

150

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REPORT ON HARMONIZATION AND RATIONALIZATION
OF THE ACTIVITIES OF INTERGOVERNMENTAL
ORGANIZATIONS IN EASTERN AND SOUTHERN AFRICA

I. INTRODUCTION

The search for viable and feasible alternative economic integration strategy has produced a plethora of economic groupings of various shades in sub-Sahara Africa. The persistent and sustained interest in using these schemes as instruments for economic transformation has not been dampened by a "cemetery of defunct or aborted integration schemes" (Uri Pierre, 1976). No other region has therefore applied the "trial and error" method in integration and cooperation as Africa (Langhammer, 1977). By the middle of 1970s there were over 120 forms of economic groupings (ECA, 1976). The beginnings of the 1980s witnessed the creation of new ones, the most important of which were: Southern African Development Coordination Conference (SADCC) 1980; the Preferential Trade Area for Eastern and Southern African States (PTA) 1981; and the Economic Community of Central African States (ECCAS) 1983. Indeed, the quest for economic integration in Africa received its highest political endorsement by the adoption of the Lagos Plan of Action and the Final Act of Lagos which called for the establishment of an African Economic Community by the year 2000 (LPA, 1980).

While the proliferation of regional economic groupings might reflect desire towards the implementation of the principle of collective self-reliance and might also embody the ideals of Pan-African dream; the multiplicity of these organizations could well underline the colonial heritage of political and economic "balkanisation". Thus, the in-built elements of disunity within and amongst the various economic integration schemes divert attention from their main role of bringing about economic transformation and development. While it is argued that these

objectives could be better achieved through higher forms of economic integration which would be capable of creating instruments for production, marketing, factor input generation; the secretariat-type institutions as in now the case in Africa (Lardner, undated) have made these schemes less effective.

It is even averred that the proliferation of these groupings have resulted in fragmentation, duplication and dissipation of scarce resources contributing to their ineffectiveness (ECA, 1987). In West Africa, the trend has been more marked by the existence of over forty of such organizations which compete for the same limited and scarce resources. The subregion has remained a zone of poverty and underdevelopment, notwithstanding, the large numbers of these groupings. The poor record of their performance therefore, bespeaks of the need for rationalization and harmonization of their activities.

This paper will attempt to review the experience of economic integration efforts in Eastern and Southern African subregion. The reasons for their duplication and the likely efforts these would have on the economic integration process in the subregion. The paper is divided into five sections. Section II, reviews the history of regional economic cooperation in Eastern and Southern Africa. The purpose is to set perspective for subsequent analysis. Section III, examines the respective areas of activities of these groupings in order to bring out areas of overlap or duplication. Section IV, provides the rationale for rationalization and harmonization of their activities and programmes. The section will rely on a large body of literature already gathered in this area. Section V, merely ends by drawing conclusions and proposing suggestions on the way forward. The paper, it should be stated

from the outset, will focus on the two major economic groupings within the subregion, namely: COMESA and SADC, but will draw liberally from other efforts like SACU, EAC, IOC and IGADD if only to highlight the problem.

II. HISTORY AND EXPERIENCE OF REGIONAL ECONOMIC COOPERATION IN EASTERN AND SOUTHERN AFRICA

The history of economic cooperation in the subregion dates back to 1889, when Southern Africa Customs Union (SACU) functioned in one form or the other (Kumar 1992), but became more formal in 1910. The East African Customs Union was on the other hand formed in 1917, while the Federation of Rhodesia and Nyasaland came into existence in 1953. The Southern Africa Customs Union has endured, whereas the Federation of Rhodesia and Nyasaland disintegrated in 1963 while the East African Community collapsed in 1976. More recently, two distinctive groupings emerged, SADC and COMESA.

In East and Southern African subregion, there were at least four distinct groups of countries: the three East African countries which belonged to the former East African Community, the Southern African Customs Union, the then Federation of Rhodesia and Nyasaland, and the others which did not belong to any groupings as such. Before its collapse in 1976, the East African Community made up of Uganda, Tanzania and Kenya was considered to be one of the most advanced integration scheme institutional and structurally in Africa, having operated a large number of common services, and introduced instruments for the promotion of balanced industrial development such: as the harmonization of fiscal incentives, the transfer of tax system, and the East African Development Bank. In

addition, it created various specialized councils and Common Market Tribunal. The difficulties that confronted the scheme provide an invaluable lesson on the problems of economic integration in SSA countries.

Southern African Customs Union (SACU)

The Southern African Customs Union which is made up of South Africa, Botswana, Lesotho, Swaziland, and with Namibia joining in 1990, has had a more limited objective in terms of the abolition of tariff and non-tariff barriers; equitable sharing of benefits; and ensuring the free mobility of goods and services as well as labour. The customs union has been one of unequals, where benefits accrue mainly to the Republic of South Africa. The present SACU agreement came into force in 1970 except for the new formula for the division of customs pool revenue which was concluded in April, 1969.

It has been argued that even though the share of the BLNS-countries constitute a mere 5% in GDP terms, this should not justify lack of transparency and consultation especially when the modification or abolition of customs and excise rates are envisaged, since these would have a significant effect on the BLNS-countries' revenues (Kumar, 1992). This anomaly should be corrected as recommended by other studies as well. The existence of SACU has itself created some difficulties to the expansion of trade amongst the SADC member States, and has forced some SADC member States to seek bilateral agreements with the SACU members unless the process of revising SACU Agreement is concluded, it will prove difficult to accommodate the SADC Protocol on Trade.

