

# POLITICAL ECONOMY OF REGIONAL INTEGRATION IN AFRICA

**WHAT DRIVES AND CONSTRAINS REGIONAL ORGANISATIONS?**

Jan Vanheukelom, Bruce Byiers, San Bilal and Sean Woolfrey



**SYNTHESIS  
REPORT**

*ecdpm*

# The political economy of regional integration in Africa

*What drives and constrains regional organisations?*

Synthesis Report

Jan Vanheukelom, Bruce Byiers, San Bilal  
and Sean Woolfrey

January 2016



## Table of Contents

Acknowledgements.....	i
Acronyms.....	ii
Executive Summary.....	iii
1. Introduction.....	1
1.1. Why a political economy study of regional organisations in Africa?.....	1
1.2. The basis for this synthesis report.....	1
1.3. Implications - alter, adapt, avoid or await?.....	4
1.4. Methodology of the six studies.....	5
1.5. Structure of the synthesis report.....	6
2. Key findings from the six regional studies.....	7
2.1. The effect of foundational factors.....	7
2.2. Institutional form and function.....	9
2.3. Actor rhetoric and signalling.....	13
2.4. Elites and ‘national interests’.....	16
2.5. The role of hegemons.....	20
2.6. Leadership and individuals.....	22
2.7. Private sector and civil society interests.....	24
2.8. Sector-specific political economies.....	27
2.9. External factors: donor influences.....	30
2.10. Critical junctures.....	34
3. Conclusions.....	36
3.1. Key characteristics of the approach.....	36
3.2. Major findings.....	36
3.3. Implications.....	39
Bibliography.....	42

## List of Boxes

Box 1: Key findings.....	38
--------------------------	----

## List of Figures

Figure 1: Five lenses of the political economy framework.....	3
Figure 2: Africa’s Overlapping REC Memberships.....	18

## List of Tables

Table 1: Summary of RECs and sectors covered.....	2
---	---

## Acknowledgements

This synthesis report is part of a broader study analysing the political economy of the African Union and five Regional Economic Communities in Africa. It is funded by the Embassy of Sweden in Nairobi, implemented by ECDPM with Jan Vanheukelom as team leader.

The authors acknowledge the support of the Government of Sweden, as well as the contributions from the experts who contributed to the six regional studies, the Swedish Quality Assurance Group, experts at the Swedish embassies and headquarters, the many African partners who dedicated time to share their insights and wisdom during the many interviews, and colleagues at ECDPM. The valuable comments of Geert Laporte, Jean Bossuyt and Walter Kennes, as well as the graphic design work of Yaseena van 't Hoff, are greatly acknowledged.

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

## Acronyms

AfDB	African Development Bank
AGRA	Alliance for a Green Revolution in Africa
ANC	African National Congress
AU	African Union
AUC	African Union Commission
CAADP	Comprehensive Africa Agriculture Development Programme
CEN-SAD	Community of Sahel-Saharan States
COMESA	Common Market for East and Southern Africa
CSO	Civil Society Organisation
EAC	East African Community
EAPP	Eastern Africa Power Pool
EC	European Commission
ECCAS	Economic Community of Central African States
ECOSOCC	Economic, Social and Cultural Council of the African Union
ECOWAS	Economic Community of West African States
EU	European Union
FTA	Free Trade Agreement
IGAD	Intergovernmental Authority on Development
LAPSSET	Lamu Port-South Sudan-Ethiopia Transport
NEPAD	New Partnership for Africa's Development
NGO	Non-governmental organisation
PERIA	Political Economy of Regional Integration in Africa
PIDA	Programme for Infrastructure Development
REC	Regional Economic Community
RI	Regional Integration
SADC	Southern African Development Community
SAPP	Southern African Power Pool
Sida	Swedish International Development Cooperation Agency
TFCA	Transfrontier Conservation Areas
TWP	Thinking and Working Politically
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
WAEMU	West African Economic and Monetary Union
WB	World Bank

## Executive Summary

### Why a political economy study of regional organisations in Africa?

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

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

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

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

### This report

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

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

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

The studies use a 'five-lens' approach to systematise information on: the role of structural or foundational factors; the role of institutional factors, including both formal and informal 'rules of the game'; the power and interests of different 'actors' and groups operating within these institutions; the sectoral characteristics that affect political economy considerations; and external factors and influences, not least donor finance.

The approach aims to uncover why the dynamics around each of the regional organisations unfold as they do, rather than judging how they ought to be according to 'best practice' or model trajectories. By systematically examining the different actors and factors that affect the way these six regional

<sup>1</sup> Nkosazana Dlamini-Zuma speaking at the OECD Forum on Africa in Paris, 6 October 2014.

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



organisations work, the studies aim to increase understanding of what shapes incentives and therefore what is technically and politically feasible in a particular policy area and regional context.

## Ten key findings

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

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

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

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

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

Peace and security in the AU, ECOWAS, and IGAD is an area where regional institutions do seem to fulfill clear functions. Another case is SADC's contributions to Transfrontier Conservation Areas (TFCAs) in Southern Africa. In both cases there were pressures for performance by powerful stakeholders in member states or - as with TFCAs - by cross-country coalitions around solving problems of common interest.

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

have difficulty gaining traction over other national priority areas, particularly given limited costs to non-compliance by member states with regional decisions.

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

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

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

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

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

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

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

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

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

Poorly managed and targeted aid is partly to blame for incentivising empty signalling of reforms by regional organisations, agenda inflation, reduced ownership, and missed opportunities to strengthen institutional functions that are pivotal for the governance of regional organisations.

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

## Implications

One implication of these findings is that the vision of regional integration as a linear path is just that, a vision. This highlights the need for policy-makers to 'think and work politically' or 'do development

differently’;<sup>3</sup> to build flexibility and adaptability into reforms and interventions or, in other words, to “plan for sailboats, not trains”.<sup>4</sup>

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

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

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

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

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

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

---

<sup>3</sup> “The case for thinking and working politically”: <http://publications.dlprog.org/TWP.pdf>

<sup>4</sup> Kleinfeld, R., 2015, [http://carnegieendowment.org/files/devt\\_design\\_implementation.pdf](http://carnegieendowment.org/files/devt_design_implementation.pdf)

# 1. Introduction

## 1.1. Why a political economy study of regional organisations in Africa?

There is wide recognition that regional cooperation and regional integration are vital to tackle development challenges that cannot be solved at a national level. In Africa, many such regional challenges affect poor people's lives in areas ranging from human security and mobility to rural livelihoods, trade, infrastructure, food security, environment and climate change. Often such cross-country or regional problems have a particular impact on women for example as they are the ones worst affected by violent conflicts, or the harassments they face in informal cross-border trade.

Improving regional cooperation and integration in these areas has long been high on the agenda of African countries, regions and regional organisations. Over the years there has been a broadening of ambitions and mandates of most regional organisations, with a multiplication of stated commitments, strategy and policy documents. This has often been accompanied by an expansion in the budgets, staff and programmes as well as an increase in donor support. Yet policy-makers, member state representatives and non-state actors frequently express frustration with the gap between what has been agreed by regional organisations and what takes place on the ground. The Chairperson of the African Union Commission (AUC), Nkosazana Zuma, herself has said: "I don't think Africa is short of policies. We have to implement, that is where the problem is".<sup>5</sup>

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

## 1.2. The basis for this synthesis report

This report synthesises studies on the political economy of six regional organisations. The regional economic communities (RECs) studied are the Common Market for East and Southern Africa (COMESA), the East African Community (EAC), the Economic Community of West African States (ECOWAS), the Intergovernmental Authority on Development (IGAD), the Southern African Development Community (SADC), and the African Union (AU).<sup>6</sup> Each study uses a similar methodology and approach to answer two sets of questions:

*What are the actors and factors affecting the policy agenda of the regional organisation? And what are the drivers and blockers of implementation?*

In each of the six reports, two or more sectors or policy areas are taken as case studies, summarised in Table 1. These include peace and security, agricultural reforms and food security, climate change, infrastructure development, economic integration, regional energy markets, and gender. For each regional study, the selected sectors reflect a combination of i) their importance in the regional agenda, ii) their relevance for political economy analysis and feasibility, and iii) their relevance for donors.

---

<sup>5</sup> Nkosazana Dlamini-Zuma speaking at the OECD Forum on Africa in Paris, 6 October 2014.

<sup>6</sup> The African Union (AU), the East African Community (EAC), the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the Intergovernmental Authority on Development (IGAD) and the Economic Community of West African States (ECOWAS).

**Table 1: Summary of RECs and sectors covered**

	AU	COMESA	EAC	ECOWAS	IGAD	SADC
<b>1. Peace &amp; Security</b>						
<b>2. Food Security &amp; agriculture</b>						
<b>3. Gender</b>						
<b>4. Conservation</b>						
<b>5. Climate change</b>						
<b>6. Transport &amp; Infrastructure</b>						
<b>7. Energy</b>						
<b>8. Trade</b>						
<b>9. Industrialisation</b>						

The studies use a five-lens framework to unpack the actors and factors that drive and constrain regional dynamics.<sup>7</sup> The five lenses, summarised in Figure 1, provide a way to systematically examine how foundational factors, institutions, sectoral characteristics and external factors influence and shape the roles and interests of different key actors in pursuing regional objectives, looking both within states and between states.<sup>8</sup>

In each of the studies, the five lens approach aims to help uncover why regional dynamics unfold as they do, rather than judging how they ought to be, or what regional organisations ‘should be doing’. By systematically examining the different actors and factors that affect the way these six regional organisations work, the studies all aim to provide an improved understanding of what shapes incentives and consequently what is technically and politically feasible in a particular sector or policy area and regional context.

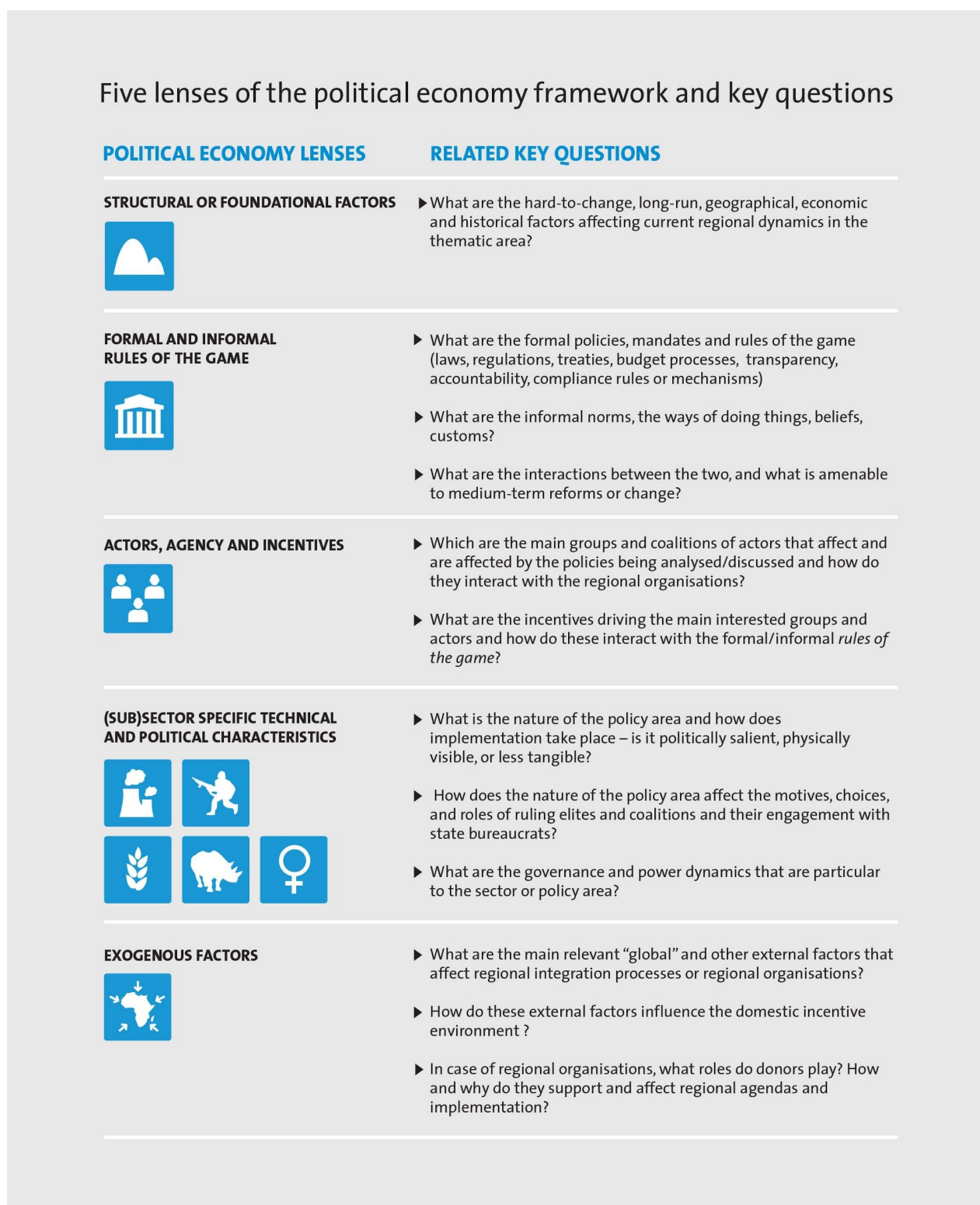
The overall purpose of this political economy analysis is to provide an in-depth understanding of the contexts and conditions for regional organisations in Africa to work towards regional integration and how international development partners can support this process.

<sup>7</sup> The approach 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 sectors or particular policy challenges. Political economy frameworks that have been consulted and combined for drafting this five-lens framework involve national, sector/thematic, problem driven and global drivers political economy analyses developed by DfID, EC, Sida, World Bank, AfDB, OECD and others. See Byiers et al. 2015 for more details: <http://www.ecdpm.org/dp178>

<sup>8</sup> ‘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. ‘Sectors’ are broadly understood here as referring to *traditional policy areas or sectors* (agriculture, trade and industry, etc.) or *cross-cutting policy areas or themes* such as food security, peace and security, infrastructure development, climate change, gender, etc. The latter usually cover and combine a number of traditional *sectors* (foreign affairs, defence, agriculture, water affairs, public works, etc).

