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Need for a paradigm shift of regional integration in Africa

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The regional integration agenda in Africa is under threat, mainly because of complacency, donor dependency and lack of ownership of the integration agenda by African countries themselves. Our research on the COMESA programme, which exemplifies these problems, has shown that:

- It is difficult to argue that the COMESA integration targets, along with the AEC integration targets were, prima facie, too ambitious.
- The top-down planning approach has its flaws but if - and only if - the implementing states have the political will to implement what has been agreed, sufficient resources are made available, and the rule of law is applied to the implementation process, a top-down approach can be an effective method of achieving integration.
- The timing of the African (or COMESA) integration agenda is de facto, not too ambitious.
- Although COMESA countries are either LDCs or lower or middle income developing countries, they could pay more to support African economic integration and could pay their own portion of the COMESA budget in full and on time.

COMESA Member States may want to consider: lowering the level of ambition from a free trade agreement to a trade facilitation ambition; moving to an implementation by law integration process; using a different approach that combined a political (top-down) decision approach with a more pragmatic bottom-up approach to achieving regional integration; and creating a fit-for-purpose administration for regional integration.

Table of Contents

List of Figures

List of Tables

Acknowledgements

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Acronyms

AEC	African Economic Community
ATI	Africa Trade Insurance Agency
COMESA	Common Market for Eastern and Southern Africa
CVTFS	COMESA virtual trade facilitation system
ECDPM	European Centre for Development Policy Management
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EEC	European Economic Community
EU	European Union
FR	Financial regulation
FTA	Free trade area
GDP	Gross domestic product
GNI	Gross national income
IGAD	Inter-Governmental Authority for Development
MASE	Maritime Support Programme
MoU	Memorandum of understanding
PTA	Preferential trade area
RIP	Regional Integration Programme
RISM	Regional Integration Support Mechanism
RISP	Regional Integration Support Programme
SADC	Southern African Development Community
TFTA	Tripartite Free Trade Agreement
TMSA	TradeMark Southern Africa

1. Introduction

In a speech[1] delivered in Ghana on 12th January 2015, Cristina Duarte, Minister of Finance and Planning of the Republic of Cape-Verde, echoed the thoughts on regional integration of many in Africa when she said that African integration needs a big push to get it out of its current deadlock. She went on to say that "*The importance of regional integration has been debated and settled. In fact, we have been fighting for the idea of integration for the most part of the last five decades and have, arguably, made some successes towards its attainment. Yet, it is clear that a lot remains to be done*."

In this short paper we take the Common Market for Eastern and Southern Africa (COMESA), and the COMESA programme, as an example of the philosophy and implementation of the African regional integration agenda and conclude with some recommendations on not what needs to be done but how regional integration could be revitalised through a change in process rather than a change in structure.

2. COMESA and Regional Integration

COMESA came into being in 1994, ten years after the establishment of the Eastern and Southern Africa Preferential Trade Area (PTA), which had similar aims and objectives as COMESA in terms of achieving a better standard of living for the citizens of the Member States through economic growth, which was to be brought about through the progressive merging of small markets into a larger regional market.
The main achievements, after 34 years of PTA and COMESA, could be summarised as:

- The creation of the COMESA Free Trade Area (FTA) in 2000 and supporting its continuous improvement and the launch of the Tripartite Free Trade Agreement and support provided to the negotiating process.
- The creation and support of regional trade facilitation instruments such as the Simplified Trade Regime, the COMESA virtual trade facilitation system (CVTFS); the NTB monitoring, reporting and elimination system; etc.
- The creation of COMESA trade facilitation institutions including the PTA Bank (now the Eastern and Southern Africa Trade and Development Bank), the Africa Trade Insurance Agency, the COMESA Re-insurance Company (ZEP-RE), Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA), the Leather and Leather Products Institute, the COMESA Clearing House, the COMESA Competition Commission and the Regional Investment Agency.
- The design, support and management of programmes aimed at deepening regional integration such as the Regional Integration Support Programme (RISP); the Regional Integration Support Mechanism (RISM); TradeMark Southern Africa (TMSA); the Regional Maritime Support Programme (MASE); programmes on climate change; etc.
- The design and implementation of transport facilitation instruments such as the COMESA Yellow Card; harmonised vehicle dimensions and axle load controls; harmonised road transit charges; and other instruments.

These are impressive achievements, although each has its qualifications and each has scope for improvement in terms of delivery of services and benefits to COMESA Member States. However, if all of these achievements are added up they do not come close to achieving what the Member States of COMESA set out in Article 3 of the COMESA Treaty.

[1] https://www.tralac.org/news/article/6852-the-importance-of-africa-s-integration.html

We may, therefore, ask the question as to why this should be so – why is it that COMESA, and its Member States, are so far behind in deepening integration, compared to what was agreed and entered into as a Treaty obligation. There could be different answers, or a combination of different answers, including:

- The architects of COMESA were unrealistically ambitious in thinking that there could be free movement of people, a Customs Union, a Common Market and a Monetary Union in the COMESA region.
- The top-down approach to achieving economic integration is flawed.
- The targets for COMESA are achievable but not within the time horizons envisaged.
- There were simply not enough resources available for COMESA to reach these targets.

