



## МЕЖДУНАРОДНЫЕ ЭКОНОМИЧЕСКИЕ ОТНОШЕНИЯ INTERNATIONAL ECONOMIC RELATIONS

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Research article

### Assessing the Obstacles of Regional Integration in the Horn of Africa: the Case of IGAD

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Научная статья

### Оценка препятствий региональной интеграции на Африканском Роге: пример ИГАД

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**Abstract.** Since the independence of the continent, there have been failed attempts to industrialize it using import-substitution policy, which gave rise to the idea of regional integration as an instrument to facilitate structural transformation in Africa. Consequently, African countries have embraced regional integration as an essential element of their development strategies principally driven by the economic rationale of overcoming the restraint of small and fractioned economies working in isolation. The establishment of the Organization for African Unity (OAU) in 1963 believed to contribute to many integration initiatives. Even after the transformation of OAU to AU, leaders of the continent once again emphasized their dedication to the idea of regional integration. Obviously, even in the future the issue will continue to be one of the main economic agendas of the continent as there is a widely shared belief that regional cooperation is crucial to tackle development challenges that cannot be addressed at a national level. The cardinal objective of this paper is to assess the obstacles of regional integration in the Horn of Africa. Hence, the findings show that political instability, conflicts, overlapping membership and weak infrastructure are the main challenges for regional integration in East Africa.

**Key words:** Regional integration, IGAD, neo-functionalism, liberal inter-governmentalism, globalization, political instability, overlapping membership, weak infrastructure, conflict

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С момента обретения независимости Африканского континента предпринимались неудачные попытки его индустриализации с использованием политики импортозамещения, что породило идею региональной интеграции как инструмента, способствующего структурным преобразованиям в Африке. Следовательно, африканские страны восприняли региональную интеграцию в качестве важного элемента своих стратегий развития, главным образом обусловленных экономическим обоснованием преодоления ограничений малых и раздробленных экономик, работающих в изоляции. Считается, что создание Организации африканского единства (ОАЕ) в 1963 г. внесло свой вклад во многие интеграционные инициативы. Даже после преобразования ОАЕ в Африканский союз (АС) лидеры континента еще раз подчеркнули свою приверженность идее региональной интеграции. Очевидно, что даже в будущем этот вопрос будет оставаться одной из главных экономических программ континента, поскольку широко распространено мнение о том, что региональное сотрудничество имеет решающее значение для решения проблем развития, которые не могут быть решены на национальном уровне. Основной целью этого документа является оценка препятствий региональной интеграции на Африканском Роге. Таким образом, результаты показывают, что политическая нестабильность, конфликты, дублирование членства и слабая инфраструктура являются основными проблемами для региональной интеграции в Восточной Африке.

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**Ключевые слова:** региональная интеграция, ИГАД, неофункционализм, либеральный межправительственный подход, глобализация, политическая нестабильность, дублирование членства, слабая инфраструктура, конфликт

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## Introduction

The Vision of the African Union is to become an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena.

*African Union Agenda 2063*

The project of regional integration initiatives in Africa have a long history, dating back to the 20th century with the establishment of some groupings<sup>1</sup>. The establishment of the Organization for African Unity (OAU) in 1963 further paved the way for many other integration initiatives to proliferate. Since then a number of regional economic communities have been formed across the continent [Alemayehu, Haile 2002].

The Africa Union (AU), which emerged from the Organization for African Unity (OAU) in 2002, also emphasized its commitment to the continental economic integration arrangement for full integration of African countries and peoples. Currently there are more than eight regional economic groupings in Africa. Today, there is no country in Africa, which is not a member of at least one regional economic group. Regional Economic Communities (RECs) have been identified as the building blocks for the AU which aims at the Union Government and the United States of Africa [Olaniyan 2008].

