POLITICAL ECONOMY OF REGIONAL INTEGRATION IN AFRICA

WHAT DRIVES AND CONSTRAINS REGIONAL ORGANISATIONS?

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SYNTHESIS REPORT

EXECUTIVE SUMMARY

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Executive Summary

Why a political economy study of regional organisations in Africa?

Regional cooperation and regional integration are deemed vital to tackle development challenges that cannot be solved at the national level. In Africa, many such challenges affect poor people's lives in areas ranging from human security and mobility to rural livelihoods, trade, infrastructure, food security, environment and climate change.

Regional cooperation and integration have long been high on the agenda of African countries, regions and regional organisations to address these issues. Burgeoning regional policies, strategies and protocols have been matched by widening ambitions and mandates in most regional organisations, often supported by donor-financed expansions in budgets, staff and programmes.

Yet policy-makers, member state representatives and non-state actors frequently express frustration with the gap between commitments and what takes place on the ground. The Chairperson of the African Union Commission (AUC), Nkosazana Zuma, herself has said: "I don't think Africa is short of policies. We have to implement, that is where the problem is".[1]

The challenge is to understand the underlying political and economic factors that really drive and hinder progress on regional integration.

This report

This report synthesises political economy studies on six African regional organisations.[2] The studies cover the following sectors or policy areas for each regional organisation:

- AU   Peace and security, infrastructure, food security, climate change, gender
- COMESA   Trade, energy, gender
- EAC   Trade, transport and infrastructure, gender
- ECOWAS   Peace and security, food security, gender
- IGAD   Peace and security, transport and infrastructure, trade
- SADC   Gender, industrialisation, energy, conservation

Each study answers the following related questions: *What are the actors and factors affecting the policy agenda of the regional organisation? And what are the drivers and blockers of implementation?*

The studies use a 'five-lens' approach to systematise information on: the role of structural or foundational factors; the role of institutional factors, including both formal and informal 'rules of the game'; the power and interests of different 'actors' and groups operating within these

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[1]   Nkosazana Dlamini-Zuma speaking at the OECD Forum on Africa in Paris, 6 October 2014.

[2]   The African Union (AU), the East African Community (EAC), the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the Intergovernmental Authority on Development (IGAD) and the Economic Community of West African States (ECOWAS).

institutions; the sectoral characteristics that affect political economy considerations; and external factors and influences, not least donor finance.

The approach aims to uncover why the dynamics around each of the regional organisations unfold as they do, rather than judging how they ought to be according to 'best practice' or model trajectories. By systematically examining the different actors and factors that affect the way these six regional organisations work, the studies aim to increase understanding of what shapes incentives and therefore what is technically and politically feasible in a particular policy area and regional context.

Ten key findings

The findings of the studies are organised according to ten key statements, discussed in greater detail in the remainder of this synthesis report. These statements - and some of the illustrative findings - are as follows:

1. Structural and foundational factors continue to shape the environment in which African regional organisations set and implement their agendas. Eight out of nineteen COMESA member states are landlocked, creating an underlying need for regional integration, while four of the nineteen are island states. This geographical diversity is a basic challenge to finding a common regional agenda. The emergence of the EAC Northern Corridor countries, dubbed the 'coalition of the willing', largely reflects Rwandan and Ugandan political interest in overcoming their landlockedness, that aligns with Kenyan business ambitions. Physical factors also impact on IGAD, with a strong logic for regional cooperation emanating from the common physical challenges of arid and semi-arid lands and three landlocked member states.

But these 'push factors' are largely offset by long-running tensions and conflicts stemming from colonial experiences. Their effects are clearly evidenced in all RECs. In West Africa, there is a variety of different administrative, bureaucratic and linguistic traditions resulting in the co-existence of a Francophone and an Anglophone REC with partly overlapping and/or competing mandates, for example in the area of peace and security. Low levels of economic complementarity also hinder greater integration.

2. While regional organisations adopt the institutional forms to foster regional integration, these institutions often do not serve their stated functions. All studies highlight a gap between the multiple institutional forms of regional organisations and the functions they fulfill. In fact, many of the key functions of planning, budgeting, monitoring transparency and accountability are weakly developed and not mutually reinforcing. This leads to inflated policy agendas with limited mechanisms to encourage implementation.