In the following sections each of these possibilities are examined and conclusions as to their validity as possible reasons for the relatively poor implementation of the provisions of the COMESA Treaty are drawn.

3. Were COMESA Targets Unrealistically Ambitious?

COMESA evolved out of the post-independence ambitions to unify Africa. There were different proposals on how to unify Africa and different interpretations on what was meant by unification, from a loose unification of markets to political unification. This debate can be summarised, although admittedly in a simplified way, with a summary of the debate between what can be symbolised as the Kwame Nkrumah (President of Ghana) camp and the Julius Nyerere (President of Tanzania) and Abubakar Tafawa Balewa (President of Nigeria) camp. The Nkrumah camp vigorously campaigned for the political unification of Africa – the “big bang” approach to African integration, where an immediate political unification of Africa, following the model of the United States of America, was proposed. The Nyerere/Balewa camp wanted a more gradualist, or step-by-step approach to continental integration. This latter approach won the day and African leaders agreed on the Lagos Plan of Action and then the Final Act of Lagos and the African Economic Community (AEC). Regional integration arrangements were either created under the framework of the Lagos Plan of Action, or from arrangements that pre-existed it, and these became the building blocs of the AEC.

The Lagos Plan of Action, followed by the Final Act of Lagos, was borne out of the necessity for continental and national self-sufficiency and the creation of a self-reliant continental economy. This, in turn, meant that the newly-independent African countries needed to work together as an economic bloc.

The idea behind creating building blocs in the form of regional economic communities, such as PTA (followed by COMESA), SADCC (followed by SADC), EAC (followed by a revived EAC), ECOWAS, IGAD, etc. was so that they could integrate sub-regionally and then all of these eight sub-regional integrated blocs that were recognised as AEC building blocs could be merged into the African Economic Community.

The creation of the AEC (or the implementation of the Abuja Treaty) is envisioned to take place in six stages over 34 years (so by 2028), as follows:

- STAGE 1: Strengthening existing RECs and creating new ones where needed (5 years so to be completed by 1999);
- STAGE 2: Stabilisation of tariff and other barriers to regional trade and the strengthening of sectoral integration, particularly in the field of trade, agriculture, finance, transport and communication, industry and energy, as well as coordination and harmonisation of the activities of the RECs (13 years so to be completed by 2007);

- STAGE 3: Establishment of a free trade area and a Customs Union at the level of each REC (23 years so to be completed by 2017);
- STAGE 4: Coordination and harmonisation of tariff and non-tariff systems among RECs, with a view to establishing a Continental Customs Union (25 years so to be completed by 2019);
- STAGE 5: Establishment of an African Common Market and the adoption of common policies (29 years so completion by 2023); and
- STAGE 6: Integration of all sectors, establishment of an African Central Bank and a single African currency, setting up of an African Economic and Monetary Union and creating and electing the first Pan-African Parliament (34 years so completed by 2028).

At this stage of implementation of the AEC, in 2018, COMESA, and all of her sister RECs, should have in place a free trade area and a customs union and be well on the way to coordination and harmonisation of tariff and non-tariff systems among RECs, with a view to establishing a Continental Customs Union.

African integration draws on the experience of European integration and, in particular, on the creation of the European Single Market. In 1985 the European Commission presented its Single Market White Paper to the European Council, setting out a programme for the completion of the single market by the end of 1992. This programme consisted of about 300 legislative measures needed to guarantee the free movement of goods, persons, services and capital within the Community. The European Council agreed to the programme and decided to revise the EEC Treaty with the Single European Act, which came into force in July 1987. In doing so, Europe reversed a 5-year economic decline and achieved economic growth of 3% for 3 years from 1988.

The single market came at a price to European Member States and the Single Market Act was very controversial at the time but, despite this, the Member States took full ownership of the programme; committed national resources to the programme; followed an agreed rules-based timetable; and ceded national authority to a supra-national authority.

The driving economic integration force in Europe is enshrined in the Schuman Declaration – to make war not merely unthinkable but materially impossible – and the Europeans have been successful in achieving this target.

Based on what has been achieved in other regions in the world, it is difficult to argue that the COMESA integration targets, along with the AEC integration targets were, *prima facie,* too ambitious. If other countries in other regions, that are culturally, economically and socially diverse, can achieve an even deeper integration than that envisioned for Africa then there would seem to be no valid reason as to why COMESA countries, and Africa, could not achieve the lower levels of integration they set themselves.

What is different in COMESA compared to other countries that set the bar high and still managed to get over the bar, is the lack of political will and ambition in the COMESA region. The driving force of economic integration has been to reduce poverty through achieving economic growth by integrating small markets into a larger market. By and large, COMESA has failed to achieve this. A comparison of the processes followed by COMESA and the European Union towards a deeper level of integration is given in Table 1.

