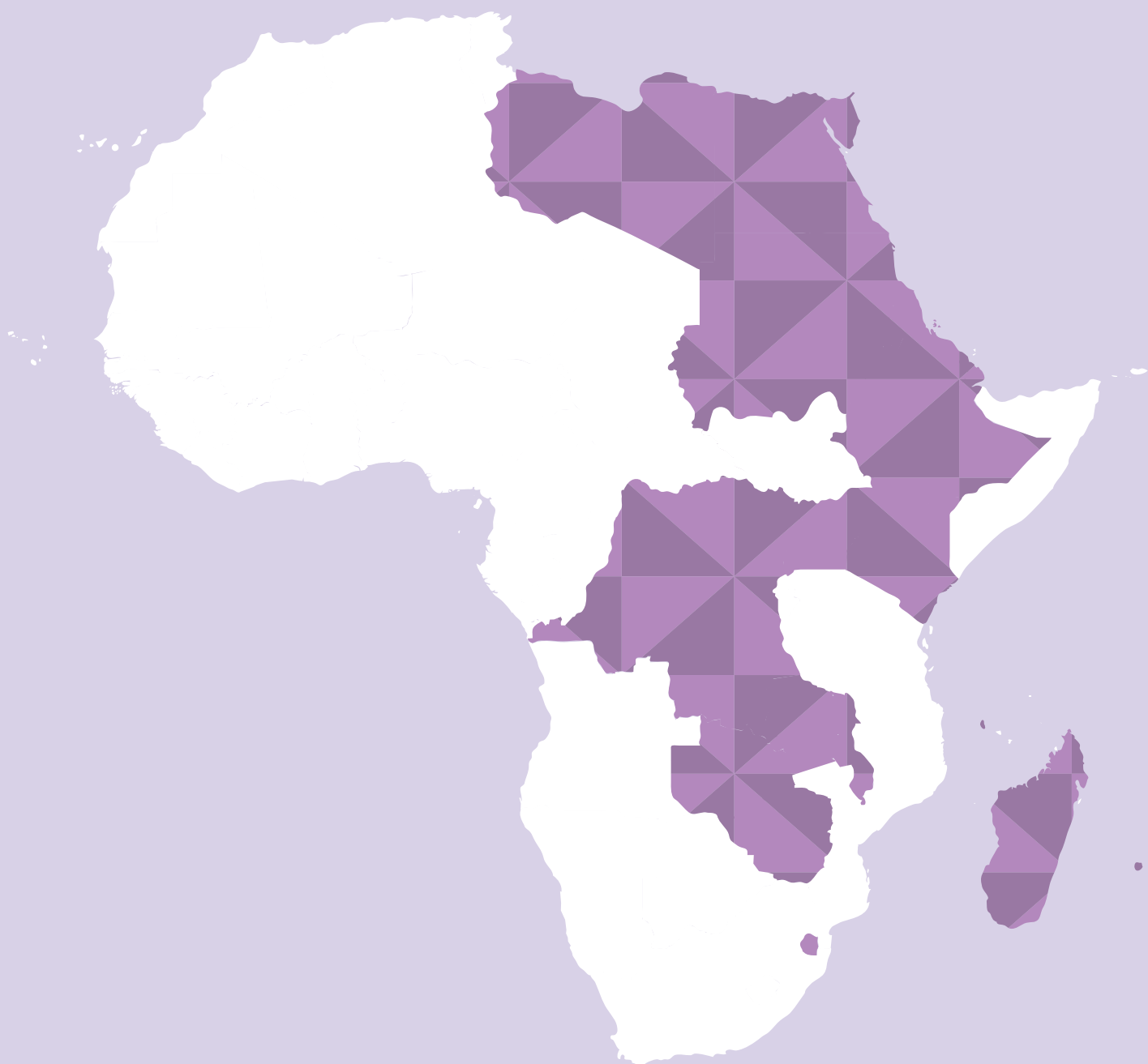


THE POLITICAL ECONOMY OF REGIONAL INTEGRATION IN AFRICA

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

Sean Woolfrey



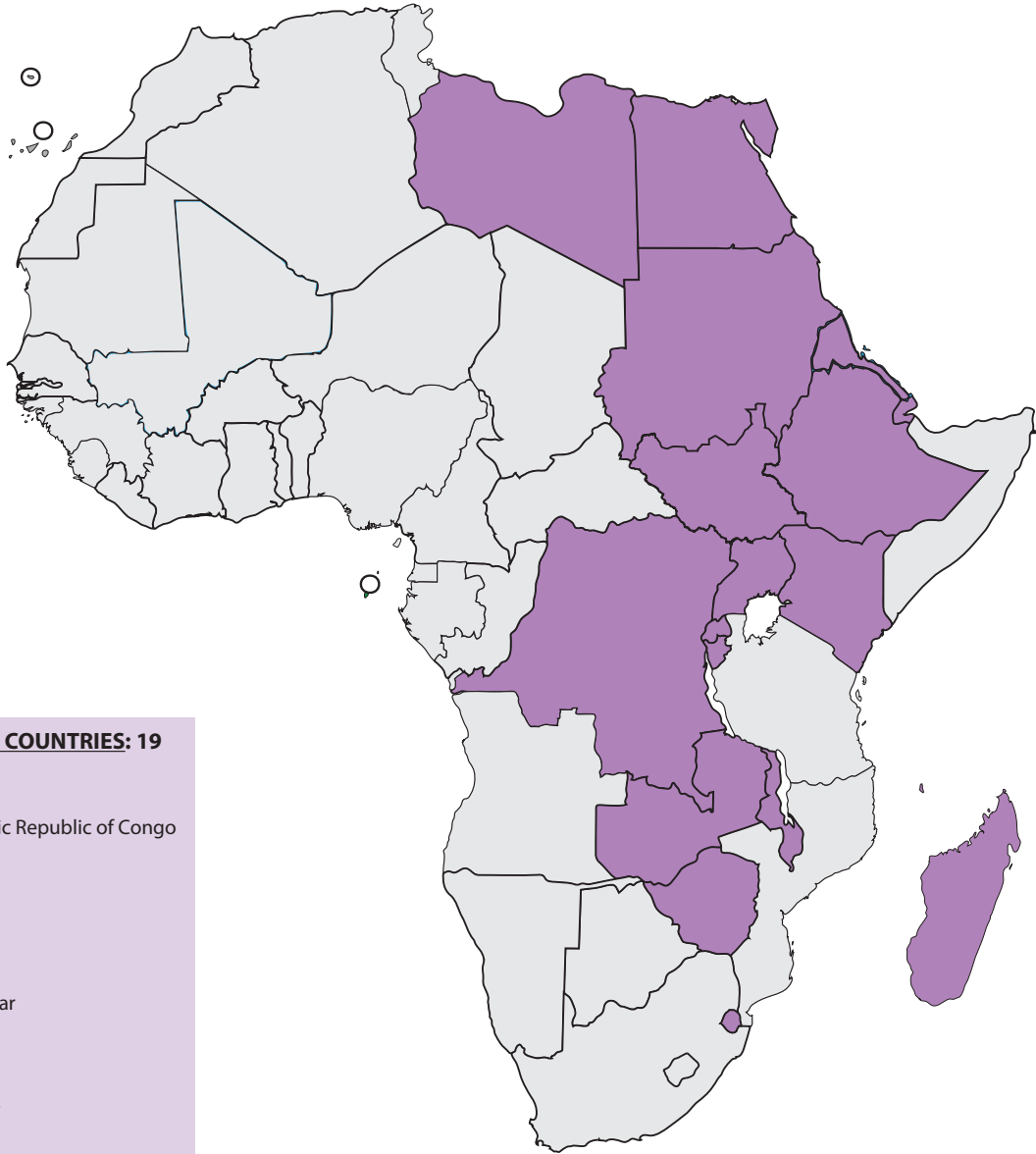
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The political economy of regional integration in Africa

Common Market for Eastern and South Africa
(COMESA) Report

Sean Woolfrey

January 2016



- MEMBER COUNTRIES: 19**
- Burundi
 - Comoros
 - Democratic Republic of Congo
 - Djibouti
 - Egypt
 - Eritrea
 - Ethiopia
 - Kenya
 - Libya
 - Madagascar
 - Malawi
 - Mauritius
 - Rwanda
 - Seychelles
 - Sudan
 - Swaziland
 - Uganda
 - Zambia
 - Zimbabwe

COMESA Member States

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The authors of this case study are responsible for its content, interpretations and any errors.

Acronyms

| | |
|--------|---|
| ACTESA | Alliance for Commodity Trade in Eastern and Southern Africa |
| AfDB | African Development Bank |
| APEI | Accelerated Programme for Economic Integration |
| ASEAN | Association of Southeast Asian Nations |
| ATI | Africa Trade Insurance Agency |
| AU | African Union |
| CAADP | Comprehensive African Agricultural Development Programme |
| CAF | COMESA Adjustment Facility |
| CAPP | Central African Power Pool |
| CBC | COMESA Business Council |
| CEPGL | Communauté Economique des Pays des Grands Lacs |
| CET | Common External Tariff |
| CMR | Customs Management Regulations |
| COMAid | COMESA Aid for Trade Unit |
| COMESA | Common Market for Eastern and Southern Africa |
| CSO | Civil Society Organisation |
| CTN | Common Tariff Nomenclature |
| DRC | Democratic Republic of Congo |
| EAC | East African Community |
| EAPP | Eastern Africa Power Pool |
| ECOWAS | Economic Community of West African States |
| EDF | European Development Fund |
| EGL | Energie des Grands Lacs |
| ENSAP | Eastern Nile Subsidiary Action Program |
| EU | European Union |
| EUD | European Union Delegation |
| FEMCOM | Federation of National Associations of Women in Business in Common Market for Eastern and Southern Africa |
| FTA | Free trade area |
| GERD | Grand Ethiopian Renaissance Dam |
| GDP | Gross Domestic Product |
| IGAD | Intergovernmental Authority on Development |
| IGMOU | Inter-Governmental Memorandum of Understanding |
| IRB | Independent Regulatory Board |
| LDC | Least-developed countries |
| LLPI | Leather and Leather Products Institute |
| M&E | Monitoring and evaluation |
| MFA | Ministry of Foreign Affairs |
| MoU | Memorandum of Understanding |
| MS | Member state |
| MTSP | Medium-term strategic plans |
| NBI | Nile Basin Initiative |
| NELSAP | Nile Equatorial Lakes Subsidiary Action Program |
| NIMCCs | National Inter-Ministerial Coordinating Committees |
| PAF | Performance Assessment Framework |
| PMR | Performance Monitoring Report |

| | |
|---------|--|
| PPA | Power Purchasing Agreement |
| PRSP | Poverty Reduction Strategy Paper |
| PTA | Preferential Trade Area |
| RAC | RISM Advisory Committee |
| REC | Regional Economic Community |
| RESTRAP | Regional Strategy and Action Plan |
| RIIP | Regional Integration Implementation Programme |
| RISM | Regional Integration Support Mechanism |
| RMC | RISM Management Committee |
| SACU | Southern African Customs Union |
| SADC | Southern African Development Community |
| SAPP | Southern African Power Pool |
| SC | Steering Committee |
| SIDA | Swedish International Development Cooperation Agency |
| SWG | Sector Working Group |
| T-FTA | Tripartite Free Trade Area |
| UN | United Nations |
| UNECA | United Nations Economic Commission for Africa |
| UPDEA | Union of Power Utilities in Africa |
| WAPP | West African Power Pool |
| WIB | Women in Business |

Executive Summary

This study presents a political economy analysis of the Common Market for Eastern and Southern Africa (COMESA), focusing in particular on the actors and factors that drive and constrain: i) the implementation of COMESA's trade and economic integration agenda; and ii) cooperation on energy trade through COMESA's specialised institution for electric power trade, the Eastern Africa Power Pool (EAPP). This report is part of a broader study that also includes the African Union and four other Regional Economic Communities in Africa.

Why a political economy analysis of COMESA?

Regional integration is often seen as a way to promote industrialisation and economic development in Africa. While regional integration initiatives in Africa provide important economic opportunities for African countries, numerous obstacles impede the effective implementation of regional integration arrangements. Although these opportunities and challenges are not unique to Africa, they typically arise from complex environments. So stakeholders and policy-makers can benefit greatly from analysis of the specific actors and factors that affect how and why regional integration and cooperation take place. When judged against its own target of becoming a customs union by 2012, COMESA appears to be failing to achieve its objectives. On the other hand, it has made considerable progress on certain elements of its broader regional integration agenda, especially in light of the various challenges it faces. This study provides insights into the performance of COMESA regarding the implementation of its regional agenda, as these may help inform, calibrate and target further reforms or support to regional initiatives.

The study uses a political economy framework to answer two core questions: *how do key actors and factors affect and shape the agenda setting of the COMESA? And how and why do these different actors and factors influence what gets implemented?* This study aims to provide an improved understanding of what is technically desirable and politically feasible, as well as to help identify the types of processes, partnerships and coalitions that support regional cooperation and regional integration in the region. Given COMESA's large and diverse membership, the insights gained could be of relevance to understanding the political economy dynamics of regional integration elsewhere in Africa.

Key findings of the COMESA study

This study finds that *foundational and structural factors* have impacted the development and implementation of COMESA's agenda. In line with its historical origins as a preferential trade area, COMESA has sought to carve a niche for itself as a REC devoted primarily to trade- and economic integration. The COMESA strategic plans emphasise the trade-related programmes and the COMESA Secretariat, member states and donors attach great importance to this agenda. The formal trade integration agenda is complemented by specific programmes, which seek to facilitate intra-regional trade through improving infrastructure and boosting the supply side capacity.

The sheer size and heterogeneous nature of COMESA's membership, however, creates obstacles to the effective implementation of this agenda. The diverse array of development levels, geographic circumstances, resource endowments, political settlements and national interests represented in COMESA makes regional collective action and the identification of common priorities more difficult (especially given the absence of a genuine regional hegemon willing to underwrite regional cooperation). In addition, this diversity results in different types of engagement by the member states in regional processes. Hydro-rich, but relatively underdeveloped, Ethiopia engages actively in the EAPP, as it seeks to become a significant

energy exporter. But at the same time, the country is wary of joining the COMESA Free Trade Area given the effects this might have on its domestic industries. By contrast, Mauritius, a relatively more developed island state, does not participate in the EAPP and has little interest in certain elements of the regional trade facilitation agenda, yet is keen to see progress in other areas of the COMESA agenda pertaining to the business environment.

An important finding of this study has been the fact that formal COMESA *institutions* have been unable to generate sufficient momentum for regional initiatives when their objectives or *modus operandi* have clashed with prevailing norms and practices. While capacity constraints do affect the ability to promote regional integration and cooperation, a far greater obstacle to the implementation of the regional agenda is the fact that formal COMESA institutions are not always supported by the norms and practices of member states. For instance, the lack of implementation of the formal economic integration agenda by member states is partly due to a lack of incentives as well as a lack of sanctions for non-implementation. While the COMESA Court of Justice has been established in order to promote compliance with regional agreements, this mechanism is underutilised in practice, as member states simply do not bring disputes against one another. Similarly, in the context of the EAPP, formal institutions to promote the development of a regional energy market have been established, yet EAPP member states continue to pursue their energy trade objectives through bilateral arrangements and other regional fora. On the other hand, the Regional Integration Support Mechanism (RISM) shows that within COMESA there is some scope for altering practices and regional incentive environments through formal institutions.

This study finds that despite the rhetoric COMESA member states do not appear to prioritise regional integration and cooperation through COMESA and COMESA institutions. They provide relatively little financial support to COMESA and its institutions, and this lack of support contributes to limited capacity in these institutions and an overreliance on donor funding (conversely, donor funding could be said to allow for member states to free ride on the benefits provided by regional organisations). Member states also appear somewhat disinterested in engaging with COMESA on certain issues (e.g. gender) and have not consistently transposed and implemented COMESA decisions and agreements. COMESA member states also engage in regional issues through other regional organisations and processes. For example, most COMESA member states are active members of other RECs, while some EAPP member states engage on regional energy cooperation through other regional organisations such as the Nile Equatorial Lakes Subsidiary Action Programme (NELSAP) or Energie des Grands Lacs (EGL). This suggests that member states participate in COMESA in order to pursue particular (usually trade-related) strategic interests, rather than with the aim of region building, and that they are more than happy to engage in other regional fora on issues which they believe to be better addressed there.

The impact of private sector and civil society actors on COMESA's regional integration agenda is found to be relatively minimal. There is some evidence of effective private sector engagement with COMESA, especially through the COMESA Business Council (CBC), but overall, the private sector in COMESA is still weakly organised at the regional level and private sector engagement on regional issues tends to take place through national channels. Furthermore, such engagement tends to be issue-, country- or industry-specific, and as a result, it is difficult to identify a regional private sector position in COMESA. The same can be said of civil society engagement with COMESA, which has been characterised as piecemeal.

Donors play a prominent role in supporting COMESA, not least by providing the bulk of funding for regional institutions and programmes. Donor support has not, however, sufficiently addressed capacity constraints and organisational shortcomings within the COMESA Secretariat and associated COMESA institutions, and has arguably contributed to challenges relating to the tendency of particular COMESA units to work in

silos. Donor funding has also been widely criticised for diluting member state ownership of the COMESA agenda – by encouraging COMESA to develop programmes in line with donor funding priorities and providing member states with an opportunity to free ride on donor-funded regional programmes – and for establishing potentially unsustainable regional programmes and processes. Donors, for the most part, appear to be aware of these challenges and keen to address them, even if they are yet to solve them.

Implications

This analysis suggests that the diversity of interests represented by the COMESA membership and the lack of member state support to the regional organisations, institutions and processes have been significant factors behind the slow and uneven implementation of the regional integration agenda. Based on the implementation record of the regional commitments by COMESA member states and the level of donor dependency, the argument could be made that many COMESA programmes owe their continued existence largely to donor support. It could further be argued that this support has allowed COMESA member states to free ride on donor-sponsored regional public goods. On a more positive note, regional cooperation is taking place in eastern and southern Africa, if not always within the context of formal COMESA institutions. Furthermore, progress on COMESA's integration agenda has been made where regional institutions and processes have been aligned with specific national interests. For instance, the RISM has been able to improve monitoring and reporting of transposition and implementation by member states, because it provided financial incentives to member states, which they are able to use for specific national objectives. Aligning such interests more broadly nevertheless remains a challenge.

Two important implications can be drawn from this analysis. First, in order to be effective, formal institutions and processes established to promote regional cooperation and/or integration within COMESA need to work with the national interests of COMESA member states and/or to shift the incentive environment these member states operate in towards being more conducive to regional cooperation. Formal mechanisms to promote regional integration and cooperation in COMESA are unlikely to be successful unless COMESA member states genuinely believe such action to be in their national interests. Second, the focus of efforts to promote regional cooperation within COMESA should not fall exclusively on COMESA institutions. COMESA member states are active across a wide array of formal and not-so-formal regional organisations and initiatives and tend to view such organisations and initiatives in very instrumental terms, preferring to engage in whichever fora offers the best means for achieving an intended objective. Focusing exclusively on COMESA institutions risks missing out on the opportunities that other, potentially more flexible, regional arrangements could provide for, facilitating mutually beneficial regional cooperation.

1. Introduction

1.1. Why this study of COMESA?

Regional integration has long been seen as a way to promote industrialisation and economic development in Africa. While regional integration processes in Africa provide important economic opportunities for African countries, some of these processes face significant obstacles to their progress. Although these opportunities and challenges are not unique to Africa, they typically arise in complex environments, so stakeholders and policy-makers can benefit greatly from analyses of the specific actors and factors that affect how and why regional integration and regional cooperation take place. As part of a broader study, this report presents the findings of a political economy analysis of the Common Market for Eastern and Southern Africa (COMESA) – the second largest of the eight Regional Economic Communities (RECs) officially recognised as building blocks for African integration.¹

Established in December 1994 to replace the Preferential Trade Area for Eastern and Southern Africa, COMESA is currently comprised of 19 member states: Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, the Seychelles, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.² When judged against its own target of becoming a customs union by 2012, COMESA appears to be failing to achieve its regional integration objectives. On the other hand, it has made considerable progress on certain elements of its regional integration agenda, especially in light of the various challenges it faces, including a history of low levels of economic interdependence between its member states and the fact that its membership comprises a diverse set of states with a wide array of interests. Given its large and diverse membership, at least some of the political economy dynamics that have impacted COMESA's regional integration agenda are likely to be of wider relevance in understanding the political economy dynamics of regional integration in Africa.