Southern African Development Co-ordination Conference (SADCC)

The Southern African Development Coordination Conference (SADCC) which came into existence in April, 1980, with the main objectives of:

- (i) reducing economic dependence on the Republic of South Africa;
- (ii) forging links for the creation of genuine and equitable regional integration;
- (iii) mobilizing resources to promote the implementation of national inter-state and regional policies; and
- (iv) securing international cooperation for economic liberalization.

It borrowed heavily on the experiences of trade-based communities such as the Federation of Rhodesia and Nyasaland, the East African Common Market, and SACU. The SADC member States sought to avoid models that would lead to the growing disparities among member States. Thus, laying greater emphasis on the coordination of production, rather than trade. In 1992, SADCC was transformed into Southern African Development Community (SADC) with the objectives of building economic community as spelt out in the Declaration Treaty and Protocol of Southern African Development Community.

The framework adopted to achieve cooperation provides for:

- deeper economic cooperation and integration on the basis of balance, equity and mutual benefit, providing for cross border investment and trade, including free movement of factors of production across national borders; and

- common economic, political and social values and systems, such as free enterprise, free elections and multiparty system, respect for the rule of law and guarantee of human rights.

It should however be underlined here that, at its inception, SADC was not conceived with a view to achieving a regional integration process, but as project-based approach in which approximately 90% of the SADC Programme of Action (SPA) funding was targeted for external funding by the cooperating partners, with the remainder to be met by the member States deriving benefits from each particular regional programme. By 1989 areas of cooperation had increased from 8 to 15 with more than 500 projects estimated at US\$8.5 billion. The project-based approach also necessitated the sectoral allocation to member States on the assumption of their relative strength and comparative advantage in the particular given sector. It is the high disproportionate level of dependence on foreign funding that brings into question its role as a mechanism for promoting collective self-reliance. The situation will perhaps worsen as the donor funding begins to decline.

Indeed, the magnitude of the SPA appeared to be totally unrelated to resource availability and national development policies and strategies of the member States. Besides, SPA sometimes included projects with questionable regional importance. That the scheme is donor-driven, can only be seen by the increase in new areas of cooperation which had reached 18 by 1996; and by the lack of counterpart funding of projects. The other aspect of SPA which has been mainly infrastructural in nature and dependent on official development assistance has not contributed adequately to job creation on a sustainable basis. The attempt therefore to

upgrade the status of SADC to economic integration community will have to address critical issues of regional integration, institutional structure and appropriate mechanisms for the implementation of the objectives and strategy stipulated in the Treaty creating SADC (SADC.1993). In the words of the SADC Executive Secretary, "SADC transition from the "Conference" to the "Community" is far from being concluded. As long as the project-driven thrust remains the central focus of the organization, it will take time before the process of community building is completed".

Preferential Trade Area for Eastern and Southern Africa (PTA)

It will be recalled that in the 1970s Zambia, Swaziland and Somalia applied to join the then East African Community (EAC), so in the wake of the collapse of EAC the concept of a much wider grouping had already been established. In pursuance of the study that had been commissioned by the member States under the auspices of the Lusaka ECA subregional Office, the ECA sent missions to most of the eighteen member States of the subregion, during the second half of 1976 and the first half of 1977. The studies prepared by ECA covered the fields of trade, agriculture, industry, transport including institutional framework for trade and clearing and payments arrangements. These studies were tabled to the inaugural meeting of the Lusaka-based MULPOC Committee of Officials and to the MULPOC Council of Ministers held in Lusaka, Zambia in October/November, 1977.

The need to overcome the difficulties inherent in smaller groupings underpinned the creation of PTA. The founding fathers of PTA in their own wisdom were convinced that a larger grouping would

permit greater flexibility and multi-track approach to integration. Moreover, the geo-political climate of the day, when apartheid was still an anthem, necessitated the creation of a larger grouping. The global trend towards the establishment of bigger groupings like NAFTA, EU/EFTA, ASEAN and APEC has perhaps exonerated the economic gums of those days. The Abuja Treaty which advocates the establishment of an African Economic Community (AEC) by the year 2000 is a more practical step towards forging larger economic groupings at the African level. Pan Africanists like Kwame Nkrumah advocated cooperation at a continental level. The subregional or the gradualist school approach towards a continental unity was not preferred by Pan Africanists because it would create difficulty by giving rise to divided loyalty in addition to the problem of coordination.

The Ministerial Council decided that an Extraordinary Conference of Ministers of Trade, Finance and Planning be convened to pledge their respective Government's commitment to the creation of the Preferential Trade Area as a first step towards an eventual establishment of a Common Market than Economic Community. The Extraordinary Conference which was held in Lusaka from 30-31 March, 1978 adopted the Lusaka Declaration of Intent and Commitment to the Establishment of PTA. In addition, it established an Intergovernmental Negotiating Team (INT), the Terms of Reference and the Draft Time-Table for Negotiations. The INT was entrusted with the task of negotiating the Treaty and its related Protocols. The Inaugural Meeting of the INT was held in Addis Ababa in June 1978 and was attended by 14 countries. At its inaugural meeting, it adopted 18 principles on which to negotiate the Treaty and ten protocols, one of which related to the Unique Situation of the BLS countries (Botswana, Lesotho and Swaziland).

It should be underlined here that the concern of the BLS countries was a matter of priority for the countries of Eastern and Southern Africa, which sought to address it through the special protocol. The negotiation which was conducted within the spirit of "give-and-take" took much longer time than had been anticipated in the Draft-Time-Table, but ended by the signing of the PTA Treaty on 21 December, 1981.

In 1994, PTA was upgraded into a Common Market for Eastern and Southern Africa (COMESA) with the aims as set out in the Treaty Establishing COMESA.

