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New Economic Partnership for Africa`s Development (NEPAD) and Africa`s quest for regional economic integration. The case of Southern African Development Community (SADC).

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Declaration

I, Courage Chigombe, do hereby declare that this document is an entirely original outcome of my work, unless otherwise attributed to others. I further declare that I have not submitted this thesis, or part thereof, for the purposes of examination for another degree at any university.

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Signature Date

Dedication

This study is dedicated to my loving parents, brothers and sister and all those who gave me courage and their kind support

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I wish to extend my sincere thanks and appreciation to: The Almighty God who carried me through difficult times while writing this dissertation. Without Him, this dissertation would have not been possible.

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ABSTRACT

Despite according high priority to regional economic integration and being clustered by regional economic schemes, Africa's regional economic integration record is not inspiring. With the transformation of the OAU to the African Union (AU), the New Partnership for Africa`s Development (NEPAD) was adopted as the development program of the continent to drive the impetus of economic integration through trade. At the time NEPAD was adopted, regional integration schemes in Africa were facing problems of low intra-regional trade levels despite trade being identified as the engine of activity and economic growth for regional economic integration. The study was centered on Southern Africa with precise attention on SADC. Even though trade is accepted as a vital engine of economic growth and development, this is not the case with SADC. The study was looking at the contribution of NEPAD in intra-regional trade in Africa with special focus on SADC. This was prompted by the fact that regional integration is business as usual within the sub region while problems that have been confronting regional schemes are continuing unabated after the adoption of NEPAD. The study used the historical approach because it provides the study with an advantage of accessing existing literature with regards to what is really stalling intra-regional trade in SADC. The study findings noted that NEPAD has not fully addressed the problems of intra-regional trade within SADC and the continent at large. The study lastly concludes by giving a way forward for NEPAD to respond to the specific needs of SADC for the promotion of intra-regional and equitable trade.

Table of Contents

CHAPTER TWO: REGIONAL INTEGRATION IN AFRICA: THEORETICAL AND CONCEPTUAL OVERVIEW

CHAPTER THREE: HISTORICAL BACKGROUND ON THE TRANSFORMATION OF SADC

Acronyms

ACM	African Common Market (ACM)
AEC	African Economic Community
AMU	Arab Maghreb Union
AU	African Union
DFA	Department of Foreign Affairs
DRC	Democratic Republic of the Congo
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EU	European Union
FDI	Foreign Direct Investment
FTAA	Free Trade Area of the Americas
ICM	Integrated Committee of Ministers
IMF	International Monetary Fund
LDC	Less Developing Countries
NAFTA	North America Free Trade Area
NEPAD	New Partnership for Africa`s Development
OAU	Organization of African Unity
PIDA	Programme for Infrastructure Development in Africa

RECs	Regional Economic Communities
RISDP	Regional Indicative Strategic Development Plan
SADC	Southern African Development Community
SADDC	Southern African Development Coordination Conference
SAPs	Structural Adjustment Programs
SARPN	Southern African Regional Poverty Network
SPA	SADCC Programme of Action
UNECA	United Nations Economic Commission for Africa
WB	World Bank

List of Figures

CHAPTER ONE

GENERAL OVERVIEW OF THE STUDY

1.1 Introduction

The quest for economic advancement has always constituted a vital part of development thinking and planning in Africa. After the attainment of independence from the colonial powers from the 1960s, the need to center on Africa`s development path became a vision among African leaders. This led to the formation of the Organization of African Unity (OAU) in 1963 which regarded regional economic integration as a solution for tackling socio-economic challenges in the continent. The need was felt among leaders for stronger regional integration in Africa especially against the backdrop of the effective regional integration efforts in the other continents of the world. To date Africa has a number of regional integration communities designed to promote an accelerated balanced social, economic, political and cultural development of the member states (Buthelezi, 2006). All these regional integration schemes were aimed at gradual integration of national markets, pooling of human resources and promotion of investment to achieve faster economic growth and higher standards of living through cooperation in all fields of economic activity and interdependence among member states. In all these arrangements trade has become the central focus through which cooperation and integration were to be achieved (Monyai, 1997).

UNECA (2010:1) emphasizes that regional integration remains the vital strategy that will assist African governments to fast-track the transformation of their fragmented small economies, expand their markets, widen the region's economic space, and reap the benefits of economies of scale for production and trade, in so doing maximizing the welfare of their nations. Regional integration increases competition in global trade and improves access to foreign technology, investment, and ideas. African leaders thus consider it an important path to broad-based development and a continental economic community, in accordance with the Treaty Establishing the African Economic Community (1991) and the Constitutive Act of the African Union (2000).

Consultancy Africa Intelligence (2013) emphasizes that regional economic integration has been at the forefront of economic and political discourse in Africa. Hence African leaders have committed to implementing the regional economic integration agenda, recognizing that without it most African countries, many of them landlocked, have small domestic markets that restrict economic growth and limited individual negotiating power. Various African states have low per capita income levels and small populations which result in limited markets. Small domestic markets and continental fragmentation translate into a lack of scale economies in the production and distribution of goods and services. It is for this reason that African governments embraced regional integration as an important element of their development, among other things, to ensure access to international trade through regional markets, thus allowing trade to be an engine of economic growth.

In order to give substance to the vision of regional economic integration the Abuja Treaty (1981) of the OAU divided the continent into five regions namely North Africa, West Africa, Central Africa, East Africa and lastly Southern Africa. These OAU designated regions represented, in the main, by: the Arab Maghreb Union (AMU) in the North; the Southern African Development Community (SADC) in the South; the East African Community (EAC) in the East; the Economic Community of West African States (ECOWAS) in the West and the Economic Community of Central African States (ECCAS) in Central Africa

(Mwanasali, cited by Moore, 2004:4). African Union Commission (2013:15) argues that since the formation of the OAU, regional integration has been the main concern of the continent, which was strengthened by the change of the OAU to AU in 2002.

The Abuja Treaty (1994), which is the foundation of the African Economic Community (AEC), is the legal framework of the African integration process which is stated in its Article 6 (2), the six stages leading to the AEC. In addition, the Sirte Declaration of 1999 urged African countries to speed up the implementation of the Abuja Treaty and the Accra Declaration of July 2007 stressed the need to fast-track the economic and political integration of the African continent. According to the Abuja Treaty, the major objectives of the AEC are as follows:

- to establish; at a continental level, a framework for the development, mobilization and utilization of the human and material resources, in order to achieve a self-reliant development;
- to promote cooperation in all fields of human endeavor, in order to enhance the standard of living of African peoples, and maintain and enhance economic stability, foster closer and peaceful relations among member states and contribute to the development and the economic integration of the continent; and
- to coordinate and harmonize policies among existing and future economic communities, in order to foster the gradual establishment of the community (African Union Commission, 2013:18).

The AEC founded through the Abuja Treaty, signed in 1991 and entered into force in 1994, is envisioned to be created in six stages:

- Stage One: (completed in 1999) creation of regional blocs in regions where such blocs do not yet exist ;
- Stage two: (completed in 2007) strengthening of intra-REC integration and inter-REC harmonization;
- Stage three: (To be completed in 2017) establishment of a free trade area and customs union in each regional bloc;
- Stage four: (To be completed in 2019) coordination and harmonization of tariff and non-tariff system among the RECs with a view of establishing a Free Trade Area culminating in a continent-wide customs union;
- Stage five: (To be completed in 2023) establishment of a continent-wide African Common Market (ACM);
- Stage six: (To be completed in 2028) establishment of a continent-wide economic and monetary union and a Parliament; and all transition periods are expected to end in 2034 at the latest (African Union Commission, 2013:19).

The stated stages of the community include, among others, the creation of Free Trade Areas, Customs Unions, a Common Market, and a single currency, all leading to the establishment of an Economic and Monetary Union. Presently the AU recognizes eight RECs, with overlapping member states in many of them. The RECs consist primarily of trade blocs and, in some cases, involve some political cooperation. All these RECs form the 'pillars' of AEC (African Union Commission, 2013:18). Therefore it was within these five regional groupings that the impetus for economic growth was expected. Whilst on the other hand Ndomo (2009:8) states that the ultimate result would be an economic union with a common currency, full mobility of factors of production and free trade among all the continent`s fifty-three countries (now fifty-four). Therefore, regional integration was adopted by the OAU for many leaders within the African continent viewed it as a tool for promoting economic growth and sustainable development and improving the standards of the African people (Bolaky, 2011).

Despite high priority to regional integration and the continent being clustered by regional economic schemes, the continent`s regional integration record is not inspiring. Africa continues to be plagued by the same socio-economic challenges ranging from low levels of development, high levels of poverty and underdevelopment, amongst others.

With the transformation of the OAU to the African Union (AU), the New Partnership for Africa`s Development (NEPAD) was adopted as the development program of the continent to drive the impetus of economic integration through trade. NEPAD aims to reduce poverty, put Africa on a sustainable development path, halt the marginalization of Africa, and empower women (NEPAD, 2013). The program seeks to address its aim by stressing on the thematic areas of agriculture and food security; climate change and natural resource management; regional integration and infrastructure; human development; economic and corporate governance and crosscutting issues of gender and capacity development (NEPAD, 2013).

At the time NEPAD was adopted, regional integration schemes in Africa were facing problems of low intra-regional trade levels despite trade being identified as the engine of activity and economic growth for regional economic integration. UNECA (2013:2) highlights that intra-African trade has vast potential to create employment, catalyze investment and foster growth in Africa. Therefore ever since gaining political independence in the 1960s, African governments have made several efforts to exploit this potential of trade for development, the most recent being the renewed political commitment by African leaders at the African Union summit in January 2012 to boosting intra African trade and to fast tracking the establishment of a continental free-trade area. By most accounts, African countries have not made significant progress in boosting regional trade. Over the period from 2007 to 2011, the average share of intra-African exports in total merchandise exports in Africa was 11 per cent compared with 50 per cent in developing Asia, 21 per cent in Latin America and the Caribbean and 70 per cent in Europe (UNECA, 2013:2). Available evidence indicates that the continent's actual level of trade is also below potential, given its level of development and factor endowments.

In relation to regional integration, Southern Africa still has a number of obstacles to clear so as to reach the decisive goal of addressing the sub region`s development dilemma through improving intra-African trade. Southern Africa faces low intra-regional trade levels, deep inequalities of intra-regional trade shares and lack of binding mechanisms to regional commitments. Mlumbi-Peter, cited by Ftwonline (2013) with regards to SADC, points out that the volume of trade among co-operating member countries has remained problematically low. Figures show that intra-SADC as a percentage of SADC`s total trade has remained stagnant at roughly 15% over the entire period of implementation (Mlumbi-Peter, cited by Ftwonline, 2013). The low intra-African trade implies that many opportunities are lost in terms of benefiting from the gains of trade, promoting growth and accelerating development.

1.2 Problem Statement

African countries do not trade much with each other. This has meant that they have been unable to fully harness the synergies and complementarities of their economies and to take full advantage of economies of scale and other benefits such as income and employment generation that greater market integration would have provided (African Union Commission, 2013:156). With regards to SADC, Mlumbi-Peter, cited by Ftwonline (2013), points that the volume of trade among co-operating member countries has remained problematically low as indicated above. Figures show that intra-SADC as a percentage of SADC`s total trade has remained stagnant at roughly 15% over the entire period of implementation. The low levels of intra-regional trade among regional integration member countries is an indication that trade relations with non-members are still stronger than with members in the scheme after 35 years of co-operation. Moreover, inequalities in trade share among members in SADC region are growing with more economically strong members continuing to benefit from the arrangement. This indicates the vacuum created by the lack of a regulatory framework to address these problems. Although trade is accepted as a vital engine of economic growth and development, this is not the case with SADC. South African trade leads both the overall SADC and intra-SADC trade. Particularly South African exports were 68.1% of intra-SADC exports for 2010, our base year, but a significantly lower 14.8% of intra-SADC imports (Sandrey, 2013:1). South Africa as shown by these trade figures stands as a greater exporter to SADC states while remaining a small importer. As a result of South Africa`s dominance within SADC this has resulted in uneven trade relationship among SADC states. This to a greater extent has undermined intra-regional trade within SADC. Therefore, this study raises a question as to what has been the role of NEPAD in terms of equalizing intra-regional trade in SADC. The study pursues to question what has been done by NEPAD in addressing these teething problems so as to prompt an increase in intra-African trade. This question is prompted by the fact that regional integration is business as usual within the sub region while problems that have been confronting regional schemes are continuing unabated after the adoption of NEPAD.

1.3 Objectives of the study

The study is set with the objective of assessing the feasibility of NEPAD towards the pursuit of intra-regional economic integration in Africa. The study will be centered on the SADC in the Southern African region.

Specific objectives include:

- An analysis of the prospects and problems facing NEPAD in addressing issues of low intra-regional trade and unequal trade in SADC.
- Identifying a way forward for NEPAD to respond to the specific needs of SADC for the promotion of intra-regional and equitable trade.

1.4 Significance of the study

Contemporary literature on regional integration in Southern Africa has been centering on the impact of these development strategies specifically Structural Adjustment Programs (SAPs), the current economic crisis as well as the NEPAD. It has been treating them as separate entities to Southern Africa`s development overlooking the interface of regional integration in relation to SAPs, the current economic crisis as well as a NEPAD. Apparently, there has not been much literature centering on regional integration with regards to SAPs, the current economic crisis as well as NEPAD. A lot of this literature has centered much on the problems and prospects of the SAPs with evidence suggesting their incompatibility with enhancing regional economic integration within the subregion. As a matter of fact, there have been assertions that NEPAD is utilizing the same approaches as was used during the era of the SAPs. It is as a result imperative to cross-examine NEPAD`s viability with respect to the subregion`s pursuit for regional integration. It is by problematizing regional integration in relation to SAPs that can expose the feasibility of NEPAD in enhancing regional integration. This study will add to the body of knowledge, providing alternative viewpoints to the development discourse in the Southern Africa sub region. By interrogating the state of regional integration in Southern Africa, the study will create awareness for policy makers, highlighting important aspects relating to the transformation of present day actions towards the realization of regional integration.

1.5 Research Methodology

Research methodology defines what constitutes a research activity and it defines what methods to apply, how to measure progress, and what constitutes success. In every research study, different research questions require different kinds of approaches; hence various methodologies have emerged to deal with them Clarke (2005:34). According to Cavaye (1996:232) the methodology chosen for any research depends on what one is trying to do rather than commitment to a fussy paradigm. The methodology applied must match the particular trend under examination and there are several approaches to research methodologies, namely, quantitative, qualitative, and historical.

Dawson (2002:14) note that qualitative research explores attitudes, behaviors and experiences through such research methods as interviews or focus groups. Whilst the qualitative methodology attempts to get an in-depth opinion or response from the respondents by means of giving importance to the behavior and experiences.As a result of giving importance to the behavior and experiences of the respondents which takes a long time to acquire fewer respondents take part in qualitative research however the contact with the respondents tend to last a lot longer as compared to quantitative research. Burns & Grove (1987) state that, the quantitative methodology describes, tests, and examines cause and effect relationships, using a deductive process of knowledge attainment. Whereas, Cormack(1991) points out that, qualitative methodologies test theory deductively from existing knowledge, through developing hypothesized relationships and proposed outcomes for study, qualitative researchers are guided by certain ideas, perspectives or hunches regarding the subject to be investigated. Qualitative research is influenced by the 'paradigm' of social constructionism, description and interpretation. In addition, quantitative research mainly generates statistics through the use of large survey research, using methods such as questionnaires or structured interviews (Dawson, 2002). Dawson furthermore points out that the quantitative type of research reaches many more people that the qualitative research, however, the contact with those people is much quicker than it is in qualitative research.

Historical research has been defined as the systematic and objective location, evaluation and synthesis of evidence in order to establish facts and draw conclusions about past events (Borg) cited by Cohen et al (2007:191). In historical research, the researcher does not interfere with events and naturally does not witness them directly but describes, analyses and interprets those that have already taken place. For that reason, given the above, a distinction has to be made between primary and secondary data. A primary source is the written or oral account of a direct witness of, or a participant in, an event or an audiotape, videotape or photographic recording of it. Primary sources accordingly represent first-hand information of what happened. Whilst secondary sources provide second hand information. Secondary sources are those that have not witnessed the event but have obtained the information from someone else. Therefore, as a principle, historical research seeks to the greatest extent possible to refer to primary sources rather than secondary sources (Huysamen, 1994: 162). The information collected will then be subjected to thorough interrogation and criticism before being interpreted and synthesized as accepted fact.

As a resultthis research has used the historical approach which is more appropriate for the study amongst the other research methodological approaches because it offers insight into the past, current trends and future possibilities as opposed to the other research methods. In addition, its greatest strength as compared to quantitative and qualitative research methods is that it applies to all fields of study because it encompasses their origins, growth, theories, personalities, crisis, and so on (Rahman and Marjan, 2013: 2). The researcher thus chose the historical approach because it provides the study with an advantage of accessing existing literature with regards to what is really stalling regional integration in SADC. Moreover, the historical approach has the ability to employ the past to predict the future and to explain the future, and use the present to explain the past, which gives it a dual and unique quality which makes it especially useful for all sorts of scholarly study and research (Cohen et al, 2007:193).

