PROMOTING SOUTH – SOUTH COOPERATION THROUGH REGIONAL INTEGRATION: THE EXPERIENCE AND LESSONS FROM THE EAST AFRICAN COMMUNITY

BY
WAFULA JAMES BICHACHI
Synopsis

- East Africa provides a useful lens through which to examine regional integration and concept of south-south cooperation.
- East Africa has made two attempts, one collapsing in 1977 and a revitalized one in the 1990’s, perceived as one of the most successful attempts at regional integration, on the continent of Africa.
- Since its reconstitution, the East African Community (EAC) has steadily rolled out a series of regional mechanisms and institutions.
- Many achievements have been registered, but yet some challenges still remain.
- East Africa offers some lessons and pointers to the useful ingredients or variables that appear to facilitate regional integration and deepen south-south cooperation.
- This paper focuses on sharing the experiences of East Africa in her efforts at integration in the spirit of south-south cooperation, placing attention on the achievements and lessons that can be learnt for the global south.
East Africa before the Establishment of the East African Community

- The East African countries were characterized by heavy reliance on official development assistance (ODA) from their former colonial masters and the Nordic countries, with all technical assistance to these countries mostly coming from the development agencies of the western countries (NORAD, CIDA, SIDA, USAID, DFID, JICA).
- They were victims of the Structural Adjustment Programmes (SAPs) of the IMF and World Bank, and they were highly indebted.
- They had extremely weak and fragile economies, susceptible to any economic shocks.
- They were also characterized by low intra-regional trade volumes, since domestic manufacturing was very low.
- They also relied on imports from largely abroad even for basic commodities which were available in the neighbouring countries.
- The countries were involved in wasteful and economically unhealthy competition, protectionism of their markets and economies and were mutually hostile to each other politically, with some being responsible for political subversion of other countries, mostly on the instigation of foreign interests.
Points of Strength and Points of Need

Points of Strength

1. Large population with a combined regional population of over 150 million people, which was a potentially viable market for intra-regional trade as well as an important destination for foreign investments.

2. Immense natural resources base, with some of the largest mineral, water and agricultural resources as well as a high potential for tourism;

3. Relatively stable macro-economic environment which could be an important foundation for economic growth and development;

4. The region is surrounded by two big countries (South Sudan and DR Congo) whose only alternative economic link and lifeline is with EAC (both for trade and infrastructure), thus reflecting the inter-dependency nature of the region;

5. Two countries (Kenya and Uganda) were able and willing to provide leadership for the integration process;
Points of Strength and Points of Need

Points of Need

1. Continued marginalization and fragmentation, owing to the small and unviable economic voices the individual countries had in the global and regional economic realm;

2. The glaring challenges of lack of, or limited infrastructural connections and services between the five countries, coupled with the landlocked nature of some of the countries, which had become a barrier to any meaningful economic activities in the region;

3. The realization that governments on their own, cannot achieve much, without the purposeful and constructive involvement of the other players including the private sector and civil society;

4. The presence of trans-boundary natural resources amongst the five East African countries, which could only be harnessed and exploited well if there was institutionalized cooperation and coordination among the partnering states;

5. The common problems and challenges, which the countries have unsuccessfully tried to solve individually over the years;
The Vehicles for East Africa Integration

• The East African countries, have deliberately adopted the principles of south-south cooperation as a means to redeem themselves and improve on their conditions;
  • Promotion of intra-regional trade and investment,
  • Creation of institutions of cooperation,
  • Harmonization of policies and practices, but most importantly,
  • Integration of the economies of the partner states, all built on the basis of mutual benefit and equality

• The East Africa countries have chosen two vehicles to advance and achieve their aspirations under South-South cooperation, and these are:
  1. The East African Community
  2. The Northern Corridor Infrastructural Projects.
The East African Community

- The history of regional cooperation in East Africa goes back to pre-colonial times.
- In 1967, the first East African Community was founded, with three member states of Kenya, Tanzania and Uganda. It was hailed a success, but the nevertheless collapsed in 1977;
- In 1999, a new treaty re-establishing the EAC was signed, and came into force in 2000.
- In 2007, Rwanda and Burundi joined the EAC.
- In March 2016, South Sudan was admitted as 6th member state.
The Northern Corridor Integration Projects

The Northern Corridor Infrastructural Project was a trilateral initiative started in 2013 by Presidents of Uganda, Kenya and Rwanda, to establish a mechanism for cooperation to address three immediate problems:

a) The long time cargo was taking from the port of Mombasa in Kenya to the hinterland due to multiple road checks and unnecessary border delays;

b) The poor road and railway infrastructure connecting the northern transport corridor from Mombasa to Uganda, Rwanda and beyond;

c) The high cost of doing business in the region, which was making it uncompetitive and driving away potential investors and business firms.

The Tripartite Infrastructure Initiative was later renamed the Northern Corridor Integration Projects (NCIP), with the inclusion of South Sudan who had graduated from observer status to active member.