It is envisaged that the creation of the Common Market for Eastern and Southern Africa, would enhance liberalization and customs cooperation, facilitate and foster cooperation in the fields of transport and communications; industry and energy; agriculture; and harmonize monetary and financial policies as well as remove obstacles to free movement of services and capital. In the area of economic and social development, attention would be paid to harmonization of legal structure; give special treatment to the least and economically depressed areas by implementing special programmes; and promote free movement of persons, labour and services, rights of establishment for investors and right of residence, as well as formulating a regional policy in order to ensure conditions of equitable and balanced development in the implementation of the Treaty.

Furthermore, the institutions of COMESA would be given legal teeth in order to have effective implementation of the various provisions of the Treaty and its protocols. This would call for equality and inter-dependence among member States and the observance of the rule of law.

While PTA devoted its 20 Articles and 7 Protocols to trade and financial cooperation, it would appear that the formation of this grouping had neither resulted in intra-group trade expansion nor in commodity diversification. Intra-PTA trade structure had not changed significantly in terms of direction or composition. The contention has been that industrial cooperation could assist in enhancing intra-COMESA trade expansion. The theory of Customs Union addresses not only the question of efficiency in resource allocation but incorporates factor mobility as well. Such factors include the free mobility of factors of production that integrate economies out of separate national entities.

The dynamic effects such as the rate of growth of investment, and growth rate of national income which accompany market enlargement and which is of major importance in economic integration, could only be realized within the context of a coordinated policy framework. Empirical evidence indicates that this has not occurred in the context of COMESA. The implementation of Article 4 of the Protocol on Industrial Cooperation which provided the first test of political and economic commitment of the member States to the promotion and equitable distribution of industrial enterprises demonstrated the absence of commitment. Examples, elsewhere indicated a general retreat from subregional approach to industrialization (Ochola, 1991). Without coordination, integration schemes have tended to accentuate economic disparities among the countries within the groupings. It would therefore appear that the original objectives of these regional schemes of bringing about rapid industrialization and technological build up are being sacrificed on the altar of lack of political commitment.

East African Cooperation (EAC)

More recently, the defunct EAC has been resurrected in the form of East African Cooperation (EAC) when the Heads of State of Tanzania, Uganda and Kenya signed the Protocol establishing a Secretariat in November, 1994 and launched it in March 1996. The immediate task of the secretariat are:

- (i) work towards establishing a Customs Union taking into account the need to promote equitable economic development;
- (ii) harmonization and rationalization of Fiscal and Monetary Policies;
- (iii) harmonization of Investment Codes and Policies;
- (iv) cooperation between Universities;
- (v) energy development;
- (vi) promotion and development of regional telecommunications services - Regional Digital Radio Project;
- (vii) reintroduction of the East African Court of Appeal;
- (viii) work modalities for bringing National Parliaments into cooperation arrangements; and
- (ix) rationalization of regional groups particularly where EAC is a member of COMESA and SADC.

Intergovernmental Authority on Development (IGAD)¹

The Intergovernmental Authority on Development (IGAD) aims at

¹ Consists of seven countries: Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan and Uganda
Eritrea was admitted as the seventh member in September, 1993.

inter alia:

- (i) promote joint development strategies and gradually harmonize macro-economic policies and programmes in the social, technological and scientific field;
- (ii) harmonize policies with regard to trade, customs, transport, communications, agriculture and natural resources and promote free movement of goods, services and people and the establishment of residence;
- (iii) create an enabling environment for foreign, cross-border and domestic trade and investment;
- (iv) achieve regional food self-sufficiency and encourage and assist efforts of member States to collectively combat drought and other natural and man-made disasters and their consequences;
- (v) promote and realize the objectives of COMESA and the African Economic Community;
- (vi) facilitate, promote and strengthen cooperation in research, development and application in the fields of science and technology;
- (vii) mobilize resources for the implementation of emergency, short-term, medium and long-term programmes within the framework of subregional cooperation;
- (viii) initiate and promote programmes and projects for environmentally sustainable development of natural resources;
- (ix) develop and improve a coordinated and complementary infrastructure particularly in the areas of transport and energy;
- (x) promote peace and stability in the subregion and

create mechanism for the prevention, management and resolution of inter and intra-state conflicts through dialogue.

It should be noted that although the objective of IGAD has since been expanded as indicated above, the original objective was aimed at coordinating the efforts of member States to combat the effects of drought and other related natural disasters, and assist its members to set up guidelines and action programmes for drought and desertification, and to facilitate implementation of drought - related activities of interest to the subregion. The aims and objectives of the organisation had since been broadened to cover socio-economic issues as well as political issues in the context of the region.

Eastern and Southern African Management Institute (ESAMI)

ESAMI was created in 1974 as a management development institution to serve the former EAC. In 1980, it was transformed into a full fledged regional and specialized human resource and management development facilities. It serves 19 member States². ESAMI was established as a result of member States' recognition of the importance of developing collective indigenous African regional management capabilities for the purposes of fostering the development process, by improving the performance and management effectiveness in all sectors, especially in the public, business, local authorities, civic institutions and development agencies.

² Consists of Angola, Botswana, Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, Somalia, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe

As a Centre of Excellence in Management Development in Africa, it has developed capabilities that would meet the needs for the improvement of managerial performance, skills, attitudes and knowledge that assure management efficiency and effectiveness. In other words, ESAMI is a specialized institution in the development of management skills and capabilities, a role that it has carried out quite effectively over the years.

East and Southern Africa Mineral Resources Development Centre (ESAMRDC)

This is another specialized centre which concentrates its work on the development of mineral resources in the subregion. It is currently reviewing its work programme to identify its area of comparative advantage and now it could dovetail its activities with the existing regional institutions such as COMESA and SADC. This should provide opportunity for coordination of activities and bring synergy towards greater integration.

