REVIEW ARTICLE

Some Notes on How Africa May Benefit From Globalization

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Abstract

Today, the whole world has increasingly come together with the development of science and technology. The rapid growth of information technology and modern transportation systems have made production, distribution, trade and investment more integrated. This integration and interdependence of different nations with widely varied social, economic, political and cultural developments brought Globalization. The term became quite fashionable in the 1990s in the wake of fast international economic growth. Globalization, as most scholars agree, is the accelerated growth of economic activity across national, regional and international boundaries expressed by increased movement of tangible and intangible goods and services including ownership rights, trade, investment and migration of people. It is often facilitated by lifting government impediments to that movement and/or by technological process. Globalization comprises international economic interactions with an intensive increase in networking through telecommunications and large-scale use of computers, the dominance of big international corporations that deploy investments relatively freely across the globe. Hence, it is apparent that any country could not stop the influence of deepening globalization. This paper attempts to highlight the position of African countries in relation to globalization and some important strategies they could employ to benefit from it. It is also significant to note the negative effects of globalization like global warming and climate change which affects rich and poor countries. This calls for strengthening Climate-Resilient Green Economy initiative to protect African countries from its adverse effects.

Key phrases: /Africa//Economic growth/Globalization/Good governance/ Investment/ market economy/

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1. **Introduction**.

In recent years, globalization has helped countries and continents to increase the growth of their wealth and prosperity but not for all continents and countries. Particularly, in several of the least developed countries of Africa and the rest of the world in general the worsening of the existing imbalances have impeded development and aggravated poverty. Although the global market is largely out of reach for Africa, many of the ill effects of globalization have already hit the continent. Undoubtedly, globalization heightens the risk of instability and marginalization. Peripheralization of the Sub-Saharan countries is reflected in their very small share of world trade (about 2%), very low output and foreign investment (1%). Africa's external debt burden, the unfulfilled promises of foreign assistance to most countries that cannot continue their reform and development efforts without getting financial support have exacerbated the situation (Salim, 1999, p. 4; Daous, 2001, p. 4; N'Diaye, 2001, p. 18). There is, therefore, an underlying fear that Africa could remain potentially impotent and marginalized with its import-export representing only a minute proportion of the world trade. Salim (1999), the OAU Secretary General at the opening speech of the African Development Forum on October 24, had analyzed the challenges facing Africa in the new millennium owing to the globalizing world system as follows:

> *…. At the economic level, the sad reality is that at present, the size of Africa's involvement in global trade is only 2 percent reflecting the extent of its marginalization in on-going arrangements to reorder the world's economic arrangements. This is at a time when international support for Africa's development efforts has dropped precipitously, and destabilizing conflicts are raging in some parts of the continent (Ibid.*,5).

Sub- Saharan Africa had, therefore, entered the new millennium trailing well behind the other regions and facing enormous development challenges (Calamitsis, 2001). The continent has a long way to go to make up for the ground lost over the past three decades so that it may begin to catch up other developing countries. The region's overall performance in particular is well below what is required to achieve the international development goals for poverty reduction, education, health, gender equality and environmental sustainability by 2015, the target date. To attain these goals and more especially the goal of reducing the proportion of people living in extreme poverty by half between 1990 and 2015, Sub- Saharan African countries have to raise their real GDP growth rate by 7-8% a year on sustainable basis *(Ibid*., 11, Salim, 1999,pp. 1-8).

2. How Should Africa Handle Globalization?

The way Africa decides to approach globalization must be determined by its most urgent goals i.e., accelerating economic growth and development and eradicating poverty, which is not only wide spread but deep and severe in many countries. Above all, poverty remains Africa's most pressing problem; thus Africa needs to achieve, as quickly as possible, growth that is both rapid and sustainable. Obviously the challenges to Africa must be met with rigorous actions to allow the region to take full advantage of the benefits of globalization while minimizing the risks. Creating political, social and economic conditions to promote economic activity is necessary. The main questions Africans should ask themselves about globalization include: Can Africa continue to remain isolated as the winds of change sweep through the global economy? What are the advantages and disadvantages of integration into the global economy? Which of the developed countries have favorable policies towards Africa? How can the risks of globalization be minimized? What are the most important lessons Africa can learn from the growth and crises experienced by other countries so that it can more successfully manage the unavoidable difficulties of globalization? To what extent is Africa already integrated into the global economy? How can it improve its competitiveness in the international trade? Is globalization a remedy for all Africa's economic problems and others? What policy measures must Africa put in place to derive maximum benefit from globalization?

