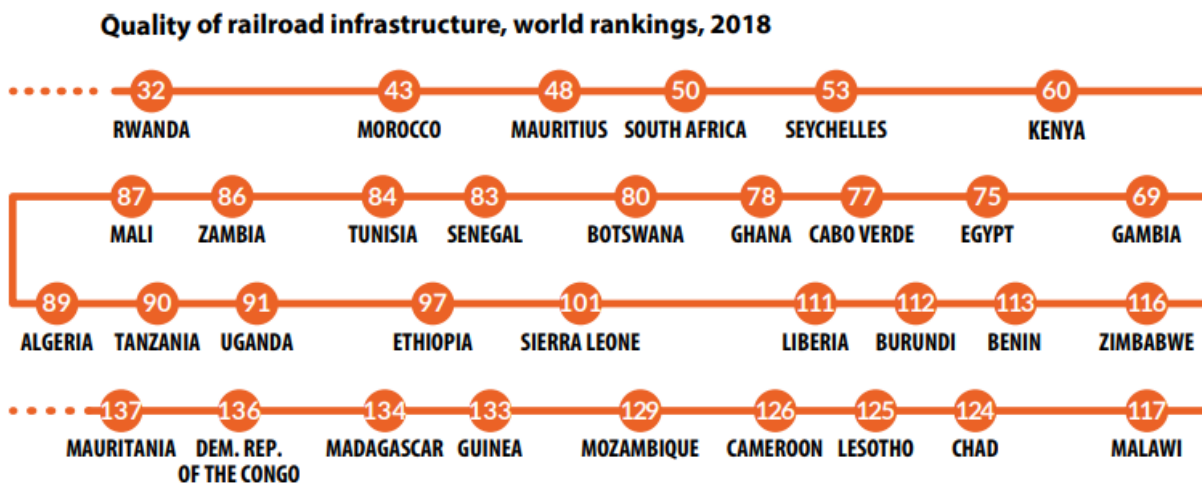
On energy, Sub-Saharan Africa still has many challenges. Electricity reaches only about half of the population with close to 600 million people⁵ without access to electricity in sub-Saharan Africa which represents more than two-thirds of the global total, despite significant improvements in some countries like Kenya, Ethiopia and Rwanda, (IEA, 2019b). More than 30 African countries are experiencing power shortages and regular interruptions in service, and the cost of generating electricity is high and rising (Foster and Briceno-Garmendia, 2010). However, there are some promising signs: the number of people gaining access to electricity doubled from 9 million a year between 2000 and 2013 to 20 million people between 2014 and 2018, outpacing population growth (IEA, 2019a).

Rail

In Africa, rail connectivity has been impeded by incompatible rail gauges which make it challenging to build rail track of incompatible sizes. Indeed, many countries in Africa have various rail gauges size, a colonial heritage, and a common system and standard for the construction and maintenance of railway facilities has yet to be agreed by all countries. However, here too there are promising development: the AfDB has made a number of important investments rail infrastructure, for example by investing the railroad connecting Addis-Abeba to Mombasa, which is about 1000 km. This investment significantly boosted the economic activity in both countries, resulting in a 400% increase in bilateral trade between Ethiopia and Kenya.

⁵ About half of the sub-Saharan African population without access to electricity live in five countries: Nigeria, DR Congo, Ethiopia, Tanzania and Uganda. (IEA, 2019).

Figure 4



Source: UNECA, 2019; from the World Economic Forum (2018). Note. Data only available for selection of countries.

Investment Gaps

According to the Infrastructure Consortium of Africa (ICA) and UNECA, infrastructure investments in Africa increased by 22% in 2016 to reach \$81.6 billion in 2017 and the single biggest factor that drove that increase was an increase in Chinese investments, from \$6.4 billion in 2016 to \$19.4 billion in 2017 (UNECA, 2019). Overall, infrastructure investments to support the transport sector have been the largest recipient with \$34 billion, almost 42% of all funding. The energy sector followed with 30% recording \$24.8 billion, and the water sector at 16% with \$13.2 billion (UNECA, 2019).

In terms of investments, the AfDB and the World Bank Group have together contributed to more than 50 percent of infrastructure financing in Africa. The AfDB even devotes most of its funding portfolio, about 60 percent to infrastructure (AfDB, 2018). Indeed, the infrastructure challenges of Africa are not new and African leaders and the leading developing organizations of the continent have been working diligently to address the critical gaps on the continent.

Implementing the AfCFTA will require careful consideration of the infrastructure structures that can impede, or improve, the flow of goods across the continent. Furthermore, a careful balance of coordinating infrastructure investments is important given the various players involved. An important characteristic of cross-border infrastructure is that it typically extends over a number of countries which can pose coordination problems as well as issues around resource allocation. Given that benefits tend to be indirect and long term and can be asymmetric across countries, whereas costs are often up front, tensions can arise which results in individual governments to under-invest in cross-border infrastructure (Kessides, Benjamin, 2012). That said, the role of infrastructure, specifically cross-border infrastructure, in the successful implementation of the AfCFTA should not be understated, as there are still major gaps in various transportation corridors and energy across the continent.

3. LITERATURE REVIEW

3.1. TRADE AND POVERTY

On the question of links between trade and poverty reduction, authors that have focused on these issues for developing countries have had mixed results. Some authors, Beck et al (2007), Kpodar and Singh (2011), Dollar and Kraay (2002) found limited evidence of trade openness with regards to the income of the poorest. Others, such as Guillaumont-Jeanneney and Kpodar (2011), that looked at developing countries from 1966 through 2000, found a negative relationship between trade openness and the poorest quintile. Le Goff and Singh (2014) using a sample of African countries over the period 1981-2010 on trade-poverty relationship, also found that the benefits of trade liberalization are not automatic and requires accompanying policies to enhance their impact.