Most regional organisations discussed have planned and prepared protocols for free trade arrangements and customs unions, none of which are functioning as they should on paper, with little cost or sanction for non-implementation. More broadly still, despite complex decision-making organisational forms in most RECs, decisions are driven primarily by summits of Heads of State.

Peace and security in the AU, ECOWAS, and IGAD is an area where regional institutions do seem to fulfill clear functions. Another case is SADC's contributions to Transfrontier

Conservation Areas (TFCAs) in Southern Africa. In both cases there were pressures for performance by powerful stakeholders in member states or - as with TFCAs - by cross-country coalitions around solving problems of common interest.

3. Member states face incentives to signal their support for regional policies and programmes even when implementation is not a domestic priority. There are numerous incentives, logics, and reasons for national leaders to signal their support for regional agendas without necessarily acting on it. One striking case relates to gender, with strong rhetorical support by national leaders at the level of AU and RECs; sometimes backed by donor support that arguably incentivises such signalling rather than action. In practice, the plethora of policy commitments to promoting gender equality have difficulty gaining traction over other national priority areas, particularly given limited costs to non-compliance by member states with regional decisions.

4. Implementation of regional initiatives takes place when in line with key 'national interests' as defined by the ruling elites. This may be the most influential of the findings in terms of its impact on other findings. The importance of national interests is part of the explanation for overlapping REC memberships: Kenyan membership of the EAC, COMESA and IGAD (currently) reflects Kenyan economic ambitions for EAC and COMESA, while interest in IGAD is seen to be more around security and dryland related issues.

One corollary of the dominance of national interests is the easier alignment of interests among smaller groups of countries. This is the case for the EAC sub-regional group of EAC Northern Corridor countries. It also emerges by comparing the Eastern Africa Power Pool (EAPP) under COMESA and the Southern African Power Pool (SAPP) under SADC. The importance of national interests partially explains greater progress on peace and security than trade in IGAD, for example. The ECOWAS study highlights the substantial differences in national interests between rice, seen as a key crop for national food sovereignty, and livestock, considered as part of regional value chains.

5. Much of the success or failure of regional processes depends on the 'national interests' of regional hegemons. By definition, hegemons are better able to instrumentalise regional dynamics for their own interests, or to block those that undermine their position. Progress in the EAPP as well as in IGAD regional policies are both affected by where Ethiopia sees its interest. This also goes for South Africa's roles in SADC - as the cases of regional industrialisation and the regional energy market prove - as well as Nigeria's role in ECOWAS on peace and security.

6. Individual personalities and leadership within regional organisations tend to shape - and can be decisive for - the implementation of regional agendas. Across AU and RECs, decision power lies largely in the hands of Heads of State, implying a concentration of influence in those individuals and in their relations with one another. The transition itself from the Organisation of African Union to the African Union was driven by powerful and visionary presidents working together to establish more effective pan-African institutions. Technical staff or bureaucratic leaders can also be instrumental in strengthening the functions of regional organisations, as was the case with the Southern

African Power Pool, or was demonstrated by the AU Commission and the IGAD Secretariat in their trust and partnership building with donors.

7. The diversity of power and interests of non-state actors affects how business and civil society organisations engage at national and regional levels on regional processes.
Non-state actors are involved in numerous regional processes. There are, however, but a few examples of effective civil society engagement with regional organisations. The Peace Parks Foundation played a strong brokerage role in launching Transfrontier Conservation Areas and in working with SADC. The SADC Gender Protocol emerged from the eponymous Alliance that lobbied for the rights of informal cross-border female traders. Despite the formal space for non-state actors to engage in policy dialogue with regional organisations, there is limited uptake by the latter, except in sectors such as peace and security where a few specialised non-governmental organisations cooperate in functional ways with regional organisations.

Looking at the private sector, Burkina Faso's strong performance in implementing the regional CAADP in rice is largely down to the alignment of political concerns about food sovereignty and rice producer interests. Beyond these examples, the interests of civil society and the private sector have been too diverse and their voices little heard in regional policy debates.