The Inter-Governmental Authority on Development (IGAD) is one of the regional integration arrangements in Eastern Africa which came in to existence in 1996 replacing the Intergovernmental Authority on Drought and Development (IGADD) which was founded in 1986 with the aim of establishing a regional cooperation arrangement and enhancing the economic and social development of the region [Abdi, Seid 2013]. Although IGAD has largely become synonymous with peace and security, it is also an AU-recognized Regional Economic Community

(REC) and building bloc of the African Economic Community (AEC) under the AEC Treaty. As reflected in the number of regional agreements both in the continent and world-wide, therefore, the issue continues to occupy a center-stage in the economic agenda of countries [Alemayehu, Haile 2002].

## Statement of the Problem

Regional integration and cooperation have long been high on the agenda for African countries, regions and their organizations. This is driven by the wide recognition that regional cooperation is vital to tackle development challenges that cannot be solved at a national level [Byiers 2016].

Recognizing the importance of regional integration to developing a strong, united Africa, the continent's leaders have established a number of initiatives. One of a regional economic community which is recognized as building bloc by the African Union in the Horn of Africa is IGAD. One of its foundational objectives is to promote regional cooperation and integration across a broad range of issues, these are explicitly stated as: cooperation on macroeconomic policies; free movement of goods, services, and people, peace & stability in the sub-region [Byiers 2016].

Nevertheless, Africa has comparatively few success stories to tell with respect to regional integration. The continent's slow pace towards this goal has been largely attributed to Africa's many extraordinary challenges. Many literatures show that most of IGAD's achievements so far have been concentrated in the area of institutional building. While social, political and economic integration has yet to be materialized [Abdi, Seid 2013]. IGAD still lags behind in its regional integration efforts and unlike other RECs, it is still operating at the level of harmonizing its policies<sup>2</sup>. IGAD relatively as a young in-

<sup>1</sup> The South African Customs Union (SACU) in 1910 and the East African Community (EAC) in 1919 are some of regional integration initiatives which were established since long time ago.

<sup>2</sup> Economic Report on Africa 2010. Promoting High-Level Sustainable Growth to Reduce Unemployment in Africa // Economic Commission for Africa. African Union. URL: <https://www.un.org/en/africa/osaa/pdf/pubs/2010era-uneca.pdf> (accessed: 01.05.2019).

stitution in the region is being challenged by conflicts, rivalries and many other related obstacles. Comparatively, it has much more involved in areas of peace and security than economic integration. IGAD characterized by ambitious targets, it has a dismally poor implementation record [Byiers 2016].

Given the subject of regional integration continues to occupy a center-stage in the economic agenda of Africans in general and the Horn of Africa in particular, this piece of paper aims to investigate those obstacles that hindered IGAD's vision of overall regional integration in the region. The cardinal objective of this paper is assessing and analyzing those obstacles associated with IGAD's regional integration efforts. Methodologically, this paper employed qualitative approach. Examining and analyzing the literature that exists on this topic as an instrument of data collection is the major priority.

## **Theories of Regional Integration**

### ***Neo-functionalism***

Neo-functionalism is a theory that anticipates regional integration through establishing supranational institutions in certain sectors, with a specific method "incremental approach" [Ilievski 2015]. This approach gives priority initially for economic and social type of integration and gradually political integration to be followed. For further political integration to be realized institutions are very instrumental [Haas 1968; Nye 1970; Schmitter 1970; Bolaños 2016].

Neo-functionalism focuses on the immediate process of integration among states, i.e. regional integration. Initially, states integrate in limited functional or economic areas. Thereafter, partially integrated states experience increasing momentum for further rounds of integration in related areas, which will later open the way to full-fledged political unification-supranational organization. Once an initial commitment has been made, the forward momentum of integration is inevitable. The member states will have to surrender their entire sovereignties to the supranational organization [Haas 1968; Hamad 2016].