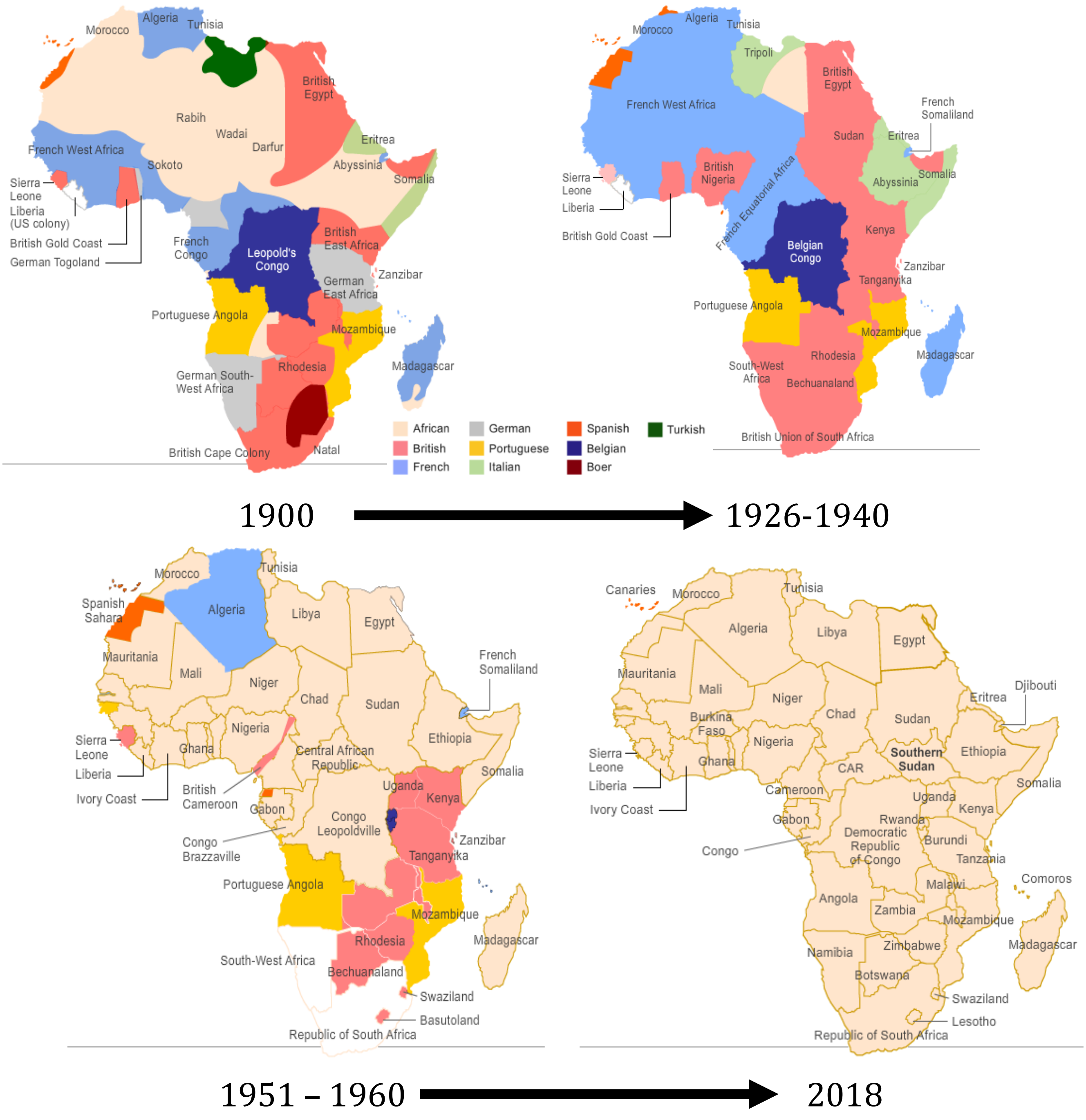
Table 1: Comparison of integration processes followed by COMESA and the European Union

The COMESA Integration Process	**The EU Integration Process**
Be colonised and then independent and, by and large, keep the borders the colonial powers drew for you.	Have a catastrophic war
Start to build nation states and use regional cooperation to strengthen the nation state – African RECs use regional cooperation to protect nation states from outside challenges.	Afterwards, devise a plan to make war “not merely unthinkable, but materially impossible”
Use regional integration to drive industrialisation rather than industrialisation to drive regional economic integration – create enabling environment.	Already industrialised so interlink the coal and steel industry – make France and Germany economically dependent on each other.
Use a top-down approach - pronounce on time-bound targets but leave it up to the members to determine how to reach the targets and how to finance the programme.	Do an assessment of each member state’s regulatory and institutional environment, plan how they will move from where they are to a single market, make money available and provide assistance from the regional level to the national level to implement (1985 White paper on the internal market).
Do not domesticate decisions taken at the regional/ continental level.	Apply legally enforceable sanctions if a member state does not comply with a decision taken at the regional level.
Don’t agree to obligations that come with rights and legal sanction; do not cede powers to the regional (or continental) level; and do not agree to integration by law.	Create a supranational authority which national governments cede power to and which has legislative powers – integration by law.

Source: Author’s own compilation

The result of this integration process is that African countries have consolidated and “thickened” the borders that date back to the territorial demarcations drawn up by European powers in the Berlin Conference of 1884-85.

Figure 1: The Evolution of Independent African States from the Berlin Conference to 2018[2].



As Figure 1 shows, independent Africa maintains, to a large extent, the division created by the European colonial powers at the end of the 19th century, modified by changes in the political hegemony of the colonial powers after the First and Second World Wars. In essence, independent Africa's borders were determined by the Europeans and are now fiercely maintained by independent African leaders.