This synthesis report draws insights from across the six regions about what drives regional organisations in taking regional cooperation and integration forward, and about some of the reasons behind the observed implementation gaps. Such insights may help identify the types of partnerships, coalitions and policy areas that are conducive to regional cooperation and regional integration.

**Figure 1: Five lenses of the political economy framework**



Given the scarcity of analyses of the political economy of Africa's regional organisations, the set of studies this report draws on is rather unique. But the novelty of the present studies also brings limitations. Carrying out political economy analysis necessitates access to data, information and previous studies – including political economy analyses at country and sector level – that are often not readily available on organisations being studied. Further, choices must be made regarding scope and focus. The selection of sectors or policy areas in these six studies necessarily entails trade-offs in terms of depth and scope of analysis. Nonetheless, the six regional studies are illustrative of the broader political dynamics at play within the regional organisations studied, and therefore have relevance for areas not covered in detail here.

### 1.3. Implications - alter, adapt, avoid or await?

The vision of regional integration as a linear path is just that, a vision. As the findings presented above suggest, processes of regional integration and cooperation are subject to a range of positive and negative influences that may be temporary or long-run and are anything but linear, underlining the need for policy that is adaptive, and well adapted.

One overall implication is therefore the need for policy-makers to 'think and work politically' or 'do development differently' - two growing agendas in development policy based on the need for strong political analysis, insight and detailed understanding of local and regional contexts, and flexibility and adaptability in program design and implementation.<sup>9</sup> This need for flexibility and adaptability suggests the need for policy-makers to "plan for sailboats, not trains" (Kleinfeld, 2015), with implications for who designs policy reforms and interventions, when, and where. This is a key challenge for regional organisations themselves and their member states, as well as for external partners trying to support these.

Supporting the RECs and AU as though they operated solely according to formal mandates and institutions is likely to lead to frustration, as is frequently noted by people both from within and outside the RECs. This leads us to view the policy implications in terms of 4As: Alter, Adapt, Avoid and Await. Trying to *alter* the influence of structural and foundational factors and inter-state regional relations will be challenging in the short to medium term and at a minimum requires that long-term influences and structural factors be acknowledged in policy design.

Going further to understand the different interests that help determine why progress is made in some sectors and not others and where different member state interests and constraints lie - both within and between states (in the form of willing coalitions) - may suggest ways for policy reform or for support to *adapt* to current interests and constraints. In some cases, it may be that such an understanding helps policy-makers to somehow *avoid* clear political blockages to reform, or to explicitly design approaches to avoid blocking individuals or institutional forms, while as daily events remind us, for some policy reforms it may be more important to define a strategy to *await* more propitious political-economic circumstances.

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

---

<sup>9</sup> Since 2013, there have been a number of new initiatives involving many of the leading thinkers, influential policymakers, donors and practitioners. This has resulted in a Harvard-led 'doing development differently' consensus, while a group of senior officials from major donors, along with a few leading thinkers and researchers, have been working together to promote thinking and working politically (TWP) in development, with a particular focus on what donors can do to allow this to happen. Taken from: "The case for thinking and working politically: The implications of 'doing development differently', Multiple Authors: <http://publications.dlprog.org/TWP.pdf>



**Ambitions:** Much of what is discussed points to the need for ambitions to be couched in terms of what is realistically feasible over the medium to long-term, particularly given the importance of structural factors and path dependency. Understanding where political traction actually lies should also temper ambitions, while it is helpful to distinguish between what are aspirations, and what represents genuine problem-solving, where political pressure to act is likely to be more acute. Relatedly, the ambitions around regional approaches should be clear on the value-added of acting regionally. In doing so, the analyses suggest that support and policy-reforms should avoid aiming for 'best practice' institutional forms that may simply encourage formalism, and aim for 'good fit' functions.

**Brokerage:** The analysis also points to the importance of harnessing the interests of different stakeholders in achieving these more realistic ambitions. Effective regional cooperation and coordination then requires policy-makers to aim at brokering different forms and levels of engagement among different actors to overcome information asymmetries; to facilitate collective action; and to create demand side pressures for regional coordination and cooperation. This applies to key regional and national actors for problem-solving around a regional policy area or sector at both levels and implies facilitating public-private-CSO engagement in, and demand for, regional processes based on identified interests and coalitions.

**Champions:** While commonly acknowledged that policy reform often requires a 'champion' to help push it through, the analyses point particularly to the importance of understanding the potential capacity of technical and political individuals in forming coalitions based on interests and driving regional agendas. This includes regional or national organisation, whether in the public sector, private sector or other civil society organisations.

Policies that take account of these different factors in defining an approach to supporting or driving regional integration are likely to have a greater chance of success.

It is hoped that the synthesis report and the regional studies contribute to broader debates and research efforts on how the development outcomes from regional processes - including the contributions from regional organisations - can be strengthened.

#### 1.4. Methodology of the six studies

This synthesis report is part of a broader study on the *Political Economy of Regional Integration in Africa (PERIA)*, funded by the Swedish Government. For this project, six studies have been undertaken of six African regional organisations following a similar methodology. The methodology and the political economy framework have been discussed and refined at a joint workshop between the PERIA research team and the Swedish Government, and a further workshop with representatives of the AU and RECs held in the headquarters of the AU in Addis Ababa. Each study was led by one coordinator who worked with a mixed team of experts from Africa and Europe, with attention to the appropriate combination of sector specific expertise and familiarity with political economy analyses.

The six studies involved a desk study with review of research and official literature, participation in conferences and official meetings, and 20 field visits between October 2014 and April 2015 during which interviews were held with approximately 180 stakeholders. A Swedish Quality Support Group, which combined independent academic expertise with expertise from the Swedish Government Embassies in Nairobi and Addis Ababa peer reviewed the drafts and final versions of the six reports and the synthesis report.

## 1.5. Structure of the synthesis report

Section 2 of this synthesis report provides a summary of the main findings of the six studies. These are structured and clustered under ten key statements that are subsequently illustrated with evidence from the different sector cases that are dealt with in greater detail in the ten political economy studies. Section 3 concludes and presents the most important implications of these key findings for a range of players – policy-makers in regional organisations and in member states, non-state stakeholders, donors - who are interested in promoting regional cooperation.

## 2. Key findings from the six regional studies

### 2.1. The effect of foundational factors



#### **Structural and foundational factors continue to shape the environment in which African regional organisations set and implement their agendas**

**Historical experiences of colonisation and decolonisation combined with the related narratives and ideas of African unity and development, continue to shape regional integration processes in Africa today.**

Different experiences of colonisation and decolonisation, often further influenced by Cold War alliances, have profoundly shaped geopolitical, economic, bureaucratic and socio-political dynamics of nation building in Africa. Their effects often pull in opposite directions: on the one hand, shared experiences with decolonisation and liberation struggles echo in an assertive, pan-African ideology. This ideology often helps to cement a sense of identity and solidarity that may shape or inform policy narratives and decisions at continental, regional and national levels, especially when confronted with external factors. On the other hand, colonial boundaries across human and geographic landscapes and Cold War machinations have hampered nation building, obstructed cross-border cooperation and at times led to proxy wars between neighbouring countries.

A sense of African solidarity was evident in the strategy of 'collective self reliance' that underpinned the adoption by African states of the *Lagos Plan of Action* (1980) and the establishment of RECs as building blocks for an *African Economic Community* of African states. Crucial to this strategy was the integration of Africa's many small economies into larger regional markets to facilitate industrial development. The relatively large membership of RECs such as COMESA is a direct legacy of this strategy. This has consequences for attempts to promote collective regional action and to develop policies and programmes of shared interests within Africa's RECs today.

In some regions, the colonial heritage includes a variety of hugely different administrative and bureaucratic traditions. These, along with different linguistic legacies, can complicate dialogue and hinder collaboration and regional institutional development processes. In West Africa, the co-existence of ECOWAS and the West African Economic and Monetary Union (WAEMU) is a case in point, with partly overlapping and/or competing mandates reflecting the various historical trajectories and wider political processes of the countries and subregions involved. On the other hand, the use of WAEMU to link up former Francophone colonies around a common currency shows how historical, cultural and socio-economic ties can be leveraged for collective regional action.

Decolonisation, resistance to South African apartheid and (sometimes associated) Cold War dynamics had different impacts across Africa's subregions, often contributing to protracted, chronic and complex intra- and inter-state conflicts across many parts of the African continent. In some cases these conflicts created pressures to establish regional institutions, but in others they have raised significant obstacles to regional integration. The IGAD region is particularly illustrative of how long-run tensions and conflicts can hamper integration through formal institutions and processes, prompting the emergence of more 'informal' and *ad-hoc* approaches to regionalisation. This has even reversed integration progress, as was the case when the Ethiopia-Eritrea war (1998-2000) ended a period of deepening economic integration between Sudan, Ethiopia and Eritrea.

**Geographical factors, such as distance from ports, the distribution of natural resources and climatic conditions, create pressures, opportunities and challenges for regional cooperation and integration.**

With 15 landlocked countries, access to gateway ports in Africa is a key factor behind economic interdependence and regional cooperation. In the EAC, landlocked Uganda, Rwanda and Burundi conduct the majority of their external trade through the ports of Mombasa in Kenya and Dar es Salaam in Tanzania. This provides a compelling reason for these countries to be concerned with the cost, reliability and security of the trade and transport infrastructure in Kenya and Tanzania, and has been an important factor behind accelerated integration along the region's road and rail transport corridors. South Sudan's courting of the EAC follows a similar logic. IGAD's three landlocked member states - notably including Ethiopia - have been an important factor behind investment in the region's transport infrastructure. Ethiopia's search for an alternative gateway port following the Ethiopian-Eritrean war and the loss of access to Eritrea's Assab port has transformed the Djibouti port into a major international transport hub. Though not an IGAD project as such, it has also prompted investment in the Kenyan-led *Lamu Port-South Sudan-Ethiopia Transport* (LAPSSET) Corridor, one of Africa's largest planned infrastructure projects.

Patterns of natural resource distribution can incentivise regional engagement, but can also generate tensions between members of regional organisations. In eastern Africa, for example, Ethiopia's significant water resources have been important in shaping the current incentive environment for IGAD and the Eastern Africa Power Pool (EAPP). Ethiopia seeks to exploit its water resources to become a major exporter of hydroelectric power to other countries in the region, providing a rationale for a regional power market in eastern Africa but at the same time affecting its relations with IGAD and Nile Basin states and giving Ethiopia a strong incentive to exercise some form of control over the EAPP. Ethiopia's construction of the *Great Ethiopian Renaissance Dam* has fueled tensions with fellow EAPP member states Sudan and Egypt, who fear that such developments in the Nile River basin will negatively affect their supply of fresh water.

Climatic conditions and related challenges also shape regional cooperation in Africa. IGAD ostensibly arose from the need to respond to severe drought in the region. The shared challenges posed by severe drought provided a rationale for engagement between IGAD founder members, despite existing tensions between these countries. This engagement has in turn facilitated discussion and cooperation in other areas, such as peace and security. In West Africa, the drought-prone nature of parts of the region creates pressures to undertake collective action in water management, reflected in the creation of specialised regional structures such as the '*Volta Basin Authority*' and the '*Organisation pour la Mise en Valeur du Fleuve Senegal*'. Variations in agro-climatic conditions among ECOWAS member states also create opportunities for trade in specific agricultural products between Sahelian and coastal parts of the region.

**A general lack of complementarity in economic structures, disparities in the respective strength of national economies and high levels of informal economic activity limit the existing levels of economic exchange in Africa's regions.**

With a few exceptions, lack of economic differentiation or complementarity in economic structures between countries leads to low levels of intra-regional trade in Africa. Intra-regional trade in COMESA, for example, represents only around 7 percent of total trade by COMESA member states. Low levels of industrial specialisation, high dependence on exports of primary commodities and similar production outputs and trade profiles between countries, limit the demand for African products within Africa and may disincentivise private sector involvement in pushing for faster or deeper regional integration. In addition, these factors

generate political disincentives for the implementation of regional trade policies, as the implementation of such policies will create some domestic losers through trade diversion (Draper, 2010; UNCTAD, 2013).

At the same time, important discrepancies in the size and relative strengths of national economies create tensions over the distribution of benefits from regional cooperation and integration. In the EAC, Kenya's larger and more expansionist economy has provoked concern among other member states that regional integration will be subjugated to Kenyan interests. This fear echoes the tensions that led to the collapse of an earlier iteration of the EAC, and provides an argument for those within the EAC that have an interest in non-implementation of regional integration measures. Similarly, in West Africa, potential competition from more economically powerful neighbours represents a notable disincentive to trade liberalisation for the economically weaker ECOWAS states.

Widespread informality in both production and trade also affects the ability of regional organisations to promote formal regional integration processes in Africa. In particular, the prevalence of informal cross-border trade affects the nature of trade relations, as those engaged in informal trade may be more interested in upholding the status quo, thus limiting the role that institutions targeted at formal trade can play in leveraging existing trade flows to promote greater economic integration. The difficulty of bringing informal trade more fully into formal regional dynamics also raises tensions between reformers and rent-seekers, and between traditional ways of life that rely on informal production and exchange, and modern agricultural and extractive production.

### Implications

- Structural and foundational factors relating to history, geography and economics have influenced the institutional forms and mandates of regional organisations. They also continue to have a significant impact on the incentive environment in which regional organisations and other actors operate.
- The incentives associated with structural factors are difficult (if not impossible) to alter in the short-to-medium term, suggesting a need for policy-makers to adapt to these structural factors.
- A deeper understanding of these factors and how they affect the incentives facing key public and private actors in the region is crucial for two reasons: a) to determine where real demand for regional integration may lie (e.g. trade and transport infrastructure, addressing regional conflicts and droughts), and b) to better assess where blockages to regional integration may arise (e.g. tensions over the distribution of benefits from economic integration).
- Policies, strategies and action plans that ignore the foundational or structural factors and how they shape the context in which regional organisations function may end up creating or supporting formal processes which sound good in theory but which do not work in practice.

