

THE POLITICAL ECONOMY OF REGIONAL INTEGRATION IN AFRICA

THE AFRICAN UNION

Jan Vanheukelom



**EXECUTIVE
SUMMARY**

ecdpm

This is the Executive Summary of the following report:

Vanheukelom, J. 2016. *The Political Economy of Regional Integration in Africa, The African Union (AU) Report*. Maastricht: ECDPM. Available at: <http://ecdpm.org/peria/au>

Executive Summary

This study presents a political economy analysis of the African Union (AU), focusing in particular on what drives and constrains this continental organisation in the following policy areas: preventing and resolving conflicts in Africa, pursuing infrastructure development, promoting a continental approach to agriculture and food security, and engaging in global climate change diplomacy. This report is part of a broader study that also includes five Regional Economic Communities in Africa.

Why a political economy study of the African Union?

The African Union (AU) is the continental champion on political cooperation and economic integration in Africa. With its 54 member states, the AU is the world's largest and most diverse regional organisation in terms of member income levels, populations and geographic features. Its diversity and size give an indication of the profound challenges the AU faces in carrying out its mission of promoting regional cooperation and integration in Africa. Further, the continent faces a range of intricate and persistent security threats and organised violence, as well as economic, developmental and governance challenges.

To address these challenges, the AU features a number of continent-wide institutions that enable deliberations, political decision-making, cooperation, and dialogue with non-state actors (such as African civil society and private sector organisations) and coordination among AU institutions (such as the AU Commission, numerous sub-regional organisations, African member states). The AU was established in 2001 and has substantially evolved from its predecessor, the Organisation of African Unity (1963). The most striking AU departure has been the decision to equip the AU with the mandate, powers and institutions to deal more forcefully with threats to peace and with violent conflicts on the continent. So far, the bulk of the workload and resources of the AU has been spent on implementing this mandate on conflict and peace.

A second departure has been the substantial expansion of the AU's overall policy agenda. This agenda has become wide-ranging and covers among other things continental trade, infrastructure development, agricultural transformation and food security, gender equality, good governance and democracy, election monitoring, and crisis management, as was the case with the outbreak of Ebola. Moreover, the AU deliberates and defends African positions on global issues such as climate change and financing for development. With the expanding agenda, 'implementation gaps' between promise and delivery have also widened as the resources, leverage and political commitment by key implementing partners are not always present.

The AU Commission at the centre of the AU has undertaken some soul searching on the deepening gap between the expanding policy decisions and ambitions on the one hand, and the lack of implementation on the other. In its new strategy the AUC called for a shift from normative work to greater involvement of the numerous continental, regional and national institutions and stakeholders in implementation.

This study of the AU tries to provide insights on the *implementation gaps* that may help inform, calibrate and target reforms as well as support efforts that are not only technically desirable but also politically feasible. To do so, the study focuses on the key drivers and

constraints that shape the AU agenda and influence implementation. It analyses four policy areas (peace and security, infrastructure development, agriculture and food security, and climate change) as well as the cross-cutting theme of gender. *The study applies a political economy framework to answer two core questions: how do key actors and factors affect and shape the agenda setting of the AU? And how do actors and factors influence what gets implemented and why?*

Key findings of the AU study

The creation of the African Union is closely associated with the drive of a number of influential African member states in the post-Cold War era to better equip the continental institutions to deal with persistent violent conflicts on the continent. A mix of historical features, governance failures and political crises continue to feed insecurity and violent conflicts on the continent. These conflicts carry politically salient risks of regional spillovers, which threaten political and economic stability in neighbouring countries and provided external actors an excuse to intervene militarily. Hence the shared concern and strong drive from numerous member states to establish a continental organisation with a stronger peace and security mandate than the AU's predecessor. This architecture includes a permanent Peace and Security Council that monitors conflict dynamics and political crises, enables decision making on preventive and mediation measures, but also on peace operations in member states as well as sanctions in cases of non-constitutional transfer of power.

