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Regional dynamics in Africa: High stakes for development

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Key messages

Regional cooperation and integration have become key features of our globalised world.

Regional cooperation and integration are no ends in themselves, but can be means through which to help transform economies over time and promote sustainable development.

Different countries pursue different objectives and interests through different trajectories of regional cooperation.

Knowledge about the interest, objectives and trajectories of regional cooperation helps inform effective support.

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ECDPM and theIDLgroup are undertaking a political economy study of the context in which the African Union and regional organisations in Africa operate. The study is funded by the Embassy of the Government of Sweden in Nairobi.

It unfolds at a time when the international community prepares to discuss in Addis Ababa, which also hosts the headquarters of the African Union, how to finance development challenges of the post-2015 era. While regional cooperation may not offer quick or easy wins, it nevertheless remains essential for economic transformation and the delivery of regional public goods (such as peace and security or infrastructure) and services.

Acronyms

AfDB	African Development Bank
AU	African Union
ECDPM	European Centre for Development Policy Management
ECOWAS	Economic Community of West African States
EU	European Union
IGAD	Inter-Governmental Authority for Development
MDC	Maputo Development Corridor
NGO	Non-governmental organisation
RECs	Regional Economic Communities
SADC	Southern African Development Community
SADCC	Southern African Development Coordination Conference
TFCA	Transfrontier Conservation Areas
UN	United Nations

Executive Summary

Regional cooperation and integration have become key features of our globalised world. Such regional dynamics involve stakeholders who try to solve problems at a regional level that cannot be properly addressed at a national level. Many such problems affect poor peoples' lives in areas such as mobility of people and goods, access to vital services in water and energy, security, environment, etc.

This Discussion Paper explains the relevance of such regional cooperation and integration for problem-solving in Africa. It does so by highlighting a few ongoing regional processes, and by unpacking some of the key actors and factors at work in such processes. Regional cooperation and integration are no ends in themselves, but can be means through which to help transform economies over time and promote sustainable development.

As in the rest of the world, regional cooperation and integration in Africa are highly complex processes (see Box 1 for definitions). They take on many forms and patterns, yet no model of regional cooperation is intrinsically better than another. Such processes may involve a wide range of stakeholders working through top-down formal regional organisations, or more in bottom-up or mixed processes. The interests of state and non-state actors in such processes and the power they hold differ within countries and among countries. Often, the outcomes of regional cooperation are hard to predict, with the costs and the envisaged benefits unevenly spread over time among the interested stakeholders. In addition, different countries pursue different objectives and interests through different trajectories of regional cooperation.

Despite these complexities, this Discussion Paper argues that these times offer good opportunities for domestic policymakers, regional organisations, non-state stakeholders and donors to engage purposefully in such regional enterprises. It points to opportunities and to new research that helps understand shapers and blockers of regional cooperation and helps identify opportunities and prioritise for politically and technically feasible support strategies.

1. Why regional cooperation and integration matter for development?

Recent decades have seen a substantial increase in regional projects around the world. This increase can partly be explained by modern globalisation pressures (environmental, trade, transport and communication, security related pressures) on states and non-state actors, stimulating multiple forms of regional cooperation around problems that cannot be solely addressed at national level.

Regional dynamics find some of their causes in one or several of the following key logics:

1. Overlapping common interests or incentives among groups of countries.
2. Countries seeking to address challenges related to fragmentation and constraints of size/number.
3. Responding to internal or external economic, political or security pressures.
4. Addressing the negative consequences of arbitrary national borders and state configurations.

In practice, the motives or reasons for working together cover a broad range of cross-country or regional problems and opportunities. Cooperation can involve state actors, non-state actors as well as regional organisations. Some examples include:

- managing common natural resources and addressing common environmental issues (e.g. water resources such as rivers and lakes, forest, desertification, climate change, pollution);
- promoting peace and security, avoiding conflicts from spilling over into other countries;
- fostering macroeconomic and financial stability;
- fostering economic activities: facilitating trade, pooling resources, generating economies of scale, promoting market integration or increasing market size;
- addressing common health and sanitary issues and preventing communicable diseases;
- fostering food security by connecting markets and producers;
- sharing knowledge and strengthening innovation systems (e.g. education, information exchange);
- promoting or adopting common norms, principles, ideologies;
- fostering strategic coalitions and alliances to increase international leverage in arenas such as the United Nations, the World Trade Organization, etc.;
- enhancing credibility, influence or recognition by domestic actors through regional or international initiatives;
- attracting foreign investors or donor resources through cooperation;
- etc.

