



POLITICAL ECONOMY DYNAMICS OF REGIONAL ORGANISATIONS IN AFRICA

PEDRO

*The Common Market for Eastern and Southern Africa: Incentive-based institutional reform?*¹

This paper sets out to better understand why the Common Market for Eastern and Southern Africa (COMESA) and its national level stakeholders operate as they do. It does so by looking at i) trade and economic integration and ii) electricity trade through the East African Power Pool (EAPP). It concludes with implications for support.

Political traction, member states interests and potential

Established in 1994 to replace and build on the Preferential Trade Area (PTA), the Common Market for Eastern and Southern Africa (COMESA) seeks to establish an integrated market among 19 countries in eastern and southern Africa. Given its original mandate, and despite an expanding formal agenda, COMESA has carved a niche for itself as a regional economic community (REC) devoted primarily to trade and economic integration. This focus on trade as a niche in the overcrowded market of African RECs reflects the interests of COMESA member states, who participate in COMESA largely to pursue strategic trade-related interests.

When judged against its own targets, COMESA is struggling to achieve its market integration objectives. For instance, member states have not yet taken the steps necessary for the establishment of the COMESA Customs Union, meant to be established by 2012. The diversity of interests represented in COMESA's membership and the apparent lack of member state commitment to supporting and/or driving regional organisations, institutions and processes have been significant factors behind the slow and uneven implementation of the COMESA's regional integration agenda. Many COMESA programmes owe their continued existence largely to donor support, which has allowed COMESA member states to free ride on donor-funded regional public goods.

One of the biggest challenges to regional integration in COMESA is that regional policy instruments are not consistently pushed through member states' domestic legislative and/or planning and budgeting processes. Yet, the Regional

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Integration Support Mechanism (RISM) illustrates how institutional mechanisms may be used to alter the incentive environment in favour of better transposition and implementation. By partially financing the associated adjustment costs, the RISM offers an additional incentive for member states to transpose and implement COMESA agreements and policies. The requirement of performance assessments also provides a de facto incentive for better reporting on and monitoring of the implementation of COMESA commitments. While the RISM faces a number of challenges, including a complete dependence on EU funding that raises questions about its sustainability, the programme has facilitated modest improvements in the level of coordination around monitoring of and reporting on transposition and implementation by COMESA member states. It has also provided incentives for COMESA member states to take greater ownership of adjustment support, as Zambia has done by using RISM support to promote its national industrial policy goals through dedicated projects in the leather sector.

COMESA's trade-focused market integration agenda is complemented by a number of specialised institutions, such as the Eastern Africa Power Pool (EAPP), which promotes electric power trading among 10 member states. Given the importance of sufficient, affordable and reliable electricity for economic growth, and the potential gains from power pooling, there is a strong economic rationale for the development of an integrated electric power market in eastern Africa.

However, the EAPP has not yet generated significant progress on realising its core mandate to bring about an integrated regional electric power market. It is clear that, despite its specialised, functional nature and focused agenda, the EAPP does not receive full member state commitment. Member state interests in the EAPP have been either narrower than the development of an integrated EAPP market, or split between the EAPP and other power trading initiatives, including bi- and trilateral arrangements related to the EAC and Great Lakes countries of the Nile Equatorial Lakes Subsidiary Action Programme (NELSAP) of the Nile Basin Initiative (Burundi, DRC and Rwanda, respectively). Consequently, regional cooperation on electric power generation and exchange in eastern Africa often takes place outside the EAPP framework. Questions have been raised regarding the ability of the EAPP to add value to these ongoing efforts and to establish a truly integrated regional power market.

In sum, despite rhetoric to the contrary, COMESA member states do not appear to prioritise regional integration and cooperation through COMESA and COMESA institutions, although they do see value in engaging through COMESA on trade-related issues. On a more positive note, regional cooperation is taking place in eastern and southern Africa, if not always within the context of formal COMESA institutions. Furthermore, progress on COMESA's integration agenda has been made where regional institutions and processes have been aligned with specific national interests. For instance, the RISM has been able to improve monitoring and reporting of transposition and implementation by member states, because it provided financial incentives to member states, which they are able to use for specific national objectives. Aligning such interests more broadly nevertheless remains a challenge.

Implications for support

1. Support must be designed in a way that allows working with subsets of COMESA countries

- The wide diversity of COMESA member states and the interests represented make it difficult to mobilise the entire COMESA membership around any one integration objective.
- Nevertheless, the principle of variable geometry is built into COMESA's functioning, and it is quite common for particular initiatives to be implemented or 'piloted' among a small subset of COMESA member states.
- Real traction and impact are likely to be found where sub-regional integration or cooperation processes reflect the genuine interest of the member states involved.

2. Ensure that support is not simply overloading the COMESA agenda

- The COMESA Secretariat suffers from very real capacity constraints, both in terms of financing and human capacity, with many COMESA Divisions and Units understaffed and subject to high staff turnover. The programmatic nature of much of COMESA's work also means a high reliance on temporary or contract staff.
- Regardless of the causes, these constraints affect COMESA's ability to implement its agenda and hence care should be taken to ensure that this agenda is not overloaded, though this may also entail discussions around COMESA's role as one of the AU-recognised RECs.

3. Explore and promote greater coordination and collaboration between the Eastern Africa Power Pool (EAPP) and other relevant regional organisations such as the NBI and NELSAP

- While there is a definite long-term rationale for power pooling in the COMESA region, at present, EAPP member states pursue their national electric power interests through a multitude of bilateral initiatives and regional organisations.
- There is scope for the EAPP to play a coordinating or leadership role in the electric power sector in eastern Africa, but the organisation may be too inwardly focused to take this up.
- Promoting or facilitating the EAPP to collaborate more proactively with other energy organisations in the region such as NBI and NELSAP could possibly lead to exploring shared interests and developing a shared vision for the electric power sector in the region.

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.