According to a joint report on the role of trade in ending poverty from the World Bank and the WTO (2018), the challenge of ending extreme poverty is greatest at the rural level. For the poor in rural areas, access to internal market and trade for agriculture goods is an extremely important source of income. The report recommends tackling remoteness from markets, and to facilitate the activities of poor and small traders, which will greatly contribute to elevating conditions of millions of populations World Bank. (2018b). This is of particular relevance and importance for Africa given how the majority of its population is dependent upon trade for subsistence particularly through informal trade of agriculture goods.

A recent ILO report (2018) estimated that, as the main source of employment in Africa, informal employment accounts for 85.8 per cent of all employment (ILO, 2018). This proportion is even higher for sub-Saharan Africa at the rate of 89.2 percent versus 67.3 per cent in Northern Africa. Informal economy in Africa is the bread winner for the significant majority of the population. This understanding is necessary to help articulate the vital importance of trade in achieving the poverty objective of the continent, as informal trade is the space where the majority of working men and women in Africa sustain themselves.

It is therefore important to understand the highlight the debate on the impact of trade on poverty, as it is difficult to measure. In this paper, it is understood that the positive outweigh the negatives as trade is a major lifeline for a vast majority of the population on the continent. Improving trade also provides strong evidence of inducing positive economic growth, which is an indispensable step for rapid industrialization that has been linked to strong development outcomes in Asia.

3.2. REGIONAL INTEGRATION IN AFRICA

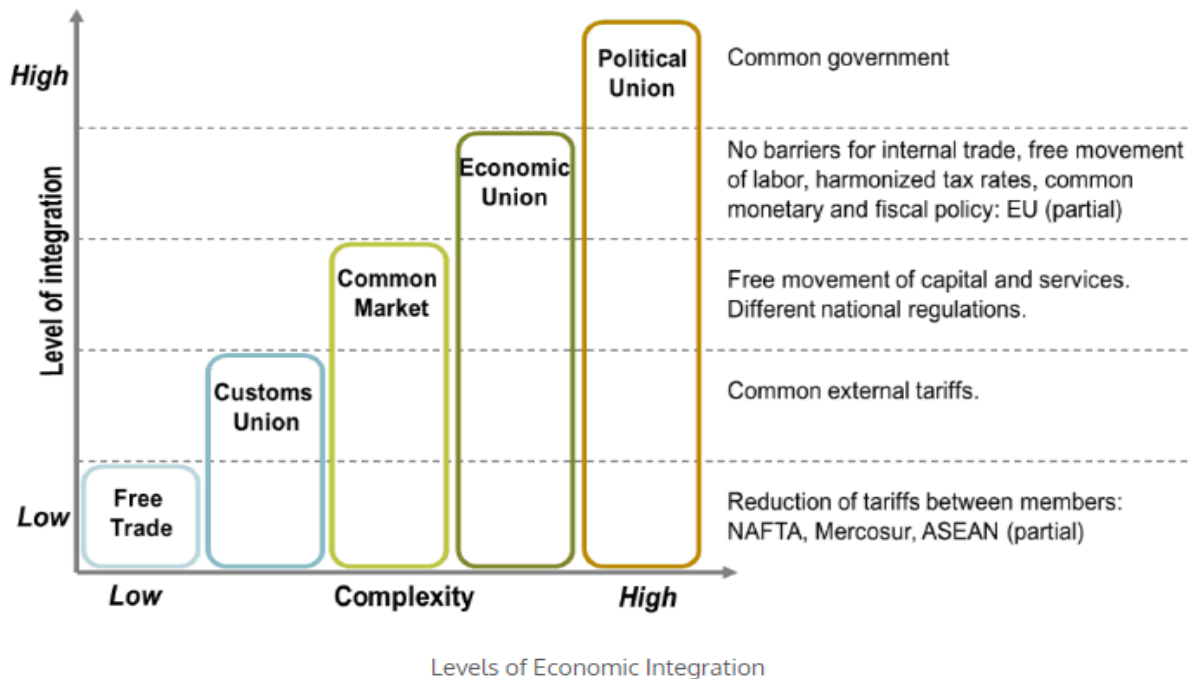
Jacob Viner in his book “The Customs Union Issue” published in 1951, is often referred to be the first major study on the benefits of economic integration. Viner introduced the notion of static effect of economic integration which relates to the immediate general benefits of integration. Viner distinguishes them between trade creation⁶ and trade diversion⁷ to help explain the value of trade agreements in improving the welfare of the countries. Since Viner, the question of whether economic integration brings more benefits than costs has continued to be debated.

Drawing on the work of Jacob Viner, Béla Balassa (1967) further theorized the theory of economic integration by making major contributions to the understanding of the effects of integration on trade and economic activities. Balassa further defined economic integration and identified its main stages that are known as the ‘classic’ model for regional integration (see Figure 2). According to Balassa, economic integration is sequenced as follows: it first begins by the establishment of a preferential trading area, followed by a free trade area, a customs union, a common market, an economic union, and finally a political union. This linear orthodox integration approach assumes political integration as the culmination of economic integration with a central supranational authority controlling not only economic policies, but also a common parliament.

⁶ Trade creation refers to the situation where trade shifts from the higher cost producer towards the lower cost producer which help lower costs on production of goods and the overall prices of those goods.

⁷ Trade diversion points to when imports are shifted from a more efficient exporter towards a less efficient one.

Figure 5



Since then, more research of the theories of economic integration have painted a more complex picture, in particular when it comes to developing countries. Those differences have shown to evolve around the specific realities of the countries but more importantly, a clear distinction between the approach of developed countries versus that of the developing and least developed countries. Such distinction has shown that the unique context of Africa is incompatible with such a linear model. Although the continent has yet to reach the political integration at the level of the European model, its regional integration roots were born from a political unification as an indispensable first step for a post-colonial reality reference point for unification. More recently, Olivier (2010) argued that Africa's integration approach is unique and does not follow Balassa's classic model of orthodox integration.