Some economists argue that it is odd to regard Africa as a victim of globalization; rather they say it is a victim of lack of globalization and they further explain that its geographical and economic isolation is surely the salient characteristic for its problems (The Economist, 2001,p. 92). It is clear that globalization has enriched the world scientifically and culturally as well as benefited many people economically. The challenges of globalization cannot be reversed by withholding the great advantages of the contemporary technological and international trade and exchange. It is impossible to have a prosperous economy without extensive use of market economy. It, therefore, makes a better sense to think extending the scope of globalization by addressing the causes of Africa's isolation than to think of limiting or reengineering the process of global growth. A fairer distribution of the fruits of globalization is indeed crucial to relieve the challenges of globalization. But this depends on the good will and genuine concern of all the countries and peoples of the developed world.

Europeans took much time to adopt the new market economy. Now days, Africans are, however, being called upon to do everything at the same time: to liberalize their economy, to establish democratic institutions and to make them function effectively, and to keep up with the rest of the world in trade and so on. The demands are so huge with daunting tasks for African countries. Therefore, many countries hesitate in opening up their economies arguing that any benefits from globalization may take some time to materialize while its negative impact is more immediate. President Compaore of Burkina Faso, speaking as chairman of the OAU, basically pleaded for time, arguing that Africa should join the globalization process at a time with more measured pace, as our capacities develop (Harsch, 2001,p. 121). Consequently, Africa should determine its own course and join the globalization process in less subordinating position and deliberately, even if that means integrating into the global economy slowly.

In analyzing how Africa can maximize the benefits of globalization, it is significant to stress an important point that globalization is not a remedy. It will not solve all economic, social and other problems of Africa. Integration into the global economy is necessary but not a sufficient condition for growth and development. Making globalization operational in Africa by minimizing its risks is, therefore, one of the most urgent tasks facing the continent's policy makers. Although a growing body of opinion suggests that the odds for Africa's integration are so unfavorable that marginalization is inevitable, it is worthwhile to discuss how Africa can reposition itself to gain from the advantages of globalization by minimizing the risks in the process to accelerate economic growth and to reduce poverty.

3. International Trade and Capital Flow

For most countries, the avenue of economic integration is international trade. Globalization makes an economy more open and deepens its integration with the rest of the world. International trade will help an economy to be developed by exporting diversified products in line with its comparative advantages and will assist exporters to become less dependent on single export markets or products. Moreover, integration with international market helps an economy to be less dependent on the domestic market. International trade, therefore, remains the main vehicle for Africa's participation and integration with the global economy. Nevertheless, Africa's trade is concentrated in a narrow range of agricultural and mining primary products and within this narrow range Africa's market share has been shrinking. During 1966-69, Africa's average share of total world exports was 5.3% and of imports 5.0%. During 1990-98, however, these figures dropped to 2.3% and 2.2% respectively. This decline is attributed, among other factors, to the restrictiveness of Africa's trade regimes, slow growth of per-capita income, high transportation costs, and the continents distance from major markets. Moreover, although Africa made substantial progress towards trade liberalization in the 1990s, its trade policies have remained more protectionist than those of most of its trading partners and competitors (Ajayi, 2001, p. 7; Daouas, 2001.pp. 4-5).

Tackling Africa's trade problems requires a two pronged policy reform. At a national level, countries need to liberalize trade by removing trade barriers, adopting appropriate exchange rate policies, diversifying and increasing the quantity and the quality of exports. At the international level, African countries should decide on where they should concentrate their efforts: either on the production and export of primary products or on making a determined shift towards industrialization and the promotion of manufactured products, based on their own objective conditions.