III. REVIEW OF PROGRAMMES AND ACTIVITIES OF THE REGIONAL GROUPINGS IN THE SUBREGION

An examination of Article 3 of the COMESA Treaty and Article 5 of the SADC Declaration Treaty and Protocol reveals that the general thrust of the aims and objectives of the two economic groupings are similar and advocate the promotion of socio-economic growth and development through collective self-reliance. This is not surprising because the regional integration framework is based

on the theory of customs which impute the usefulness of these instruments in terms of whether welfare gains would be large enough to offset welfare losses (Viner 1961). The justification of these schemes is to be found in economic activities associated with growth potential (Viner 1961, Heilliner 1967). In other words, the benefits of economic groupings should be evaluated in the context of institutional, political and economic conditions as well as historical circumstances that gave birth to such efforts.

An attempt will therefore be made to review the programmes under three different categories under this section. First, in areas where collaboration exists between SADC and COMESA. Secondly, the analysis will be in the programmes where there is no collaboration; and thirdly, in areas where the programmes are not common to the two organizations. The analysis will be extended to EAC, IOC and IGADD wherever this is feasible. The information will be presented in tabular forms for ease of comparison.

TABLE I: COMMON PROGRAMMES IN WHICH COLLABORATION EXISTS OR COLLABORATION COULD BE EXTENDED

Programmes	COMESA	SADC	EAC	IGAD	IOC
1. Agriculture and Food Security	X	X	X	X	-
- Food Security	X	X	-	X	-
2. Transport and Communications	X	X	X	X	X
- Infrastructure Projects	X	X	-	X	-
- Harmonization of Road User Charges	X	X	-	-	-
- Harmonization of Vehicle Dimensions, Gross Vehicle Mass and Axle Load Limit	X	X	-	-	-
3. Industry	X	X	X	-	-
- Standardization and Quality Control	X	X	X	-	-

Source: Constructed from the various Work Programmes of the various groupings - COMESA Work Programmes and Priorities 1996-1997; Annotated Agenda of the SADC Council of Ministers Meeting, Maseru, Kingdom of Lesotho, 21-22 August, 1996; and Brief on the East African Cooperation; and Project Profiles on IGAD Priority Areas, October, 1996.

**TABLE II: COMMON PROGRAMMES WHERE COLLABORATION IS POSSIBLE
BUT NON-EXISTENCE**

Programmes		COMESA	SADC	EAC	IGAD	IOC
1.	<u>Trade</u>					
-	Trade Development	X	-	-	-	-
-	Trade	-	X	X	X	-
-	Trade Liberalization	X	-	X	X	-
-	Trade Facilitation	X	X	X	X	-
-	Trade Promotion	X	X	X	X	-
-	Promotion of Cross-border Investment or Initiative	X	X	X	X	-
2.	<u>Industry</u>					
-	Formulation of Industrial Development Policies	-	X	-	-	-
-	Promotion of Regional Industrial Infrastructures Development	X	-	-	-	-
-	Policies (Metal, Engines, Chemical and Agro-Industries)	-	X	-	-	-
-	Regional Industrial Projects	-	X	-	-	-
-	Promotion of SMEs	X	-	-	-	-
-	Promotion of Linkages with other sectors	X	-	-	-	-
-	Promotion of Export-led industry	X	-	-	-	-
-	Technical Co-operation	X	-	-	-	-
-	Harmonization of Investment Codes and Taxation	X	X	-	-	-
3.	<u>Food and Agriculture</u>					
-	Rationalization and Promotion of Agricultural Policies	X	-	-	-	-
-	Agricultural Research	X	X	-	X	X
-	Agricultural Research & Training	-	X	X	X	-
-	Enhancing Rural Income	X	-	-	-	-
-	Agricultural & Animal Husbandry	-	-	X	X	-
-	Promoting Agro-Industries	X	-	-	-	-
-	Livestock Production and Animal Disease Control	X	X	-	X	-
-	Plant and Animal Disease Control	-	-	-	X	-

TABLE II: COMMON PROGRAMMES WHERE COLLABORATION IS POSSIBLE
BUT NON-EXISTENCE (Cont'd.)

Programmes	COMESA	SADC	EAC	IGAD	IOC
4. <u>Natural Resources and Environment and Fisheries</u>					
- Environment and Natural Resources	-	-	X	X	-
- Wildlife	X	X	-	-	-
- Soil and Water (Management)	X	-	-	X	-
- Environment (Protection, education control)	X	-	-	X	-
- Inland Fisheries	-	X	-	-	-
- Marine Fisheries Resources	-	X	-	-	X
- Forestry	-	X	-	-	-
- Land Management and Environment	-	X	-	X	-
- Natural Resources	-	X	-	-	-
- Desertification Control	-	X	-	X	-
5. <u>Transport and Communications</u>					
- Roads & Road Transport	X	X	X	X	-
- Ports, Shipping and Inland Water Transport	X	X	X	X	X
- Railways Transportation	X	X	X	X	-
- Civil Aviation & Air Transportation	X	X	X	-	-
- Telecommunications	X	X	X	X	-
- Postal Services	X	X	X	-	-
- Meteorological Services	X	X	X	-	-
- Multimodal Transport	X	-	-	-	-
- Training	X	X	-	X	-
- Transport & Communications Policies	X	-	-	X	X
6. <u>Energy</u>					
- Geothermal, Biomass (Other Energy Sources)	X	-	X	-	-
- Energy Development and Conservation	X	-	-	-	-
- Energy Policy Coordination	-	X	-	X	-
- Hydroelectricity	X	X	-	-	-
- Petroleum	-	X	-	-	-
- Coal	X	X	-	-	-
- Solar	X	-	-	-	-
- Woodfuel	X	X	-	-	-
- Renewable Energy Sources	-	X	-	-	-
7. <u>Mining</u>					
- SME Mining	-	X	-	-	-
- Promoting linkages between Marine and Industry	X	-	-	-	-
- Encouraging Private Sector participation in Mining	X	-	-	-	-
- Compiling an Inventory of Mineral Resources	X	-	-	-	-
- Precious Minerals	-	X	-	-	-
- Metallic Minerals	-	X	-	-	-
- Non-metallic Minerals	-	X	-	-	-
- Mining Equipment	-	X	-	-	-
- Manpower Development	-	X	-	-	-