The overarching question this analysis of COMESA seeks to address is: **how and why do different actors and factors affect the setting and implementation of COMESA's regional integration agenda?** In order to answer this question – and to shed light on the political economy dynamics behind regional integration in COMESA – this report examines the actors and factors that influence COMESA as an institution, as well as the actors and factors that affect agenda-setting and implementation in two specific and important areas of the COMESA integration agenda: trade and energy. This is done through two case studies. The first looks at **COMESA's trade and economic integration agenda**, focusing in particular on the issue of non-implementation by member states of COMESA decisions and agreements. The second looks at the performance of the **Eastern Africa Power Pool (EAPP)**, COMESA's specialised institution for fostering electrical power trade in fostering intra-regional electric power trade.

1.2. Why a political economy analysis?

The challenges and complexities of promoting effective regional cooperation and integration are formidable, though not unique to Africa. Support to regional processes has sometimes been misguided by too narrow a focus on one dominant regional model, such as that of the European Union. In other cases,

¹ The other five reports that make up the study deal with the political economy of the African Union (AU) and four other RECs: the East African Community (EAC), the Economic Community of West African States (ECOWAS), the Intergovernmental Authority on Development (IGAD) and the Southern African Development Community (SADC)

² Of these 19 member states, Egypt, the Seychelles and Libya were not founding members, joining COMESA in 1999, 2001 and 2005 respectively. Angola, Lesotho, Mozambique, Namibia, and Tanzania also joined COMESA in 1994, but would all later withdraw their membership.

such support appears to have implicitly bought into the mistaken view that formal regional structures are the sole drivers of regional integration.

Rather than focusing only on best-practice or normative models, policy reform and support that builds on political economy analysis is open to the role and impact of multiple actors and forms of regional processes, whether they are managed or driven by formal regional organisations, or by state and non-state actors operating in different countries. The political economy approach is dedicated to analysing how and why multiple actors and factors interact in a particular regional context, and the effects they have on change and development processes. In particular, the analysis focuses on how power and resources are distributed and contested in regional contexts, and on the effects that external actors, such as donors, have on the incentives of regional- and national-level actors.

Such an approach aims to get away from judging COMESA in terms of what it 'should' look like and 'should' be doing as one of the eight official African RECs, and to focus instead on what it is doing and why. By examining the different actors and factors that affect the way COMESA works, this study aims to provide an improved understanding of what is technically desirable and politically feasible, as well as to help identify the types of partnerships or coalitions that support regional cooperation and regional integration in COMESA.

1.3. Methodology of the study

1.3.1. A five-lens framework

In all regional dynamics, five broad sets of political economy actors and factors interact with one another to shape or influence the incentive environment, behaviour and ideas, as well as the distribution of resources, rents, and power. Hence, this study proposes a *five-lens framework* to unpack these five sets of actors and factors.³

The first political economy lens identifies **foundational and structural factors**. These are factors that are mostly embedded in the historical, geographic, demographic and socio-economic characteristics of a country or region. Their influence may be hard or impossible to change, especially in the short-term.

A second lens looks at **institutions**, in this context understood as *rules of the game*. These can be formal, written or codified rules (in legal texts, etc.), but also informal practices, which are associated with norms, beliefs, customs, etc. The latter are usually more difficult for outsiders to notice and understand, as they are not explicitly codified. Context specific combinations of formal and informal institutions – and the way they interact – are important for understanding why particular institutional forms are effective in a particular context, and why the same institutional forms are dysfunctional in other contexts.

A third lens examines the relevant **actors** – and their incentives and agency – that need to be factored into the analytical framework. These actors are the individuals and groups that are most relevant to the object of analysis, through their support for, opposition to, or undermining of, the policies and agendas in question. Actors will vary in their ability to exercise agency and in their capacity to act and make choices,

³ This framework builds on a combination of political economy tools of development practitioners who have started to pay more attention to the analysis of political context and processes at country level, and, more recently at the level of specific sectors or particular policy challenges, summarised in Byiers and Vanheukelom (2015). The latter usually involves a more fine-grained analytical approach. Given the impact of global drivers on regional dynamics and the national political economy, the five-lens framework also integrates and adapts elements from an OECD tool developed for analysing the dynamics of international drivers of corruption (OECD, 2011). Other political economy frameworks (national and sector/thematic) have been compiled by DfID, the EC, Sida, the World Bank and others.

depending on their economic, political and social power. The interactions between institutions and foundational and structural factors create incentives to which these actors respond. Ideas, beliefs, leadership capabilities etc. also help explain the types of *interests*⁴ these actors pursue, and the potential for change, or the stickiness of the *status quo*.

A fourth political economy lens draws attention to **sector specific factors** which have a significant impact on integration and cooperation within a particular sector or reform area (Foresti et al, 2013; McLoughlin and Batley, 2012).⁵ The technical features of a particular sector influence incentives that different stakeholders face and the accountability relations between them. To illustrate, infrastructure has a different appeal to political leaders than social services such as education. In certain contexts rural roads may have a stronger appeal to politicians than investments in cross-border transport infrastructure as politicians may attract more rural voters by visibly engaging in rural road construction.

A fifth lens focuses on **external factors** that affect regional dynamics and regional organisations. Global trade, investment patterns, climate change, and even the preferences and attitude of consumers in (rich) markets can influence the incentive environment in which domestic and regional actors operate. Unlike foundational factors, these external factors can abruptly change, and are less deeply ingrained in the institutions that they influence. Of particular interest in this regard are the ways in which donors support regional organisations and regional programmes.

These lenses are meant to assist in the identification of those actors and factors that have impacted on COMESA's regional integration agenda, and are not used rigidly in this report, but only where appropriate in order to categorise and describe these actors and factors in a somewhat systematic way.

1.3.2. Approach of the COMESA analysis

This COMESA report is part of a broader political economy study of regional integration in Africa (PERIA), and accompanies reports on the African Union (AU) the East African Community (EAC), Economic Community of West African States (ECOWAS), Intergovernmental Authority on Development (IGAD) and Southern African Development Community (SADC). All six of these reports follow the same approach, defined during a workshop between the research team and the Contractor, and further refined after a discussion with representatives of the AU and RECs in Addis Ababa (October 2014). This COMESA report relied on inputs from experts in Europe and Africa, and involved a review of research and official literature, participation in official meetings and workshops and field visits to Lusaka and Bujumbura during which a number of interviews were conducted. The study also relied on start-up workshops in Brussels and Addis involving key stakeholders and on peer review undertaken by a Quality Assurance Group. The report was peer reviewed by a Quality Support Group, which combined independent academic expertise and comments from several Embassy of Sweden staff.

A separate synthesis report provides a summary of the six reports. It formulates ten statements and presents the key findings on the political economy of regional organisations in Africa, which further help identify the most important implications for different stakeholders with an interest in supporting or nurturing regional dynamics.

⁴ 'Interests' are understood in a somewhat broader sense, including also values, norms and ideas that often shape the way actors perceive their interests – and how these are best served

⁵ 'Sectors' are broadly understood here to include 'policy areas' or 'themes', such as trade, food security, peace and security, infrastructure development and climate change.

1.4. Scope and structure of the COMESA study

1.4.1. Scope and limitations of the study

This study does not attempt to examine all aspects of COMESA's regional integration agenda, but instead focuses on COMESA as an institution – including the key political economy factors that shape COMESA's regional integration agenda – and on two specific thematic areas⁶ of integration and cooperation within COMESA. The first of these is trade and economic integration. Promoting increased trade and economic integration in eastern and southern Africa is COMESA's main priority and is vital for stimulating economic development (an explicit aim of regional integration in Africa) within COMESA member states. Central to the analysis in this study of COMESA's trade and economic integration agenda are the actors and factors influencing the relatively poor record of COMESA member states in relation to the transposition and implementation of COMESA policies and agreements on trade and economic integration.

The second thematic area examined in this study is energy, and, in particular, the performance of the Eastern Africa Power Pool (EAPP). While energy may not be as prominent as trade and economic integration on COMESA's regional integration agenda, intra-regional trade in electric power offers COMESA member states an avenue for greatly increasing electrification rates and the reliability of their electricity supply (in addition to making electricity more affordable to consumers). In turn, increased access to reliable and affordable electricity would significantly improve the productive capacities of COMESA member states' firms and industries, helping them to participate meaningfully in – and benefit economically from – economic integration and the opportunities for increased trade that such integration brings.

Due in part to their novelty, analyses of the political economy of regional organisations such as COMESA are subject to limitations. Carrying out a political economy analysis necessitates access to data, information and previous analyses that are often not readily available. Further, choices must be made regarding scope and focus, while on-going research can be overtaken by events. Rather than being exhaustive, this study therefore points to important political economy dynamics that are indicative of the way COMESA works with a view to providing insights for a range of interested stakeholders, including policymakers and their partners. Specific challenges faced by the team undertaking this study included an inability to secure interviews with certain key personnel at the COMESA Secretariat and the fact that certain documents and data (e.g. up-to-date budgets of COMESA and the EAPP, audit reports and consultant studies) that would be particularly relevant are not publicly available.

1.4.2. Structure of the study

In order to provide some narrative context to the political economy dynamics underpinning cooperation/integration in the two thematic areas covered in this report, Chapter 2 provides a brief examination of the actors and factors that have affected the development and implementation of COMESA's regional integration agenda. In particular, it examines the foundational and institutional factors that have shaped COMESA's policy choices and the implementation of its agenda (including a brief examination of those factors that have impacted on COMESA's attempts to mainstream gender perspectives into all areas of its agenda), and identifies some of the more important actors (and their interests) that have influenced the implementation of COMESA's agenda. Chapter 2 shows that in line with its historical origins, and reflecting the diverse nature of its member states (many of whom participate in other regional groupings), COMESA has sought to carve a niche for itself as a regional economic community that focuses primarily on trade and trade-related issues. It also shows, however, that COMESA's trade-centred agenda is hampered by uneven implementation of regional agreements by

⁶ Three criteria informed the selection of these themes: 1) policy relevance; 2) research feasibility; and 3) insightfulness of the evidence, findings and storylines (i.e. do these tell a political economy story?)

member states, an over-reliance on donor funding and administrative capacity constraints within the COMESA Secretariat.

Chapter 3 examines the political economy dynamics behind the relatively slow progress of COMESA's trade and economic integration agenda. The most immediately obvious cause of this slow progress has been the poor record of transposition and implementation of COMESA commitments on trade and economic integration by COMESA member states. The chapter explores some of the factors behind poor implementation by COMESA member states, and examines the impact of the Regional Integration Support Mechanism (RISM), a performance-based financing mechanism that incentivises and supports COMESA member states to transpose and implement regional policies and agreements. The chapter also identifies some of the interests of key stakeholders in the implementation of COMESA's trade and economic integration agenda, including the EU, the COMESA Secretariat and COMESA member states, and explores how these interests have impacted on the implementation of trade and economic integration commitments in COMESA.

Chapter 3 finds that the various factors that have been used to explain the poor record on transposition and implementation of trade and economic integration commitments by COMESA member states – including institutional, technical, financial and political constraints within member state governments, complications caused by overlapping membership and the lack of an effective regional monitoring and evaluation mechanism – suggest more fundamental political economy constraints. These include the various interests of elites and private sector actors at the national level and a lack of sanction at the regional level for non-compliance with COMESA decisions and agreements. It also shows that while RISM faces significant challenges, including its complete reliance on EU funding (which raises questions about the sustainability of the sensitisation and capacity building progress made to date under RISM), the programme has facilitated modest improvements in the level of coordination around monitoring of and reporting on transposition and implementation by COMESA member states and has contributed slightly to member states taking greater ownership of adjustment support. This suggests that there is scope for promoting transposition and implementation through regional level interventions.

Chapter 4 examines the political economy dynamics behind the Eastern Africa Power Pool (EAPP), in order to test the degree to which a regional organisation with a relatively focused agenda built on functional cooperation in an area vital for economic development (and a smaller membership), is likely to succeed in fostering regional cooperation and integration. Chapter 4 identifies the various actors and factors that have shaped, driven and/or impeded the core focus of the EAPP's agenda, which is to bring about increased regional electric power trade in the COMESA region through the development of an integrated regional market for electric power trade (power pool). These actors and factors include the dynamics inherent in regional power pooling, institutional deficiencies within the EAPP Secretariat and the interests of major stakeholders such as EAPP member state governments and power utilities, other regional organisations working in the area of regional power trade in eastern Africa and donors.

Chapter 4 finds that despite a good long-term economic rationale for power pooling in the region, various actors and factors have impeded progress on the institutionalisation of a regional power pool. A lack of adequate infrastructure in the region limits the potential for electric power trade in the short-term, while institutional shortcomings limit the effectiveness of the EAPP as an organisation. In addition, while most EAPP member states are engaged in developing interconnections with other countries in the region, they do not currently appear to be prioritising working with the EAPP to establish a fully integrated regional electric power market. Some EAPP member states also seem to want to instrumentalise the EAPP to further their own narrow national interests, potentially jeopardising the role the EAPP is intended to play in

terms of providing regional public goods. These findings suggest that, despite the specialised, functional nature of EAPP cooperation and focused nature of its agenda, the involvement of multiple member states pursuing different national interests and, in the case of their national utilities, reflecting different structures and capabilities, and the fact that these states do not view the EAPP as the only (or possibly even best) mechanism for pursuing their national interests in the area of electric power trade, has limited the ability of the EAPP to implement its regional integration agenda.

Finally, Chapter 5 concludes by summarising the key findings and implications of the two thematic case studies, and of the overall political economy analysis of COMESA.

2. COMESA: 'A diverse region with a common agenda'

This chapter provides a brief examination of the actors and factors that have affected the development and implementation of COMESA's regional integration agenda. Section 2.1 examines some of the foundational and structural factors that have shaped COMESA's policy choices, noting in particular that COMESA has, from its beginnings as the Preferential Trade Area for Eastern and Southern Africa, focused primarily on integration through trade, and that COMESA comprises a relatively large number of somewhat heterogeneous member states, potentially complicating integration processes. Section 2.2 describes COMESA's institutional structure, its objectives and the institutional factors that have impacted on its ability to achieve these aims. Section 2.3 identifies some of the more important actors that have influenced the COMESA agenda. Section 2.4 examines the challenges COMESA faces in its attempts to mainstream gender perspectives into its work. Section 2.5 concludes and summarises the chapter's key findings.

2.1. Foundational and structural factors

2.1.1. An economic integration agenda for eastern and southern Africa

In contrast to certain other RECs, COMESA emerged from earlier initiatives that explicitly focused on promoting regional integration through the removal of trade barriers, and main focus since establishment has been the promotion of economic integration through trade. COMESA's genesis can be traced back to earlier initiatives to promote the establishment of regional economic integration among the newly independent states of eastern Africa. In 1965, the United Nations Economic Commission for Africa (UNECA) convened a meeting of these states in Lusaka, Zambia, at which the creation of an Economic Community of Eastern and Central African states was proposed.⁷ A meeting of Ministers of Trade, Finance and Planning in Lusaka in 1978 recommended the creation of a sub-regional preferential trade area which would over time be upgraded to a common market and, eventually, a full economic community. To this end, the meeting adopted the Lusaka Declaration of Intent and Commitment to the Establishment of a Preferential Trade Area for Eastern and Southern Africa (PTA). The Treaty establishing the PTA was eventually signed in December 1981 and entered into force in September 1982.

The PTA sought to capitalise on the advantages of greater market size and to facilitate increased social and economic cooperation among the states of eastern and southern Africa with the ultimate goal being the creation of an economic community. UNECA, an important driver behind early regional integration efforts in Africa, promoted the idea that regional groupings in Africa should be comprised of large numbers of member states in order to provide markets of sufficient size to ensure economies of scale in production (Hall, 1987). This position reflected prevailing beliefs at the time about the need for developing countries to engage in a strategy of 'collective self reliance' by promoting economic interdependence (and especially trade) with one another and pursuing a form of import-substituting industrialisation at the regional, rather than national level (idem.). This thinking partly explains the large membership of the PTA and, later, of COMESA.

The PTA Treaty envisaged the transformation of the PTA into a common market as an important step towards the creation of an economic community, and for this reason, the PTA Treaty was replaced by the Treaty establishing COMESA, which was signed in November 1993, and ratified in December 1994. The establishment of the PTA and its transformation into COMESA was consistent with broader continental objectives of using RECs as the building blocks of an African Economic Community, as envisaged in the Organisation of African Unity's Lagos Plan of Action and Final Act of Lagos.

⁷ See the COMESA website.

The emphasis in eastern and southern Africa on economic integration through trade has endured despite changes in the structure of member state economies and the global economic system during the 1980s and early 1990s. During this period, many COMESA member states switched from domestic economic systems in which the state was heavily involved in production, distribution and marketing, to more market-oriented systems. This was a trend evident at the global level as well, with greater liberalisation of trade and finance leading to an era of increased globalisation. These changes only subtly changed the underlying economic logic of economic integration in the region. With globalisation came risks associated with competitive market forces and the need to compete for foreign investment and export shares. Many COMESA member states continue to suffer from the limitations of small domestic markets, undiversified production bases, underdeveloped economic infrastructure and inadequate human capital. Even in a more open global economy, increased trade and economic integration with their neighbours provides these states with a way to overcome some domestic economic constraints, and to improve their ability to compete in global markets.

2.1.2. A region of questionable coherence

There are a number of structural, historical, geographical and economic factors that influence the development and implementation of COMESA's regional integration agenda. For example, the relatively high number of COMESA member states contributes to slow progress on the implementation of COMESA's regional integration agenda. Regional integration arrangements such as COMESA involve collective action to bring about regional public goods. As argued by Olson (1965) the higher the number of participants involved in an instance of collective action, the higher the likelihood of free riding. In COMESA's case, the non-implementation by member states of many COMESA decisions and agreements could be interpreted as a form of free riding.

The significant degree of heterogeneity of COMESA member states limits COMESA's coherence as a regional bloc and the scope for developing policies and programmes that reflect the interests of all member states. There are significant disparities between COMESA member states in terms of resource endowments, language, culture, ethnicity, experiences of colonialism and liberation, current political settlements, quality of governance (the rankings of COMESA member states in the Ibrahim Index of Global Governance range from 1st (Mauritius) to 50th (Eritrea) and wealth (GDP per capita in the wealthiest COMESA member state, the Seychelles, is more than 70 times that of the poorest COMESA member state, Malawi).⁸ While such disparities are by no means unique to COMESA, and may also provide additional justification for regional cooperation and integration, they can also potentially complicate such processes. Asymmetrical levels of economic development may create disagreement over priorities for regional cooperation and generate concerns over the distribution of gains from regional economic integration. Differences in norms, culture and language may also complicate efforts to develop effective regional institutions.

COMESA's geography has implications for the regional integration agenda in eastern and southern Africa. Eight of the 19 COMESA member states are landlocked, with potential implications for their ability to exploit trading opportunities for economic development. This increases the need for regional approaches to trade facilitation and the removal of non-tariff barriers to trade in the region. Conversely, four COMESA member states are Indian Ocean island states for which the development of certain types of regional physical trade infrastructure, such as one stop border posts, is less of a priority than other elements of COMESA's agenda, such as the creation of a large, open and better integrated market.

⁸ According to World Bank Development indicators, the Seychelles' GDP per capita (current US\$) was US\$16,185.9 in 2013, while Malawi's was only US\$226.5.

COMESA is characterised by low levels of economic interdependence between its member states, which limits the potential for trade-led economic integration. Despite significant growth in intra-COMESA trade in recent years, intra-regional trade officially accounts for only around 7% of total COMESA trade. While this figure may understate the true level of intra-COMESA trade, given that much of this trade is informal and not collected in official statistics, the level of intra-regional trade in COMESA nevertheless compares very unfavourably with levels of intra-regional trade in other regional integration arrangements, both inside and outside Africa. For example, intra-regional trade accounts for 11% of total EAC trade, 15% of total SADC trade and around a quarter of total trade by member states of the Association of Southeast Asian Nations (ASEAN). Poor trade-related infrastructure in the region and the fact that the structure of many COMESA economies has historically been oriented toward the export (especially to Europe, but these days also increasingly to Asia) of similar categories of agricultural, mineral and other raw or semi-processed commodities also hinders the potential for intra-regional trade within COMESA.