1.5.1 Data Collection

The historical approach deals with data that already exists. Manu (2013:6) states that there are four major methods that researchers use to collect historical data. These are archival data, secondary sources, running records and recollections. The archival data, or primary sources, are typically the resources that researchers rely most heavily on. Archival data includes official documents and other items that would be found in archives, meseums, etc. Secondary sources are the works of other historians who have written history. The sources of data in historical research may be classified into two main groups, namely, primary sources and secondary sources. Cohen et al (2007:193) note that primary sources are the life-blood of historical research whilst secondary sources may be used in the absence of, or to supplement, primary data. De Vos et al (2005:315) state that primary sources of data are seen as the original written material of the author`s own experiences and observations. Sources of primary documents include manuscripts, laws, archives of official records, official publications, newspapers and magazines, recordings, log books and research reports. All these can be used to transmit information about first-hand accounts of an event. Secondary sources consist of material that has been derived from someone else as the original source (De Vos et al, 2005:351). Secondary sources do not bear any physical relationship to the event being studied. Secondary sources in historical research include quoted material or information, printings of paintings or replicas of art objects. Running records are “documentaries maintained by private or nonprofit organisations.” Finally recollections include sources such as autobiographies, memoirs or diaries (Manu, 2013:6).

Armed with the research problemthe researcher conducted a background literature review. Then refined the research questions which mapped the way forward for the researcher to identify as well as locate the primary and secondary sources of data. This study has made use of books, journals, academic articles and background papers as well as reports in the light of creating an in-depth understanding of the problem at hand. Furthermore internet sites have been visited for relevant information in exploring Africa`s development predicament in relation to regional integration, SAPs and NEPAD. This has strengthened the quality of knowledge sourced in research as well as create a solid base to offer alternatives to the problem at hand.

1.6 Delimitations of the study

The study is subjected to one set of delimitation which is geographic coverage. The study focuses on one representative regional economic community instead of analyzing all the continent`s regional economic communities. This limitation is due to the scope in order to gain a deeper understanding of the role of NEPAD in enhancing trade rather than to gain a thinly spread picture in the rest of the continent.

1.7 Ethical Considerations

The study will be guided by the University of Fort Hare academic research ethics protocol and it will also adhere to the University's policy on research guidelines. The researcher is aware of the fact that this study will involve a lot of literature or studies by other researchers, therefore the researcher is to seek permission from relevant authors to cite their work where it is relevant as well as to quote and acknowledge the work of other people to avoid plagiarism. Hence the researcher will seek formal permission from prohibited materials where necessary, it will acknowledge authors and not fabricate knowledge. The researcher understands the commitment to respect the relevant authorities by ensuring that the application of the academic point of view does not undermine the professional authority but rather seeks to strengthen ideas.

Conclusion

This chapter briefly highlighted on the historical background of how regional integration became a critical initiative towards addressing the socio-economic development challenges haunting Africa, particularly Southern Africa. The chapter contended that its record within SADC is not inspiring as the subregion is facing problems of low intra-regional trade even though trade was identified as the engine of activity and economic growth for regional economic integration. As a result the study pursued to question what has been addressed by NEPAD in addressing these teething problems, so as to prompt an increase in intra-African trade and what it has contributed towards enhancing intra-African trade which in turn would contribute to the sub region's take-off. The chapter`s objectives are to provide an analysis of the prospects and problems facing NEPAD in addressing issues of low intra-regional trade and unequal trade in SADC, as well as identifying a way forward for NEPAD to respond to the specific needs of SADC for the promotion of intra-regional and equitable trade. The chapter pointed out the importance of the study that by interrogating the state of regional integration in Southern Africa, this will create awareness to policy makers, highlighting important aspects relating to the transformation of present day actions towards the realization of regional integration.

The study is organized in six chapters followed by references. Chapter 1 has given a historical background of regional integration in Africa. The chapter accordingly explained the context of the study and the location in which the study is focused. The statement of the problem, objectives and significance of the study were highlighted showing the importance of the study and how it will influence policy making. Lastly, the chapter deliberated on the most appropriate research methodology which the study is going to center on the historical approach. The historical approach was chosen for it will provide the research with an advantage of accessing existing literature with regards to what is rely stalling regional integration within the continent. The chapter highlighted on the delimitations of the study, the ethical considerations and also the outline of the study.

Chapter 2 cross-examined the role of regional integration, the kind of problems threatening it and lastly the impact of SAPs on regional integration in Africa. This chapter also debated theories that form the basis for this study and these are the international trade theory and the neo-liberal theory. The chapter will cross examine these two theories in relation to regional integration, a move that will assist the understanding of regional integration within the context of the international trade and neo-liberal theories so as to assess whether regional integration is still useful towards addressing Africa`s development challenges.

Chapter 3 formed the background of the study which is SADC in Southern Africa. It spoke to the origins of regional integration as well as the existing relationship that exists between SADC and NEPAD in relation to regional economic integration. Furthermore, it looks into the research methodology which is going to be used in the study as well as the ethical considerations guiding the study. Chapter 4 centered on NEPAD as a development strategy for Africa. The study evaluated NEPAD, dwelling mainly on strengths as well as weaknesses with the aim of weighing its contribution towards ensuring the realization of SADC`s objective of sustainable regional socio-economic development through regional integration. The study moreover in this chapter sought to find out whether there is anything new in the current process of regional economic integration in the context of SADC.

Chapter 5 was centered on the analysis of the study`s findings on regional economic integration performance especially with regards to intra-regional trade and unequal trade within SADC and NEPAD being the study`s point of analysis. Chapter 6 constitutes the conclusions of the study centering on the way forward SADC and the continent at large should take towards ensuring the realization SADC`s objective of realizing sustainable regional socio-economic development through boosting intra-regional trade as well as regional integration.

CHAPTER TWO

REGIONAL INTEGRATION IN AFRICA: THEORETICAL AND CONCEPTUAL OVERVIEW

2.1 Introduction

The study in this chapter attempts to interrogate the fact that, in spite of being clustered by a number of regional integration schemes, regional integration within Africa still lags in the realization of balanced social, economic, political and cultural development of the continent. The chapter discusses the role of regional economic integration within the continent as well as centering on the kinds of problems threatening regional economic integration efforts. An elaborate discussion on the impact of SAPs and the recent economic crisis on the regional economic integration is also undertaken.

The chapter in addition centers on the international trade theory and the neo-liberal theory. These theories will aid in the conceptualization and understanding of whether regional integration is still useful towards addressing the subregion’s development challenges. The chapter closes by outlining perspectives on SADC and the NEPAD.

2.2 The Role of Regional integration

Africa stands as a continent comprising of 54 countries which are not integrated and whose markets are fragmented and small. Maruping (2005:131) states that regional integration can foster competition, subsidiary, access to wider market (via trade), larger and diversified investment and production, socio-economic and political stability and bargaining power for the countries involved. It can be multi-dimensional to cover the movement of goods and services (i.e. trade), capital and labour, socio-economic policy coordination and harmonization, infrastructure development, environmental management, and reforms in other public goods such as governance, peace, defence and security. Ouattara (1999) states that, regional integration if properly conceived, offers many advantages for developing countries. Firstly, closer trading links between these countries would strengthen their capacity to participate in world trade on a more equitable basis. Regional integration would enable many countries to overcome the obstacles represented by their relatively small domestic markets, by enabling producers to realize greater economies of scale and benefit from the establishment of regional infrastructures.

Sako (2006) is of the view that enhanced regional cooperation and integration will provide the continent with a platform for effective participation in international negotiations. Sako adds that regional bargaining power and pooling of expertise are crucial to Africa in terms of a meaningful contribution to reshaping the global economic order and protecting the interests of its peoples. Sako (2006:1) emphasizes that Africa has no choice but to integrate into world economic and financial systems, if it is to grow sustainably and reduce extreme poverty which is a major challenge that NEPAD is trying to address. African regional economic communities (RECs) have a significant role to play as they are the main institutions expected to implement NEPAD's programs. To this end, the RECs need requisite human and institutional capacity for effective implementation of the continent's integration strategy as stressed by Sako (2006:1). Sako further points out that given the nature of the continent's economies, regional cooperation and integration are important for facilitating the integration process. The success of the European Union (EU) since the 1950s bears a strong testimony to the potential benefits of regional integration. If properly conceived and implemented, regional integration offers numerous advantages to developing economies. Closer trade links among such economies have the potential of strengthening their capacity to participate in world trade. Countries can thus overcome obstacles caused by the relatively small size of the domestic markets, by offering producers opportunities to realize greater economies of scale and benefit from the establishment of regional infrastructure.

Sako (2006:1) adds that a regional approach, in major structural areas such as tariff reduction and harmonization, legal and regulatory reforms, rationalization of payments system, financial sector reform, investment incentive and tax system harmonization, and labor market reform, among others, enables participating countries to pool their resources and take advantage of regional institutional and human resources. The regional approach also allows countries to have a common front for asserting their interests from a stronger and more confident position in the global market and in international economic relations.

2.3 Regional Integration performance

Sako (2006:5) points out however that overall progress over the last four decades has been sluggish. The process has not produced any significant positive impact on the economic performance of the continent. Unlike the economic integration schemes in other parts of the world, such as the EU in Europe, the North America Free Trade Area (NAFTA) in North America and the MERCOSUR in South America, African RECs have not succeeded in accelerating growth or trade. A fair general assessment of African regional integration arrangements indicates their failure in meeting their stated objectives. Sako (2006:5) notes that, intra-African exports as a proportion of the continent’s total exports amounted to only 7.6 per cent in 2000 as against a ratio of 17.2 for Latin America, a region which has not been as active as Africa in the promotion of cooperation and integration. In spite of the multitude of regional integration schemes on the continent, average income per capita is lower today in Africa than at the end of the 1960s.

Sako (2006:5) highlights lack of complementarity of member countries' production structures; lack of political will to mainstream regional commitments and agreements into national plans to ensure the success of the process; weak national and regional institutions; lack of coordination and harmonization of economic policies; lack of involvement of other stakeholders – the private sector and civil society - in the cooperation and integration process; inadequacy of human and institutional capacity for the design and implementation of cooperation and integration programs; disproportionate allocation of resources highly skewed in favor of conflict-related issues as against economic cooperation and integration issues; inadequate infrastructure; poor perception and assessment of costs and benefits associated with the process: public revenue loss due to tariff reduction, lack of assurance of market integration benefits to individual member countries, unequal distribution of integration benefits and long-term benefits as against short-term losses; high incidence of conflicts and political instability; poor design and inadequate sequencing of regional integration arrangements; multiplicity and overlapping membership of regional integration schemes and mandates and lastly inadequate funding of regional integration process and related institutions as factors accounting for the poor performance.

Sako (2006:6) affirms that the continent's high enthusiasm for regional integration has not been matched by commensurate political will and commitment of member states to effectively implement agreements reached under various integration arrangements.

Sakofurther adds that few countries on the continent seem to be prepared for the partial surrender and the pooling of sovereignty, which is critical for the success of any regional integration scheme. Many protocols have been signed but remain unimplemented, due to absence of effective sanctions against defaulting member states and weak enforcement and implementation capacity. Lack of political will and commitment have been reflected in the failure to meet target dates set for the attainment of objectives.

Accordingly, the integration process on the continent is also constrained by the high incidence of conflicts among member states. Conflicts hinder integration and development by curtailing economic activities, destroying infrastructure and constituting a serious barrier to the flow of trade and investment. Effectiveness of the process is also being limited by the multiplicity of schemes, which imposes a huge burden on the limited administrative and financial capacities of the countries concerned and leads to conflicting obligations. This explains why most member states find it difficult to adequately meet financial obligations to integration schemes and the failure of such schemes to effectively implement their programs and policies (Sako, 2006:6).

Africa's regional integration process has also been set back by the poor design and sequencing of the arrangements. This is reflected, inter alia, in the heavy emphasis of most of the schemes on trade liberalization and market integration without much regard for the fostering of production integration/regional complementarities or the development of regional infrastructure (especially transport and communication) to drive market integration; the inability to adequately handle issues relating to human rights, good governance, accountability, and transparency, which are vital for political stability, peace and security and required for the attainment of economic objectives of integration; the absence of self-financing mechanisms for the regional integration organizations; the inadequacy of mechanisms to ensure that the benefits of integration are equitably distributed among the member states; the lack of involvement of the private sector and civil society in the integration process; and the disproportionate time allocated to conflict-related issues, which has significant implications for the skills and competencies required by the RECs (Sako, 2006:6).

2.4 Problems threatening regional economic integration

Africa, despite being clustered by a number of regional integration schemes, regional integration within the continent lags behind owing to a number of threats which are both internal and external. Overlapping membership stands out as posing the greatest threat owing to the fact that a number of countries within the region are belonging to two or more regional groupings which in the end puts regional integration at stake. Ndomo (2009:10) notes that as documented in many studies, multiple and overlapping memberships in RECs has created a complicated web of competing commitments which, combined with different rules, result in high costs of trade between African countries, in effect undermining integration. At the same time Gibb (2006), states that overlapping membership also comes with many operational and legal difficulties since it overstretched national negotiating capacities. This is obscuring the goal of regional integration as a strategy especially for a regional institution whose member states are not endowed with excellent human capital and membership fees that have to be paid in foreign currency to the various regional institutions.

Nomvete, cited by Nyirabu (2004:23), notes that in general, the major problems that cut across African integration schemes are more or less the same. These include lack of grassroots support, excessive external dependency, institutional weakness, multiplicity of organizations, politics, underdeveloped economies, the international economic structure and distribution of the benefits of integration. Paradoxically, these are the same problems that are the very reasons why regional integration in Africa is on the agenda and will continue to be in the foreseeable future. It is owing to these problems that regional integration seems to be a daunting task within the continent despite its perceived importance towards addressing Africa`s socio-economic problems.

Jane (2011:11) points out that there are far more economic challenges facing the continent as a region at this time than any other region. The region has debt crises, African economies are totally underdeveloped and at best dependent on a few primary commodities, there is as well the huge proliferation of regional groupings and trading blocs and these end up competing among themselves and facing instances of member nations owing divided loyalty to a number of groupings, there are wars and unending conflicts, diseases, droughts, poor governance mechanisms characterized by bribery and corruption and most importantly infrastructural challenges.

Jane (2011:11) adds that with all these challenges combined, member states are every time reluctant to adopt harmonized economic policies that would boost a collective approach in tackling them. As a result, if regional integration is to prosper in the region, the provisions with respect to regional policies must take importance over narrower domestic policies. The continent has as well been largely divided by other issues like language, with a broad division between Francophone and Anglophone states. Jane (2011:11) notes that this has over the years shaped their dependence biases in the direction of former colonial powers. This comes as well with different policy orientations and this additionally weakens integration initiatives. By and large this forms a collection of a myriad of further threats to Africa's collective approach.

Sako (2006:8) highlights that, with the emergence of a new global economic order, regionalism has received a new impetus with countries and regions, including the major industrialized countries, striving to expand their economic space and market size as a means of protecting their interests, strengthening their economic base, and enhancing their importance and relevance in the new order. Thus, the EU, which has achieved a significant deepening of its integration through the recent adoption of a common currency – the Euro – is planning to widen its economic space through the inclusion of some East European countries. Negotiations for EU membership of these countries are nearing completion this year. The other major regional integration initiatives that are currently in the works include the Free Trade Area of the Americas (FTAA) comprising 34 countries from Canada to Argentina, and the Asian Pacific Cooperation Agreement among the US, Japan, China, Canada, Australia, Mexico and a dozen other countries bordering the Pacific. In light of these developments, the strengthening of regional cooperation and integration has become a matter of survival for Africa, which is currently the weakest link in the global economic and political systems. More than ever before, regional integration and cooperation now constitute an indispensable springboard to integrate the Continent effectively into the world economy and share the benefits of globalization. It is needed to transform the continent's weak production structures and fragmented markets and improve the competitiveness of the African economies.

Minimal intra-regional trade remains to be a challenge to regionalism and economic integration within the continent. Trade among nations in regional and economic groups is significant to the development of the region. Intra-regional trade contributes positively to the widening of the markets; has a capacity of creating jobs and speeding investment and growth, and has the ability to position nations to take advantage of even greater trade with countries outside the region. In addition, increased trade within regional and economic groups in Africa has the potential to develop its communication infrastructure, transportation and financial market, as these are essential for smooth trade. Regardless of these potential benefits, African nations have not made enough effort to boost intra-regional trade (UNCTAD as cited by Sakyi and Opoku, 2014:17). Poor transport infrastructure and limited access to funding to support trade have time and again been cited as impeding intra-African trade (Longo and Khalid, UNCTAD and World Economic Forum as cited by Sakyi and Opoku, 2014:17). UNCTAD cited by Sakyi and Opoku (2014:17) further added that African leaders have over concentrated on the removal of trade barriers at the expense of developing productive capacity that will enhance trade and have also neglected Africa`s private sector in integration initiatives and efforts.

