

Political Drivers of Regional Integration in Africa:

Lessons from the Maputo and North-South
Corridors

Bruce Byiers 15 July 2015

TIPS UNU-WIDER Session 9

A REGIONAL COLLABORATION: DIFFERENT APPROACHES

European Centre for Development
Policy Management

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Presentation Outline

1. Research context
2. Approach
3. Findings
4. Policy implications

Research Context

- High costs, relatively low formal intra-African trade
- Long-run rhetoric on African economic integration e.g. Lagos Plan of Action, Abuja Treaty, TFTA, AU BIAT
- Corridors on the rise e.g. RSA SDIs, NEPAD SDP & PICI, AUC PIDA, TFTA, SADC RISDP & RIDMP...
- “Implementation deficits”

Why? Usual suspects:

- Overlapping REC membership
- LACK of:
 - Lack of finance
 - Lack of capacity
 - Lack of political commitment...
 - Lack of interagency coordination
 - Lack of bankable projects
 - Lack of regulatory frameworks

What about...politics?

- *Within* countries and *between* countries...?
- Long-run historical, structural factors?
- Formal and informal institutions/rules of the game?
- Actors and groups of actors, their interests, their power?
- Sectoral specificities and their impact on different groups?
- External factors like climate change, terrorism, mobile phones...?

Research Question

When do key actors, especially political elites, credibly engage and commit to implement regional integration agreements?

Methodological Approach

- Focus:
 - *functional* regional economic integration
 - Corridors as a growing approach
- Approach:
 - Political economy analysis
 - Lit: political economy & regional integration
 - Interviews – Zambia, RSA, Mozambique
 - Identify key lines of analysis
- Process
 - Apply to 2 different cases: the Maputo and North-South Corridors
 - Roads, rail & borders

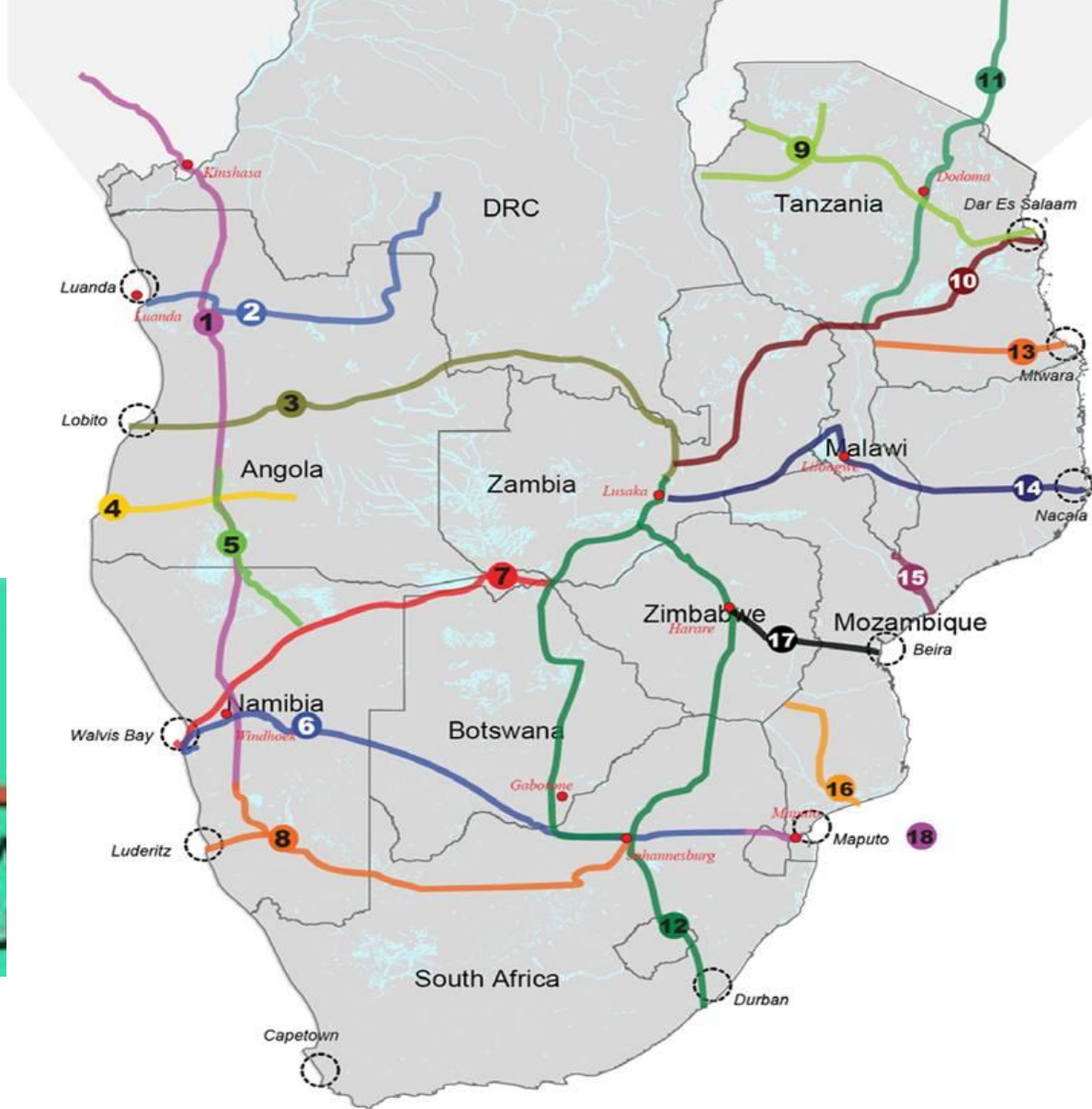
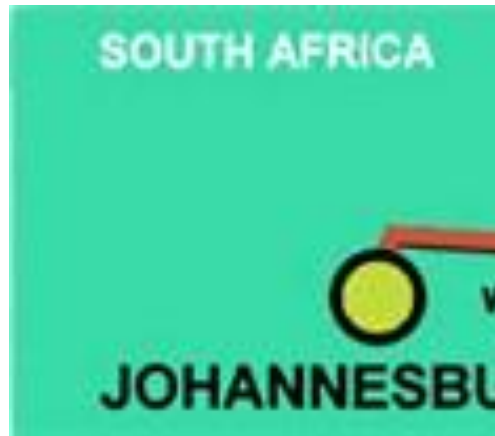
Findings - Literature

