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Political Economy of Regional Integration in Southern Africa Series

The Regional Integration of Public Goods

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INTRODUCTION OF THEME

The trend in monitoring and evaluating progress in regional integration has been towards measuring success or failure on an exclusive trade integration framework. Analysts use the classic Barassa model of integration, where a regional organisation moves from a preferential trade agreement, to a free trade agreement, customs union, single market, and, ultimately, to a political union. However, this approach neglects to examine other processes that are not linked to trade integration, which could be moving ahead and integrating

a region, while the trade agenda could be standing still.

There is a perception in the Southern African Development Community (SADC) that progress towards achieving a full implementation of the free trade area has been very slow; and frustrations abound regarding the integration agenda. However, prior to the creation of SADC, its predecessor, the Southern African Development Coordination Conference (SADCC) – which strove to foster independence from South Africa – was considered successful in achieving integration in areas such as water, health and power. Once South Africa joined the regional grouping and it became known as SADC, the focus

shifted towards regional economic integration with an emphasis on trade integration.

Trade integration has been progressing slowly in SADC, with countless missed deadlines on the implementation and launching of agreements. While the focus has been on these failures, other areas of integration, which were doing well under the SADCC, have been given less attention, although they have not been abandoned entirely. New areas outside the trade agenda have also been introduced with various levels of success, but they have not received much attention from researchers and analysts.

The Political Economy of Regional Integration in Southern Africa (PERISA) project highlights the ongoing successful areas of trade integration, and examines the reasons for their success. It identifies the actors involved in driving co-operation and integration; and reasons for the success of these processes at the same time that trade integration has become stagnant. The project also considers whether the reasons for success or failure can be found in political interest groups, private-sector interest, or a strong history of co-operation in certain fields.

The case studies that form part of this theme focus on these four areas. The management of land and water, as with forestry and wildlife management, is an essential component of sustainable and equitable development. Power is a critical growth driver in the region and the management of regional forests an important agenda item on climate change debates.

The four areas selected for this theme include areas that were considered to be doing well under the SADCC, like water and power sharing, and the more recent areas of forestry and transfrontier parks, which are areas of development after the establishment of SADC. The results of the case studies are not straightforward, and the conclusions drawn do not point to shining examples of regional integration and donor engagement. Rather, a mixed picture emerges of missed opportunities, lack of capacity to succeed due to institutional constraints, and difficulties in national and regional co-ordination; alongside progress and faith in the region's ideals and objectives.

GENERAL FINDINGS

The first general finding is that any influence developments within the SADCC might have had on power and water co-operation seems to have dissipated in the years since the creation of SADC. South Africa has become a strong driver, pursuing its own national interests first and those of the region second. Other

SADC member states are slowly increasing their areas of influence and exerting their opinions and demands more aggressively within power sharing and visions for future collaboration.

The second finding is that all these processes, regardless of the driver or the SADC member states' interest, are driven and deeply influenced by third-party financing. In water co-operation, the case study concludes that the disjuncture between regional and national priorities seems to originate from the fact that a donor agenda (a strong environmental agenda) is followed at the regional level, whereas service delivery is of utmost importance at the national level, with little or no synergies between the two. The entry of new donors and investors, like China and Brazil, is further diluting the regional agenda, and opportunities for strong co-operation in water seem to have been lost.

Power generation development is showing signs of weakness due to the lack of funding, but renewed interest in the development of Africa has introduced new donor programmes to address the underdevelopment of the energy sector. Lack of funding in the wildlife protection area is also seriously threatening the existence of the transfrontier conservation areas (TFCAs).

A third observation is that SADC as an institution lacks the capacity and mandate to implement and operationalize policies and treaties, which is a serious weakness. This weakness becomes increasingly apparent as donors are shifting their engagement from the national to the regional level. Although such a focus should be accompanied by donor funds being channelled to SADC, the regional economic community has neither the capacity to manage large sums nor the human resource capital to implement large projects at the regional level. The TFCA case study shows that SADC needs a strong implementer, through the non-governmental organisation (NGO) Peace Parks Foundation, to accept and manage funds earmarked for wildlife conservation. Similarly, the power pool stands as an independent entity.

A fourth observation is that despite South Africa's dominance as a driver, countries that seem to be doing less well within the trade agenda are both willing and capacitated to participate in other areas. The Democratic Republic of Congo (DRC), for instance, has emerged as a strong driver in both the forestry management and wildlife management arenas. Angola is equally eager to establish a transfrontier conservation area with its neighbours. Yet these two countries specifically do not form part of the SADC free trade area.

A fifth observation is that the transposition of regional objectives into national legislation lies at the heart of regional success stories. The TFCA case

study shows that high-level political engagement and the signing of treaties are very important. Ultimately though, the success of the project depends on how well officials on the ground can co-operate and implement the regional vision. The water case study shows that the

complete lack of co-ordination between the national and regional level has led to the sector from once being considered a regional success story to a sector that is now fragmented and at the mercy of new donors and investors on the continent.

ABSTRACTS OF CASE STUDIES

CASE STUDY 1

WATER RESOURCE MANAGEMENT AND DEVELOPMENT IN SADC

Water resources are a critical enabler to development in SADC. In most member states, rainfall is strongly seasonal and variable. Storage and transmission infrastructure is required to support water supplies to irrigated agriculture, for urban and industrial use as well as for the generation of hydropower. Also, the climatic variability increases the vulnerability of the region to floods.