The AU (2006:6) stresses that lack of compensatory mechanism for losers stands as the continent`s challenge in moving forward Africa integration agenda. The payments of compensations to the losers of the integration process as well acts as a restriction for the full implementation of integration schemes. Tariffs and other trade taxes account for an important share of the revenues for many African nations, on the other hand much of the revenues are not from intra-Africa trade. The likely loss of revenue, if all the protocols of the integration process are implemented, could impede the integration process, even if the potential benefits of integration outweigh the cost. In addition, if nations are at different stages of development, the gains from integration are as well disproportionate; therefore some member nations would be unwilling to fully commit themselves to the integration process. It may be essential to have an agreement by the gainers to compensate the losers.

2.5 Impact of SAPs on Regional Integration

SAPs, despite their intended goal of solving economic crises affecting the developing world, have greatly worsened the situation and posed a huge backlog in Africa`s bid towards regional integration. Lee (2002:5) states that neoliberalism, the orthodoxy that calls for limited governmental intervention in the economy, through privatization, the demise of the welfare state and monetary and fiscal discipline (the so called Washington Consensus), has been at the forefront of economic policies in Africa in the guise of International Monetary Fund (IMF) and World Bank (WB) Structural Adjustment Programs (SAPs). After two decades of SAPs there is a growing consensus that they have failed, leaving most African countries further marginalized within the world economy. It is as a result of these SAPs that Africa to date is still facing a daunting task propelling its development path through regional integration.

Moses et al, cited by Mutasa (2003:4), poses that though trade liberalization is linked with the quest for regional integration, trade liberalization is also associated with increased debt levels. In SADC for instance, trade liberalization was followed by devaluation of local currencies that meant that debtor firms or governments had to search for more local currency to pay off foreign debts. Trade liberalization exposed local industries to intense foreign competition that caused company failures and inability by firms to meet their debt obligations both local and foreign. Konings and Meilink (1998:137) note that the SAPs trade liberalization opened the door for relatively cheap imports of manufactured goods.

This quickly out-competed fragile African industries and threatened to remove any basis for regional industrialization programmes in the future. Liberalization allowed firms to borrow directly offshore, sometimes without approval by government, leading to huge debt built-up. It is with the SAPs conditionality of trade liberalization, as asserted by Moses et al, cited by Mutasa (2003:4), that regional integration within Africa was negatively impacted. The continent was trapped in a debt trap. It is as a result of the SAPs, Africa is haunted by this debt problem and it stands as the continent`s greatest obstacle towards its attainment of regional integration.

Jauch (2012) is of the view that SAPs were built on the fundamental condition that debtor countries have to repay their debt in hard currency. This led many African countries to adopt a policy of ‘exports at all costs’ because exports were the only way for ‘developing’ countries to obtain such currencies. This greatly undermined the continent`s bid to ensure regional integration in the sense that most of the African countries had assumed the role of exporters of primary commodities and giving the industrialized nations to exploit them. As Konings and Meilink (1998:137) further stated that the emphasis of SAPs on achieving immediate increases in export earnings triggered competition among African states in their efforts to maximize exports of the same primary commodities. This had a deleterious impact on prices and thus on the net earnings from exports. Hence African countries found themselves in a competitive situation which tended to undermine the cause of cooperation. Konings and Meilink (1998:137) are of the view that SAPs brought about a reduction of domestic effective demand (due to a drop in consumer purchasing power). This would very likely discourage imports from partner states, which again is not compatible with the required process of African integration and cooperation. Intra-regional trade owing to the SAPs was heavily hindered owing to the fact that Africa was characterized by high levels of indebtedness and lack of foreign exchange and this made it difficult for neighbouring states to trade equally within a regional bloc. This intensified the demand for foreign currency to enable countries to import from outside Africa. For example, the obsession with foreign currency has been extended to African countries and their fellow REC members to pay in foreign currency, thereby forcing most of them to trade with the North. Consequently the debt burden in African countries has increased as a result of arrears (Mutasa, 2003:5)

2.6 Impact of the current economic crisis on regional integration

It is owing to the economic crisis that the continent`s path to attain regional integration has been greatly derailed due to the continent being a major exporter of primary goods. The African Union Commission (2009) notes that trade is the major channel through which the global economic and financial crisis impacted negatively on Africa’s economic growth and development. It asserts that between 1995 and 2006, Africa’s exports increased at an average rate of 12 per cent per annum. This growth of exports, which was due largely to increased global demand for, and the associated increase in the prices of African commodities, contributed significantly to the impressive economic growth performance achieved by many African countries. However, due to the economic crisis, the global demand for goods and services produced in Africa witnessed a sharp fall. Accordingly, the resultant decline in export earnings coupled with the other effects of the crisis such as the decreasing inflows of direct foreign investment, remittances, trade finance and official development assistance had a devastating impact on Africa’s economic growth performance. This which is in contrast to Shah (2013) who had predicted that Africa's generally weak integration with the rest of the global economy many African countries would not be affected by the crisis initially, as was suggested by Reuters in September 2008. In recent years, there has been more interest in Africa from Asian countries such as China. However, as the financial crisis is hitting the Western nations the hardest, Africa may yet enjoy increased trade for a while. Shah (2013) emphasizes that these earlier hopes for Africa may be short-lived.

In May 2009, the IMF warned that Africa`s economic growth will plummet because of the world economic downturn, predicting growth in Sub-Saharan Africa will slow to 1.5% in 2009, below the rate of population growth (revisiting downward a March 2009 prediction of 3.25% growth due to the slump in commodity prices and the credit squeeze). Shah (2013) in highlighting the negative side of the economic crisis towards regional economic integration, points out that the IMF conditionalities in the past have been very detrimental to Africa. This at the end of the day led to the obscuring of Africa`s dream of attaining regional economic integration as the continent continued to be riddled with debt. Palitza, cited by Shah (2013), emphasizes that owing to this, African countries face increasing pressure for debt repayment as the crisis gets deeper and the international institutions and western banks that have lent money to Africa need to shore up their reserves more. Palitza argues that much of the debts owed by African nations are odious, or unjust debts.

The African Development Bank Group (2009) asserts that at the regional level, the crisis did dampen prospects for increased intra-Africa trade by worsening financing constraints for the RECs. It is owing to this financial crisis that African governments have not been able to fully provide for the financial requirements of RECs during the growth period. The financial crisis compounded the inability of these countries to meet their financial obligations to RECs, undermining their ability to effectively carry out their mandates. The rationalization of the RECs, notably to reduce multiple memberships by African countries may partly reduce the burden that countries face in meeting their obligations to different regional bodies. The recent economic crisis has negatively impacted on the continent`s need to attain regional integration for intra-Africa trade in conjunction with the poor state of infrastructure and inadequate trade facilitation which are among the major factors contributing to lower intra-African trade (African Development Bank Group, 2009).

Under the AU, NEPAD is seen as a vehicle for socio-economic growth and development. It is armed with the primary objective of eradicating poverty in Africa and placing African countries both individually and collectively on a path of sustainable growth and development, halting the marginalization of Africa in the globalization process through trade. NEPAD consequently acknowledges regional integration as critical to achieving its aims. NEPAD aims to promote regional economic integration by bridging Africa's infrastructure gap. NEPAD (2013) declares that there can be no meaningful development without trade and there can be no trade without adequate and reliable infrastructure. However, though NEPAD has initiated several initiatives to promote regional and continental integration it is to a lesser extent taking forward regional integration. It seems to prioritize only on one of the threats hindering the continent`s dream which is infrastructure whilst overlooking the other threats drawing it back such as low intra-regional trade and unequal trade. NEPAD does not have a clear framework on how these challenges can be averted which at the end of the day leaves the continent to be plagued by the same socio-economic problems.

Regional integration in Africa is greatly obscured by the issue of excessive dependency of the continent`s states on developed Western countries. This greatly threatens Africa`s vision towards regional integration. Most countries within the subregions of the continent depend on Western nations for imports of raw material supplies and manufactured products, even in the cases where products of comparable quality may be available in member states. This runs counter to the rationale for creating bigger markets to facilitate the growth of viable production ventures. Africa`s high dependence on imported materials from the West makes the region`s economies to be vulnerable to foreign exchange availability which in Africa is typically in short supply. Moreover, inter-sectorial and intra-sectorial linkages are bound to be weak, because firms buy their requirements from the Western nations rather than from within the continent.

Disastrous effects of war, disease and drought are among the problems hindering Africa`s integration. Diseases ranging from malnutrition to AIDS cannot be ignored. Many analysts, among them Holman (1993), point out that AIDS is already taking a heavy toll on Africa in general. More than 15 million sufferers are in Africa, many from the skilled urban class on whose shoulders ought to lie squarely the arduous task of rejuvenating African economies through structural reforms, regional integration and other means. At the micro level in various ministries, companies and industries, AIDS-related problems come in the form of falling effectiveness, productivity and efficiency due to disability, rising sick leaves and time taken off by the employees to care for relatives (Muuka, Harrison and McCoy, 1998).

Lee (2002:5) adds that while the demand for an outward-looking trade policy, namely the removal of barriers of trade, has done more to open the economies of Africa than has regional economic organization been able to do, such liberalization has not resulted in increased intra-regional trade among African countries, but instead with the core states within the capitalist world economy. With the SAPs conditionality of currency devaluation Africa was negatively impacted in the sense that it fuelled unequal terms of trade in which the West would buy African exports at cheaper prices. This entailed that Africa would be the one to bear the burden of importing expensive products. It is given such a horse and a rider relationship between Africa and the West such a trading imbalance, Africa`s bid to attain regional integration suffered a huge set back under the SAPs.

As a result of the SAPs trade liberalization, Lee (2002:5) further notes that this increased trade has for the most part been one-way, with the core countries having flooded the African periphery with more efficiently produced and or cheaper products that have cause massive industry closing or deindustrialization. Thus the impact in Africa was two-fold in nature in that as a result of trade liberalization the continent was subjected to exploitation as well as having her internal trade to withering. It is with trade being a major driving force behind economic development that this exploitative relationship at the end greatly obscured Africa`s need for regional integration for the continent could not stand alone without trade with western countries.

The conditionality of privatization was highly detrimental as it led to retrenchments and unemployment which in turn worsened the continent`s poverty levels. The continent`s bid towards regional integration was compromised, Konings and Meilink (1998 :137) note that the dramatic budget cutbacks as mandated by SAPs were in conflict with the necessity to contribute financially to regional development plans. As a consequence of the (SAP-related) retrenchments in the public sector, the capacity to provide state personnel for the implementation of regional Integration plans also diminished.

It is during this era of the SAPs that most of the African countries lost their drive to diversify their commodity production and were subjected to cut-throat competition with each other for they were involved in the exportation of the same primary commodities. This greatly obscured the goal of regional integration for there was divided loyalty amongst African countries in their bid to free themselves from debt. Hence exporting these primary commodities proved viable and yet costly as it gave leverage to the developed states to exploit African countries to their own advantage. SAPs, rather than creating oneness, created rivalry and competition among regional states which at the end obscured the goal of attaining regional integration within the continent.

2.7 Theoretical Framework

The study draws upon two theories that form the basis for this study; these include the international trade theory and the neo-liberal theory. This conceptual framework places regional integration within the context of the international trade and neo-liberal theories so as to aid in the conceptualization and understanding whether regional integration is still useful towards addressing Africa`s development challenges. The international trade theory is the main framework which will be supplemented by the neo-liberal theory so as to clearly understand and conceptualize why nations engage in international trade. Thus this section examines the theories in order to ascertain if they are useful in explaining regional integration in Africa, as well as their successes and shortcomings in Africa`s efforts to attain self-reliance and sustainable development through regional integration.

2.7.1 The Comparative Advantage Theory

The international trade theory makes some profound assertions about the welfare of countries in a trading relationship. It states that trade provides an avenue to exchange surplus national production for the products of other countries. It encourages resource allocation based on perceived comparative advantage and acts as an engine of economic growth (Economic Commission for Africa, 2004:81).

According to the Carter Centre (2010), countries engage in international trade because they stand to gain if they specialize in the production of products with low opportunity cost. Ricardo asserted that countries should understand their factor endowments then direct production to the best alternative in utilizing the available resources. A country undertaking such specialization would then engage in international trade with other countries to get those products which are of second best alternative in utilization of resources. However, the comparative advantage theory has its shortfall. Todaro et al (1997: 439) argue that the theory leads to conclusions which are not very relevant in many developing nations. The theory explains the relationship of production functions with trade; in a free trade economy, however, other factors such as the impact of supporting infrastructure on trade and trade policies, are not captured. The phenomena of transactions and exchange date back as far as history can tell; they are basic components of human activity because people or nations exchange goods, sometimes for money or through barter transactions, and for making profit (Todaro et al,1997: 7).

The theory of comparative advantage may be inferred from Adam Smith`s theory of absolute advantage that trade between any two nations is possible only if each country has an absolute advantage in the production of at least one commodity and absolute disadvantage in another. That is if a country has an absolute disadvantage in the production of all commodities, there is no ground for gainful trade between them (Dwivedi, 2002:579). Dweveli furthermore adds that, Ricardo`s theory is widely known as the theory of comparative advantage. His theory of comparative advantage provides a powerful evidence to the effect that so long as each country enjoys comparative in the production of at least one commodity, specialization and trade between the countries would always be possible and gainful to both of them. It is this emphasis of Ricardo on comparative advantage and disadvantage that marks a great improvement over Smith`s theory of trade (Dwivedi, 2002:579).

Ross (2008:34)as wellnotes that the reasoning that trade was advantageous for a community of countries was a fundamental precept in the early writings of what the 19th Century termed political economy. Adam Smith wrote in The Wealth of Nations, as cited by Ross (2008: 34)

> "If a foreign country can supply us with a commodity cheaper than we ourselves
>
> can make it, better buy it of them with some part of the produce of our

own industry, employed in a way in which we have some advantage." (Ross, 2008:34).

Suranovic (1997)stressed that, the idea was that if country A can produce a set of goods at a lower cost than country B, and if country B can produce some other set of goods at a lower cost than country A, then clearly it would be best for A to trade its relatively cheaper goods for B’s relatively cheaper goods. In this way both countries may gain from trade. Thus, absolute advantage exists where an individual country can produce goods or services with less effort (resources) than some other individual country.

This notion of comparative advantage, also called comparative cost theory, is held as the classic theory of international trade (Akrani, cited by Benedict, 2008:8). According to the classical theory of trade, every nation will produce their commodities for the production of which it is most suited in terms of the nation`s natural endowments, climate, quality of soil, means of transport, capital, and so on. The nation will produce these commodities in excess of its own requirement and will exchange the surplus with the imports of goods from other nations for the production of which it is not well suited or which it cannot produce at all. As a result all nations produce and export these commodities in which they have cost advantages and import those commodities in which they have cost disadvantages (Benedict, 2008:8).

David Ricardo detailed a theory that, other things being equal, a nation tends to specialize in and exports those commodities in the production of which the nation has maximum comparative cost advantage or minimum comparative disadvantage. In the same way the nation`s imports will be of goods having relatively less comparative cost advantage or greater disadvantage (Benedict, 2008:9).

The traditional classical approach in its most simple form, assumed two countries producing two goods using labor as the only factor of production, i.e. a single factor of production labor, with constant requirements of labor per unit of output that differs across countries. Goods are assumed homogenous within a country, (i.e. identical) across firms of countries. Labor is always fully employed. Production technology differences exist across industries and countries, and are reflected in labor productivity parameters. The labor and goods markets are assumed to be perfectly competitive in both countries. Firms are assumed to maximize profit while consumers (workers) are assumed to maximize utility (Suranovic, 1997).

Ricardo's theory of comparative advantage is generally used as the pillar of arguments in approval of free trade in other words abolishing tariffs and quotas on goods imported from foreign states. It is claimed that, by trading freely with other states even those that, on paper, are more efficient at producing goods and services one can become more prosperous than by closing one's borders (Conway, 2009).Schumacher (2012:83) points out that, the comparative advantage theory is used to debate that it is of vital importance for poor countries to open markets and to join a free trade regime in order to raise living standards. The entire WTO process of trade liberalization that assumes that global economic welfare can be maximized through free trade has its theoretical foundations in the theory.

The proponents of this theory contend that the allocation of international resources leads to a better welfare of the world population. This view was based on the analysis that technology differences between countries will bring about specialization and trade. If one country has an absolute advantage in the production of both goods, then the real wages of workers (i.e. the purchasing power of wages) in that country will be higher in both industries of that country, compared to wages in the other country. In other words, workers in the technologically advanced country would enjoy a higher standard of living than in the technologically inferior country. The reason for this is that wages are based on productivity. Thus in the country that is highly productive, workers get higher wages (Suranovic, 1997).

The initial differences in relative prices of the goods between countries in autarky will stimulate trade between the countries. Since the differences in prices arise directly out of differences in technology between countries, it is the differences in technology that cause trade in the model. Profit-seeking firms in each country's comparative advantage industry would recognize that the prices of their goods are higher in the other country. Since transportation costs are zero, more profit can be made through exports, than through domestic sales. Therefore each country would export the goods in which they have a comparative advantage. Trade flows would increase until the price of the goods are equal across countries. In the end, the price of each country`s export goods (its comparative advantage goods) will rise and the price of its import goods (its comparative disadvantage goods) will fall (Suranovic, 1997).