TABLE II: COMMON PROGRAMMES WHERE COLLABORATION IS POSSIBLE
BUT NON-EXISTENCE (Cont'd.)

Programmes		COMESA	SADC	EAC	IGAD	IOC
8.	<u>Technical Cooperation and Human Resources</u>					
-	Human Resources Utilization	X	-	-	-	-
-	Technical Cooperation Programme	X	-	-	X	-
-	Transfer of Science and Technology	X	X	-	X	-
-	Regional Training Centre	-	X	-	-	-
-	Handbook on Regional Training Skills	-	-	-	-	-
-	Harnessing Comparative Advantage	X	-	-	-	-
-	Utilization of National Capacities	X	-	-	-	-
-	Technical Cooperation Revolving Fund	X	-	-	-	-
-	Development and Dissemination of Information	X	-	-	X	-
-	Language Training (English and Portuguese)	-	X	-	-	-
-	Meeting, Training required of other Sectors	-	X	-	-	-
-	Coordination of Universities	-	-	X	-	-
9.	<u>Tourism</u>					
-	Co-operation in Tourism Development	-	X	X	-	-
-	Regional Tourism Organization of Southern Africa (RETOSA)	-	X	-	-	-

Source: Constructed from the various Work Programmes of the various Groupings as in Table I

TABLE III: PROGRAMMES WHICH ARE NOT COMMON AND COMPATIBLE

Programmes		COMESA	SADC	EAC	IGAD	IOC
1.	<u>Monetary and Fiscal Cooperation</u>					
-	Harmonization of Fiscal and Monetary Policies	X	-	-	-	-
-	PTA Trade and Development Bank	X	-	-	-	-
-	PTA Clearing House	X	-	-	-	-
-	UAPTA Travellers Cheques	X	-	-	-	-
-	Association of Commercial Banks	X	-	-	-	-
-	Committee of Governors of Central Banks	X	-	-	-	-
-	Committee of Ministers of Finance	X	-	-	-	-
-	Development Finance	X	-	-	-	-
-	Trade Finance	X	-	-	-	-

III: PROGRAMMES WHICH ARE NOT COMMON AND COMPATIBLE

Programmes	COMESA	SADC	EAC	IGAD	IOC
2. <u>Human Resources Development, Employment and Labour</u>					
- The Scholarship and Training Awards Committee	-	X	-	-	-
- Accreditation and Certification Committee	-	X	-	-	-
- Promotion of Employment and Productivity	-	X	-	-	-
- Harmonization of Labour Legislation	-	X	-	-	-
- Social Protection	-	X	-	-	-
- Child Labour	-	X	-	-	-
- Free movements of goods, services and people	X	X	X	X	-
3. <u>Social Development</u>					
- Health	-	X	-	-	-
- Social Welfare	-	X	-	-	-
- Population and Development	-	X	-	-	-
- Gender	-	X	-	-	-
- Housing	-	X	-	-	-
4. <u>Women in Development</u>					
- Women in Formal Sector	X	-	-	-	-
- Women in Informal Sector	X	-	-	-	-
- Women in Agriculture	X	-	-	-	-
- Women in Trade	X	-	-	-	-
- Capacity Building	X	-	-	X	-
5. <u>Macro-economic Policy & Programming</u>					
- Redefined Structural Adjustment Programme	X	-	-	X	-
- Programming of Projects	X	-	-	X	-
- Harmonization of Development Plans	X	-	-	X	-
- Long-Term Perspective Planning	X	-	-	-	-
6. <u>Working with the Private Sector</u>					
- Eastern and Southern African Business Organization (ESABO)	X	-	-	-	-
- Strengthening National Chambers of Commerce and Industry	X	-	-	-	-
- Promotion and Protection of Business Contracts	X	-	-	-	-

Sources: Constructed from the Work Programme of the various Groupings as in Table I

It should be pointed out that the programmes as presented in the three Tables above are not exhaustive, but act as rough indication of the activities that the various economic groupings are carrying out. Secondly, the Tables provide only broad guidelines due to the changing composition of the work programmes, but this does not detract from the fact that the general thrust remain the same. The Tables should therefore be read within this context and considered as being only indicative. The Tables nonetheless, provide an overall picture of what obtains in the groupings and can be used to gauge the level of duplication, overlap and complementarity.