Regional powers such as Nigeria, South Africa, Ethiopia, Algeria, Kenya and other countries have played important roles in setting the peace and security agenda and pushing for institutional arrangements to ensure implementation. This has involved providing or mobilising finance, troops and logistical support, breaking deadlocks, ensuring diplomatic cover and political steer, as well as deliberating and imposing sanctions. The AU has mounted 11 peace operations on the continent in a decade, and has participated in many more, with an ever-growing number of African peacekeepers from member states. Many of these operations were *joint ventures* between UN and AU, with an ever-growing amount of *partnership peacekeeping* between AU, other African regional organisations and a varying group of external partners. This partnership peacekeeping and the division of roles reflect an alignment of interests between AU and donors such as the US and the EU on issues such as the fight against the spread of global terror in Africa. It also coincided with a Western disengagement from direct participation with boots on the ground in peace operations in Africa in the nineties. Donors have contributed to the build-up of Africa's peace and security institutions, and have financed most of the peace operations on the continent, with substantial involvement of the UN.

The study also draws attention to AU efforts in other sectors or policy areas because it offers a more comprehensive perspective on sector specific political economy features that affect the implementation gap. Four such features can be distinguished. Firstly, unlike peace and security, in the areas of infrastructure development, food security, climate change or gender, there have been no clear leaders among member states - or coalitions of member states - driving these policy agendas within the AU. Secondly, where the AU has to rely on other regional organisations such as the Regional Economic Communities for implementation, there may be insufficient incentives to involve these regional organisations in timely dialogue on AU policies and their implementation requirements. Thirdly, member states that don't implement agreed policies rarely seem to face peer pressures, sanctions or other financial or

reputational costs. Fourthly, certain sectors or policy areas are politically less attractive to governments or political leaders as they find it hard to calculate and propagate potential benefits of regional actions for winning votes or political support at national level. In contrast to peace and security, the sector characteristics in infrastructure, agriculture, climate change and gender make these sector agendas harder to implement through the conduit of the AU as well as the Regional Economic Communities.

Other factors that shape the domestic political incentives in member states and that affect different sectors in different ways include:

- Africa's continental programme to enhance agricultural production and food security (CAADP) is mainly implemented or supported by those member states that already have strong domestic political incentives behind such agricultural reforms. A critical juncture emerged through the crisis in food prices, which gave rise to food riots in 14 African countries, prompting some affected countries and regional organisations to take CAADP more seriously. 41 member states have now signed up to a national level *CAADP Compact*. However, often the motive for signing up to CAADP has been more in response to an external factor, more specifically donors who conditioned support for agriculture to such CAADP Compacts. Hence, signing up to CAADP by national governments was often more to *signal* support for agricultural reforms rather than to reflect a political commitment to the effective implementation of needed agricultural measures.
- Strong country buy-in has also proved to be crucial in transnational infrastructure development. The case of the AU flagship programme on infrastructure development in Africa (PIDA) highlighted that few additional financial resources had been mobilised through PIDA from member states or external partners. Its design has proved to be overly technocratic and top-down, with little involvement of the necessary private and public actors to implement PIDA projects, i.e. their financing or their future use. Where transnational infrastructure development in PIDA does take place, it is due to one or a few strong national champions, with little evidence yet of continental level added value through PIDA.
- In the case of *climate change*, the AU approach is different to continental programmes such as PIDA and CAADP. The AU has sought to add value by engaging in the global diplomatic *climate change* arena in support of its member states that take part in these global negotiations. Ethiopia has been a strong driver and promoter of a common African position in these negotiations. It does so for domestic reasons and interests. Africa's position in these global negotiations has been informed by its high degree of vulnerability to the effects of climate change and its historically low contribution to the global accumulation of greenhouse gas emissions.