- Anything affecting distribution of resources is political
- Little linking national to regional PE
- Regional literature:
 - IR: negotiations, bargaining,..
 - Two-level approaches:
 - Max. national benefits,
 - Min. adverse effects from regions
- National/sectoral level literature:
 - Political systems - ruling elites, political bargains, clientelism, political survival
 - Away from linear development models
 - Formal & informal institutions – ‘best fit’ policies
 - (Sub)sector characteristics, regional public goods and governance relations also key

• Scope of analysis is important (and tricky) to define

Maputo Development Corridor

And others



- | | | |
|---------------------------------|------------------------------------|---------------------------|
| 1 TAH Tripoli-Windhoek Corridor | 7 Trans-Caprivi Corridor | 13 Mtwara Corridor |
| 2 Melange Corridor | 8 Oranje Corridor | 14 Nacala Corridor |
| 3 Lobito Corridor | 9 Central Corridor | 15 Shire-Zambezi Corridor |
| 4 Namibe Corridor | 10 Dar es Salaam (Tazara) Corridor | 16 Limpopo Corridor |
| 5 Trans- Cunene Corridor | 11 TAH CAiro-Gabarone Corridor | 17 Beira Corridor |
| 6 Trans-Kalahari Corridor | 12 North-South Corridor | 18 Maputo Corridor |

- 70% of African population >2km from all-season road (Raballand & Trevaninthorn, 2009)
- SADC effective speed of road transport is between 6-12kmph (Ranganathan & Foster, 2011)
- Road delays = USD300 per day for an 8 axle truck
- Rail from Durban to Kolawesi – 4kmph





transport **DINDA**

N4 TOLL ROUTE

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General Findings

- 2 very different corridors – but both RSA-linked
- MDC relative success related to:
 - Aligning national political interests
 - Limited actors & scope
 - Private sector interest/dependence
 - Political relations
 - Critical juncture/luck
 - From transit to development impact?
- NSC – tripartite corridor:
 - Wider range of actors & scope
 - Limited private sector engagement
 - Some successes but risks remain

Findings: 5 “lenses” for linking regional and national

1. Structural/foundational factors
2. Formal and informal institutions
3. Actors and agency
4. Sector characteristics & governance: zooming in
5. Global and regional drivers: zooming out