A common thread through this illustrative list is the need to address common concerns relating to the positive or negative spillovers of cross-border issues. These issues can be confined to two countries or a region (e.g. management of transboundary rivers) or can stretch into the broader transnational, global level (as with climate change), sometimes referred to as regional or global public goods. There is a wide range of areas or sectors in which regional cooperation and regional integration come about and evolve. Important areas for development policy and poverty reduction include economic integration, security related cooperation, and environmental cooperation. The outbreak of Ebola has dramatically demonstrated the need for countries to develop capabilities, institutions and specialised organisations to cooperate regionally in **social areas** such as health and infectious disease control and prevention.

Box 1: Concepts and definitions

Region refers to macro-regions, supranational subsystems with states that are geographically close with some degree of interdependence. But “regions” can also be understood as “political and social projects devised by human (state and non-state) actors in order to protect or transform existing structures” (Söderbaum, 2013).

Regional cooperation and regional integration can be understood as two extremities of a continuum of regional dynamics. *Regional cooperation* usually refers to two or more countries in a particular geographic or geo-political context seeking to work together on particular issues for particular gains. Regional integration goes beyond cooperation between a group of countries towards harmonisation and or coordination of (particularly economic) policies, joint institutional mechanisms, lowering of border barriers, and potentially also transfer of responsibility and autonomy to a supra-national level or set of institutions.

Many regional cooperation processes are driven or initiated by non-state actors working *bottom-up*, rather than through *top-down* and policy-led systems driven by national governments or by formally mandated regional organisations.

Regionalism can be understood as “planned, multilateral, and state-led organisation of interdependence within a confined regional space that manifests in various specific regional projects and accompanying institutions” (Muntschick, 2012: 4). Regionalism is associated with institution building or the conclusion of formal, inter-state agreements.

Regionalisation usually refers to a broader field of application, with both reference to formal, state driven processes of regional integration, as well as reference to regionalist strategies that are not related to state-driven processes, and can even be “at odds with state policies” (Bach, 2013).

Public goods are goods that are ‘non-rival’ in consumption (one person’s consumption does not reduce the amount available to others) with costs and benefits that are ‘non-excludable’ (once the goods are produced it is difficult to exclude individuals from consuming them). A **regional public good** has a ‘spillover range’ that is larger than a country and is confined to a region, yet often the spillover range does not match the political jurisdictions of regional frameworks (Söderbaum and Granit, 2014).

Economic regional cooperation and integration is essential for Africa’s economic development and structural transformation. Hence, economic integration has long been, and remains high on the agenda of Africa’s regional organisations. Africa’s apex organisations - first the Organisation for African Unity, and since 2003 the African Union (AU) - have committed to create the African Economic Community by 2034. As part of this process, the African Union officially recognised eight African Regional Economic Communities (RECs) as pillars for economic integration, out of the many more relevant regional groupings in Africa.

In spite of the last decade’s spurt of economic growth, sub-Saharan Africa still only accounts for 2.15% of world Gross Domestic Product. The small size of countries and their need to expand their markets have therefore been a key aspect motivating regional economic integration in Africa. In this process large African countries such as Nigeria and South Africa are strong attraction poles and suppliers of regional markets, as are Ethiopia and Egypt. Yet the average regional share of African trade remains below 12% (compared to over 50% in Asia and over 70% in Europe). While these figures reflect recorded trade, informal cross-border trade in Africa, on the other hand, is a source of income to over 40% of Africa’s population - mainly

African women - and accounts up to 30% to 40% of Southern African regional trade, according to some estimates (Afrika, 2012). The disparity between formal trade data and informal trade flows reflect the reality of economic integration in Africa that is often ignored in regional processes and policy debates.

Lowering regional economic barriers, stimulating economic exchanges and developing infrastructure are essential for obtaining greater benefits from regional cooperation and integration. The case of infrastructure illustrates this well both in areas of hard infrastructure development in transport (ports, roads, etc.), energy and communication but also in the soft systems that need to be put in place. New forms of cooperation and financing of regional infrastructure development between the public and private sectors are being explored and implemented. Yet regional projects face numerous political, socio-economic, bureaucratic and security-related hurdles. A key challenge is to identify where regional integration processes can help in supporting domestic economic development.