[2] Source: adapted by the Author from http://www.theguardian.com/global-development/interactive/2011/jul/11/a-political-history-of-africa-interactive

COMESA Member States missed opportunities to meet the targets outlined in the COMESA Treaty and in the Abuja Treaty. If COMESA Member States are to judge themselves against what other regional integration organisations have been able to achieve, the level of ambition is not as high as that of the EU Member States, for example. The explanation for the relatively poor level of integration of COMESA has more to do with the lack of national commitment to implement the aims and objectives of COMESA and the Abuja Treaty than because these targets were, *prima facie,* too ambitious.

4. Is the Top-Down Economic Integration Approach Flawed?

COMESA, along with the other Regional Economic Communities in Africa, adopts a top-down approach to regional economic integration. For example, the COMESA Treaty was formulated by the COMESA Member States but then the time-lines for implementation were agreed with no reference to the specific actions needed to be implemented to arrive at the stage the decision refers to.

So, for example, the programme to achieve a COMESA Customs Union (which is defined in the legal texts of the General Agreement on Tariffs and Trade so cannot be re-defined by each group of countries wanting to establish a customs union) starts with a date set by the COMESA Heads of State and Government and defined in the Treaty. Because the date is set in the Treaty it is not negotiable, unless all Member States agree to renegotiate the Treaty. For COMESA, Member States need to then design programmes that will allow them to implement the Customs Union by the set date, which involves assessing the effects of a Customs Union, both positive and negative, design mitigating actions to ensure that the overall effect of the Customs Union is beneficial, agree with other COMESA Member States on a common external tariff, safeguards, a dispute settlement mechanism and a tariff phase-down schedule, amongst other sub-components of a Customs Union. Once this is done the appropriate programmes need to be implemented and all Member States need to implement all these programmes concurrently, and in full consultation with each other, and, although each may take a different route, each customs territory (or, in this case, country) should all arrive at the same place at the same time, although have taken different routes to get there. This means that all COMESA countries should determine a common external tariff, then agree an exclusion and sensitive product list (if appropriate) and then agree a phase-in of the CET and, once this is done, actually implement what has been agreed.

A comparison could be made with the approach used by the European Economic Community (EEC) Member States in preparing for its Single Market. On the surface, the approach used might look similar in that the 1985 White Paper[3] set the date for the launch of the Single Market as the start of 1992. However, what was different was that the EU White Paper contained over 300 actions that were already programmed with the required technical assistance and budgets that were different for each country. For example, countries that had recently joined the European Economic Community from the Soviet Union did not have a customs administration of their own so had to start from scratch whereas the larger countries such as the United Kingdom and France had highly developed systems in place, so individual countries' needs were very

[3] Commission of the European Communities. COM (85) 310 final. Brussels, 14th June 1985. Completing the Internal Market. White paper from the Commission to the European Council, Milan, 28-29 June 1985. In the current Brexit debate, the British may reflect that the main architect of the White Paper was Frank (Arthur) Cockfield, otherwise known as the father of the Single Market. Lord Cockfield was, from 1984, the EC Commissioner for Internal Market, Tax Law and Customs under Jacques Delors, and a Vice-President of the first Delors Commission. A few months after arriving in Brussels he produced the White Paper listing 300 barriers to trade, with a timetable for them to be abolished. The initiative for the Single Market, and the rules that guide the Single Market, were proposed by a British Commissioner serving under Prime Minister Margaret Thatcher.

different. The White Paper was a mapping exercise that mapped exactly what needed to be done by each country to get it to be a part of the single market from its position in 1985 to be a member of a fully functioning customs union by 1992. In addition, these actions that needed to be taken, be they changes in regulations or capacity building, were financed by the European Commission from its budget that was paid by its Member States. The European Commission also had the power to monitor implementation and to sanction countries that fell behind in implementation. The end result was that the Single Market, under an extremely challenging political environment, where many predicted the total collapse of the European integration experiment, was launched on time and the results are reflected in the growth of the economies that make up the Singe Market.

In summary, the top-down planning approach has its flaws but if the implementing states have the political will to implement what has been agreed, and sufficient resources are made available, and the rule of law can be applied to the implementation process, a top-down approach can be an effective method of achieving integration.

5. Is the Timing too Ambitious?

The timing of the COMESA liberalisation programme is aligned to the timing of the implementation of the AEC. To prove that the timing was too ambitious we would need to show that Member States had put activities required to achieve integration into motion and that there was not enough time allocated to allow due process to take place. This would mean, for example, that a bill (draft act) had been prepared and that the bill was making its way through the required readings and the select committees. This can take two to three years but there is no indication that any COMESA trade liberalisation policy is going through these processes necessary for domestication.

Again, drawing on the European Union, the Single European Act, which was the Act that brought the Single Market into being, was the first major revision of the 1957 Treaty of Rome. The White Paper for the Single Market was introduced in 1986 with a target date of 1992 for the formalisation of the Act. The Single European Act not only removed barriers to harmonisation and competitiveness among its countries but also reformed the legislative process both by introducing the cooperation procedure and by extending Qualified Majority Voting to new areas.

