

JOINING UP AFRICA

REGIONAL ECONOMIC INTEGRATION IN SUB-SAHARAN AFRICA



DFID, THE DEPARTMENT FOR INTERNATIONAL DEVELOPMENT: LEADING THE UK GOVERNMENT'S FIGHT AGAINST WORLD POVERTY

Since its creation, DFID has helped more than 250 million people lift themselves from poverty and helped 40 million more children to go to primary school. But there is still much to do to help make a fair, safe and sustainable world for all.

1.4 billion people still live on less than \$1.25 a day. Problems faced by poor countries affect all of us. Britain's fastest growing export markets are in poor countries. Weak government and social exclusion can cause conflict, threatening peace and security around the world. All countries of the world face dangerous climate change together.

DFID works with national and international partners to eliminate global poverty and its causes, as part of the UN Millennium Development Goals. DFID also responds to overseas emergencies.

DFID works from two UK headquarters in London and East Kilbride, and through its network of offices throughout the world.

From 2013 the UK will dedicate 0.7 per cent of our national income to development assistance.

UKaid is the logo DFID uses to show when UK funds are being spent to help developing countries.

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DFID HAS HELPED SAFEGUARD THE LIVELIHOODS OF MORE THAN 70,000 PEOPLE IN THE FISHERIES INDUSTRY IN MOZAMBIQUE, BY HELPING TO MAINTAIN THE STANDARDS NEEDED TO EXPORT TO THE EU

Fishermen and women haul their nets out of the Indian Ocean in Mozambique
Photo © Fred Hoogervorst / Panos



THE CASE FOR REGIONAL INTEGRATION

Sub-Saharan Africa (SSA) has a population of 800 million people – 51%¹ of whom live in extreme poverty. The total sub-Saharan African economy is not much larger than the economy of the Republic of Korea – which has a population of 48 million and was poorer than Ghana fifty years ago.

Some 80% of poverty reduction around the world in the last thirty years has been as a result of economic growth². In sub-Saharan Africa, economic growth is limited by weak infrastructure and poor links between the markets of countries.

African countries trade, on average, just 10% of their goods with each other³, compared to 65% of goods traded between European countries⁴. In total, Africa accounts for just 3% of global trade⁵, despite having 12% of the world's population.

Poor quality roads, trade regulations, slow border crossings and port clearings and corruption all contribute to African transport being the most expensive in the world.⁶

Transport costs in Southern Africa are on average 73% higher than in Europe⁷, and about 30% to 40% more than in other developing regions⁸. In Africa's 16 landlocked countries (home to 30% of the region's population) transport costs can be as high as 77% of the value of exports⁹. It takes two to three weeks to transport copper from the Democratic Republic of Congo to the sea – a distance that would take 48 hours to cover in Europe.

1 UN MDG Report 2009, based on 2005 data
2 DFID Aid for Trade Strategy 2008-13
3 Regional Trade Facilitation Programme website: <http://www.rtfp.org>
4 BIS analysis of data from IMF Direction of Trade Statistics 2008

5 'The Financial Crisis, Trade and Regional Integration in Africa', African Development Bank, 2009
6 Africa Infrastructure Country Diagnostic 2008
7 DFID Aid for Trade Strategy 2008-13
8 Regional Trade Facilitation Programme website: <http://www.rtfp.org>
9 AU/NEPAD Africa Action Plan 2010-2015

THE MAIN ROAD CORRIDORS IN AFRICA



Original source: African Development Bank, 2008. Amended by Geo-Innovations, 2010

With 59 international river basins, Africa has abundant hydropower potential. However, just 7% of this potential has been tapped. Only one in four people in sub-Saharan Africa has access to electricity, and even then the quality is variable. Most African national markets are unable to support commercial scale electricity production.

Low levels of food trade and falling agricultural productivity contribute to widespread hunger and malnutrition. Africa is warming faster than the global average and climate change could destroy half the continent's food yields. Climate change is also increasing the stress on poorly managed natural resources, including river basins, forests and land.

Compounding all of these problems, regional political instability and competition for resources have been contributors to conflict, undermining the stability and development needed to lift people out of poverty.