In this context, the imperative for unity and cooperation in Africa could be further emphasized through the lens of functionalism in the literature, an integration theory that puts

international cooperation at the first step of the integration process. The premise of the theory is that cooperation and interdependence between states will grow as they engage and integrate in non-political areas (economic and/or technical) (Jikobu, 2015). Therefore, as Africa continues to expand its areas of cooperation such as infrastructure, the continent could achieve higher integration.

As mentioned earlier, the African approach is unique as it immediately established (even if incomplete) a political union – the African Union (AU), which typically, according to the European classic model of regional integration, should be formed at the latter stages of the integration process. The African integration approach is a shift from the classical approach particularly through its functional and sequential approach to regional economic integration.

However, much of current literature on the regional integration efforts in Africa paint a bleak picture of the success of this approach. As in many things, highlighting the issues provide the elements to better understand the environment, the causes, therefore a road to potential solutions. It is also important to remember that it took 35 years to transform the European Economic Community into the European Union (EU).

3.3. REGIONAL INTEGRATION IMPLEMENTATION ISSUES

While most African RECs pursue the same objectives, which include economic integration, free movement of people, political and monetary union, they all have institutional structures that have various gaps between their objectives and the functions that they fill (Dieye, 2016). Biningo (2012), Bruce (2016), Geda and Seid (2015), Hartzenberg (2011), Olivier (2010), Parshotam (2018), and Pritchett (2011)) point to the unique difficulties of regional integration in Africa based on the complexity due to the multiplicity of organizations as well as the lack of

political will and to problems related to capacity, funding, and security concerns. The research that has addressed these issues (Geda (2008), Biningo (2012), Pritchett (2010)) have highlighted the importance of creating these regional groupings based on their potential level of success, which is dependent on the degree of commitment, the will, as well as the capacity of member countries to implement the agreements signed. According to the authors, the problem with many of these regional agreements in Africa is that although many political reforms have been agreed on within formal regional bodies through treaties, conventions and protocols, the lack of implementation measures is often an issue. According to Geda and Kibret (2012), the regional secretariats (such as those of EAS and SADC) do not have the legal powers to force member countries to follow-through on their commitments.

A recurrent problem is that while many of the RECs were established through treaties, conventions and protocols, the measures that followed to ensure their thorough implementation has been lacking or insufficient (Hartzenberg, 2011; Olivier, 2010; Parshotam, 2018). Pritchett (2010) emphasized this point by citing the need for more studies on policy implementation issues in Africa: "implementation remains conspicuously under-appreciated, under-theorized and under-researched" (Pritchett et al, 2010, p.1).

Indeed, as a study by Pritchett et al (2010) noted: "at meetings within the framework of RECs, political leaders see decisions as signals and few mechanisms and studies allow us to better understand the environment of decisions and implementation" (Pritchett et al, 2010).

For Geda and Kibret (2008), four factors explain the limited success of regional integration in Africa: 1) the reluctance of governments to cede their sovereignty over the formulation of macroeconomic policies to a regional authority; 2) the possible increases in terms of consumption costs which may result from the import at high cost of goods from a member

country; 3) the unequal distribution of gains and losses that may arise from an integration agreement, and 4) the loss of existing economic ties with non-members.

One of the roadblocks of effective implementation often cited is the lack of capacity and funding for policy implementation. In particular, lower-income African countries are often burdened by weak political and institutional infrastructure or insufficient capacity to establish and maintain the rules of regional integration policies (Hartzenberg, 2011). The difficulty therefore has been to reconcile insufficient capacity due to the financial limits and realities of the continent with its regional political and economic aspirations. Indeed, Africa contends with multiple issues. The finite financial resources which exacerbates the implementation failures of the continent are not changing soon. Only through trial and error and innovative approaches can Africa slowly build its own financial resources that will finally free the continent from the so-called 'capability trap'.

3.4. GOING BEYOND TRADE INTEGRATION

It is evident that better capacity and financial resources are necessary to move Africa beyond its implementation failures. Such as discussion, although crucial to succeed fall outside the scope of this paper. However, as it is argued in this paper, other areas of improvements exist. For Geda and Seid (2015), going beyond linear trade liberalization and harmonizing macroeconomic policies will be required. Including additional policies that can reinforce and support trade and macroeconomic policies will be needed, such as the establishment of favourable institutions and infrastructure. Furthermore, and as Geda and Kebret (2008) underlined (Fine and Yeo, 1997): "regional integration in Sub-Saharan Africa could contribute to economic growth in a very different way than envisioned previously, namely by helping to

underpin stable and sound national macro-economic policies and rapid accumulation of human and physical capital ”(Geda and Kebret, 2008, p.363). Indeed, limited development of transport, communications, and energy networks is one of the most frequently cited obstacles to cross-border trade and investment (AfDB, 2019; Geda, Yimer, 2019). A study by Alemayehu Geda and Addis Yimer in 2019 that examined the results of recent studies (ECA, 2012; Willenbockel, 2013; Mold and Mukwaya, 2017; Afrexim Bank, 2018) about the impact of the AfCFTA found that the size or extent of impact on intra-Africa trade is dependent on many other factors, namely improved infrastructure, manufacturing and industrialization, which are beyond the scope of AfCFTA agreements.

3.5. INFRASTRUCTURE IN ECONOMIC DEVELOPMENT

Infrastructure stands out as one of the key limitations for Africa’s development given the massive gaps across almost all measures of infrastructure connectivity throughout the continent. A source of economic growth, and a potential springboard that can unleash the intra-African trade potential, infrastructure development will be an important aspect for the success of the AfCFTA, since roads, railways will need to be available for intra-trade on the continent to flourish. Indeed, according to the Africa Infrastructure Country Diagnostic⁸, the African continent is limited by its region-wide connectivity infrastructure gaps. To this day, there are vast parts of the continent that remains isolated both geographically and economically. As highlighted by the UNECA 2019 Report *Assessing Regional Integration in Africa 2019*: “insufficient

⁸ In 2009, the World Bank in partnership with the African Union, the New Partnership for Africa’s Development (NEPAD), Africa’s regional economic communities, the African Development Bank, and major infrastructure donors, launched the Africa Infrastructure Country Diagnostic (AICD), a major project that helped assess the physical infrastructure in Africa. providing an overview of the status of public expenditure, investment needs, and sector performance in each of the main infrastructure sectors, including energy, information and communication technologies, irrigation, transport, and water and sanitation.

investment in infrastructure constrains African countries' ability to fully capitalize on the growth and job creation opportunities of the AfCFTA" (UNECA, 2019, p.18).

