

THE POLITICAL ECONOMY OF REGIONAL INTEGRATION IN AFRICA

INTERGOVERNMENTAL AUTHORITY ON DEVELOPMENT (IGAD)

Bruce Byiers



**EXECUTIVE
SUMMARY**

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This is the Executive Summary of the following report:

Byiers, B. 2016. *The Political Economy of Regional Integration in Africa. Intergovernmental Authority on Development (IGAD) Report*. Maastricht: ECDPM. Available at <http://ecdpm.org/peria/igad>

Executive Summary

Why a political economy study of IGAD?

Starting out in 1986 as the Intergovernmental Authority on Drought and Development (IGADD), IGAD widened its scope and mandate with its transformation to IGAD in 1996. IGAD is therefore a young organisation addressing a widening regional agenda. Varying degrees of success across policy areas underline the need to better understand the drivers and constraints to IGAD's regional role.

Regional integration in the Horn of Africa is particularly challenging due to the web of long-run, inter and intra-state conflicts, rivalries, alliances and anti-alliances ('my enemy's enemy is my friend') that shape relationships among countries. At the same time, within-country politics are also subject to widely varying political settlements and capacities to govern. All this is affected by major environmental challenges, and by continually changing external interests and influences on the region.

While IGAD has achieved progress in regional cooperation under complex conditions, critics express frustration at the limited regional market integration and conflict prevention. Some question the relevance of IGAD as a basis for regional integration, particularly given overlapping membership of multiple Regional Economic Communities (RECs) - all except Somalia are members of other RECs - and common policy areas with COMESA and the EAC in particular.

This study therefore seeks to answer the following question: what are the main political-economic actors and factors that shape how IGAD sets and implements its agenda in the Horn of Africa? It focuses in particular on peace and security, and economic integration. It focuses on the key within-country and between-country historical, structural and institutional factors and how these influence the key groups that shape how and why IGAD functions as it does. Both areas are key to the IGAD agenda but are also mutually dependent, underpinning regional policies on food security, gender equality and climate change.

Context

As a 'building block' of the African Peace and Security Architecture (APSA), IGAD hosts one of Africa's most elaborate Conflict Early Warning Systems and is recognised for its role in conflict mediation, particularly the Sudan Comprehensive Peace Agreement in 2005 and subsequent referendum. Continuing violence in South Sudan since December 2013 and the range of political and economic interests affected by the birth of a new, landlocked member state make the Sudan-South Sudan peace talks an interesting case for further analysing the workings of IGAD.

IGAD is also an AU-recognised Regional Economic Community and building block of the African Economic Community (AEC) under the AEC Treaty, implying a commitment to establishing a Free Trade Area (FTA) and regional infrastructure and transport development. Economic integration in the region makes an interesting case study given the wide variation in economic policy approaches and challenges among member states, their limited economic complementarity, and the fact that most are also pursuing economic integration through other RECs.

Together, these issues raise questions about the potential role and specific added value of IGAD's regional approach and who is driving it. It also raises a challenge to IGAD to identify how to build on the high levels of informal regional trade and other relations, and the growing sub-regional and bilateral relations among members as a basis for greater regional cooperation and integration. The relevance of the current study is underlined by IGAD's on-going strategy development for the period 2016-2020.

Key findings of the IGAD study

The findings suggest tensions between IGAD's original aims, member state interests, donor reliance and continental objectives that encourage IGAD to 'look like a REC', to mirror comparable RECs in Africa. While adopting many of the institutional *forms*, in practice IGAD *functions* through *ad hoc* processes, with frequent, personalised involvement of Heads of State, and few systematic, institutionalised approaches to addressing regional common interests.

There is therefore also a tension between structural factors that support the logic of regional integration, and conflicts that undermine regional integration taking place in practice. Having three landlocked members and common environmental challenges supports the logic for more regional cooperation. And economic ties of interdependence are growing in relation to water, energy and physical infrastructure. Yet to date these features have been largely mitigated by the long-run historical conflicts and tensions in the region.

Ethiopia and Ethiopian interests shape IGAD's actions – it is the only country bordering all other IGAD member states except Uganda, is an 'emerging hegemon', and has its own clear development strategy of slow and controlled economic opening. This then determines much of IGAD's room for manoeuvre, particularly in the realm of economic integration and trade. At the same time, Ethiopia has long been the only Member State to regularly pay its IGAD contribution on time.