Since early 1990s, Africa has made substantial progress in liberalizing trade. In 1990, more than 75% of the countries in the continent had trade regimes classified as restriction based on IMF's Index of Aggregate Trade Restrictiveness and none had trade regimes that could be classified as open. In the early 1990s, however, many of these countries have adopted ambitious structural adjustment programs, which have included efforts at trade reforms. Now, only about 14% of African countries' regimes are classified as open (Sharer, 2001, pp. 14-17). Nevertheless, on the average, the trade regimes of African countries still remained significantly more protectionists than other countries, including Africa's major trade partners, while 61% of the countries outside Africa have trade regimes classified as open (*Ibid*).

It is important to note, however, that openness may also make an economy more vulnerable to external shocks such as abrupt changes in the terms of trade that can significantly reduce growth. If the shocks directly affect certain sectors such as agriculture, they can have significant effects on the economy of African countries. These countries should, therefore, develop a well coordinated trade strategy and play a more active role in both demanding and making concessions in trade negotiations and the industrialized countries should also eliminate restrictions against imports of African products.

Another avenue to globalization is capital flow. Africa has, however, failed to attract capital flows it needs because of negative perception of the continent's economic and political activities, its poor infrastructure and inadequate legal framework, particularly for the enforcement of contacts (Ajayi, 2001, pp.7-8).

Although foreign direct investment in developing countries has increased in recent years, Africa's share of the total has remained as low as 3% *(Ibid.)*. In their effort to make themselves attractive to more direct investment, African countries must have to take measures such as expediting the approval process, removing restriction on remittance of profits, providing liberal tax incentives and allowing foreign participation in the privatization of state owned enterprises, i.e., liberalizing investment laws, offering fiscal incentives, easing restrictions on capital entry and strengthening banking and financial systems. All these must be done cautiously without necessarily affecting the interests of the citizens, for instance as it is being done in land lease policies of some African countries.

Another important avenue to globalization is through improving fiscal policy. Sound fiscal and monetary exchange policy plays a very important role in consolidating economic activity and in strengthening competitiveness. This is mainly because a sound fiscal policy enhances tax efficiency and revenue collection through various reform measures, such as curbing tax evasions and exemptions and strengthening revenue administration. Sound fiscal policy will also reduce unproductive outlays and increase pro-poor spending, thereby improving the quality of public expenditure and reinforcing social cohesion. In general, through sound fiscal policy, government borrowing from the banking system should be strictly limited, if not eliminated, so as to provide greater scope for bank financing of the private sector and to facilitate monetary management (Calamitsis, 2001, p.12). Concurrently, fiscal policy should try to keep inflation in check mainly through open market operations and ensuring that interest rates are freely determined by market forces. Through fiscal policy it is also important to encourage the establishment of well-structured financial institutions that could offer needed savings and credit facilities, particularly for poor people in the rural areas.

4. Infrastructural Developments

Advances in telecommunication and transportation are another important avenue to globalization. It is often said that computers, telecommunications and the internet are the beginning of a single global nervous system in the globalized world (Urquhart, 2000,p. 12). The main forces behind globalization are not only the increasing ease of communication and transportation but also the falling cost of communications. The cost of telephone calls has dropped in most countries, and the number of telephones has increased in all regions except Africa. The telephone sector in Africa is characterized by low network penetration rates, obsolete equipment and long waiting lists for telephone lines. As recent as 1996, there were only two lines for hundred Africans (Ajayi, 2001, pp. 7-8). To obtain a telephone in Africa one is expected to wait for three and half years on the average which is the longest in the world. Telecommunication's infrastructure is a conduit to the internet, which lies at the heart of the information technology that is necessary for a market based economy (*Ibid*., Belanger, 2001, p. 31). There are about 330 million people in the world on the internet. Africa has, however, about 5 million internet users, out of which 2/3 live in South Africa (Belanger, 2001, p. 31). If Africa continues to have the lowest tele-density and the fewest computers any region in the world, it will remain marginalized and will be cut off from information, knowledge and technology. Therefore, it will, be unable to compete in the global economy. Complete integration with the global economy requires a functioning, readily accessible and affordable telephone system. Africa must, hence, take the necessary steps to rectify its deficiencies in the area. Information technology should be considered not only as part of the solution to the African problem but also as a crucial part (*Ibid*).