A study by Golit and Adamu (2014) exploring Africa's regional integration models found that when trade openness is accompanied with government spending, results pointed to significant economic growth in both the short and long term. The study also found that infrastructure had a greater financing impact on Africa's growth than trade outside of Africa and recommended to refocus regional integration from trade towards the provision of critical infrastructure, building human capacities and physical capital (Golit, Adamu, 2014). The positive impact of infrastructure on sustained economic growth is widely recognized and documented (Kessides, Benjamin, 2012; AfDB, 2018; UNECA, 2019). According to Kessides and Benjamin (2012), various studies have shown that productivity increases in transportation are the most important determinant of structural changes in the world economy. Infrastructure impacts productivity and competitiveness through the expansion of markets. Inadequate or poor infrastructure can be a burden and impose additional costs that can undermine growth (Kesside, Benjamin, 2012).

According to other studies (Kessides, Benjamin, 2012; AfDB, 2006), low levels of development of transport, communications, and energy networks are often the key obstacles to cross-border trade and investment in many regions of the world. Transportation infrastructure is therefore seen as one of the main drivers for regional integration as roads, ports, railways and airports are the means through which the economic activity is expanded (Kessides, Benjamin, 2012). According to the AfDB, poor quality infrastructure can increase the overall costs of consumer goods by up to 200 percent in certain African countries. (AfDB, 2018).

3.6. INFRASTRUCTURE AND REGIONAL INTEGRATION IN AFRICA

Most of Sub-Saharan Africa contends with substantial deficiencies of its infrastructure networks which greatly undermines its economic development outlook. Authors such as (Eustace (2007) and Briceno-Garmendia (2010) have stressed the need to move forward on urgent and key themes to achieve concrete results such as investment in infrastructure. Indeed, a study by Longo and Sekkat (2000) that looked at the determinants of intra-African trade highlighted the need to pay more attention to obstacles such as infrastructure, citing it as one of the main obstacles to intra-African trade. In addition, a study by Briceno-Garmendia and Foster (2010) noted that more than half of the growth gains in Africa are due to infrastructure. UNECA in the *Assessing Regional Integration in Africa 2019 Report* noted that adequate infrastructure is the key missing driver of economic growth and sustainable development across the African continent” (UNECA, 2019).

According to the AfDB, if every country in the world would have infrastructure systems half as efficient as those in Singapore in the country’s border administration and transport and communications infrastructure, global GDP would increase by 4.7% (\$2.7 trillion) and global exports by 14.5% (\$1.6 trillion). In comparison, the gains obtained by a scenario of complete tariff elimination across the globe would be less significant: the global GDP would only increase by 0.7% (\$400 billion) and global exports by 10.1% (\$1 trillion) (AfDB, 2019).

This would imply a major need for Africa to ensure complementary infrastructure strategies in tandem with tariff reductions and market access strategies and the need for African policy makers to devote more time and resources to ensure new regional integration initiatives are supported by cross-border infrastructure development (investments).

This evidence also points to a need to better understand the mechanisms of formal regional integration programs, the key elements promoting cooperation and modes of implementation of joint projects by regional multi-stakeholder institutions such as the RECs.

4. THE CONTINENTAL FREE TRADE AREA

4.1. WHAT IT MEANS FOR AFRICA

The AfCFTA is a historical achievement in its scope and remarkable in its undertaking. Never before have African countries reached a political consensus on a piece of legislation with such a wide-ranging impact on the whole continent. It is a remarkable achievement of political consensus, breathing new life into the long-sought ambition of creating a unified Africa which has always been a dream for many African leaders since the independence period in the 1960s.

The AfCFTA is furthering the goal established by the African Union through its Vision 2063 of a political and economical continental integration. The prospect of continental free trade areas for Africa promised to usher a new era of economic growth and poverty reduction on the continent by the exponential rise in intra-Africa trade (UNECA, 2019). The AfCFTA therefore presents a unique opportunity for African unity and economic development that can benefit millions of African citizens.

The AfCFTA was signed on March 21, 2018, in Kigali, Rwanda, at the 10th Extraordinary Summit of the African Union Assembly where 52 of 55 member states signed the agreement to establish the AfCFTA. It is the culmination of years of negotiations and efforts that started with the Abuja Treaty of 1991, which highlighted regional integration as crucial to Africa's development goals. The core objective of the AfCFTA is aimed at establishing the structures that pave the way towards the establishment of a Continental African Customs Union through the creation of a single continental market for goods and services, with free movement

of people (TRALAC, 2019). The AfCFTA was also accompanied with the Kigali Declaration and another key milestone agreement with the Protocol relating to the Free Movement of Persons, Right to Residence and Right to Establishment.

The expected effect of a free trade area such as the AfCFTA is to result in an increase in trade among its members. This result can be achieved through three possible channels. The first, which will be implemented in the first phase of the AfCFTA, is a reduction in tariffs between members. The second is a reduction in Non-tariff Barriers (NTBs). The third, which is more complex, can involve two components and is related to the term 'trade facilitation': first a 'hard' component which relates to tangible infrastructure, such as roads, railways, ports, energy structures, and telecommunications; and a 'soft' component which relates to the institutional aspects, improving transparency, streamlining customs management, improving the business environment, etc. (de Melo and Tsikata, 2018).