Neo-functionalists prefer a 'bottom-up' approach type of regional integration. The bottom-up approach requires cooperation (economic cooperation) to start right from the bottom line and, through time and

trust, member states should precede to political cooperation. The bottom-up approach is a "spillover" process, whereby cooperation in one field necessitates cooperation in another. The concept of spillover is an essential way of increasing cooperation between states, necessitating integration in one policy area, which subsequently has a knock-on effect, creating pressure for further integration in neighboring policy areas. Eventually, through the spillover process, the member states of a regional organization would find themselves integrated to the point where they are unable to stop full political integration [Haas 1968; Hamad 2016].

Based on the assumption of neo-functionalism IGAD was established to serve as a supranational authority and member states to be governed by the principles and agreements of the authority. However, this theory does not satisfactorily explain why member states do not commit themselves to the implementation of those agreed principles. It is not clear why IGAD as an authority is not fulfilling its broad objectives which are supposed to be in the interest of the region and its people. As per this theory member states are expected to surrender their national sovereignty for IGAD because institutions are taken as the fundamental actors in the relation of states. Though this theory says so, so far member states of IGAD are not ready to be governed by those novel principles. There is no evidence as to why member states do not cooperate once they establish regional arrangements such as IGAD. The authors believe that, the theory of neo-functionalism does not explain the reality of IGAD's situation because the assumptions and the fact on the ground don't match as such.

### ***Liberal inter-governmentalism***

The theory of liberal inter-governmentalism has its foundation on between-government cooperation, and declares the member states as the main actors in the regional integration. It is those states' preferences and decisions that are primary and important and decisive when deciding on politics [Kleinschmidt 2013]. According to this approach, state power must match national interest. The orientation and velocity of regional integration is determined by the interaction of sovereign national states. Whether the process goes forward or backward or stagnates depends

on national interests and the relative power that can be brought to bear on any specific issue [Hoffmann 1966; Moravcsik 1998; Bolaños 2016].

The main argument of inter-governmentalism is that states are the main actors in international cooperation and that they act both unitary and rational. Regional integration is understood as a series of rational choices made by national leaders. These choices responded to constraints and opportunities stemming from the economic interests of powerful domestic constituents, the relative power of each state in the international system, and the role of institutions in bolstering the credibility of interstate commitments [Moravcsik 1998; Michel 2012]. Reasons for integration that are considered most important are the prospect of economic wealth in the beginning of the process, while the shift of loyalties and powers will lead to the integration of political sectors due to emerging interdependencies and the pressure of supranational institutions.

Based on the hypothesis of liberal inter-governmentalism the domestic interest of each respective state shapes a particular cooperation. Hence, members of IGAD are motivated to cooperate because doing so is the rational choice and preference of each state. While it seems that states are motivated for certain kind of cooperation out of self-interest, this theory lacks something at least it does not tell why member states (IGAD) do not work together while cooperation is helpful to promote their common interest. According to Fantu [2002] lack of political will is one obstacle to realize effective integration in Africa. However, this theory does not give convincing explanation as to why member states fail to show certain political commitments, and behave against their interest.

### **Globalization and Regional Integration**

There is a wider belief that, the present-day African leaders have demonstrated some willingness to take on the challenges of globalization. However, states in Africa mainly been restricted to participation in the global governance structures and signing of bilateral investment treaties. Africa's position in the international market as an exporter of primary commodities and the unfavorable external trade environment, with for example barriers to access in key developed markets, also act to limit the scope for Africa's integration into the global economy [Qobo 2007].

Successful integration is important in the sense that the countries that grow fast also have a very fast growth in exports. The current lack of integration has a negative impact on how foreign private investors assess the continent. This in turn negatively influences Africa's development of its productive capacities and diversification away from primary products. If regional integration is set on a right path and accompanied by a genuine desire to improve efficiencies, to create larger markets, to encourage more competition and to improve policy credibility, the incentive for investment increases as well. While there is growing appreciation of the imperatives of globalization, bold action is required regarding trade reforms and the adoption of policies that are conducive to a better investment climate in African countries [Qobo 2007].