It is quiet significant to note that African countries themselves bear primary responsibility for achieving reforms and development programs to pull themselves up and to become part of the world. Development partners have also a crucial role to play for Africa's social, economic and political stability (Daouas, 2001, p.5). As the first step, the industrial countries could support Africa's efforts to benefit from globalization by allowing the continent's exports duty free and quota free access to their markets which could enable the heavily indebted countries to integrate better with the global trading system. Gaining open access to the industrial countries' markets on a more permanent basis would significantly increase investor confidence. Relief from the burden of their external debt through cancelling or rescheduling would enable the African countries to save resources that could be allocated to productive investment (*Ibid*.). The same partners could also provide additional support by promoting flows of private capital to African countries, especially foreign direct investment, which instead of generating debt, creates new jobs and often brings new technologies to the African countries. Indeed, if African countries are to raise their level of technological development, they will need to establish partnership with the advanced industrial countries in the areas of natural resources, particularly minerals. Through the partnership know-how would be transferred from the advanced economies to the countries of Africa and would help position the continent's products to meet global demand and to compete internationally. Africa's development partners could also provide support by honoring their existing financial commitments to the reduction of poverty (*Ibid*).

Generally, to have a maximum impact and the best prospects for success, the reform programs of African countries should, therefore, be supported decisively by the international community in the context of a new partnership for development. Although several important initiatives have already been taken by industrial countries and multilateral institutions, including the IMF and the World Bank, these need to be broadened and deepened to ensure that all countries share the opportunities and the benefits of globalization. The international community can make a vital contribution to African progress by promoting steady, non-inflationary growth in the world economy and by strengthening the international financial architecture, thereby reducing the rise of major crises and destabilizing capital flows, actively supporting efforts to restore peace and security to the war-torn countries, and by giving the poor countries free access to industrial countries markets, especially for agricultural products, textiles and clothing. It is important to provide deeper and faster debt relief to all eligible countries under the enhanced Heavily Indebted Poor Countries Initiative (HIPC) and to increase substantially official development assistance in support of sound programs for reducing poverty (Bush and Szeftel, 1998, PP. 174-175; Calamitsis, 2001, P. 13).

5. The Role of International Financial Institutions

Although the role of development partner is very important, any African country has to formulate its own development strategy with a comprehensive program of action that best suits its specific circumstances. Moreover, to be effective, the country's strategy needs to be based on an open, transparent and participatory approach that ensures broad national ownership of the desired goals. The direction of policies and measures that is needed for African ownership of national development strategies should be emphasized. Africa should also start to criticize sharply the common donor practices of tying aid to purchase of goods or services from that particular country (Harsch, 1999,p. 122). This has been gaining ground in recent years under the impetus of a number of African Action Programs which have now been merged into the New African Initiative. This initiative is firmly based on the principles of African ownership, leadership and commitment to the implementation of a strong domestic policies and reforms. But it has to be coupled with increased and better-coordinated international technical and financial assistance (Calamitsis, 2001,p. 12).

The efforts of the institutions that safeguard the international monetary and financial system to reduce the risks of globalization and improve the living standards of people should not also be undermined. Their objective is to achieve a sound and sustainable growth without major shocks and, thus, reduce poverty. Although the IMF and the World Bank have paid remarkably little or no attention to global inequality, they must work to implement a participatory poverty reduction strategy and to make globalization a process of integration and not of marginalization (Daouas, 2001,p. 5; Wade, 2001,p.13). In providing finance, the IMF and the World Bank should provide more room to African countries to make their own choices to implement homegrown programs while focusing on measures that are critical for the success of the IMF or World Bank supported programs only.