8. The interests and incentives associated with regional cooperation on different sector or policy areas (security, infrastructure, energy, gender etc.) differ markedly according to the nature and characteristics of the sector, affecting implementation in these areas.
This is particularly apparent in IGAD, ECOWAS and the AU where peace and security have more traction than other policy areas. The analysis suggests that this relates to the strong political appeal to national leaders to prevent or resolve violent conflicts and minimise negative cross-border externalities or spillovers from conflicts. There are visible costs to inaction and to instability for which national leaders may have to pay the price if left unresolved.

Integration around the trade, energy and gender agendas are far more aspirational, with 'hoped for' benefits in the future - and less politically salient features for ruling elites to solve immediately. The political economy features of the subsector of rice in ECOWAS are entirely different from those of livestock: in the rice sub-sector political incentives prioritise national level self-sufficiency, while the livestock subsector depends on extensive production chain and mobility of cattle across borders from North to South, creating entirely different political incentives for national and regional stakeholders.

9. The quantity and quality of donor support to regional organisations present opportunities but also challenges in terms of reducing the implementation gap.
All regional organisations except ECOWAS depend heavily on donor funding. ECOWAS mobilises a substantial part of its regional budget through a common levy on imported goods. Donors have funded a range of important regional activities, not least those related to peace and security in all regions of Africa. Yet the combination of a strong donor dependency and poorly managed aid raise the risk of donors *driving* rather than *supporting* reforms.

Poorly managed and targeted aid is partly to blame for incentivising empty signalling of reforms by regional organisations, agenda inflation, reduced ownership, and missed

opportunities to strengthen institutional functions that are pivotal for the governance of regional organisations.

10. Critical junctures such as natural disasters and political and other crises can trigger progress but also block regional organisations and dynamics. The initial relative success of the SAPP can be traced to a fortuitous combination of conditions in the mid nineties related to drought, post-apartheid dynamics and surplus production by South Africa's state-owned monopoly producer of electricity. The movement on the ECOWAS regional agriculture policy was triggered by the 2008 food price crisis. The IGAD study highlights the important role the Arab Spring played in changing Egyptian interests, with implications for the EAPP and IGAD.

Implications

One implication of these findings is that the vision of regional integration as a linear path is just that, a vision. This highlights the need for policy-makers to 'think and work politically' or 'do development differently';[3] to build flexibility and adaptability into reforms and interventions or, in other words, to "plan for sailboats, not trains".[4]

The implications for policy-makers can be seen in terms of 4As: Alter, Adapt, Avoid and Await.

1. Trying to **alter** the influence of structural and foundational factors and inter-state regional relations will be challenging in the short to medium term and at a minimum requires that long-term influences and structural factors be acknowledged in policy design.
2. Ways for policy reform or for support to **adapt** reforms and interventions to current interests and constraints may emerge from better understanding the different interests that help determine why progress is made in some sectors and not others, and where interests and constraints lie, both within and between states.
3. Such an understanding may help policy-makers explicitly **avoid** clear political blockages to reform, or to explicitly design approaches to avoid blocking individuals or institutional reforms.
4. Some reforms may require a strategy to **await** more propitious incentive conditions.

Beyond this, the studies point to an A, B, C for forming or supporting regional policy or reforms: Ambitions, Brokerage and Champions. These can be summarised as follows:

Ambitions must be revisited in terms of what is feasible given the influence of structural factors and path dependency, and the value added of a regional approach. Interventions and policy-reforms should aim for 'good fit' rather than 'best practice', which may simply encourage formalism. Understanding where political traction actually lies should also guide ambitions. It is helpful to distinguish between regional aspirations and genuine problem-solving where political traction is stronger.

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3   "The case for thinking and working politically": http://publications.dlprog.org/TWP.pdf

4   Kleinfeld, R., 2015, http://carnegieendowment.org/files/devt_design_implementation.pdf

Brokerage is, by consequence, a key approach to harness the interests of different stakeholders in achieving regional ambitions. This requires brokering engagement among different types of regional and national actors to overcome information asymmetries; to facilitate collective action; and to create demand side pressures for regional coordination and cooperation through public-private-CSO engagement.

Champions are likely to be highly influential in reform success, suggesting the need for attention to understanding the potential capacity of technical and political actors in forming coalitions and driving regional agendas. This includes regional or national organisations, whether in the public sector, private sector or other civil society organisations

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