Widespread poverty and underdevelopment in eastern and southern Africa mean that economic development is an imperative on COMESA's agenda. Despite pockets of wealth and development, the majority of COMESA member states are poor and underdeveloped, with 12 of them classified as least-developed countries (LDCs) by the United Nations (UN). Compounding the region's development challenges is the lack of political stability in many COMESA member states. Political crises in a number of COMESA member states in recent years, including in Egypt, Libya, Sudan and Burundi, have almost certainly pushed regional integration issues further down the political agenda in these countries, at least in the short-to-medium term.

Unlike in other African RECs, there is no clear hegemonic power in the COMESA region that is able to disproportionately influence or underwrite COMESA's regional integration agenda. South Africa in SADC, Ethiopia in the Intergovernmental Authority on Development (IGAD), Nigeria in ECOWAS and Kenya in the EAC are all able to some degree to leverage their economic and/or military superiority in their respective regions to drive or block elements of their region's integration agenda. However, in COMESA, no single member state is able to wield this kind of influence across the multiple issue areas. Nor does any member state appear to be keen to underwrite COMESA integration. Furthermore, no group of 'integration champions' has emerged among COMESA member states to effectively drive COMESA's regional integration agenda. The absence of a regional hegemon or group of champions to drive integration processes and provide the 'club goods' of regional integration (Mattli, 1999), could partly explain the slow pace of implementation of parts of the COMESA agenda, but also represents a gap which donors have to some degree filled, with various consequences for ownership of regional integration processes in eastern and southern Africa.

2.2. COMESA structure, agenda and agenda implementation

The supreme policy organ of COMESA is the Authority of Heads of State and Government (Authority), which is responsible for general policy direction and performance overview. Decisions of the Authority are binding (if not always enforced in practice – see Chapter 3) on COMESA member states and other COMESA organs. The Council of Ministers (Council) is responsible for policy-making, monitoring and reviewing the functioning of COMESA and has the power to make regulations, directives and decisions that are binding on member states. The Intergovernmental Committee is responsible for the development of specific programmes and action plans in all fields of cooperation except finance and monetary cooperation.

Overall coordination and support to the policy organs is provided by the COMESA Secretariat (Secretariat), which is based in Lusaka, Zambia, and is headed by a Secretary-General appointed by the Authority. The

Secretariat is responsible for, among other things, monitoring the implementation by member states of the provisions of the COMESA Treaty and the regulations, directives and decisions of the Council. COMESA has also established a number of specialised institutions including the Court of Justice (Court), which adjudicates upon disputes between member states, between member states and the Council and between member states and legal and natural persons resident in a member state.

COMESA's Vision is the establishment of a "fully integrated internationally competitive regional economic community within which there is economic prosperity and peace as evidenced by political and social stability and high standards of living for its people", while its Mission is to "endeavour to achieve sustainable economic and social progress in all member states through increased co-operation and integration in all fields of development" (COMESA, 2010). The COMESA Treaty, which sets the agenda for COMESA, provides for cooperation in a number of areas, including, *inter alia*: transport and communications; industrial development; energy; health; science and technology; agriculture and rural development; tourism; and peace and security, but the fulfilment of this broad COMESA mandate is regarded as a long-term goal (COMESA Secretariat, 2013).

However, in the medium term, COMESA has prioritised the promotion of regional integration through trade development, investment promotion and sustainable utilisation of natural resources, with the trade development and investment promotion elements more prominent in practice than the sustainability component. This focus on trade and investment possibly reflects the fact that COMESA member states, many of which are party to multiple RECs, view COMESA's main added value as being in the area of trade and economic integration (*idem.*). COMESA's current strategy is to promote the economic integration of its member states through the removal of the physical, technical, fiscal and monetary barriers to trade and investment that have contributed to prevailing low-levels of intra-regional trade and investment in eastern and southern Africa.

COMESA's approach to regional economic integration follows the Balassa Model of integration, in which member states move from a preferential trade agreement, to a free trade area (FTA), to a customs union, to a common market, to a monetary union and, eventually, to a full economic community (Balassa, 1967). The COMESA FTA, which covers all goods traded between participating states, entered into force in 2000 with the initial participation of nine member states. Currently, 14 member states have implemented the FTA,⁹ and three more – Democratic Republic of the Congo (DRC), Ethiopia and Uganda – are taking steps to join.¹⁰ The COMESA Customs Union, which is still in the process of being established, was launched in 2009. COMESA also plans for the establishment of a common market by 2015, a monetary union by 2018 and the creation, by 2025, of a unified trade and investment area in which tariffs, non-tariff barriers and other impediments to the intra-regional movement of goods, services, capital and people will be significantly reduced, if not completely abolished. This stage-by-stage process of formal economic integration faces a number of challenges (see Chapter 3), including those arising from the fact that many COMESA member states belong to multiple RECs (see Section 2.3.2. on member states).

To complement this economic integration agenda, COMESA has developed a suite of trade facilitation programmes to improve customs, management of goods in transit and transport facilitation and to address other non-tariff barriers to trade and investment in the region. COMESA is also putting increasing focus on improving supply side capacity and value addition the region, establishing programmes in areas such as agriculture, industrial development, information and communications technology and energy, as well as in

⁹ Burundi, Comoros, Djibouti, Egypt, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Zambia and Zimbabwe.

¹⁰ Swaziland, as a member of the Southern African Customs Union (SACU) has a derogation.

areas of a cross-cutting nature, such as small and medium enterprises (SMEs), gender and climate change.

COMESA's work is guided by plans that adhere to three different time horizons: the long-term vision expressed in the COMESA Treaty; the medium-term strategic plans (MTSPs), covering five-year periods; and annual work programmes.¹¹ COMESA's MTSPs provide the strategic framework within which detailed annual work programmes and budgets are developed, and also provide the basis for comprehensive multi-year plans for specific sectors. The most recent MTSP, covering the years 2011-2015, was developed through consultation and engagement with COMESA institutions and representatives from the public and private sector in COMESA member states. The MTSP 2011-2015 identifies six strategic priority work areas: i) Removing Barriers to Trade; ii) Building Productive Capacity for Global Competitiveness; iii) Addressing Supply Side Constraints related to Infrastructure; iv) Peace and Security; v) Cross cutting issues (Gender and Social Affairs, Climate Change, Statistical Development, Knowledge Based Society and Human Capital, Cooperation and Partnerships and Aid for Trade); and vi) Institutional Development.

COMESA has made some progress in the implementation of its integration agenda, and has successfully launched a number of programmes in the areas of customs management, transport and transit trade facilitation and support to SMEs. COMESA's specialised institutions such as the Leather and Leather Products Institute (which helps member states to develop their leather industries) have also played a constructive role in promoting the development of supply side capacity in the region. In addition, COMESA's financial institutions, the PTA Bank, the Reinsurance Agency, and the African Trade Insurance Agency, have achieved very good ratings (COMESA Secretariat, 2013). Nevertheless, COMESA's integration agenda must ultimately be implemented by its member states, and, in practice, implementation of COMESA decisions and programmes by COMESA member states has not consistently reflected the timelines and commitments made by COMESA's policy organs. Assessments undertaken by the COMESA Secretariat suggest that even the best performing member states are only implementing about 60-70% of COMESA programmes (*idem*).

The MTSP 2011-2015 highlights a number of constraints on the implementation of COMESA programmes including weak capacity at member state level, the fact that the national development plans and budgets of member states often fail to reflect regional commitments, budgetary constraints, lack of coordination and communications between stakeholders and limited funding from member states. Other reasons that have been suggested as explanations for the lack of implementation at member state level include general government dysfunction and a lack of accountability to stakeholders, the absence or weakness of inter-ministerial coordinating committees or dedicated ministries, a lack of specific legal expertise on integration, weak participation and ownership by private sectors stakeholders, membership of multiple RECs and lack of enforcement by regional courts (*idem*). All of which suggest that COMESA member states are not currently prioritising regional integration through COMESA.

Administrative capacity constraints within the COMESA Secretariat have also affected the implementation of COMESA's agenda (see Section 2.3.1. on the COMESA Secretariat). These constraints include a lack of both financial and human capacity as well as the lack of an effective and fully institutionalised monitoring and evaluation system for facilitating and promoting implementation by COMESA member states of decisions made by the COMESA Council.

¹¹ MTSP 2011-15.

2.3. Actors and interests

2.3.1. COMESA Secretariat

In its own words, the COMESA Secretariat acts as the “facilitator, coordinator, catalyser, and often as a proactive initiator of integration programmes”.¹² Its mission statement is “[t]o provide excellent technical services to COMESA in order to facilitate the region’s sustained development through economic integration”.¹³ However, a lack of administrative capacity in certain areas has hindered the Secretariat’s ability to play its role effectively. This issue is highlighted in the MTSP 2011-2015, wherein one of the six strategic objectives is to “[i]mprove capacity of the Secretariat and coordinating ministries in member states to enable them to fulfil their respective missions and support the development of COMESA” (COMESA, 2010).

Some divisions and units at the Secretariat are understaffed and have to rely on short-term contracting and the hiring of external consultants, which impacts negatively on the Secretariat’s ability to build institutional capacity and institutional memory (COMESA’s Energy Programme, for example has only one permanent staff member). This is partly a result of financial constraints, and partly due to the programmatic nature of the work at the Secretariat (often involving deliverables with a short term nature). While ensuring adequate staffing of divisions and units was a key intervention highlighted in the MTSP 2011-105, it is not evident that this issue has been adequately addressed, as there is still significant need for enhancing staff capacity across the various divisions and units at the COMESA Secretariat. COMESA’s continued reliance on donor funding to support numerous staff positions also raises questions about the sustainability of various COMESA programmes (See Section 2.3.4. on donors).

The MTSP 2011-2015 seeks to address the apparent lack of sufficient coordination across divisions and units in the implementation of COMESA programmes through introducing key interventions including: i) the enhancement of performance systems at the Secretariat to promote effectiveness and efficiency, including through the institutionalisation of a results-based programme management system; and ii) the strengthening of accountability systems at the secretariat.

In this regard, a ‘balanced score card’ system for performance management and strategic planning was introduced to enhance efficiency and ensure a better allocation of resources within the Secretariat. While it is probably still too early to judge the effect of this initiative, there is a feeling in the Secretariat that this system has assisted COMESA divisions and units to think about sustainability and continuous improvement, due to the specific deliverables around sustainability built into the system, and has sensitised COMESA staff to greater collaboration as within the scorecard there is a measure on collaboration (which has resulted in a more serious interest in actually collaborating). Nevertheless, there is also acknowledgement within the Secretariat that there remains room for improvement in terms of collaboration between divisions at the Secretariat.

Monitoring and evaluation (M&E) has also been an area in which a lack of administrative capacity in the COMESA Secretariat has been evident. Although monitoring of COMESA programmes is enshrined in Article 173 of the COMESA Treaty, the COMESA Secretariat has until recently lacked the resources to effectively institutionalise this function, and this has contributed to the mixed record on implementation of COMESA programmes by member states in the region. As a result, increased emphasis was placed on

¹² COMESA website

¹³ Ibid.

M&E in the MTSP 2011-2015,¹⁴ which calls for the development of capacity for monitoring COMESA programmes and, more specifically, for the development and utilisation of an online M&E reporting system (including getting member states to report on MTSP outcomes).

In light of this, the COMESA M&E Unit, which was established in 2007, has developed the COMESA 24/7 Online M&E System to build the capacity of COMESA to monitor implementation of its programmes by facilitating real-time data capture and reporting on the implementation of these programmes in member states. The Online M&E System is intended to be used by member states to report on implementation of COMESA programmes, and by the Secretariat and other COMESA institutions to prepare work programmes and budgets, balanced scorecards and reports on the status of implementation of programmes. Ideally, non-state actors should also have some input into the System, but all participation at member state level is through the National Inter-Ministerial Coordinating Committees (NIMCCs), so the level of participation of private sector and civil society representatives is determined by dynamics within member states.

The Online M&E System has been operational for two years, but the level of usage by member states has so far been disappointing in the view of the COMESA Secretariat, despite the fact that training on how to use the System has been provided to stakeholders at the member state level. There appears to be a lack of awareness about the system within member states (indeed there appears to be a lack of awareness among member states of many of COMESA's programmes, as noted by the COMESA Council),¹⁵ and within the COMESA Secretariat itself, as a number of COMESA staff are unaware of the exact status of the System, and that it is indeed operational.

2.3.2. Member states

COMESA officials stress that the organisation is member state-driven, and that its agenda, programmes and policies reflect the interests and decisions of its member states. The fact that the decision-making policy organs of COMESA are comprised of officials or representatives of member states, suggests that this should be the case. Furthermore, COMESA policies and programmes are generally intended for implementation at the member state level, meaning that member states have, final say in terms of setting the COMESA agenda and determining the speed at which it is implemented (or not), even if reliance on donor funding raises questions about the degree to which donor support actually drives COMESA's agenda and its implementation.

Although there are undoubtedly areas of common interest to all COMESA member states, such as improving capacity to engage in international trade (both intra- and extra-regionally), member states exhibit varying levels of commitment to engagement with COMESA on its regional integration agenda. For example, some COMESA member states that are also members of the EAC appear to prioritise economic integration and increased intra-regional trade through the EAC (See example of Burundi in Chapter 3). While EAC integration could be seen as a step towards COMESA integration in the long run, divided attentions in the context of limited institutional capacity within member state governments may also impede progress on the COMESA agenda.

Similarly, COMESA member states have different priorities in terms of regional engagement. For example, as an island state, Mauritius does not have as much of an interest in certain elements of COMESA's transport and transit trade facilitation agenda (e.g. issues relating to axle load limits) as landlocked member

¹⁴ This was also possibly due to the fact that the person in charge of strategic planning at the time was an M&E expert.

¹⁵ At the 34th Meeting of the COMESA Council of Ministers.

states such as Zambia and Zimbabwe. Instead, Mauritius is more interested in aspects of the COMESA agenda that serve to improve the business climate in the region. This was evident in Mauritius's attempt to push greater effort on addressing the business regulatory environment in COMESA through the Accelerated Programme for Economic Integration (APEI), an initiative involving a small sub-set of COMESA member states (and Mozambique).

Discrepancies in levels of economic development among COMESA member states also result in differing attitudes towards COMESA's formal economic integration agenda. While some of the more developed COMESA member states, such as Mauritius, have exhibited frustration at the slow pace of formal COMESA integration, others have demonstrated wariness about rapid trade liberalisation at the regional level. Ethiopia, for instance, has been reluctant to join the COMESA FTA for fear of the effects this would have on its domestic industries.

Finally, the high degree of overlapping membership of RECs in eastern and southern Africa suggest that member states participate in COMESA to pursue particular strategic goals, rather than out of any deep sense of regional identity. All of COMESA's member states are members of at least one other regional integration arrangement, and no fewer than nine belong to two or more additional regional integration arrangements. This overlapping membership does not reflect an accident of history, but rather the conscious and strategic choices of member states. Rwanda, for instance, has recently decided to rejoin the Economic Community of Central African States (ECCAS), having previously withdrawn its membership of the Central African bloc. According to the Rwandan government, this decision reflects a desire to take advantage of emerging economic opportunities in Central Africa (Mwai, 2015). Tanzania, meanwhile, is not even a member of COMESA, yet still participates in a number of COMESA specialised institutions, such as the East African Power Pool, the PTA Bank and the COMESA Yellow Card Scheme.

It may therefore be the case, therefore, that COMESA member states are attracted to COMESA membership for particular instrumental reasons, possibly relating to COMESA's trade facilitation agenda, but actually prefer to work through other RECs to achieve national objectives in other areas (such as security or natural resource management). This raises questions about the commitment of member states to the broad COMESA agenda, and the feasibility of implementing this full agenda.

2.3.3. Private sector and civil society actors

The private sector in COMESA is not particularly well organised at the regional level and is mostly represented by a variety of general and sectoral professional associations and groupings. The recognised regional apex body of the private sector in the region is the COMESA Business Council (CBC), a member-based private sector-led institution of COMESA with the mandate to represent the private sector as a key policy and advocacy platform. The CBC is meant to provide a platform for the articulation of regional private sector interests in order to influence policy at all levels of decision-making within COMESA's policy organ structures. In this regard, the recent development by the CBC of a COMESA Strategy on Illicit Trade represents an example of private sector actors in the region (led in this case by representatives of the tobacco industry) engaging effectively with the CBC to influence regional policymaking. Although private sector actors, including large firms and regional industry associations and SME organisations, do sometimes engage with the CBC directly, private sector engagement on regional integration within COMESA occurs largely through national channels, either through national industry associations – many of which are members of the CBC – or through lobbying governments to influence national positions within different COMESA fora.

The private sector in COMESA member states also exhibits a diverse array of interests on regional integration issues, including both offensive and defensive interests. As a result private sector engagement on regional integration in COMESA tends to be issue-, country- or industry-specific and it is often difficult to identify anything akin to a private sector position within COMESA. Private sector lobbying at the national level in eastern and southern Africa often involves efforts to convince national governments to protect fairly narrow industry interests, potentially at the expense of broader national or regional interests. This was the case for example, when Zambia's Customs Clearing and Freight Forwarding Agents' Association recently urged the Zambian government not to implement COMESA's Regional Customs Transit Guarantee (RCTG) scheme, because of the effect this would have on employment for local clearing agents (Lisulo, 2015).

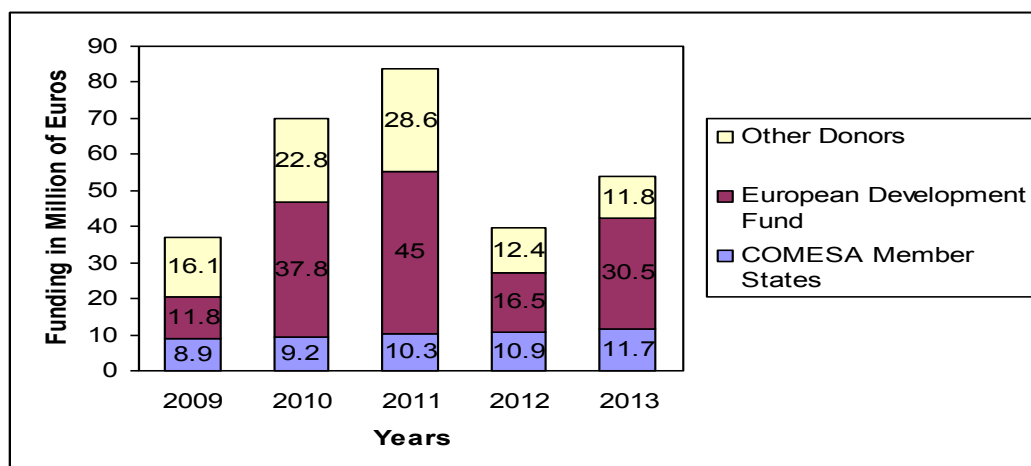
COMESA has made efforts to engage with civil society organisations (CSOs) and other non-state actors, especially in the areas of agriculture, climate change and peace and security. The COMESA Programme on Peace and Security, for instance, has developed a set of rules and procedures for accrediting CSOs to the Programme, in order to facilitate meaningful engagement with governments and an active role for CSOs within COMESA. A number of CSOs have since been accredited to the Programme. COMESA has also engaged with parliamentarians from COMESA member states, through the Parliamentarian Forum, and these parliamentarians have participated as election observers and provided input to research on peace and security in the region.

While CSOs and other non-state actors have regularly engaged with COMESA through participation in COMESA Technical Committee Meetings and other stakeholders' forums and through specialised COMESA institutions such as the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA), the advocacy role of CSOs in the region has been characterised as "piecemeal", focusing on specific policies and interests and being removed from a broader regional integration discussion (AfCoP-MfDR, 2013). COMESA appears to be seeking to address shortcomings around CSO engagement, as, in January 2015, it signed an Memorandum of Understanding (MoU) with the Global Network for Rights and Development, under which the two organisations will explore opportunities for cooperation on, among other things, COMESA plans for strengthening the capacity of CSOs, the development of the COMESA mechanism for CSO accreditation in order to increase CSOs visibility and engagement in COMESA existing programmes and the improvement of the COMESA Coordination Mechanism for CSOs.¹⁶

2.3.4. Donors

COMESA is heavily reliant on financial support from donors, which potentially dilutes member state ownership of its programmes, and can have a negative impact on the sustainability of COMESA's work. In 2013, donors contributed approximately €42.3 million, or 78% of the €54 million COMESA budget (See Table 1), with the EU alone contributing €30.5 million (56%). By contrast, the combined contribution of COMESA members states in 2013 was €11.7 million. In addition to raising questions about member state ownership of COMESA's agenda, this reliance on donors also affects the sustainability of COMESA programmes (many of which are almost completely reliant on donor funding) and its ability to build institutional capacity. For example, a number of positions at the COMESA Secretariat were recently cut following the EU's withdrawal of its funding of around 60 staff at the Secretariat.