International financial institutions can, therefore, help Africa to maximize the benefits of globalization and to reduce poverty if they may take the following measures (Gondwe, 2001,p. 33; Nsouli and Le Gall, 2001,pp. 34-65):

- Ensure the strengthening of national economic stability and performance through their programs and policy advice.
- Help regional organizations monitor the economic performance of their member countries by releasing information on individual country so as to compare country performance and stimulate peer pressure on weak performance.
- Help to enhance regional policy coordination and institutional harmonization.
- provide technical assistance in tax harmonization and the establishment of regional banking commissions;
- Help to promote investment in regions by facilitating the establishment of regional investment councils in strong performing regions of Africa that will provide for direct and regular contact between potential investors from developed countries and high level government officials and entrepreneurs.

There is ample evidence that Africa's external debt burden has been a severe obstacle to investment and renewed growth (Bangura, 2001,p.41). The structural adjustment program has led many African countries into debt trap, with the debt continuing to soak up a major portion of the least developed countries budget by creating fiscal crisis. Moreover, huge external debt stocks have deterred investment and seriously undermined economic growth and employment (Egulu, 2001/2, p.19). The Tanzanian Prime Minister, Frederick Tluway once explained: "… the high cost of debt servicing denies the degree of freedom to spend on the core issues for development. It denies us the opportunity to spend on the social sector, on infrastructure…." (Harsch, 2001, p.121). Robert Mugabe, the President of Zimbabwe, had also commented: "Sustainable African development and the eradication of poverty needed, not charity, but a new creditable partnership giving urgent attention to debt relief" (Bush, 1998, p. 176).

The IMF sought to confront the issues of debt and poverty specifically through two channels. First, the Heavily Indebted Poor Countries Initiative (HIPCI) which was launched in 1996 aimed at reducing the external debt burdens of eligible countries which are mostly in Africa to a sustainable level. A total of about 34 billion dollars of debt relief has been committed to 23 countries under the HIPCI and of this 25 billion has been committed to 19 African countries (Bangura, 2001,p.37; Nsouli and Le Gall , 2001,pp.34-36). Second, the Poverty Reduction and Growth Facility (PRGF) which was enhanced in 1999 also focused on ensuring additional finance for social sector programs, primarily basic health care and education. The PRGF represented a commitment by the international community of the IMF in its poorest member countries. Moreover, with a focus on good governance, the PRGF provides an important link between poverty reduction and the International Financial architecture. Of the IMF's 77 low-income countries eligible for PRGE assistance, 40 are found in Africa *(Ibid)*. Consequently, efforts made to strengthen financial systems through rapid and comprehensive debt relief and poverty reduction will, therefore, benefit both Africa and the international community.

6. The Role of African States

Redefining the role of African states is yet another important avenue to globalization. Until recently, in most African states, the scope of their activities had no defined limits. In addition to its sovereign functions which include security, justice, education and health care, the states in Africa had been involved in economic life through direct control over production and distribution of goods and services. In a number of countries the state is also responsible to manage financial institutions as well as to control trade and capital flows between the national economy and the rest of the world. Interventionist system which was justified in various ways limited private initiatives to marginal activities prevented the emergence of real entrepreneurial class. It is from this restrictive and regulatory framework that African countries must extricate themselves if they are to realize their right potential in the global economy (Willett, 2001, p.5).

Although priorities vary from one country to the other, African countries should give particular attention to the following critical areas to remove impediments to investment and growth and thereby to reduce poverty and inequality.

(1) Investment in training people and capacity building. In accordance with the international development goals, it will be important to increase basic education programs to achieve universal primary education and to eliminate gender disparities in access to education. Progress in education and training will also have to be broader and deeper to help Sub-Saharan African countries to bridge the digital divide, to take full advantage of the vast knowledge available on the internet, and to improve their ability to compete in the world market (Ajayi, 2001,p.8, Dauouas, 2001, pp. 4-5).

(2) Improving infrastructure and increasing agricultural development. In view of the major deficiencies in infrastructure, most countries will require substantial new investment in roads, ports, clean water, power and telecommunications. Investment in transport for landlocked countries needs to enhance their economic integration with other countries. It will also be necessary to transform agricultural practices and to increase productivity for both food and export cash crops so as to achieve sustainable economic growth and poverty reduction.