Parallels can be drawn with the process of introducing the COMESA-EAC-SADC Tripartite Free Trade Agreement. The member states of COMESA, the EAC and SADC agreed in October 2008 to negotiate the Tripartite Free Trade Agreement (TFTA). The COMESA-EAC-SADC Memorandum of Understanding (MoU) underpins the legal and institutional framework for the Tripartite process. A revised Draft Agreement and Annexes were finalised in December 2010, with the text of the Agreement and Annex on Negotiating Principles further revised in June 2011. The COMESA, EAC and SADC Heads of State and Government met on 10th June 2015 in Sharm El Sheikh, Egypt at the Third Tripartite Summit to officially launch the COMESA-EAC-SADC Tripartite Free Trade Area.

The 2015 Tripartite Summit gave Member States 12 months from the launch of the TFTA to conclude outstanding negotiations which included issues on rules of origin, trade remedies and tariff offers. However, the deadline of June 2016 was not met, and the commencement of Phase II negotiations – covering trade in services and other trade related matters – has been delayed pending the conclusion of negotiations on Phase I issues. As at December 2018 the issues precluding the finalisation and implementation of the TFTA, namely the rules of origin and the tariff offers, remain outstanding and there is no obvious move to rebuild the momentum needed to complete the Tripartite FTA. Ten year from the launch of the TFTA, the FTA is still not implementable because the rules of origin have not been agreed[4] and there is no agreement on a tariff phase-down.

The conclusion is that the timing of the African (or COMESA) integration agenda is *de facto,* not too ambitious and the COMESA Customs Union and COMESA Common Market could have been in existence now, and used as a building block for the COMESA-EAC-SADC Tripartite FTA which in turn could have been used as a building block for the Continental FTA and the creation of the African Economic Community. What is clear is that COMESA Member States lack the political will and drive to move to the next level of integration. It is not clear why this should be so, but could be because of a lack of understanding of the benefits of economic integration; or a lack of will to upset the status quo; or because there are what are considered to be other more pressing domestic priorities to address; or possibly a result of short-termism of African politicians who could be more concerned with re-election every 5 years than with the long-term economic well-being of the nation state.

Whatever the reason for this lack of commitment (or political will) to regional and continental integration, the integration agenda raises real challenges and concerns of equality that need to be addressed. All trading blocs comprise larger and smaller economies. Economic theory tells us that, in an integrated region, economic growth of a larger economy will be beneficial to the smaller economies in the group. This is because the smaller economies will be able to increase their trade in goods and services with the larger economies and this will have multiplier effects in the smaller economies as well as the larger economies. But this will happen gradually over time and there will be short-term winners and losers in the process, although the long-term result should be beneficial when all the wins and losses are netted out[5]. So the challenge is to manage the process and manage the losers on all sides. It is not enough to state that, in the long term all will be winners – John Maynard Keynes is famously quoted as saying "*in the long-run we are all dead*"[6].

Larger firms in the bigger economies in Africa have already carved out dominant positions without being offered trade preferences[7] and would naturally probably not want to see their positions of dominance eroded through provision of trade preferences to their competitors. Conversely, smaller companies in all COMESA Member States may fear competition from larger companies and economies when preferences come in. In the long-run all will benefit from free trade, but unless these smaller, more vulnerable, companies and economies are protected, they will not survive to see the long run. Free trade theory is based on the work of Adam Smith and David Ricardo on the division of labour, theory of comparative advantage and perfect competition but in the real world there is no such thing as perfect competition and comparative advantage is relative and political and social interventions are usually needed to mitigate against the excesses of capitalism where the winner takes all. This mitigation is necessary but not easy and it is always difficult to

[4] The TFTA opted for negotiation of rules of origin on a line-by-line basis. The alternative to this would be the system COMESA uses which is a general rule (a value addition or local content rule) which is valid for all goods until another rule (such as a change of classification or specific content rule) is renegotiated for that line. The challenge with negotiating on a line-by-line basis is that the FTA cannot be enforced until all rules of origin for all lines have been negotiated. This process is likely to take many years as there could be about 6,000 or more lines to negotiate.

[5] Between 1948 and 2004 the volume of world trade (in US dollars) increased by a multiple of about 150 and international trade has grown by 4% each year on average since 1920. In the same period, worldwide GDP has grown by an average year-on-year of 2.7%. So it is true to say that trade has driven economic growth and raised millions of people out of poverty.

[6] "The long run is a misleading guide to current affairs. In the long run we are all dead. Economists set themselves too easy, too useless a task if in tempestuous seasons they can only tell us that when the storm is past the ocean is flat again." From Tract on Monetary Reform. John Maynard Keynes. 1923.

[7] Take, for example, the growth of Shoprite from a small grocer in the Western Cape of South Africa to a company that operates out of 2843 outlets in 14 African countries. Shoprite achieved this despite the lack of preferences and it is unlikely that it will want to make it any easier for its competitors to wrestle away the mantle of being Africa's largest food retailer.

strike the right balance between interventions that protect vulnerable groups in society while not reducing the benefits of free movement of goods, capital and services.

6. Are there Insufficient Resources?

Over the period 2008 – 2017 COMESA's donors and international financing institutions have contributed just under US$300 million to COMESA integration programmes as Table 2 shows. Table 2 also shows that, over the same period, the COMESA Member States have contributed about US$116 million. This means that although most COMESA Member States have been independent for 50 years or more, they still rely on mainly European donors to finance their integration agenda.