An examination of the Three Tables above indicates an enormous potential for collaboration between the regional integration groupings within the subregion. Even in areas where apparent duplication would seem to appear, there is still a wider scope for collaboration once the principle of complementarity is allowed to operate. The immediate areas which lend themselves to that kind of approach include: agriculture and food security; transport and communications; industrial development; trade development; and sharing of training facilities in the development of human resources. It would equally appear that the only requirement is for these groupings to work out coordination mechanism that would enhance the rationalization of activities. Indeed, the question of food security, transport and communications, trade and human resources development cannot and should not be confined to any specific grouping. It is within this context that the extension of the services like that of transport and communications to cover the whole Eastern and Southern Africa and the rest of the Africa would only enhance the better utilization of these services. In the area of trade, East African Cooperation has indicated that it intends to reach a zero tariff reduction by 1998, two years earlier than the

COMESA. At present, three COMESA countries namely: Comoros, Madagascar, Uganda had achieved 80% reduction of tariff, while Eritrea, Kenya, Malawi, Mauritius, Sudan and Tanzania had reduced the tariffs by 70%. Zambia, Rwanda and Burundi had reduced their tariffs by 60%. Four countries, Angola, Ethiopia, Mozambique and Zaire had not, while four countries, Djibouti, Lesotho, Swaziland and Namibia had derogation. On the other hand, SADC is just at the beginning of negotiating Trade Protocol which should be completed within eight years.

While it would appear that there is no contradiction on the objective of eliminating trade barriers, facilitation of trade flow and promotion of cross-border investment as indicated in Table II, the question which remains is one of speed and timetable for the implementation of these programmes. To limit or confine trade liberalization to a small group of countries would contradict Article XXIV of the General Agreement on Tariff and Trade (GATT) which states that the dynamism of substantially free trade among a group of countries would lead to the growth of trade of those countries with the rest of the world. All what is implicit in the Article is that within the preferential trade arrangement, the COMESA SADC member States should extend a similar preference of tariff reduction to non-COMESA SADC member States. What is clear is that if the principle of the "most favoured nation" treatment could be applied, then the SADC Protocol on Trade Facilitation would converge with that of COMESA. But Article 19 of the SACU Agreement forbids any contracting party to enter into any trade agreement with any country outside Customs Union area "in terms of which concessions on the duties in the common customs area are granted to the country". This is the reason why the COMESA or PTA Treaty have a special protocol for LNS or BLS countries granting them "temporary exemptions" which provides that without jeopardizing their obligations under SACU Agreement, the BLNS

countries could endeavour to increase their trade with other COMESA countries.

The other areas where no boundary should be drawn in terms of cooperation, include energy development, transport and communications, information and meteorology. In the area of energy, SADC has entered into energy pool with Zaire which is a member of COMESA. It would therefore appear that the question of coordination could easily be achieved so long as common interest has been identified and if the member States exert greater political will and commitment to work together. Table II has identified 18 areas of duplication in the areas of Trade (3), industry (1), Agriculture (2), natural resources and environment (1), transport (7), energy (3) and technical co-operation and human resources (1). Co-ordination would be easier to achieve once common interest has been isolated.

While the SACU Agreement is posing problems even for the non-SACU SADC members, the sharing of revenue, which constitutes the **raison d'être** for SACU itself, literally tie the BLNS to the Union because the revenue provide important resource input for the four countries concerned. The BLNS depend to a very large extent on the Customs Union revenue. This explains why the Union has survived even though it has been a Union of unequal. This is the invaluable lesson which SACU has provided, in that, when benefits outweigh losses, the economic grouping would always survive. It is for this and other reasons that gains should be guaranteed for the participating member States in any economic integration scheme, if loyalty is to be guaranteed. The work programmes and activities of the various integration schemes within our subregion provide the first reason for the rationalization and harmonization of economic activities of these economic groupings.

IV. THE RATIONALE FOR RATIONALIZATION AND HARMONIZATION OF ECONOMIC GROUPINGS WITHIN EASTERN AND SOUTHERN AFRICA SUBREGION

The proliferation of regional groupings in Africa should be evaluated in terms of history and politics (Renninger 1979). History gave rise to a form of relationship that is antagonistic to closer cooperation among the African countries, since no country is in a position to make its own independent decision without having this decision influenced by its ties to the former colonial powers. Politics, because many leaders are in no position to undertake sovereign decision. It had been argued that any "economic integration or cooperation realized, transforms Africa into a reserve for the enrichment of the same colonial forces" (Tambo, 1979) that still dominate Africa. Indeed, as a result of their association with foreign interests, regional economic schemes would tend to encourage growth without development because of the non-dominant of the African interest. In the words of Osvaldo Sunkel, they might end up in accelerating dependence of the region (Sunkel, 1972). The push for the foreign agenda in economic integration should not be discounted, but be seen as part of the duplication of regional integration efforts. It is hard not to discount external influence because it is not difficult to explain why the confusion, when the objectives of the various economic groupings purport to work towards the same goal.

The other aspects of the problem, which is a central question to the proliferation of these groupings is to be found in the trial and error method of how Africa should carry through a self-transformation capable of enabling them to meet the modern world on equal terms; on equal terms of self-reorganization; of self-confidence; and of opportunities (Davidson 1987). The answer to

the question seems not to be forthcoming as Africa slides into amidst of an institutional crisis - political, cultural and economic from which a route of escape appears dim. It is therefore not surprising that the process of regional cooperation and integration in Africa is being characterized with duplication of efforts. Indeed, attempts at federal or federating projects came to naught because the imperial powers did not wish them to succeed. While the french built a multitude of separate mini-States and succeeded, the British using a different language, but with the same aim, created nations out of the matrix of peoples within the colonial frontiers which they had imposed (Davidson, 1987). The legacy still lingers, notwithstanding the challenge which has been mounted through the formation of various economic integration groupings.

As compared to the West African subregion, there are fewer regional groupings in Eastern and Southern African subregion, whose formation have not been subjected to too much imperial pressure. Evidence indicates that the danger of duplication of these integration groupings lies not in their numbers, but in the fact that they do not co-ordinate their activities thereby creating a rather diffused vision of what each is supposed to achieve or what the common objective is. Indeed, while the challenge of development is exerting its pressure and the countries are in a hurry to respond to the challenges, very little will be achieved unless member States coordinate their approaches to tackling the development problems.