The AfCFTA is a mixed of all three without the 'hard' component around infrastructure. In that aspect, it is more than a commercial zone. It covers the scope of activities affecting trade in goods and services, investment, but also the free movement of persons, competition policy and the defense of intellectual property rights (Pashontama, 2018, UNECA, 2019). The stated objectives of the AfCFTA are:

- 1) to resolve the issues of overlapping memberships in the RECs;
- 2) create a single market for goods and services which help boost intra-African trade;
- 3) facilitate the movement of capital and people across borders; and
- 4) lay the foundation for the establishment of a Continental Customs Union.

In the Agreement is it noted that: “the State Parties shall progressively eliminate tariffs and non-tariff barriers to trade in goods, progressively liberalise trade in services, cooperate on investment, intellectual property rights and competition policy, cooperate on all trade-related areas and customs matters and the implementation of trade facilitation measures, establish a mechanism for the settlement of disputes (limited to inter-state disputes) and establish an institutional framework for the implementation and administration of the AfCFTA” (TRALAC, 2018).

According to the Economic Commission for Africa (UNECA) and Karingu and Mevel (2012), the AfCFTA has the potential both to boost African trade by 51.7% over twelve years, with the share of intra-African trade rising from 10.2% in 2010 to 15.5% in 2022 by eliminating import duties, and to double this trade if non-tariff barriers are also reduced (UNECA, 2019). The AfCFTA agreement has three components: 1) the framework structure for the establishment of the CFTA; 2) a protocol on trade in goods; and 3) a protocol on trade in services (UNECA, 2017). The AfCFTA consists of a framework agreement which establishes the AfCFTA, the Protocol on Trade in Goods and Trade in Services, and the Protocol on Rules and Procedures on the Settlement of Disputes (see below).

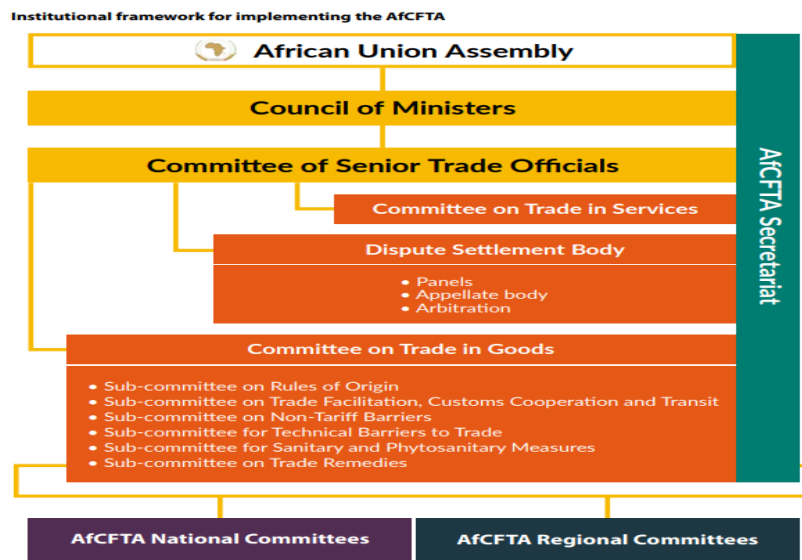
Figure 3: The AfCFTA Protocols



4.2. IMPLEMENTATING THE AfCFTA

The AfCFTA will be supported by five instruments that will facilitate and accompany its implementation: a new set of well-defined Rules of Origin; schedules of tariff concessions in Trade in goods; an online mechanism for Continental non-tariff barriers monitoring and elimination; a Pan-African digital payments and settlement platform; a web-based and mobile application for businesses; and an African Trade Observatory portal (AfDB, 2018, TRALAC, 2019). To support the implementation of the AfCFTA, AU Heads of State and Government also adopted in 2012 the Action Plan for Intensification of Intra-African Trade. This Action Plan includes measures to ensure that AfCFTA opportunities are fully exploited and that gains are equitably shared between member states (UNECA, 2019). The *Operational Phase* of the AfCFTA was launched at the 12th Extra-Ordinary AU Summit that took place in Niamey, Tchad on July 7, 2019, and provided a broad roadmap of the first phase of implementation of the agreement (UNECA, 2019). To help with this task, the AfCFTA will have a Secretariat (see Figure 4), headquartered in Ghana, that will oversee its implementation, as well as an African Trade Observatory, that will track and monitor the AfCFTA trade data which will be a crucial piece that will provide reliable data needed to inform the planning and following suites of policies that will support the AfCFTA implementation (UNECA, 2019). The AfCFTA Secretariat will report to the Council of Ministers of the State Parties and the Committee of Senior Trade Officials which will be responsible for the technical oversight. The broader guidance of the AfCFTA activities will be decided and provided by the African Union Assembly (UNECA, 2019).

Figure 4: The AfCFTA Secretariat



Source: UNECA, 2019

AfCFTA will progressively eliminate tariffs on intra-African trade, steadily contributing to making it easier for Africans to trade between countries. This will help spur businesses across the continent and grow the African market and contribute to the economic restructuring of the African economies towards more productive, industrialized, and export sectors and investments.

As a legally binding agreement, the AfCFTA will also provide rights and legal protection for the informal traders and small entrepreneur and businesswomen across the continent access to new markets and help normalize trade exchanges with neighbours which has been an anomaly in a continent where everything from infrastructure to production structures have been built to support external trade that has always been directed primarily outside the continent since the 15th century. The AfCFTA will also help ensure a same level playing field by providing protection to individuals trading between countries and ensuring that goods are not seized or

discriminated against. It gives assurance and protection to informal traders to know that they have recourse and that there is legal agreement that gives them rights.