¹⁶ See <http://gnrd.net/seemore.php?id=1307>

Table 1: Contributions to COMESA budget, 2007-2013

Source: Delegation of the European Union to the Republic of Zambia and COMESA, 2015

The EU has become the single largest donor to COMESA in terms of the size of its contributions to the COMESA budget, giving it a significant level of influence over COMESA's agenda. Through the 10th European Development Fund (EDF), the EU allocated approximately €150 million to COMESA between 2007 and 2013, in order to support a number of COMESA programmes as well as the Secretariat itself (Delegation of the European Union to the Republic of Zambia and COMESA, 2015). EU documents show that EU support to COMESA accounted for more than 60% of total assistance pledged to COMESA by donors in 2012 (Humphreys, M. 2012),¹⁷ and that, by 2013, annual EU support through the EDF represented well over half of COMESA's budget (Delegation of the European Union to the Republic of Zambia and COMESA, 2015).

COMESA's reliance on support received from the EU and other donors to fund its programmes and human resources raises concerns about ownership of its agenda. It is widely suggested, for example, that COMESA actively seeks to adopt or expand programmes and staffing in areas where donors are willing to provide financial support, suggesting that donor interests are influencing COMESA's agenda. In addition, COMESA reliance on donor support has potentially negative implications for the sustainability of its various programmes. This fact was illustrated by the termination of DFID's TradeMark Southern Africa programme, which, despite not being a COMESA institution, was responsible for managing a number of trade-related projects within the COMESA region, and was, in the view of some observers, an important driver of the COMESA-EAC-SADC Tripartite process. Finally, donor support for may also disincentivise member states to provide financial support to COMESA, as the latter are able to free ride on the COMESA programmes already supported by donors. This in turn may weaken member state ownership of regional integration and cooperation through COMESA.

2.4. Gender

2.4.1. Gender

COMESA regularly highlights its commitment to addressing the economic and social empowerment of women and has affirmed the need to integrate gender perspectives in its work in order to address the

¹⁷ According to this document, the EU provided 61.4% of the US\$ 59.3 million pledged by various development partners to COMESA during 2012, with the balance contributed by the UK (TradeMark Southern Africa Programme), which contributed 21.8% and other, non-EU donors, which contributed the remaining 16.8%, including Norway (4.3%), USAID and Rockefeller (5.6%), the AfDB (3.8%), the World Bank (2.1%) and the United Nations (1%) (Humphreys, M. 2012).

inequality of opportunity that exists between men and women in eastern and southern Africa. In this regard, COMESA has adopted a Gender Policy that aims to promote the mainstreaming of gender perspectives into all COMESA policies, structures, systems, programmes and activities in order to ensure that these are gender responsive. The Gender Policy also aims to facilitate the engendering of policy and legislation in COMESA member states in order to promote women's access to and control over productive resources such as land, credit, technology and information.

The Gender Policy directed that the Women in Business (WIB) Unit, which had been established in 1991 be upgraded to the level of a division in order to ensure that it had sufficient capacity and clout to engage with other divisions and programmes to ensure that gender issues were being mainstreamed across all COMESA activities. To this end, the Gender and Social Affairs Division (Gender Division) was established in 2009. The core business of the Gender Division is to provide leadership, direction and oversight of the implementation of the Gender Policy in member states and at the Secretariat. The Division aims to mainstream gender as a cross-cutting issue within the Secretariat, to assist other divisions and programmes to address gender issues within their work and to monitor them to ensure they are using gender perspectives.

By its own admission, however, the Gender Division is struggling to fulfil its mandate.¹⁸ Although it has produced some 'good' strategies and manuals and has carried out a number of gender advocacy and sensitisation training programmes, its work does not appear to be having a particularly significant impact. member states and other divisions and units at the Secretariat do not seem to buy in to the Division's work, and the Division itself is unclear how effectively, if at all, its gender strategies and manuals are being used. For example, despite a requirement for member states to report on gender in the context of their Comprehensive African Agricultural Development Programme (CAADP) investment plans, these plans tend not to be gender-sensitive and only deal with gender in a superficial way. The Gender Division faces thus a number of challenges in attempting to effectively fulfil its mandate. These are discussed below.¹⁹

The Gender Division is subject to significant capacity constraints. It has a staff of three people, is the least-well funded division at the COMESA Secretariat and receives little support from donors. The EU, which had previously supported the Division, pulled this support in favour of supporting COMESA divisions working in more 'strategic' areas, such as trade. This lack of capacity suggests that the work of the Gender Division may not be currently perceived as a priority by COMESA senior management, COMESA member states and/or donors.

There is a lack of understanding within the Secretariat (outside the Gender Division) concerning the need and rationale for gender mainstreaming, with some staff reportedly believing that it is an issue only for women to worry about. The tendency for COMESA divisions to work in silos is exacerbated by a resistance from other divisions to address gender issues, possibly due to a lack of understanding of the issues, a feeling of discomfort in dealing with and a lack of interest in learning more about them. The perception of the Gender Division is that other COMESA divisions believe that gender issues should be left to the Gender Division. Gender mainstreaming is, however, by its very nature a collaborative exercise requiring cross-division efforts, and the Gender Division cannot be expected to fulfil its mandate without the cooperation of the other divisions and programmes in question, especially as the staff in the Gender Division are not experts in the areas covered by other divisions and programmes. This is an issue that the Gender Division faces on a day-to-day basis.

¹⁸ Interview with MR, COMESA Secretariat, February 2015.

¹⁹ Unless otherwise specified, the insights on gender mainstreaming come from an interview with a representative of the Gender Division.

The lack of an effective system of accountability serves to undermine efforts to ensure that other divisions and units at the COMESA Secretariat address the issue of gender in their work. There is currently no performance assessment mechanism in place measuring how gender is being addressed. It is also the view of the Gender Division that changing the way COMESA staff approach gender mainstreaming requires capacity building within the Secretariat, and, in particular, training for all professional staff, including management, to ensure a shared understanding on the importance and rationale of gender mainstreaming. The Division believes that sensitisation training could be a sustainable way of ensuring proper commitment to gender mainstreaming within the COMESA Secretariat, but notes that it would require additional resources. In this regard, the Division has approached donors to support such training but has not had any success with this as yet.

The Gender Division has also faced some resistance from within COMESA in relation to efforts to provide gender-related capacity building to other COMESA divisions and programmes. It was suggested that this resistance reflects the absence of a culture of continuous knowledge development at the Secretariat, but it also possibly speaks to the lack of a champion of gender issues within COMESA senior management.

The Gender Division faces challenges in working with COMESA member states on gender issues. The Division tries to engage, through national ministries responsible for gender issues, with strategic stakeholders at the national level (policymakers, members of parliament, etc.) to push for changes in laws and practices, but has encountered a lack of awareness within member states about COMESA's Gender Policy, even among gender responsible ministries. The Division also notes that there is a lack of awareness of gender linkages in policy at the national level, citing, for example, the lack of knowledge within some national gender-responsible ministries about the potentially gender-relevant aspects of national agricultural investment plans being developed in line with the Comprehensive Africa Agricultural Development Programme (CAADP).

Lack of capacity also appears to be a significant hindrance to the Gender Division's attempts to work with member states on gender issues. The Division notes that it has facilitated training to raise awareness of gender issues and linkages within member states, but that it lacks the capacity to do so on a regular or ongoing basis. Furthermore, member states want financial and technical support for their gender work and appear less interested in working with COMESA on gender issues, when the latter is unable to provide this.

Donors, meanwhile, appear to want gender addressed in COMESA's work and have insisted on gender being addressed by some COMESA programmes (it has also been suggested that COMESA programmes are generally ready to agree if donors "suggest" the inclusion of gender elements). Nevertheless, the Gender Division feels that donors are supporting gender mainstreaming in a rather shallow and ad-hoc way. Donors appear to focus their support on priority divisions such as the Trade Division and to address gender concerns by urging these divisions to ensure that gender is mainstreamed in their work, but do not make concerted efforts to ensure that the capacity exists for this mainstreaming to be carried out. According to the Gender Division the institutional mechanisms and capacity for ensuring such mainstreaming are not fully in place. Furthermore, representatives from the Gender Division note that the Division is sometimes sidelined in processes involving donors and other COMESA division, and little or no opportunity is provided for it to engage meaningfully in these processes.

It was also the perception from within the Gender Division that compared to previous decades donors appear to be suffering from some form of fatigue in terms of supporting gender issues. Issues such as climate change and terrorism have come to dominate the non-economic agenda of many donors and gender is not as overtly visible as these issues. Furthermore, in the area of gender, it is often more difficult

to measure results (which are often long-term in nature). It is also difficult to link gender initiatives to quantitative indicators (time saved, costs reduced, etc.) and this may have put off some donors. Gender-related indicators are often linked to the adoption of formal laws and regulations, but these do not always translate into on the ground transformation. There is therefore need for the development of effective gender indicators, as without these it is difficult to gauge progress and for donors to assess and demonstrate the effectiveness of support to gender initiatives.

Donors, for their part, want to see more effective internal coordination within COMESA to ensure effective gender mainstreaming. It was the view of a representative from one Lusaka-based development agency that, in addition to weak political influence and lack of funding and capacity, the challenges facing the Gender Division stem from its 'ghettoisation', and that this needs to be addressed at the Secretariat level through better leadership, stronger policy direction and enhanced linkages with other COMESA units.²⁰

A similar concern about internal coordination on gender mainstreaming within COMESA was raised by the EUD in Lusaka. The EUD had previously supported the Gender Division but had stopped this support when it cut back its support to COMESA as a whole, preferring to concentrate its support on more 'strategic' divisions (such as the Trade Division).²¹ The EUD would like to see better internal coordination between COMESA divisions, including on gender mainstreaming. The EUD in Lusaka tries to ensure gender mainstreaming in the programmes it supports by encouraging engagement between COMESA divisions and units, ensuring that the Gender Division is kept in copy and, where possible, including gender-specific indicators in the design of programmes (such as indicators on benefits to female-headed households used for COMESA's 'clusters' work on cassava, leather and textiles).²²

2.5. Conclusion and key findings

This chapter has examined some of the key actors and factors that shape COMESA's regional integration agenda and how this agenda is implemented.

In terms of *foundational and structural factors*, the chapter has shown that COMESA arose out of earlier initiatives that explicitly sought to use the removal of trade barriers as a way to drive cooperation and integration among a large and relatively diverse group of countries in eastern and southern Africa. Reflecting these origins, COMESA maintains a strong focus on formal trade integration complemented by specific programmes that seek to facilitate intra-regional trade through improving trade and transport infrastructure and boosting the region's supply side capacity. However, the sheer size and heterogenous nature of COMESA's membership, along with the lack of economic interdependence among member states, creates challenges in terms of identifying common priorities and in ensuring timely implementation of regional agreements. The lack of a genuine regional hegemon also means that there is no member state willing to underwrite regional collective action.

Institutional factors affecting the implementation of COMESA's regional integration agenda include capacity constraints within the COMESA Secretariat, such as understaffed divisions, less-than-optimal internal coordination and the lack of an effective and fully institutionalised M&E system, all of which affect the Secretariat's ability to fulfil its mandate effectively. A good example of where this is hampering progress on the regional agenda is the area of gender, as the COMESA Gender Division's efforts to ensure that gender perspectives are mainstreamed into all COMESA work have been undermined by its lack of human

²⁰ Correspondence with DFID, Southern Africa representative.

²¹ Interview with NG, EUD Lusaka, May 2015.

²² Interview with NG, EUD Lusaka, May 2015.

resource capacity, ineffective engagement with other division at the Secretariat and the inability to ensure that the programmes of other COMESA divisions do actually include gender among their indicators.

With regard to key *actors and their interests*, this chapter has shown that COMESA member states exhibit a diverse array of interests in terms of regional integration, and has suggested that the main motivation for member state participation in COMESA is the pursuit of (in some cases quite narrow) strategic interests, rather than a the objective of region-building. COMESA member states are party to a number of regional integration arrangements and appear to participate in COMESA largely in order to exploit the various trade opportunities provided through COMESA's economic integration and trade facilitation agenda. The chapter has also suggested that COMESA member states are less than fully committed to the implementation of the entire COMESA agenda, as evidenced by their relative lack of financial support to COMESA, their apparent disinterest in COMESA's gender mainstreaming work and their uneven record with regard to the implementation of regional decisions and agreements.

While there is evidence of effective private sector engagement with COMESA, especially through the CBC, the private sector in COMESA is weakly organised at the regional level and most private sector engagement on regional issues in COMESA occurs through national channels. Such engagement also tends to be issue-, country- or industry-specific, and sometimes involves efforts to lobby national government to protect narrow industry interests, potentially at the expense of broader national or regional objectives. As a result, it is difficult to identify a regional private sector position in COMESA. The same can be said of civil society engagement with COMESA, which has been characterised as piecemeal.

Finally, donors, and in particular the EU, have played a prominent role in supporting COMESA's regional integration agenda by providing the bulk of funding for COMESA institutions and programmes. However, donor funding has not solved capacity constraints within the COMESA Secretariat, and has possibly contributed – through selective support of specific programmes – to the tendency of particular COMESA units to work in silos and not to integrate effectively into the broader Secretariat. In addition, donor funding has been widely criticised for diluting member state ownership of the COMESA agenda – by encouraging COMESA to develop programmes in line with donor funding priorities and providing member states with an opportunity to free ride on donor-funded regional programmes – and for establishing potentially unsustainable regional programmes and processes. Donors, for the most part, appear to be at least somewhat aware of these issues and keen to address them, even if they are yet to solve them.

3. Trade and economic integration

As noted in Chapter 2 of this study, the core focus of COMESA's agenda is trade and economic integration. COMESA has followed the Balassa, stage-by-stage approach to regional integration that has seen it evolve from a preferential trade agreement to an FTA (involving most member states). It is currently in the process of establishing a customs union and seeks to establish a common market and, eventually, a monetary union. To complement this economic integration agenda, COMESA has developed a suite of trade facilitation programmes to improve customs management, management of goods in transit and transport facilitation and to address other non-tariff barriers to trade and investment in the region. However, progress on COMESA's trade and economic integration agenda requires that COMESA policies and implemented by COMESA member states, and the record in this regard has been poor.

Although COMESA member states have made some notable progress in implementing Decisions of the COMESA Council of Ministers (Council) and other regionally agreed instruments and protocols, notably with regard to the COMESA FTA, the implementation of integration programmes by member states has not fully reflected the timelines and commitments made by COMESA policy organs (COMESA, 2010). For example, member states have not yet taken the steps necessary for the establishment of the COMESA Customs Union, and therefore the Customs Union, which was to be established by 2012, is still not operational. One of the biggest challenges to the progress of regional integration in COMESA is that, COMESA policy instruments are not being consistently implemented by member states through domestic laws and through policy instruments and action plans that operationalise their regional commitments within their domestic legal, economic and political systems (COMESA Secretariat, 2013).

Without implementation by member states, COMESA policies and programmes remain 'on paper' and COMESA's regional integration agenda will not make significant progress. This point is recognised by the COMESA Medium Term Strategic Plan (MTSP) 2011-15, which emphasises the need to strengthen support to member states in order to improve the integration of COMESA policies into member states' national development plans and budgets, and aims to improve the level of monitoring and reporting on member state progress with regard to implementing COMESA policies and programmes. This latter aim is particularly important as without understanding the exact state of member state implementation and – crucially – why it is so poor, it will be difficult for COMESA to strengthen support for implementation.

The aim of this chapter is twofold: i) to identify the political economy dynamics affecting the implementation by COMESA member states of commitments relating to COMESA's trade and economic integration agenda; and ii) to examine the role of the Regional Integration Support Mechanism (RISM) as an instrument for supporting member state transposition and implementation of regional commitments. Section 3.1 introduces the concept of transposition, explains the relevance of transposition and implementation to regional integration and how implementation is meant to take place in COMESA, before summarising the state of transposition and implementation in COMESA and highlighting the documented obstacles to transposition and implementation by COMESA member states. Section 3.2 examines the impact of RISM, on the dynamics affecting transposition and implementation in COMESA. In particular, it examines the degree to which RISM has incentivised transposition and implementation, promoted better monitoring and reporting of transposition and implementation by COMESA member states and facilitated enhanced coordination in relation to transposition and implementation. Section 3.3 then identifies some of the interests of key stakeholders in transposition and implementation within COMESA, including the EU, the COMESA Secretariat and COMESA member states, and explores how these interests have impacted on transposition and implementation in COMESA. Finally, Section 3.4 concludes the chapter and summarises its key findings.

There are undoubtedly a large number of actors and factors impeding COMESA's trade and economic integration agenda, and the poor record of COMESA member states in terms of transposing and implementing COMESA agreements and policies on trade and economic integration is just one such factor (even if it is a very important and visible one). A deep understanding of the political economy of trade and economic integration in COMESA would require an in-depth analysis of a wide range of actors and factors within each COMESA member state (something beyond the scope of this chapter). Instead by focusing on transposition and implementation, this chapter highlights the fact that COMESA member states' poor record in this regard is itself the result of the influence of various actors and factors, including institutional capacity constraints at national and regional level, the interplay of power and interests at the national level and the lack of sanction at the regional level for non-compliance with COMESA agreements. By focusing on transposition and implementation, the chapter is also able to show how specific interventions (such as RISM) are able to influence the incentive environment for transposition and implementation, and, by extension for the advancement of COMESA's trade and economic integration agenda.

3.1. Implementation of trade and economic integration commitments

The treaties (and protocols) of RECs provide a framework for regional integration, while regional agreements, regulations, directives and decisions establish rights for their firms and citizens, as well as obligations for regional and national institutions (GIZ, 2015). For these rights and obligation to have any force, however, member states have to put in place policy and administrative measures to implement the relevant regional agreements, regulations, directives and decisions at the national level, and these rights and obligations need to be enforceable, both in principle, and in practice (i.e. there needs to be a willingness to enforce these rights and obligations and sanction non-compliance). The process of putting in place measures at the national level to implement regional commitments is given different names, including 'compliance' and 'domestication'. In this study it is referred to as 'transposition'. Essentially transposition is the process whereby regional decisions and agreements are made legally binding in member states. Transposition has been identified as one of the main challenges for regional integration processes, but is at the same time a necessary requirement for the implementation of regional agreements, policies and programmes, and is therefore crucial for the success of regional integration. Put simply, if the decisions and agreements of a REC are not transposed and implemented by its member states then these decisions and agreements remain only on paper.

3.1.1. Transposition and implementation in COMESA

Transposition is foreseen under Article 173 of the COMESA Treaty (Treaty) which states that: "Member states agree that the implementation of the provisions of this Treaty shall be prioritised on the basis of comprehensive and measurable programmes with clear implementation targets and effective evaluation mechanisms". Article 10 of the Treaty empowers the Council of Ministers (Council) to enact regulations, directives and decisions that are binding on member states. After every Council Meeting, the COMESA Secretariat gazettes the decisions of Council and member states are expected to transpose these decisions in order to enable implementation. Member states are also expected to have established institutional structures for coordinating and implementing COMESA programmes (GIZ, 2015).

COMESA does not yet have a fully institutionalised and effective framework in place for accurately and comprehensively monitoring progress on the implementation of regional commitments, and as a result, assessments of the state of transposition and implementation within COMESA are based more on observed trends than on up-to-date data. Nevertheless, the COMESA Secretariat has undertaken field missions (most recently in mid-2012) to member states to find out the extent to which member states have transposed Council Decisions, Regulations and Directives to implement COMESA Programmes outlined in

the MTSP 2011-2015 (COMESA Secretariat, 2013). These assessments show that the state of play with regard to transposition and implementation in COMESA is one of uneven progress (idem).

3.1.2. Dynamics and challenges relating to transposition and implementation in COMESA

Based on rhetoric and endorsement of regional decisions, the political commitment of COMESA member states would not appear to be in doubt; yet COMESA member states regularly appear unable or unwilling to push COMESA decisions through their domestic legislative and/or planning and budgeting processes. A number of obstacles to transposition and implementation have been identified, including technical, institutional, financial and political constraints facing member state governments, overlapping membership of RECs, a lack of effective monitoring and evaluation (M&E) mechanisms at the national and regional level and the lack of legally binding mechanisms to enforce the implementation of COMESA commitments (COMESA Secretariat, 2013). These are discussed below.