Although water resource development and management is usually undertaken at a local or regional (subnational) scale, many river systems cross subnational boundaries and some cross national boundaries. The political economy of the processes through which water resources are developed and managed, and their impact on national and regional development and integration, is a useful case study of the underlying dynamics of regional integration in SADC.

The interaction among local actors, national actors, the regional structures of SADC and the wider international community have contributed both to some successes that have been realised and to certain development failures.

The analysis suggests that although there have been some isolated success stories, predominantly there has been a disjuncture between water resource development and management activities at local, national, and regional levels. It further suggests that this is because the regional agenda, which is largely dependent and therefore driven by external funding, has not been adequately informed by national priorities.

The main conclusions are that donors have played an important role in the approaches to the management and development of the region's water resources. In the absence of immediate opportunities for joint projects, it would appear that national governments have been

content to adopt donor approaches at regional level. National focus has been on local water development, focusing on services delivery, rather than on more systematic water resource development.

CASE STUDY 2

GOVERNING SOUTHERN AFRICA'S FORESTS: THE CASE OF REDD+

This case study considers the regional dimensions of an innovative financing scheme for forest protection, namely Reducing Emissions from Deforestation and Forest Degradation (REDD+) in Southern Africa. REDD+ focuses specifically on the carbon sequestration potential of forests – a global public good. Moreover, REDD+ projects are usually implemented at the national and local levels. The regional support programme for REDD+ therefore focuses on those aspects of REDD+ that are important at the regional level and/or can only – or best – be achieved by countries working together.

To date the only part of the strategy that is funded is a project on monitoring, reporting and verification, managed jointly by the SADC Food, Agriculture and Natural Resources (FANR) Directorate and implementing partner and funder, the German Gesellschaft für Internationale Zusammenarbeit. The project budget is sufficient for three pilot sites, which will feed into a regional approach. The process of selecting the pilot sites illustrates the fine balance that the FANR has to strike between global carbon potential and regional fairness and representation. For instance, the final pilot sites did not include the country with the largest carbon storage potential in gross terms (the DRC), but rather Mozambique, Botswana and Malawi–Zambia (a transboundary project).

Within Southern Africa, REDD+ projects also have to emphasise the non-carbon benefits of forests. The 'co-benefits' in REDD+ parlance – the hydrological

services provided by forests, for instance – are in fact the primary benefits for those at the local, national and even regional levels.

CASE STUDY 3

THE IMPACT OF TRANSFRONTIER CONSERVATION AREAS ON REGIONAL INTEGRATION

TFCAs have been established or are under discussion in various locations within Southern Africa. The aim is to have 14 TFCAs in SADC in coming years. These parks attempt to protect specific environmental assets that belong to two or more SADC member states. The TFCAs involve the participation of various actors ranging from heads of state and border officials to nature conservation officials, donors, actors in the private sector and NGOs, and cover a host of cross-boundary issues including visa requirements, fencing, policing and patrolling, as well as the free movement of wildlife assets, their health and interaction with domestic animals.

This case study is of interest to the PERISA project for the very reason that it involves a large number of regional actors all vying for sometimes opposing regional outcomes in both the tourism and economic sectors. Of interest here is which actors drive the process, how they obtain buy-in from the others, and who benefits ultimately. With numerous such parks taking shape, it would seem as if regional integration in environmental and wildlife management is progressing at a steady pace. Some significant stumbling blocks are currently being experienced owing to the scourge of rhino poaching; and it is yet unclear whether this problem could signal the end of some of the parks. The case study examines progress made and obstacles faced, as well as the reasons and processes behind them.

The case study concludes that strong top-level political leadership was required at the outset of the project but that the key to its successful implementation depends on strong collaboration between all officials at a low level. Cross-border community linkages, with the necessary backing of donor and NGO funding and

guidance, is also key to success. The TFCAs show that a softly softly, bottom-up approach to regional integration is sometimes more critical to achieving tangible results than a strictly top-down approach with rigid rules and regulations, time constraints and deadlines.

CASE STUDY 4

BUILDING A REGIONAL ELECTRICITY MARKET: SAPP CHALLENGES

Pooling Southern African energy sources has many potential benefits in terms of supply and demand issues. In 1995 SADC member states, via their national utility providers, established the Southern African Power Pool (SAPP). Within the SADC framework, SAPP has made significant progress in helping regional energy trade to grow, notably by establishing the regional electricity market (REM). Independent power producers (IPPs) among other actors have also been involved in regulating, contributing to and using the REM. Another important factor is the introduction of renewable energy sources in the policies and future energy mix at national level and in the SADC Regional Indicative Strategic Development Plan.

Whether all these recent developments will help specifically with increasing energy access and broadly regional development and integration cannot yet be confirmed. The case study highlights the difficulties encountered, the benefits that have accrued thus far, and the recent challenge of including the IPPs at regional level as well as in some national markets. It suggests that there is a growing regional market for energy exchange, which is well placed on regional and national agendas as a priority item.

ABOUT THE AUTHOR

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