The current timeline for the implementation of the AfCFTA is set to July 2020, which is after tariff and rules of origin negotiations are completed. However, negotiations on the tariffs and rules of origins may extend beyond this timeline as some member states still face difficult choices. Indeed, for many African countries, there will be reduced revenue from the lower tariffs, which could prove even more challenging for those on the lower spectrum of economic development in the continent. For the larger economies or regions, such as Southern Africa for example, which accounts for more than 60% of intra-Africa trade, any offset of tariff revenue lost will be easily and quickly offset by the boosting in the intra-Africa trade revenue.

There are a number of initiatives that are being developed and implemented across the continent as we speak. These examples are not exhaustive, and are only used to illustrate the variety of initiatives currently underway that will be launched once the AfCFTA is fully implemented:

- For example, A \$ 1 billion grant was established by Afreximbank, Africa's largest trade bank, to help to ensure harmonization and comparability across Africa and support countries that will be negatively impacted by loss of revenue from import duties and other tariff revenue by the AfCFTA (Hartzenberg and Erasmus, 2019).
- The AfDB set up Africa Forward to help provide access to finance for women in Africa in both formal and informal trade. This fund mobilized \$3Billion specifically for small businesses and an additional \$ 1 billion line of credit to help small business women trade across borders

- A digital payment infrastructure platform was announced to help manage the intra-regional payments, it is expected to result in annual savings of more than \$5 billion in payment transaction costs.
- A pilot project along the Abidjan-Lagos corridor will be used to test the effectiveness of the AfCFTA on informal cross-border trade.

4.3. LEARNING FROM THE TRIPARTITE FREE TRADE AREA

As it was presented in the review of the issues around implementing regional integration initiatives in Africa, there is a risk that the AfCFTA is confronted with the challenges around competing national vs regional priorities, and oversight and capacity issues that could derail its effective implementation. However, the AfCFTA is provided with a unique opportunity to learn how best to navigate those challenges by learning from the difficult implementation of the Tripartite Free Trade Area (TFTA). The TFTA provides a reminder of the challenge and sometime difficult marriage between the pursuit of pan-African regional integration initiatives and competing national local interests. The TFTA is a free trade area that covers 26 countries, about half of Africa, comprised of members of the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) and the Southern African Community (SADC). The African Union established the TFTA with the goal of merging the COMESA, EAC and SADC into a common free trade area with the aim of addressing the challenges of multiples and overlapping memberships as well as serve as a building block for the AfCFTA.

The TFTA covers a population of 632 million and a combined GDP of \$ 1.3 trillion (Desta and Gerout, 2018). While the TFTA did not result in the expected outcomes, it did provide a template for the AfCFTA by introducing for the first-time clause on trade in services and by including the issues of tariffs, trade facilitation, infrastructure and industrialization in the agreement

(TRALAC, 2019). Initially, one of the objectives of the TFTA was to reconcile the challenges of multiple memberships by merging the COMESA, EAC and SADC and accelerating regional and continental integration processes. According to Desta and Gerout (2018), during the negotiation of the TFTA it was decided that the three RECs would immediately start working on their merger into one community. However, this did not happen: the TFTA, on the other hand, evolved into a new free trade zone that was superimposed on the three RECs (Desta and Gerout, 2018). The authors caution that the issues related to the overlap of RECs that arose during the implementation of the TFTA could emerge in the establishment of the AfCFTA. The issues of the implementation of the TFTA will be helpful in serving as lessons learned for the AfCFTA.

4.4. WHAT PATH FORWARD FOR THE AFCFTA?

In this section, the key characteristics, strengths and weaknesses of the RECs, the TFTA are presented with the objective of highlighting best practices and lessons learned from which the process to implement the AfCFTA can adopt. To achieve the expected benefits of the AfCFTA, effective cooperation will be required by the member states. As the AfCFTA will not replace the existing RECs in the short term, intra-african trade will continue via multiple tracks. The AfCFTA will therefore continue to build on the *acquis* of the RECs while it matures and becomes more consolidated towards simpler rules and broader trade policy convergence. In other terms, the AfCFTA should help bring more clarity about the mechanisms needed to boost intra-African trade. This process will take time, requiring enhanced institutional and trade standards, remedies and other technical needs in order to establish the agreement that can be refined over time. United efforts to work through difficult issues will be crucial.

A flexible approach is therefore promoted. Indeed, as progress in regional trade agreements are often determined by the pace of the slowest member, the AfCFTA appears to

promote an implementation that allows some of its least developed members more time to implement the agreement. This approach also aligns with lessons from the European Union which had introduced the concept of variable speed to help understand how regional trade agreements were designed in the European Union given its large and diversified memberships. According to Matthews (2003), the concept of variable speed refers to situation where all members are bound by common objectives and standards but some members are also provided additional flexibility, such as more time, to meet these objectives. This approach allows most members to move ahead to a common policy and not be held back by the pace of the slowest members or most reluctant, as negotiations are moving forward on the various protocols. Furthermore, as explained earlier, the AfCFTA aims to harmonize the tariffs and simplify the trade regimes and the rules that govern its trade in goods and service. It was a negotiating structure that provides flexibility and ensures that the trade rules or *acquis* that many countries already negotiated through their RECs are preserved.

In addition, as it is debated in the literature, the removal of tariffs on goods in the African continent alone are not sufficient to achieve the expected benefits of the AfCFTA (Karingi and Mevel, 2012). Current tariffs range around 6% on the continent and the AfCFTA will bring the tariffs down to 0% for 90% of products. However, one of the main issues is that the current structure was built towards exporting outside of Africa. For example, African businesses pay lower tariffs when they export outside of Africa than when they export within the continent. The outcome of such a system, as pointed in some studies, is that Africans import the bulk of their manufactured goods from and sell their primary commodities to countries outside the continent which showing the limited complementarity of trade in the continent (Geda, Yimer, 2019). As a *Jeune Afrique* editorial article pointed out: "It remains twice as expensive to ship a container

from Abidjan to Ouagadougou than from Shanghai to the Ivorian port, despite a route sixteen times shorter; intra-African payments remain more expensive and complex than payments made in the rest of the world; Lagos airport is better connected to London than to Johannesburg "..."
one thing is certain: if the reduction, or even the elimination, of tariffs is a necessary element for the pursuit of economic integration, it will not be enough by itself to change the situation "(Jeune Afrique, 2018).