## 2.2. Institutional form and function



**While regional organisations adopt the institutional forms to foster regional integration, these institutions often do not serve their stated functions.**

**African regional organisations have all adopted a comprehensive range of institutional forms across a range of policy areas, whose functions often do not effectively support regional integration.**

“Nowhere else in the world have regional organizations of comparable financial clout devoted themselves to such a packed agenda, with issues ranging from peace and security, social development, food security,

good governance, [and] gender equality” (Sandler, 2007). The regional organisations studied all comprise a range of institutional and organisational forms associated with promoting regional functions across a range of policy areas. Yet in practice there is a gap between form and function: what you see is often not what you get.

In general there are many formal institutional structures in place - to make decisions, draft protocols, divide labour, draft and implement budgets, interpret mandates, facilitate cooperation, resolve conflicts between the multiple stakeholders, audit processes, etc. The AU and the five RECs all have an apex body that takes decisions, ministerial councils for sectoral policy preparation, with some even having regional parliaments and courts. Yet these ‘best practice’ institutional and organisational *forms* (often resembling the forms of EU institutions) often do not exercise their desired *functions*. The key functions of monitoring, budgeting, to raise transparency and accountability, and functions enabling power sharing, with checks and balances, and arbitration are weak and insufficiently mutually reinforcing to encourage implementation of decisions. Hence many decisions that are taken at the apex level of the Heads of State and Government are not implemented.

All regional organisations have institutional forms to oversee public financial management (budget planning and execution, audit institutions etc.). Yet, as the AU case illustrates, budget processes are fragmented as there are two unpredictable sources of finance: member state contributions and donor funding. In 2014, the approved budget for the AU amounted to US\$426million. However, the available budget was only US\$287million, or 67% of the approved budget. Ultimately, the AU was able to spend US\$212million, or 74% of the available budget (and 50% of the originally approved budget). On the income side of the budget, the AU has complained about the shortfall in yearly member state contributions. While some institutional budgetary forms are in place, these do not guarantee functions of proper planning, resource mobilisation or fair degree of spending. In the absence of functioning transparency and accountability institutions political leaders can easily approve budgets that lack sufficient prioritisation as called for by the AU Commission.

The gap between form and function is especially visible in regional trade policies. Market integration is now a core part of the agenda of all African RECs and AU. However, in most RECs, the use by member states of a variety of non-tariff barriers, internal taxes and lists of ‘sensitive’ goods excluded from trade liberalisation mean that established formal trade integration institutions such as customs unions do not function as they should. Further, prevailing norms against the use of formal dispute settlement procedures against other African states mean that those institutions that have been established to ensure compliance by member states with regional agreements, such as the COMESA Court of Justice, the SADC Tribunal or the East African Court of Justice are underutilised and do not effectively fulfil their functions.

Similarly, all of the regional organisations studied have formal gender policies, gender units or divisions, projects, and gender mainstreaming strategies etc. These structures and policy agendas signal support for gender equality and empowerment. But the structures within regional organisations dealing with gender are not sufficiently empowered with staff, resources and organisational anchorage to implement their ambitious policy agendas on gender. The fact that they exist does not offer sufficient functional lead-ins into specific sectors and regional structures in which efforts to address gender through regional approaches can make a difference on the ground.

To illustrate, the AU has the institutional forms for civil society organisations and individuals to raise issues on human and women’s rights violations through the *African Commission on Human and People’s Rights*, the *Special Rapporteur on Women’s Rights* and the *African Court on Human and People’s Rights*, a judicial

body that can adjudicate human rights complaints and issue binding decisions between the parties involved. But these institutions offer a limited avenue for this envisaged function, as only 27 states have ratified the relevant option,<sup>10</sup> permitting individuals and civil society organisations (CSOs) to file communications against states with the African Court. Of the 29 cases that had been received since its inception, the African Court had disposed of 23 and for 21 of these as of September 2014, the court declaring its lack of jurisdiction due to inaction by the states. In a similar vein, the *East African Court of Justice*, created to ensure compliance with EAC policies through sanctions, has been used only a few times.<sup>11</sup>

Comparing the EAC and SADC on their gender policies shows that although the EAC *Customs Union Protocol* explicitly refers to the “promotion of equal opportunities and gender equality”, there are no further legal and policy frameworks and institutional arrangements to address these challenges where they occur. SADC has a more elaborate set of gender related policies and organisational structures than the EAC, but such formal gender frameworks do not fully translate into changes on the ground, as abusive practices towards women by border officials in the SADC region continue. At the AU level there is a strong drive on the implementation of the gender agenda, yet implementation by member states remains problematic. A UNECA sponsored mechanism on an *African Gender and Development Index* is being introduced to monitor and promote the implementation of the member state commitments on gender. This transparency and accountability tool can, in a conducive environment, some of the missing incentives around gender to move from form to function.

**Institutional reform processes generally over-emphasise form over function, thereby widening the gap between the two.**

As the AUC Chairperson has highlighted, there is a broad concern about the gap between the AU plans, policies and commitments on paper and what gets implemented. In fact, the ‘implementation gap’ was already one of the key observations of the AU audit by a High Level Panel in 2007 (AU, 2007; see also AU 2013). Various rounds of reform efforts by the AUC have been targeted at overcoming the gap between institutional form and function, as was the case with introducing wholesale institutional reforms such as *results based management*. However, without the basic planning, budgeting and transparency functions in place, such efforts contribute to making the AUC look better without necessarily improving performance. Along similar lines, some RECs are in the process of attempting to strengthen their mandate with a view to improving compliance. IGAD is currently devising a treaty to replace its *Establishing Agreement*. However, the discussion above and analysis from other RECs suggests that such institutional forms do not determine the nature or degree of implementation of regional agendas given the range of other, additional factors that play a role, not least the unwritten rule of strict adherence to national sovereignty and the importance of national interests, discussed below. This is in line with Andrews’ (2013) findings about institutional reforms in development more generally and the muted results of donor support to such reforms. External support often incentivises reforms that emphasise making institutional forms look better rather than performing better, for example by adopting best-practice models that do not fit the context in which they are being introduced, a point we return to below.

This raises the question of lack of transparency, accountability and checks and balances. As the sections below describe, this gap between form and function relates closely to the predominance of Heads of State

---

<sup>10</sup> Of Article 34(6) of the Protocol to the African Charter on Human and People’s Rights.

<sup>11</sup> The East African Court of Justice has with an authority that is second to national courts, which have full discretion to refer a case to the East African Court.

in defining 'national interests' and driving regional agendas, and the disincentive to impose limits on their own decision-making.

**Regional organisations tend to succeed in going beyond 'form' to improve 'functions' when aiming to solve specific regional problems.**

Despite these challenges, the regional studies also point to experiences where such limits to institutional reform are partially overcome. Experiences of strengthening particular functions - rather than merely improving institutional forms - relate to problem-solving by stakeholders or coalitions of champions with sufficient influence. Such problem-solving may, or may not be initiated by regional organisations.

In the case of peace and security, regional organisations such as the AU, IGAD and ECOWAS have an extensive institutional architecture to mount peace operations, engage in mediation, set up regional coalitions, with the AU also having institutions to impose sanctions (with unconstitutional changes in government), and partner at a global level. These regional organisations have permitted - with varying degrees of effectiveness, operational adaptability and preparedness - hands-on problem solving, mediation, division of labour in crisis management and cooperation.

Criticism has been directed at the AU's failure to finalise the demanding process of establishing five regional standby brigades by the end of 2015. This, however, misses the point that the institutions and organisations created for mediation and peacekeeping have largely served their function. Moreover, the AU has also managed in a number of violent crises to respond and adapt to realities and constraints on the ground and in capitals, as demonstrated by the case of the intractable regional security challenge posed by the *Lord's Resistance Army*. IGAD efforts at convening sub-regional cooperation to address cross-border pastoral issues between Kenya and Ethiopia also point to the potential for building regional institutions on the basis of existing practices and sub-regional approaches.

Other examples of regional problem-solving involving regional organisations in direct or indirect ways include the creation of REC focal points and liaison offices at the AU headquarters in Addis Ababa. In the past, RECs were often called upon to implement AU programmes and policies without having been made party to the decision making process in a timely manner. Despite legal texts and arrangements laying the foundation for cooperation and division of labour, responsibilities and mandates, the relations of key AU institutions and RECs have often been dysfunctional, contributing to a widening AU implementation gap. In order to resolve such problems - especially punctuated by the need to ensure more effective cooperation on peace and security - RECs set up liaison offices with the AU headquarters in Addis Ababa, at least partially solving the specific problem of lack of functional communication and working relations between the AU and RECs. IGAD was the first to put up a focal point (2006) and ECOWAS the second (2008).<sup>12</sup> While many overarching reform issues remain, related to interpreting mandates, organising subsidiarity and making decisions, REC focal points fulfill the function of improved communication between the newly created RECs and the AU.

Transfrontier Conservation Areas illustrate a case of regional cooperation initiated by a non-state actor, the *Peace Park Foundation*, that also involved the support of SADC and built on existing capabilities and added value of the regional organisation. Governments and a range of public and private stakeholders in different countries have aligned to resolve a range of cross-border problems in order to strengthen nature conservation, improve livelihoods of local communities in conservation areas, attract tourists by offering a

---

<sup>12</sup> ECOWAS finances its liaison office function in Addis, while the European Union has been instrumental in both encouraging their creation and financially supporting the other focal points.



more attractive environment, preserving endangered wildlife species and resolving emerging problems with established cattle farmers. The added value in that multi-stakeholder transnational setting relates to the judicial framework and support SADC can offer at the request of member states with an interest in Transfrontier Conservation Areas.

### Implications

- Institutional reforms based on best-practice models tend to emphasise form over function, often further inflating the agendas of regional organisations without strengthening core institutional functions.
- In the absence of political demand for core functions such as transparency, accountability, and checks and balance institutions, this agenda inflation will lead to a widening implementation gap, implying the need for ambitions to be tempered.
- Efforts at institutional capacity building must therefore adapt their ambitions to align with incentives around more targeted functional objectives.
- ‘Good-fit’ reforms by regional organisations that adapt to the incentive environment and ownership from stakeholders may be more relevant for strengthening institutions than the pursuit of best practice forms or models that attempt to alter the incentive environment.
- Where regional organisations engage in processes of stakeholder-driven problem solving, there are greater chances of incrementally improving institutional functions.

### 2.3. Actor rhetoric and signalling



**Member states face incentives to *signal* their support for regional policies and programmes even when implementation is not a domestic priority.**

**The strong rhetoric in support of the policies and programmes of regional organisations in Africa is not reflected in the actions of member states.**

In the same way that institutional forms do not directly translate into functions, the rhetoric on regional integration does not directly translate into action. Rather, commitment to regional projects often only serves to signal support to an ideal or logic. There are several reasons why this might happen, even when implementation is not a domestic priority. These include a historical sense of solidarity with other African states and/or regional neighbours, the logic of regional collective action in certain areas such as to offset small domestic markets, the appeal of donor finance, and the relative lack of demand, peer-pressure or sanction for failing to implement agreed policies and programmes. A mixture of historical, ideological, political, economic and financial factors are therefore at play. Faced with such a combination of factors, member states may well see a value in signalling support for regional integration processes, regardless of whether or not such processes are domestic priorities or support their implementation.

***Ideals and notions of solidarity may discourage member state leaders from breaking ranks with their regional colleagues.***

Most African states continue to provide strong rhetorical support for the ambitious agendas of regional organisations that are translated into regional and continental agendas and strategies, at least partially based on deep-seated ideals of Pan Africanism. A sense of African solidarity was evident in the strategy of ‘collective self reliance’ that underpinned the adoption by African states of the *Lagos Plan of Action* (1980) and the establishment of RECs as building blocks for an *African Economic Community*. RECs were to

promote greater economic interdependence between African states. Similarly, the AU Vision 2063 states: “we echo the Pan African call that Africa must unite in order to realize its Renaissance,” with aspirations for “an integrated continent, politically united and based on the ideals of Pan Africanism and the vision of Africa’s Renaissance”.<sup>13</sup>

To take a regional example, COMESA’s stated vision is “to be a fully integrated, internationally competitive regional economic community with high standards of living for all its people ready to merge into an African Economic Community” through “increased co-operation and integration in all fields of development particularly in trade, customs and monetary affairs, transport, communication and information, technology, industry and energy, gender, agriculture, environment and natural resources”.<sup>14</sup> A similar rhetoric is seen in other regions and member states. In post-apartheid South Africa, the incoming government and political leaders publicly spoke about their debt to the region and the need for “deeper regional integration”. In a more sober manner the President’s Office admitted in the country’s widely debated *National Development Plan* that the government also faced strategic trade-offs and incentives, and that the country was widely perceived as a “regional bully”.<sup>15</sup> There are therefore clear historical and ideological incentives for African leaders to subscribe to the regional rhetoric, in spite of political realities, discussed below.

Shared experiences of decolonisation and liberation struggles have also helped to generate a sense of identity and solidarity that continues to influence regional cooperation and integration today. The African Union points to its own origins in “supporting liberation movements in the erstwhile African territories under colonialism and apartheid”. Solidarity is therefore also a key factor behind why African states join regional organisations and discourages the breaking of ranks. Membership of these organisations provides ruling elites of member states with an important source of legitimacy and political capital among regional leaders (if not domestically, discussed below). Member states therefore tend not to go against the general consensus as this would display a lack of solidarity with the group. Although exceptions do sometimes occur, as in the case of the EAC, where Tanzania’s views on the region’s speed and form of integration are at odds with those of its fellow EAC member states leading it to adopt an openly intransigent stance on certain regional matters, Tanzania nonetheless maintains the rhetoric on the importance of regional integration and the EAC.

**The *logic* of regional cooperation in many policy areas also leads political leaders to signal support for regional programmes, even if such cooperation is not an immediate domestic priority.**

The economic argument for regional integration is largely based on the need for larger markets to encourage the exchange and specialisation that helps raise outputs and productivity. In spite of the structural factors that mean a lack of economic complementarity in currently traded goods, discussed above, the logical argument largely goes unrefuted. The intentionally large membership of RECs such as COMESA is a direct legacy of this logic, one that has consequences for attempts to promote collective regional action and to develop policies and programmes of shared interests among a wide range of countries where interests and priorities differ.