The problem of duplication of these groupings is further magnified due to the financial burden they exert on the member States. It is our considered view that the budgetary burden of these schemes is exaggerated when the economic benefits they could

bring were computed. The co-ordination of activities of the various groupings could lead to the maximization of their contribution by rationalizing their activities and by building synergy among the groupings. Unfortunately, a great deal of attention has been diverted away from the main objectives of these groupings as a result of unproductive rivalry. Little time has therefore been paid to identifying areas of their relative comparative advantage, and where the group could work together to bring about effective transformation of the economies of the member States.

While the multiplicity of and dual membership in the regional organizations might lead to the question of divided loyalty, not to mention one of overlap, the problem in Eastern and Southern Africa is perhaps blown out of proportions due to the low priority that the countries have accorded to economic integration as evidenced by the non-incorporation of economic cooperation issues within the various countries' National Development Plans. If the objectives of regional groupings were part of the National Development Plans, coordination and rationalization of their activities and programmes would have been easier to achieve as they would not be perceived to contradict the overall development plans and priorities of the member countries. Judging by the programmes and activities as given in Tables I to III, it is quite clear that a lot could be achieved were the groupings to define areas where co-ordination and harmonization could be effected.

The primary objectives of the regional economic groupings in Eastern and Southern African Subregion, as reflected in the various Treaties establishing them, is the unification of several diverse markets with a view to eliminating regional disparities and fostering the movements of goods and services as well as cross-border investments. These objectives cannot be achieved unless

there is coordination, which will result in the effective implementation of programmes and projects since countries would be able to draw on a wide pool of expertise assembled through cooperation.

It can be seen that despite sustained effort at the SADC level, industrial development, which forms the heart of regional economic integration strategy, remains largely unexploited, notwithstanding, the enormous potential for industrial development in the areas of minerals, food processing, textile and clothing, iron and steel, industrial chemicals and telecommunications. This area including trade, represents areas where SADC has found it difficult to integrate and to tap the enormous potential gains. The "**flying geese paradigm**" would seem to strongly support the need of coordination between SADC and COMESA. In the context of this paradigm, if trade is the key vehicle for transferring new goods and technology across countries, and allowing countries to build up competitive industries in products in which other countries have lost their competitive advantage, then paradigm would be better implemented within a larger economic grouping which would allow for regional division of labour and for industrialization process to take root.

The parameters for achieving industrial development in the subregion will be the coordination in building up or collaborating in sharing the universities, institutions of excellence, research laboratories, specialized infrastructures, and in training labour pool that will be employed in the industrialization process. The second prerequisite is for the adoption of a regional policy which identifies cores of industrial strength and builds on them in order to encourage the emergence of industrial clusters. Perhaps a competitive advantage based on industries where natural resources,

cheap labour, locational factors and other basic factor advantages would play key role should be properly studied and evaluated to determine whether this would be the best approach.

Perhaps an issue of cardinal importance is to determine whether the countries of the subregion are to build their economies through indigenous companies or encourage widespread investments by foreign multinationals. Important as foreign multinationals are, they cannot be the sole engine for creating national or regional advantage in advanced industries. These will have to be an act of deliberate policy formulation and implementation. Two factors militate against leaving the whole issue of industrial development in the hands of multinationals alone. First, it is not normally in the interest of multinationals to make a developing country a major centre for producing sophisticated components or for conducting core R & D. Secondly, subsidiaries do not breed managers with an orientation towards exports and international competition. It is against this backdrop that M. Porter (1990) has pointed out that a development strategy based solely on foreign multinationals may doom a nation to remain a factor-driven economy, while at the same time making it a baseless home for any industry, if reliance on foreign multinationals is too complete. It need not be overemphasized that regional cooperation provides the only viable strategy for fighting the multinationals control, by facilitating the formation of regional indigenous companies or joint African multinationals that could also compete internationally. The importance for industrialization underscores the need for co-ordination at subregional grouping levels.

The transformation of the economies will only succeed if each country embraces a collective approach. The LPA and Abuja Treaty simply underline the merits of regional cooperation and integration

as effective instruments for bringing about rapid economic development and industrialization. The study on the Rationalization and Harmonization of the Programme Activities of the Intergovernmental Organizations in the PTA subregion (1989) stated that the responsibility for avoiding conflict and duplication principally rest with the Governments. It is therefore incumbent upon the member States to avoid conflict and duplication in the decisions that they take within the different organizations. The idea of wearing different hats at each IGOs meeting should be avoided. This in our view arises because regional cooperation is still considered as an "extras" to be resorted to when national demands are not pressing enough.

To summarize, the arguments for rationalization and harmonization of economic activities and programmes of the various economic groupings within the subregion would lead to co-ordination which would enable the realization of a number of benefits besides quickening the process of economic integration. The benefits to be derived would include, inter alia:

- (i) maximization in the utilization of scarce resources both human and financial;
- (ii) focus the process of economic cooperation on the objectives and goals of accelerating industrialization and development;
- (iii) enhance the pursuit of collective self-reliance path to development thereby allowing the countries to decide on their own priorities and how to bring these about;
- (iv) lead to more efficient allocation of resources;
- (v) minimize the negative impacts of divided loyalty towards economic cooperation;

- (vi) enhance the policy of balanced industrial development;
- (vii) enhance member countries' capacity to become home base for genuine industrialization by facilitating structural transformation;
- (viii) create capacities for developing human capabilities which are the basic prerequisite for accelerating the process of the transfer of technology and industrial development;
- (ix) strengthen the creation of synergy amongst the various groupings by enhancing regional division of labour;
- (x) promote the formation of joint multinational African ventures thereby lessening absolute dependence on foreign multinationals as the sole vehicles for industrialization;
- (xi) promote greater political commitment and mobilize people support to cooperation.