A significant institutional constraint on transposition and implementation in COMESA member states is the weakness of structures and coordinating processes to support transposition and implementation. Until very recently a number of COMESA member states lacked dedicated COMESA focal ministries or inter-ministerial coordinating committees (Ethiopia, for instance, only established its committee in 2014). This may suggest that implementation of regional integration commitments has not been a political priority for the country, or at least has not received sufficient attention at the highest political level to justify dedicated government coordination.

Although such institutional structures now exist in all COMESA member states (they may, however, not all be fully operational as yet), their work on transposition and implementation is hampered by inadequate coordination, irregular and poor attendance of meetings and a lack of budgetary support (COMESA Secretariat, 2013). Coordination problems in some member states are exacerbated by the existence of numerous inter-ministerial committees and/or ministries with duplicate roles due to multiple memberships of RECs. This may be due to different interests and/or power relations at play with regard to the RECs in question, reflected in administrative and committee roles and structures. These factors contribute to a lack of coordination in the flow of information between stakeholders, weak participation (and ownership) by private sector stakeholders and regional integration considerations not being adequately mainstreamed into national decision-making processes (COMESA Secretariat, 2013).

A technical constraint facing some member states is a shortage of the relevant skills and knowledge required for the transposition and implementation of certain regional commitments. COMESA's integration agenda encompasses some ambitious and technically complex initiatives, some of which require new types of legislation at the national level. Given that the likelihood of effective and timely transposition and implementation has been found to be inversely related to the degree of technical complexity of the procedures required, the technical capacity of member state bureaucracies is an important variable in transposition and implementation (GIZ, 2015). Member states have also regularly cited financial constraints as a reason for poor implementation of Council and Authority decisions. In this context, it is worth noting that there are in general no prior assessments of the costs of transposition and implementation that a regional decision, regulation or directive will entail for member states. Such costs may result in the dilution of incentives to implement an otherwise positively endorsed regional commitment (see also the discussion in Section 3.2).

Political constraints on transposition and implementation include the low priority given to regional issues in national development plans and budgets. In some COMESA member states, political rewards, including at

ministerial level, might be lower for implementing a regional agenda than for actively pursuing national priorities. The lower priority given to regional agendas sometimes manifests in the coordinating ministry having little clout over other ministries and/or being poorly capacitated (COMESA Secretariat, 2013). In addition, member state governments face political constraints resulting from having to respond to the economic concerns of national level stakeholders. For instance, with regard to the establishment of the COMESA Customs Union, some governments voice concerns over expected customs revenue losses and face calls for protection from certain industries that fear increased competition (*idem*). Such factors may generate tensions between government ministries with differing mandates.

Other factors highlighted as inhibiting transposition and implementation in COMESA are the prevailing norms in the region against the use of formal dispute settlement procedures to enforce the implementation of regional commitments and the lack of adequate M&E at the regional and national level to monitor transposition and implementation. While in principle, the COMESA Court of Justice (Court) provides a forum for enforcing transposition and implementation, its ability to do so in practice has yet to be tested, largely due to an apparent unwillingness by COMESA member states to litigate through the Court. Monitoring of transposition and implementation is considered to be particularly important, but also sensitive, where member states are reluctant to take issues to dispute (GIZ, 2015). This is because monitoring mechanisms can have a significant impact on levels of compliance, as member states prefer not to be identified as failing to comply with an established norm. Effective M&E is also crucial for providing the information required to facilitate and support transposition and implementation where it is lacking, and can strengthen the incentives of member states to transpose and implement decisions, through peer pressure and peer-to-peer review.

Finally, the absence among COMESA member states of a regional hegemon or group of champions willing to underwrite regional integration and cooperation also negatively affects progress on transposition and implementation, as in the absence of a key player being prepared to bankroll regional integration, transposition and implementation is likely to be more affected by the immediate costs associated with each and every measure (GIZ, 2015).

These factors, which are regularly invoked as the reasons behind the poor record of COMESA member states on transposition and implementation point towards a state of affairs across much of COMESA which can be generalised as follows (although may not accurately reflect the state of affairs in each and every COMESA member state): 1) There is insufficient capacity within and lack of coordination between national level bodies responsible for driving transposition and implementation of COMESA commitments; 2) this lack of capacity suggests that COMESA member state governments do not prioritise the transposition and implementation of COMESA commitments (or at least that they only prioritise transposition and implementation of certain commitments); 3) the lack of priority given to transposition and implementation reflects the fact that COMESA member state governments seek to respond to the interests of their domestic constituencies (including domestic elites and private sector actors), not all of which support regional integration-related reforms (indeed some may actively oppose certain regional policies or commitments); 4) the lack of priority also reflects the fact that COMESA member states operate in a regional environment that does not sanction member states for non-implementation of regional commitments. In other words, the incentive environment in which COMESA member state governments operate may be conducive for concluding regional agreements, but is not particularly conducive to promoting transposition and implementation of regional commitments. This is something that interventions such as RISM seek to address.

3.2. Institutions: The Regional Integration Support Mechanism (RISM)

When member states transpose and implement regional commitments, the inherent adjustment to new trade structures and procedures can entail significant direct and indirect costs. This is recognised in the COMESA Treaty, for example in Article 60, which provides for remedial steps for a member state that has suffered substantial loss of revenue from the elimination import duties on intra-COMESA trade, and in Article 150, which provides for the establishment of the Protocol for Co-Operation, Compensation and Development (COMESA Fund). The COMESA Fund, established in 2002, has two windows: The COMESA Infrastructure Fund and the COMESA Adjustment Facility (CAF). The CAF is an adjustment support mechanism established to address the adjustment challenges associated with the transposition and implementation of regional programmes.

A Contribution Agreement was concluded between the EU and COMESA in 2007, under the 9th European Development Fund (EDF), to operationalise the CAF as the Regional Integration Support Mechanism (RISM), with total funding of €78 million. RISM was designed to address tariff revenue loss resulting from the implementation of the COMESA FTA and the adoption of the COMESA and EAC Customs Unions, by providing budget support to member states that implemented the tariff reforms required by these arrangements. However, given the timing of the programme such support was not relevant for the majority of member states party to the CAF (only Burundi (recipient of €12.7m under RISM) and Rwanda (recipient of €22.6m) benefitted, as they faced revenue losses upon joining the EAC Customs Union). Therefore, in 2012, a RISM rider was signed to enable RISM to serve as an ex-post compensation mechanism to support member states that transpose and implement regional programmes. By partially financing the adjustment costs associated with transposition and implementation, RISM offers an additional incentive for transposition and implementation. It also provides a de facto incentive for better reporting and monitoring on the implementation of COMESA commitments, since to benefit from RISM support, COMESA member states have to report what they have done in this respect. It also strengthens the role of the COMESA Secretariat as a coordinating agent for RISM, and hence supports the Secretariat's M&E efforts.

Under the RISM rider, a balance of €42.7 million out of €78 million was available as regional integration support for the period 2012-2014. The bulk of this (84% or €35 million) was programmed for direct adjustment support to member states, and an additional €5 million (12%) programmed as ring-fenced funding for revenue compensation for the few countries that were eligible under the establishment of the FTA. An Addendum was signed in March 2014 to extend the implementation period to 31 December 2016, and to reallocate the 'ring fenced' funds set-aside for revenue-loss compensation to adjustment support. Disbursements under RISM are predicated on a formula based on the preparation of a Regional Integration Implementation Programme (RIIP) and progress is measured against a Performance Assessment Framework (PAF) detailed in the Performance Monitoring Report (PMR). This PAF contains 18 performance indicators drawn from a COMESA Council of Ministers decision in October 2011.²³ These are in line with the strategic priorities covered under the MTSP. The most recent (5th) Call for Proposals under the RISM, in July 2014, saw 12 member states with ongoing RIIPs submit PMRs, and three member states submit RIIPs for the first time.

²³ The 18 indicators are: establishment of National Inter-Ministerial Committee; implementation of the COMESA FTA (for DRC, Ethiopia, Eritrea and Uganda); resolution of 30% of NTBs; adoption of COMESA harmonised standards; domestication of COMESA Common Tariff Nomenclature; implementation of COMESA common external tariff; submission of sensitive product list; domestication of customs management regulations; submission of schedule of services commitments; adoption of COMESA Competition Regulations; signature, ratification and domestication of the COMESA Common Investment Area Agreement; implementation of harmonised road transport charges; implementation of axle load limits and overload control certificate; implementation of harmonised vehicle dimensions; implementation of COMESA Carrier License; adoption of the Yellow Card (where applicable); and the adoption of COMESA legal notice no. 2 of 1999 (the instrument providing for liberalisation of air transport services).

Disbursements are made to member states through budget support or through project support. Currently only five member states are eligible for budget support by the EU and hence project support is the most common method of disbursement under RISM. EDF procedures also apply to the administration and use of the disbursed funds under project support, necessitating capacity building for some member states for which project support is a new discipline. To receive project support member states must develop projects that give priority to activities that help them achieve their regional commitments. They are then able to identify other project activities that are considered important in order to be able to benefit from regional integration.

In terms of governance, RISM is overseen by the COMESA Fund Ministers Committee, which comprises the COMESA Fund Committee and nominees of COMESA and the EAC. The RISM Advisory Committee (RAC) is a sub-committee of the Ministerial Committee, and is subordinate to it, responsible for the strategic guidance and decision-making/approvals under RISM. The RISM Management Committee (RMC) was established to evaluate applications made by eligible countries, including technical allocation of funds, subject to RAC approval. Day-to-day programme management of RISM is coordinated by COMAid, which is based at the COMESA Secretariat.

3.2.1. RISM achievements

Although still a relatively new programme, RISM has been credited with a number of achievements, including accelerating transposition and implementation, promoting increased ownership and coordination at the member state level and providing for enhanced monitoring and reporting on transposition and implementation of regional commitments.

According to an evaluation of RISM undertaken in 2014, RISM has incentivised member states to speed up efforts to address regional integration commitments in the PAF, efforts that would otherwise be implemented at a slower pace (International Economics, 2014). In other words, RISM has incentivised accelerated transposition and implementation, despite the fact that, by the admission of member states and the COMESA Secretariat, the financial incentives involved are not that significant. Assessment of targeted commitments in RIIP submissions also shows that RISM has provided at least some impetus for member states to address those commitments that remain outstanding and which had not previously been addressed.

Through RISM, steps have been taken to increase ownership at the national level and coherence between the national and regional levels. Efforts have been made under RISM to integrate regional objectives in national strategies and policies. For example, some of the projects developed with RISM support to promote regional integration objectives have also been closely aligned with national trade and economic development plans and objectives (see example of Zambia in Section 3.3.3). This strategy appears to have promoted greater buy-in to transposition and implementation of regional commitments from at least some member states.

RISM has had some impact in enhancing coordination, planning and information exchange on regional issues within member states. There is evidence for instance that the establishment and institutionalisation of National Inter-Ministerial Coordinating Committees (NIMCCs) has led to greater and more coordinated inter-institutional dialogue between sectoral ministries, and between member state governments and private sector and civil society stakeholders, at least in some member states. This enhanced dialogue has in turn brought about a better understanding of the regional integration agenda and the priorities that need to be addressed at the national level. RISM has also contributed to improved coordination between the COMESA Secretariat and member states. For example, in the process of member state formulation of

RIPPs, various Divisions and Units in the Secretariat provide input, feedback and support to member states, through the COMAid Unit. COMAid has also engaged in various sensitisation and capacity building initiatives around RISM in COMESA member states, and its support and engagement has been acknowledged as valuable by member states.

Finally, RISM has provided member states with a platform to improve their own monitoring of – and reporting on – transposition and implementation progress. The PMRs that member states must submit in order to benefit from RISM disbursements are structured in line with the country progress reports that member states are obliged to submit to Council annually. The COMESA Secretariat has noted that there has been an improvement in the submission of these progress reports and has attributed this at least partly to RISM (COMESA Secretariat, 2013). Furthermore, representatives of one NIMCC consulted noted that the process of formulating PMRs has provided an opportunity to engage with other government and non-state stakeholders in order to secure input for the PMR, and that this has led to better monitoring of progress on transposition and implementation at the national level.

3.2.2. Challenges encountered

Despite the above achievements, RISM has also come in for some criticism, particularly in relation to the relevance and suitability of the PAF indicators, the burdensome requirements involved in the administration of the programme, its lack of formal processes obliging meaningful engagement with private sector and civil society and doubts about its sustainability and ownership by COMESA member states.

Doubts have been raised about the relevance and suitability of the 18 performance indicators included in the PAF. A number of these are considered to be one-off, 'static', interventions (e.g. the establishment of an NIMCC – although some member states argue that the institutionalisation of an NIMCC should be viewed as a continuous process), the relevant targets for which have already been achieved by the majority of COMESA member states, and some are not relevant for a number of member states (e.g. the indicators relating to the establishment of the COMESA Customs Union are not relevant to member states already party to the EAC Customs Union). Once those already achieved static indicators and those that are not relevant have been stripped away, there are not many left for certain member states to target, especially as some indicators still require further deliberation at the regional level before being transposable at the national level (e.g. those indicators relating to the COMESA Common Investment Area). Furthermore, there are different degrees of ambition among member states and specific challenges facing some of them. This makes a good argument for a set of indicators that: a) are not one-size-fits-all; and b) that reflect the fact that there can be degrees of transposition and implementation (International Economics, 2014). In light of these issues, discussion over the need to update the list of performance indicators has been ongoing for some time.

One of the biggest challenges relating to RISM is the complex multi-layered programme management decision-making processes that have emerged, which have led to shifting and less predictable time-lines for Calls for Submissions, decision-making and approvals in the RAC-RMC, and the eventual disbursements to member states, undermining the overall efficiency of the programme and causing frustration in member states (International Economics, 2014). On top of this member states have complained that the reporting process around the annual submission of PMRs is very onerous and resource-intensive, and that the strict timeframes for project implementation following approval create uncertainty about whether support will be withdrawn in light of unforeseen or unavoidable delays.

The design of RISM has also been criticised for not providing for meaningful engagement with the private sector and civil society actors. Despite the fact that the private sector, in particular, is a critical stakeholder

in regional economic integration, RISM does not include formal procedures obliging engagement with non-state stakeholders. Instead, it is a very government-centred process, where it is left up to coordinating ministries or NIMCCs, as the national level focal points for engagement on transposition and implementation of regional commitments, to determine the level of non-state actor engagement in the formulation of RIIPs and PMRs and in deliberations on regional integration issues at the national level. As such there is scope for widely varying levels of private sector and civil society engagement across different COMESA member states.

Arguably the biggest concern around RISM is the over-reliance of the programme on funding from a single donor. As of late 2014, the EU had provided €111.4 million under RISM. No other donor has contributed directly to CAF-RISM, although it is not clear if COMESA have made any attempts to solicit such contributions. In addition, while COMESA member states have contributed €7.6 million to date to the COMESA Infrastructure Fund, they have not contributed to CAF/RISM. This raises questions about COMESA member state 'ownership' of CAF/RISM, as well as the extent of the member states' commitment to certain elements of COMESA's regional integration agenda (International Economics, 2014). Furthermore, the reliance on a single donor is a significant risk to the sustainability of the programme.

While some degree of sustainability may be achieved through the institutionalisation of NIMCCs and other such arrangements for facilitating transposition and implementation, the lack of diversification of funding sources, and, in particular, the lack of funding emanating from within the region, is a big challenge. On top of this, there are doubts about the extent to which the capacity building work currently taking place under RISM can be sustained beyond the life of the programme. Various factors, including an over-reliance on contract staff and consultants to undertake project initiatives, high staff turnover within member state ministries and insufficient attention to ensuring that key stakeholders are engaged and involved in dialogue and information-sharing processes all impede the institutionalisation of capacity to promote transposition and implementation in COMESA member states (International Economics, 2014).

3.3. Actors and Interests

3.3.1. COMESA Secretariat/COMAid

The COMESA Secretariat provides vision, guidance and support on technical requirements to member states. In this regard the COMESA Aid for Trade Unit (COMAid) plays a central role in facilitating transposition and implementation by COMESA member states, including as coordinating body of the day-to-day management of RISM. In the context of transposition and implementation of COMESA commitments COMAid views itself (and is indeed viewed by member states) as an 'honest broker' serving the interests of COMESA member states.

As the intermediary between COMESA member states, other COMESA divisions and units and the EU, COMAid is perhaps uniquely placed to influence the transposition and implementation agenda in COMESA. However, COMAid does not seek to influence policy itself, but rather works at the technical level, leaving policymaking, such as decisions on whether and how particular programmes are to be implemented up to the appropriate COMESA policy organs in which member states are appropriately represented. COMAid focuses its efforts on identifying what practically needs to be done to support transposition and implementation and then offers technical assistance to those member states who require it. Member states' appear to have somewhat mixed views about the technical assistance provided by COMAid, with some stating that it has been very helpful, while others noting that it has not been completely effective in assisting them to address technical issues relating to transposition.

3.3.2. Member states

RISM has provided an incentive for COMESA member states to pay greater attention to and better report on the transposition and implementation of COMESA commitments. It has also increased the communication (and to some extent the cooperation) between some member states and the COMESA Secretariat. However, RISM has provided no real additional incentive for member states to involve other stakeholders, outside government, something that many observers believe is crucial in ensuring traction for promoting regional integration at the national level.

There has also been limited domestic ownership of the RISM process, which is entirely externally financed and fully dependent on EU support. It seems that the key benefit of RISM in promoting transposition and implementation is not the finance and technical support it provides, but rather the focus it puts on commitments that have been undertaken by member states and the challenges inherent in the transposition and implementation of these commitments, including the reporting and monitoring dimension of these commitments. Beyond the capacity building and support dimension, emphasised by donors (the EU in this case), the RISM has contributed to partly influence domestic incentives within COMESA member state governments.

The experience of Zambia shows how a COMESA member state can use an adjustment support mechanism such as RISM to pursue national policy objectives. The Zambian government is broadly positive about RISM, its structures and processes and the support received from COMESA in this regard. The main benefits that the Zambian Ministry of Trade and Industry (as the COMESA coordinating ministry in Zambia) sees in RISM participation are not the financial benefits (indeed the challenges Zambia faces in terms of transposition and implementation of COMESA commitments are not due to financial constraints, but rather to technical issues and the slow pace of domestic reform processes), but rather the attention it casts on what still needs to be done at member state level, and, more significantly perhaps, the platform it provides for facilitating what the Ministry already wants to do in terms of promoting industrial development in Zambia.

Like many COMESA member state governments, the Zambian government seeks to develop the country's national manufacturing base. Zambia's Sixth National Development Plan 2011-2015 prioritised value addition to locally produced goods and targeted certain products of high export potential including leather and leather products. Similarly the government's Strategy paper on Industrialisation and Job Creation highlights improved competitiveness of the leather sector as a specific objective. In light of these goals, the Zambian government has taken advantage of the opportunity provided by the project support modality of RISM disbursement to develop a project to build trade-related capacity in the Zambian leather industry. In this way Zambia is able to use support for regional integration to boost productive capacity in Zambia, which, in theory, should also assist the country to benefit more from the trade opportunities provided through COMESA's regional integration agenda.

COMESA member states' membership of other RECs also appears to also have some impact on their (non) transposition and implementation of COMESA commitments. In particular, for some COMESA member states, overlapping membership of RECs may result in transposition and implementation for COMESA commitments not receiving sufficient attention due to regional integration efforts being focused on the agenda of another REC.

In Burundi, for example, there are two high level government platforms for engagement on regional integration issues: i) the Regional Integration Sector Working Group (SWG), which comprises representatives from government, donors and the private sector; and ii) the Inter-Ministerial Committee on

Regional Integration. Both these committees are chaired by the dedicated EAC Ministry and as such focus largely on EAC issues. The Ministry of Trade deals with COMESA issues but, outside of this Ministry, there is relatively little focus on COMESA issues, as the EAC and, to a lesser degree, the Tripartite FTA, dominate discussion on regional integration at the national level.

Burundi's Vision 2025 and Poverty Reduction Strategy Paper (PRSP), clearly state that regional integration is a priority for Burundi and that the country's focus is on the EAC (but not to the total exclusion of other RECs). A number of factors have been suggested as reasons for this prioritisation, including: Burundi's shared history and identity with its EAC neighbours; the proximity of both opportunities and threats in the EAC (Burundi's private sector, which is generally very weak and only active in lobbying on NTB-related issues, sees interests and threats in neighbouring EAC economies, rather than in the economies of fellow, but distant, COMESA member states such as Swaziland, Egypt and Mauritius); a perception that the EAC Secretariat and agenda is more clear and focused for the EAC member states and that it is harder to get collective action in COMESA than in the EAC; and the proximity of the EAC Secretariat.