Similarly, greater economic integration is seen as a potential force for improving peace and security, for example in the IGAD region. Similar logics to regional cooperation apply to food security to link food

<sup>13</sup> See the AU’s Agenda 2063: The Africa We Want: [http://agenda2063.au.int/en/sites/default/files/agenda2063\\_popular\\_version\\_05092014\\_EN.pdf](http://agenda2063.au.int/en/sites/default/files/agenda2063_popular_version_05092014_EN.pdf)

<sup>14</sup> See COMESA’s Mission Statement: [http://about.comesa.int/index.php?option=com\\_content&view=article&id=76&Itemid=114](http://about.comesa.int/index.php?option=com_content&view=article&id=76&Itemid=114)

<sup>15</sup> South Africa’s *National Development Plan. Vision 2030* (2012) states that the country is perceived as a “regional bully”, and that its policy makers are also perceived to “have a weak grasp of African geopolitics”.

surplus with food deficit regions; cross-border natural resource management; infrastructure to improve physical linkages; and peace and security to minimise the spread of violence and its consequences. This then also partially accounts for the rhetoric behind regional cooperation across all these policy areas in all five RECs and the AU.

To take a more specific example, the current state of the African energy sector and the potential some African states have to become significant electricity exporters, power pooling emerges as an area with a clear demand for regional cooperation. However, few African states are currently in the position to be significant electricity suppliers to regional markets. Even those with long-term export potential may view the development of their domestic capacity as a greater priority in the short term than supporting efforts to establish a genuine regional market - the role of 'national interests' is discussed more fully below. Nevertheless, the fact that these states may end up benefiting from the establishment of regional power pools in the medium- to long-term, provides an incentive for them to signal their support for the development of integrated regional electric power markets.

**External aid also incentivises African states to signal their support for the programmes and policies of regional organisations.**

Access to donor money also provides a strong incentive for member states to signal their support for the programmes and policies of regional organisations that donors are keen to support. For some regional organisations such as IGAD this has even played a role in its initial formation, allowing Ethiopia's Marxist DERG to access Western Finance to address drought in the mid-1980s. The wide range of topics covered by most RECs, as cited above also partially reflects this incentive. The financial incentive to signal willingness to support regional programmes also partially explains the gap between institutional forms and functions described above. In the case of CAADP, for example, important donors made their aid for agriculture conditional upon African countries' support for CAADP. This resulted in many countries signalling their support for CAADP and engaging in 'plan development', or drafting agricultural plans that were not reflected in domestic political commitment to agricultural transformation in line with CAADP principles.

**The lack of consequences for non-implementation of regional agreements also lowers the cost to African states of signalling support.**

In addition to the above incentives to signal support for agreed regional policies and programmes, member states face little or no costs for non-compliance with regional decisions and agreements. Enforcement is reported as a challenge in all RECs (GIZ, 2014). Where institutions have been established to ensure member state compliance with regional agreements, such as the COMESA Court of Justice and the SADC Tribunal these have been underutilised or undermined. This was due to, among other reasons, existing norms of solidarity among state leaders which prevent African states from engaging in formal dispute settlement procedures with one another. Further, as discussed below, there is little effective demand side pressure from civil society or the private sector on member states to move from rhetoric to action.

Nonetheless, signalling should not be dismissed out of hand. Depending on the political system in place, and the ability of private and civil society organisations to mobilise around specific regional agendas (discussed below), signalling may still 'create space' or provide entry points for such non-state actors to exert accountability pressures on governments on regional commitments. While this has yet to prove a major force, it nonetheless raises the potential importance of mechanisms to promote transparency, monitoring, and peer pressure around the regional agenda.

## Implications

- While the rhetoric around regional integration and cooperation in Africa reflects *aspirations* for collective action, it also reflects historically-rooted *idealism*, recognition of the *logic* for regional cooperation in many areas, and an incentive environment which rewards member states for *signalling* support for a regional agenda with political capital and donor finance,
- Allied with the lack of sanction for non-implementation, from peers or from society more broadly, regional agreements therefore often remain rather empty *signals* of support to regional policies ‘in principle’ rather than full commitments and capacity to implement such agreements.
- The ambition of regional agreements should therefore be read only as a part of what is necessary for effective regional collaboration, pushing to look beyond the rhetoric, and indeed, avoid encouraging empty signalling through policies and financial support.
- In principle, even ‘empty signalling’ may offer ‘space’ for non-state actors to hold governments to account on regional commitments, depending on the degree of political openness and an ability to form coalitions to demand progress on regional agendas.

### 2.4. Elites and ‘national interests’



**Implementation of regional initiatives takes place when in line with key ‘national interests’, as defined by ruling elites.**

**Ruling elites, and how they perceive and pursue their interests, shape what is presented as ‘national interest’, which then defines how a country engages on and implements regional policies.**

As the above discussions suggest, the gaps between institutional form and function, or between rhetoric and implementation, often reflect the political calculations taking place within member states. These then define ‘national interests’ and determine how these align or not with regional priorities. They also define which and how many regional organisations a country joins.

How ‘national interests’ are defined and manifested varies across countries by political regime. A region like IGAD plays host to a range of what are widely regarded as authoritarian and repressive regimes. These include Sudan and Eritrea, while “semi-authoritarian” Uganda “has “the trappings of democracy but [is] undermined by patronage, violence and repression for the sole purpose of remaining in power” (Tripp, 2010). The Djibouti regime is said to use the neighbouring threats of piracy and Islamist terrorism to maintain its neo-patrimonial system; “Somalia has almost no state to speak of while South Sudan has little experience of political parties or of state formation” (Woodward, 2013). Ethiopia is regarded as an authoritarian developmental regime, with the political elites effectively seeking political legitimacy in a weak democracy by ‘providing development’. These different political settlements influence the positioning of Member States in their dealings with each other and regional projects.

Tanzania’s more ‘gradualist’ (or even ‘reluctant’) approach to EAC integration reflects how ruling elites perceive and project national interests in a regional context. Political legitimacy is garnered more from being seen to protect Tanzanian land and institutions than from integrating at the same pace as its neighbours, particularly given the history of the first East African Federation. Similarly, the desire to integrate more quickly along the Northern Corridor countries of Rwanda Uganda and Kenya is also a reflection of aligning regional and ‘national interests’, with Rwanda and Uganda in need of access to ports, and closely aligned interests between Kenyan political and economic elites in seeking larger markets.

Ethiopia's role in the EAPP, and in the COMESA and IGAD FTA processes is an important illustration of the importance of national political interests over regional commitments. In all three cases, Ethiopia's position is influenced by its domestic political objective of maintaining control over market opening as well as maintaining influence at a regional level. Thus, while Ethiopia perhaps stands to gain in the long-run from the EAPP and has therefore worked to be in a strong position in terms of how the EAPP functions, it is not politically ready to open its national energy sector to regional competition, hindering the progress that the EAPP might make if all other countries were aligned behind its agenda. The Ethiopian government rather engages in a multitude of bilateral agreements with neighbouring countries on trade and energy issues to achieve some of the potential benefits of regional integration without subscribing to a breadth or pace that is at odds with the political regime's vision of development and current perceived interests.

Domestic political bargaining in a competitive democracy, as is arguably the case in South Africa, can also undermine regional commitments. On paper the South African government for example, supports the SADC regional industrialisation strategy. However, the ANC government is currently struggling to balance a reliance on labour union support with the need for labour market reforms to tackle high unemployment levels, a move which would be likely to displease the same unions. These domestic concerns of ruling coalitions and elites, and the power games related to vested interests (including maintaining a hold on power or winning elections) meant that leaders are under political pressure from particular industrial sectors and trade union leaders to protect South Africa's markets, making it unlikely that a regional industrialisation strategy will be implemented. Interestingly, Zimbabwe's President Mugabe reportedly tabled the industrialisation strategy when chairing SADC to distract attention from slippage in the trade agenda, where Zimbabwe and other SADC member states see South Africa benefiting at their cost by cementing its economic dominance in regional markets.

This implies that Heads of State and Government may put regional processes at the mercy of how they perceive their interests best served. In particular, national political leaders may see opportunities for boosting their image or strengthening their position by committing to regional and continental policies without intent to implement. They may also choose to resist regional integration processes to satisfy voter concerns about potential negative distributional impacts of regional integration, as seems to be the case in Tanzania. As well as a national strategy, Mugabe's tabling of the SADC Industrialisation Strategy also emerges as an attempt to satisfy the Zimbabwean population of his ability to protect national interests and guide the regional agenda against the interests of the South African *hegemon*.

West Africa also offers abundant evidence of national power plays influencing regional policies relating to - and sometimes blocking - agricultural development and food security. The regional agricultural policy of ECOWAS, for instance, aims to tilt the balance from traditional cash crops towards regionally consumed food crops, with the long-term goal of reaching self-sufficiency. Yet government support to the agricultural sector across most ECOWAS member states has been directed to cash crops that generate local and foreign cash earnings which can easily be captured as rents by business and political elites (especially when state-owned enterprises are in charge of marketing and export operations). Although Burkina Faso is ostensibly an exception, with a national rice policy that seemingly converges with the ECOWAS policy, this is due to political sensitivity to the population's access to rice, and elite links with rice production. Notably, the Burkinabe policy avoids the politically sensitive topic of cross-border rice trade and distribution systems for inputs (seeds, fertilisers, pesticides).

These different examples highlight just some of the ways that national political processes can shape and define how countries engage in regional processes and their commitment to implement, particularly given the weak accountability, compliance and enforcement mechanisms generally in place as discussed above.



COMESA FTA - arguably to take advantage of the wider market while reportedly allowing it to benefit from a stronger trade remedies mechanism than the EAC to protect against dumping - while also maintaining membership of the *Community of Sahel-Saharan States (CEN-SAD)*. Rwanda's recent re-admission to the *Economic Community of Central African States (ECCAS)* appears to be primarily an attempt to expand its influence in central Africa by having a 'seat at the table'.<sup>16</sup>

The fact that countries pursue different national or elite interests through multiple regional memberships therefore cannot be ignored nor dealt with by simply encouraging single-REC membership.

**Aligning national interests to overcome coordination failures is easier among smaller groups of countries, sometimes leading to sub-regional coalitions within or outside regional organisations to pursue regional agendas.**

A further corollary of the importance of national interests in regional dynamics is the difficulty of finding aligned interests. Compatibility of interests among countries increases among sub-regional groups, simply based on the observation that negotiations become more difficult as the number of actors and interests rises, as the agenda items become increasingly diverse and the preferences more and more incompatible. This raises the transaction costs of finding common ground and lowers the chances of positive results. While the principle of variable geometry partially allows for this and is often built into Africa's regional agreements, particularly on trade, sub-regional groups have nonetheless formed outside formal regional processes.

The Northern Corridor group of countries in the EAC again illustrate. While the EAC Secretariat is widely seen as progressing well in implementing its economic integration agenda among its five member states, the interests of Rwanda, Uganda and Kenya are closely aligned around the Northern Corridor in what the regional newspapers have called the 'Coalition of the Willing'. This sub-set of EAC member states is prepared to intensify its cooperation in the face of explicit resistance from Tanzania, reflecting the priority Uganda and Rwanda give to lowering transport costs, and the market opportunity seen by interest groups in Kenya vying for bigger market shares for their ports and transport industries. In this light Kenya has set up the *Northern Corridor Countries Initiative* to facilitate this process. The LAPSSSET corridor introduced above, plays a potentially similar role among Kenya, South Sudan and Ethiopia. While a cause for concern to some who see this as undermining the relevant RECs, at the same time it allows progress to be made, with countries with divergent interests not participating.

Ethiopia's bilateral approach to integration with neighbours, as well as with initiatives such as the LAPSSSET corridor are also indicative of how national interests may manifest themselves in sub-regional approaches. Again, the impact this has on regional organisations is difficult to tell - while IGAD has no coordinating or directing role over LAPSSSET, a project of Kenya's Vision 2030, some hope that regional organisations can somehow align with these sub-regional approaches and scale-up to the regional level. Although there is little evidence yet that these dynamics can strengthen the REC, their capacity for providing mutual benefits potentially offers entry points for enhanced sub-regional and for regional organisations to build upon.

COMESA illustrates the importance of national interests in the opposite sense: the more members there are - 19 in this case - the harder it is to align national interests in a way that encourages compliance. This then highlights an inherent challenge to promoting a trade agenda - originally, COMESA explicitly aimed to

---

<sup>16</sup> Rwanda was an ECCAS founding member but left in 2007 to avoid overlapping memberships, an issue which has is apparently now of less concern.

have a large number of members in order to provide a large internal market to promote import substitution industrialisation. While the legal underpinnings of many regional protocols such as COMESA's FTA allow for 'variable geometry' by allowing the back-loading of tariff reductions for less-developed countries, even that may not be enough to encourage member state implementation if not seen as in line with national or political interests.

Ethiopia again stands out as an example. It is a founding member of COMESA, with a growing role in the COMESA region, recently taking over the chair and hosting the most recent COMESA Heads of State Summit, but has yet to sign the FTA. There are doubts about when and even whether it will, with interviewees raising questions around why Ethiopia should allow itself to be pushed around by some small island state like Mauritius. Uganda only agreed to implement the FTA at the last Summit in 2015, but is one of the core drivers of the EAC. This kind of foot-dragging leaves COMESA with the disadvantages of a large size with little of the benefits, while smaller RECs and sub-regional groups may face fewer of these challenges.

### Implications

- Elite-defined national interests influence whether, when and how effectively countries engage on the regional agenda. This needs understood rather than assumed by regional policy-makers and donors.
- This implies a need to explicitly identify national and elite interests and their potential to undermine or support the role of regional organisations, and indeed how to adapt regional projects to contribute to attaining key political objectives. Identified interests in a specific policy area may suggest the need to await better circumstances or to avoid specific regional players or organisations for progress to be made.
- Recognition of elite interests may also help point to where and how policymakers might broker linkages and coalitions among key actors, whether between sub-regional group leaders, or within specific countries.
- The fact that countries pursue national or elite interests through various regional memberships cannot be ignored nor dealt with by simply encouraging single-REC membership, as is sometimes suggested by external actors.
- The complexity of finding aligned interests increases as the number of countries or sectors increases, implying a need for flexibility beyond existing 'variable geometry' to allow for and perhaps encourage sub-regional groupings to 'pilot' or advance on specific policy areas.