According to Asante [2001] globalization poses a lot of challenges to Africa. Asante believes that, accelerating African integration process among other things will help address the challenges of globalization. Promoting developmental regionalism contributes to 'collective betterment' beyond mere trade expansion and, as Asante contends, to encourage development of new industries, help diversify national economies and increase the region's bargaining power with the developed economies by for example, multilateral trade negotiations. Regional integration increases one's own bargaining power with other regions or countries, in order to get better terms of trade. Hence, it could be argued that, regionalism for African leaders is seen as a means of enhancing their bargaining position vis-à-vis foreign governments, international institutions and multinational corporations making it difficult to resist it politically.

### **IGAD and Challenges of Regional Integration**

#### ***Political Instability and Conflict***

According to the Economic Commission for Africa report<sup>3</sup>, IGAD as an economic community is far slow in many respects in comparison to other regional blocs in Africa. The report stated that,

<sup>3</sup> Economic Report on Africa 2010. Promoting High-Level Sustainable Growth to Reduce Unemployment in Africa // Economic Commission for Africa. African Union. URL: <https://www.un.org/en/africa/osaa/pdf/pubs/2010era-uneca.pdf> (accessed: 01.05.2019).

the institution is still operating at the level of harmonizing its policies. The report also identified that this regional arrangement lags behind in its integration efforts because of the conflicts happening in the region. It seems that any regional integration project attempt has to create first fertile grounds for the planned project to be realized. In this context ensuring peace and stability in the horn of Africa is a precondition to be met first if the political leaders of the region are serious about seeing integrated region.

For Olaniyan [2008], the first and foremost important challenge in the integration process in Africa in general and in each regional bloc in particular is due to the presence of political instability. The scholar questions the sustainability of political stability given that poor political governance is the reality of the region. Not all countries are enjoying an enduring political stability. Political instability in its subtle form has been expressed in stresses and strains in the political system and at the other extreme in civil disorder and war. It is argued that regional integration has been severely disrupted in the region because some Member States experienced civil wars and others are still living under the condition of no peace no war situation as a result of inter-state war.

The Horn of Africa is known with diverse types of conflicts such as intra-communal conflicts (i.e. cattle-rustling, natural resource-based conflict over water, pasture and land). Inter-state violent crises and tensions that characterize relationships between member states (Ethiopia—Eritrea, Uganda—Sudan). To the worst there are also failed or collapsed states/governance crisis i.e. Somalia [Olu, Dauda 2015].

Abdi and Seid [2013] also believe that, the slow implementation of agreements and protocols made so far towards the integration of the subregion is mainly attributed the political instability and conflicts between member states which posed serious challenge for IGAD'S initiatives. The region experienced a wide range of intra and inter-state conflicts, some of which prevailed for more than four decades. It is fair to argue that due to the volatile nature of the area mainly as the region is a conflict-ridden one, IGAD has to go extra mile more than any regional arrangement as it would be limited to achieve its ambitious objectives under the contemporary multi-faceted problems (intra and interstate conflicts).

### ***Overlapping Membership***

Many Countries in Africa in general and in the Horn of Africa in particular belongs to different regional arrangements. Many IGAD countries are

members of more than one regional grouping with different aims and objectives, different levels and patterns of development and political systems and ideologies. The 2010 Economic Commission for Africa's report indicated that African member States' multiple memberships to different RECs have contributed significantly to the slow pace of Africa's integration. For Abdi and Seid [2013] these multiple membership arrangements may lead to duplication of efforts and to an unnecessary competition among countries and institutions. For countries belonging to more than one regional grouping, the burden and cost is high because they have to participate in different meetings and accept policy decisions, instruments, procedures, and schedules.