Table 2: Contributions to COMESA by Member States and Donors in US$ by Year

Years	Donors/IFIs	Member States	Total	Percentage contribution from Member States
2008	11,495,378	5,721,491	17,216,869	33%
2009	36,254,505	9,364,825	45,619,330	21%
2010	15,794,134	12,205,283	27,999,417	44%
2011	38,867,731	11,950,661	50,818,392	24%
2012	32,239,878	12,192,452	44,432,330	27%
2013	46,189,702	13,770,631	59,960,333	23%
2014	32,835,426	10,360,456	43,195,882	24%
2015	27,224,730	14,344,161	41,568,891	35%
2016	24,001,896	11,685,773	35,687,669	33%
2017	16,697,021	7,866,388	24,563,409	32%
Total	**291,311,845**	**116,074,509**	**407,386,354**	**28%**

Source: COMESA Secretariat

One of the objectives of the Africa Union and its building blocks, including COMESA, has been to get Africa as a continent to stand on its own two feet and to be self-sufficient. There has been a lot of debate recently at the Africa Union level about how the Africa Union can be self-sufficient and the current idea is to implement a trade levy that will finance the activities of the Africa Union and so lessen, and then remove, Africa's donor dependency.

At the COMESA level, options on how COMESA can become self-sufficient have been explored, in line with the Treaty provisions, and these have been presented to the policy organ meetings over the years but the policy organs have preferred to maintain the status quo and rely on donor funding to finance COMESA's integration agenda. This is despite the fact that, under Article 168 of the COMESA Treaty, Member States have undertaken to establish the Common Market Levy.

There is no doubt that, although COMESA countries are either LDCs or lower or middle income developing countries, they could pay more to support African economic integration. The average expenditure of COMESA, including staff costs and programmes, varies by year but the annual budget is about US$40 million per year. A conservative estimate of the combined GDP of the now 21 COMESA Member States (with Tunisia and Somalia joining COMESA in 2018) is US$800 billion. The annual expenditure of COMESA is, therefore, about 0.005% of the total GDP of its Member States. Conversely, at the G8 meeting in Gleneagles in 2005, the then 15 EU Member States committed to spend 0.7% of their gross national income (GNI) on development budgets to help low income countries grow economically and reduce poverty. This means that the EU countries are willing to commit over 100 times the percentage of their GNI to development of other countries than COMESA member states are willing to commit to COMESA and the COMESA integration programmes.

The challenges of donor dependency for regional integration is further compounded by COMESA Member States' unwillingness to pay their own portion of the COMESA budget in full and on time.

Paragraph 6 of Article 166 of the Treaty provides that "Fifty percent of contributions due from member States shall be paid into the budget of the Secretariat within one month from the beginning of the financial year [which for COMESA is January] and the remainder shall be paid within six months from the beginning of that financial year". Two members consistently pay their annual contribution in full (100%) to COMESA by the end of January. The rest of the Member States are equally consistent in delaying payments, so much so that some Members are in constant arrears.

There are two reasons why COMESA Member States should want to become self-sufficient in terms of financing their own integration agenda:

- The political reason – it would seem contradictory to want to break the chains of colonialism and dependency but to continue to rely, unnecessarily, on handouts, which do not come free of all commitments, from the very same political powers that Africans have fought to be free of.
- The practical reason – donors are fickle and necessarily answerable to their own tax-payers, who are also fickle, and so the rules of donor aid change continuously. The largest donor to COMESA, by far, has been the European Union through the European Development Fund (EDF). Support from the EDF has changed over time in that, up until the late 1990s, regional programmes were defined as programmes that benefitted two or more countries. The challenge with this approach was that Member States of COMESA were able to define what regional projects were, with no reference to a prioritised regional integration programme. There was, therefore, no central focus or common goal to aspire to in terms of regional integration targets, except in SADC, whose Member States agreed that SADC would programme regional EDF funds. COMESA, through its Secretariat, successfully lobbied for a redefinition of regional projects under EDF so that the funds went to COMESA (after COMESA had been assessed[8] by the EU as having the required financial, procurement and governance systems in place to manage EDF funds) and were then disbursed to Member States on the basis of a Regional Integration Programme (RIP) as designed by COMESA Member States. This was in line with the Paris Principles that acknowledged that donors would support the development agendas that were designed by the developing countries themselves. However, perhaps because of pressures from EU Member States' electorates, for the EU Commission to be more accountable for monies disbursed as grant aid, the rules have changed again. The EU Commission (and Member States' administrations) demand a greater say in where the EDF grant aid goes to now so involve themselves in programming and directing monies through specific countries to specific projects that have been identified by the European Union Commission themselves. It is unclear whether this new approach will support the regional integration agenda of COMESA but initial indications are that this new approach is not going to be as effective, from the regional perspective at least, as the previous approach. The lesson for the COMESA Member States should not be that grant aid should be administered in a more flexible way but that they should not rely on donor support to implement COMESA's regional integration agenda. This is the only way that COMESA and its Member States can take control and own its regional economic agenda and its own development.

[8] The financial regulation (FR) applicable to the General Budget of the European Union (EU) sets out that under indirect management the Commission can entrust budget implementation tasks to certain countries, organisations and bodies ('Entities'). These entities must meet requirements in up to seven areas relating to the internal control system, the accounting system, an independent external audit and rules and procedures for providing financing from EU funds through grants, procurement and financial instruments and Sub-Delegation.