Box 2: The Maputo Development Corridor: Overcoming regional coordination problems and institutional shortcomings

The Maputo Development Corridor (MDC) is a transit corridor linking South Africa, Swaziland and Mozambique. It follows the old rail-and road paths as originally set out more than a century ago. South Africa's destabilisation of the region under apartheid destroyed infrastructure and trade routes through its neighbours. In post-apartheid South Africa, the newly elected President, Nelson Mandela, was keen to mark a break with the past and point to the potential of regional cooperation. His then Mozambican colleague, President Joaquin Chissano sought to attract foreign investments and infrastructure finance. So both presidents put their weight behind the rehabilitation and further development of the transport corridor. The Maputo Development Corridor could rely on strong formal financial and legal institutions, plus a cadre of civil servants in South Africa with experience and clout to make the deal work. South Africa's strong pull was crucial, but so was the support from big business, including a multinational aluminium smelter, which anchored its investments on the Mozambican side of the border near the deep-sea port of Maputo. These structural, institutional and leadership issues help explain the successful realisation of Africa's first public private partnership, and how through the collaboration between state and non-state actors both managed to overcome some regional coordination problems and institutional shortcomings. The MDC was less successful as a "development corridor" as serious concerns were raised about the higher access costs to the toll road for small-scale producers and informal traders – in fact reducing access to the rural poor living in the corridor area for making use of a regional public good. A range of stakeholders, mainly from the private sector, established an intermediary organisation, the *Maputo Corridor Logistics Initiative*. This not-for-profit network promotes both interests of multiple service providers and service users of this logistics and transit corridor, with a stronger emphasis on well-established users and providers.

Source: Byiers et al (2014), Sequeira et al (2014)

Peace and security is another area in which Africa's regional and pan-African organisations have cooperated intensely. Through the African Union's *African Peace and Security Architecture*, African states have stepped up efforts at the inter-regional level to reduce spill-overs of armed conflicts, provide assistance to the regional security institutions, and support peacekeeping operations and mediation. Since the key actors involved in such regional peace efforts are also those with specific interests at stake, whether in terms of protecting their population or economic interests, there is a stronger likelihood that ownership or commitment will emerge than may be the case with international organisations. The downsides need to be carefully considered as regional organisations may also be captured by national

political elites for purposes of regime survival or extractive gains. Peacekeeping in Burundi presents a positive example of effective pan-African and international cooperation. The African Union (with support from a few pro-active member states such as South Africa) managed to facilitate peace talks, a peace agreement, and cooperate with the UN so as to enable the UN Peacekeeping mission to take over from the AU mission during the final phase of the peace process, involving elections and political transition. Again, though, much rests on identifying country-level interests and how these can be met through regional processes.

Environmental regional cooperation plays out across various dimensions and sectors. Transboundary water resources are a good example of the need for regional cooperation, as well as the complex challenges for managing such cooperation. In Africa less than 5% of cultivated land is irrigated. Less than 10% of the hydropower potential is tapped, and only 10% of agricultural production takes place on irrigated land. Almost 60% of Africans lack access to clean drinking water. The inadequate water infrastructure and poor water management mostly affect the poor. The rationale for regional cooperation in water-related infrastructure development and for improved water governance is particularly strong. Most river systems and ground water aquifers in Africa cross national boundaries, yet water resource development and management are usually taken care off by local and national authorities. Weak institutional capacity for planning and managing river systems may result in conflicts within and between countries.

There are many competing claims over many of Africa's lakes and river basins, such as between downstream and upstream countries, or between countries in need of early warning of floods and those not affected. Yet, there are few dedicated management institutions in place. Such cross-country problems may create opportunities and incentives for political leaders to engage in regional cooperation. The purpose can be to reduce the conflict potential, and to optimise economic productivity of water and its environmental sustainability. A few examples of effective cooperation among countries include the Senegal and Niger Rivers in West Africa, or Lake Victoria. Nonetheless, balancing internal and regional politics around water can be challenging with long-run regional benefits often losing out to shorter-term national politics.