Although the challenges are significant, joining up Africa's economies can have a big impact on development. Improving regional infrastructure and access to energy, removing trade barriers, and stimulating food trade can help countries to 'join up' their markets and effectively mobilise their natural resources.

WE MUST PAY GREATER ATTENTION TO THE ECONOMIC INTEGRATION OF OUR CONTINENT. IT IS IN THIS AREA WHERE AFRICA'S GREATEST UNTAPPED ECONOMIC POTENTIAL IS TO BE FOUND

**JACOB ZUMA, PRESIDENT OF SOUTH AFRICA
SPEAKING AT THE PAN-AFRICAN PARLIAMENT
ON 6TH OCTOBER 2009**

WITH 59 INTERNATIONAL RIVER BASINS, AFRICA HAS ABUNDANT HYDROPOWER POTENTIAL. JUST 7% OF THIS POTENTIAL HAS BEEN TAPPED. REGIONAL MANAGEMENT OF SHARED WATER RESOURCES CAN UNLOCK AFRICA'S HYDROPOWER POTENTIAL AND HELP SMALL COUNTRIES INCREASE ACCESS TO RELIABLE, LOWER COST, LOW CARBON ENERGY

A hydropower dam in Zambia



JOINING UP AFRICA

A regional approach to development recognises that what happens in one country impacts on its neighbours. Many shared problems, and solutions, lie outside of national borders and can be more effectively tackled on a regional scale.

Regional cooperation between countries can result in:

- Peace and stability, and improved governance, through countries holding each other to account on regional agreements.
- Improvements to transport corridors, enabling farmers and traders to get their goods to markets in neighbouring countries and overseas, and making it easier to do business in Africa.
- Better transport links and easier border crossings, reducing fluctuations in food prices, facilitating agricultural growth and improving food security.
- Better management of natural resources and adaptation to climate change, helping small countries access reliable, lower cost, low carbon energy from the region, including hydroelectric power.
- Freer movement of people, enabling them to take advantage of areas of great economic potential.
- African countries having more influence in international negotiations through collective action and a unified voice.



A boy transports water jerry cans across the Kenya-Tanzania border at Namanga
Photo © Sven Torfinn / Panos

THE EFFICIENCY OF OUR TRANSPORT AND TRANSIT CORRIDORS HAS A DIRECT AND LIMITING EFFECT ON OUR ABILITY TO GROW, ATTRACT INTERNATIONAL INVESTMENT, TRADE WITH EACH OTHER AND THE REST OF THE WORLD, AND EVEN ENSURE THAT OUR COMMUNITIES HAVE A RELIABLE AND AFFORDABLE SUPPLY OF FOOD

CHAIR OF THE EAST AFRICAN COMMUNITY'S COUNCIL OF MINISTERS



WHAT IS DFID DOING?

We work with a number of partners and programmes, at both the pan-African and sub-regional level, to support regional economic integration. DFID has committed £1 billion over four years for regional integration in Africa, through bilateral and multilateral programmes.

DFID's pan-African programmes are working with a number of institutions to:

- Make trade easier by reducing bottlenecks at borders, and supporting changes to trade agreements between Europe and African countries. 'Aid for Trade', a joint effort between donors and partner governments, is helping developing countries to benefit from increased regional and international trade.
- Strengthen governance and help the African Union, Regional Economic Communities and the African Development Bank to lead and co-ordinate regional integration work.
- Improve agricultural development, and food security, for example by supporting the Comprehensive African Agricultural Development Programme (CAADP) – an Africa-led initiative working to boost agricultural productivity in Africa.

- Improve the management of fisheries, forests, trans-boundary water and other natural resources.
- Ensure work between donors and African partners is co-ordinated, financing for regional programmes is improved, and priority areas – such as improving regional infrastructure – are agreed by all donors.

DFID's regional integration work in Southern, East and West Africa is primarily focused on economic integration, through programmes that include upgrading transport infrastructure, trade reform and building the capacity of African countries to trade.

DFID also works across Africa on regional health, peace and security, trans-boundary water management and climate change issues.

We are also developing regional private sector development programmes, to make it easier for businesses to operate in Africa and improve access to financial services for poor people.

WHO DO WE WORK WITH?

