Regional Integration Update: Southern and Eastern Africa

Catherine Grant Makokera

catherine.grant@tutwaconsulting.com
Outline

• Background: recent Tutwa work on the region
• Update on EAC, COMESA and SADC
• Key challenges for regional integration
• Implementation of Regional Integration: vision, courage and passion
• Case Study: SADC Corridors and Trade Facilitation Agenda
Background: Recent Tutwa Work

Regional Integration:
- EU Evaluation on Regional Support to Eastern and Southern Africa and the Indian Ocean under EDFs 10 and 11
  - Regional economic integration including infrastructure development in COMESA, EAC and SADC
- Support for the Southern African Business Forum
- Input into CCR process on Implementation Challenges in SADC

Trade Facilitation:
- Private sector priorities in Botswana, Malawi, Mozambique, Namibia, South Africa, Zambia and Zimbabwe (USAID and GIZ)
- Scoping of project at the Kasumbalesa border post between Zambia and DRC (GIZ)
- Options for a corridor monitoring platform in Southern Africa (USAID)
- Support for a corridor approach in SADC (GIZ)
EAST AFRICAN COMMUNITY

Burundi
Kenya
Rwanda
South Sudan
Tanzania
Uganda
EAC Update

• Some impressive progress – but when you scratch the surface much of it is driven by the Northern Corridor Initiative not the EAC

• Political will among Kenya, Rwanda and Uganda

• Challenges of conflicts in Burundi and South Sudan

• EAC facing big challenges as it enters its second decade

• High donor dependency

• Turn over of staff in the Secretariat

• What will be the implications of the EU-EAC Economic Partnership Agreement?

• Useful results from cooperation with AFRITAC and World Bank – including scorecard

• Need to bed down the customs union
COMESA

Largest grouping from Swaziland to Egypt

HQ in Lusaka, Zambia
COMESA Update

- Donors fund 80% of activities – EU half of that – but not much donor coordination

- Led the way with development of regional policies in many areas but struggle with low levels of domestication

- Hollowed out staff contingent e.g. only 3 staff in the trade division

- Impact of overlapping membership most keenly felt by COMESA

- What will be the impact of the TFTA?

- COMESA Secretariat has proposed that member states champion particular issues (like the SADCC structure)

- Need to refocus on policy, convening and monitoring
SADC

15 Member States

South Africa to take over the Chair from August 2017
SADC Update

- Member States value the political agenda of SADC – peace and security interventions matter

- One of the African RECs with the highest level of Member State funding

- High turnover of staff in 2016 and 2017

- Restructuring of Secretariat underway – to accommodate industrialisation agenda

- Upscaling of private sector participation with Southern Africa Business Forum

- Monitoring effective in some areas e.g. gender and macroeconomics

- Potential trade wars brewing

- Capacity of management challenged – what will happen when new leadership appointed?
Key Challenges for Regional Integration

- Implementation gap – lots of good policies, programmes, protocols but difficulty to get them domesticated or transposed
- Who are the beneficiaries of regional integration? Do they have the power to push for greater implementation?
- Limited monitoring and accountability
- Weak Secretariats
- Donor dependence
- Overly ambitious agendas
- Constrained space for non-state actors to engage
Implementation of Regional Integration

Vision

Passion

Courage
Case Study: SADC Corridors and Trade Facilitation

- SADC is slowly building up a collection of firm level based research projects.
- Assessment of trade facilitation priorities of the private sector in 7 countries with support of USAID and GIZ in 2016/2017
  - Botswana, Malawi, Mozambique, Namibia, South Africa, Zambia, Zimbabwe
- Provide context for corridor approach to economic development
- Benefits of corridor approach:
  - One of the direct ways to bring about regional economic integration.
  - Helps prioritise the development of infrastructure.
  - Enables the design of appropriate interventions to facilitate trade.
  - Provides a framework for collaboration between countries as well as the public and private sectors.
  - Helps break down silos within REC Secretariats.
Private Sector TF Priorities

**Regional Issues:**
- Transit permits and procedures
- Monitoring and accountability
- Harmonisation of documents, fees, standards etc.
- Corruption
- SACU, TFTA

**Botswana:**
- Road and rail infrastructure
- Non-tariff barriers
- Coordinated border management
- National Single Window

**Namibia:**
- National Single Window
- Harmonised customs procedures and IT connectivity
- Port and linking infrastructure

**South Africa:**
- Coordinated border management
- Non-duty barriers
- Trade-related infrastructure (e.g. SEZs)

**Malawi:**
- Transit procedures
- National Single Window
- Customs Procedures
- Coordinated border management

**Zambia:**
- Coordinated border management
- Trade information portal
- National Single Window

**Zimbabwe:**
- Non-tariff barriers
- Coordinated border management
- Renewal of road and rail infrastructure
- National Single Window

**Mozambique:**
- Port related facilities
- Non-duty barriers
- Coordinated border management
Cross-cutting Observations: Stating the Obvious

- Traders take a holistic view of the challenges to trade
- Challenges are with both hard and soft infrastructure
- Often don’t distinguish between customs and other officials at borders
- Are keenly interested in implementation of policies to ensure certainty
Cross-cutting Observations: Nuance

- Nuance and situation specific responses are required to the challenges to trade along corridors – every border post is different, national approaches vary, industries experience trade in the region differently

- Size counts – the big players have systems and procedures in place to deal with problems and absorb costs

- Smaller and informal traders face other problems
Cross-cutting Observations: Sequencing

- Some issues that are a priority for the private sector are difficult to address effectively e.g. NTBs – dynamic, responsive to broader economic environment
- Awareness of political economy
- Variable geometry should be considered
- Quick wins
- Soft and hard infrastructure interventions must pull in same direction
Cross-cutting Observations: Coordination

- WTO Trade Facilitation Agreement now in place – expect additional aid for trade resources to be directed to trade facilitation
- Interventions need to do no harm
- Involving private sector does not always improve situation
- Coordination and cooperation among donors is critical to reduce proliferation of same type of interventions
Cross-cutting Observations: Public Private Dialogue

- Industrialisation requires private sector participation and a deep understanding of the specific dynamics in targeted sectors
- National level PPD exists in all SADC countries but weak linkages to regional level
- Opportunity to consider role of corridor forums
- Business, civil society, academics are critical to achieving SADC goals