Given capacity constraints facing the Burundian government it is not able to devote significant resources to all aspects of its various regional integration agendas and its attention appears to be more focused on integration in the context of the EAC (of course, the EAC and COMESA are not strictly speaking in competition, and in many respects, progress on the EAC agenda should also support progress on the COMESA agenda). The ensuing relative 'neglect' of COMESA issues is not helped by the fact that there is little coordination between the COMESA-responsible Trade Ministry and the EAC Ministry, between which significant tensions exist, especially at the technical level. These tensions stem from competition for visibility, missions and associated rents, and an ongoing discussion as to whether the EAC Ministry should absorb the COMESA mandate, or whether the EAC mandate should be moved to the Ministry of Trade. Another potential source of conflict between the two ministries is the fact that the Minister of Trade has traditionally been a Tutsi and the Minister for the EAC a Hutu.

It must be noted, however, that despite this foregoing analysis, Burundi has performed relatively well in terms of meeting its targets on the RISM PAF and is by no means a laggard in terms of implementing COMESA commitments. It does help in this regard that the seemingly troublesome COMESA Customs Union-related performance indicators do not apply to Burundi as a member of an EAC Customs Union.

3.3.3. The EU

The EU is an important actor with regard to transposition and implementation of COMESA programmes, as it is the biggest institutional funder of COMESA and hence has a strong interest in seeing the programmes it is directly and indirectly supporting being implemented. More concretely, the EU, through the EU Delegation (EUD) in Lusaka, is the only donor contributing significant funding to operationalise CAF-RISM, and, therefore, given the impact of RISM on transposition and implementation in COMESA, can be said to be playing a significant role in influencing transposition and implementation in the region. The EU is also an 'observer' (with veto power) at the RAC and is therefore able to participate in the strategic planning and decision-making elements of RISM management (International Economics, 2014). The EU has, on occasion, made use of its privileged position in this regard to seek clarification on certain aspects of RISM criteria, resulting in delayed proceedings and consequent delays in approvals and disbursements to member states (*idem*). In this and other ways the EU has a direct impact on the transposition and implementation agenda in COMESA.

While the EU acknowledges that RISM has had some positive impacts on coordination and raising awareness, it also notes that the programme is quite difficult to manage, that it has not achieved as much

as was hoped and that it could be improved (e.g. through an overhaul of the indicators used, many of which it views as irrelevant). Furthermore, the EU believes that COMESA should be doing more on monitoring transposition and implementation and that COMESA member states should provide more support to COMESA's efforts in this regard.

3.4. Conclusion and key findings

This chapter has explored the political economy dynamics behind the uneven record of COMESA member states in transposing and implementing COMESA's trade and economic integration agenda, and examined the role and performance of the RISM as a mechanism to incentivise and facilitate transposition and implementation of COMESA decisions and agreements by member states.

One of the main reasons for the relatively slow progress on COMESA's trade and economic integration agenda is that COMESA member states have not consistently transposed and implemented COMESA decisions and agreements. Reasons commonly given for this include: institutional, technical, financial and political constraints within member state governments; complications caused by overlapping membership; the lack of an effective regional monitoring and evaluation mechanism; and the absence of legally binding mechanisms to enforce transposition and implementation. However, these factors suggest that, for the most part, COMESA member states simply do not prioritise the transposition and implementation of COMESA agreements. This is likely due to the fact that they operate in an environment that does not incentivise transposition and implementation.

While participating in RECs and other regional organisations offers COMESA member states political capital and legitimacy, there is less incentive for them to actually implement the decisions agreed on within these fora. At the national level, COMESA member state governments seek to respond to the interests of their domestic constituencies (national elites, private sector actors, etc.) which comprise diverse interests, and may not be united in supporting faster and deeper trade and economic integration through COMESA (indeed many actors at the national level with the power to influence government action may in fact actively oppose the implementation of specific regional commitments). Furthermore, COMESA member state governments know that they are unlikely to face sanction for non-compliance with regional decisions and agreements. While formal institutions such as the COMESA Court of Justice have been set up within COMESA to promote the enforcement of COMESA agreements, these agreements are not enforced in practice, largely because of shared norms among COMESA member states against using dispute settlement procedures against one another. These norms are linked to the importance that COMESA member states place on solidarity and the fact that participation in regional organisations is used by many of these states to enhance their own political legitimacy.

RISM, meanwhile provides an illustration of a mechanism that has been established to alter the incentive environment for transposition and implementation faced by COMESA member states, both by attempting to use monitoring and evaluation as a means to change behavior by member states and by providing direct financial incentives for better member state reporting on progress with regard to transposition and implementation of COMESA decisions and agreements. While RISM faces a number of challenges, including a complete dependence on EU funding that raises questions about its sustainability, the programme has facilitated modest improvements in the level of coordination around monitoring of and reporting on transposition and implementation by COMESA member states. It has also provided incentives for COMESA member states to take greater ownership of adjustment support, as Zambia has done by using the support it has received under RISM to promote its national industrial policy goals through dedicated projects in the leather sector.

This suggests that while COMESA's trade and economic integration agenda will continue to be influenced by a wide range of often complex and hard to change factors at the national and regional level (economic structures, geography, institutional capabilities, etc.) as well as the interests and actions of various actors at the national level (national elites, government ministries, private sector lobbies, etc.), there does appear to be scope at the regional level for establishing institutions that alter the incentive environment for COMESA member states with regard to transposition and implementation. This in turn could have a positive effect in terms of promoting COMESA's trade and economic integration agenda.

4. Electric power trade and the Eastern Africa Power Pool

Despite being rich in potential electric power generation capacity, Sub-Saharan Africa is severely short of electricity. Underdevelopment of the region's power sector is reflected in low levels of energy access, installed capacity and overall consumption (McKinsey & Company, 2015). More than 620 million people in Sub-Saharan Africa live without access to electricity, representing almost half (48%) of the share of the global population without access to electricity (International Energy Agency, 2014). It is also the only region in the world where the number of people living without electricity is increasing, as rapid population growth is outpacing efforts to provide access (*idem*). Those in the region who do have access to electricity typically face relatively high prices for a supply that is both insufficient and unreliable (*idem*).²⁴ Inadequate and unreliable electricity supply necessitates widespread use by individuals and firms of expensive diesel or gasoline generators, which generate electricity at anywhere between three to six times the price paid by grid consumers across the world (McKinsey & Company, 2015). This reliance on generators makes many Africa-based industries and manufacturing sectors uncompetitive, hinders job creation, and slows annual GDP growth by between one and three percentage points (*idem*).

It is widely acknowledged by technical experts that greater cross-border trade in electric power represents a potentially cost-effective way to increase access to electricity and the reliability and affordability of electricity supply in Sub-Saharan Africa. A recent study estimated that regional energy integration could save more than \$40 billion in overall capital spending required to meet growing electricity demand, and could save African consumers nearly \$10 billion per year by 2040 through lower energy costs (*idem*). With this logic in mind, four regional power pools - the Southern African Power Pool (SAPP), West African Power Pool (WAPP), Central African Power Pool (CAPP) and Eastern Africa Power Pool - were established in Sub-Saharan Africa to facilitate electrical power trade in their respective sub-regions. These power pools are still poorly interconnected in practice, however, and do not yet operate as genuine integrated regional power markets (International Energy Agency, 2014).

Established in 2005, the Eastern Africa Power Pool (EAPP) was adopted in 2006 as a specialised institution of COMESA for electric power and fostering power system interconnectivity in the COMESA region, which, like Sub-Saharan Africa as a whole, has abundant but underdeveloped and unevenly distributed energy resources and inadequate electricity transmission and distribution networks. In many COMESA member states, electrification rates are very low and electricity prices high, and COMESA itself recognises that these factors represent major supply side constraints on the productive sectors of its member states, and impediments to economic growth and competitiveness in international trade (COMESA, 2012). Regional cooperation in the planning of new generation capacity, coupled with the integration of national electricity grids, provides a potentially more cost-effective way for COMESA member states to meet their growing needs for electric power, especially as ongoing work on generation and transmission infrastructure in eastern Africa means that, within a few years, a number of countries in the region could be in a position to both generate and export surplus electric power. However, despite this apparently strong rationale for power pooling, there is a sense among observers that the EAPP has not achieved as much in its first 10 years of existence as it should have.

This chapter investigates how and why various actors and factors, including specific power pooling dynamics, institutional shortcomings within the EAPP Secretariat, EAPP member state interests and donor support, have driven and/or constrained the EAPP's regional electric power trade agenda and the implementation of this agenda. Section 4.1 discusses the technical and political dynamics specific to

²⁴ On average, Sub-Saharan electricity tariffs are between \$130-140/MWh, compared to around \$80/MWh for electricity tariffs in Latin America, Eastern Europe and East Asia (Briceño-Garmendia and Shkaratan, 2011).

regional power pooling and provides a brief introduction to power pooling in Sub-Saharan Africa. Section 4.2 describes the institutional set-up of the EAPP and highlights a number of institutional challenges that have impeded its agenda. Section 4.3 then outlines some of the interests of key stakeholders in the EAPP – including EAPP member states, other regional organisations working on energy integration in eastern Africa and donors – and briefly details how the actions of these stakeholders have impacted on the EAPP’s attempts to pursue its agenda. Finally, Section 4.4 concludes by summarising the key findings of the chapter and drawing out some implications from these findings.

The choice of the EAPP as a specific case through which to analyse the political economy of regional integration in COMESA arises from its position as a specialised institution of COMESA focusing on a particularly crucial issue for COMESA’s overall regional integration agenda – electric power trade – as well as its relatively circumscribed membership. Unlike other specialised institutions of COMESA, such as the PTA Bank, the PTA Reinsurance Company or the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA), membership of the EAPP comprises a relatively small subset of (9) COMESA member states, plus one non-COMESA member state, Tanzania. Thus, this examination of the actors and factors that shape, drive and/or impede the EAPP agenda, provides an opportunity to test the degree to which, in the context of formal regional integration in eastern and southern Africa, a regional organisation with a more circumscribed membership, and more focused agenda, is able to facilitate effective regional integration and cooperation.

4.1. Regional power pooling

Regional power pooling, the trade of electric power between utilities in multiple neighbouring countries based on an integrated master plan and pre-established rules, provides a mechanism for pooling resources to create a more robust regional power grid and regional power market and to exploit economies of scale in the generation and distribution of electric power. This typically requires the development of cross-border interconnection infrastructure (interconnections) for the integration of national power grids into a regional network, the establishment of a common legal and regulatory framework (involving inter-governmental and inter-utility memoranda of understanding) and the creation of a multi-country organisational structure to oversee planning, harmonise rules and develop a commercial framework for cross-border power trade (World Bank, n.d).

Regional power pools have the potential to bring about a number of benefits for their members, including lower operating costs (due to savings from energy exchanges and reduced power reserve maintenance costs), lower capital costs (due to the development of the most cost efficient regional energy resources), improved power system reliability and enhanced security of supply (combined systems are less vulnerable to unexpected disturbances in transmission lines or power plants) (AfDB, 2013). Importantly, both electricity-exporting and importing members should be able to benefit from connecting their national grids within the framework of an institutionalised regional power pool. Potential electricity-exporters benefit from being able to export excess capacity to multiple partners. Potential importers benefit from being able to defer investment in domestic generation capacity. Furthermore, in regions with underdeveloped energy infrastructure, such as Sub-Saharan Africa, the pooling of risk and improvements in efficiency associated with the establishment and operation of regional power pools can also help to create a more attractive environment for investment in priority regional generation and transmission projects and capacity building for power supply operation and management (idem). Regional power pools therefore represent regional ‘club’ goods from which member states can derive benefits (Muntschick, 2013).

However, the integration of systems and institutions needed to support power pooling is a long-term process and the issues involved are not only technical in nature, they are also political. While the development of regional interconnectors is a necessary requirement for electric power trading, it is not sufficient, and in order for a power pool to successfully bring about its intended benefits, it requires political buy-in from its participants. Issues such as state ownership and control of electricity generation and transmission, the pace and extent of electricity sector reforms, the geographical scope of electricity supply and the determination of who bears the burden of 'load shedding' make electricity a highly political issue in many African countries. Trading electricity adds an international political dimension, introducing issues such as national energy security and sovereignty over regulation. A crucial issue for power pools is whether electric power trade is deemed politically acceptable, especially in importing countries (McKinsey & Company, 2015). For potential importers, the main concern is security of supply. They need to have confidence that exporting countries within a regional power trade arrangement will continue to supply electric power and not use it as a political or diplomatic tool. Importing countries also have to accept that, at least in some cases, importing power generated elsewhere means foregoing potential construction jobs at home (*idem*).

There has long been interest in electric power trade in Sub-Saharan Africa, with bilateral power trading arrangements between African countries having been signed as far back as the 1950s (Kambanda, 2013). Regional power pooling, however, is a relatively new phenomenon in the region, inspired by the observed benefits derived from joint operation of electricity networks in the US and Europe, and recognition that long-term bilateral arrangements providing for fixed volumes of electricity trade are insufficiently flexible for addressing unexpected demand peaks or unforeseen problems in the supplying partner, such as power line disruptions or power station outages (AfDB, 2013; Muntschick, 2013). The move towards regional power pooling in Africa was also facilitated by power sector reform in many African countries since the 1990s, and has been strongly supported by technical experts who view power pooling as a way to address the uneven distribution of energy resources across the region and to ensure reliability of electricity supply in response to rapidly growing demand for electricity.

The first power pool to be established in Sub-Saharan Africa was the Southern African Power Pool (SAPP), which was established in 1995 and is the most advanced in the region (ICA, 2011). The West African Power Pool was established in 2001, while the Central Africa Power Pool (CAPP) and Eastern Africa Power Pool (EAPP) were established in 2003 and 2005 respectively, with assistance from the Union of Power Utilities in Africa (UPDEA) (Muntschick, 2013). All four of these power pools are recognised, specialised institutions of their respective RECs. None of Sub-Saharan Africa's power pools have facilitated particularly high levels of intra-regional electric power trade as yet.²⁵

In addition to a lack of sufficient and adequate interconnections, one of the main reasons for the relatively poor performance of Africa's power pools to date is simply that in most countries in Sub-Saharan Africa, underinvestment in national generating capacity has resulted in demand for electricity greatly exceeding supply (IMF, 2013). In the region, electricity provision has historically been considered a public good that governments should provide, either directly, or through state-owned enterprises (KPMG, 2014). Due to the political capital to be gained through providing this service, governments in Sub-Saharan Africa have been willing to take on the costs involved, and have generally been willing to subsidise electricity consumption (*idem*). However, the provision of such subsidies, coupled with mismanagement of public institutions, has prevented cost recovery, which in turn has contributed to underinvestment in generating capacity. Lack of

²⁵ A 2011 study by the Infrastructure Consortium for Africa reports that the level of energy traded within these pools ranged from less than 1% (in the CAPP and EAPP) to 7.5% in the SAPP (ICA, 2011).

generating capacity in most countries in Sub-Saharan Africa means there is currently little excess capacity to export through power pools.

Another reason for the relative underperformance of Africa's power pools is that despite recent efforts on the part of some African governments to reform their energy sectors, many of Africa's national energy sectors remain dominated by vertically integrated, state-owned monopolies or quasi-monopolies. In most of Sub-Saharan Africa, electricity prices are determined by state-owned monopolies (in electricity generation, transmission and distribution), and not by the interplay of market forces that would result if private sector actors were given non-discriminatory access to power generation and transmission. This state of affairs reduces the prospects for deriving efficiency gains from power pooling, as such gains are maximised where the prices of electricity exchanged through a pool reflect the dynamics of a fully competitive market.

4.2. Institutions

The EAPP is an intergovernmental body based in Addis Ababa, Ethiopia, that aims to facilitate the pooling of electric power resources so as to provide increased access to affordable, sustainable and reliable electricity in eastern Africa. The EAPP was established in 2005 with the signing of an Inter-Governmental Memorandum of Understanding (IGMOU) between seven eastern African countries: Burundi, Democratic Republic of Congo (DRC), Egypt, Ethiopia, Kenya, Rwanda and Sudan, and was adopted as a specialised COMESA institution by the 11th Summit of the COMESA Authority of Heads of State and Government held in Djibouti on 15-16 November 2006. Tanzania, Libya and Uganda joined the EAPP in March 2010, February 2011 and December 2012 respectively.²⁶

The highest authority of the EAPP is the Council of Ministers in charge of electricity affairs in the participating countries. The Steering Committee (SC) is comprised of the Chief Executives of the member utilities,²⁷ all of which are wholly or partly state-owned and controlled, and therefore to some degree reflect the interests of their national governments. The SC oversees the activities of the Permanent Secretariat (Secretariat), which is headquartered in Addis Ababa, Ethiopia. The Secretariat is headed by an Executive Secretary and handles the day-to-day affairs of the EAPP. Its structures include Technical Subcommittees on Planning, Operations and Environment. Currently also housed at the Secretariat is the Independent Regulatory Board (IRB), which was created to provide regulatory services to the regional power market and which reports to the Council of Ministers.

Although the EAPP is a specialised institution of COMESA, it is completely autonomous, not only in terms of administrative functions, but also in terms of the setting and implementation of its agenda. Decisions of the Council of Ministers do not require COMESA endorsement before implementation. While a representative of the COMESA Energy Programme always attends meetings of the SC and Council of Ministers, COMESA does not intervene in the day-to-day affairs of the EAPP. The EAPP is also completely financially independent of COMESA.

The EAPP has undertaken various studies and capacity building activities in order to facilitate optimal regional power system development and an enabling environment for efficient power trade in eastern

²⁶ Tanzania (a member of the EAC and SADC, but not COMESA) is also a member of the SAPP, as is the DRC, which, like Burundi is also a member of the CAPP. Libya, meanwhile, is a member of the Comité Maghrébin de l'Electricité (COMELEC), the power pool for the Arab Maghreb Union (UMA). Hence, there is a degree of overlapping membership between EAPP and other African power pools.

²⁷ There are 12 participating utilities: REGIDESO (Burundi); SNEL (DRC); EEHC (Egypt); EEP (Ethiopia); KPLC (Kenya); KENGEN (Kenya); KETRACO (Kenya); REG (Rwanda); MWRE (Sudan); SETCO (Sudan); TANESCO (Tanzania); UETCL (Uganda); and SINELAC (Burundi-DRC-Rwanda).

Africa. Concrete achievements include the development of an EAPP/EAC Regional Power System Master Plan that identifies interconnection and generation projects for development in the EAPP region and establishes a common Grid Code (Interconnection Code) for EAPP member states, the establishment of the IRB (although more needs to be done to ensure that the IRB acts on a clear arms-length basis to the Secretariat, contrary to the present arrangement whereby the IRB is 'housed' within the EAPP Secretariat), the initiation of testing of a short term day-ahead market (although institutional capacity for this is constrained by a lack of staff) and the facilitation of capacity building (such as training workshops and study tours) on regional power trade-related issues.

The EAPP is a fairly young organisation, and its efforts to promote regional energy cooperation through enhanced interconnectivity and greater regional electric power trade are considered to be a positive step for the energy sector in eastern Africa. The EAPP provides a forum for countries in the region to prepare for regional electric power trade and in this regard has devoted its resources to preparing regulatory frameworks and building technical capacity for regional electric power trading. Nonetheless, these achievements have not yet generated significant progress on the realisation of the EAPP's core mandate to bring about an integrated regional electric power market.

There is a feeling among observers that the EAPP has not achieved as much in its first 10 years of existence as it should have. A 2013 study by the African Development Bank (AfDB) found, for example, that the EAPP had not yet developed system operation manuals and harmonised codes and standards for system operators, had not yet established a system control and coordination centre and had not yet implemented training and certification of system operators (AfDB, 2013). A number of shortcomings have been identified as possible causes of this perceived underperformance, and these are presented below.