DFID works with a range of partners in national and regional governments, the private sector, civil society, bilateral and multilateral donors, development partners, and UN agencies.

African countries have already paved the way for greater regional integration by entering into regional agreements on cooperation through the African Union Commission (AUC) and Regional Economic Communities (RECs).

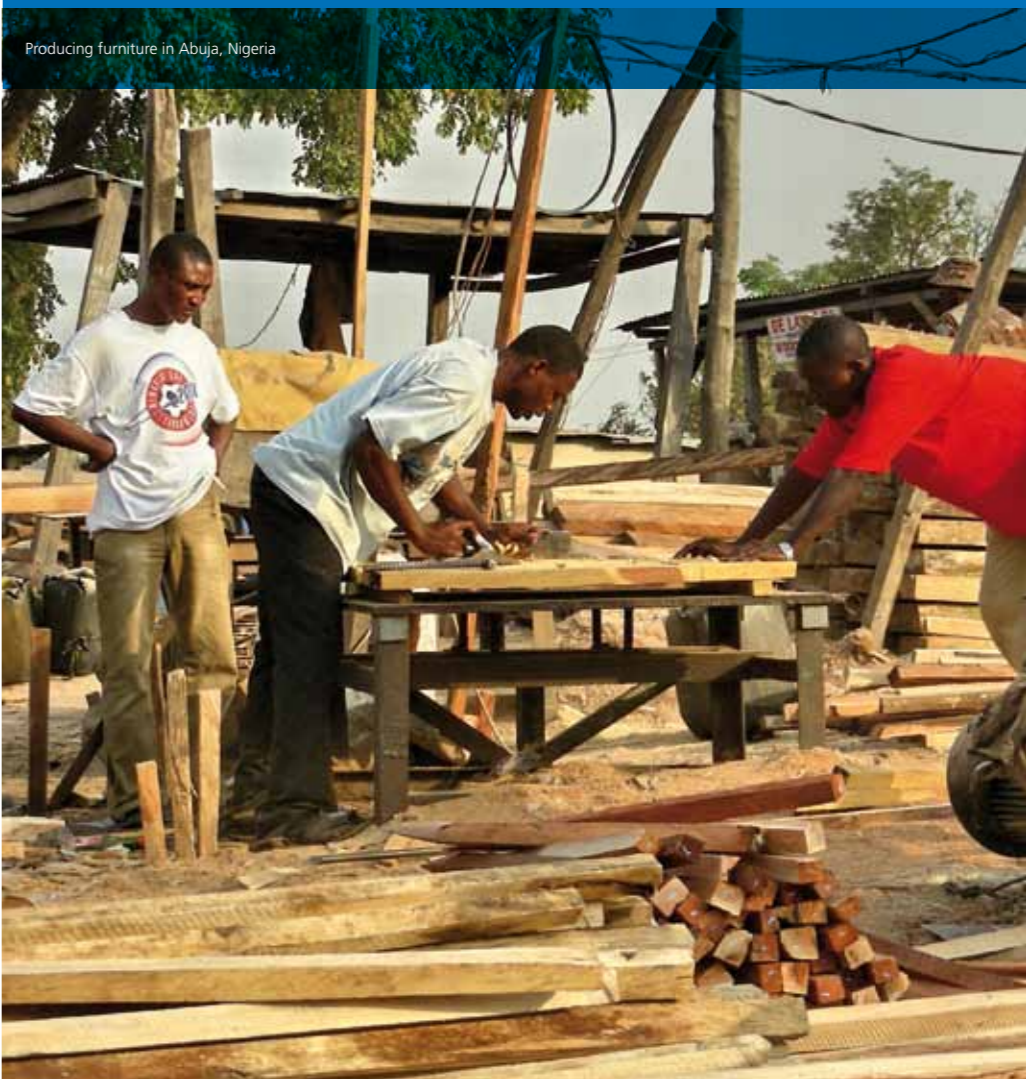
At the pan-Africa level, we work with the African Union Commission (AUC), the African Development Bank (AfDB) as the largest contributor to the African Development Fund, and other institutions.

DFID works closely with several African RECs, including the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Southern African Development Community (SADC), and the Economic Community of West African States (ECOWAS).