(3) Fostering trade liberalization to encourage international transactions and to exchange, and (4) increasing the role of private sector in the context of globalization. In the context of globalization the private sector is the main engine of growth. Its operations must be free from cumbersome regulatory or bureaucratic procedures that could slow its expansion. Private investment will require a credible regulatory framework and an enhanced and efficient legal system that safeguards property rights, adequately enforces contracts and protects healthy competition.

(5) Promoting good governance in all its aspects. This is probably the most crucial area of reform as it would underpin and sustain the implementation of the entire country strategy for faster and more equitable growth. In most cases Africa's hitherto record in this respect is so gloomy and even dark. Good governance should start from the top, with the political leadership. They must be free from corruption and set the best example by clearly demonstrating a firm commitment to responsible policies and practices. At the same time, this example should spread to branches of the administration, the judiciary and society at large to ensure that all forms of corruption are eliminated (Egulu, 2001/2, p. 22; Helleiner, 2001, p.206; Mugerwa, 2002, p.52).

African countries need to focus mainly on the following issues to promote good governance (Ajayi, 2001, p.8; Egulu, 2001, p.2, p. 22; Camdessus, 2001, pp.365-366; Gondwe, 2001, p.35; Nsouli and Le Gall, 2001, p.35):

- the *establishment of participatory democracy*;
- the *transparency of government*: citizens must be kept informed on the decisions of the state and their justifications;
- *simplicity of procedures*: whether in fiscal matters, investment, or other area, administrative procedures need to be as simple as possible, with the number of participants reduced to a minimum;
- *responsibility*: public officials must be held accountable and, and if necessary, penalized for offences;
- the *elimination of corruption*: even though elimination of corruption in Africa will take time, even with strong and honest political leadership, eradication of corruption is imperative for promoting healthy competition and strengthening of efficiency of economic management;
- the *granting of individual freedom and collective expression*: a free and responsible press, in particular, is an important pillar of democracy;
- *independence of legal system*: the legal system must be free from pressure and intervention from political forces or any other organization, to ensure that its decisions are independent and impartial.

(6) Reducing the size of public sector. The state should withdraw from the commercial sector and devote more time and resources to the delivery of essential public services. The tool for this is the privatization of inefficient public enterprises. The private sector is far better equipped than the government to manage commercial activities and its ability to adopt to changes in the environment is greater (N'Diaye, 2001,p.19).

(7) Increasing the role of Civil Society. Civil Society can also play a dual role in many African countries to help African growth. First, as a mouth piece for democracy, it is the main challenge to the power of the state, limiting deviation from the good governance and acting as a regulator in the political arena. Second, represented by consumer associations and non-governmental organizations, it serves as a watchdog to reduce market excesses (*Ibid*).

The movement of people across national borders is also another avenue to globalization. Over the years, and with more increase in recent times, many Africans have moved to Canada, France, the United Kingdom and the United States. The main push factors from home include poor working environments, deteriorating infrastructure, political instability and conflicts. It is estimated that more than 30,000 Africans with doctoral degrees work in Western Europe and North America.

The advantages of emigration include workers' remittance which assures their countries of origin a steady flow of foreign exchange and development of contacts that can lead to acquisition of better skills, experience and exposure to latest technologies.

The African Diaspora can thus make an important contribution to the continent's development (Ajayi, 2001, p. 7; OAU, 2001, p.3).

Regional integration is another stepping-stone for enhancing trade and investment, economic efficiency and equal participation in the global economy and growth in general, and it has been accorded with high priority in Africa's development strategy. According WTO, the question of globalization and regional economic cooperation particularly with the emerging economies have become the crucial issues of the present day international relations and integration process. In addition to globalization and multilateralism, regionalism is increasingly becoming one of the main factors in establishing the future world relations and in achieving lasting peace, security and prosperity (Buljac, 1998, p.1).