Suranovic (1997) states that the higher price received for each country's comparative advantage goods would lead each country to specialize in those goods. To accomplish this, labor would have to move from the comparative disadvantaged industry into the comparative advantage industry. This means that one industry goes out of business in each country. However, because the model assumes full employment and costless mobility of labor, all of these workers are immediately gainfully employed.

One result is that even when a country is technologically superior to another in both industries, one of these industries would go out of business when it opens to free trade. Thus, technological superiority is not enough to guarantee a continued production of goods in free trade. A country must have a comparative advantage in production of goods, rather than an absolute advantage, to guarantee continued production in free trade. From the perspective of a less developed country, the developed countries` superior technology need not imply that Less Developing Countries (LDC) industries cannot compete in international markets (Suranovic, 1997).

Another result is that the technologically superior country`s comparative industry survives while the same industry disappears in the other country, even though the workers in the other country`s industry have lower wages. In other words, low wages in one country in a particular industry are not sufficient to determine which country industry would perish under free trade. From the perspective of a developed country, freer trade may not result in a domestic industry`s decline just because foreign firms pay their workers lower wages (Suranovic, 1997).

The movement to free trade generates an improvement in welfare in both countries, individually and nationally. Specialization and trade will increase the set of consumption possibilities, compared with autarky, and will make possible an increase in the consumption of both goods, nationally. These aggregate gains are often described as improvements in production and consumption efficiency. Free trade raises the aggregate world production efficiency because more of both goods are likely to be produced with the same number of workers. Free trade also improves the aggregate consumption efficiency, which implies that consumers have a more pleasing set of choices and prices available to them. Real wages and incomes of individual workers are also shown to rise in both countries. Thus, every worker can consume more of both goods in free trade compared with autarky. In short, everybody benefits from free trade in both countries (Suranovic, 1997).

2.7.1.1 Implications of theory for trade in developing countries

The theory was drawn on the assumption that those who understand the theory of comparative advantage would convince themselves that its ability to describe the real world is extremely limited, if not non-existent, especially in developing nations. The assumptions are easily challenged as unrealistic. For example, the model compares only two countries producing two goods using just one factor of production. There is no capital or land or other resources needed for production. The real world, on the other hand, consists of many countries producing many goods using many factors of production. In the model, each market is assumed to be perfectly competitive, when in reality there are many industries in which firms have market power. Labor productivity is assumed to be fixed, when in actuality, it changes over time, perhaps based on past production levels. Full employment is assumed when clearly workers cannot immediately and costlessly move to other industries (Suranovic,1997).

Moreover, all workers are assumed to be identical. This means that when a worker is moved from one industry to another, he or she is immediately as productive as every worker who was previously employed there. Finally, the model assumes that technology differences are the only differences that exist among the countries (Suranovic, 1997).

Todaro et al (1997: 439) argue that the theory leads to conclusions which are not very relevant in many developing nations. The theory explains the relationship of production functions with trade; in a free trade economy, however, other factors such as the impact of supporting infrastructure on trade and trade policies are not captured. *Nations are almost always better off when they buy and sell from one another.* If there is a point on which most economists agree, it is that trade among nations makes the world better off. Yet international trade can be one of the most contentious of political issues, both domestically and between governments (McDonald, 2012).

McDonald (2012) states that in one of the most important concepts in economics, Ricardo observed that trade was driven by comparative rather than absolute costs (of producing a good). One country may be more productive than others in all goods, in the sense that it can produce any good using fewer inputs (such as capital and labor) than other countries require to produce the same good. Ricardo’s insight was that such a country would still benefit from trading according to its comparative advantage - exporting products in which its absolute advantage was greatest, and importing products in which its absolute advantage was comparatively less (even if still positive).Though a country may be twice as productive as its trading partners in making clothing, if it is three times as productive in making steel or building airplanes, it will benefit from making and exporting these products and importing clothes. Its partner will gain by exporting clothes—in which it has a comparative but not absolute advantage—in exchange for these other products (see box below). The notion of comparative advantage also extends beyond physical goods to trade in services—such as writing computer code or providing financial products(McDonald, 2012).

Comparative Advantage
Even a country that is more efficient (has absolute advantage) in everything it makes would benefit from trade. Consider an example: Country A: One hour of labor can produce either three kilograms of steel or two shirts. Country B: One hour of labor can produce either one kilogram of steel or one shirt. Country A is more efficient in both products. Now suppose Country B offers to sell Country A two shirts in exchange for 2.5 kilograms of steel. To produce these additional two shirts, Country B diverts two hours of work from producing (two kilograms) steel. Country A diverts one hour of work from producing (two) shirts. It uses that hour of work to instead produce three additional kilograms of steel. Overall, the same number of shirts is produced: Country A produces two fewer shirts, but Country B produces two additional shirts. However, more steel is now produced than before: Country A produces three additional kilograms of steel, while Country B reduces its steel output by two kilograms. The extra kilogram of steel is a measure of the gains from trade.

Because of comparative advantage, trade raises the living standards of both countries. Irwin cited by McDonald (2012) calls comparative advantage “good news” for economic development. “Even if a developing country lacks an absolute advantage in any field, it will always have a comparative advantage in the production of some goods,” and will trade profitably with advanced economies.

Trade can influence growth through several channels. One is by the transmission of technological innovation. Trade openness leads to more exposure of the domestic economy, in which increased and sustainable international trade allows domestic producers to learn, adopt, or imitate foreign technologies and incorporate them in the production process. As a result, trade can help transmit technological innovations and knowledge among trading partners (Grossman and Helpman, cited by UNECA, 2010:2). Such exposure creates a greater capacity to compete with advanced economies on the international market, which leads to broad transformation of product composition of output and exports from agriculture to heavy industry and finally to high-tech goods. Such was the pattern experienced by the East Asian countries economic growth miracle (Wacziarg, cited by UNECA, 2010:2).

Advanced technology is as well transmitted through increased foreign direct investment (FDI), either by importing capital goods or by sharing knowledge and expertise. Harrison and Revenge, cited by UNECA (2010:2), found that trade openness, as measured by total trade flows, is positively correlated with FDI, which implies that open economies attract FDI more than closed economies do. The subregion in terms of technology is less advanced, as a result through trading with the advanced nations regional integration is to a greater extent enhanced.

Greater trade openness similarly increases competition in the local market, which increases productive efficiency and economic growth (Vickers and Yarrow, cited by

UNECA, 2010:2). Open economies are more likely to have tradable goods at competitive world market prices (or fewer market distortions), since free trade facilitates price convergence across countries or regions. Access to larger markets as well can benefit countries economically by increasing the sizes of the markets, which allows their economies to better capture the potential benefits of increasing returns to scale (Ades and Glaeser, cited by UNECA, 2010:2). In addition, trade liberalization contributes to economic growth by creating incentives for governments to adopt less distortionary domestic policies and a more disciplined management of the macro economy. Evidence suggests that thereis a significant correlation between trade openness and economic growth (Bassanin et al, cited by UNECA, 2010:2). Therefore through trade the subregion`s bid towards regional integration can be enhanced for economic growth is to a larger extent guaranteed.

UNECA (2010:3) states that, the world has turned out to be wealthier over the past several decades. Global poverty has steadily dropped, and the lives of millions of people have significantly improved. Trade has contributed a lot to the development of industrialized economies and can be expected to make a similar contribution to those of less-developed countries, including African economies.

Regional integration can be enhanced in SADC according to the international trade theory. Trade openness is believed to have been particularly instrumental, for example, in the remarkable economic growth of many East Asian countries and in relieving their regional poverty. The once-insolvent Southeast Asian countries have become some of the world's economic leaders. Within the subregion trade may affect the incomes of the poor, though in varying degrees across countries or regions, through its effects on economic growth, employment, revenue, consumer prices and government spending (WTO, cited by UNECA, 2010:3).

2.7.2 Neoliberalism Theory

Neoliberalism is promoted as the mechanism for global trade and investment supposedly for all nations to prosper and develop fairly and equitably (Shah, 2010). In theory, it is essentially about making trade between nations easier. It is about freer movement of goods, resources and enterprises in a bid to always find cheaper resources to maximize profits and efficiency. To help accomplish this, neoliberalism requires the removal of various controls deemed as barriers to free trade, such as tariffs, regulations, certain standards, laws, legislation and regulatory measures, restrictions on capital flows and investment. The goal is to be able to allow the free market to naturally balance itself via the pressures of market demands, a key to successful market-based economies (Shah, 2010)

Martinez and Garcia (2000)highlight that the main points of neoliberalism include the rule of the market — freedom for capital, goods and services, where the market is self-regulating allowing the trickle down notion of wealth distribution. It as well includes the deunionizing of labor forces and removal of any impediments to capital mobility such as regulations. The freedom is from the state, or government. The government has to reduce public expenditure for social services, such as health and education; deregulation, to allow market forces to act as a self-regulating mechanism; privatization of public enterprise (things from water to even the internet); changing perceptions of public and community good to individualism and individual responsibility.

Some of the guiding principles behind this ideology of neoliberalism are that sustained economic growth is the way to human progress; free markets without government “interference” would be the most efficient and socially optimal allocation of resources; economic globalization would be beneficial to everyone; privatization removes inefficiencies of public sector; governments should mainly function to provide the infrastructure to advance the rule of law with respect to property rights and contracts (Robbins, cited by Shah, 2010).

Robbins further notes that at the international level this additionally translates to freedom of trade in goods and services; freer circulation of capital; freer ability to invest. The underlying assumption then is that the free markets are a good thing. While the above may well be true, unfortunately, reality seems different from theory. For many economists who believe in the neoliberal outlook it almost takes on the form of a theology. Less discussed is the issue of power and how that can seriously affect, influence and manipulate trade for certain interests. One would then need to ask if free trade is really possible (Robbins, cited by Shah, 2010).

From a power perspective, “free” trade in reality is seen by many around the world as a continuation of those old policies of plunder, whether it is intended to be or not. However, we do not usually hear such discussions in the mainstream media, even though thousands have protested around the world for decades (Shah, 2010).

Neoliberalism theory has its shortfalls,Martinez and Garcia (2000)note that its application of individualism encourages free enterprise, free competition which comes to mean, free for the capitalists to make huge profits as they wished. The beneficiaries of neo-liberalism are a minority of the world's people. For the vast majority it brings even more suffering than before.Neoliberalism rather than push for regional integration it perpetuates underdevelopment within the sub region for it guarantees monopoly and by making local firms and industries to compete on an equal level it ultimately results in the death of local firms or industries for they would be exposed to cut throat competition from the much developed countries firms. This yet again serves as its greatest shortfall in enhancing regional integration within the sub region for it is one sided and does not ensure development of the developing world but allows the few to plunder while the majority is not benefiting. This entailing the majority who constitute the poor, their plight will be worsened by gross inequality and poverty rising against them. Shah (2010)highlights that, neoliberal policies are seeing positives and negatives. Under free enterprise, there have been many innovative products. Growth and development for some have been immense. Unfortunately, for most people in the world there has been an increase in poverty and the innovation and growth has not been designed to meet immediate needs for many of the world's people. Global inequalities on various indicators are sharp.

Neoliberalism theory pushes for trade liberalization which is linked with the quest for regional integration. It is vivid that the prospects of regional integration are reduced for Moses et al, cited by Mutasa (2003:4) highpoints that, trade liberalization is as well associated with increased debt levels. Regional integration is negatively impacted for the sub region to date is still in a debt trap, stands as one of its greatest challenge towards increasing regional integration. In SADC for instance, trade liberalization was followed by devaluation of local currencies that meant that debtor firms or governments had to search for more local currency to pay off foreign debts. Moses et al, cited by Mutasa (2003:4) argue that, trade liberalization exposed local industries to intense foreign competition that caused company failure and inability by firms to meet their debt obligations either local or foreign. This in turn negatively reduces the sub region`s bid towards regional integration and had a negative impact on intra-regional trade as member states relied more on imports than trade with each other.

Konings and Meilink (1998:137) as well state that, trade liberalization opened the door for relatively cheap imports of manufactured goods. This quickly out-competed fragile African industries and is threatening to remove any basis for regional industrialization programmes in the future. This in turn shows how intra-regional trade can greatly be hindered. Neoliberalism weakens the government's capacity to provide for its population through massive public sector retrenchment, wage freezes and unemployment which greatly goes against the ultimate goal of regional integration of tackling socio-economic challenges in Southern Africa.

Hague, cited by Wahidi (2012:4) highlights that, the neo-liberal approach not only lacks a mechanism to curb inequality, on the contrary the neo-liberal approach promotes inequality. In addition, neo-liberal reforms only center on free trade and ignores other important development factors such as the environment, human rights or the rights of the worker. Further, a closer look at the so called principle of non-intervention of the state reveals that this principle is also one sided. It allows for state intervention insofar as creating a suitable business environment, deregulation and privatization, but this only benefits the rich (Wahidi, 2012:4).

2.8 Conclusion

This chapter set out to deliberate on the role of regional economic integration within the continent as well as centering on the kind of problems threatening regional economic integration. The chapter likewise focused on the impact of SAPs and the recent economic crisis on the continent`s path to address its socio-economic development challenges through regional integration. The chapter deliberated on the two theories, namely, the international trade theory and the neo-liberal theory which form the basis for this study. These two theories will aid in the conceptualization and understanding of regional integration and its role towards addressing Africa`s development challenges. The research relies on the international trade theory which makes some profound assertions about the welfare of countries in a trading relationship.

CHAPTER THREE

HISTORICAL BACKGROUND ON THE TRANSFORMATION OF SADC

3.1 Introduction

This chapter sets out to highlight the origins of regional integration and how it became a critical initiative towards addressing the socio-economic development challenges bedeviling Southern Africa and the continent at large. The chapter will center on Southern Africa with precise attention on SADC and NEPAD, highlighting each institution in its historical context, emphasizing on the reasons for its formation, how it has evolved over time and how regional economic integration has as a result been a central feature of development thinking in the post-colonial state in Africa. Furthermore, the chapter outlines the relationship between SADC and NEPAD, citing their aims and their functioning with regards to regional economic integration becoming a critical subject towards addressing the socio-economic challenges bedeviling the continent of Africa as a whole.

3.2 Southern African Development Community (SADC)

SADC is one of the five sub-regional (functional) entities envisaged as building blocks for the grand unification of Africa under the Africa Economic Community (AEC) as emphasized by the OAU, now the AU, through the Lagos Plan of Action (1980) and the Abuja Treaty (1991) (Chipendo, 2008:66). It is a regional economic community housed within Southern Africa.Southern Africa refers to the southerly part of Africa, bound on the main to the south east by the Indian Ocean and to the south west by the South Atlantic Ocean. The northern boarders of the present day Democratic Republic of the Congo (DRC) and Tanzania demarcate the subregion on the north. The sub-region is generally accepted as compromising it is now 15 states including the two oceanic (island) countries located in the Indian Ocean, namely Madagascar and Mauritius (Chipendo, 2008:57). Regional co-operation and integration in Southern Africa owes its foundation to historical, economic, political, social and cultural factors that have generated strong bonds of solidarity and unity among the peoples of Southern Africa. These factors have contributed to the creation of a distinct Southern African personality and identity that supports political and economic co-operation of SADC (SADC, 2011:2).

Southern Africa nevertheless shares most of the plethora of the massive development challenges confronting the rest of the continent. Hence with the attainment of formal political independence in the 1960s, the continent's leaders saw the need to forge mutually, beneficial economic and political linkages so as to boost the development prospects. Daddieh (1995:243) adds that, this showed aspirations to achieve greater cooperation and the importance of regional integration on Africa`s development agenda. This is manifested by the proliferation of regional integration schemes advanced over the past four or five decades, the single largest and most widespread network of regional schemes the world has known.

3.3 Southern African Development Coordination Conference (SADCC)

The formal creation of structures to promote regional co-operation and integration within Southern Africa started as an initiative of the Frontline States. Angola, Botswana, Mozambique, Tanzania and Zambia were the original members of the Frontline States whose creativity was focused initially towards the political liberation of the region. From 1975 when Frontline States were formally established, they met regularly to co-ordinate efforts, resources and strategies, with respect to the National Liberation Movements of

Southern Africa that were fighting against colonialism, racism and white minority-rule. Later, this initiative was extended to address military attacks and destabilization of majority-ruled states by apartheid South Africa. The intensification of the struggle on both fronts strengthened bonds of solidarity and the need for collective action. Most of the countries of Southern Africa ultimately achieved political independence, however against a background of mass poverty, economic backwardness and the threat of powerful and hostile white minority-ruled neighbors. As a consequence, the leaders saw the advancement of economic and social development through co-operation and integration as the next logical step after political independence (SADC, 2011: 2).

It is due to the outcome of the July 1979 Arusha Conference which settled on a strategy to launch the Southern African Development Coordination Conference (SADCC). The SADCC was established as a loose alliance of nine majority-ruled states in Southern Africa, namely, Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe when these states met at Summit level on April 1, 1980 in Lusaka, Zambia. It was at this Summit that they declared their commitment to pursue policies aimed at economic liberation on the basis of a sustainable integrated development of their economies (SADC, 2011: 2).