Although not exhaustive, these thematic or sector areas of regional cooperation and integration clearly illustrate the issues around which there is ostensibly a logic and drive - often even an urgency - for governments (as well as other business and society actors) to cooperate. Yet despite these good reasons to work together, and despite the numerous organisations or regional mechanisms that have been set up to facilitate such processes (see section 2), there are many obstacles to effective regional cooperation (see section 3).

2. What organisational forms do regional cooperation and integration take?

A traditional approach to regionalism has been associated with *top-down* forms of regional cooperation and integration that were driven by states and/or mandated regional organisations, with formalised agenda and institutional processes. Since the end of the Cold War, there has been more attention to different forms of regional cooperation, including those that involve non-state actors in *bottom-up* processes. Such processes can involve big business, but also informal cross-border traders, or can play out at levels where organised citizenries (through civil society organisations, professional interest groups, etc.) engage with one another and with state actors on policies that affect regional cooperation. Such bottom-up regional processes may

intersect with or purposefully target top-down regional processes, and result in hybrid or ad hoc forms of regional cooperation (see Table 1).

There is a broad variety of regional mechanisms or organisational forms involved in bottom-up, top-down and hybrid regional processes. These mechanisms can be distinguished by differentiating between types of **organisational form** and between the **scope** of such regional mechanisms. The organisational form can be a formal organisation (e.g. with statutes, membership, a permanent administrative structure) or a more loosely structured and more flexible network arrangement of actors. Both organisations and networks can have a narrow scope in that they focus on one (sub)sector or activity (e.g. trade, transport, energy, project preparation) mandate or *problematique* yet they can also cover multiple purposes, sectors and tasks.

Table 1: Types of regional cooperation mechanisms

Type of organisation	Organisation	Network
Scope - Single-purpose or specialised	Single-purpose organisation: West African Health Organisation, the Southern African Centre for Cooperation in Agricultural Research, the Nile Basin Initiative	Single-purpose network: Southern African Power Pool, the West African Network for Peace, etc. Public Private Partnerships are another example of specialised networks, created for a particular purpose.
Multi-purpose	Multi-purpose organisation: e.g. African Union, Regional Economic Communities,	Multi-purpose network: Spatial Development Initiatives such as the North-South Corridor, or some of the network organisations that facilitate connectivity of different stakeholders that are or may be affected by corridor development

Source: Adapted from Söderbaum et al (2014).

This matrix exemplifies the diversity of organisational forms and functions, and may help refute the notion that regional cooperation involves only one type of regional apex organisation through which all efforts are coordinated in top-down processes. This notion may have been reinforced by the tendency in Africa to emphasise a top-down, institutionalised approach to regional cooperation and integration. Likewise, a *thick* institutional architecture is favoured (as in several regions in other continents) with an emphasis on deeper integration processes, often apparently influenced by the EU model of integration. Unlike top-down, state dominated organisations, networks tend to function in more decentralised ways with the potential for easier access to non-state actors (for an example of hybrid forms of cooperation with strong bottom-up participation, see Box 3).

Box 3: Bottom-up and hybrid forms of cooperation involving state and non-state actors – Transfrontier Conservation Areas in Southern Africa

Africa's colonial and artificial borders cut through many of its conservation areas or wildlife parks, reducing the potential to conserve shared wildlife resources. One of South Africa's top businessmen, Anton Rupert, and the Mozambican President Chissano kickstarted an initiative in 1990 to promote transfrontier wildlife areas. Later, both President Mandela and President Chissano promoted the idea at the regional level with the *Southern African Development Community* (SADC). With support from some donors, ten transfrontier wildlife areas were established in over two decades involving a range of non-state and state stakeholders, a number of formal agreements and some support from the regional SADC Secretariat. Meanwhile, through the multi-stakeholder cooperation, including the participation of specialised civil society organisations and NGOs, the aim of the so-called Transfrontier Conservation Areas (TFCAs) has broadened to include tourism, environmentalism, economic development with local communities. A number of barriers had to be overcome, including facilitating context specific compromises with local communities – which remains an ongoing challenge in certain countries. Gradually, the TFCAs have become tools for local community development in border regions while preserving a regional public good.

Such hybrid forms of cross-border and regional cooperation provide insightful, real-life insights into innovative, unpredictable, ever-changing, risky¹ and relevant regional processes. While high-profile leadership certainly gave the initial boost in this area of cooperation, the implementation at park level depends on cooperation between a range of multi-country officials covering different sectors such as wildlife, tourism, border management, law enforcement and veterinary services. The actual formalisation through a treaty at the level of the regional organisation only happens when the officials on the ground have done the groundwork. TFCAs show that an adaptive and flexible “bottom-up approach to regional integration is sometimes more critical to tangible results than a top-down approach with strict rules and regulations, time and deadlines” (Bertelsmann-Scott, 2013).