## 2.5. The role of hegemons<sup>17</sup>



**Much of the success or failure of regional processes depends on the 'national interests' of regional hegemons.**

The impact of regional hegemons on regional integration processes can be beneficial, with lead countries taking the initiative to help overcome coordination failures or unblock stalemates. South Africa, Ethiopia, Kenya and Nigeria do so for a number of reasons in their respective regional organisations. But while hegemons can help bolster regional agendas, they can also undermine regional agendas or instrumentalise regional organisations to serve their own interests at the expense of broader regional objectives.

<sup>17</sup> We use 'hegemons' in a neutral manner to refer to powerful countries usually combining the combined weight of political systems, economic size, military and diplomatic clout in relations to the region, Africa and wider if possible.



**National and elite interests are especially important in the case of influential or more powerful countries in a region, or ‘regional hegemons’, with important implications for regional agendas and their implementation.**

As the discussions above highlight, Ethiopia is a key player in various regional settings, including the AU, EAPP and IGAD, and in policy areas such as climate change, water management, energy, agriculture and peace and security. In all these areas the government pursues a strong national developmental and security agenda, using reputational, diplomatic, economic and political channels to pursue its objectives. This is helped by Addis Ababa hosting one of the five biggest diplomatic concentrations in the world. Ethiopia has chaired IGAD since 2008, and combines this with its influence in the AU institutions (such as its membership in the Peace and Security Council) and bilateral diplomatic channels to shape the security agenda in its region. Through active bilateral and regional diplomacy Ethiopia has contributed to complementary and non-confrontational relations between AU and IGAD on peace and security, in contrast to some other REC relations with the AU. Increasingly, Ethiopia also engages in global climate change diplomacy and regional energy and water diplomacy as well as in broader economic integration. Importantly, the role of regional hegemons such as Ethiopia can be reinforced by external actors. In this regard, the US considers Ethiopia to be one of the four pillars of its foreign policy in Africa.

Kenya has significant economic interest in regional integration through the EAC<sup>18</sup> and is therefore willing to bear a disproportionate cost in terms of inter-governmental coordination in order to speed up the process of EAC integration. Within the EAC, Kenya has demonstrated the capacity to exercise influence over other EAC member states and to dominate the regional policy agenda on specific trade-related issues. Kenyan private sector interest groups have also been able to influence the regional agenda through national channels, not least given some of the close ties between political and business elites. Kenyan policies relating to transport infrastructure and the easing of visa restrictions align with the EAC agenda are nonetheless potentially beneficial for landlocked EAC countries such as Uganda, Rwanda and Burundi, that suffer from the high costs involved in moving goods to and from the region’s coastal port. On trade facilitation at least, Kenya’s position as a regional hegemon in the EAC has been beneficial for the implementation of the regional agenda.

Nigeria has always enjoyed a hegemonic position in ECOWAS due to the size of its population and its economic power. In the field of peace and security, Nigeria has long been the motor behind regional cooperation in ECOWAS and has influenced the creation of a fairly elaborate policy and institutional architecture that deals with violent conflict and political crises. Nigeria has tended to see armed conflicts in the region as a ‘fire next door’ and has therefore adopted a foreign policy based on interventionism in regional affairs. This general interest in peace and security is in some crisis situations reinforced by specific national interests. Nigeria’s own security problems with Boko Haram are hampering its capacity to act as decisively as in the past.

**The changing interests of regional hegemons can also block the scope for regional organisations to advance the implementation of regional agendas.**

South Africa is illustrative of the balancing act that regional hegemony can require, between benevolence and seeking to satisfy national interests. After a decade of military and economic destabilisation under white minority rule, post-apartheid South Africa took on a greater political role in supporting regional and continental cooperation, through its role in the AU, for example. But it has also blocked some SADC

---

<sup>18</sup> It appeared that in contrast to Uganda and Tanzania, Kenya’s private sector has benefited from the elimination of EAC trade barriers since 2007.

integration efforts, often at the behest of domestic interest groups, including labour unions, with the recently agreed SADC regional industrialisation strategy likely to suffer this fate - there is very little economic or political incentive for South Africa to push for, or even accept a regional process on industrial development that will compromise its domestic policy space. At the same time, South African officials claim that exporters are suffering the most from delays in achieving full implementation of the SADC FTA and that trade is being diverted to China and other countries outside the region. South Africa is therefore mainly signalling agreement on industrialisation so that implementation of the Trade Protocol is not held hostage by Zimbabwe and others. For this reason it remains to be seen how the Southern African Power Pool (SAPP) will be affected by the switch from South Africa's interest in exporting energy to the region when it was set up, influencing and sometimes undermining the energy policies of its neighbours, to its current focus on domestic generation capacity and need to import energy from its hydro-rich neighbours.

In ECOWAS, Nigeria also provides an example of a regional hegemon slowing or blocking a key area of regional integration. Despite espousing rhetoric about the benefits of greater regional integration, Nigeria has often adopted inward-looking and protectionist stances in the area of trade, and these stances have, until recently, slowed down the market integration and custom union agenda of ECOWAS.

### Implications

- The roles, national interests and domestic political economy dynamics of regional hegemons are fundamental in defining regional relations and dynamics, and therefore are key in supporting or constraining regional organisations.
- The important influence of regional hegemons underlines the need to understand political interests in those countries and the 'room for manoeuvre' in support of regional integration.
- This implies a need to adapt regional policies and approaches to the interests and incentives of regional hegemons, or to design regional processes in such a way as to alter their incentive environment though that is likely to be extremely difficult.

## 2.6. Leadership and individuals



**Individual personalities and leadership within regional organisations and member states tend to shape - and can be decisive for - the implementation of regional agendas.**

**Beyond the importance of 'national interests' and the potentially dominant role of *regional hegemons* in defining regional agendas, much also comes down to Heads of State, and particular individuals in national governments and regional organisations.**

The importance of personalised relations in regional integration can in part be a consequence of weak institutions, as discussed above, but can also be a cause of the gap between institutional form and function. This is highlighted across RECs by the importance of the Summit of Heads of State in taking decisions and steering RECs and in the roles of Presidents Mbeki and Obasanjo in the establishment of the AU. Before he died, Meles Zenawi of Ethiopia had an enormous diplomatic role in Ethiopia's emergence as a regional and continental hegemon and leader on international issues such as climate change.

Shared experiences of independence struggles, liberation wars and other conflicts have often served to strengthen personal ties between Heads of State, but have in some cases also generated acrimony between them, factors that affect regional relations to this day. Tensions between the presidents of

Rwanda and Tanzania are said to be partly behind sub-regional tensions in the EAC, while Presidents Kagame (Rwanda) and Museveni (Uganda) have had close relations since before the Rwandan genocide, although this has not prevented tensions arising from time to time. It has also been suggested that the military background of nearly all IGAD Heads of State provides the region with something of a shared vision that facilitates intra-regional dialogue, even during times of conflict.

**The personalities and leadership qualities of heads of regional organisations and of government ministers also have an impact on the implementation of regional agendas.**

The IGAD Secretary General is said to be widely respected by IGAD Heads of State, IGAD staff and donors, which allows some progress to be made in building a functioning regional organisation, subject to the limits placed by member states. Critics of the EAPP point in the other direction, to the difficulties of pushing an already complex agenda where personnel issues at the Secretariat seem to undermine this, as described elsewhere in this paper. While the gender agenda of the AU faces challenges in moving from policy to practice (as discussed above) current AUC President Nkosazana Zuma has been instrumental in the AU Commission's efforts to promote greater sensitivity to gender balance and gender empowerment within the AU and beyond. Her introduction of a set of pro-active and progressive gender related public positions can be seen as brave, considering some of the views on gender held in certain AU member states.

The example of Nigeria and CAADP highlights the role of government ministers. While Nigeria signed a CAADP Compact in 2009, its national agricultural processes do not follow CAADP principles. Anecdotally, this is due in part to the influence of the former Minister for Agriculture and Rural Development. While doubts about the value-added of a regional/continental framework like CAADP are common in the ECOWAS region, the former Nigerian Minister was reportedly sensitive about the potential of CAADP to capture donor support and interest at the cost of country level support for agricultural innovation. He was also personally in charge of the *Alliance for a Green Revolution in Africa (AGRA)*, and reportedly had concerns that the CAADP framework might reduce the attractiveness of AGRA to donors. As a consequence, Nigeria is a case of agricultural innovation *without CAADP*, almost entirely due to the influence of a government minister, rather than as a result of a marked difference between Nigeria and other countries in ECOWAS.

### **Implications**

- The importance of personalities and leadership qualities at a political and technical level leaves regional processes vulnerable to the specific interests and political circumstances of individuals.
- Over the short-term this implies a need to understand relationships and identify effective champions for regional policy and dynamics, while over the long-term it implies a need to strengthen institutional functions (accountability, transparency, checks and balance functions etc.) that lower the potential negative influence of individuals.
- While policies to promote regional integration must identify champions and coalitions with the technical capacity and incentives to work, they may have to explicitly avoid specific people or await changes in personnel to advance certain regional agendas.

## 2.7. Private sector and civil society interests



**The diversity of power and interests of non-state actors affects how business and civil society organisations engage at national and regional levels on regional processes.**

**Private sector actors are potential beneficiaries from regional integration, yet in reality the impact of most private sector actors on regional organisations appears minimal.**

Non-state actors in general are dynamic players in regional processes throughout Africa in numerous ways. So are private sector actors. Yet the studies found little evidence in the sectors analysed of the impact of private sector actors or their associations on formal processes through regional organisation, or of their influence on agenda-setting or policy implementation beyond business elite linkages with governments in some countries. This is despite the fact that most regional organisations have formal structures and mechanisms for consulting private sector apex bodies, reflecting a strong state-centric vision of African regional processes.<sup>19</sup> The different sector cases did draw the attention to the differentiation within the private sector and to the need to assess how specific (sub)sectors create incentive environments for these actors.

In the case of Africa's flagship continental programme for infrastructure development (PIDA), the selection process of 51 priority projects was a technical top down exercise with limited participation from public and private financiers and future private sector users of the transnational infrastructures. COMESA, for example, offers a counter example. Private sector engagement with the COMESA Business Council has effectively informed COMESA's agenda on illicit trade, though this is related to a strong business lobby of tobacco producers in particular. It remains to be seen whether this contribution to agenda setting will lead to effective implementation.

**Private sector actors often prioritise working with national governments on regional issues, perceiving this to be more effective than engaging regional organisations directly.**

Kenyan and Tanzanian private sector lobbies in the transport sector operate primarily at a national level to defend their interests, as political connections are stronger and EAC institutions are perceived to have limited capacity to effectively coordinate member states' policies and plans. A number of national business associations have formed regional apex bodies, but the heavy lifting primarily takes place where it makes a difference, at the national level, contributing to the discussion above of the importance of 'national interests'. Kenya's private sector has engaged in a sustained effort to improve transport sector integration - but simultaneously has opposed efforts to liberalise the sector in order to protect its business.

There are two obvious reasons for firms to engage with national governments rather than regional organisations. One reason relates to the opportunity costs of engaging with what are often perceived to be dysfunctional regional talking shops. This logic also applies to other non-state actors such as civil society organisations. Secondly, private sector actors in member states are often in market competition with those in other member states. Ethiopian public and private sector reticence about market-opening, whether through COMESA or IGAD, stems largely from fears of competition from more efficient Kenyan and Egyptian producers. Beyond a broad interest in Kenyan markets, the average Ethiopian firm does not have

<sup>19</sup> This is in clear contrast to the European private sector actors with a significant impact on European integration through initiatives such as the *Roundtable of European Industrialists* in their engagement with formal European institutions (e.g. Mattli, 1999).

a regional agenda, focusing rather on the domestic market. In Southern Africa, South African firms are entering the region and the continent regardless of regional policies, while South African willingness to open up to the wider region by relaxing the SADC Rules of Origin are very much affected by the lobbying of national firms - as well as other non-state actors such as powerful trade unions in the manufacturing sector - at a national level.

**Weak private sector and broader non-state actor engagement in regional processes also relates to the broad diversity of non-state actors and interests between and within countries. This raises the cost of coordinating interest groups across regions and undermines the formation of interests groups with critical mass.**

One particular group of private actors comprises those involved in informal cross-border trade. Informal activity is estimated at approximately 55 percent of Sub-Saharan Africa GDP and 80 percent of the labour force. All African RECs are characterised by high levels of informal trade by traders who, by design or default, operate outside the formal rules-based systems of RECs. Efforts are underway in COMESA to introduce a simplified trading regime for small-scale and informal traders at certain border posts, while IGAD is increasingly working with pastoralists through cross-border working groups, but these are still preliminary steps, and better organised informal traders may prefer to operate outside formal processes and structures. In addition, incumbent firms that have managed to operate successfully across borders under current conditions may not be interested in having new competitors.

The ECOWAS case also distinguished between the non-state actors' networks and organisations in the rice and livestock value chains, as the interests in regional cooperation and mobilisation vary depending on the role and place of actors in these value chains. Within each of these value chains there is, moreover, a broad variety of private sector organisations and inter-professional bodies active. The livestock networks are not formal members of the ECOWAS Consultative Committee for Agriculture and Food, despite the regional dimension of this value chain. The rice value chain, on the other hand is generally nationally structured, yet the regional networks of rice producers are formal members of the Consultative Committee, hoping to defend their interests through the regional organisation.

Even in the 'formal private sector', interests are also diverse, with some private sector actors profiting from the status quo, while others see gains from further integration and reform. It is therefore difficult to talk of one uniform 'private sector'. Moreover, the way in which different private sector actors address their concerns about regional markets, if at all, will depend very much on the nature and source of those concerns and their degree of access to political actors.

**Despite the range of formal platforms for dialogue between regional organisations and civil society organisations (CSOs), there is little evidence of CSOs having meaningful influence on AU and REC regional agenda setting and implementation.**

All RECs and the AU have formal structures to engage with civil society organisations, regional networks and watchdogs. At the AU level, the dedicated institution that serves as a portal for civil society dialogue and participation - the Economic, Social and Cultural Council (ECOSOCC) - has been criticised for being ineffective and insufficiently inclusive. But there are many other AU channels that facilitate civil society dialogue or other forms of participation, such as specific AUC departments and directorates (political affairs, peace and security, gender, civil society and diaspora, etc.), the NEPAD Agency, the Pan African Parliament, the African Commission for Human and Peoples' Rights and the African Court for Human and Peoples' Rights. Specialised non-governmental organisations (NGOs), networks, watchdogs and think

tanks have developed functional relations around topical issues such as peace and security, gender, climate change, governance.