On the other hand, UNECA (2014) points out that SADCC was designed to advance the cause of national political liberation in Southern Africa as well as to reduce dependence particularly on the then apartheid South Africa through effective coordination of utilization of the specific characteristics and strengths of each country and its resources. It was at this Summit that the Lusaka Declaration entitled 'Southern Africa: Toward Economic Liberation' was adopted as well as a Programme of Action covering areas of Transport and Communication Food and Agriculture, Industry, Manpower Development and Energy. The SADCC aimed at reducing economic dependence particularly, but not only, on South Africa; forging links to create genuine and equitable regional integration; mobilizing resources for implementing national and interstate policies; and taking concerted action to secure international co-operation within the framework of the strategy of economic liberation (SADC, 2011:2). So in pursuance of these objectives, the organization focused on functional co-operation in key sectors through a Programme of Action known as the SADCC Programme of Action (SPA). Above all, SADCC reflected the spirit of Pan Africanism and the latter's preoccupation with the need for regional integration as the means towards African continental unity and the recovery of African dignity and status in global affairs. These principles were enshrined in both the OAU Treaty of 1963 and the Lagos Plan of Action of 1980 and the Final Act of Lagos (SADC, 2011:2).

At the regional level, the foremost SADCC institutions were the Summit of Heads of State or Government which had responsibility for overall policy direction and control of the functions of the Conference; the Council of Ministers, which reported to the Summit, oversaw the work and development of SADCC and approved SADCC policies; the Standing Committee of Officials which was a technical advisory committee and advised the Council; and the Secretariat which was responsible for the coordination and management of SADCC programmes (SADC, 2011: 2).

For the purpose of coordinating the SPA and increasing ownership, a decentralized structure was implemented under which different sectors were allocated to each member state. This approach emphasized the need to build collective self-reliance, mutual trust and confidence and it was on this basis that the organization evolved over the years. The number of areas of cooperation increased, as the number of member states rose, since each was allocated at least one sector to coordinate, but also in response to new challenges like HIV and AIDS. As the areas of co-operation increased, the SPA expanded (SADC, 2011: 2).

SADCC from its beginning, particularly in the early 1980s, emphasized on concrete projects in transport and communications, energy, agriculture, mining and tourism, among others. This predisposition was particularly designed to thwart the political and economic hostilities brought about by the apartheid regime in South Africa and precisely to reduce the dependence of countries in Southern Africa on South Africa's roads, railways, and ports. However this project-based approach was modified in 1985 when emphasis shifted towards coordination of sectoral plans and programmes to: serve as a basis for prioritization of programmes and projects; provide a basis for evaluating progress and enhance the capacity of member states to effectively address issues of mutual benefit (Chipeta, 2001: 183).

Consequently, SADCC embarked on a sector allocation in an attempt to reduce dependence on South Africa, Molefi (2003:8) argues that this was a mechanism meant to promote regional cooperation and development among its member states and as a result member states were allocated sectoral responsibilities based on their potential. The states were allocated as follows: Angola (Energy), Botswana (Animal Health and Livestock production), Mauritius (Tourism), Malawi (Inland Fisheries, Forestry and Wildlife), Mozambique (Culture, Information and Sport Management), Swaziland (Human

Resources Development), Tanzania (Industry and Trade), Zambia (Mining) and last but not least Zimbabwe (Food & Agriculture and Natural resources) (Molefi, 2003:10).

Nevertheless, SADCC was constrained from achieving its objectives owing to the dynamics of the situation in Southern Africa in 1980 until the early 1990s. This was owing to the fact that, the manner in which SADCC conceived the modus operandi was not in accordance with the existing realities within the region. This created an illusion that political goals would essentially translate to economic goals given that the core ambition behind the establishment of SADCC was to reduce dependency on South Africa, more emphasis was placed on the accomplishment of the goal (Molefi, 2003:10).

Furthermore SADCC likewise failed to devise innovative strategies to achieve the goal of self-reliance due to the destabilization policies of the South African government which played a big role in disrupting the SADCC`s goal of self-reliance. In addition, the SADCC`s goal of self-reliance was likewise frustrated by its extensive reliance on donor funding for infrastructural development projects. Hence these strategies were not efficiently designed to help the region achieve its objective of self-reliance. Lastly, Molefi (2003: 10) highlights that the political rhetoric outshone the need for serious economic development among member states.

Therefore, following the end of the Cold War and the subsequent democratic dispensation in South Africa, it was vital for SADCC to take on a new development agenda. It was in this context that the SADCC embarked upon transformation, which was designed to open up entry points for the democratic South Africa. As such, the end of apartheid meant that the SADCC could not continue in its old form and South Africa had to be accommodated in the regional organization (Molefi, 2003:10).

3.4 The transformation from SADCC to SADC

The drive of transforming SADCC into SADC was to promote deeper economic cooperation and integration to help address many of the factors that make it difficult to sustain economic growth and socio-economic development, such as continued reliance on the exports of a few primary commodities. It had become a pressing necessity for SADC governments to urgently transform and restructure their economies. The small size of their individual markets, the inadequate socio-economic infrastructure and the high per capita cost of providing this infrastructure as well as their low-income base made it difficult for them individually to attract or maintain the necessary investments for their sustained development (SADC, 2011: 3).

In the late 1980s it became obvious that SADCC needed strengthening. The realization of independence and sovereign nationhood by Namibia in 1990 formally ended the struggle against colonialism in the region whilst in some of the other countries concerted efforts to end internal conflicts and civil strife were bearing positive results. In South Africa, the process was ongoing to end the inhuman system of apartheid, and to bring about a constitutional dispensation acceptable to all the people of South Africa. These developments took the region out of an era of conflict and confrontation, to one of peace, security and stability, which remain preconditions for cooperation and development (SADC, 2011: 2).

On the African continent, efforts continued, mainly under the backings of the OAU to promote closer economic relations. In 1991, some of the OAU Heads of State and Government signed the Abuja Treaty establishing the African Economic Community. Resembling the 1980 Lagos Plan of Action, the Treaty made RECs the building blocks for the continental community. In light of this development, the SADC Heads of State or Government viewed their efforts at regional integration in Southern Africa as part of this continental effort. More recently, the AU, the successor to the OAU, has reaffirmed its commitment to the African Economic Community. The NEPAD has designated RECs as implementing agencies for its programme. On the global scene, fundamental and far-reaching political and economic changes were taking place, the cold war had ended, and world affairs were increasingly being managed on the basis of consultation and consensus, rather than confrontation and competition. As a result, integration was fast becoming a worldwide trend with countries in different regions of the globe unifying themselves into closer economic and political entities. This movement towards stronger regional blocs was projected to transform the world, both economically and politically, as firms within these economic blocs would benefit from economies of scale provided by large markets, to become competitive both internally and internationally. Therefore for firms in Southern Africa not to remain behind, it became vital for a large regional market to be established so that they too could profit from economies of scale (SADC, 2011: 2).

Van Rooyen, cited by Molefi (2003: 1), argues that SADCC was merely a “loose organization aimed at promoting sectorial integration rather than integration.” Hence the transition of SADCC to SADC, the emphasis was changed from sectoral integration to regional integration. This sectoral-based integration was a strategy which intended to promote regional cooperation and development within member states. Henceforth, SADCC as part of accomplishing its endevour of being self-sufficient it resolved to implement the following:

• to forge links and create genuine equitable sectoral integration, mobilize resources to promote the implementation of national and inter-state regional policies;

• coordinate action to secure international cooperation within the framework strategy for economic liberation, and to reduce economic dependency especially on South Africa (Molefi, 2003:8).

The Heads of State and Government at their meeting in Windhoek in August 1992 signed a Treaty transforming the "SADCC" from a coordination conference into SADC, the Community and redefined the basis of cooperation among member states from a loose association into a legally binding arrangement. It was during the SADCC Consultative Conference in 1989, a consultative document was tabled titled “SADC towards Economic Integration.” This comprehensive document set out the adoption of regional integration as the central project of the organization and was a pioneer to the 1992 SADC Summit. As a result the document became the most vital rallying force for the transformation of the consultative conference called for the need for closer economic cooperation in the region, and warned against market-led integration by calling for planned integration of systems of investment production and trade (Molefi, 2003:10).

The 1992 Theme Document, “SADCC: Towards Economic Integration,” maintained that the region had reached a point where steps towards regional integration were justified. A higher level of cooperation would facilitate countries within the region to address problems of national development and cope with the challenges posed by a changing and increasingly multifaceted, regional and global environment more effectively. Since increased regional trade and cross border investment in the countries within the region could produce significant benefits. More significantly, the restructuring of productive sectors, as a basis for self-sustaining development and growth and to respond effectively to changes in the world economy, would be more viable on a regional than a national basis (SADC, 1993: i).

Saurombe (2009:100) echoes that the 1992 SADC Treaty redefined SADCC to SADC thus changing the organization from a loose association towards a legally binding agreement. Molefi (2003:11) stresses that SADC became a much more influential body empowered to handle the dynamics of the broader mandate of the organization. It is through the adoption of the SADC Treaty that the organization was granted a legal treaty in order to empower it to deal vigorously with the critical issues of regional integration and the overall functioning of the organization (Molefi, 2003:18).

Berry (2000) maintains that the 1992 SADC Treaty laid down that integration is a central project towards realizing equity within the region. The treaty contains the necessary steps that the SADC needs to follow in attaining the goal of intra-regional trade. Molefi (2003:17) likewise states that in acknowledging the challenges faced by the region, the SADC Treaty recognizes the need for member states to integrate their markets as a strategy in order to compete on an equal footing with its counterparts in the global economy. This turns to be a feasible option for the economies of the South in order for them to attain global competitiveness. SADC chose a development integration approach which recognizes the political and economic diversities of member countries including their diverse production structures, trade patterns, resource endowments, development priorities, institutional affiliations and resource allocation mechanisms. It addresses many of the production, infrastructure and efficiency barriers arising from the under-development of the region. This approach moreover has the advantage of complementing trade liberalization with sustainable corrective measures, designed to cushion the least developed member countries against shocks arising from the removal of trade barriers. It further permits member states to define the scope and sectors of cooperation and to identify appropriate strategies and mechanisms to overcome impediments to integration and to address regional imbalances between member states (SADC, 2011: 3).

Since its inception, SADC has instilled a sense of regional belonging as well as a tradition of consultation among the peoples and governments of Southern Africa, which, among other things, has enhanced regional security. It has as well formulated the SPA, which covers cooperation in several economic and social sectors; and implemented several infrastructure and other projects. In addition, SADC has developed protocols in a number of areas of co-operation, which provide the legal framework for co-operation among member states (SADC, 2011: 3).

While SADC has recorded some remarkable achievements, difficulties and constraints have also been encountered. These include lack of institutional reforms for effective transformation from SADCC into SADC; lack of synergy between the objectives of the Treaty on the one hand and the existing SADC SPA and institutional framework on the other, and finally lack of appropriate mechanisms capable of translating the high degree of political commitment into concrete programmes of community building and integration (SADC, 2011: 3).

SADC (2011: 3) notes that, in order to address these and other institutional problems, the Heads of State and Government approved the restructuring of SADC institutions at their Extraordinary Summit held in March 2001, in Windhoek. Under restructuring, the twenty-one sectors have been grouped into clusters under four Directorates at the SADC

Secretariat. At the national level, SADC National Committees will co-ordinate their respective individual Member State interests relating to SADC. At the regional level, an Integrated Committee of Ministers (ICM) has been created to co-ordinate the work of different clusters. The new structure also includes the Troika system and the Organ on Politics, Defence and Security.

The objective of the restructuring was to increase the efficiency and effectiveness of SADC policies and programmes and to implement a more coherent and better coordinated strategy to eliminate poverty in the region. To underpin the restructuring of SADC institutions and provide a clear orientation for the policies and programmes of the SADC over the medium to long-term, the Extraordinary Summit also approved that the Secretariat prepare a Regional Indicative Strategic Development Plan (RISDP) guided by the vision of SADC (SADC, 2011: 3).

Berry (2001) states that the SADC represented an ambition to achieve a deeper and a wider form of economic integration among member states moving beyond sector level coordination towards cooperation, convergence and eventually integration in areas such as monetary and fiscal policies, exchange rate and trade regimes and the unrestrained movement of capital and labor as well as goods and services within Southern Africa. Molefi (2003:11) points out that the SADC intended to pursue regional integration as a mechanism to address its weak capacity. For instance, as demonstrated during its launch in Windhoek in 1992, regional integration remained the priority since it has important dimensions for the region as far as its goal of global competitiveness is concerned. As part of attaining this, Molefi further states that the SADC intends to maximize intra-regional trade among member states. This is vital as it would consolidate the capacity of member states to play a much bigger role within the regional economic development framework. This broader mandate of the organization is pursued to help the region realize the capacity to deal with a wide range of issues in the advent of globalization (Molefi, 2003:11).

Molefi (2003:15) notes that SADC seemed to be more visionary than SADCC, as it aimed for the creation of free trade by 2004. The creation of free trade implies that member states will eliminate duties on imported goods from other SADC member states though this protocol has been criticized as premised on asymmetrical determination, since bigger economies are expected to eliminate duties faster than others (Molefi, 2003:15). This strategy is expected to help to promote intra-regional trade among member states as further indicated by Lambrechts, cited by Molefi (2003:8) that SADC states declared that ‘underdevelopment, exploitation, deprivation and backwardness in Southern Africa will be overcome through economic cooperation and integration. Molefi (2003:15) further asserts that, in this context SADC will be in a position to bridge the differential levels of development that characterize all member states. This conceptualization indicates that regional integration should not be only geared to global competitiveness, but also as a mechanism to address internal contradictions of the region.

3.4.1 SADC objectives

The objectives of SADC, as stated in Article 5 of the SADC Treaty (1992) are to:

- achieve development and economic growth, alleviate poverty, enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through regional integration;
- evolve common political values, systems and institutions;

- promote and defend peace and security;
- promote self-sustaining development on the basis of collective self-reliance, and the inter-dependence of member states;
- achieve complementarity between national and regional strategies and programs;
- promote and maximize productive employment and utilization of resources of the region;
- achieve sustainable utilization of natural resources and effective protection of the environment;
- and strengthen and consolidate the long-standing historical, social and cultural affinities and links among the people of the region (UNECA, 2014).

As part of its strategy to achieve these objectives, SADC resolved to promote the following:

- Cross-border investment and trade;
- Free movement of the factors of production, goods and services across national borders;
- Common economic, social and political values and systems, enhancing enterprise, competitiveness, democracy and good governance;
- Respect for the rule of law and human rights, popular participation in the democratic process and the alleviation of poverty (Chapter Three, Article 5 (2) and Article 6 of SADC, 1992 cited by Mutambara(2001:17).

Mutambara (2001:17) points out that the primary intention of the Treaty was to place binding obligations on member states with the aim of promoting economic integration. Non-compliance would be enforced by the relevant sanctions being put in place.

Molefi(2003:16) states that in a nutshell, the SADC Treaty comprised a list of priorities that would guide the region towards the path of achieving evenness and sustainable development. The Treaty symbolizes the quest in the region by building unity among member states for successful regional integration given that member states have to comply with the provisions of the Treaty so as to forge common a vision and response to the challenges crippling the region.

Regional countries need to collectively overcome the harsh disparities in the performance of the many economies as the only practical basis for achieving, in the long term, the principles of balance, equity and mutual benefit; which form the basis for regional integration in Southern Africa (SADC, 1993: ii). Hence the process of regional integration in Southern Africa takes place within the limits set out by the SADC Treaty owing to the fact that it is a vital mechanism that seeks to address certain contradictions within the region.

3.4.2 The SADC agenda

SADC emphasizes that it is owing to common cultural and social affinities, common historical experiences, common problems and aspirations, which remain a firm and lasting foundation for common actions to promote regional economic welfare, collective self-reliance and integration in the spirit of equity and partnership that form the foundation of the organization. This firm foundation is essential for the realization of the region`s cherished ideals of economic well-being, the improvement of the standard and quality of life, freedom and social justice, and peace and security, for the people of Southern Africa. Hence SADC states established SADC to attain these ideals and let SADC serve as a vehicle for development and integration of the region (SADC, 1993: 1).

SADC`s main objectives are aimed at achieving economic development, peace and security, and growth, alleviate poverty, enhance the standard and quality of life of the peoples of Southern Africa, and support the socially disadvantaged through regional integration. These objectives are to be achieved through increased regional integration, built on democratic principles, and equitable and sustainable development.All this is embedded in the SADC`s Common Agenda, which is a set of key principles and values that guide the regional integration agenda. It is spelled out in Article 5 of the Treaty (as amended, 2009), as well as in the Review of Operations of SADC institutions and consists of the policies and strategies of the organization.

