



POLITICAL ECONOMY DYNAMICS OF REGIONAL ORGANISATIONS IN AFRICA

PEDRO

EAC industrialisation and youth employment: Regional rhetoric, national drive¹

This paper sets out to better inform stakeholders about why the East African Community (EAC) and national level stakeholders operate as they do on regional industrialisation and youth employment. It concludes with the implications for support.²

Political traction, member states interests and potential

Certain foundational factors - such as the structural underpinnings of the five (now six) very different economies in East Africa and their histories of (de)colonisation - continue to weigh on the policy agenda of the EAC, especially in the areas of industrialisation and to a lesser extent of youth employment. Kenya is the regional 'swing state', with a dominant economic position. The first East Africa Community (EAC) collapsed in 1977, partly due to a perception that Kenya was benefiting disproportionately despite agreements to share industries and benefits among the two other member states in those days, Tanzania and Uganda. The newly created EAC (2000) adopted the EAC Industrialisation Policy 2012-2032 and a regional strategy to reduce youth unemployment.

The EAC industrialisation policy is ambitious in that it attempts to create a market driven, regionally and internationally competitive and balanced industrial sector. This should be based on the comparative and competitive advantages of its six member states. However, the regional industrialisation policy enjoys little political traction with its members. Besides vast differences in structure and size of the national economies, there are limited economic complementarities, a wide variety of political regimes and administrative and leadership cultures, and limited levels of mutual trust. Mistrust is also being fed by simmering and open violent histories and conflicts. These combine with shifting global interests and markets that shape the incentive environment in which national level political elites make policy choices, mostly without reference to implementation of the EAC industrialisation policy.

The EAC has been able to accelerate implementation of regional trade policies, make progress on regulatory measures, advance certain transnational infrastructure programmes such as transport corridors, and improve on the mobility of certain categories of citizens. However, its industrialisation policy does not seem to generate added value in the member states. Though framed in terms of regional integration, the policy is arguably more about promoting

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² Other EAC related papers deal with trade and transport, food security, the East African Court of Justice, and the East African Standby Force.

small and medium-sized enterprises and manufacturing sectors within individual member states. Cooperation around particular aspects of industrial policy or related sectors mostly occur at the bilateral or trilateral level, often without EAC involvement. Examples include cross-country transport corridors, other transfrontier infrastructure programmes or regulatory measures.

Rwanda and Tanzania illustrate the differing nature of domestic political interests and incentives of ruling elites in prioritising particular industrial - or economic transformation - policies. Both examples also point to the multiple political economy drivers and obstacles to implementing such policies, whether regional or national. In Tanzania's rice sector, private sector pressures and fragmentation of the ruling political elite, resulted in non-implementation by Tanzania customs officials of the high EAC import tariffs on rice and in a boycott of the country's industrial rice policy by private sector stakeholders with a vested interest in continued imports. In Rwanda, an authoritarian political elite managed to discipline key state and private sector actors behind the prioritisation and implementation of a common developmental agenda. This national agenda prioritises particular economic sectors, with aligned regional level engagement to overcome some of the challenges of being a landlocked developing country.

In the case of youth employment, the EAC strategic plan sets a high standard for human rights, including on gender, children, persons with disability and social protection. This can contribute to raising the normative bar and can be used by particular interest groups, concerned citizens and politicians to mobilise support at national levels and for developing the appropriate policies and attitudes to support implementation. But the political traction with national political elites is near nonexistent. The rhetorical support by government leaders in the apex structures of the EAC should not be misinterpreted otherwise, the more so since both sectoral policy challenges play out solely at national level.

Implications for support

1. Given the apparently limited political traction for a regional EAC industrial policy, support should refrain from pushing policies and programmes without greater clarity on underlying interests and potential regional value added

- National level support for implementation of the regional industrial policy seems to be inexistent or at least insufficient to support such comprehensive policy at the EAC level.
- Nevertheless, the region offers a vast range of economic dynamics and programmes in trade and trade facilitation as well as energy, all of which potentially underpin industrialisation, and stand to benefit from adaptive and politically savvy external support.
- The EAC could be supported to explore opportunities to cross-country coalition-building around specific areas of growth related problem-solving that over time could serve the wider industrialisation agenda.

2. External support might seek opportunities at member state level to strengthen the voice of public and private sector actors around the EAC youth employment strategy (and gender, social security, etc.)

- There is little to be gained from supporting these normative frameworks at a regional level, except where the EAC develops capabilities in support of national level dynamics on youth employment.
- Given the lack of evidence of national level support from political elites in these strictly national policy areas, donors would do better to prioritise direct country level support to non-state actors and reform-minded public authorities.

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**egional **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.