A related issue is whether the money available to COMESA was used efficiently and effectively, whether the programmes were well designed to meet the objectives intended and whether the projects were effectively implemented. To assess this would require a full Value-For-Money study using, for example, a methodology used by the United Kingdom's National Audit Office to measure the economy, efficiency and effectiveness of a project and the relationships between resources, inputs, outputs and outcomes. However, a cursory observation would indicate that the answer would be mixed, from projects and programmes being designed and implemented very effectively (such as the COMESA FTA, the COMESA 3rd party vehicle insurance scheme (Yellow Card) and the creation of COMESA institutions including the PTA Bank, ZEPRE and ATI, to being not well designed and implemented and not achieving their expected results.

In summary, it is clear that there are insufficient resources from the COMESA Member States themselves to achieve the COMESA regional integration agenda set out by COMESA Member States in the COMESA Treaty. The donors have financed almost all COMESA programmes, with resources of COMESA Member States used to finance costs of established staff. The lack of resources from Member States to finance regional integration programmes is further exacerbated by delayed payments from Member States, which, in recent years, has necessitated the use of the Reserve Fund to meet the costs of established staff. In terms of efficient use of resources, there are no indications to suggest that the resources available were not used efficiently, although it is also the case that there is, as always, room for improvement.

7. Conclusions and Way Forward

The regional integration agenda in Africa is under threat mainly because of complacency, donor dependency and lack of ownership of the integration agenda by African countries themselves.

The COMESA-EAC-SADC Tripartite Free Trade Agreement, followed by the Africa Continental Free Trade Agreement, is regarded as a renewed attempt by African countries to deepen economic integration through trade policy. Certainly, it is a very positive and encouraging development for those who believe that integration, and the creation of larger internal markets, is a key to Africa's economic development. However, it is too early to celebrate any achievements except expressions of good intent. The TFTA has, after a very promising start, stalled and Member States have yet to implement the two very basic components of a free trade agreement – rules of origin and a tariff phase-down mechanism. The TFA is, therefore, still an agreement that cannot be implemented. The ACFTA negotiations, by entering into line-by-line negotiations on tariffs, could be embarking on the same path as the TFTA, hopefully not leading to the same place as the TFTA negotiations have got to, 10 years after the member states of COMESA, EAC and SADC agreed, in October 2008, to negotiate the TFTA.

It would not be difficult for COMESA Member States to re-invigorate COMESA and for COMESA to, once again, be one of the foremost regional economic integration organisations with a good track record of integration instruments and, in the process, create additional momentum for the ACFTA. For this to happen, COMESA Member States may want to consider the following[9]:

[9] These issues are not new to COMESA as an organisation. Under the recently appointed Secretary General of COMESA, Ms. Chileshe Kapwepwe, COMESA held a retreat of Permanent Secretaries in November 2018. The SG opened the meeting by saying that "*The COMESA Secretariat has over time experienced increased dependency on Cooperating Partners resulting in the current scenario where funding from Co-operating Partners constitutes approximately 70% of the COMESA total Annual budget*," Among the issues discussed were: the current financing model, the implementation of the approved organisational structure; the need to enhance the new external audit framework, the modalities of building and establishing a New COMESA Headquarters and the implementation of the

- **Revisit why regional economic integration is important**. As is mentioned above, African follows a Balassa model of integration, a model the European Union also follows. The EU integration driver, as described in the Schuman Declaration, is to make war "*not merely unthinkable but materially impossible*" and the European Union has successfully met this overall objective. Africa, or its REC building blocs, do not have a similar powerful integration driver where the risk of the counterfactual is too high a price to pay. Most African countries would probably view integration as a useful tool, but not an absolute necessity, for them to achieve sustainable economic growth and poverty alleviation. This results in a lack of commitment to regional integration and so an unwillingness to cede power and authority from the national level upwards to a regional level[10]. There is, therefore, a need to re-define the aims and objectives of African regional integration with targets that can be measured and which have a stronger, and more direct, causal relationship to regional integration. The stages of the AEC attempted to do this but made the assumption that the instruments, commitments and finances to be used to get from one stage to the next stage would be in place, given sufficient time, which was, in hindsight, a mistake. African governments might wish to lower the level of ambition to a trade facilitation ambition rather than a free trade agreement ambition. If, for example, the level of ambition was for all African countries to implement the WTO Trade Facilitation Agreement this, in itself, would increase the amount of trade taking place between African countries. It would also provide a firm base, or stepping stone, for the negotiations to conclude the ACFTA.
- The role of the Regional Economic Communities would be to assist their members in first of all mapping what needs to be done to implement the TFA in each country and to then assist each country to secure the necessary financing and then with implementation[11].
- **Moving to an implementation by law integration process**. Currently, the decision-making process of COMESA is that technical discussions take place in sectoral meetings of experts (and possibly meetings of sectoral Ministers), and a recommendation is made to the Senior Officials (Permanent Secretary level) of COMESA, who make a recommendation the Council of Ministers (usually national ministers responsible for the trade portfolio) who then make a recommendation to the Heads of State and Government. If the Heads of State and Government decide to proceed they issue a directive which is then binding on all COMESA Member States. The next step is for all COMESA Member States to "domesticate" the directive by passing this decision into national law.
- The challenge for COMESA is the very low level of domestication of these directives into national law and there are no sanctions imposed for not domesticating. The result is that the decision is not implemented and the regional integration programme the Summit decision is made on behalf of does not get implemented. In theory, a Member State that does not comply with a Summit directive can be taken to the COMESA Court of Justice[12], who have the authority to sanction a Member State, but in

proposed resource mobilisation framework, strategy and plans. https://www.comesa.int/comesa-pss-meet-to-address-challenges-facing-the-organization/