The SADC Common Agenda is spelt out in Article 5 of the Treaty as amended, as well as in the Report on The Review of Operations of SADC Institutions and consists of the policies and strategies of the SADC. The policies of SADC are to:

- promote sustainable and equitable economic growth and socio-economic development that will ensure poverty alleviation with the ultimate objective of its eradication, enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through regional integration;
- promote common political values, systems and other shared values which are transmitted through institutions which are democratic, legitimate, and effective;
- consolidate, defend and maintain democracy, peace, security and stability;
- promote self-sustaining development on the basis of collective self-reliance, and the interdependence of member states;
- achieve complementarity between national and regional strategies and programmes;

- promote and maximize productive employment and utilization of the resources of the region;
- achieve sustainable utilization of natural resources and effective protection of the environment;
- strengthen and consolidate the long-standing historical, social and cultural affinities and links among the people of the region;
- combat HIV and AIDS and other deadly or communicable diseases;
- ensure that poverty eradication is addressed in all SADC activities and programmes; and
- mainstream gender in the process of community building (SADC, 2011: 4).

The broad strategies of the SADC as contained in the Treaty are to:

- harmonize political and socio-economic policies and plans of member states;
- encourage the peoples of the region and their institutions to take initiatives to develop economic, social and cultural ties across the region, and to participate fully in the implementation of the programmes and projects of SADC;
- create appropriate institutions and mechanisms for the mobilization of requisite resources for the implementation of programmes and operations of SADC and its institutions;
- develop policies aimed at the progressive elimination of obstacles to the free movement of capital and labor, goods and services, and of the peoples of the region generally, among member states;
- promote the development, transfer and mastery of technology;
- improve economic management and performance through regional cooperation;

- promote the coordination and harmonization of the international relations of member states; and
- secure international understanding, cooperation and support, and mobilize the inflow of public and private resources into the region (SADC, 2011: 5).

3.4.3 Status of Member States

At present SADC is made up of fifteen member states namely Angola, Botswana, Democratic Republic of the Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. However, the structures of these SADC countries are diverse and at varying stages of development. The common features among a number of these SADC countries include: small domestic markets, landlocked locations, linked infrastructure networks, and reliance on a few primary commodity exports. The dependence on internationally traded commodities leaves all SADC countries, and to a lesser extent South Africa, vulnerable to external shocks of international market price fluctuations. Intra-regional trade as a share of total trade remains at a low average 10%-level, reflecting the lack of complementarities between the economies (World Bank 2013).See fig.1 for SADC member states.

Fig 1: Map of SADC Member States

Source: Accessed from http://www.sadc.int [Accessed: 14 March 2014]

3.4.4 Relationship between NEPAD and SADC.

It is under the AU that NEPAD is seen as a vehicle for socio-economic growth and development. It is armed with the primary objective of eradicating poverty in Africa and placing African countries both individually and collectively on a path of sustainable growth and development, halting the marginalization of Africa in the globalization process. NEPAD consequently acknowledges regional integration as critical to achieving its aims. It aims to promote regional integration by bridging Africa`s infrastructure gap and by asserting that there can be no meaningful development without trade and without adequate and reliable infrastructure (NEPAD, 2013).

SADC (2012) in highlighting the relationship between SADC and NEPAD states, that the aims and objectives of the NEPAD and the SADC are closely aligned, with some areas of overlap. As a result, there are three structures coordinate their work to allow combined and complimentary efforts. NEPAD is a direct initiative of the AU, which came about as a result of the continued difficulties of consensus experienced by the OAU member states. AU was carved out of the OAU whose main intention was to promote unity, solidarity, peace, stability, independence and human rights (amongst others) in African States. NEPAD is an implementation tool for the overall goals of the AU.

The DFA (2003) in its effort to highlight the relationship between SADC and NEPAD, states that NEPAD had not been constructed and came into existence in a vacuum. Therefore, it was important that it be linked to existing initiatives and programmes for Africa. DFA further maintains that in providing the central point and the overall strategic framework for engagement, NEPAD does not seek to replace or compete with these initiatives and programmes, but rather to consciously establish linkages and synergies between NEPAD and existing initiatives. In this way, all activities focused on Africa can be pursued in an integrated and coordinated fashion within the framework of priorities and needs identified by Africans for themselves.

In recognizing that the goals and mandates of SADC are closely linked to the mandate of NEPAD, the SADC Ministers of Foreign Affairs and Finance Meeting in September 2001 concluded that SADC should be considered a part of NEPAD. The rationale being that NEPAD is a framework and plan of the African Union, while SADC is a recognized regional economic community of the same Union. As such, the strengthening and continued success of the implementation of projects within SADC enhances the success of the broader NEPAD framework. To this end, the projects of SADC (through the RISDP) are harmonized with NEPAD priorities. SADC participates in NEPAD and the Union (SADC, 2012).

The linkage between NEPAD and the SADC Regional Indicative Strategic Development Plan (RISDP) adopted by the Ministers of Foreign Affairs and Finance on 13 September 2001 at their meeting in Blantyre, came to the conclusion that, in terms of relationships, SADC is part of and feeds into NEPAD since the latter is premised on the RECs. The Ministers recognized that NEPAD is a framework and process within the African Union, while SADC is a recognized REC of the Union. SADC participates, therefore, in both the AU and NEPAD (DFA, 2003). Therefore, to this end, by strengthening the implementation capacity of SADC, it was recognized that success in NEPAD would be enhanced. It was decided that the development of the RISDP and the SADC restructuring process should take NEPAD into account, and where appropriate, SADC and NEPAD programmes should be harmonized. SADC should also take NEPAD into account in the ongoing review of SADC programmes(DFA, 2003).

As highlighted by the SADC Regional Strategic Indicative Development Plan (RISDP), the goals and mandates of SADC are closely linked to the mandate of NEPAD. The RISDP is a comprehensive development and implementation framework guiding the regional integration agenda of the SADC over a period of fifteen years (2005-2020). It was designed to provide clear strategic direction with respect to SADC programmes, projects and activities in line with the SADC Common Agenda and strategic priorities, as enshrined in the SADC Treaty of 1992. The ultimate objective of the plan is to deepen integration in the region with a view to accelerate poverty eradication and the attainment of other economic and non-economic development goals (SADC, 2012). See fig. 2 for a relationship between NEPAD and SADC.

The RISDP points out the region`s priority intervention areas as mapping out general goals and targets for the next fifteen years. It established an ambitious plan for SADC with respect to regional economic integration with targets to achieve the following: developing a free trade area (FTA) by 2008, establishing a customs union by 2010, creating a common market by 2015 and forming a monetary union by 2016. The RISDP goals include trade, economic liberalization and development, infrastructure support for regional integration, sustainable food security and human social development. Correspondingly, the RISPD identifies cross-sectoral intervention areas to include combating the HIV/AIDS pandemic and promoting gender equality and development, science and technology, information and communication technologies, environment and sustainable development as well as private sector development (SADC, 2012).

The RISDP is underpinned by the SADC vision, which maps the direction for the development of the region. The Declaration "Towards the Southern African Development Community", adopted in Windhoek, Namibia, on 17 August 1992, by Heads of State or Government of Southern African States, calls upon all countries and people of Southern Africa to develop a vision of a shared future, a future within a regional community. The SADC vision is one of a common future, a future in a regional community that will ensure economic wellbeing, improvement of the standards of living and quality of life, freedom and social justice and peace and security for the peoples of Southern Africa. This shared vision is anchored on the common values and principles and the historical and cultural affinities that exist between the peoples of Southern Africa (SADC, 2011:4).

Also, the RISDP is underpinned by the SADC mission statement. From the 1992 Declaration and the Report on the Review of the Operations of SADC Institutions, particularly from the objectives and strategies spelt out in Article 5 of the Treaty, the SADC mission statement is: “To promote sustainable and equitable economic growth and socio-economic development through efficient productive systems, deeper co-operation and integration, good governance, and durable peace and security, so that the region emerges as a competitive and effective player in international relations and the world economy". The pursuit of this mission is guided by the following principles, which are stated in Article 4 of the SADC Treaty:

- sovereign equality of all member states;
- solidarity, peace and security;
- human rights, democracy, and the rule of law;
- equity, balance and mutual benefit;
- peaceful settlement of disputes (SADC, 2011: 4).

3.5.1 Fig. 2 shows an illustration of the structure underlining the existing relationship between SADC and NEPAD through the RISDP.

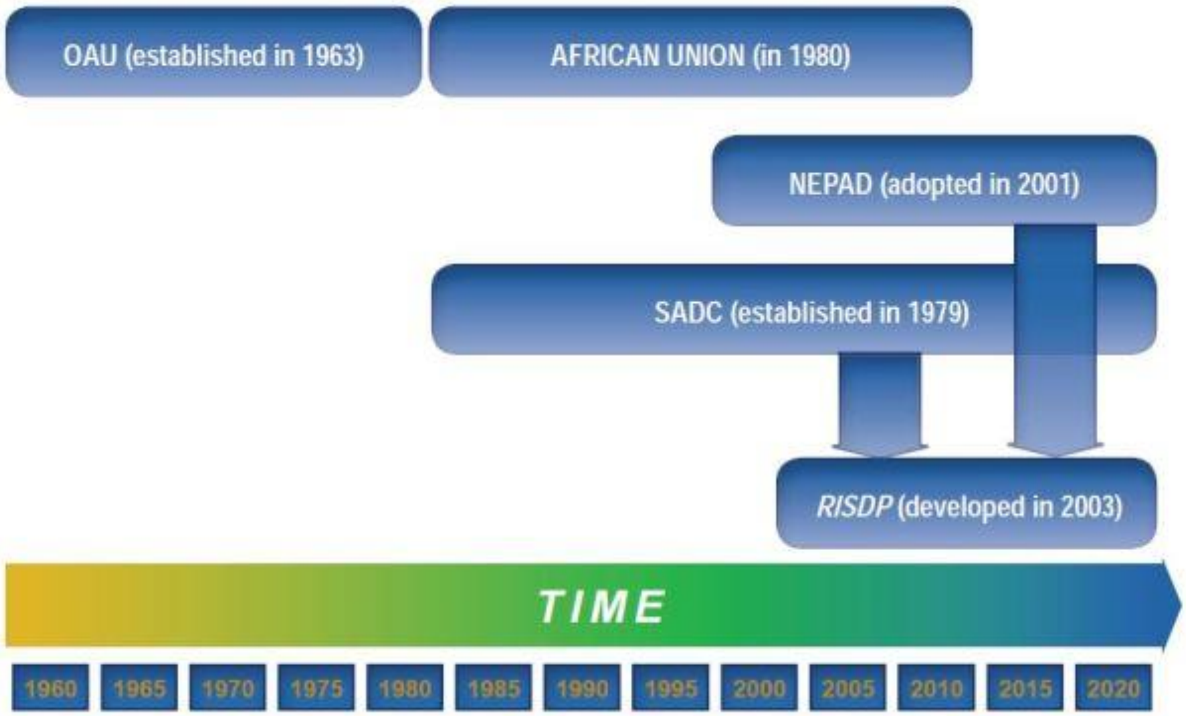

Fig 2: illustration of the structure

Source: Accessed from http://www.sadc.int [Accessed: 14 March 2014]

Chipendo (2008:77) contends that the SADC Trade Protocol and the RISPD delivered the basis upon which SADC would transform its focus from a functional approach through sectoral coordination to market integration with an unrelenting importance on trade led growth. As a result, the SADC RISDP sets targets for regional integration using Balassa's (1961) classical stages of integration. Through the RISDP, trade (market integration) has therefore become a vital focus of SADC, albeit without well-grounded reasons why trade, in its own right, should be the center of regional integration in Southern Africa.

SADC (1993: ii) stated that in its efforts to build the community the new SADC had twelve years of experience in regional cooperation to draw from, arguing that during those twelve years the SADCC had successes and failures and important lessons were learned. Accordingly, the successes are mostly for the others to judge, nonetheless the regional solidarity and identity that have been engendered and the successful implementation of major projects in energy, food and agriculture, transport and communications can be pointed out as significant achievements.

3.5 Conclusion

The chapter dealt with a chronological account of vital events pinpointing on what laid the foundation for regional integration to become a central feature of development thinking in the post-colonial state in Southern Africa and, correspondingly, highlighting the historical background which led to the formation of SADCC and what led to the transformation of SADC from SADCC. It traced the relationship between SADC and the NEPAD what they want to achieve with regards to regional integration. However, Southern Africa`s development path is still stagnant despite various development initiatives being put forward with the bulk of these initiatives proving to be unsuccessful in addressing the socio-economic challenges facing Southern Africa rendering them useless blueprints.

CHAPTER FOUR

ASSESSMENT OF NEPAD AS A DEVELOPMENT STRATEGY

4.1 Introduction

This chapter seeks to examine NEPAD given that SADC as a sub-region has adopted it as a way out of its development predicament. Hence the chapter will critically evaluate the strengths and weaknesses of NEPAD towards the realization of regional integration probing on whether it has brought in anything new current process of realizing SADC`s objective of sustainable regional socio-economic development through regional integration.

4.1 Prospects of NEPAD in addressing issues of low intra-regional trade and unequal trade in SADC.

UNECA, as cited Chakwizira and Mashiri (2011:354) states that infrastructure is an area where “costs of non-integration” are above all acute for Africa. This is exactly so because of lack of efficient infrastructure networks in Africa at regional and continental levels recognized with creating exceptionally long transport time and high transport costs triggering major hurdles for trade, investment, growth and economic development. Regional transport infrastructure can be seen as being central in aiding production of goods and services (Chakwizira et al and World Bank, as cited by Chakwizira and Mashiri, 2011:354). In addition, SADC is a region of immense rich mineral and natural resources, greater part of whose resources are still generally underdeveloped. Taking advantage of the potential of these resources calls for a sound transportation network combined with good logistics to warrant that regions products and business schemes are feasible and competitive. In general, SADC region at present faces infrastructure deficits and gaps that entail urgent attention, if improved economic performance and service delivery is set to be realized (SADC, as cited by Chakwizira and Mashiri, 2011:356). It is in this light it is evidently clear that NEPAD has positively impacted the region`s need to enhance intra-regional trade amongst SADC states. It serves to make sure that SADC`s intra-regional trade is necessitated by coming in with PIDA to address this infrastructure deficit.

PIDA`s foremost goal is to speed up the delivery of the continent`s current and future regional and continental infrastructure projects in transport, energy, information and telecommunications technologies, as well as trans-boundary waterways. PIDA`s projects are planned to support Africa`s regional and continental integration. It`s longer term goal is to increase the physical integration of Africa, increase intra-African trade, and raise African competitiveness in the global economy (NEPAD, 2014). It sets out short-term goals to be achieved by 2020, medium-term goals to be achieved by 2030, and the long term ones by 2040. PIDA is based on expert projections that African nations will grow by an average of 6% a year until 2040, driven by a surging population, increasing levels of education and technology absorption. This suggests that, over 30 years, the GDP of African countries will multiply six-fold. This ongoing growth and prosperity will swell the demand for infrastructure. In the shorter term, it will center on its Priority Action Plan. This dwells on fifty one regional and continental infrastructure projects to be implemented by 2020. These projects are calculated to meet the continent`s more immediate regional and continental infrastructure needs. PIDA is as well expected to play a critical role in reducing the continent`s infrastructure deficit. Africa`s infrastructure remains the least developed in the world. It is estimated that poor infrastructure alone saps the continent of 2 percent in economic growth every year (NEPAD, 2014).

The lack of improvement in implementing agreement along with the absence of dependable transport, energy and information and technology infrastructure make the drive towards regional integration long and arduous. "Road freight moves incredibly slowly, while major ports are choked for lack of capacity," observes the AfDB, cited by Tafirenyika (2014). Ibrahim Mayaki, the head of the NEPAD cited by Tafirenyika (2014) points out that, even with the present-day gains the continent is creating in upgrading regional infrastructure, , the African Union's development arm, finds Africa still faces severe infrastructure shortcomings across all sectors, equally in terms of access and quality. NEPAD has just completed a 30-year plan that focuses on regional trans-border projects like the 4 500 kilometer highway from Algiers in Algeria to Lagos, Nigeria. Tafirenyika (2014) states that the continent requires huge investments to advance, upgrade and maintain its infrastructure. The AfDB, as cited by Tafirenyika (2014) estimates that Africa would need to spend an additional US$40-billion a year on infrastructure to address not only current weaknesses but as well to keep pace with economic growth.

Whereas KPMG, as cited by Sakyi and Opoku (2014:15) states that the problem of transportation is vital to the smooth running of regionalism and economic integration, as with joined economies, people have to be able to move without difficulty from one place (economy) to another, with no structural obstacles. A established transport system is essential for economies to function efficiently, increasing trade by decreasing cost and time of moving people and goods to where there are jobs and markets. An additional vital feature of transportation in Africa is the weak nature of the transport system linking countries. Many road, air and rail systems in African countries are unconnected (ECA, cited by Sakyi and Opoku, 2014:15). It is imperative to note that an effective transportation system will excellently link suppliers to consumers of a variety of goods and furthermore labor to employers (ILO and Ondiege et al, as cited by Sakyi and Opoku, 2014:15). The transportation system can, if effective, warranty the safety of both goods and people crossing borders as also the movement of workers to and from work. This all the same, the transportation system within the continent is not as effective as it should be.