We also work with the World Bank as the largest contributor to the International Development Association (IDA), and the European Union (EU) as one of the largest funders of the European Development Fund.

TODAY'S DEVELOPING COUNTRIES... FACE A STARK CHOICE: STAY DIVIDED AND LOSE GROUND, OR BECOME WINNERS WITHOUT BORDERS

2009 WORLD DEVELOPMENT REPORT



Producing furniture in Abuja, Nigeria





The waterfalls of Bahir Dar at the source of the Nile in Ethiopia.
The water at the falls supplies an electricity power station
Photo © Petterik Wiggers / Panos

WHAT HAVE WE ALREADY ACHIEVED?

Despite the challenges of regional integration, there has already been success in a number of areas. Significant African achievements made with the support of DFID and partners include:

- Reducing the transit time from Mombasa through Uganda to Kigali from 19 days in 2005 to 8 days in 2008; and reducing the customs clearance times for goods in transit at the Malaba border crossing between Kenya and Uganda from 3 days to 3 hours.¹⁰
- Raising \$1.2 billion in contributions from international donors to the North South Corridor initiative to upgrade 4,000 kilometres of road, 600 kilometres of rail track, ports and energy infrastructure along major trading routes across eight different African countries. This will reduce transport costs along the North South Corridor by at least 20%.
- Opening the first One Stop Border Post (OSBP) in Africa at Chirundu, one of the busiest borders in Africa between Zimbabwe and Zambia, in December 2009. It is anticipated that border-crossing times could be substantially reduced from 3 days to 3 hours.
- Establishing the Nile Basin Initiative (NBI), a partnership of nine countries, to improve co-operative management and use of the Nile river waters. All countries have agreed regional plans for hydropower and trade. This includes the upgrading of over 700 kilometres of power lines to interconnect Kenya, Uganda, DRC, Rwanda and Burundi. This is expected to reduce the average cost per kWh from 20 US cents to 8 cents by 2020¹¹.
- Increasing investments in the West African Power Pool, which is establishing a regional electricity market in West Africa. The construction of approximately 1,000km of high voltage transmission lines between Côte d'Ivoire, Liberia, Guinea and Sierra Leone will establish a reliable electricity supply.



A man works on an electricity pylon in Liberia
Photo © Betty Press / Panos



¹⁰ World Bank, IDA 15 Mid Term Review of the IDA Regional Programme

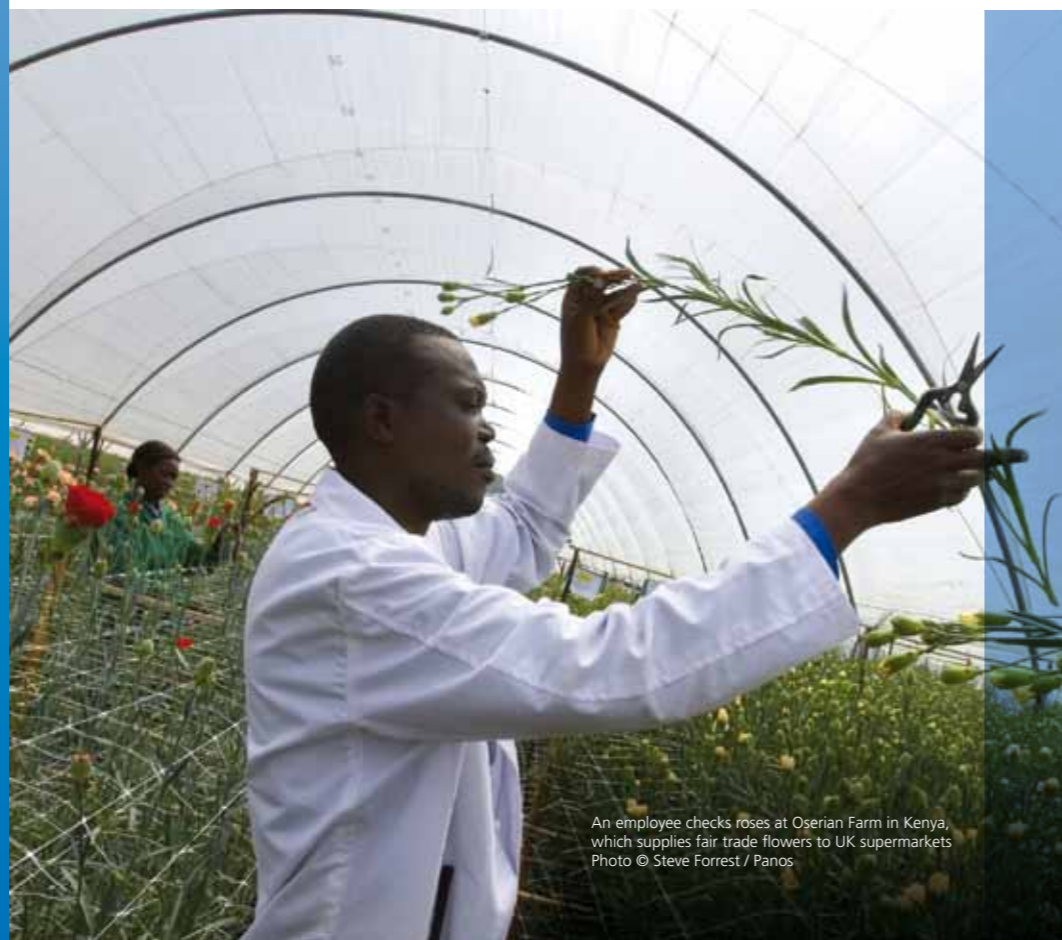
¹¹ Appraisal report for the 'Interconnection of Electric Grids of Nile Equatorial Lakes Countries project', African Development Bank, November 2008