The AU, IGAD and ECOWAS studies touch on the participation of CSOs in regional consultation processes around the continental and regional agricultural and food security programme of CAADP. The contribution of civil society organisations working on national agricultural and rural policies in the context of CAADP was diagnosed to be rather weak, at least partly due to weaknesses in CSO organisational structures. CSOs, for their part, have expressed concern about the lack of uptake of their demands or proposals by regional organisations (as well as national governments for that matter), and point to the rather formalistic nature of structured dialogues as organised by regional organisations.

**Yet, a number of specialised and well-organised non-state actors have managed to engage in functional and sometimes operational ways with regional organisations in regional processes, thereby informing and shaping agendas and contributing to the provision of regional public goods.**

One telling example of the potential for functional cooperation between such well-organized non-state actors involves *Transfrontier Conservation Areas (TFCAs)* in Southern Africa. The specialised not-for profit organisation the Peace Parks Foundation (PPF) pioneered a model of cross-border cooperation. This model aligns the interests and incentives of a diverse group of public agencies and interested stakeholders, including local communities, in cross-border conservation areas. Many of the nature parks in Southern Africa span border areas of two or more neighbouring countries. Enabling animals and tourists to *roam free* attracts more tourists; but it also facilitates poaching, especially of the black rhino.<sup>20</sup>

In order to make these transfrontier conservation areas work, and to attract the tourists that generate income, a lot of collective action and cross-border problems have to be resolved, ranging from safeguarding the livelihoods of local communities, establishing multi-country visas, and addressing poaching and security, to dealing with concerns from established traditional cattle farmers and beef industries about foot and mouth disease spreading through borderless conservation areas. The Peace Park Foundation has provided specialized support services, managed to mobilise high-level political support, facilitated coalitions around hands-on problem solving and managed to operate largely independently from donors. It enabled the establishment of ten - now formally endorsed - TFCAs, with eight more in the process of being established. SADC has been roped in, and is mandated by its members to support these TFCAs. To that end it now cooperates with the Peace Park Foundation. Donors provide their support to TFCAs through the SADC secretariat, with SADC also providing the legal framework for these initiatives to mature.

Finally, the ECOWAS study points to the lead role that national civil society *can* play in driving regional responses under particular circumstances, with regional organisations following. The presidential crisis in October 2014 in Burkina Faso was down to the mass protests of Burkinabe citizens, finally ousting Blaise Compaoré in spite of his attempts to alter the constitution. Having adopted a 'wait and see' approach during the gestation of the crisis, ECOWAS only acted once Compaoré had departed, allowing it to play a more proactive role in a (partially successful) attempt to capture public sentiment in seeking an acceptable settlement. Although this alignment of the interests of society at large is perhaps rare and was arguably driven by quite specific conditions or 'problem-solving', it nonetheless offers a vision of the role that public pressure can have on altering the position of regional organisations.

---

<sup>20</sup> Rhino poaching for a Chinese market of superstitious buyers has turned the black rhino in a highly endangered species.

From these examples it transpires that opportunities for civil society to engage with regional organisations as well as with national level political leaders also depend on sector characteristics (see also next point).

## Implications

- Efforts to engage the private sector in regional integration must recognise the wide array of interests involved, from those of businesses profiting from the status quo to firms looking to benefit from deeper integration. These interests may also evolve over time and in response to a number of dynamics, with consequences for the way in which private sector actors engage (or not) on particular regional policy issues, and the positions they take.
- The establishment of formal dialogue and consultation fora and instruments to engage the private sector and civil society is only a first step to effective private sector and CSO involvement in regional integration. The effectiveness of such fora and instruments is contingent on a range of other factors discussed in this paper.
- While CSOs, think tanks, watch-dogs and NGOs have used the institutional space created by regional organisations for dialogue, sensitisation, lobbying or for providing expertise and advice, findings on limited uptake by regional organisations and the implementation gaps imply that further progress through these official channels is limited.
- Non-state actors specialised in particular areas of problem-solving, service delivery, facilitation and risk assessment in specific sector or thematic areas (such as conservation areas, transport infrastructure, etc.) may provide an important functional basis of cooperation for regional institutions to build on.
- These diverse interests merit the attention of policymakers and their partners so as to help broker linkages, coalitions and partnerships that help to better channel demand or sector specific knowledge for regional cooperation.

## 2.8. Sector-specific political economies



**The interests and incentives associated with regional cooperation on different sector or policy areas (security, infrastructure, energy, etc.) differ markedly according to the nature and characteristics of the sector, affecting implementation in these areas.**

**A fundamental challenge for policy-makers promoting and supporting regional integration is the range of policy areas involved, but also the very different nature and range of actors and interests involved in each area.**

The expansion of regional agendas is evident across RECs. While IGAD has evolved from an organisation dedicated to addressing drought to a building block of the African Economic Community, COMESA has similarly gone from a trade-focused Preferential Trade Area of Eastern and Southern Africa to a REC with ambitions to promote integration in areas as diverse as monetary affairs, technology, and gender, with a mandate on peace and security.<sup>21</sup> The reasons behind this expanding agenda have been discussed above. Here, the focus is on the specific features of the sector or policy issue and how this affects regional agendas. Each sector or policy issue has its own complex set of specific actors, interests, incentives, governance institutions and power-relations, both within countries and between them.

<sup>21</sup> See COMESA website:  
[http://programmes.comesa.int/index.php?option=com\\_content&view=article&id=96&Itemid=114](http://programmes.comesa.int/index.php?option=com_content&view=article&id=96&Itemid=114)

**Across RECs, peace and security is ostensibly where there is most traction and alignment of interests around a common regional objective.**

The AU, RECs and member states have cooperated in mounting peace operations in numerous countries and regions in Africa, with an increased presence of boots on the ground, largely financed by external donors. These actions as well as the sanctions against a number of violations of the constitutional transfer of power stand in contrast to the lack of implementation in policy areas such as trade. Even in ostensibly trade-focused RECs such as COMESA, formal trade agreements have been slowly and unevenly implemented. IGAD's role in conflict mediation, for example, stands out in comparison with its success in all other areas, and even its role in conflict prevention. Analysis of the roles of the AU and RECs in the area of peace and security highlights the distinct political nature of this policy issue compared to other policy areas or sectors.

This analysis also suggests that regional collective action is more likely where national political elites perceive a serious and pressing threat to their (broadly defined) interests, such as in the cases of violent conflict and regional instability. Violent conflicts - including national conflicts with the potential to spillover to the regional level - present a significant threat to elites, and carry obvious consequences in terms of the costs of inaction, and in terms of the merits of cooperation and cost sharing. This is the case in the IGAD region, for example, where spillovers from the Sudanese conflict spurred its neighbours to seek a regional approach to the problem through IGAD. In such cases, regional coordination emerges from a pressing and shared need for stability.

**Regional cooperation on peace and security generally results from a shared need to avoid immediate human and financial costs. Regional cooperation in other sectors like trade or energy is more aspirational, with cooperation aimed at realising future benefits.**

The costs and benefits to political elites in other sectors than peace and security may be harder to identify or calculate. In the energy sector, the benefits to be derived from regional cooperation through power pooling, and the opportunity costs involved in not doing so are less obvious than in the case of regional cooperation over violent conflict. At the same time, short-term national interests are not always aligned with the longer term logic of regional power pools such as the *Eastern Africa Power Pool* (EAPP) and the *Southern African Power Pool* (SAPP). In many countries in Eastern and Southern Africa, political pressure for subsidised electricity combined with mismanagement of public institutions have prevented cost recovery, which in turn has contributed to historical underinvestment in generating capacity, resulting in limited capacity to supply a regional market. In addition, state-owned monopolies control the generation and transmission of electric power in most countries in the region, limiting somewhat the potential gains to be derived from power pooling. Thus, while members of the EAPP and SAPP, and especially future electricity exporters, may see the long-term value of developing these power pools, they may prioritise focusing on the development and/or reform of their domestic energy sectors in the short-term.

Bi- and trilateral power purchasing agreements also provide countries in the region with an alternative (i.e. non-regional) avenue for engaging in power trade, one that may be more in line with short-term national interests. Structural factors such as the intra-regional dependency on South Africa's electricity production, the dominance of South Africa's state-owned quasi monopoly producer and the crisis in South Africa's energy production as of the mid 2000s have resulted in the country increasingly following national energy strategies rather than regional ones. Ethiopia's engagement on regional electric power trade illustrates this. As a significant future exporter of electricity, Ethiopia stands to gain from a well-functioning EAPP, especially given the influence the country wields within the organisation and the fact that it hosts the EAPP



Secretariat. Nevertheless, its state-centric approach to economic development has precluded the liberalisation of its domestic energy sector, which remains state-controlled. Ethiopia's use of bilateral power purchasing agreement may therefore represent a strategy to move towards long-term regional trade, without having to undertake significant reform in the short term.

**Different dynamics within particular sectors or policy areas also have implications for the development and implementation of regional policies and processes.**

The case of agricultural reform in West Africa helps illustrate the relevance of a comprehensive understanding of the regional dimension of a particular sector. Two agricultural value chains in ECOWAS, rice and livestock, feature entirely different modes of production, formal and informal institutions, and - importantly - have fundamentally different levels of attraction to national political elites and entirely different effects and implications for national and regional dynamics. Ruminant livestock production in West Africa relies on extensive production systems whose viability depends on the mobility of cattle across borders from North to South in the region.

By contrast, the rice value chain in West Africa is of strategic importance for ensuring food self-sufficiency at a national level, a policy objective in almost all ECOWAS member states due to ruling elites' interest in stability and the negative effect food crises can have on stability. In the case of rice, regional collaboration between professional and inter-professional associations at national level is fragile. The national focus of rice policies then helps explain why different actors of the value chain are poorly organised at the regional level, with only one regional grouping that brings together the rice producers.

### **Implications**

- Careful scrutiny of sector specific characteristics matters as they profoundly shape the political, social and economic incentive environment in which stakeholders operate.
- The political salience of regional issues involving clear and immediate costs, such as conflicts, is very different to sectors where regional approaches are more aspirational, aiming to achieve uncertain benefits at some future point.
- The nature of the sector or policy area also determines the potential costs and benefits of taking a regional rather than a national approach to a policy area, affecting political incentives and interest.
- This then implies that regional reforms - and support programmes for such reforms - also need to take these sector specific political economy factors into account in the ambitions they set themselves.
- This also implies adapting policies to focus on sectors and policy areas that generate genuine support for regional cooperation and integration through coalitions of national and regional stakeholders.
- In sectors where the potential costs and benefits of regional cooperation are not clear, policies might focus on providing information and analysis to help alter the incentives in play and create political traction, and adapt, to incrementally build on where a minimum degree of traction lies.

## 2.9. External factors: donor influences



**The quantity and quality of donor support to regional organisations present opportunities but also challenges in terms of reducing the implementation gap.**

Of the many external variables that affect continental and regional agendas, this study prioritises two sets of actors with a particular impact on both agenda setting and implementation of Africa's continental and regional organisations: traditional donors and (to a lesser extent) emerging donors such as China.

**Donors have supported the financing and implementation of regional organisations and their agendas, with some donors also supporting institutional development.**

Donors provide substantial financial and other support to the programmes and projects of all six regional organisations. Though this aid does not automatically lead to full implementation of the agreed agendas of regional organisations (and arguably may negatively influence them), it does help to finance and provide technical support. This is most obvious in the area of peace and security, with strong donor support for the AU mandated peace operations, as well as the bulk of the other continental and regional programmes. Examples of regional and continental projects and processes that have been supported through aid include the peace and security architectures of the AU and the regions; the roll-out of continental agricultural and food security programmes under CAADP; the mobilisation of support for Africa's priority infrastructure projects through PIDA; and sensitisation on gender equality and empowerment. Of course, this support does not guarantee results.

Through policy dialogue, technical assistance and direct financial support to regional organisations, donors have also sought to strengthen the institutions of regional organisations. Indirect support to regional organisations through "intermediary institutions" such as TradeMark East Africa and support to other types of non-state actors such as think-tanks, specialised NGOs or regional networks also seek to contribute to improving important functions of regional organisations, for example, by strengthening transparency, facilitating multi-stakeholder problem solving, and enabling the demand-side for reforms, though as some cases show, this influence should not be exaggerated (see also key finding 7).

**The quality of aid to regional organisations has affected their potential to strengthen institutional functions for public management and more broadly for the delivery of regional plans and commitments.<sup>22</sup>**

A group of donors have partnered with the AU and RECs to try and strengthen these by improving the 'quality of aid' and of the partnerships. The AU and SADC make explicit reference to global commitments and principles to improve the effectiveness of aid. Key principles include the harmonisation of donor approaches, alignment with policy priorities and management systems of regional organisations, and a shift in the current emphasis of accountability from donor organisations to regional and national stakeholders in Africa. However, as the AU study highlights, these efforts seem too timid to alter the incentive environment in a meaningful way as the case of budget support or programme based approaches illustrates.

<sup>22</sup> The quality of aid - and of development partnerships more broadly - refers to the globally agreed five basic principles of *aid effectiveness* as framed by three major international conferences (Paris in 2005, Accra in 2008 and Busan in 2011). Pan-African organisations such as Nepad, the African Development Bank, as well as 27 African governments signed up the Paris Declaration on Aid Effectiveness, together with most of the donors (OECD 2005, Wood et al 2008). Later, the AUC would play a coordinating role in promoting an Africa-wide position in global debates on improving *Finance for Development*.

Over the years, many of the public sector reforms of RECs and the AUC have been undertaken in response to demands and incentives from donors. Aid modalities such as the programme based approach aim to motivate and enable partners to improve core accountability, management and transparency functions in return for a donor commitment to reduce the transaction costs for developing partners, to strengthen public finance management systems while making use of them, and to bring more donor funding on-budget.<sup>23</sup> As of the mid 2000s, the EU has rolled out this approach, first in COMESA, thereafter in the other RECs and the AUC. Regional organisations have - with differing degrees of commitment and effect - engaged in improving core public finance management functions such as planning, budgeting, and internal auditing, often accompanied by measures to improve management functions (focused on results and improved management of human resources). Reforms within the AUC have resulted in gradual and partial improvements in public finance and human resource systems, partly incentivised by the need to attract and manage donor resources.