Energy experts in the region have suggested that the EAPP suffers from a lack of appropriate strategic direction, that regional energy cooperation is proving too vague a mission for the EAPP, and that this vagueness is leading to incoherent strategies and creating the space for individual member state agendas to be followed (see Section 4.3. on actors and interests). There is no clear consensus on what needs to be done by individual EAPP member states/utilities at the country level (e.g. what restructuring is required) or on an appropriate strategy for the EAPP to build on such foundations. In addition, the EAPP does not appear to have pursued a strategic approach to cooperation with other regional entities dealing with energy, such as the Nile Equatorial Lakes Subsidiary Action Program (NELSAP) and Energie des Grands Lacs (See Section 4.3.2. on regional organisations). This lack of strategic direction is creating a sense among donors that their funding is being wasted, as strategic milestones are being missed.

The EAPP follows its Master Plan in laying the groundwork (e.g. through capacity building initiatives) for the establishment of a dynamic regional bidding market, a regional market for the purchase and sale of electric power at prices based on market forces. At the same time, however, much of the current work in the EAPP region on power interconnection projects and their enabling policy environments is taking place bi- or trilaterally, between national ministries/utilities, and in small working groups related to bi- or trilateral transmission lines and wheeling²⁸ and power purchasing agreements (PPAs), with the EAPP acting as a facilitator of planning studies during this asset creation phase.

While the principle of bilateral power trading is accepted as a de facto interim strategy pending the establishment of a fully integrated regional power market, the conclusion of bi- and trilateral PPAs and wheeling agreements in the region potentially weakens the rationale for the EAPP. This is because these agreements, many of which are relatively long-term arrangements, do not necessarily require the kind of

²⁸ Wheeling is the transportation of electric power over transmission lines.

regional regulatory framework provided by the EAPP (although an independent regional regulator such as the IRB still has a role to play in such an environment).²⁹ This situation has led to concern among some donors that the EAPP is not in a position to add significant value to ongoing generation projects, interconnections or their policy environments, and could in fact represent an obstacle to progress through these projects.³⁰

Targets set by EAPP action plans have been unrealistic and have led to the duplication of work on regional energy cooperation in eastern Africa. For example, establishing dynamic power trade by 2013 was highlighted as a strategic target in 2010. This target is now set for 2020, yet some of the bilateral trading agreements currently in force will remain in force well beyond that date. EAPP plans have also underestimated the time required to build power stations and overestimated supply capacity (AfDB, 2013). This has necessitated additional studies by other regional organisations such as NELSAP. Similarly, the EAPP's focus on the design of a dynamic bidding market, has led to donors committing additional resources to the design of more realistic (in the short term) bilateral trading arrangements. There is also a lack of accountability in relation to the non-delivery of EAPP plans.

The EAPP exhibits a very inward-focused approach, and the Secretariat appears to be content with acting as an official convenor of meetings, training and workshops. The vision of regional organisations such as COMESA of fostering regional integration through energy cooperation is not obviously reflected in the agendas of SC meetings or in the day-to-day activities of the Secretariat. These agendas and activities tend to be more concerned with operational tasks, such as holding and attending seminars, training, staff recruitment, performance appraisals, supervising consultants and the building of new headquarters and a Regional Operations and Control Centre, than with issues of more long-term, strategic importance such as addressing delays in regional projects and hosting/attending donor conferences and market promotion events. This choice of focus may result from the fact that until recently the Secretariat has been able to attract significant funding for capacity building activities, which are less politically challenging than addressing the various causes of delays in regional projects. Furthermore, the Secretariat does not appear to have been put under significant pressure by EAPP member states to play a more ambitious role.

Budgeting and financial management practices at the EAPP are inadequate. Budgeting procedures at the Secretariat are insufficiently transparent, creating the potential for duplication of funding by donors (BDO, 2014). In addition, the EAPP's financial management practices do not fully comply with generally accepted accounting principles (*idem*). There is also no clear evidence of the development of prudent corporate governance manuals by the Secretariat. The identification of this lack of transparency and accountability in EAPP financial management practices has led to certain donors suspending their support to the EAPP, potentially jeopardising the organisation's future (see Section 4.3.3. on donors).

The level of communication between the institutional organs of the EAPP, and in particular, between the Secretariat and the SC appears suboptimal. At a SC meeting held in Bujumbura, Burundi, in January 2015, at least some members of the SC had not been informed by the Secretariat of the recent, and notable, decision taken by donors to suspend/terminate their contributions to the EAPP in light of the findings of an audit of EAPP financial management practices. This suboptimal level of communication may relate to the fact that the CEO's of member utilities tend to have relatively short tenures, leading to frequent changes in the composition of the SC.

²⁹ The rationale for the EAPP will however be strengthened if the likes of the DRC, Ethiopia and Kenya, all of which have the potential to become significant electric power exporters in the not-too-distant future, seek to export surplus electric power beyond their immediate neighbours.

³⁰ For instance if it was to create or appropriate project approval authority for itself.

Finally, the centralisation of all EAPP functions and institutions in Addis Ababa has created a perception that the EAPP is subject to a strategy of 'Addis-centralism' and is dominated by Ethiopia. Previously mooted plans for the decentralisation of EAPP institutions (with the IRB to be based in Egypt and the Regional Market Operations Centre to be based in Nairobi) have been shelved, and no future plans for decentralisation are in place. Tensions around this perceived Addis-centralism and Ethiopian dominance have in turn apparently created divisions within the EAPP and among EAPP Secretariat staff in the past.

4.3. Actors and interests

4.3.1. EAPP member states

The ongoing construction of a number of interconnectors in the region suggests that the countries of eastern Africa are committed to engaging in electric power trade. However, it is not clear exactly how committed the region's governments are in practice to closer electric power integration and power pooling through the EAPP, as a number of EAPP member states continue to focus their attention on bilateral PPAs and the development of national generation capacity. The politics of electric power trade and power pooling plays out differently in each EAPP member state, but on the whole, domestic energy sector reform in EAPP member states has been slow, impeding EAPP progress towards open trading. While most countries in the region now allow participation by independent power producers, vertically integrated state-owned enterprises remain the only buyers in most EAPP member states and dominate domestic energy sectors. EAPP member states also appear to pursue different interests through their participation in the EAPP. Notably, no single EAPP member state appears to be driving electric power integration at the regional level. Ethiopia, arguably the single most dominant EAPP member state, seems to view participation in the organisation somewhat instrumentally, as a means to further specific national interests.

Ethiopia's hydropolitical ambitions in eastern Africa provide an important context to the country's pursuit of its strategic interests through the EAPP. In recent years, Ethiopia has invested heavily in efforts to exploit its vast hydropower potential through the implementation of a dam building programme involving projects such as the Grand Ethiopian Renaissance Dam (GERD) on the Blue Nile. This programme is intended to boost electricity production and consumption in Ethiopia and is a key component of the state-building project of the governing Ethiopian People's Revolutionary Democratic Front (EPRDF) (Verhoeven, 2015). It is also part of the country's long-term strategy of "regional integration through energy and water infrastructure" (*idem*). This strategy aims to tie the region to Ethiopia by exporting thousands of megawatts of electricity generated by the country's dams, and, by fostering interdependence on Ethiopia's terms, to shift the regional balance of power away from Nairobi, Khartoum and Cairo, and towards Addis Ababa (*idem*).

Due to the sheer volume of its reservoir, GERD is likely to undermine the "hydropolitical status-quo" that for decades gave Egypt disproportional influence in regional politics (*idem*). Indeed, the Declaration of Principles recently signed by Egypt, Ethiopia and Sudan to end a four-year dispute over Nile water sharing arrangements recognises the right of upstream countries such as Ethiopia to prioritise electricity generation and thereby reflects an acknowledgement of Ethiopia's enhanced status in the region and suggests that "Ethiopia's vision of regional integration under emerging Ethiopian hegemony is increasingly becoming a reality" (*idem*).

Given the strategic importance Ethiopia attaches to its hydropower exports (not to mention the potentially lucrative nature of these exports), the country is keen to be able to exercise some level of influence over the transmission and prices of these exports. A desire to exercise control over the transmission and prices

of power traded in eastern Africa appears to be an important factor behind Ethiopia's determination to centralise EAPP functions and institutions in Addis Ababa. Ethiopia has apparently resisted attempts in the past to decentralise the institutional footprint of the EAPP (including the planned establishment of the IRB in Egypt and a Regional Market Operations Centre in Kenya), and has influenced the EAPP's drive to build a new Regional Head Office and Regional Market Operations and Control Centre in Addis Ababa.

The centralisation of EAPP activities and functions in Addis Ababa, coupled with the fact that the EAPP's Technical Director is Ethiopian, is viewed as giving Ethiopia more clout than other EAPP member states in terms of shaping and driving the EAPP agenda. This clout may partly explain why the EAPP agenda does not put any emphasis on the restructuring of member state utilities so as to allow for non-discriminatory open access to transmission, despite such access being considered vital for effective power pooling.³¹ It is possible that this lack of emphasis is influenced by the fact that, in Ethiopia, power generation and transmission are the preserve of the state-owned and controlled, Ethiopian Electric Power Corporation (EEP). The EAPP's reluctance to press this issue may therefore reflect the Ethiopian government's desire for control over electric power trade in the region.

Ethiopia's commitment to closer electric power integration at the regional level are in any case questionable given that it continues to engage bilaterally on power trade in the region (it has negotiated bilateral agreements with Kenya, Tanzania and Rwanda), rather than pursuing engagement through the EAPP. Such bilateral arrangements appear to undermine the rationale for power pooling, which is meant to, among other things, reduce the transaction costs incurred through undertaking multiple bilateral power exchange arrangements. Ethiopia's impending dominance of electric power trade in the region coupled with its relative dominance of the EAPP itself, also appears to be creating tensions in the region and leading to distrust between EAPP member states.

Other member states with notable strategic interests in the EAPP include Kenya and Egypt. Kenya has historically relied on imports of electric power from Uganda, but has dramatically decreased its reliance on these imports through the recent development of its geothermal energy resources (Otuki, 2015). In light of this development, Kenya views the EAPP as an important mechanism for facilitating exports of future excess electric power capacity and for exploiting economic opportunities relating to the transportation of electric power over transmission lines (wheeling) in the region. It appears, however, less forceful than Ethiopia in pursuing its interests through the EAPP.

Although Kenya has three utilities represented on the SC, recent participation by its utilities in EAPP meetings has been lacklustre, and there have been occasions where none of its participating utilities attended a particular meeting. This lack of engagement at the political level – Kenya still participates actively at the technical level within the EAPP's Technical Subcommittee – has been ascribed to recent political manoeuvrings within the Secretariat. The previous Executive Secretary was Kenyan and was seen as pushing for decentralisation of EAPP functions and institutions (including the establishment of the Regional Market Operations Centre in Nairobi), a position which was met with some resistance, and which reportedly contributed to his departure from the EAPP.

Egypt is viewed by some as a 'blocker' of the EAPP agenda, and as having an interest in ensuring that the development of hydropower resources in the Nile Basin is limited. The recent diplomatic dispute involving Egypt and Ethiopia concerning the latter's construction of the GERD highlights Egyptian fears over the impact of increased hydropower development in the Nile Basin on the country's water security, and its

³¹ Providing non-discriminatory open access to transmission would involve allowing private sector actors to participate in the transmission of electric power.

political influence in the region (Nader, 2015). Such fears explain why Egypt has repeatedly sought to obstruct planned developments in the region. On this, Egypt has tended to receive the support of Sudan, whose ruling National Congress Party views Ethiopia's hydro-strategy as a risk to its own dam-building ambitions and to Sudan's national security (Verhoeven, 2011).

Sudan's support of Egyptian positions at the EAPP reflects a tendency towards the formation of sub-regional coalitions on energy cooperation in eastern Africa, both within the EAPP, and through other regional fora. EAC member states have in the past supported the idea of establishing a dedicated EAC power pool, and Tanzania and Uganda were reluctant to join the EAPP, as they favoured joining an EAC power pool.³² Burundi, DRC and Rwanda, meanwhile, have pursued common agendas at the EAPP and also engage in energy cooperation through *Energie des Grands Lacs*.

EAPP activities should in theory exhibit a high degree of ownership by EAPP member states given: a) member states' expressed support for the principle of power pooling; b) the fact that the EAPP Master Plan was developed on the basis of existing national master plans of EAPP member states; and c) member states provide oversight to the organisation through the SC and Council of Ministers. Nevertheless, actual member state commitment to the EAPP appears somewhat shallow in practice and subject to the pursuit of narrow national interests. This is evident in the irregular attendance of SC meetings by some member utilities and the fact that some have failed to pay their membership contributions on time.³³ Some member states are described as being unhappy with the EAPP due to the failure to decentralise EAPP functions and institutions (e.g. Kenya and Rwanda were both hoping to host EAPP institutions). Others, notably the Great Lakes countries (Burundi, DRC, Rwanda), apparently feel marginalised in the context of EAPP participation, and are exploring alternative arrangements to facilitate regional electric power trade (see Section 4.3.2 on regional organisations).

4.3.2. Regional organisations

Eastern Africa is characterised by a high number of RECs and regional or sub-regional intergovernmental bodies, and many of these have a mandate to play some kind of role in developing energy policies and/or infrastructure in the region. Most relevant in this regard are COMESA itself, for which the EAPP is a specialised institution, the EAC, the Nile Basin Initiative and its subsidiary – the Nile Equatorial Lakes Subsidiary Action Program (NELSAP) – and *Energie des Grands Lacs* (EGL), an international organisation formed under the auspices of the *Communauté Economique des Pays des Grands Lacs* (CEPGL).

COMESA is not significantly involved in the implementation of the EAPP agenda. Indeed, due to its focus on regional energy policy and regulation, and the lack of capacity in the COMESA Energy Programme (which has just one permanent staff member), COMESA is not really able to intervene in the EAPP at an operational level. Instead, COMESA's main role vis-à-vis the EAPP is to provide a level of oversight and 'political cover'. The EAPP Secretary General reports on EAPP activities to COMESA infrastructure meetings, from where issues can be taken to the COMESA Council of Ministers and, ultimately, COMESA Heads of State Summits. The COMESA Secretary General is able to communicate on EAPP issues directly to COMESA member state Ministers, and has done so in the past to prompt action on certain issues. The relevant COMESA policy organs can also issue directives to COMESA member states in relation to the EAPP. In these ways, anchorage in COMESA gives the EAPP more political clout. In addition to this role, COMESA has also acted as a financial intermediary between donors and the EAPP,

³² Tanzania is also a member of the Southern Africa Power Pool.

³³ EAPP Financial Statements for year end 31 March 2013 show that 4 member utilities had not yet paid their dues for 2012 or 2013 (BDO, 2014).

with USAID, for example, using its financing agreement with COMESA to disburse funding to the EAPP through the COMESA Secretariat.

Opinions over the appropriateness of the current COMESA-EAPP relationship are somewhat divided. Some view the current arrangement as too indirect and believe that COMESA should have more hands-on involvement in the running of the EAPP. The COMESA Secretariat, however, is content with its current working relationship with the EAPP and is not seeking any changes to the institutional relationship established through COMESA's MOU with the EAPP. Nevertheless, the COMESA Secretariat has indicated a willingness to more actively support the EAPP with institutional capacity building, especially in light of the administrative shortcomings highlighted in a recent assessment of the EAPP (See Section 4.3.3. on donors). In this regard, the COMESA Secretariat hosted a visit by the EAPP Secretariat in February 2015 to discuss how best to implement a COMESA proposal to strengthen EAPP monitoring systems. During the visit, the COMESA Secretariat identified a number of areas in which it could assist the EAPP Secretariat and provided the latter with administrative instruments (such as COMESA's procurement rules and regulations) that it could use to improve its internal systems.

The EAC has not been a driving force in terms of the EAPP agenda, although recent developments suggest that it may be starting to throw its support more firmly behind the EAPP. The EAC's role vis-à-vis the EAPP has been to promote projects that are considered to be priorities for the EAC sub-region, to develop funding proposals for these projects and, once a donor has indicated an interest in a particular priority project, to negotiate (in conjunction with the relevant EAC member state) funding for it. The EAC Secretariat, in conjunction with a technical working group drawn from the EAC member states, has developed a dossier of priority projects that it updates regularly for this purpose. In the past the EAC has also explored alternative arrangements to the EAPP. During the preparation of the EAPP Master Plan, which was prepared jointly for the EAPP and the EAC, the EAC pushed for the development of an EAC-specific plan (and grid code), and an EAC Master Plan was ultimately extracted from the broader EAPP Master Plan. The EAC also began developing plans to establish an EAC power pool, but these plans appear to have been shelved in recognition of the duplication of efforts that establishing a dedicated EAC power pool would involve (Ligami, 2015).

Other important regional organisations operating in the field of power trade in eastern Africa include EGL and the Nile Basin Initiative (NBI) and its two flagship programmes on energy, NELSAP and the Eastern Nile Subsidiary Action Program (ENSAP). NBI, established in 1999, supports integrated water resource management among its ten member countries, while NELSAP and ENSAP are tasked with, among other things, coordinating the development of regional energy infrastructure. NBI/NELSAP has completed an extensive capacity building programme for regional power trade, the Nile Basin Regional Power Trade Project, and NELSAP has also sought support for the establishment of a power pool in the Great Lakes Region. EGL, meanwhile, is mandated by Burundi, DRC and Rwanda to help deliver energy infrastructure projects to the Great Lakes sub-region, and its current focus is very much on the development of the Ruzizi III hydropower plant on the Ruzizi River, which forms the border between the DRC and Rwanda.

The EAPP has not cooperated effectively with other regional organisations such as NELSAP and EGL, or with the project implementation units in charge of on-going interconnection projects in the region. In turn, these entities do not keep the EAPP Secretariat sufficiently updated on their work. Official meetings between the EAPP, NELSAP and EGL have been held, but relatively infrequently. The most recent such meeting was convened in June 2015 with the purpose of exploring better ways to coordinate efforts and the establishment of a regional coordination mechanism, suggesting that more effective cooperation between

these organisations may soon materialise. It should be noted, however, that this meeting was convened at the behest of the EAC, and not the EAPP, NELSAP or EGL.

There would appear to be a good rationale for the EAPP to take a leadership role on regional energy cooperation in eastern Africa and to support other regional organisations to shape the regional power market, but the EAPP does not seem to be particularly interested in such an agenda. This might be because the EAPP sees these other organisations as rivals in the potentially lucrative field of asset creation, because the EAPP Secretariat is too preoccupied with internal institutional matters to develop and/or implement a strategy for engaging with these other organisations or because individual member states that have the most influence on the EAPP agenda (e.g. Ethiopia, Kenya) do not see much value in EAPP engagement with organisations such as NELSAP and EGL. It may even be in the interest of EAPP member states to have access to multiple channels through which they can pursue their interests in the area of regional energy cooperation.

4.3.3. Donors

The EAPP is almost entirely dependent on donors for financial support for its activities and investments. Of the total draft budget of \$4,241,880 submitted by the Secretariat to the SC for fiscal year 2012-2013, donors were earmarked to contribute \$3,724,000 (88%), with the Norwegian Ministry of Foreign Affairs (MFA), supported by the Swedish International Development Cooperation Agency (Sida), contributing \$2,624,000 (62%), and member utilities contributing \$517,880 (12%). Other contributions were to come from the EU (12%), World Bank (12%) and USAID (2%). While the contributions from member utilities would fully cover salaries (which represented 7% of the total budget) and operational costs (1.5% of total budget), donors were earmarked to contribute 97% of activity costs (83% of total budget) and 90% of investment costs (8% of total budget). These figures suggest that while the EAPP is almost entirely dependent on donors to finance its projects, it is not as reliant on donors for institutional support, such as support for salaries and other operational costs.

The Norwegian MFA has been the single largest provider of financial support to the EAPP in recent years. Between 2009 and 2011, the EAPP received financial support from the Norwegian MFA totalling approximately NOK 15 million (US\$2.2m) for a programme to operationalise the EAPP Coordination Centre and the IRB, neither of which was achieved during the life of this grant (AfDB, 2013; BDO, 2014). The Norwegian MFA provided a follow up grant of NOK 15 million for phase 2 of the programme, covering 2012-2014, and Sida contributed SEK 12 million channelled through the Norwegian MFA programme (BDO, 2014). In 2014 this contribution represented over half of the EAPP budget.

In early 2014, the Norwegian MFA commissioned BDO Norway, a member of the international accountancy firm BDO International Limited, to carry out an assessment of the EAPP's internal financial controls and the effectiveness of its financial governance, paying special attention to the routines and policies in place for per diem payments. The assessment identified significant and/or extensive deficiencies in the key controls tested, including: a lack of satisfactory preventive measures to protect the EAPP from embezzlement or misuse of funds; a lack of proper payments authorisation procedures and cash handling routines; extensive use of double financed per diem allowances; a lack of segregation of duties; and an absence of original documents and/or related contracts. In light of these findings, the Norwegian MFA, supported by Sida, froze further disbursements to the EAPP pending the fulfilment of a set of conditions to remedy the findings of the BDO assessment. The EAPP has since indicated its readiness to address these conditions.