Barka, cited by Sakyi and Opoku (2014), for instance, points out that delays, corruption and multiple border entry checkpoints time and again characterize the transportation system within the continent. This as well accounts considerably for the high transportation cost, which at the end of the day results in a lower volume of goods crossing borders and scares off potential and prudent investors who want to do business in Africa. These transportation problems in Africa result in lower intra-African trade (AfDB, cited by Sakyi and Opoku, 2014:15)

Nevertheless, NEPAD`s progress in ensuring intra-regional trade is visible in infrastructure with the subregion. Tanoe (2013:6) emphasizes that NEPAD through PIDA a new impetus provided by NEPAD to address serious infrastructural gaps at both the sub regional and continental levels particularly transport and energy. Further highlighting the need for creation of Trans African roads and corridors through building hard surface roads and rehabilitation, interconnection, upgrading and extending transport infrastructure.

NEPAD (2014) highlights that because of poor transport networks, mainly for landlocked nations, transport costs within the continent are among the highest in the world. This impedes not only intra-regional trade but as well Africa's ability to compete in the international markets. Both are critical to the continent's growth. This poor infrastructure as well has a negative impact on possible inflows of Foreign Direct Investment. Further, only 30 % of the continent`s population has access to electricity, compared to 70 to 90 percent in other parts of the developing world. Only 18 % of Africa's irrigation potential is exploited, yet many nations on the continent are net food importers.

Programme for infrastructure development in Africa will bring together and merge a number of continental infrastructure initiatives such as the NEPAD Short Term Action Plan, the NEPAD Medium to Long Term Strategic Framework, and the AU Infrastructure Master Plans initiatives into one articulate program for Africa. The objective of the PIDA is to establish a framework strategy for infrastructure development at the regional and continental level covering all the four key sectors of transport, energy, trans-boundary water, and ICT. PIDA will be the AU/NEPAD key planning/programming document guiding the continental infrastructure development agenda, policies, and investments priorities in the key sectors for 2011 – 2030 (NEPAD, 2014).

Mayaki (2014) highlights that Antonio Estache and GrégoireGarsous, both specialists in infrastructure investment in Africa, state in their literal notes on ‘The impact of infrastructure on growth in developing countries’ that there is, without a doubt, a plethora of anecdotal and more technical proof that better quantity and quality of infrastructure can directly raise the productivity of human and physical capital and hence growth. For example, transport access can advance education and markets for farmers’ outputs and others by cutting costs, enabling private investment, improving jobs and income levels for many. Mayaki adds that even though the gains registered in improving regional infrastructure connectivity across Africa since the formation of the AU along with NEPAD, the continent still faces serious infrastructure shortcomings across all sectors, both in terms of access and quality.

4.2 Problems facing NEPAD in addressing low intra-regional trade and unequal trade in SADC.

Although success in some African regional economic communities, regional integration has not led to in improved intra-African trade or growth in the volume of the continent`s extra-continental trade. African governments have failed to take sincerely the issue of the free movement of people and the right of Africans to live and launch business networks in different African sub regions. In addition to impediments that impede the mobility of labor and capital, the lack of adequate infrastructure to facilitate intra-African trade is a major challenge (Jiboku and Okeke-Uzodike, 2014:1).

Joseph C. Egbuden and colleagues argue, for example, that the NEPAD initiative is ‘an approach that would further entangle Africa with the developed nations and perpetuate the slave-master relationship which has failed to bring about Africa`s development` over the years. To the level that NEPAD encourages Africa`s relations with developed countries, the G8 and multilateral organizations like the World Trade Organization, it would look as if to be forming partnerships of unequal partners, with the chances that conditions and outcomes will be dictated by external forces (Jiboku and Okeke-Uzodike, 2014:9).

ZolekaNdayi maintains that the NEPAD initiative ‘promotes the free market approach to economic development and acknowledges the benefits of engaging in the international trade system with emphasis on collective self-reliance and “strategic” linking the global community’. NEPAD, in particular, is regarded by many scholars and writers as having a

Western orientation, which makes its approach to advancing African development basically flawed. Further adding that, the issues are constantly being raised about NEPAD`s economic policies and implementation of its programs being dependent on foreign aid (Jiboku and Okeke-Uzodike, 2014:9).

NEPAD, cited by Ezekiel (2002:8) stresses that NEPAD has objectives of improving procedures for customs and drawback or rebate schemes, tackling trade barriers in international trade through the improvement of standards; increasing intra-regional trade via the promotion of cross border interaction among African firms; countering Africa`s negative image through conflict resolution and marketing and dealing with shortages of short-term skills through appropriate incentives and training. It as well sets out the modalities for the achievement of these objectives. To begin with, it seeks to promote intra-African trade in order to source, within Africa, imports formerly sourced from other parts of the world. Secondly, NEPAD seeks to create marketing mechanisms and institutions that will develop marketing strategies for African products. Thirdly, it seeks to publicize African companies and their products, for example through trade fairs. Fourth, it seeks to promote and improve regional trade agreements, foster inter-regional trade liberalization and harmonize rules of origin, tariffs and products standards and reduce export taxes (NEPAD, cited by Ezekiel, 2002:8).

In order to achieve the above objectives, African leaders plan to intervene in strategic areas that will increase the contribution of trade to Africa`s recovery; and they hope to achieve this by identifying key areas in export production in which supply-side impediments exist; and by diversifying production and exports, especially in existing and potential areas of competitive advantage, bearing in mind the need to move toward higher value added production. Other strategies consist of assessing the scope for added liberalization in manufacturing, given the concentration of access in low value added sectors and its restrictiveness in high value added activities with the greatest economic and growth potential (Ezekiel, 2002:8). As well, it intends to renew political action by African states so as to intensify and deepen the various integration initiative particular consideration will be given to ad discretionary preferential trade system for intra-African trade and alignment of domestic and regional trade and industrial policy objectives thereby increasing the potential for intra-regional trade critical to the sustainability of regional economic arrangements (NEPAD, as cited by Ezekiel, 2002:8).

Melber (2004: 87) points out that, NEPAD appears to emerge more and more as a type of mega-NGO to channel aid funds into developmental projects, which at best claim, but in reality fail, to be driven by a need towards boosted regional collaboration. The programmes and policies supported under NEPAD are executed mainly by nations and not by regional bodies. Therefore NEPAD in effect weakens rather than strengthens an agency such as SADC or any other regional institution. This is a trend in spite of the fact that NEPAD attributes substantial importance to regional bodies when pinpointing ways and means to realize the defined socio-economic goals. NEPAD claims that its agenda is based on national and regional priorities and development plans, which have to be prepared through participatory processes linking the people. So far, on the other hand, no visible signs would point out that the collective (multilateral) hard work aim at a united regional approach in SADC`s relations with the outside world (Melber, 2004: 88). Nor does NEPAD so far decode its principled aims into practical steps for application. The blue-print highlights sub-regional and regional approaches even under a distinct subheading. It highlights the need for Africa nations to pool their resources and increase regional development and economic integration so as to increase global competitiveness. But the bottom line of the matter lies there: the prominence on global competitiveness comes at the costs of strengthening the local economy and the local people. As an alternative integration in Africa should as a main concern meet the socio-economic and environmental needs of its citizenries and not seek to turn even more into an export platform (Melber, 2004:88). Further stating that NEPAD claims to heighten the provision of essential regional goods as well as the promotion of intra-African trade and investments, with an additional focus on ‘rationalizing the institutional framework for economic integration. But, such an approach neglects the local or internal in favor of the global or external orientation. The carrying out of NEPAD will therefore most likely have an adverse effect and assist in an amplified outward orientation of a regional bloc at the costs of internal consolidation. It is thought-provoking to note this context, that all the same the decisive role of South Africa within NEPAD, SADC has so far hardly acknowledged and certainly not embraced the initiative.

Ezeoha and Uche (2005:12) point out that the NEPAD document spells out a clear role for the international community in assisting the continent`s development. The NEPAD document, for example, advocates debt relief for African states taking part in the NEPAD programme. In the quest of the above, the programme recommends a two pronged approach: in the interim, debt service ceilings should be fixed as a proportion of fiscal revenue while in the long run, debt relief should be linked with costed poverty reduction outcomes. On the side from debt relief, international aid is another area recognized by the NEPAD document where the international community has a role to play. Here the document seeks increased Overseas Development Assistance (ODA) flows in the medium term as well as the reform of the ODA delivery system to ensure that flows are more effectively utilised by recipient African countries. Ezeoha and Uche (2005:12) states that, precisely it asserts that:

> "A typical dimension of Africans taking responsibility for the continent's destiny isthe need to negotiate a new relationship with their development partners. The manner in which development assistance is delivered in itself creates serious problems for developing countries. The need to negotiate with, and account separately to, donors supporting the same sector or programme is both cumbersome and inefficient. Also, the tying of development assistance generates further inefficiencies. The appeal is for a new relationship that takes the country programmes as a point of departure. The new relationship should set out mutually agreed performance targets and standards for both donors and recipients. Many cases clearly show that the failure of projects is not caused only by the poor performance of recipients, but also by bad advice given by donors."

From the above enquiry, it is clear that the NEPAD document appreciates the need for going through the present relationship between underdeveloped Africa and the developed world as being of critical importance in the promotion of African economic growth. It is on the basis of this that it puts forward debt relief and a review of the ODA administration. Regrettably, it fails to do the same for intra African relationships. This is so despite the glaring disparities in economic fortunes of various African countries. The result of this failure is the fact that the document contains little on how more economically advantaged African countries like South Africa can help assist the development of its less fortunate neighbors (Ezeoha and Uche, 2005:13). The end result of this failure is the fact that the NEPAD document has little on how more economically advantaged African states like South Africa can help support the development of its less fortunate neighbors. This in effect places South Africa, a middle income country, with a per capita income of US$ 2780 on the same pedestal with other Sub- Saharan African states, most of which are classified as low income states with an average per-capita income of US$ 490, when it comes to dealing with the developed world (Ezeoha and Uche, 2005:13).

Ezeoha and Uche (2005:13) point out a thorny issue crippling intraregional trade noting that, there is little support from the South African government to the economies of its less fortunate NEPAD member states in terms of development aid. Arguing that, by embracing the above approach, the NEPAD programme has put South Africa in a position to be the main beneficiary of free market access and competition in intercontinental trade without an equivalent financial commitment to the development of poorer African states. Such an approach has led to increased uncertainties about South African intentions in the continent. Possibly more important is the fact that for South Africa to be an effective pivotal government, it has to offer more developmental assistance to less fortunate NEPAD member states. This will, at the very least, help increase the country's acceptability in such states and help reduce mistrust for South Africa, which dates back to the apartheid era (Ezeoha and Uche, 2005:14).

The fact that South Africa stands out economically within the continent is not in doubt. It is for example widely known that a major obstacle to intra African trade is the great number of primary goods across the breath of the continent. The small number of manufactured goods in Africa makes it difficult for any meaningful volume of trade to take place between these African countries. South Africa, nevertheless, is one of the most advantaged African countries with respect to the export of manufactured goods. Hence classifying South Africa among economically less viable African states under the NEPAD scheme has as well positioned the nation to become the major continent`s beneficiary of better trading conditions for African goods. This is particularly so given the fact that South Africa is the continent’s biggest economy and, in spite of its limitations, remains the most active African player in intercontinental trade (Ezeoha and Uche, 2005:14).

It is owing to NEPAD`s blind eye on failing to effectively address the issue of intra-regional trade amongst the continent`s states up to date intra-regional remains low. Since the less fortunate neighbors of the economically advantaged African states would rather engage in unequal trade with the West. At the end of the day such a move will constrain intra-regional trade greatly as smaller states would fear being swallowed by these economic giants. NEPAD`s failure to address intra-Africa relationships, regional integration suffers a huge set back as smaller states would not see the need of pursuing regional integration for the benefits would only accrue to the economic giants.

The promotion of growth through improved intra-trade and deeper regional economic integration hold much potential in Southern Africa. In particular, with the mixed neighborhoods of low and medium income nations as well as landlocked, coastal and island countries, regional integration offers prospects to leverage and extend economic comparative advantage at a regional level in ways not easily reached through national programs (Mbekenai, 2013).

NEPAD supports "the promotion of intra-African trade and investments" and the need to "promote and improve regional trade agreements" and it even refers to "the creation of a single African trading platform". NEPAD seems to recognize the developmental potential in supporting intra-African trade "with the aim of sourcing within Africa, imports formerly sourced from other parts of the world" and the potential for building backward and forward linkages within and between the continent`s economies even though it does not use these terms through "increased intra-regional trade via promoting cross-border interactions among African firms". NEPAD even recommends at one point, although rather tentatively, "that consideration needs to be given to a discretionary preferential trade system for intra-African trade" which, if acted upon, could provide some tariff policy supports to inspire inter-African trade, and towards more internally oriented economic interactions.

The Southern African Regional Poverty Network (SARPN) (2008) on the promotion of trade within, and between, African regions, highlights that there is a key challenge posed to such potential internal African trade and mutual development by two other dimensions of NEPAD's strategy. The first is that, while seemingly aiming to build larger and more unified markets within Africa to inspire African producers and provide larger and assured markets for African exporters, NEPAD as well explicitly offers up Africa "as a vast and growing market for producers across the world". This proposition would have to be grounded on generous access into the continent`s markets as a quid pro quo or reward for the improved foreign aid that NEPAD is looking for from the home governments of such companies and international exporters. On the other hand such an "expanding market for world manufactured products, intermediate goods and services" would produce further insupportable competitive pressures on African producers and providers of such goods and services. The strains are once again evident within NEPAD concerning intra-African developmental proposals, on the one hand, and, on the other hand, susceptibility to the requirements of international 'partnerships'.

On the other hand, SARPN (2008) states that there are as well other strains within this plan, reflecting pressures and differences on the ground in Africa. As with financial market liberalization which will produce more favorable conditions in Africa for South African and not only global investor interests, the "inter-regional trade liberalization" projected in NEPAD will, short of other deliberate countervailing programmes and corrective measures, as well work essentially to the advantage of the robust economies in Africa - such as Egypt, Kenya, Mauritius and, above all, South Africa. This occurs with 'free trade' everywhere, and the effects of even the free-er trade forced under SAPs is at present evident in the immense and rapidly growing trade one-sidedness in favor of South Africa in relation to all its neighbors in SADC and further afield in Africa.

In acknowledgement of such nation state differences, and not the same vulnerabilities to trade liberalization, requirements for the promotion of intra-regional trade have to be internally planned for differing rates of tariff reduction between diverse economies, with respect to different sectors, and even for specific products, agreeing to the needs of the particular member countries, and principally for the LDCs and Small Island and Landlocked States (SILS), as the AEC plan puts forward. Member countries of specific regions need to plan their tariff policies to provide preferential, if qualified, treatment to fellow members' trade. This is significant to prioritize inter-African trade in relation to exporters from outside the continent, which is a genuine development strategy. On the other hand intra-regional preferential trade as well affects exports from other states or regions within Africa, and this requires correspondingly negotiated inter-regional preferential trade agreements. NEPAD does not enlarge on these challenges and is more or less totally silent on the many forms and phases of trade integration on the continent, which the AEC plan outlines in great detail (SARPN, 2008).

SARPN (2008) further points out that it has as well not been lost on African observers of South Africa's active promotion of NEPAD that even the 'preferential' trade terms put forward for African exporters within Africa could, in fact, aid to make the continent a privileged reserve for the few stronger African economies and their firms that are not globally 'competitive'. If that is what the continent is to be turned into, it would settle the assertions of neo-liberal theorists that such preferential policies are ill-used by the strong to the disadvantage of the less strong. In this light, in addition, the proposed "sourcing" of imports and intermediate inputs "from within Africa" and "the higher effective demand for African industrial goods" would as well be most advantageous to the production and export sectors of more industrialized South Africa.

Ndzinge (1997:140) highlights that even though South Africa stands to benefit the greatest from an economically integrated Southern Africa, at least initially, the other nations will likely experience substantial economic activity as well, as a consequence creating opportunities for expanded regional trade. South African industries are better established in general and produce goods quite often perceived to be superior in quality to those produced in most of the other SADC countries. In a number of cases the difference is in the quality of packaging as opposed to the actual quality of the product. Initially, therefore, the South African based manufacturer already has a competitive advantage over manufacturers based elsewhere in the Southern African region. This is an advantage which will take time to erode, and in some cases competitors in other SADC countries may even be forced out of business before they can be.in a position to overcome this obstacle. It is worth noting that South African based businesses have also increased their market share in some of the other countries of the region. This they have achieved with hardly any capital investment in these countries, if at all. Efforts of SADC on trade apart from developing a trade protocol, SADC has really not done much to bring about free trade to the region. It will be a while before the protocol can benefit the free regional trade cause. It is taking rather too long to bring free trade to SADC, much to the detriment of businesses in some of the SADC countries(Ndzinge, 1997:140).

Clayton and Spicer cited by Bertelsmann-Scott and Mutschler (1998:7) highlighted that the problem facing constructive SADC relations is the matter of regional trust and confidence. The neighbors are cautious of the domination of South Africa and its aspirations and ambitions, which causes major tensions in political and economic relations with its SADC partners. In economic standings, South Africa's GDP surpasses that of the next largest SADC member, Zimbabwe, twenty times. This has fed into the uncertainties of elements of local industry in Zimbabwe and other SADC neighbors that South African industry will take over the regional market place. This insight is unmistakably a tricky issue, as local industry will be tempted to hold back rather than drive the process of regional integration, a noteworthy problem, as business is destined to cement the assessments taken at the political level(Bertelsmann-Scott and Mutschler, 1998:7).