Furthermore, Olaniyan [2008] argues that, the multiplicity of RECs in the regions, with attendant overlapping membership by countries, is an important issue affecting the pace of regional and continental integration. Madyo [2008] shares the idea of Olaniyan and notes that the proliferation and multiplicity of overlapping memberships in RECs, which are also uncoordinated and poorly supported, is not a formula for creating or strengthening the building blocks of the African Union. It is emphasized that such arrangement would not be consistent with the long term vision of African Union as it undermines collective efforts towards the African Economic Community.

Byiers [2016] added that as with most African countries, many IGAD Member States are all members of at least one other REC. This may limit the ability of Member States to fully engage in the IGAD regional agenda given often limited administrative capacities, but also the different objectives they may seek through IGAD. The authors strongly believe that, such multiple and overlapping REC membership as a key constraining factor to greater regional integration. Alemayehu and Haile [2002] also argue that multiple memberships are a hindrance to regional integration since, among other things, it introduces duplication of effort. The participation of states in different RECs has its own problems. These problems include human and financial costs associated with membership, lack of harmonization of policies especially in the areas of rules of origin and customs procedures.

Abdi and Seid [2013] recommend that, the only mechanisms available for reducing the high cost

of multiple memberships is through harmonizing trade agendas, trade policies and investment codes among the different regional trading blocs, and remove unnecessary program duplication in order to unify regional efforts.

### **Weak Infrastructure**

Poor infrastructure remains one of the chief obstacles to the overall integration efforts that African states are aspiring to achieve. In the presence of inadequate infrastructure intra-African trade, investment, and private-sector development would be highly challenged and severely limited<sup>4</sup>. IGAD member states should be convinced that programs to cultivate transport and communications networks, energy resources, and information technology would accelerate trade progress and transform Africa into a haven for investment.

Many IGAD member countries are characterized by poor infrastructure which inhibits intra-regional trade and economic growth due to high transaction costs caused by high transportation and communication costs. This has partly contributed to the poor competitiveness of member countries in the international market. It has also made the region unattractive to business [Abdi, Seid 2013].

According to Olaniyan [2008] inadequate infrastructures in both, within and among countries in Africa, have posed considerable challenges to integration and development process. The network of roads, railways, waterways, ports, airways, telecommunications are poorly maintained and inadequate. The infrastructures inherited at independence were inadequate and many countries have failed to bring about substantial improvements because

<sup>4</sup> Economic Report on Africa 2010. Promoting High-Level Sustainable Growth to Reduce Unemployment in Africa // Economic Commission for Africa. African Union. URL: <https://www.un.org/en/africa/osaa/pdf/pubs/2010era-unece.pdf> (accessed: 01.05.2019).

of sufficient resources or the failure to accord them adequate priorities they deserve.

For Abdi and Seid [2013] poor and inadequate infrastructure has been a major obstacle for economic growth in many African countries. The deficient infrastructure in the Horn of Africa dampens the region's capacity to grow. As growth and intra-regional economic integration are causally linked, it is reasonable to expect poor regional integration in a situation of deficient infrastructure. The region's achievement in the area of trade logistics, transport and other trade related infrastructures, however, is not significant compared with other regional economic communities. Market access within IGAD is limited and so it is with international markets. Hence, with the current status of poor infrastructure it would be very difficult for member countries of IGAD to be competent and beneficial in the global market.

### **Conclusion**

In Africa regional integration and cooperation has been one of the issue and will continue to be the top agenda in the future. This is driven by the wide recognition that regional cooperation is vital to tackle development challenges that cannot be solved at the national level. One of the regional economic communities recognized by the African Union as building bloc in the Horn of Africa is IGAD. However, IGAD has few success stories as its capacity is limited by challenges such as: conflicts, political instability, overlapping membership, weak infrastructure and many other related obstacles. Regional integration increases one's own bargaining power with other regions or countries, in order to get better terms of trade. Successful integration is important to reduce the negative impact of globalization. Though, neo-functionalism and liberal inter-governmentalism are the dominant theories in regional integration, they do not fully reflect the realities of the African integration.

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