Source: Bertelsmann-Scott (2013)

Political, governance, peace & security motivations stand high in most regional initiatives. They have been particularly prominent in the Southern African Development Coordination Conference (SADCC), which led to the Southern African Development Community (SADC), in the Economic Community of West African States (ECOWAS) and in the Inter-Governmental Authority for Development (IGAD). It is also a key pillar, if not the main one, of the African Union.

But it is the economic dimension that seems to have become one of, if not *the* defining dimension for most regional groupings in Africa. This is perhaps best illustrated by the denomination, adopted at the pan-African AU level, for the main regional groupings in Africa: Regional *Economic* Communities. Here too, the influence of the European model of integration might be at play, with Africa following a linear model of economic integration (as illustrated in Figure 1). The pan-African ambition towards the establishment of an Africa Economic Community (by 2034) has also contributed to consider RECs as ‘building blocs’ to the continental integration, and led to a greater focus on the economic dimension. Such institutional trends have further been reinforced by the pressing challenge to promote sustainable and inclusive economic development in Africa.

¹ One type of risk is the increased poaching associated with such open borders in transfrontier conservation areas, a practice that combined with corrupt practices pose new challenges for institutional development in regional multi-stakeholder cooperation.

Based on a survey, Figure 2 provides a tentative illustration of the perceived importance of the different motives in RECs. In most RECs, economic motives or considerations, followed by political ones (which in our reading includes security related politics), apparently override other motives. There has been a tendency to broaden the scope of the regional agenda, covering ever more regional issues – including peace and security, infrastructure development, industrial development, climate change, etc., while deepening the integration agenda as well. If we take the example of economic integration, however, progress on implementation is quite uneven among the different RECs (see Figure 1). Even in cases where initial levels of integration are achieved, (e.g. Free Trade Areas or Custom Unions), there remain significant implementation challenges to the integration agenda.

The multiplicity of regional organisations and networks, and of top-down and bottom-up processes should not be a cause for alarm *per se*. It may well reflect the diversity of problem areas that require a regional response rather than a national solution. It also demonstrates that numerous state and non-state actors are driving such problem solving, or processes of creating regional public goods and furthering economic integration for that matter. And they do so for different reasons, in the pursuit of different interests, and with differentiated access to power and information. The next section is about those actors and factors that shape, drive or obstruct regional processes.

Figure 1: RECs implementation status and ambitions

RECs	Date of Establishment	FTA	Customs Union	Common Market	Monetary Union	Political Federation
AMU	1989	Planned (blue)	Planned (blue)	Not planned (white)	Not planned (white)	Not planned (white)
CEN-SAD	1998	Planned (blue)	Planned (blue)	Not planned (white)	Not planned (white)	Not planned (white)
COMESA	1994	Achieved (green)	In progress (orange)	Planned (blue)	Planned (blue)	Not planned (white)
EAC	2000*	Achieved (green)	Achieved (green)	In progress (orange)	Planned (blue)	Planned (blue)
ECCAS	1983	Planned (blue)	Planned (blue)	Not planned (white)	Not planned (white)	Not planned (white)
ECOWAS	1975	Achieved (green)	In progress (orange)	Planned (blue)	Planned (blue)	Not planned (white)
IGAD	1998	Not planned (white)	Not planned (white)	Not planned (white)	Not planned (white)	Not planned (white)
SADC	1992	Achieved (green)	Planned (blue)	Planned (blue)	Planned (blue)	Not planned (white)

Notes: Achieved (green), in progress (orange), planned (blue), and not planned (white).
*EAC was first established in 1967, disbanded in 1977 due to internal conflicts among the member countries and reformed in 2000.

Note: Achieved (green), in progress (orange), planned (blue), not planned (white).

Source: AfDB (2014). The blueprint for regional integration is commonly taken from Balassa’s seminal book of 1961. This describes five forms of economic integration as represented in Figure 1. Although frequently understood as a linear sequence of deepening integration towards a regional ideal, as Baldwin (2011) points out, these forms of economic integration were never intended to represent an ideal sequence but instead to describe different possible levels of integration. The eight African regions recognised by the African Union have adopted this sequential model, with varying degrees of implementation, as shown in Figure 1.