If properly conceived, promoting regional integration at home is an important intermediate step towards integration into the world economy by helping African countries to overcome the challenges of globalization and other obstacles for development. For African countries which are individually handicapped by small markets, weak basic infrastructure and inefficient financial and human resources, regional integration can actually speed up globalization. Close trading links between African countries on the one hand and the emerging economies on the other could strengthen their capacity to participate in world trade. Africa should pursue regional integration with a view to help harmonize national policies and to create larger markets with incentives for removing restrictive trade practices and for licensing procedures, streamlining customs' procedures and regulations, integrating financial markets, simplifying transfers and payment procedures, harmonizing tax treatments and encouraging free movement of goods, capital and people (Ajayi, 2001, pp. 6-7; Gondwe, 2001, p.32; N'Diaye, 2001, p. 20; Shares, 2001, p. 16).

African countries could also get physical and financial benefit from the establishment of regional infrastructures. A regional approach to key infrastructural areas such as tariff reduction and harmonization, financial sector reorganization, investment incentive and tax system harmonization and labor market reform-enables participating countries to pool their resources together so as to attain greater technical and administrative competence than they could attain individually. In addition, the establishment of shared energy, power, telecommunications and transportation systems is cost effective. Further, it helps to bring countries closer together as they set common regional policies (*Ibid*.; OAU, 2001, pp. 2-3). Therefore, efficiency is the first argument for the need of regional integration. When producers and countries specialize in the production of goods, the whole region benefits, people can afford cheaply. Moreover, goods that cannot be made on the domestic market can often be achieved on a larger regional market. Above all, regional integration can provide more experience and the benefits of competition for general high cost products with less risk than in the wider world. Pursuing such regional approach will, in turn, allow countries to assert their interest in the international arena from stronger and more confident positions.

Although regional integration in Africa has a long history, however, it has a long uneven implementation record. Numerous problems have continued to impede the progress of regional integration in Africa. The production structures of most African countries are the same and hence exportable products tend to be competitive rather than complementary. Inadequate transport and communication systems have partly contributed to the disjointed nature of African economies and severely restricted the movement of goods, persons and capital. In addition, the lack of currency convertibility, the continued existence of tariff and non-tariff barriers, a fear of losing out of more developed member states of regional groupings, and differences among political leaders have remained obstacles to closer integration throughout the continent (Mwamadzingo, 2001/ 2, p. 10).

Moreover, the problem to the regional trade arrangements and to further integration in Africa is the existence of a number of different overlapping and internally inconsistent regional arrangements and initiatives – especially acute in Eastern and Southern Africa. The various regional groups such as the Common Markets for Eastern and Southern Africa (COMESA), the South African Customs Union (SACU), and the South African Development Community (SADC) have overlapping memberships, conflicting obligations, different strategies and objectives, conflicting rules and administrative procedures. The complexity of Africa's trade arrangements, therefore, reduces the potential trade gains from regionalism and undermines the improvement in the investment climate that arises from larger markets, added certainty and stability of polices, and improved transparency (Gondwe, 2001:33; Nieuwkerk, 2001, p. 11; Sharer, 2001, pp. 16-17). The real challenge is also to ensure that the regional organizations are perceived as effective means of integrating Africa into the world economy, fostering mutual support among members in their reform efforts. To become proper vehicles for global integration, regional organizations should be seen pushing for openness to the rest of the world.

7. Essential Factors for Integration

There are many factors that enable Africa to achieve integration, but the following are decisive. First, there must be a real political will to pursue regional integration objectives and to give the priority over domestic consideration. Second, a resolute effort must be made to rationalize existing arrangements. Third, efforts are needed to coordinate economic policies by reinforcing peer-group surveillance of national economic policies and to work more intensively to harmonize standards and regulations (Gondwe, 2001, p. 33; N'Diaye, 2001, p. 20). Fourth, criteria for entry into African integration should not be so high and burdensome by political problems; the selection criteria should be more rational and balanced without excluding anybody or creating any kind of privileged group. African countries, without exception, must have a better understanding of today's world profound changes and mastery of the ongoing information revolution.