The NCIP has expanded to cover cooperation on many sectors including railways, energy, petroleum, ICT and Land.
Achievements of EAC

1. Increase trade levels between Member states through a series of policies and regulations (Total intra-trade grew from $1.6 billion in 2005 to $3.8 billion in 2010 which is more than 100% increase. It was projected to grow to $6.5 billion in 2015). In addition to this, the EAC exports grew from US$ 6.4 billion in 2006 to US$ 11.1 billion in 2010, reflecting a 73% increment;

2. Revenue growths for partner states were significantly high at an average growth rate of 11% per annum. The original three partner states have had their revenue growth rate at 42% since 2006, while Burundi and Rwanda have had an 11% growth in revenue between 2008 and 2010;

3. Investment levels in the partner states have grown remarkably high, especially in capital intensive sectors (like oil and petroleum, mining and telecommunications). For instance, up to 2009, EAC had attracted FDI to the level of US$ 3.7 billion, and since then, Uganda, Tanzania and Rwanda have continued to attract increasing levels of FDI;

4. With the signing of the Customs Union Protocol, and the establishment of a Common External Tariff (CET), trade in the region has been liberalized with enhanced predictability for exporters and investors.

5. Through the Customs Union, there is a significant progress in the elimination of non-tariff barriers to trade in the region;

6. There has been promotion of production and consumption of locally manufactured goods, which has been boosted by the large regional market;
Achievements of EAC contd...

7. The EAC now has greater opportunities to exploit economies of scale. The EAC is now able to negotiate terms with other bodies. Recently, the EAC signed trade agreement with the US;

8. Joint projects are being implemented by partner states (e.g. Roads, railways). The Standard Gauge railway linking the region as well as numerous cross-border roads are illustration of this;

9. High economic growth levels have been realized in the partner states, averaging between 5% to 7%;

10. With the EAC, there is now confidence in the economies of the region, reflected in the economic stability currently being experienced. This has also manifested in reduced and stable prices, despite global recession and economic instability.

11. The partner states are now less dependent on donors for budget support, with each country now able to finance up to 80% of budget from domestic revenues;

12. Many functional regional institutions have been created and are in operation. These include the East African Legislative Assembly (EALA) the East African Court of Justice (EACJ), the Inter-University Council of East Africa (IUCEA), and the Lake Victoria Basin Organization (LVBO).

13. The negotiation, signature and ratification of important protocols like the Customs Union Protocol, Common Market Protocol and Monetary Union Protocol, has been a landmark achievement. Though implementation may be not very smooth, the existence of these protocols demonstrates the commitment of the partner states as well as the recognition that the path to integration is the right one.
Achievements Under NCIP

1. In the telecommunications sector, there has been a “One Network Area”, where subscribers to telecommunication services in the region, all calls are charged a uniform cost and subscribers enjoy cheap and affordable roaming and connectivity solutions, making communication cheaper and convenient, thus reducing the cost of doing business in the region;

2. All countries have now established a national citizenship and identity card system which is credible and security proof, allowing nationals from the partner states to move across the common borders using national identity cards as travel documents and not passports, which has eased movement of persons;

3. The Implementation of East Africa Tourist Visa (for tourists wishing to visit Uganda, Kenya and Rwanda) has helped in marketing the region as a single tourism destination and it is expected to lead to a surge in the number of tourists visiting the region;

4. The signing of the Protocol and the launch of the construction of the Standard Gauge Railway is expected to cut freight charges and quicken delivery of goods from the port to the hinterland. The construction in Kenya started in June 2014 and it is expected to commence in Uganda once the funding process from the Chinese Exim Bank is completed soon. The extended railway line is expected to connect to Rwanda and South Sudan in the medium term;

5. Waiver of Work permit Fees for nationals of the partnering states, has facilitated free movement of labour across the borders, thus enriching the labour markets;

6. With the implementation of the Single Customs Territory and a cargo tracking system, it has lowered the cost of doing business by reducing the number of days cargo trucks take from the port of Mombasa. For Uganda bound cargo, it is down to 4-5 days from 16 days, and 8 days for Rwanda cargo from 22 days. Internal border controls on good in transit have been greatly reduced, thus enhancing trade;

7. In the power sector, the partner states have concluded power purchase and wheeling agreements to facilitate power trade among them. In this agreement, power trade between partner states is expected to reach 150 MW by March 2017, and a standardized power transmission line of 400 KV built by June 2018.
Lessons For South-South Cooperation

1. Developing countries need to identify what at first appear to be their weakness and use them as a driver for closer cooperation and enhance more cooperation amongst themselves;

2. The institutional framework for any form of South-South Cooperation is a very important. Many countries engage in cooperation without a detailed institutional framework. This in the long run is not sustainable. For successful cooperation to be realized, it is important to create institutions, not just signing agreement alone. (eg EAC, BRICS IBSA).

3. The role of increased collaboration between partner states in the South, especially the emerging stronger ones, in sharing development experience and pooling efforts and resources together, can provide a big drive for economic development;

4. That south-south cooperation can be an effective tool for promotion of development in the third world as an alternative to aid and donations from the developed world, especially if it is given leadership by the emerging economies in the South. For EAC, India and China have provided this partnership;

5. South-south cooperation still faces numerous challenges, notably problems of diversity, limited financing and resources and unequal international political and economic order, which must be addressed so as to reduce world imbalance

6. Through south-south cooperation, may not entirely substitute cooperation with the north, it is the most sustainable and appropriate form of cooperation for the developing nations
Conclusion

1. East Africa is one of the regions which have made successful attempts at regional integration on the basis of the principles of south-south cooperation. The results of these efforts have demonstrated the need and importance of south-south cooperation.

2. Like for regional integration, south-south cooperation can achieve good development results when all partners have strong leadership and are willing to engage in horizontal partnerships. Political commitment from high-level authorities is essential to ensure sustainability of South-South cooperation.

3. Overall, East African has made solid progress towards integration, though many challenges still remain. Even so, it still offers a template for deeper integration and south-south cooperation.

4. For the region, the positive results so far registered, outweigh the challenges that continue to be faced.