Figure 2: Country motives for joining a REC (%)



Note: 2014 ACBF survey, where countries could give more than one motive.

Source: ACBF (2014)

3. What is shaping and holding back regional dynamics in Africa?

There are multiple factors that drive or limit regional cooperation and integration in their multiple forms and manifestations. Key among the contextual factors to consider and analyse include structural features (geography, historical legacies, embedded economic structures, etc.) socio-cultural and political institutions, as well as agency and power asymmetries between actors within countries as well as between countries in regions. Such factors help explain, for example, one persistent riddle for policy makers and researchers in Africa²: why has there been this gap between the numerous agreements on regional cooperation and integration by formally mandated organisations and their implementation on the ground. But they also provide pointers to opportunities for effective engagement in more promising regional dynamics by reformers and their supporters.

Structural features influencing regional dynamics include the nature of Africa’s historical legacies (the different forms of colonisation and decolonisation) throughout the continent. This has had long lasting impact on, for example, political and administrative cultures and institutions, on the management of the artificially drawn borders with a high number of landlocked countries, and on prohibitive transport prices and costs in Africa. Other structural - and hence hard or impossible to change - features such as geography, climate or endowment with natural resources also shape the circumstances and incentives in countries for cooperation - or domination - in regional processes. In the economic sphere, except for minerals, Africa’s global trade is relatively small, with few countries that have transformed their economies structurally, which reduces the potential for intra regional trade.

² See for instance ACBF (2014), AfDB (2014), AfDB-OECD-UNDP (2014), Melo and Tsikata (2014), Seck and Thariki (2013) and UNECA (2012, 2013).

Countries differ in size, endowments, economic development and political weight. The resulting **asymmetries in power** can significantly support and push regional dynamics, but they can also result in blockages. Particularly powerful countries within a regional setting (the “hegemons”, “rambos” or – more neutrally – the dominant players)³ include Nigeria in ECOWAS and South Africa in SADC. Such *hegemons* can significantly drive and shape regional cooperation, and are often seen as gateways (for example for multinational investors) into the region. Yet, hegemons can also block or undermine efforts at cooperation and integration, or turn these exclusively to their own benefits. Such powerful actors may have more resources or capacities to pursue scenarios that either ignore the preferences and benefits of regional partner countries, or, alternatively, that push collective action by, for example, footing the bill for some of the costs of creating regional public goods. A similar logic can apply to ‘big business’, a particular type of non-state actor, with dominant firms such as mining houses, financial institutions, retailers, energy companies, etc. being able to dominate regional markets and influence (positively or negatively, depending on the case and vested interests at stake) regional dynamics.

Regional cooperation and integration are complex and demanding processes, involving **unevenly spread of costs and benefits**, among actors and over time. The costs associated with proper preparation, consultation and coordination of action within states and among states are substantial. Such costs may be unevenly spread among partners, or may even be hard to calculate or agree on. As, generally speaking, there is no free lunch in regional collective action; regional endeavours usually involve horse-trading and trade-offs driven by the internal politics and interests of each participating country or group of actors. Similarly, envisaged benefits from regional collective action may be unevenly distributed among countries, raising the stakes for some, but reducing the appetite of others. Typically, the costs of regional endeavours (preparation and implementation) tend to occur first as an investment, with the intended benefits emerging at a later stage, thus affecting the political dynamics, incentive structure and support to regional processes.

These **domestic politics** and how (e.g. political, economic or military) elites perceive their interests within a given context merit particular attention for a better appreciation of the nature of the commitment behind regional policy decisions and behind their implementation. The formal regional agreements look substantive on paper. Yet the implementation arrangements are often not in place or lagging behind. Regional economic integration, for example, involves setting up regional institutions. It often requires that participating countries delegate some parts of their national sovereignty to regional mechanisms or authorities. This entails some loss of national decision-making power, a price that many governments are not prepared to pay. Moreover, at regional or pan-African summits, political leaders may formally commit to ambitious regional agreements for a variety of reasons, including to fortify their position at home, to improve their international image, or to signal pan-African solidarity⁴, rather than a commitment to implement. Hence, such gestures around ambitious integration goals at times may appear to be empty *signals* that, if not followed by effective implementation, can undermine the credibility of formal regional organisations and ultimately the regional dynamics.