The EU was, until recently, also one of the main donors to the EAPP. Between 2008 and 2012 it supported a €2.7m project which sought to strengthen the capability of the EAPP Secretariat to contribute to the

improved integration of the region's electricity markets (AfDB, 2013). In 2012 it initiated support to a €1.7m project aimed at strengthening the capacity of the EAPP in planning and technical issues related to interconnected networks and regulatory issues, especially at regional level (idem). This project which had been intended to run for 30 months, was suspended following the completion of the BDO assessment, at which point €500,000 in funding had already been disbursed. EU support to the EAPP was channelled through a consultancy, AETS, and monitored by the EU Delegation to Ethiopia in Addis Ababa (idem).

Other important donors to the EAPP have included the World Bank and the United States Agency for International Development (USAID). USAID's support to the EAPP (and IRB) has included: technical assistance (support to power pool operations and the development of rules for power pool and market operation, organisation staffing, computerised tool development and environmental impact assessment); capacity building (training and workshops); and a grant (channelled through COMESA) to finance institutional strengthening and the integration of renewable energy resources in the EAPP Regional Master Plan. The United Kingdom's Department for International Development (DfID), meanwhile, is apparently keen to start supporting the integration of national power systems in eastern Africa, and therefore could become a key backer of the EAPP in the future.

Given the EAPP's dependence on donor funding, especially for activities and investments, there is a risk that the implementation of the EAPP agenda is skewed to those areas that donors are willing to support. This is not to say that the EAPP projects that have been funded by donors are not priorities of EAPP member states or that the preferences of EAPP member states on regional power trade differ significantly from those of donors. Certainly, most stakeholders, including member state representatives, would agree that there is a need for capacity building on electric power trade in the region, as well as a need for the development of appropriate policy frameworks – precisely the kinds of EAPP activities that donors have been funding. Nevertheless, the level of dependence on donor funding for these activities does pose a risk that the EAPP agenda is developed with one eye on what donors are willing to fund, and/or that only those activities on the EAPP agenda that attract donor funding are implemented. In this regard, at an Extraordinary SC Meeting held in Addis Ababa on 27 March 2015, the majority of the members of the SC agreed in principle to a Secretariat proposal for increased financial contributions from member utilities (but only from 2016). Apart from this agreement, however, there do not appear to be any concrete plans in place to reduce EAPP dependence on donor funding.

Donor coordination with regard to support for the EAPP and its capacity building work has not always been completely effective in the past, and appears to have been based on slightly differing views among donors on what constitutes an appropriate 'roadmap' and timeframe for the operationalisation of an integrated regional power market in eastern Africa. However, of late there have been signs of improved coordination among donors, including a series of donor meetings convened to, among other things, build consensus around a long-term roadmap for regional power integration, discuss the role of donors and ensure greater coordination among donors.

In addition, donors have made attempts to work with the EAPP Secretariat to develop the regional power market in a more systematic way than is currently happening, but these attempts have been met with resistance by the Secretariat. Instead, the Secretariat has preferred to lobby donors to provide funding for organisational overheads (e.g. rent, internet upgrades) and capacity building efforts (estimated to cost \$17 million over the next 5 years) and to 'operationalise' the Regional Coordination Centre (possibly including funding the construction of new EAPP headquarters in Addis Ababa). The Secretariat has also resisted pressure from donors to reform its policy of allowing 'double' per diems for officials.

Finally, in light of the challenges that have complicated attempts to promote regional electric power integration through the EAPP, including challenges relating to institutional shortcomings within the EAPP and apparent lack of member state commitment to power pooling through the EAPP, donors are making a greater effort to understand the political economy of electric power integration in eastern Africa, in order to ensure their support for the objectives of regional electric power integration is more effective.

4.4. Conclusion and key findings

The COMESA region is characterised by abundant, but underdeveloped and unevenly distributed energy resources, inadequate electric power generation and transmission infrastructure, low electrification rates and high electricity costs. Given the importance of sufficient, affordable and reliable electricity for economic growth, and the potential gains from power pooling, there is a strong economic rationale for the development of an integrated electric power market in eastern Africa. This would also provide support to COMESA's trade and investment agenda by boosting the competitiveness of the region's firms and creating a more conducive environment for investment in the region's energy sector and industries. As the above analysis has shown, however, a number of factors have hampered EAPP efforts to deliver an integrated regional power market in eastern Africa within the timeframes it has set itself. These factors are briefly summarised below.

In terms of *foundational and structural factors*, the economic and infrastructural underdevelopment of eastern Africa means that the EAPP region lacks well-developed electric power grid interconnections (although much work is currently underway at the bi- and trilateral level to address this) and sufficient generating capacity, two important preconditions for effective power pooling. Furthermore, the distribution of energy resources within the region is such that Ethiopia is likely to become the dominant force in electric power generation in the region. This is a potential source of tension given Ethiopia's desire to be a regional power (and its vision for using electric power exports as a tool for achieving this aim) and existing Ethiopia-Egypt tensions over the region's water resources.

Institutional factors have also affected the EAPP's ability to deliver an integrated regional power market. The lack of strategic vision within the EAPP and its apparent inability to provide effective leadership on electric power trade in the region has resulted in EAPP member states engaging bilaterally, trilaterally and/or with other regional organisations on issues that are of direct relevance to the establishment of a regional power pool. Compounding this is the fact that the EAPP's administrative shortcomings, especially in the area of fiscal management, have had the effect of shifting attention (of the EAPP and, to some degree, of donors) inwards, towards the inner-workings of the EAPP as an organisation, and away from its regional power trade agenda.

With regard to the impact of *relevant actors and their interests*, EAPP member states do not appear fully committed to the creation of an integrated power pool under the auspices of the EAPP. While at the level of rhetoric, member states profess commitment to the EAPP, in practice, their interests in the EAPP have been either narrower than the development of an integrated EAPP market, or split between the EAPP and other power trading initiatives, including bi- and trilateral arrangements and exploring possibilities for the establishment of power pools specific to the EAC and Great Lakes countries (Burundi, DRC and Rwanda) respectively. This possibly reflects the fact that on particular issues relating to regional electric power trade, some EAPP member states believe their interests are better served by other regional organisations.

Ethiopia, arguably the most important EAPP member state given its influence in the EAPP and its emergence as a regional energy hegemon, has a strong interest in exporting its future electric power

surpluses to its neighbours. The country appears, however, to be happy to use bilateral arrangements to achieve this end, possibly because this does not necessitate significant restructuring of its domestic energy sector. Certainly, Ethiopia does not seem to be leveraging its influence at the EAPP to drive the institution towards the ultimate goal of an integrated power market. The perceived dominance of the EAPP by Ethiopia has also generated tensions between member states, leading to reduced trust and mutual confidence within the EAPP, two important elements for the success of any regional power pool.

The EAPP, meanwhile, has devoted insufficient effort in the past to support or collaborate meaningfully with other organisations working on regional electric power trade in eastern Africa, such as NELSAP and EGL. This may be because these organisations see each other as competitors in the potentially lucrative field of asset creation or because EAPP member states prefer to pursue different agendas through different regional organisations. The upshot is that work relevant to regional electric power trade in eastern Africa is spread across a number of organisations and initiatives, with insufficient coordination, creating the potential for efforts to be duplicated and for resources to be used sub-optimally.

Despite the significant influence that donors potentially have on the EAPP given the organisation's reliance on donor funding, the EAPP's main donors have had somewhat limited success in urging the EAPP to adopt a more systematic approach to the establishment of a regional electric power market. Insufficient donor coordination in the past (possibly due to different views on appropriate timelines for and approaches to the creation of regional power pools), coupled with a willingness by donors to devote significant funds to capacity building, may also have contributed to the current state of affairs whereby the EAPP appears to be more comfortable playing the relatively unambitious role of an official convenor of meetings, training and workshops, rather than taking an active lead in the development of an integrated regional power market.

The factors highlighted above are not all specific to the EAPP. All African power pools lack sufficient and adequate interconnection infrastructure and sufficient generating capacity, including the Southern African Power Pool (SAPP), which is often held up as a success story among African power pools, but is characterised by an "incomplete power grid with poor and failure prone interconnectors" and is not currently facilitating particularly significant levels of regional electric power trade (Muntschick, 2013).³⁴ Donor interests and pressures have also had a somewhat ambiguous impact on the SAPP agenda, evident in the push for the establishment of the SAPP's Day Ahead Market, despite diminished potential for regional power trade through the SAPP (*idem*).

Ultimately, the EAPP is a relatively young organisation that may yet overcome its various institutional shortcomings. It is clear, however, that, despite its specialised, functional nature and focused agenda, the EAPP still faces significant challenges in attempting to fulfil its mandate. Notably, member states do not appear fully committed to pursuing their power trade-related interests through the EAPP, which raises questions about what the EAPP is actually for. Regional cooperation on electric power generation and exchange is currently taking place in eastern Africa, but in many cases this is happening outside of the EAPP. Questions have been raised regarding the ability of the EAPP to add value to these ongoing efforts and to leverage them for the creation of a truly integrated regional power market. While donors appear keen to support the EAPP in this endeavour (provided the organisation sorts out its internal management issues), such an approach will only materialise if that is actually what the EAPP member states want.

³⁴ Indeed, the effectiveness of the SAPP appears to have been reduced in parallel with dwindling capacity in its main electricity-producing member state, South Africa, which dominates electricity supply and trade in Southern Africa, but is facing domestic supply shortfalls due to years of underinvestment in generating capacity (Muntschick, 2013).

A clear strategic vision is required for the EAPP, one that sets out an ambitious but realistic agenda based on what it is that member states want the organisation to do, and that details how the EAPP intends to work with other relevant stakeholders (including regional organisations such as NELSAP) in the electric power generation and transmission sector in eastern Africa. This vision should be clear on what reform is required in EAPP member states (faster, deeper and/or more extensive reform should be encouraged where appropriate) and how exactly the EAPP and other regional organisations will build on this reform. The vision should also be clear on how the EAPP and other regional organisations intend to add value to ongoing work on the development of generation and transmission infrastructure at the national and bilateral level without blocking or constraining this work, as further infrastructure development will be crucial for the long-term development of an integrated regional electric power market.

If EAPP member states do indeed share a common goal of establishing an integrated regional electric power market, then they also need to play a more active role in supporting the EAPP (including, where possible, by pursuing their regional electric power trade goals through the EAPP), holding it accountable for its output and continuing or accelerating domestic reform efforts in such a way as to facilitate the development of such a market. Efforts should also be made by EAPP member states, with the support of the EAPP and other regional organisations, to exploit areas of shared interest and to address tensions around potential domination (and disproportionate appropriation of benefits) by any member state.

Finally, donors wishing to support an ambitious but realistic EAPP agenda should support the EAPP to improve its internal management procedures and address any other pressing capacity constraints, so that the organisation has the full trust of all its stakeholders. Importantly, donors should also seek to ensure that their support becomes more than simply a source of funds for capacity building exercises, and that it is used to further the shared goals of power pooling in eastern Africa. At the same time donors should continue to support ongoing work to develop the infrastructure required for the successful operation of a regional electric power market and should push the EAPP and other regional organisations to collaborate more closely.

5. Overall conclusions

This study has sought to uncover the main political economy dynamics that determine how COMESA sets and implements its agenda, by focusing on COMESA as an institution, as well as on two specific thematic areas of COMESA's agenda: i) trade and economic integration; and ii) electric power trade through the EAPP. Using, where appropriate, the five lenses described in the introduction to this report, it has attempted to identify the most important historical, structural and institutional factors affecting the COMESA agenda and to show how these factors influence regional cooperation and integration in COMESA. The study has also attempted to identify the main actors, both within the region and external to it, that have impacted the COMESA agenda, and to describe how and why they have done so. Although this study is not exhaustive, the analysis points to a number of important findings from the selected case studies to illustrate important political economy dynamics at play in the COMESA region.

5.1. Key findings

This study has shown that particular *foundational and structural factors* have impacted the development and implementation of COMESA's agenda. In line with its historical origins as a preferential trade area and building block for the African Economic Community, COMESA has sought to carve a niche for itself as a REC devoted primarily to trade and economic integration. This can be seen in the heavy emphasis on trade- and economic integration-related programmes evident in MTSP 2011-15, and the importance that is attached (by the COMESA Secretariat, member states and donors) to COMESA's trade-related programmes. COMESA's agenda includes formal trade integration complemented by specific programmes that seek to facilitate intra-regional trade through improving trade and transport infrastructure and boosting the region's supply side capacity. This focus on trade as a niche in the overcrowded market of African RECs makes sense from the point of view that COMESA member states are all to some degree keen on increasing their capacity to trade with the region and beyond (at least in the sense of wanting to export more of their own goods and services).

The sheer size and heterogenous nature of COMESA's membership, however, creates obstacles to the effective implementation of COMESA's regional integration agenda. The diverse array of development levels, geographic circumstances, resource endowments, political settlements and national interests represented in COMESA makes regional collective action and the identification of common priorities more difficult (especially given the absence of a genuine regional hegemon willing to underwrite regional cooperation). In addition, this diversity, and the differing incentives that it creates, results in different modalities of engagement by COMESA member states in regional processes. Hydro-rich, but relatively underdeveloped, Ethiopia engages actively in the EAPP, as it seeks to become a significant energy exporter. But at the same time, the country is wary of joining the COMESA FTA given the effects this might have on its domestic industries. By contrast, Mauritius, a relatively more developed island state, does not participate in the EAPP and has little interest in certain elements of the regional trade facilitation agenda (e.g. axle load regulations), yet is keen to see progress on other areas of the COMESA agenda pertaining to the regional business environment.

Other structural factors, including low levels of economic complementarity and interdependence among COMESA member states (which reduce opportunities and demand for regional integration) and the underdeveloped nature of electric power generation and transmission infrastructure in the region (which limits the potential of regional trade in electric power under the EAPP) also continue to affect the pace of regional integration within COMESA.

Institutional factors are also relevant to the political economy of regional integration in COMESA. An important finding of this study has been the fact that formal COMESA institutions have been unable to generate effective and timely regional cooperation and integration where their objectives or *modus operandi* have clashed with prevailing norms and practices or have come up against an unfavourable incentive environment. While COMESA and its various institutional bodies, such as the EAPP, are affected by very real capacity constraints that do indeed affect their ability to promote regional integration and cooperation, a far greater obstacle to the implementation of COMESA's agenda is the fact that formal COMESA institutions are not always supported by the norms and practices of member states.

For instance, the implementation of COMESA's formal economic integration agenda has been slowed by the non-implementation of COMESA agreements and decisions by member states, which in turn results from a lack of incentives for implementation as well as a lack of sanction for non-implementation. This lack of sanction also reflects a disconnect between formal institutions and prevailing norms. While the COMESA Court of Justice has been established in order to promote compliance with COMESA agreements, this mechanism is underutilised in practice, as COMESA member states simply do not bring disputes against one another. Similarly, in the context of the EAPP, formal institutions to promote the development of a regional energy market have been established, yet EAPP member states continue to pursue their energy trade objectives through bilateral arrangements and other regional fora. While these examples show that the formal institutions of regional integration and cooperation are not always wholly consistent with existing practices and incentives, the example of RISM shows that within COMESA there is some scope for altering practices and regional incentive environments through formal institutions.

With regard to *key actors and their interests*, one of the most important findings of this study is that despite rhetoric to the contrary, in practice, COMESA member states do not appear to prioritise regional integration and cooperation through COMESA and COMESA institutions. They provide relatively little financial support to COMESA and its institutions (which contributes to weak capacity in these institutions and a overreliance on donor funding), they appear somewhat disinterested in engaging with COMESA on certain issues (e.g. gender) and, most notably, they have not consistently transposed and implemented COMESA decisions and agreements.

COMESA member states also engage on regional issues through other regional organisations and processes. For example, most COMESA member states are active members of other RECs, while some EAPP member states engage on regional energy cooperation and trade through other regional organisations such as NELSAP and EGL. This suggests that, in line with their diverse array of interests and circumstances, COMESA member states participate in COMESA and its associated institutions in order to pursue particular (usually trade-related) strategic interests, rather than out of a desire to promote region-building and foster a regional identity, and that they are more than happy to engage in other regional fora on issues which they believe to be better addressed there.

The impact of private sector and civil society actors on COMESA's regional integration agenda, meanwhile, appears relatively minimal. While there is some evidence of effective private sector engagement with COMESA on certain issues, the private sector in COMESA is weakly organised at the regional level, and private sector engagement on regional issues tends to take place through national channels. Such engagement also tends to be issue-, country- or industry-specific, and as a result, it is difficult to identify a regional private sector position in COMESA. The same can be said of civil society engagement with COMESA, which has been characterised as piecemeal.

Donors play a prominent role in supporting COMESA and its associated institutions and regional programmes, not least by providing the bulk of funding for these institutions and programmes. Donor support has not, however, sufficiently addressed capacity constraints and organisational shortcomings within the COMESA Secretariat and associated COMESA institutions, and may in fact have created additional challenges by, for example, establishing thematic programmes that have then tended to work in silos and have not integrated effectively into COMESA structures. Donor funding has also been widely criticised for diluting member state ownership of the COMESA agenda – by encouraging COMESA to develop programmes in line with donor funding priorities and providing member states with an opportunity to free ride on donor-funded regional programmes – and for establishing potentially unsustainable regional programmes and processes. Donors, for the most part, appear to be at least somewhat aware of these issues and keen to address them, even if they are yet to solve them.

In summary, COMESA is a trade-focused REC whose agenda also encompasses a number of programmes aimed at supporting the productive capabilities of its member states. Over time, and with the support of donors, COMESA has developed numerous formal institutions to promote its regional integration agenda. However, this increasing institutionalisation has taken place in an environment of weak enforcement (due largely to norms around sovereignty), limited non-state actor involvement and a diverse array of national circumstances, interests and priorities. This has resulted in member states not prioritising regional cooperation and integration through COMESA institutions in practice and not consistently implementing COMESA agreements and policies – leading to slow progress on COMESA's regional integration agenda. In a sense, despite grand rhetoric and ambitions, in practice, COMESA today appears less a wholesale political project aimed at region building, and more an aggregation of specific initiatives to promote supply side capacity in its member states and facilitate increased trade between them.

5.2. Implications

This analysis suggests that the diversity of interests represented in COMESA's membership and the apparent lack of member state commitment to supporting and/or driving regional organisations, institutions and processes have been significant factors behind the slow and uneven implementation of COMESA's regional integration agenda. Based on the implementation record of regional commitments by COMESA member states, the level of donor dependency of COMESA programmes, the argument could be made that many COMESA programmes owe their continued existence largely, if not exclusively, to donor support. It could further be argued that this support has allowed COMESA member states to free ride on donor-sponsored regional public goods. On a more positive note, regional cooperation is taking place in eastern and southern Africa, including both within the context of formal COMESA institutions and processes and in other less formal fora. Furthermore, progress on COMESA's integration agenda has been made where regional institutions and processes have been aligned with specific national interests. For instance, RISM has been able to improve monitoring and reporting of transposition and implementation by member states, as it has provided financial incentives to member states, which they are able to use for specific national objectives. Aligning such interests more broadly nevertheless remains a challenge.

Two important implications can be drawn from this analysis. First, in order to be effective, formal institutions and processes established to promote regional cooperation and/or integration within COMESA need to navigate and respond to the national interests of COMESA member states and/or to shift the incentive environment in which these member states operate towards being more conducive to regional cooperation and integration. Formal mechanisms to promote regional integration and cooperation in COMESA are unlikely to be successful unless they are somewhat aligned with the national interests of member states (however these are determined), or unless they provide specific incentives for member states to engage in regional cooperation and integration. Second, the focus of efforts to promote regional cooperation within

COMESA should not fall exclusively on formal COMESA institutions. COMESA member states are active across a wide array of formal and not-so-formal regional organisations and initiatives and tend to view such organisations and initiatives in very instrumental terms, preferring to engage in whichever fora offers the best means for achieving an intended objective. Focusing exclusively on formal COMESA institutions and processes risks missing out on the opportunities other, potentially more flexible, regional arrangements could provide for facilitating mutually beneficial regional cooperation.

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