



# POLITICAL ECONOMY DYNAMICS OF REGIONAL ORGANISATIONS IN AFRICA

PEDRO

## ***EAC food security: Private sector ambitions facing political headwinds<sup>1</sup>***

This paper sets out to better inform stakeholders about why the East African Community (EAC) and national level stakeholders operate as they do in the area of agricultural development and food security, and implications for development cooperation.<sup>2</sup>

### **Political traction, member states interests and potential**

Agricultural development has been a stated objective of the East African Community (EAC) since its re-establishment in 1999. With the formulation of policies such as the regional Food Security Action Plan (FSAP) and the regional Compact and Investment Plan of the Comprehensive African Agriculture Development Programme (CAADP), agriculture and food security have further risen up the regional policy agenda in recent years. Through the Common Market Protocol and the Common External Tariff (CET), the EAC has also linked these issues to its trade policy, ostensibly to reduce barriers to intra-regional trade in agricultural goods, while simultaneously providing protection from extra-regional imports for a number of sensitive agricultural products.

Yet, the institutional mechanisms to support this ambitious agenda remain limited. The non-binding nature of regional commitments and the absence of functional monitoring and evaluation mechanisms constrain the EAC Secretariat in its role of ensuring implementation of the regional agricultural agenda. Although there is no proper evaluation available, perceptions are that the Food Security Action Plan is only partially or inconsistently implemented. Regional commitments do not impact national policy discussions and plans, with agricultural development outcomes essentially due to national policies. Intra-regional trade is an important aspect of the CAADP agenda and the CET theoretically provides protection of the community market. Yet, the CET is regularly undermined to satisfy special interest groups in individual member states, while intra-regional trade is hampered by bans, non-tariff barriers, and rent-seeking officials.

Regional agricultural policy outcomes in many ways reflect the established structures of the agricultural and food sectors in East African countries. Although trade deficits in staple foods and the 2008 spike in food prices encouraged a regional policy response, the crisis and the potential political instability that it presaged prompted most political

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<sup>1</sup> Based on a March 2017 background paper by ECDPM, available at [www.ecdpm.org/pedro/backgroundpapers](http://www.ecdpm.org/pedro/backgroundpapers). The Policy Brief and background paper were prepared under the BMZ-financed project on the *Political Economy Dynamics of Regional Organisations (PEDRO)*. Author: Fabien Tondel ([ft@ecdpm.org](mailto:ft@ecdpm.org)). Project team leader: Bruce Byiers ([bby@ecdpm.org](mailto:bby@ecdpm.org)).

<sup>2</sup> Other PEDRO papers related to the EAC or East Africa deal with regional trade and transport cooperation, industrialisation and youth employment, the East African Court of Justice and the East African Standby Force.

leaders to focus in practice on national agricultural and food security strategies. Though similarities in agricultural production among countries also limit the incentive for intra-regional trade, rent accumulation from agro-food value chains by national level ruling elites is also key to why agricultural policy remains a domestic matter. This generally translates into a low level of interest to implement EAC agricultural policies. The exception is Rwanda, where the ruling political elite links its political survival to effective rural development, agricultural transformation and rising farm incomes which it associates with regional markets and CAADP, the more so as the latter provided a vehicle through which to mobilise and channel donor funds.

As the socio-economic context is evolving with food prices remaining high, economic growth steady and urbanisation rapid, interests in developing local agro-food value chains and exploiting opportunities in the regional market are strengthening. Yet, to be feasible a regional approach will require more interest and investments in smallholder agriculture than what most governments currently undertake.

While regional private sector associations such as the East African Business Council have voiced concerns over intra-regional trade barriers, CAADP has opened up space for increased participation by small-scale farmers, small businesses and civil society, most notably through the East African Farmers Federation. However, their influence on agricultural policy processes has remained modest. State-led initiatives and large-scale private investment projects have more often prevailed on the agricultural and development agenda, as illustrated by the post-2008 surge in deals in the sugar, dairy and oilseeds sectors, in primary production and/or processing, which in turn have generated pressure to ease trade barriers. These may take effect as ruling elites try to manage markets that generate economic gains, from which rents can be obtained, and help win electoral support from rural constituencies.

## Implications for support

### **1. Support to the EAC food security agenda must take account of different economic and political interests in agriculture across member states.**

- The potential economic and political gains from regional market integration in specific value chains and among specific countries must be taken as a starting point for the design of support mechanisms that either adapt or alter current incentive structures, or seek to avoid them by targeting different markets and producers.

### **2. Support should aim to strengthen the policy links between EAC trade policy, trade facilitation measures, industrial policy and agricultural development and investment.**

- Trade and related policies and their implementation are fundamental in determining regional agricultural outcomes and food security, suggesting a need for support to encourage alignment and coalitions of actors exhibiting mutually reinforcing interests.

### **3. Support should aim to increase private sector and civil society engagement.**

- Private sector actors have been key drivers or blockers of deeper economic integration, as illustrated by the examples of the dairy and sugar sectors.
- Specific actors, in particular small-scale producers, may require targeted support and offsetting measures to help take advantage of market opportunities and regional value chains. The 2014 EAC Cooperative Societies Bill may be a good entry point in this regard.
- Stronger engagement with farmers and agribusinesses could help identify measures to stimulate EAC initiatives that build on well-identified interests at the national level, by promoting cooperation among national sectoral platforms (for example, to disseminate proven value chain development approaches) and, when politically feasible, by working to progressively harmonise policies and regulations to structure an inclusive regional market. Key regional private sector organisations may include the Eastern Africa Grain Council and the Eastern and Southern Africa Dairy Association.

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 **P**olitical **E**conomy **D**ynamics of **R**eional **O**rganisations, 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.