Five lenses	Maputo Development Corridor	North-South Corridor
Structural factors (Regional & national)	<ul style="list-style-type: none"> - 2 countries – Maputo port & RSA economic heartland - History - labour in minerals out - FRELIMO support to ANC - Post-apartheid RSA - Post civil war Mozambique - Fiscal constraints - PPP - RSA-Moz income disparities 	<ul style="list-style-type: none"> - Also frontline states - Eight countries along one corridor with 5 landlocked countries, 2 ports, - Extractives important - Major trade route - Chirundu border (Zim/Zam common institutions) - RSA – devm’tal vs m’kt
Formal/informal rules of the game	<ul style="list-style-type: none"> - Light on formal structures – - Powerful informal arrangements - trust 	<ul style="list-style-type: none"> - TFTA, NEPAD Spatial Dev. Prog. - Agreements to reduce NTBs - Presidents/donors for OSBP - Negative view of South African in region? - Zambia rural roads focus – more political than economic?
Actors	<ul style="list-style-type: none"> - Presidents, - Key civil servants, - Key RSA & Int’l private sector drivers - PS Associations - MCLI - Close business-party relations? 	<ul style="list-style-type: none"> - WTO Aid for Trade, donors, - Dispersed PS interests, - Current winners - What about potential beneficiaries?? E.g. Zambia exporters

Five lenses	Maputo Development Corridor	North South Corridor
Sector specific features	<ul style="list-style-type: none"> - Regional public goods – not provided by private sector - Economic density allows for toll roads - What about inclusion? 	<ul style="list-style-type: none"> - Zambia: rural road construction is politically salient - NTBs and one stop border posts - Transport mkt key
Global and regional drivers	<ul style="list-style-type: none"> - Improving competitiveness/trade by lowering costs – 15 million ton to the sea - Mkt liberalisation/privatisation policies in both countries - Opening for give and take politics? - Increased focus on corridors, SDIs, linkages 	<ul style="list-style-type: none"> - Incentives from multilateral banks and donors? - Incentives from resource dependent China? - Competition for investors? - RSA hegemony?

Main messages & implications

- Capacity constraints etc are real!
- Political economy factors at least as important
- Formal agreements reflect political signals – national politics rules in implementation
- Foundational factors – hard to alter! Room for shifts?
- Formal institutions - supported or undermined by informal inst.s
- Easier to identify drivers in narrower/more functional processes of regional integration
- Various roles for sector actors: beneficiary, demandeur, provider, (and blocker)
- Need to take political context into account

PERIA – emerging propositions

- Structural/foundational factors a vital role
- Regional hegemons can drive or undermine
- National political interests dominate regional (e.g. multiple REC membership)
- Number of actors affects progress
- Private sector demand key
- Need for top-down and bottom up regionalism
- Regional coop'n differs in sectors with different political imperatives
- Donor support to RI agenda risks defining
- Critical junctures can be key

Policy responses – 4 As

- Alter
- Adapt
- Avoid
- Await

GREAT insights

GOVERNANCE REGIONAL INTERACTION ECONOMICS AGRICULTURE TRADE

Thematic Focus: Trade and Development

With exclusive contributions by **Dr. Mukhisa Kituyi, Secretary-General of UNCTAD** and **Lilianne Ploumen, Minister for Foreign Trade and Development Cooperation in the Netherlands.**



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The multiple dimensions of the trade and development nexus

The 9th Ministerial conference of the World Trade Organization (WTO) in Bali on 3-6 December 2013 will once more attempt to push the trade and development nexus into the international agenda. While no guarantee of flows and openness are can, under certain conditions, they can, under certain conditions, provide a significant contribution to it. Trade policy, in doing so, private sector development into regional and global value chains, when well harnessed to domestic production diversification, job creation and equitable growth in developing countries.

What are the conditions under which regional and global trade can unleash their development potential? Which dimensions have to be taken into account? How does the regional and international agenda frame the trade benefits to developing countries? How to balance the interests and forces at play? Is the promotion of values, social norms and environmental standards a constraint or a boost to trade benefits? How can trade policy relate to broader reform dynamics and capacity? How are new free trade initiatives among major world partners, such as the US and the EU, affecting African countries?

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Regional trade integration social dimensions, and development
Reflections on the ECOWAS Common External
Quentin de Roquefeuil

approaches to development is far from straightforward. The challenge for developing countries is not simply to better integrate into global value chains, but to do so with their own products, not just primary commodities and in fast-growing African countries, this is particularly important. This requires active and smart industrialisation strategies to improve business conditions and opportunities to pursue greater domestic value addition.

In this context, trade policy cannot be seen as part of a broader agenda for structural change. With a rising and increasingly volatile intra-regional trade environment, innovative thinking and approaches are more than ever needed to address the complex nexus between economic transformation and