[10] Some may also argue that nation states in Africa are a relatively new concept and still under development, so, in their efforts to consolidate the nation state, politicians will not cede power to a supranational authority and, in fact, use regional economic communities to consolidate the nation state rather than a way to break down barriers between countries.

[11] There seems to be a commonly held misconception that as most African countries, who are WTO members, have ratified and notified the TFA that they are on course to implement the TFA. However, over 70% of Category C notifications of African Countries are "to be advised" which means that not only has the particular country not started on implementation of that particular Article or Sub-Article, they are not even able to articulate their technical assistance requirements. This is not surprising, giving the technical complexity of some of the Articles to implement, such as Art. 3 – Advance Rulings; Art. 7.1 – Pre-Arrival Processing; Art. 7.4 – Risk Management; and Art. 10.4 – Single Window, but implementation of these Articles would greatly improve the trading environment and so the level and value of trade.

[12] The COMESA Court of Justice decisions have precedence over any decisions of national courts. The Court of Justice may receive cases not only from member States, but also from natural and legal persons, against the Council to determine the legality of any act towards the directive's, regulation or decision made. The Persons are also permitted

practice one Member State has never taken another Member State to arbitration through the COMESA Court of Justice. If, however, there were automatic sanctions imposed for no domestication this would not only improve the level of domestication, and so the level of implementation, it would also ensure that Member States paid more attention to technical proposals and not simply wave them through because they know they don't need to domesticate and implement.

- Use different approaches that combined a political (top-down) decision approach with a more pragmatic bottom-up approach to achieving regional integration including:
  - The EEC's Single Market approach where a political decision on the passing of an Act and the timing are taken only after the needs assessment studies have been done; interventions that will lead to the desired result have been planned in meticulous detail; resources to finance these interventions have been secured; a monitoring system is in place; and a rules-based system is in place where there are consequences for non-performance.
  - A purely bottom-up approach where each Member State moves at its own pace in implementing a decision of Summit and is responsible for securing its own resources to implement these programmes decided on regionally. In this model Member States would plan regionally and implement nationally. So, in the case of implementing the COMESA Customs Union, for example, decisions on the structure of the Customs Union, such as the common external tariff and a dispute settlement mechanism, would be taken at the regional level and then each Member State of COMESA would decide on how and within what timeframe it wanted to implement the Customs Union. Once two members were ready, a Customs Union of two customs territories would be created and other customs territories would be able to join when they were ready, thus creating a Customs Union from the bottom up. This has the advantage of allowing the Member States who understand the advantages of deeper regional economic integration and a liberal trade regime to move forward and not be held back by the slow movers. The disadvantage is then on the slow movers as they will have to accept the decisions of the fast movers as they will be joining a system that is already in place and operational.
- **Create a fit-for-purpose administration**. Currently the COMESA Secretariat is responsible for coordinating implementation of the COMESA regional integration agenda but has difficulty in carrying out its mandated responsibilities because it is under-resourced and heavily reliant on donor financing. In order to reverse this situation COMESA Member States could:
  - Assess what the level of staffing of the COMESA Secretariat should be to allow it to achieve the agreed programmes, agree on what compensation would be needed to attract the necessary qualified staff[13], and introduce and implement (without political interference) a rigorous system of performance-based contracts for COMESA Secretariat staff.
  - Reassess their contributions to the COMESA budget, taking into account the need to attract highly qualified technical staff that could not only administer, but provide the technical assistance to implement integration programme, rather than relying on short-term consultants.
  - Pay their budget contributions as per the provisions of the COMESA Treaty and make an effort to move away from their donor dependency.

under the Treaty to sue a member State in the COMESA Court; the legality under the Treaty of any act, directive regulation, or decision of such member State.

[13] COMESA used to be on a par with remuneration levels of other similar organisations but, over the years, these levels have been eroded through inflation and cost of living increases so COMESA remuneration levels are no longer competitive with, for example, remuneration levels of other international civil servants.

- Consider other ways of financing the Secretariat. COMESA, through the COMESA Secretariat, established the PTA Bank (now the Eastern and Southern Africa Trade and Development Bank - TDB) in 1985. In its 2017 Annual Report the TDB reported total assets valued at US$5.26 billion and a net annual profit of US$111.9 million. The Africa Trade Insurance Agency (ATI) was set up by COMESA, with support from the World Bank Group, in 2001. In its 2017 Annual Report ATI announced a profit of US$9.9 million. The COMESA Re-insurance Company (ZEP-RE) was set up by COMESA and the COMESA Secretariat, in 1990. In 2017 ZEP-RE reported annual profits of over US$23 million. COMESA has set up other profitable companies and instruments over the years but none of these contribute anything to the cost of running the Secretariat.

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