But, there is a broader range of actors to consider than state actors or formal regional organisations. **Non-state actors** also initiate or pursue cross-country or regional problem solving and functional cooperation. Private sector actors (in the financial, telecom and retail sectors for example), civil society organisations and organised interest groups (ranging from informal traders to regional body of transport associations) set up bottom-up cooperation arrangements and platforms. Such efforts may result in dialogue and bargaining

³ See for instance Draper (2010) and Krapohl *et al.* (2014).

⁴ In this regard, it is interesting to contrast the rhetoric on regional integration by African leaders, who tend to emphasise the potential benefits of deeper integration, with the growing scepticism on regional integration in Europe, as expressed by many political leaders, including the more populist ones, who tend to stress the costs and limits of regional dynamics.

with public authorities. In addition, non-state actors increasingly engage with specialised and multipurpose regional organisations and networks in Africa. Depending on the responsiveness of national governments and formal regional organisations, such interactions can significantly influence the regional reform trajectories. Yet private sector actors' "demand" for regional integration often meets insufficient political "supply" of regional public goods (infrastructure, regulatory frameworks, etc.). Historical examples or examples with other continents, however, highlight that many of Africa's challenges in this and many other respects are far from unique (Mattli, 1999).

Lessons from the field of infrastructure development, agriculture, transport and other sectors suggest, moreover, that two other conditions are conducive to effective regional cooperation. These include a smaller number of stakeholders involved in cross-country negotiations, as well as one government among a group of countries taking the lead in implementation⁵ (Brenton et al, forthcoming).

External drivers and barriers can also shape or constrain regional dynamics. They may influence the political incentives at national level, or raise the stakes for ruling elites to cooperate at a cross-country or regional level. Such extra push may help governments relinquish some power or autonomy in favour of a regional public good. The cooperation in the fight against terrorism through the African Union's peace and security architecture and through regional organisations in West and East Africa represents one type of urgency. Other external factors include the global financial crisis, changes in global trade patterns (demand for natural resources for example), but also types and volume of foreign investments, regional threats to security, reputational pressures on political elites (increasingly applied by the African Union in cases of violent conflict and unconstitutional change in Africa), and even ideology, for example the promotion of neoliberal economic reforms through Structural Adjustment in the 1980s.

Donors – old and new – can be categorised as a special type of 'external driver' - or 'barrier' - to regional cooperation and institutional strengthening. The 'new' donors include China, India, Turkey, Brazil, and South Africa, since the latter also engages as a donor with a number of African countries. Both old and new donors are only partially '*external*' actors, as they are - in different degrees – also embedded in domestic and regional policy processes that can both drive (sometimes push) regional agendas, but can also be obstacles to institutional development of regional organisations.

4. Regional dynamics and donors: preliminary conclusions

A group of 'old' donors have traditionally supported regional processes because of their potential to reduce poverty and transform economies. Jointly, donors spent less than 3 per cent of total development funds on regional programmes in 2007 (World Bank 2007). In Africa, a relatively small number of multilateral and bilateral donors – including African Development Bank, the World Bank, the EU, the US, Canada, Japan, UK, The Netherlands, Germany, France, Spain, Sweden and Denmark – provide the bulk of the financial, technical and other forms of support to regional processes and programmes. Recently, a few of the bigger donors have increased their 'multi-country' operations considerably. Donors provide support through different channels (single or multipurpose regional organisations, networks, non-state actors, and

⁵ In this regard, it is interesting to contrast the rhetoric on regional integration by African leaders, who tend to emphasise the potential benefits of deeper integration, with the growing scepticism on regional integration in Europe, as expressed by many political leaders, including the more populist ones, who tend to stress the costs and limits of regional dynamics.

sometimes a combination), or prioritise different sectors (the AfDB and the World Bank target soft and hard infrastructure, the EU supports multiple sectors but invests heavily in peace and security, etc.) and aid modalities (project, programme aid or core financial support to regional organisations). Evaluations of regional programmes and studies on regional problems (thick borders and informal trade, corruption in ports, landlocked countries, etc.) or in sectors (peace and security, infrastructure, trade, transport, etc.) provide helpful insights on the roles of donors and on the possibilities for future effective support to regional dynamics.

