



POLITICAL ECONOMY DYNAMICS OF REGIONAL ORGANISATIONS IN AFRICA

PEDRO

COMESA industrialisation: Regional integration, cooperation or learning?¹

This paper sets out to better inform stakeholders about why the Common Market for Eastern and Southern Africa (COMESA) and national level stakeholders operate as they do around regional industrialisation policy. It concludes with implications for support.²

Political traction, member states interests and potential

Despite COMESA's traditional focus on trade-led market integration, industrialisation has become increasingly prominent on its agenda. The Cluster Development Programme, initiated in 2012, has generated regional strategies for the cotton-to-clothing and leather value chains in selected countries, as well as a strategy for micro-, small and medium size enterprises (MSMEs). More recently, the adoption of the 2015 industrialisation policy seems to have put industrialisation firmly on the COMESA agenda.

In broad terms, the COMESA industrialisation agenda appears to represent the interests of a wide range of COMESA member states. The focus on value addition in a number of priority sectors - especially in the fields of agro-processing, leather and leather products, textiles and garments, mineral beneficiation and pharmaceuticals - as well as the importance attributed to MSME development are in line with the stated objectives of COMESA member states' industrial development strategies. In spite of these synergies, member states generally appear not to recognise a role for COMESA (or its specialised programmes) in supporting their industrialisation objectives. This is further illustrated by the frequent use by member states of trade measures such as import bans and other non-tariff barriers as a means to protect national industries, contrary to the COMESA goal of removing barriers to intraregional trade.

In response, COMESA has sought political traction for a regional industrialisation agenda by focusing on programmes targeting specific value chains in specific countries, cluster development and supporting MSMEs. The successful experience of the COMESA Leather and Leather Products Institute (LLPI) in supporting national efforts to promote value addition indicates that, while industrial development goals are generally pursued at the national

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² Other COMESA related reports deal with trade and economic integration and electric power trade through the East African Power Pool (EAPP).

level, countries do have an interest in receiving regional support. With the external support of the International Trade Centre (ITC) the LLPI has managed to provide a platform for sharing experiences and best practices and has acted as a neutral broker in creating public-private and private-private linkages between value chain stakeholders. Moreover, the 'political legitimacy' of the LLPI as a regional institution and its direct access to the highest political levels have enabled it to use its regional position to support the promotion of value addition at the national level.

The LLPI suggests that COMESA and its specialised institutions can provide value chain-specific support in sectors of interest to multiple member states. As such, it currently appears that the area of the COMESA industrialisation agenda with the most political traction is its *regional* support to *national* processes. The COMESA Secretary General suggested that such support could be expanded to the facilitation of *regional* value chains. Yet, it appears that member states continue to view industrial development promotion primarily as a national matter. How COMESA will find a balance between a regional approach to industrialisation and the national orientation of industrialisation processes remains an open question and may be one that evolves over time.

Implications for support

1. Support lesson-sharing and analysis of COMESA's experiences in capacity building in specific value chains and linking national/local actors to regional and global markets.

- COMESA initiatives on leather and leather products, cassava and clothing and textiles offer potential insights into what has worked and why, insights that may help understand drivers and blockers in key sectors such as agro-processing, mineral beneficiation and pharmaceuticals.
- COMESA might similarly be supported to build on its experience of working on MSME capacity building and market linkages in the leather value chain to develop and implement a regional cooperation programme on MSME development.
- In particular, a regional MSME programme could address widely recognised needs for MSMEs, such as capacity building, generating supply linkages between MSMEs and larger firms and facilitating greater access to affordable finance, e.g through COMESA's Trade and Development Bank.

2. COMESA could serve as an exchange forum on national approaches to industrial policy

- Though all COMESA member states pursue industrialisation objectives in some form, approaches vary, with different levels of experience in developing and implementing them.
- There could be value in a forum where COMESA member states learn from one another's experiences of using industrial policy. Such lesson-sharing could focus on strengthening national industrial development institutions and developing conducive regulatory frameworks.
- The scope for this depends on the perceived benefits and incentives to key national level stakeholders.

Behind the formal structures of regional organisations is a messy world of regional power and politics. This messiness is often difficult to capture in the language of development cooperation and institutional development. Working with regional organisations and their programmes therefore implies engaging with complex, multi-level power and interest dynamics.

PEDRO, the Political Economy Dynamics of Regional Organisations, is an ECDPM project that looks at the politics behind regional organisations, and the structural factors, institutions and incentives that ultimately define the way in which countries and different stakeholders engage at a regional level. PEDRO covers 17 African regional organisations and 11 policy areas. For each of these, ECDPM has applied a political economy approach to help understand the dynamics and their effects in different regions and policy areas.

The studies are framed around three key questions: the first relates to the political traction of the regional organisation as this helps assess whether the regional organisation has enabled regional decision making and if it has contributed to implementation. The second focuses on the member state interests in engaging with the regional organisation, especially the more resourceful and powerful ones (the so-called 'swing states'). The third looks at the areas with most traction where regional and national level interests seem to be most aligned for regional outcomes.

The reports aim to present information and insights that can help regional stakeholders navigate the obstacles and better respond to reform opportunities. Rather than providing specific operational recommendations, the political economy approach encourages more reality-based discussions among practitioners and reformers about feasible ways to address regional challenges. It is hoped that this may help tailor the ambitions and approaches of donors and reformers and help identify ways to support national or regional champions or coalitions to take regional cooperation and integration forward.