Despite some suspicions around Ethiopia's role in defining and driving the IGAD agenda, IGAD originally was, and still is seen by some as a neutral platform to address bilateral tensions and rivalries and (at least partially) offset the influence of specific members such as Ethiopia, or external parties.

Integration in cross-border infrastructures for transport, electricity, oil and water has been greater than market integration. This reflects geopolitical interests among IGAD member states and the more 'politically salient' nature of infrastructures. Where taking place, economic and trade integration are on the basis of national interest and bilateral agreements, again often led by Ethiopia. Kenyan and Ugandan membership of IGAD emerges as being (currently) related more to security than economic concerns.

While fora have been created to engage private sector and civil society actors around the IGAD agenda, these are considered weak. Those that might engage on market integration do not share a common vision or sufficient organisation, whether formal firms or informal cross-border traders.

Conflict resolution and management is the one area where IGAD has managed to build on common interests among member states. This is largely due to the political cost of cross-border conflict spillover, creating potential costs to non-cooperation. However, steps to further institutionalise the peace and security architecture are seen as potentially limiting the actions of Heads of State, who may prefer the current ad-hoc approaches to conflict resolution and management.

IGAD has arguably also played a role in neutralising 'national interests' that might have come to dominate regional security relations. Nonetheless, Ethiopia remains instrumental, hosting all Peace and Security related institutions, chairing IGAD since 2008, and playing a key role in South Sudan mediation efforts.

While political appointments to the IGAD Secretariat and the distribution of IGAD 'specialised institutions' among Member States is criticised as inefficient and dispersed, it also reflects the reality of inter-state bargaining and can be seen as raising member state ownership of the IGAD agenda.

IGAD(D) has always relied heavily on donor finance. While helping realise many IGAD activities, this creates heavy reporting costs and reduces autonomy for the IGAD Secretariat to target resources to areas where it sees the need, unless in line with donor interests and (often earmarked) funding plans. It also encourages creating 'institutional forms' to satisfy donors, even if not carrying out their envisaged 'function.'

Implications

Supporting IGAD as though it operated solely according to its formal mandates and institutions will likely lead to frustration with lack of progress, as frequently voiced by donors and other interviewees. This requires that policy-makers and their supporters engage with a more political understanding, recognising that attempts to *alter* the influence of structural factors and inter-state willingness to cooperate regionally will be challenging in the short to medium term. This suggests the need to find ways to *adapt, avoid or await*.

The analysis suggests the need for policies to *adapt* to the IGAD context and incentives that the region's countries and leaders face by paying more attention to the different long-run development trajectories and interests within and between states – with specific attention to Ethiopian interests. This suggests that further progress in IGAD integration must rely on a combination of support for top-down, state-led 'formal' processes with an approach that builds on bilateral, national, informal and *ad hoc* processes.

Some therefore suggest international actors should fund more regular, high-level summits at the regional level, rather than the everyday activities of the IGAD secretariat and other bureaucratic organs, given their vulnerability to high-level politicking. The analysis here also underlines the important role such high-level summits seem to have played, particularly in conflict mediation. The challenge may lie in how a formal regional institution can or should more proactively engage with such informal dynamics.

Other ways of adapting to current incentive structures might relate to the political traction around infrastructures, corridors and ports as vehicles for promoting wider, regional reforms in the IGAD region. Regional policy-makers and donors might build on and promote growing

economic interdependency, but also encourage private sector investment around key transport routes, simultaneously creating a constituency with an interest in furthering the economic integration agenda.

The report also highlights the difference in political salience between IGAD peace and security and regional economic concerns. The clear and present danger of cross-border spillover of conflicts, with visible costs to inaction, stands in contrast to the far more opaque, aspirational objectives of trade or economic integration.

Beyond attempts to alter – or adapt to – the incentives facing governments and other actors involved in regional integration, a better political economy understanding may allow policies to somehow *avoid* clear blockages to reform related to current circumstances. Bilateral agreements represent a potential way of avoiding regional blockages, though with a potential future cost, in lost regional political legitimacy and multiple, overlapping structures.

Finally, this report also highlights the importance of timing, with key events able to alter circumstances in unforeseen ways – suggesting that some policy options may have to *await* more propitious political-economic circumstances. The impact on Egypto-Ethiopian relations of previously unforeseen political changes in Egypt is a case in point. This may require some opportunism but also preparation or plans and coalitions for when the moment comes - history is made of critical junctures, and policy-makers must be ready for when conditions suddenly align so that key interests can be recognised and aligned.

This study is being carried out with support from Swedish development cooperation. The project is the sole owner of the production, and the publisher is responsible for the content



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