Yet, as described above, technical reforms aimed at strengthening core administrative and governance functions of regional organisations in and of themselves cannot overcome political economy constraints such as those related to national interests. Such constraints are further compounded by two uncertain sources of finance for regional budgets. First, the bulk of donor finance continues to be fragmented, and is provided as project aid, not budget support. Large parts of donor funding to regional organisations remain off-budget, also reducing the potential for regional organisations and their member states and stakeholders to know what goes in the budget and who funds what. This lack of budget integrity reduces the potential for key AU stakeholders such as member states to assess to what extent the budget finances agreed policy priorities. Secondly, as mentioned above, the amounts and timing of the contributions by member states to the budgets of AU and RECs are not reliable either. Two uncertain sources of funding of the regional budgets, with differing political masters, funding purposes and accountability relations with double transactions costs obstruct attempts at reform of core functions related to the budget and reduce incentives for sustained public finance reform. There are also other risks of distortions to consider when dealing with poorly managed aid.

**Donor dependency and poorly managed aid increase the risk of encouraging empty signalling and of introducing distortions in regional agenda-setting and implementation.**

The degree of dependency of regional organisations on donors - in combination with the quality of aid and of the donor partnership (harmonisation, accountability and alignment) - have raised concerns at both ends of the partnership. The degree of donor dependency is reflected in the percentage of funding for the total budget of regional organisations, with IGAD said to be reliant on donors for 90 percent of its budget; SADC for 79 percent, and COMESA for 78 percent. EAC stands at 65 percent, the AU at 44%<sup>24</sup> with ECOWAS on the other extreme, relying on donor funding for only 20 percent of its total budget. In principle, member states try to cover the operational costs of the AU and RECs but in reality this only happens for the AU and ECOWAS.<sup>25</sup> Many member states fail to pay their yearly assessed contributions to AU and RECs, leaving donors to fill the financing gaps in the operational budgets and cover most of the programme budgets. The

---

<sup>23</sup> *Programme based approaches* are often associated - though not entirely the same - with *pooled funds, budget support* and other aid modalities that seek to strengthen the public finance management institutions of a partner by increasing the use of the partner's finance management systems. For a helpful account of the use of *country systems* in Africa, see Cabri 2014.

<sup>24</sup> Various sources, including African Union 2013b.

<sup>25</sup> The total budget can be split into finance for operational costs (personnel, overhead, infrastructures, etc.) and programme costs. ECOWAS is the only REC that has introduced a mechanism for auto financing of the Commission through a 0,5% levy on the value of all imported goods into the region.

AU and some of the RECs have undertaken special efforts to beef up member states' contributions, but thus far these have had little tangible effect.

The quality, volume and targeting of aid risk distorting the agenda-setting of regional organisations and their implementation. Through earmarking and projectised funding, donor preferences become more central on the agenda of regional organisations. In combination with donor conditionality this can create incentives for regional organisations to *signal reforms*, rather than to strengthen core functions that are needed to create regional public goods (see also the key finding on form and function above). The EAC, for example, integrated social sectors and environment in the EAC regional strategy, as this was in line with donor interests. EAC member states did not take these elements forward. Design-flaws in donor support emerge when best-practice models are pursued that are not sufficiently adapted to the dominant incentive environment and the institutional context. Donors supported the SADC Tribunal as an innovative governance institution, and provided the funding without which it would not have been created. Despite initial SADC support, the project was disbanded after strong political resistance by Zimbabwe, and subsequent lack of support from other SADC members. In the case of the AU flagship infrastructure development programme, PIDA, donors were closely involved in its design with PIDA seemingly enjoying more support from donors than among AU member states.

On the side of regional organisations, such aid distortions tend to inflate the regional agendas and widen the implementation gap. As the AU report highlights, fragmented and poorly aligned aid overloads management systems. It tends to prioritise improving accountability systems for the use by donors rather than by African stakeholders. Lack of transparency over who pays what (and for what), what is on-budget and what is off-budget, and the multiple broken feedback loops about what has happened with the available resources tend to reinforce the lack of ownership with member states over regional organisations. Further, it is not clear that such external finance creates any incentive for internal resource mobilisation - ECOWAS is the only REC with such a mechanism.

**Gender is clearly part of the regional agendas, but implementation of gender policies remains patchy and often dependent on donor funding, indicative of signalling with little implementation.**

As discussed under the form and function section, the AU and RECs feature gender policies and programmes, as well as dedicated structures. Yet implementation lags behind, with limited budgeted resources. In terms of donor funding, there may be a shift from supporting gender units within regional organisations to gender programmes or gender campaigns, often with specialised civil society stakeholders as implementers or drivers. Donor support, for example, enabled the AUC to pilot its continental campaign against child-marriage in a number of member countries. In general, however, despite strong gender related policy commitments on paper by regional organisations, the reality on the ground remains largely unaffected. This also raises the question whether regional organisations sufficiently prioritise gender related work within specific sectors and policy areas with stakeholders that provide traction and with entry points for policy implementation and action (as is the case for example with campaigns against abuse of informal cross-border female traders).

**Combining aid policy with trade policy, as in the case of the EU towards Africa, is affected by and affects regional dynamics, creating positive synergy but also generating negative trade-offs and tensions.**

The EU being the main donor and trade partner of Africa and its RECs, the synergy between its aid and trade policy towards Africa can greatly impact on regional integration focus and dynamics. The endeavour

to conclude development-oriented economic partnership agreements, based on reciprocal trade liberalisation with regional groupings, increased the focus and attention of African policy-makers and stakeholders at national and regional levels on their own regional integration processes. While it offered new opportunities for some, it also raised tensions on several fronts, including the unity and coherence of regional groupings, with diverse interests from their members, as well as on the approach to and sequencing of integration and development. While the principles underlying these agreements are meant to foster greater synergy between trade and aid with regional integration dynamics, the process towards that objective has unleashed a complex web of interests and incentives, both in Africa and Europe, leading to uneven results in practice.

**Emerging donors and big trading and investment partners with Africa such as China tend to prioritise bilateral relations, and exercise less direct influence on the regional organisations.**

Over the last decade the relationship between Africa and China, India and Brazil has been re-energised as interests in Africa's natural resources boomed, triggering a wave of Chinese investments on the continent. In February 2015, China opened a permanent mission to the African Union headquarters in Addis Ababa. Of the emerging donors - that also include Turkey, South Korea, Gulf Countries and Russia - China has the most comprehensive and substantial relations with Africa. Although there is a noticeable shift in Chinese focus from the bilateral relations to the regional and continental level, these relations with regional organisations seem less developed than the programmes at national level. As the AU chapter on infrastructure development indicated, China operates primarily through bilateral channels, and invests in those regional infrastructure projects that are strategic for Chinese interests. The EAC study pointed to a substantially increased inflow of Chinese direct investment to East Africa primarily in infrastructure, energy and mining. This allowed the EAC and the EAC member states to pursue ambitious and high-cost infrastructure projects, with opposition from traditional donors.

China's interest in Africa has triggered some speculation about the potential for Africa to increase its policy space and prioritise and implement more of its own development policies. A broader choice between traditional and emerging development partners, it is argued, can strengthen the negotiation leverage of regional organisations by strengthening their position in terms of holding back on donor preferences and conditionalities. Yet, as Kragelund (2014) has argued, despite some cases where this logic may apply, in general the power relations do not fundamentally alter between African countries and their development partners. Rather than divergence and competition - with the potential for creating more policy space - there may be conversion and cooperation between an emerging donor such as China and the Development Assistance Committee donors. This argument can also be extended to AU and RECs. China's direct support to AU and RECs, so it seems, is not yet geared to institutional strengthening and financing of its programmes. This should not be excluded though, as China may also opt to influence the continental and regional agenda setting through its aid. During his visit to the UN, the Chinese President announced a US\$100 million Chinese grant for the AU's peace operations and the further development of the *African Standby Force*.

### **Implications**

- Efforts by donors to promote normative, best practice models, or to drive reform processes within regional organisations often lack the basic grounding and appropriate level of ambition given the regional incentive environment in which regional organisations operate.

- Key factors to consider in terms of institutional strengthening of regional organisations include the basic ingredients of good donorship, i.e. harmonisation among donors, policy and system alignment with regional organisations<sup>26</sup>, and an emphasis on mutual and domestic accountability systems.
- Donor efforts at enhanced transparency in key budget and management systems can help overcome mistrust and other risks that multiple information gaps and broken feedback loops cause within the multi-stakeholder environment in which regional organisations operate, but only where these are implemented as intended, a key challenge.
- Typically, effective regional cooperation comes about through multiple stakeholders working together in specific sectors or areas with the potential for stakeholders to overcome collective action failures. Hence the importance of carefully targeted donor support, through a mix of regional and other partners.
- There are opportunities for engaging with specialised non-state actors (i.e. Peace Parks Foundation in the area of Transfrontier Conservation Areas in Southern Africa, Trade Mark East Africa, etc.), as these may help build trust, overcome coordination problems, fill information gaps, encourage and create transparency, pilot and facilitate multi-stakeholder cooperation.
- Donor support to regional organisations, when interrupted abruptly has an important impact on operations, ongoing reforms, and implementation of programmes as no alternative sources of finance or capacities for domestic resource mobilisation have been tapped.
- While policy coherence for development greatly affect the effectiveness of donors, there are no mechanistic relations, as experienced in the case of the economic partnership agreements, suggesting that greater attention must be paid to interests and incentives, by RECs, their members and their partners (in this case the EU), when seeking synergy from policy mix.

## 2.10. Critical junctures



**Critical junctures such as natural disasters and political and other crises can trigger progress but also block regional organisations and dynamics.**

**Sudden shocks and crises can create *critical junctures*, triggers or windows of opportunity, but also major impediments for regional organisations in setting and implementing their agendas.**

Some of the events or shocks that have affected the RECs studied here include the effects of drought, the Arab Spring with regime change in Egypt, the various violent conflicts that have recently erupted in Mali, the Central African Republic, South Sudan, and the military coup in Burkina Faso. The end of the Cold War coincided with the emergence of Africa's biggest democracies (located in the two most powerful economies on the continent) and created - together with violent conflicts in West Africa - the pressures and incentive environment in which South Africa and Nigeria could initiate and facilitate the transformation from the Organisation of African Unity into the African Union (2001). In the 1980s the famine in the Horn of Africa is widely seen as an important driver in the formation of IGAD's predecessor, the Intergovernmental Authority on Development and Drought. This crisis combined with donor influence brought together countries that were ideologically divided by the Cold War in an attempt to collaborate on a regional agenda to fight the famine.

<sup>26</sup> As promoted by amongst others the Collaborative African Budget Reform Initiative, CABRI (2014).

**Specific events can alter the array of interests, shake the incentive environment, and change the power dynamics in countries, with potential impacts on the context in which regional organisations operate.**

The Arab Spring and revolution in Egypt were part of a chain of interacting regional and bilateral dynamics. A new Egyptian government, Sudan's growing need for constructive relations with Ethiopia, and the independence of South Sudan all created a new environment with opportunities for improved relations around the sharing of the Nile, with important ramifications for Ethiopia's energy production and role in the *Eastern Africa Power Pool*. Examples of exogenous shocks that impacted on the domestic political incentives include the drought in southern Africa in 1992. This draught caused nation- and region-wide power shortages that reinforced the demand for regional electricity cooperation, and together with the democratic transition in South Africa contributed to the push behind the creation of the Southern African Power Pool in 1995. Another exogenous shock was the food price crisis in 2007-08, which triggered food riots and impacted on the regional and national responses to the continental agricultural and food security programme, CAADP.

### **Implications**

- In and of themselves these critical events or crises don't *create* institutional reforms or change, or political commitment to reforms. But they can offer windows of opportunity to speed up processes, shake the order of political priorities, form new coalitions around emerging issues, and as such underline the dictum of Winston Churchill, to "never let a good crisis go to waste".
- Regional organisations are somehow equipped to deal with volatility and crisis in the area of peace and security, with an institutional architecture in place that can adapt to the context in which it operates.
- In other sectors and policy areas, critical junctures and crises are often harder for regional organisations and their supporters in terms of realigning support coalitions, altering the time horizon, shifting the results framework and hand-on adaptation and brokering for change. Yet this is where the opportunities often lie for effective regional cooperation.
- The breadth of change that critical junctures can offer, further underlines the value to policy-makers of being prepared even when awaiting more propitious political-economic circumstances to promote a specific regional agenda item.

## 3. Conclusions

Regional integration dynamics have assumed an important place in Africa's political, economic and institutional landscape. They involve numerous formalised regional cooperation and integration processes at the sub-regional, regional and continental levels. Regional organisations in Africa have taken on central roles and fulfil multiple functions in promoting regional cooperation and regional integration. This has led to the articulation of broad and ambitious integration agendas. Yet, implementation of these agendas has often been slow and hampered by many obstacles, leading to 'implementation gaps'.

### 3.1. Key characteristics of the approach

While traditional explanations for this implementation gap generally focus on capacity constraints and the undefined notion of lack of political will, there is a need to better understand the underlying dynamics behind formal regional integration processes. This study is a first attempt to do so in a more comprehensive and systematic way in the context of Africa. There are certainly some similarities in challenges and institutional forms between regional organisations in Africa and elsewhere. So some of the insights gained from this study, while specific to Africa, may also have relevance for other regions.

Through an examination of the political economy in six regional organisations - the AU and five RECs: COMESA, EAC, ECOWAS, IGAD and SADC - this study analyses some of the key factors and actors that contribute to shaping the agendas of regional organisations in Africa, as well as the context-specific drivers and obstacles to the implementation of these agendas. The focus is on foundational and institutional factors, key actors, including those external to the regions, and the incentives and interests at play.

This study represents an ambitious endeavour. The factors and actors affecting regional integration are numerous, changing, and specific to the particular region, issue area and time. Though it is conducted on a systematic basis, based on an explicit methodological framework, it does not pretend to be exhaustive and complete. Many dimensions affect regional integration dynamics. These are examined and categorised through the use of five *lenses* in this study: foundational factors, institutions, actors, sector-specific factors and external factors. But, given the complexity of the dynamics at play, any political economy analysis is by definition selective, and therefore somewhat subjective, in spite of efforts to be factual, broad and objective.