It is important to note the ways in which regional integration in Africa has made strides through the establishment of RECs, the signature and current implementation of the TFTA and most recently the AfCFTA. The issue of implementation was shown to limit the continent's ability to benefit fully from those initiatives. In addition, various studies have also pointed out the limits of regional trade policies, particularly tariff reduction, as drivers for economic growth. The key role of regional infrastructure was also presented as an accompanying measure to help maximize the expected benefits of the AfCFTA. In the next section, attention will be put on how infrastructure can further help improve the expected outcomes and benefits of the AfCFTA.

5. DISCUSSION

5.1. CURRENT REGIONAL INFRASTRUCTURE INITIATIVES

Increasingly nations around the world are moving away from integration strategies that are based solely on formal trade agreements and towards strategies that include at least some integration of infrastructure policies (Moreira, 2007). Learning from other parts of the world facing similar issues could provide additional lessons that could help spark ideas that can lead to innovative solutions. South America's regional approach has followed a similar pattern. The continent first established a political union, the Union of South American Nations or Unasur in 2008, which, like the AU, acts as the key driver promoting of regional economic integration.

However, the novel approach of South America's regional integration was the formation *a priori* of a regional infrastructure initiative: the Initiative for the Integration of Regional Infrastructure (IIRSA). The IIRSA was created in 2000, pre-dating Unasur, as an ambitious regional infrastructure initiative aimed at connecting South America's 12 countries through interconnected networks of transport, energy and communications infrastructure (Bolanos, 2016).

For Africa, the vital importance of a regional perspective to the continental infrastructure needs has resulted in the establishment of a unique continental initiative, dedicated to addressing the infrastructure gaps of the continent: the Programme for Infrastructure Development in Africa (PIDA). PIDA is a continental initiative, developed by the African Union (AU) and the United Nations Economic Commission for Africa (UNECA). PIDA was launched in 2012 and provides a common framework for African stakeholders to build the infrastructure necessary for more integrated transport, energy, information and communication technology and transboundary water networks (see Figure 5 for example of PIDA's priority transport projects). PIDA Steering Committee is mandated to monitor progress on infrastructure developments in support of Agenda 2063. PIDA selects priority infrastructure projects to be implemented across the continent at national and transboundary level. For example, PIDA is responsible for a key infrastructure milestone of the AU Agenda 2063: the African Integrated HighSpeed Railway Network (AIHSRN). The AIHSRN is a major project that will span to 2043 and will connect the continent through its main arteries such as megacities and African cities between each other and the continent's commercial and industrial hubs, economic zones, and tourist destinations using high-speed rail technology (PIDA, 2019).

Figure 6

Top five priority Programme for Infrastructure Development in Africa transport projects in advanced stages of preparation or ready for funding and implementation

PROJECT	DESCRIPTION	COST (\$ MILLIONS)	COVERAGE
Yamoussoukro Decision—SAATM	Accelerate its implementation across the continent	5	All African countries
Abidjan–Lagos Coastal Corridor	To modernize heavily travelled ARTIN corridor in West Africa	290	Benin, Côte d’Ivoire, Ghana, Nigeria and Togo
North–South Multimodal Corridor	To modernize highest priority ARTIN corridor in Southern Africa	2,325	Dem. Rep. of the Congo, Mozambique, South Africa, Zambia and Zimbabwe
Central Corridor	To modernize the third priority ARTIN corridor in Eastern Africa	840	Burundi, Dem. Rep. of the Congo, Rwanda, Tanzania and Uganda
Trans-Maghreb Highway	To improve the movement of goods and services across the Maghreb region	75	Algeria, Egypt, Libya, Morocco and Tunisia

Source: UNECA, 2019 Note: ARTIN is African Regional Transport Infrastructure Network. SAATM is Single African Air Transport Market

Other examples of regional and national infrastructure projects that support Africa’s integration agenda:

<i>Road</i>
<ul style="list-style-type: none"> • The North–South Corridor in Eastern and Southern Africa: provide access to eight African markets: Botswana, the Democratic Republic of the Congo, Malawi, Mozambique, South Africa, Tanzania, Zambia, and Zimbabwe through land transport links (road and rail) • The Africa Clean Energy Corridor: will help facilitate cross-border trade in green and renewable energy from Cape Town to Cairo • Cape to Cairo Road project: proposed since 1890s, currently highly promoted,

the road will be 10300 km long, starting from Alexandria Port on the Mediterranean Sea then Cairo, Sudan, Southern Sudan, Ethiopia, Tanzania, Kenya, Zambia and finally South Africa.
<i>Rail</i>
<ul style="list-style-type: none"> • The West African rail network to connect Benin, Burkina Faso, Côte D’Ivoire, Ghana, Niger, Nigeria and Togo; • The Mombasa–Kigali Railway Project: a 1,500km-long railway that will connect Kenya, Uganda and Rwanda

<i>Maritime</i>

- The navigation line project linking Lake Victoria to the Mediterranean Sea through the Nile: a 2,500-mile navigational shipping line
- The Bagamoyo Port in Tanzania: once completed will lead Tanzania to become East Africa's leading shipping and logistics centre

- plan in Africa when completed, able to even provide power to Sudan, South Sudan, Kenya, Djibouti and Eritrea
- The Grand Inga Dam in the Democratic Republic of the Congo: if successfully constructed, it will have enough to provide power to nearly half of the continent

Energy

- The Grand Ethiopian Renaissance Dam: the dam will be the largest hydroelectric

According to UNECA in the *Assessing Regional Integration in Africa 2019 Report*, infrastructure investments in support of intra-trade and the AfCFTA can be supported through the effective implementation of PIDA, as well as improving the strategic alignment of trade facilitation with infrastructure development (UNECA, 2019).

