Supporting African regional integration: looking ahead

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1. Introduction

There is little doubt that regional integration should be a continuing priority for African countries and donors. In this endeavour, the donor community has the benefit of hindsight. Even just looking at recent efforts, the UK Department for International Development (DFID) has been supporting regional integration intensively in Africa for over a decade. Time is therefore ripe to take stock of our experience.

This note raises three key issues that can usefully guide the reflections as we move ahead: focus, governance and delivery.

2. Are we focusing on the right issues?

Thematically, much of the regional integration agenda in Africa has been centred on a relatively traditional set of trade topics: tariffs, rules of origin, and Non-Tariff Barriers (NTBs). Significant progress has been achieved in these areas by Regional Economic Communities (RECs) and their Member States, with the support of the donor community. For example, ECOWAS has just begun implementing its Common External Tariff, and the East African Community (EAC) has made considerable progress in consolidating its internal trading arrangements under its Customs Union protocol, by, for example, rolling out its single customs territory.

But are these 21st century issues that will allow African countries and groupings to reap the benefits of globalisation and integrate into the world economy and into global value chains? The recent literature suggests that these will not go far enough. In fact, over recent decades and following successive liberalisation initiatives, the impact of tariffs has diminished. Issues like trade in services, investment regimes, infrastructure development and "behind the border" regulatory issues are taking on more importance, since they are key to promoting more productive capacity, export diversification and inclusive growth. Quite often, it is the infrastructure provision, investment and regulatory climate that constrains regional trade, not tariffs, suggesting that donor support might have attached more importance to first generation "trade in goods" issues than is warranted in terms of relevance for Africa's economic development

3. What about governance (and politics?)

A second area where the donor community could have invested more effort is governance. The spotty track record that RECs' member states have in implementing their commitments with their neighbours is, in part, a result of the lack of implementing and enforcement mechanisms that characterise African regional trade agreements. For example, the EAC Treaty sets out very lucidly a wide range of regional liberalisation and harmonisation objectives, but the Community itself has no enforcement machinery beyond a commitment to policy coordination, and application of the Treaty and its implementing Protocols depends on action, where possible coordinated action, by the partner state Governments.

RECs generally either lack a dispute settlement mechanism or do not use it. African states do not litigate against each other in trade matters, most importantly in the World Trade Organization, and trade disputes are often settled bilaterally, behind closed doors, increasing uncertainty for businesses. This raises a fundamental question for donors investing in African regional integration: if negotiated treaties cannot be effectively implemented and are not respected, what is the point of negotiating (or supporting) them in the first place?

Yet, support to the governance of RECs has been a relatively low priority for most donors. Some donors have supported RECs in their monitoring efforts (e.g. the "gap" analysis undertaken by the USAID West African Trade Hub, the SADC FTA 'audit' by the USAID Southern African Trade Hub and TMEA's work on tackling NTBs in the EAC). But this remains the exception rather than the rule. Going beyond the monitoring of the implementation of commitments by African Member States, what would an agenda that attempted to enhance the rules-based nature of African RECs look like?

4. Do we know how to deliver support effectively?

Do we know what support modalities work best in the case of regional integration? After over a decade of designing support programmes to regional integration, we can say that yes, we have an idea. Supporting regional integration is an intricate affair: it requires working at the regional and national level, building and navigating alliances with a wide range of stakeholders within and across countries to secure ownership and buy-in. It requires scale and resources. It also requires time, patience and humility as to what donors can ultimately achieve.

Achieving the kinds of results and transformation changes for delivering African regional integration in practice is very difficult to do well if donor support is fragmented across a multitude of short-term projects (each with different modalities), focus countries, implementing agencies, results frameworks and time frames. Regional integration is already a complex affair. Development partners should not add another layer of complexity for RECs and their Member States. Equally, development partners should not overly rely on RECs given their limited delivery capacity at country level.

On balance large, multi-donor funded and purpose-built delivery vehicles are likely to be the most effective at supporting regional integration in Africa. They have the scale, resources, durability and ultimately the integrated approach necessary to support extremely complex endeavours in multiple theatres simultaneously and in a synchronised fashion.

Regional integration requires African countries to recognise that their best advantage, certainly in the areas of economics and trade, lies in pooling some of their sovereignty. Supporting it effectively requires of donors to do the same with how they deliver their support.

5. Conclusion

Progress in regional integration is slow, but the results are materialising. This note has argued that, as African countries move forward in their endeavours, a widening of the agenda is warranted to be more relevant to Africa's economic development imperatives, but that a strengthening of the governance of African RECs should not be neglected. Providing effective support mechanisms in this area will certainly demand a deeper understanding of the politics of African RECs, a topic that has recently begun gathering the attention of the donor community.

Lastly, donors have the benefit of hindsight when designing support mechanisms for regional integration. Past and current successes should provide a good measure of inspiration and development partners should be more determined in building on what has worked well, even if this may require some additional transaction costs and co-ordination efforts in the short term.

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