African regional organizations must be viewed and established as instruments that can facilitate the gradual integration of African countries' economy with the world economy by providing African products access to the regional market. They must neither limit themselves to protesting nor become protectionist fortresses against globalization (Oman, 1994, p.29). Regionalization takes a variety of institutional forms. These ranges from a free or preferential trade agreements, in which participants do not have a common external trade policy, or a customs union, in which they do, to deepen forms of integration such as tying of currencies, the harmonization of some domestic policies, and natural recognition of standards and regulations. In the extreme it can even involve full economic, monetary and political union. These institutional arrangements have in common the exercise of the state to lower barriers, especially policy barriers, for inter-regional economic activities (*Ibid*., 6-7).

Many countries in Africa, as is the case in other parts of the world, are taking greater interest in regional economic integration and have developed programmes for the promotion of this cause (Bulajic, 1998, p. 1; Mwamadzingo, 2001/2, p. 11; OAU Report, 2001, Pp. 11-12; Misser, 2001/2, p. 23), and there are now some encouraging steps and progresses towards regional integration with the new African initiative adopted by African heads of states. The West African Economic Monetary Union (WAEMU) has also made considerable progress, in recent years, in establishing a free trade area to reinforce its common currency. The rates and numbers of external tariffs have been removed by WAEMU (Bulajic, 2001, p.1; Gondwe, 2001; N'Diaye, 2001, p. 20).

Even though the situation in Eastern and Southern Africa is more challenging, given that there was no history of a common currency on which to build, efforts are underway to establish separate free trade in Southern African Development Community and the Common Market for Eastern and Southern Africa by establishing a task force to improve cooperation between the two groups (Gondwe, 2001, p. 33; OAU Report, 2001: 11). This was a result of the establishment of the Regional Integration Facilitation Forum (RIFF) in 2000, aimed at trade and investment promotion (OAU Report, 2001, pp. 7-8).

After centuries of division, African countries now seem ready to compete rather than to confront, to cooperate rather than to clash or to dominate. There is no alternative for African countries but to improve and strengthen their bilateral and regional cooperation and to become part of the overall African integration process (*Ibid.,* 11-12). Apparently, this is the best way for African countries to overcome the complex transition hardship. They must engage in tougher competition aiming at higher technological and informational standards. African countries must organize themselves regionally to respond jointly, relying on their own resources and upholding their own interests in the changed institutional relations. Implementation of this policy, in full and in good faith, is the best way for African countries to overcome the inherited mistrust and occasional irrational behavior, to create a climate of better understanding, good neighbor relations, confidence and stability, to facilitate political and social reforms and strengthen regional integration.

8. Concluding Remarks

Handicapped by the weakness of its infrastructure, lack of qualified human resources and low level of industrial development, Africa is clearly not sufficiently integrated into the global economy. However, it is also clear that the continent cannot afford to remain on the sidelines of globalization for much longer. To facilitate its inclusion into the world economy, Africa must begin to make significant institutional reforms particularly by refocusing on the functions of the state towards its essential mission of delivering needed public services, within liberalized and transparent framework and by strengthening the rule of law as well as the role of the civil society, which is critical for many social and economic changes. Regional economic integration is also a necessary element for securing Africa's active participation in the global world economy.

All the reforms necessary for African transformation will incur extremely high financial and social cost that by far exceeds the continent's current resources. Africa should, therefore, count on international cooperation to support its economic development efforts and to manage effectively its own resources. Particular attention must also be paid to manage the external debt that weights heavily on public finance. The various debt reductions undertaken by the international financial community are very encouraging and should be explored more intensively.

Africa has also an enormous need for new financial resources to encourage investment, and it is hoped that Africa's partners can help orient more direct foreign investment to the continent. Financial aid from international agencies tends to be subject to numerous conditions and payment procedures of debt are often unwieldy. Flexibility in the delivery of aid and financing might help to speed up African economic growth.

Finally, Africa must be able to count on the technical assistance of its external partners to strengthen its human resource capabilities. In this regard, particular attention should be paid to training in the use of new information and communication technologies, to minimize the risk and the challenge and to benefit from globalization.

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