WHAT WILL CHANGE?

Joining up markets will make it easier for countries to trade with each other and the rest of the world. Improved management of shared natural resources will enhance food security and improve resilience to climate change. Greater integration between African countries will result in: higher economic growth; improved and effective transport infrastructure; and the development of a reliable electricity supply, all of which will help to reduce poverty.



Trucks delayed at the Chirundu border between Zambia and Zimbabwe



An employee checks roses at Oserian Farm in Kenya, which supplies fair trade flowers to UK supermarkets
Photo © Steve Forrest / Panos

TRADEMARK EAST AFRICA

The East African Community (EAC) (Burundi, Kenya, Rwanda, Tanzania, and Uganda) is moving forward rapidly with economic integration. A customs union was formed in 2005 and a common market was agreed in 2009.

TradeMark East Africa (TMEA), a not-for-profit company, has been set up to support the EAC and each national government to promote economic integration.

With a budget approaching £100 million, TMEA will help to speed up the flow of goods between countries along the major transport corridors. It will also support the private sector and civil society organisations to understand and engage on regional integration.

TMEA has already funded the design of a one-stop border post between Uganda and Rwanda, which will help to reduce the amount of time it takes to travel from Kampala to Kigali.

TRIPARTITE

In January 2010, DFID and the Tripartite Task Force (TTF) signed a Memorandum of Understanding (MoU) to strengthen cooperation between donors to deepen regional integration.

The Tripartite Task Force is made up of the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC).

The MoU commits the TTF to: promoting and accelerating regional integration in Africa; implementing recent decisions on trade integration and infrastructure cooperation; forming a Free Trade Area; and assisting the Regional Economic Communities with mobilising their resources. This will help Africa to trade more, boosting economic growth and reducing poverty.

THE NORTH SOUTH CORRIDOR

In April 2009, the UK and other donors committed \$1.2 billion to the North South Corridor – a groundbreaking initiative to tackle the problems of poorly maintained roads and railways and red tape at international borders in east and southern Africa.

Under the scheme, 4,000 kilometres of road and 6,000 kilometres of rail track will be upgraded, freeing up bottlenecks on the major trading routes across eight African countries and boosting regional and international trade.

The first one-stop border post, upgraded under the initiative, opened at Chirundu in December 2009. The new border post will reduce the time it takes to cross the Zimbabwe-Zambia border from three days to three hours, lowering the costs of doing business in the region. Two other one-stop border posts will be created along the North South Corridor by 2012.



HOW CAN I FIND OUT MORE?

This booklet forms part of a series to explain DFID's work around the world.
For more detailed information about DFID's work visit the website:
www.dfid.gov.uk

For more information about DFID write to us at:

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