The key findings outlined in this study serve to identify key trends and features, as identified in several regions across Africa. As such, they are generalised statements resulting from an interpretation of the facts gathered. They should not be considered as rules of regional integration, and unlike laws of physics, differences (across regions and countries, actors and issues), and exceptions tend to prevail. Rather, they point to some general characteristics that currently affect regional dynamics in Africa, which, when carefully considered and assessed in their specific context, can usefully inform and guide interventions to promote regional cooperation and integration.

### 3.2. Major findings

The major findings of this study are summarised in ten key features of the current political economy of regional integration in Africa in the figure below. These underpin the following salient points.

Regional cooperation and integration in Africa is characterised by the development of a rather well formalised and comprehensive institutional framework, the African Union and the RECs, as well as equivalent and complementary institutions. These **institutions do matter. However, they do not**



**necessarily serve the purpose or function they claim to serve.** This is commonly attributed to the weakness of some institutions, which, it is consequently assumed, can be then directly remedied with appropriate capacity building. This explanation, however, tends towards oversimplification and ignores underlying dynamics that are often more complex.

Since institutional forms differ from function (key finding #2), reforms aimed at improving the effectiveness of regional organisations should focus on the core functions such organisations are attempting to perform, with a greater chance of demand for improved functions through problem solving and the likely coalition building this requires or involves.

**Regional organisations serve an important role of political legitimacy,** as a channel for exchanges among leaders in a region. Formal decisions, based on intergovernmentalism, thus contribute to legitimise the regional process (also related to key finding #2). While this has often been referred to as *summitry* by observers eager to see a greater focus on implementation efforts, it does represent an important, albeit not sufficient, condition to legitimise collective action at regional level and stimulate national ownership. This is not to say that all regional endeavours must be carried out through regional organisations. Parallel initiatives might better align with the existing incentives and interests of key actors, usefully contributing to stimulate regional cooperation and integration. But bypassing formal regional frameworks also entails risks, including undermining regional organisations and in terms of legitimacy.

In this regard, it is worth noting that regional organisations generally work through **consensus building**, and regional decisions are normally taken by consensus by member states. However, **a critical role is played by big and powerful countries** (referred to as hegemons in key finding #5), which are in a strong position to influence regional agendas and their implementation, contributing to driving it or blocking it, depending on their national interests and positions towards their regional partners. The **influence of charismatic regional leaders**, at the head of their country or of the regional organisations, should also be considered in understanding the dynamics of regional integration, where personalities and interpersonal relations continue to play an important role (key finding #6).

However, in spite of political legitimacy and consensus building, even with the formal support of strong regional actors, collective decisions taken at the regional level do not necessarily imply in practice a commitment by all partners to act upon and implement such decisions. Indeed, member states appear to face **incentives to signal their support for regional integration even when implementation is not a domestic priority** (key finding #3). This may be due to a number of factors, including the rhetoric and logic of regional solidarity and pan-Africanism; the time-horizon (i.e. signalling a vision and longer-term aspiration rather than short-term commitment to implement), and a lack of enforcement mechanisms or demand for implementation. Insufficient attention to assessing and providing adequate means for the costs of domestic implementation, as well as the perspective of attracting additional support from external partners further incentivise signalling.

While regional organisations can help or facilitate implementation processes, they are generally not mandated, capacitated and ultimately responsible for implementation. So while they can provide a regional platform to address and discuss common challenges, implementation remains mainly a domestic issue for member states.

So, ultimately, **implementation at domestic level largely depends on national interests and priorities**, as defined by domestic ruling elites, which may diverge from national positions taken at regional levels and resulting regional decisions (key finding #4). Although **regional agenda is largely aspirational** (key

finding #3), it can also be driven by more **immediate and pragmatic concerns and interests by member states' interests** (key finding #4).

**Box 1: Key findings**



These differences also explain the **different implementation dynamics experienced in different sectors and policy areas** (key finding #8). So, for instance, while all regions pursue a comprehensive economic integration agenda, along with monetary union or industrialisation, these **aspirational policy areas gain less political traction than those such as peace and security. In the latter there is both a need to avoid major and immediate social and economic costs and vested interests in stability from**

**political elites.** This may also explain the limited implementation efforts by member states on more aspirational endeavours such as efforts to promote gender equality in spite of their huge potential impact. While sector and policy area characteristics do influence implementation, these are also region and country specific, depending on the interests and incentives at play, so that regional food security and agricultural policy have greater traction in ECOWAS than IGAD for instance.

In this context, non-state actors, such as private sector and civil society organisations, do play a role in regional dynamics, but their impact on regional organisations remains limited. There is **little explicit demand and pressure from private sector coalitions on the overall aspirational agenda** of regional organisations, since this is less likely to be translated into immediate concrete action, and these groups are often very heterogeneous. Instead, their interests and engagements tend to **coalesce around relatively narrow and specific agendas** (key finding #7). Private sector interests in regional issues, though also increasingly articulated under regional umbrella organisations, tend to be still **mainly expressed through domestic channels**.

Underlying all of these dynamics, **long-run structural factors** (e.g. geography, history, economic structures) continue to impact on how countries and regional organisations interact within a region (key finding #1), while **in the short-term, critical junctures can very quickly alter incentives** and offer opportunities (or challenges) for taking regional cooperation forward (key finding #10).

Support from **donors can help stimulate cooperation and integration processes** (key finding #9), though it can often detract from member state ownership, thereby risking effective implementation in the long run. Beyond the significant quantity of aid provided to regional organisations as part of their overall budgets, it is **the quality of aid** (as embodied in the globally agreed principles of aid effectiveness) that affects their potential to strengthen institutional functions for the delivery of regional plans and commitments. The combination of poorly managed aid and donor dependency increases the risks of distortions in regional agenda-setting and implementation. The internal political economy of donors also affects the type and modalities of their engagement to support regional integration processes and regional organisations, and ultimately the impact of their support. The key point is that **external actors don't operate outside the political economy dynamics of regional integration**, but are an integral and often important part of it.

### 3.3. Implications

The five-lens framework applied in this study has provided insights into the context in which six regional organisations operate, helping to explain the gap between regional aspirations, objectives and their realisation on the ground. It has also provided insights to build on in terms of reform and support strategies. Furthermore, it identifies promising or priority areas that stand to benefit from further dialogue with stakeholders involved in regional cooperation and integration, or from more fine-grained political economy analysis. Building on this, this report summarises a number of implications that emerge for those who want to promote the regional integration agenda:

- One of the main implications is the need to think and work politically, beyond technocratic approaches, based on strong political analysis, insight and detailed understanding of local and regional contexts;
- This requires looking beyond the formal mandates and decisions of regional organisations, which are often aspirational, to consider the interests and incentives of key stakeholders at national level;

- In engaging with regional organisations, it is important to distinguish where regional organisations play a major role in terms of political legitimacy, and where they can play a more practical role in terms of implementation,
- It is also important to differentiate between institutional forms and the function they play; and between signalling and operational endeavours, to ensure a close connection between political legitimacy and implementing actions;
- Coordination around the national-regional nexus emerges as being key in terms of incentives, interests and institutional setting, thus avoiding a one-sided regional-only focus in regional integration endeavours;
- In identifying sectors, partners and scope of regional interventions, it is helpful to determine priorities for implementation in areas where there is a clear coalition of interests and incentives, building on national concerns, and where there are identifiable key national and regional champions, such as regional hegemony, charismatic leaders, and private sector interests.

As these implications suggest, policy planning and design must take account of current incentives facing key stakeholders, both within and between states. This implies one or a mixture of four options, the 4As: *Altering* incentives, *Adapting* to them, *Avoiding* them, and/or *Awaiting* that they change.

Attempts to *alter* the incentives associated with structural and foundational factors and inter-state regional relations will be challenging in the short to medium term, and at a minimum require that long-term influences and structural factors be acknowledged in policy design.

Rather than trying to alter incentives, the implications highlighted through this study suggest the possibility of *adapting* policies and reforms to current interests and constraints. Alternatively, a more political understanding of the policy context may help policy-makers to *avoid* clear political blockages to reform, or to explicitly design approaches to avoid blocking individuals or institutional forms. Finally, for some policy reforms it may be more important to define a strategy to *await* more propitious political-economic circumstances.

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

**Ambitions:** Ambitions for regional cooperation and integration must be couched in terms of what is realistically feasible over the medium to long-term, taking structural factors and path dependency as given. Allied with a better understanding of political interest and room for manoeuvre should also temper ambitions. The ambitions around regional approaches should be explicit on the value-added of acting regionally. In doing so, the analyses suggest that support and policy-reforms should avoid aiming for 'best practice' institutional forms that may simply encourage formalism, but rather aim for 'good fit' functions.

**Brokerage:** The analyses also point to the importance of harnessing the interests of different stakeholders in achieving these more realistic ambitions. This requires brokering different forms of engagement among different actors operating at both the regional and national levels to overcome information asymmetries; to facilitate collective action; and to create demand side pressures for regional coordination and cooperation. This implies facilitating public-private-CSO engagement in, and demand for, regional processes based on identified interests and coalitions around specific regional problems or areas.

**Champions:** While commonly acknowledged that policy reform often requires a 'champion' to help push it through, the analyses point particularly to the importance of understanding the potential capacity of technical and political individuals in forming coalitions based on interests and driving regional agendas. This includes individuals in the public sector, private sector or other civil society organisations, whether at the regional or national level.

Policies that take account of these different factors in defining an approach to supporting or driving regional integration are likely to have a greater chance of success.

## Bibliography

- African Union. 2015. 2016 Budget Framework Paper for the African Union.
- African Union. 2013. Strategic Plan 2014-2017 for the African Union Commission. 21st Ordinary Session of the African Union, Addis Ababa, 26-27 May 2013. Addis Ababa: African Union.
- African Union. 2013b. Report of H.E. Mr. Olusegun Obasanjo. Former President of Nigeria, Chairperson of the High-Level Panel on Alternative Sources of Funding the African Union. Assembly of the Union. Twenty-First Ordinary Sess
- African Union. 2007. Audit of the African Union. Addis Ababa: High Level Panel of the Audit of the African Union.
- African Union. 2003. Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa. Addis Ababa: African Union.
- Akmeemana, S. et al. 2015. The case for thinking and working politically: The implications of 'doing development differently'. Available at : <http://publications.dlprog.org/TWP.pdf> (Last accessed: 25 September 2015).
- Andrews, M. 2013. The Limits of Institutional Reform in Development. Changing Rules for Realistic Solutions. Cambridge: Cambridge University Press.
- Bilal, S. and J. Vanheukelom. 2015. Regional Dynamics in Africa: High stakes for development. ECDPM Discussion Paper 174. Maastricht: ECDPM
- Bilal, S., B. Byiers and J. Vanheukelom. 2015. Political-economy dynamics matter most to Africa's regional integration. International Trade Forum Magazine. Issue 02/2015 on Regional Integration. Geneva: ITC.
- Byiers, B., Vanheukelom, J., and C.K.M. Kingombe. 2015. A five lenses framework for analysing the political economy in regional integration. ECDPM Discussion Paper 178. Maastricht: ECDPM.
- CABRI, 2014. Towards a Greater Use of Country Systems in Africa: Recent Approaches and Challenges. Synthesis Report of the Collaborative African Budget Reform Initiative
- COMESA Secretariat. 2013. Key Issues in Regional Integration Volume 2. Lusaka: COMESA.
- Draper, P. 2010. Rethinking the (European) Foundations of Sub-Saharan African Regional Economic Integration: A Political Economy Essay. Working Paper No. 293. Paris: OECD Development Center.
- EAC Secretariat. 2004a. EAC Customs Union Protocol. Arusha: EAC Secretariat.
- GIZ. 2014. Supporting the implementation of the regional integration agenda. Achieving compliance in the Member States of EAC, ECOWAS and SADC. Eschborn: GIZ Network for Economic Development in Africa.
- Kleinfeld, R. 2015. Improving Development Aid Design And Evaluation. Plans for Sailboats, Not Trains. Washington DC: Carnegie Endowment for International Peace.
- Kragelund, P. 2015. Towards convergence and cooperation in the global development finance regime: closing Africa's policy space? Cambridge Review of International Affairs. 28 (2): 246-262.
- Mattli, W. 1999. The Logic of Regional Integration: Europe and Beyond. Cambridge: Cambridge University Press.
- McKinsey & Company. 2015. Brighter Africa: The growth of the sub-Saharan electricity sector.
- National Planning Commission. 2013. Our future – make it work. National Development Plan 2030.
- The Presidency of the Republic of South Africa.
- OECD. 2005. Harmonising Donor Practices for Effective Aid Delivery. Volume 2: Budget Support, Sector Wide Approaches and Capacity Development in Public Financial Management. Paris: OECD.

- Organisation of African Unity. 1980. Lagos Plan of Action for the Economic Development of Africa, 1980-2000.
- SADC. 2014. SADC Industrial Development Policy Framework 2014. Gaborone: Southern African Development Community.
- Sandler, T. 2007. Regional Public Goods, Aid, and Development. Dallas: University of Texas. Available at: <http://adbi.adb.org/files/cpp.sandler.regional.public.goods.aid.development.pdf> (last accessed: 25 September 2015).
- Tripp, A.M. 2010. Museveni's Uganda: Paradoxes of Power in a Hybrid Regime. Boulder: Lynne Rienner Publishers (Challenge & Change in African Politics).
- UNCTAD. 2013. Trade and Development Report. New York and Geneva: United Nations Conference on Trade and Development.
- Wood, B., Kabell, D., Muwanga, N., and F. Sagasti. 2008. Synthesis Report on the First Phase of the Evaluation of the Implementation of the Paris Declaration. Phase One. Copenhagen: Ministry of Foreign Affairs of Denmark.
- Woodward, P. 2013. The IGAD and Regional Relations in the Horn of Africa. In: The Horn of Africa. Intra-State and Inter-State Conflicts and Security, R. Bereketeab. London: Pluto Press: 141-155

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



---

EMBASSY OF SWEDEN

Nairobi