Donors constitute a major external factor that influences the AU agenda, its implementation as well as future programmes such as those related to climate change. This carries political economy implications, as the AU is thereby heavily dependent on two uncertain sources of funding. Firstly, it depends on the yearly member state contributions from AU members. These contributions largely cover operational costs of the AU, but some member states pay in an irregular manner, or do not contribute at all. Renewed AU efforts of domestic resource mobilisation among its members for the AU budget are unlikely to meaningfully improve the rate of member state contributions. Secondly, donors largely cover the financing of the peace operations and for other AU programmes. On the one hand, this external finance has enabled to implement parts of the AU policy agenda, has helped to cover some of the operational

costs (including non-permanent staff), and has contributed to get particular policy issues or projects on the agenda. On the other hand, the volume and quality of donor funding have raised concerns for basically two reasons:

- Donor gap-filling in the AU budget may reduce a sense of ownership with member states, the more so as aid is not fully transparent. In combination with the information gaps in the budget processes it is hard for African stakeholders – including member states, RECs but also non-state actors – to assess whether donors fund agreed AU priorities or donor preferences, and how reliable this source of funding is or will be.
- The efforts by donors to provide aid in harmonised, aligned and mutually accountable ways are too timid to a) provide incentives for strengthening of AU public finance institutions such as budget planning, execution, internal audit and b) to empower AU partners to effectively engage in such reforms that contribute among other things to improved accountable institutions and systems.

The future of the global Green Climate Fund – if financed by development partners according to plan – will constitute an important source of development finance. In the global UN platform on climate change the AU and member states have drawn the attention to how this and other green climate funds will be allocated and managed. There is a strong demand on donors to adapt the rules for accessing and using such climate finance to the institutional and incentive environment of key stakeholders and interest groups in AU member states.

Implications

These findings carry important implications for stakeholders interested in closing the implementation gap and building more effective forms of regional cooperation through regional organisations such as the AU. Key aspects for consideration for policy makers, donors and other stakeholders when deciding on – or influencing of – the level of ambition of reforms, choice of sectors or policy issues to work on, and selection of reform coalitions to engage with (combination of partners, stakeholders, interest groups) can be summarised as follows:

- Structural and often hard to change foundational factors have a lasting influence on current dynamics and institutions of the AU. These factors help understand the central importance in regional dynamics of national champions or dominant countries (so-called *hegemons*). Policy-makers and partners who support the AU would do well to define their ambitions based on a realistic reading of structural trends and political constraints.
- The four cases and the cross-cutting gender section in this study highlight certain political and technical characteristics that are proper to each sector, and that shape the potential of the AU to contribute to regional cooperation.
- In a sector such as peace and security, powerful member states and ruling elites see their interests served by effective AU institutions, hence a clear drive behind AU involvement and added value. In the *sector* of climate change, the AU adds value by its supportive role in global arenas.
- In other sectors such as infrastructure, agriculture and *gender* the AU found it difficult to identify policy issues with a strong regional dimension or to involve in a timely way

key stakeholders or political economy drivers in preparing and implementing regional policies and programmes.

- The political attractiveness of particular sector reforms merit careful attention as this helps inform on the potential for brokering coalitions for change, the timeframes within which these may unfold, and the engagement strategies that supporters of such reforms can develop to help narrow the implementation gap.
- Some cases (peace and security, food security, climate change) illustrated how critical junctures or crises in a particular context can create opportunities for accelerating or even triggering regional dynamics or institutional reforms. Hence the importance for reformers not to over-design reform processes and allow for adaptations to crisis driven opportunities.
- The AU depends heavily on donors for the realisation of its agenda, which puts the onus on donors to diminish the harmful side effects of poorly managed aid, and to strengthen coalitions behind AU reforms that strengthen core governance, transparency and accountability functions.
- There are now strong prospects of additional sources of funding for climate finance. With the AU involvement in the global climate finance diplomacy around the Green Climate Fund, it matters to help prepare the ground by capturing political economy lessons in Africa of both traditional aid finance and the new generation of green climate funds.
- Given the nature of these regional dynamics in which the AU involves and evolves, it matters for donors to strengthen the knowledge base and African research capacity of regional cooperation and regional integration. Political economy analysis needs to be integrated in the strategic programming and management cycle as it addresses core questions about the political feasibility in addition to the technical layer of knowledge (about the technical desirability of certain reforms, for example).

This study is being carried out with support from Swedish development cooperation. The project is the sole owner of the production, and the publisher is responsible for the content



EMBASSY OF SWEDEN

Nairobi