Spicer cited by Bertelsmann-Scott and Mutschler (1998:7) state that the problem of South Africa's supremacy calls for much sensitivity from both South Africa's large industry corporations as well as the South African government. For this reason the strategy of asymmetrical tariff liberalization, where South Africa opens its markets more quickly than its SADC partners, is vital. NEPAD`s failure to address the suspicion of South Africa's regional dominance has greatly impeded intra-regional trade within SADC.

Tanoe (2013:15) states doubts on equality of benefits and fear of polarization; national focus versus regional orientation and lastly sovereignty with regards to who will be in charge especially with regards to SADC as a sub region. Due to such issues intra-regional trade amongst SADC countries stands to be a tall order as economically weak countries would not be committed fully to regional integration. Tanoe (2013:15) further stresses that such economically weak states tend to jealously guard their sovereignty for fear of its being jeopardized through regional projects.

Bertelsmann-Scott and Mutschler (1998:8) pointed out that closely correlated to South Africa's regional domination is the matter of the distribution of costs and benefits of economic integration in the SADC region. A fear exists in the midst of SADC nations that there will be an unevenness of benefits in favor of South Africa. Not all participants within SADC take in themselves as gaining equitably from the SADC integration process, which feeds into a destructive perception and reaction to South Africa's role. Spicer cited by Bertelsmann-Scott and Mutschler (1998:8) underscored that it is critical to bring forth these doubts of the other nations. They have to become part of the official programme in order to allow policy reactions to be formulated to address imbalances suffered as a result of liberalization. It is owing to NEPAD`s failure to address the issue of distribution of costs and benefits among SADC member states intra-regional trade suffers a tremendous setback. As other SADC nations are greatly threatened by South Africa`s supremacy as well as when it comes to benefits only accruing to South Africa.

4.3 Conclusion

The chapter evaluated NEPAD as a development strategy with regards to SADC. This owing to the fact that Southern Africa`s development is still stagnant despite various initiatives being put forward. Therefore the study in relation to NEPAD`s prospects in addressing issues of low intra-regional trade and unequal trade ensuring intra-regional trade found that NEPAD is only visible in tackling the subregion`s infrastructure deficit. NEPAD through PIDA by addressing the infrastructural gaps particularly with regards to transport guarantees the boosting of intra-regional amongst SADC member states. The study as well looked at the NEPAD`s problems in addressing issues of low intra-regional trade and unequal trade ensuring intra-regional trade.

The study found that amongst the problems South Africa`s dominance within the subregion stands as the greatest impediment. The distribution of costs and benefits of economic integration in the SADC region is as well a thorny issue as only South Africa stands to benefit the greatest from an economically integrated SADC. As a result of South Africa`s dominance other member states due to fear and mistrust tend to opt to further entangle themselves in the unequal relationship with the West leading to intra-regional integration amongst the subregion`s member. The study found that there is greater need for NEPAD to revisit the relationship especially of the economic heavyweights such as South Africa and that of the less economically advantaged member states within SADC. This will at the end of the day increase accessibility and cooperation in boosting intra-regional trade and regional integration.

CHAPTER FIVE

PROSPECTS AND PROBLEMS FACING NEPAD IN ADDRESSING ISSUES OF LOW INTRA-REGIONAL TRADE AND UNEQUAL TRADE IN SADC.

5. 1 Introduction

This chapter sets out an analysis on the study`s present findings as well as linking with the literature review with regards to intra-regional trade and unequal trade amongst SADC member states. The chapter in the end comes up with a way forward for NEPAD to respond to the specific needs of SADC member states to boost low intra-regional trade as well as the unequal trade amongst them.

Intra-regional trade is heavily stalled within SADC as it is difficult for neighbouring states to trade equally within a regional bloc.TheEconomic Commission for Africa (2004:81) highlights that the international trade theory makes some profound assertions about the welfare of countries in a trading relationship. It asserts that trade provides an avenue to exchange surplus national production for the products of other countries. It encourages resource allocation based on perceived comparative advantage and acts as an engine of economic growth. This still is not the case with SADC given that the majority of SADC member states are not industrialized except for South Africa. This highlights the fact that such an assumption is feasible amongst states at the same level of development which is not the case with SADC member states.

It is emanating from the issue of unequal trade relationship with South Africa that there is low intra-regional trade in SADC. As AU (2006:6) had stressed that, lack of compensatory mechanism for losers stands as the continent`s challenge in moving forward Africa integration agenda. The payments of compensations to the losers of the integration process as well acts as a restriction for the full implementation of integration schemes. Spicer cited by Bertelsmann-Scott and Mutschler (1998:7) states that the problem of South Africa's supremacy calls for much sensitivity from both South Africa's large industry corporations as well as the South African government. For this reason the strategy of asymmetrical tariff liberalization, where South Africa opens its markets more quickly than its SADC partners, is vital. This failure to address the suspicion of South Africa's regional dominance has greatly impeded intra-regional trade within SADC. This led to the majority of SADC member states not to see the beneficial side of engaging in intra-regional trade as it proves to be one sided. Schumacher (2012:83) points out that, the comparative advantage theory is used to debate that it is of vital importance for poor countries to open markets and to join a free trade regime in order to raise living standards.

Chakwizira and Mashiri (2011:356) underlined that SADC is a region of immense rich mineral and natural resources, the greater part of whose resources are still generally underdeveloped. The majority of SADC member states are still only reliant on the production and export of these raw commodities as they are unable to process them into finished products like South Africa.The Carter Centre (2010) highlighted that countries engage in international trade because they stand to gain if they specialize in the production of products with low opportunity cost. This does not apply in the case of SADC as the majority of member states are all involved in the production of the same raw commodities and have no industries to processes them to finished products except for South Africa.

The classical theory of trade assumes that every nation will produce their commodities for the production of which it is most suited in terms of the nation`s natural endowments, climate, quality of soil, means of transport, capital, and so on. Accordingly, the nation will produce these commodities in excess of its own requirement and will exchange the surplus with the imports of goods from other nations for the production of which it is not well suited or which it cannot produce at all. As a result all nations produce and export these commodities in which they have cost advantages and import those commodities in which they have cost disadvantages (Benedict, 2008:8).

SADC states only stand to gain from trade relationship amongst themselves if they add value to their commodities by processing them into semi and finished products as opposed to exporting them as raw commodities. According to David Ricardo, other things being equal, a nation tends to specialize in and exports those commodities in the production of which the nation has maximum comparative cost advantage or minimum comparative disadvantage. In the same way the nation`s imports having relatively less comparative cost advantage or greater disadvantage (Benedict, 2008:9).

Ezeoha and Uche (2005:14) on the other hand disqualify such an assumption and maintain that South Africa, is one of the most advantaged African countries with respect to the export of manufactured goods. Hence classifying South Africa among economically less viable African states under the NEPAD scheme has as well positioned the nation to become the major continent`s beneficiary of better trading conditions for African goods. This is particularly so given the fact that South Africa is the continent's biggest economy and, in spite of its limitations, remains the most active African player in intercontinental trade. The study`s findings highlight that most SADC member states fear being dominated by industrialized South Africa continue to export primary commodities. Intra-regional trade still remains low amongst SADC member states as trading with South Africa is one-sided and advantageous to itself.

SADC member states are at different stages of development. The disadvantages of having a trading relationship with one such dominant partner as South Africa make other SADC member states unwilling to fully commit themselves to the integration process. It may be essential to have an agreement by the gainers to compensate the losers just as noted by AU (2006:6). Due to the failure of NEPAD to effectively address the issue of intra-regional trade amongst the continent`s states. The subregion`s member states continue to engage in unequal trade with the West. Such a move will continue to constrain intra-regional trade.

Suranovic (1997) highlighted that the advocates of the international trade theory contend that the allocation of international resources leads to a better welfare of the world population. This view was based on the analysis that technology differences between countries will bring about specialization and trade. This is underscored by Ndzinge (1997:140) who states that South Africa stands to benefit the greatest from an economically integrated Southern Africa, at least initially, and that the other nations will likely experience substantial economic activity as well, as a consequence creating opportunities for expanded regional trade. South African industries are better established in general and produce goods quite often perceived to be superior in quality to those produced in most of the other SADC countries. In a number of cases the difference is in the quality of packaging as opposed to the actual quality of the product. Initially, therefore, the South African based manufacturer already has a competitive advantage over manufacturers based elsewhere in the Southern African region. This is an advantage which will take time to erode, and in some cases competitors in other SADC countries may even be forced out of business before they can be.in a position to overcome this obstacle. It is worth noting that South African based businesses have also increased their market share in some of the other countries of the region. This they have achieved with hardly any capital investment in these countries, if at all. This shows that, apart from developing a trade protocol, SADC has really not done much to bring about free trade to the region. It will be a while before the protocol can benefit the free regional trade cause. It is taking rather too long to bring free trade to SADC, much to the detriment of businesses in some of the SADC countries. There is great need to address the issue of distribution of costs and benefits among SADC member states, as the supremacy of South Africa impedes intra-regional trade. Endorsing the same view are Clayton and Spicer, cited by Bertelsmann-Scott and Mutschler (1998:7), who highlighted that the problem facing constructive SADC relations is the matter of regional trust and confidence. The neighbors are cautious of the domination of South Africa and its aspirations and ambitions, which causes major tensions in political and economic relations with its SADC partners.

UNCTAD, as cited by Sakyi and Opoku (2014:17), highlight that trade among nations in regional and economic groups is significant to the development of the region. Intra-regional trade contributes positively to the widening of the markets; has a capacity of creating jobs and speeding investment and growth, and has the ability to position nations to take advantage of even greater trade with countries outside the region. However, Tanoe (2013:15) raises questions on issues of equality of benefits and fear of polarization;

national focus versus regional orientation and lastly sovereignty with regards to who will be in charge especially with regards to SADC as a sub region. It is due to such thorny issues that intra-regional trade amongst SADC countries stands to be a tall order as economically weak countries would not be committed fully to regional integration. Tanoe further stresses that such economically weak states tend to jealously guard their sovereignty for fear of being jeopardized through regional projects.

The issue of sovereignty proves to be a thorny issue within SADC. SADC member states seem to continue with the exploitative trading relationship with the developed states. This resulting in intra-regional trade to be low due to the fact that SADC member states are not industrialized as compared to South Africacoupled with their fears and mistrusts towards South Africa`s dominance within the subregion. Sako (2006:6) had underscored that few countries on the continent seem to be prepared for the partial surrender and the pooling of sovereignty, which is critical for the success of any regional integration scheme. Bertelsmann-Scott and Mutschler (1998:8) point out that closely correlated to South Africa's regional domination is the matter of the distribution of costs and benefits of economic integration in the SADC region. A fear exists in the midst of SADC nations that there will be an unevenness of benefits in favor of South Africa. Not all participants within SADC take in themselves as gaining equitably from the SADC integration process, which feeds into a destructive perception and reaction to South Africa's role. This is in contrast to Ricardo's theory of comparative advantage which claims that, by trading freely with other states even those that, on paper, are more efficient at producing goods and services one can become more prosperous than by closing one's borders (Conway, 2009).

Todaro et al (1997: 439) argue that the theory leads to conclusions which are not very relevant in many developing nations. The theory explains the relationship of production functions with trade, in a free trade economy, however, other factors such as the impact of supporting infrastructure on trade and trade policies, are not captured. Nevertheless, according to the study`s findings NEPAD is visible in infrastructure with the subregion as Tanoe (2013:6) emphasizes that NEPAD through PIDA a new impetus provided by NEPAD to address serious infrastructural gaps at both the subregional and continental levels particularly transport and energy. NEPAD (2013) even declared that, there can be no meaningful development without trade and there can be no trade without adequate and reliable infrastructure. However, though NEPAD has initiated several initiatives to promote regional and continental integration it is to a lesser extent taking forward regional integration. It seems to prioritize only on one of the threats hindering the continent`s dream which is infrastructure whilst overlooking the other threats drawing it back such as low intra-regional trade and unequal trade.

5.3 Conclusion

The study focused on analyzing NEPAD`s prospects and problems facing NEPAD in addressing issues of low intra-regional trade and unequal trade in SADC. Intra-regional trade is stalled due to South Africa`s dominance as well as the issue of unequal trade relationship with South Africa despite NEPAD being adopted as a development strategy within the subregion. The study found that NEPAD does not have a clear framework on how these challenges can be averted which at the end of the day leaves the subregion to be plagued by the same socio-economic problems The following chapter comes up with a way forward for NEPAD to respond to the specific needs of SADC member states to boost low intra-regional trade as well as the unequal trade amongst its states.

CHAPTER SIX

CONCLUSION AND WAY FORWARD

The focus of the study was to explore the impact of NEPAD towards regional economic integration in Southern Africa and whether it has led to an improvement in the region`s intra-regional trade. The subregion`s integration record is not inspiring in spite of the fact that NEPAD was adopted to address problems of regional integration including trade. Regional integration has become a critical initiative towards addressing the socio-economic development challenges haunting Africa, particularly Southern Africa. However, its record within SADC is not inspiring as the subregion is facing problems of low intra-regional trade even though trade was identified as the engine of activity and economic growth for the integration process.

The kind of problems threatening regional economic integration, the impact of SAPs and the recent economic crisis on the continent`s path to address its socio-economic development remain serious challenges to the integration agenda of the continent. The relationship between SADC and the NEPAD has been characterized by the problems of South Africa`s dominance within the subregion. South Africa is the only state benefitting the greatest from an economically integrated SADC as benefits of intra-regional trade only accrue to South Africa. As a result of South Africa`s dominance other member states due to fear and mistrust tend to opt to further entangle themselves in the unequal relationship with the West. This leading to intra-regional integration amongst the subregion`s member states to remain low. The study found that there is greater need for NEPAD to revisit the relationship especially of the economic heavyweights such as South Africa and that of the less economically advantaged member states within SADC. This will at the end of the day increase accessibility and cooperation in boosting intra-regional trade and regional integration.

The study in relation to NEPAD`s prospects in addressing issues of low intra-regional trade and unequal trade found that NEPAD is only visible in tackling the subregion`s infrastructure deficit. NEPAD through PIDA by addressing the infrastructural gaps particularly with regards to transport guarantees the boosting of intra-regional trade amongst SADC member states. However, the study therefore found that there is greater need for NEPAD to revisit the relationship especially between economic heavyweights such as South Africa and the less economically advantaged member states within SADC. This will at the end of the day increase accessibility and cooperation in boosting intra-regional trade and regional integration. The low levels of intra-regional trade among SADC member countries is an indication that trade relations with non-members are still stronger than with members in the scheme after fifty years of co-operation.

Way Forward

In order for Southern Africa and the continent at large to benefit from regional economic integration and realize the potential of intra-regional integration in addressing the socio-economic challenges faced within the sub-region, member states must consider the need for SADC to address fears and concerns on unequal benefits of regional economic integration. It is owing to South Africa`s dominance within the region that intra-regional trade is greatly impeded as economically weak nations stand to guard their sovereignty for fear of being swallowed through regional projects. Hence the need on NEPAD and SADC to address such a challenge so as to boost intra-regional trade.

Southern Africa is endowed with immense natural resources and is greatly dependent on the exportation of raw material. As a result it still remains underdeveloped hence there is need amongst member states within Southern Africa to use the vast natural resources to fully change their economies through value addition and beneficiation. This would in turn serve as a gateway to address effectively their socio-economic challenges.

There is great need among member states to trade with each other as UNECA (2013:2) highlighted that, intra-African trade has vast potential to create employment, catalyze investment and foster growth in Africa. Hence to fully realize such economic potential SADC member states must critically address the subregion`s infrastructure backlog, especially when it comes to transport, ports and harbors, energy and information communication technology as they are critical towards the speeding up of the subregion`s integration as well as intra-regional trade.

For regional trade to be workable within SADC, there is great need from NEPAD and SADC to assure equal benefits of regional economic integration. This is all in the light that, SADC as a region is dominated by South Africa, a country well industrialized as compared to the other SADC member states. This leaves the disadvantaged member states to largely conduct their trade externally than within the subregion. This is owing to the fact that disadvantaged SADC member states do not feel as part of the subregional group for all benefits only accrue to South Africa given its. Economically disadvantaged countries within SADC do not trust South Africa and tend to be hostile against her for they are not enjoying the benefits of regional economic integration.

NEPAD and SADC need to ensure that there is guaranteed boosting of the subregion`s infrastructure. This will act as a catalyst to guarantee a boost in intra-regional trade amongst SADC member states. As there is great need among SADC member states to maintain and expand existing regional transportation infrastructure so that delay times and better turnaround times can be enjoyed. As World Bank cited by Chakwizira and Mashiri (2011:362) highlighted that most of the regional transportation infrastructure has deteriorated owing to years of either under-funding, lack of maintenance combined with neglect.

Furthermore there is limitless need among SADC member states to fully exploit the potential of their citizens to realize full integration as well as industrialization. For to date the subregion harbors abundant human resources which need to be skilled in relevant areas that will in turn transform economies effectively such as science, technology and research and innovation.

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