5.2. IMBEDDING AN INFRASTRUCTURE PERSPECTIVE IN THE AFCFTA IMPLEMENTATION?

The AfCFTA has galvanized support across the continent and the world, and the frequent interactions between members throughout the negotiations of the agreement will raise the degree of trust between members which was shown to be an important factor in improving regional cooperation. As a public good⁹, infrastructure can gain from such momentum. According to Matthews (2003), regional cooperation that focuses on a wide range of issues are more likely to be successful where there is trust between the partners and without necessarily having to link them to trade preferences. Cooperation in critical infrastructure projects could therefore take place concurrently with the implementation of the AfCFTA and be achieved without formally

⁹ Cook and Sachs (1999) defined regional public goods as “goods that must be delivered on the supranational level by a number of national governments acting in concert” (Cook and Sachs, 1999, p.437).

integrating them in a formal trade structure. By leveraging existing structures such as PIDA, responsible policy makers can help further strengthen the continent’s strategic integration structures by improving cooperation of the functional sectors responsible for the development of regional infrastructure projects with the market/trade integration sectors of the AfCFTA. As Figure 7 shows, there can be independence/interdependence between trade integration and regional cooperation. In this approach, policy coordination/harmonization could play two roles, either by supporting regional economic integration (i.e. trade integration with the AfCFTA) and/or supporting functional or sectorial cooperation (i.e. regional infrastructure coordination).

Figure 7

Regionalism		
Regional economic integration		Regional cooperation
Market/Trade integration (AfCFTA)	Policy coordination/harmonization	Functional/sector cooperation (PIDA/Infrastructure Development)

More concretely, the AfCFTA implementation committees could help put the issue of infrastructure further in focus by embedding a “lens” approach that includes critical infrastructure considerations. A “lens” approach¹⁰ is typically a method of integrating a said ‘topic’ of ‘issue’ into the planning and development of a project, program or initiative. An ‘infrastructure lens’ could be proposed to be a horizontal risk management tool that would help ensure a coordinated approach to PIDA’s critical projects and to better anticipate, prevent, and respond to infrastructure bottlenecks that could severely impede intra-Africa trade. PIDA could play a key role in developing the ‘infrastructure lens’ as a tool to include in the implementation

¹⁰ This method has yet to formally exist in the literature. The proposed idea of using a ‘lens’ approach stems from a novel approach being piloted by the Government of Canada in assessing the climate change impact of new infrastructure projects.

of the AfCFTA. Such a tool could be integrated at the governance and decision-making level of the AfCFTA Secretariat, in particular the Committee of Senior Trade Officials responsible for the technical oversight and the African Trade Observatory that can ensure infrastructure concerns are integrated in the track and monitor of the AfCFTA trade data. This approach could help ensure a comprehensive understanding of the blocks and help inform the planning and follow-up needed in terms of both the adjustment of policies and the re-prioritization of infrastructure investments to fill identified gaps.

Furthermore, other tools can help strengthen such an approach. From example, UNCTAD has developed a mathematical model tool to map the trade network flows between RECs which could be an important tool for the implementation of the AfCFTA, it is called *the Intra-African Trade Network Analysis*. The Network Analysis maps intra-African trade network flows by degree of interactions and provides a “blueprint that contains enough information to highlight key players responsible for regional market access and expansion” (UNCTAD, 2018, p.12). For example, UNCTAD’s network analysis of intra-trade flows found four countries which includes South Africa, Côte d’Ivoire, Kenya and Morocco, that played a pivotal role in connecting most RECS (SADC, CEN-SAD, COMESA, EAC, IGAD, UMA and ECOWAS). These countries, in particular South Africa – which has a direct trade relationship with almost all African countries (53 countries out of 54) – represented in 2015 about 53% of all intra-African trade (UNCTAD, 2018). Leveraging the trade network flows between the RECs data using the UNCTAD’s *Intra-African Trade Network Analysis tool* by combining or cross-referencing with data from African Trade Observatory will further help pinpoint and identify underperforming areas in the AfCFTA. Using the ‘infrastructure lens’ to analyze the data will ensure that infrastructure needs are given

constant priority and that remedial actions are taken in a coordinated way and the gaps are identified and shared between all involved organizations.

6. CONCLUSION

As it has been argued throughout this paper that Africa's road to regional integration made an important step with the signature of the AfCFTA. However, various issues can threaten its implementation. As discussed in this paper, the crucial role of infrastructure as a key driver for improving intra-trade tariff reductions suggests the need for a coordinated effort for regional infrastructure projects and economic regional integration initiatives. Evidence in the literature and analysis has revealed a need for African policy makers to devote more time and resources to infrastructure development to support its regional integration agenda. The paper has made evident that applying an "infrastructure lens" approach to the implementation strategy of the AfCFTA could potentially incite further alignment and strengthen coordination efforts.

Given Africa's infrastructure gaps, it has been made clear through the review of literature and analysis of the continent's context that infrastructure is indeed a necessary condition for the increase in cross-border trade. This will also ensure an increase in economic growth as well as the livelihood of many of the population depending on improved conditions of access to trade. The paper has also demonstrated direct and indirect linkages between the outcomes of regional integration and sustainable development. A more direct link will require additional research, particularly including the measurement of the impact of an increase in intra-trade in Africa with sustainable poverty reduction. It is also important to note that, everything being equal, any positive economic impact from the AfCFTA can only significantly impact poverty on the

continent if investments in social protections and well-being of the population are made and that those gains reach the most vulnerable populations.

It is evident that Africa is engaged in a commitment and has bet on itself and its future. This shift is not only going to change the way Africa positions itself on the global scene as stronger union, but it will also help reshape its economic trajectory bolstered by its trade production and its physical infrastructure as a foundation for development. With that said, a successful implementation of the AfCFTA can change Africa and help improve the lives of millions of Africans and cement a new trajectory for the continent.

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