The evaluations point to positive examples of donors providing harmonised, well targeted and carefully calibrated combinations of technical and financial support that facilitated or enabled processes of gradual institutional strengthening and the delivery of regional public goods. Yet, “regional projects are significantly more complex and costly than national projects” with longer implementation times, as Puerta et al (2012) highlight in an evaluation of the Inter-American Development Bank. Principles of good donorship such as country ownership are also harder to implement, as the governance of regional organisations is multi-layered. When top-down forms of regional cooperation interact with bottom-up processes, new types of opportunities arise, requiring flexible adaptation from development partners. Such requirements have been difficult to reconcile with dominant aid systems. Donor fragmentation⁶, the mismatch of policy preferences between development and developing partners, and the heavy financial donor involvement in funding regional organisations’ budgets in Africa (and the incentives this creates) pose challenges to the effectiveness of their engagement strategies.

Yet key to effective regional donor support is a recognition and understanding of the political nature of regional processes of cooperation and integration. Mere technocratic fixes to aid modalities or technically sound sector support won’t suffice. For technical and financial support to work there is a need to understand the political and interest dynamics at play, so as to target and prioritise support accordingly. Recently some donors have begun to address the politics in aid and development more explicitly and systematically. Research has zoomed in more purposefully into the political economy of particular countries and sectors, the distribution of costs and benefits from regional processes and how this affects the interests of different state and non-state stakeholders, the asymmetries in power between countries and actors, and the impact of the regional hegemons and dominant vested interests on trajectories of regional cooperation and integration.

Recent research on such considerations⁷ helps open the perspective on a wider range of regional partnerships and projects. It does so by sharpening the attention on bottom-up regional processes and how these interact with national politics and formal regional organisations. Such approaches may inform donor expectations about the time, type of results, and type of inputs of their support to regional processes. But such political economy approaches also help make the point that there is both the potential and the need for donors to engage in regional cooperation in ways that:

- identify opportunities for supporting regional processes so as to help overcome collective action failures and facilitate cooperation;
- harmonise collective action among donors and tailor efforts so as to support the gradual institutional strengthening through confidence building and problem solving;

⁶ Six major multilateral and bilateral donors, for example, support hard and soft transport infrastructure in Africa with another 20 donors active in the transport sector (DAC, 2012). Donor coordination and ensuring complementarity between donor interventions at national and at regional levels has proven challenging.

⁷ Examples include AfDB (2014), Foster *et al.* (2010), DfID (2014), Brenton *et al.* (forthcoming), Söderbaum and Granit (2014).

- broaden participation through joint donor efforts in support of enhanced accountability and information feedback loops to state and non-state actors;
- strengthen domestic and regional reform coalitions and take dominant incentive structures into account;
- and deepen and socialise the knowledge base about the actors and factors driving or obstructing regional dynamics that matter for development.

Box 4: Donor influences and incentives

A few donors fund the lion's share of the regional programme budgets of the African Union and most of the formally mandated regional organisations. This brings about three types of risks. First, donors may be tempted to import regional models that are not well adapted to the domestic political incentives and institutional context. Secondly, formal regional organisations may prioritise accountability systems and feedback loops to serve the needs of the biggest funders, i.e. donors, rather than member states and the national and regional non-state stakeholders. Such restricted transparency may further limit the potential for institutional strengthening and inclusiveness. Thirdly, in response to such big funders, regional organisations may be tempted to adopt "reforms as signals" (Andrews, 2013). Even though they may object to certain policy preferences from donors, they may pretend to agree and initiate policies or create institutions that are "look-alikes" of what donors expect, but without the functionality that is needed for implementation.

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ECDPM was established in 1986 as an independent foundation to improve European cooperation with the group of African, Caribbean and Pacific countries (ACP). Its main goal today is to broker effective partnerships between the European Union and the developing world, especially Africa. ECDPM promotes inclusive forms of development and cooperates with public and private sector organisations to better manage international relations. It also supports the reform of policies and institutions in both Europe and the developing world. One of ECDPM's key strengths is its extensive network of relations in developing countries, including emerging economies. Among its partners are multilateral institutions, international centres of excellence and a broad range of state and non-state organisations.

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- Supporting societal dynamics of change related to democracy and governance in developing countries, particularly Africa
- Addressing food security as a global public good through information and support to regional integration, markets and agriculture

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