Indeed, as pointed out already, there are some projects and programmes that lend themselves to coordination and whose maximum impact could only be created if coordination was carried out. Some of these are the areas of transport and communication, information, environment, energy, human resources development, meteorology, industrialization, security, health, livestock development and trade to mention but a few. The regional groupings will have to work out areas where effective coordination will have to be effected if the process of economic cooperation is not to be slowed down. The crippling economic problem facing the African countries is enough justification for cooperation. Africa can ill afford further balkanisation in the face of tight global regional entities.

V. WHAT IS THE WAY FORWARD?

The interviews conducted with the officials of the member States indicated an overwhelming support for the rationalization and harmonization of the activities of the existing intergovernmental organizations within the Eastern and Southern African subregion. While there is very little conflict or duplication with respect to the specialized organizations like ESAMI and ESAMRDC which only need to rationalize their operation vis-a-vis those of SADC, COMESA, IOC, IGADD and EAC; the main problem lies with the two main regional groupings namely: COMESA and SADC.

Some member States pointed out that the problem of duplication of effort was one of perception. The lack of clear vision as to the role of these groupings is the cause of the apparent confusion. This had been compounded by the game of diplomacy where member States tend to sweep real issues under the carpet and not to address them in a more candid manner. Added to these is the inability of the economic groupings to identify areas of collective strength. As one senior official put it - it is the primitive tendency to run away with the ball, in order to be seen as the greatest star - even when the goal posts where the scores are to be made have not been clearly identified. This had been Africans greatest undoing and partly explains why the continent was more or less still standing on the same spot nearly forty years after independence.

Indeed, lack of total commitment and non-implementation of decisions have rendered economic integration efforts in the subregion less effective. Evidence shows that after certain decisions have been taken, member States themselves do introduce

new obstacles in order to circumvent their own decisions. For example, decision to hold the Joint SADC/COMESA Summit could never materialize because the joint Secretariats could not work out programmes worthy of convening the joint Summit. In this regard, it would appear that pronouncements in the absence of clear political directive, it becomes totally impossible to bring about the realization of set objectives.

Admittedly, while all the member States agree on the need to rationalize and harmonize the activities of the economic groupings within Eastern and Southern Africa, the process to bring this about is still given a lukewarm commitment. The "gradualist" school has supported the "variable geometry" approach arguing on the need for smaller building blocks towards the Abuja Treaty. The "Pan Africanist" school have advocated the need for a wider economic groupings on the basis that it provides a wide scope for accommodating greater diversities and for overcoming the immediate development problems. The "middle of the road" school opts for coordination and harmonization of activities of these regional integration groupings a step towards accommodating the other two schools. But more fundamentally, since these organizations were created by the decision of the sovereign member States with specific mandates and objectives, it is the same member States that will have to take political decision to bring about their rationalization.

If it is assumed that the absence of a single model for economic cooperation and integration has given rise to the proliferation of these groupings; and if it is further assumed that these groupings work towards the same common goal of bringing about rapid economic growth, industrialization and development; then, the need to see how their activities could be co-ordinated and rationalized remain valid. The 1989 Rationalization and

Harmonization Study of the Programme Activities of IGOs in the PTA subregion proposed the creation of a Coordination Machinery. Perhaps a more looser form of coordination could be considered in view of the on-going changes within the two organizations. It could be achieved through the reorganization of the two institutions in various ways.

The first step, would be the strengthening of the respective secretariats by equipping them with sufficient resources in terms of human (quantitatively and qualitatively), finance, material and physical facilities in order to improve their capacity to undertake new challenges which will involve, conceptualization, initiation, coordination, execution and monitoring of economic integration process in the subregion. Secondly, greater coordination of the work programmes and activities at the levels of regional economic groupings should be redefined to reflect the broader and common development objectives and long-term perspective. Lastly, coordination and harmonization could perhaps be better effected by the creation of sectoral technical committees in selected key economic sectors likely to create maximum impact on the economic integration process such as, industry, agriculture, energy, trade, water, transport and communications, information and human resources development. The Committees would be responsible for sectoral coordination of programmes and activities among the various IGOs. Working within the same objectives and goals, it could be possible to achieve greater rationalization of economic integration activities in the subregion. The temptation of using economic integration strategy only as "extras" when the going is good, should be totally discounted.

The challenge for African countries is to move into the next millennium as equal partners to the rest of humanity, demands that

African countries move in steps with the world's strong tendency towards bigger economic groupings. Indications are that the future trading world will be dominated by the interactions among the major trading blocs. African countries have no alternative if they want to keep pace with the world-wide trend towards regional blocs, but to accelerate the process of economic integration and cooperation by placing premium on coordination of programmes amongst the existing regional integration schemes. This is a must in the interest of survival.

As indicated in discussion under SADC, lack of implementation is causing the poor performance of these economic groupings. This same question is causing problems at national level, where programmes and projects falter due to lack of political commitment. It would therefore appear that political considerations have played a major role in the slow progress in implementing agreed programmes in the regional context. Unless a strong and sustained political commitment of adhering to the agreed regional agenda can be guaranteed, the problems of duplication of efforts will always rear its ugly head in these efforts. As UNCTAD puts it, "the underpinning efforts to strengthen intra-African economic integration and cooperation would be the strengthening of the link between national and regional development policies and programmes" (UNCTAD, 1992).

