

INVITATION



THE AFRICAN CAPACITY
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DES CAPACITES EN AFRIQUE

ACBF BROWN BAG SERIES

Are the Regional Economic Communities' (RECs) overlapping membership an issue? A discussion on the “free rider” syndrome as applied to a small economy (Evidence from Burundi).

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Knowledge and Learning, ACBF

DATE: Friday, 28 February, 2014

VENUE: No. 2 Fairbairn Drive Mt. Pleasant, ACBF Boardroom

TIME: 11:00 – 13:00



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I~ PURPOSE

- Create more awareness among colleagues, on the issue of African Regional Economic Communities (RECs), as regional integration falls within ACBF New Business Model areas, and ACBF is currently conducting the African RECs' capacity needs survey.
- Share with colleagues some basic information about the RECs.
- Provoke debate around the issue of African regional integration in general, and more specifically the REC multiple and overlapping memberships.
- Discuss the way forward for ACBF support to regional integration.



II-INTRODUCTION

There is no better way to state how regional integration is of paramount importance to Africa than to quote the AUC Chairperson and the ECA Executive Secretary:

“The OAU Charter and the Constitutive Act establishing the African Union define regional integration as one of the foundations of African unity. And the Lagos Plan of Action and the Abuja Treaty elaborate the specific economic, political and institutional mechanisms for attaining this idea. The adoption of the New Partnership for Africa’s Development (NEPAD) provides an overall development framework for the continent which assumes regional integration as one of its core objectives. The establishment of the Commission of the African Union, and agreement on its priorities, makes it clear that Africa’s leadership is committed to move the regional integration process forward, effectively and efficiently.”

(Alpha Oumar Konaré, AUC Chairperson and K.Y. Amoako ES, UNECA; Foreword to ARIA I, 2004).



Let's just list some important events in the process of the continental integration since the establishment of the Organization of African Unity (OAU) on 25 May 1963:

- April 1980: adoption of the Lagos Plan of Action and the Final Act of Lagos
- June 1991: signing of the Treaty Establishing the African Economic Community (AEC) commonly known as the “Abuja Treaty” which entered into force in May 1994
- September 1999: adoption of the Sirte Declaration with the primary objective to accelerate the implementation of the Abuja Treaty, and particularly to reduce the timeframes of the various stages set forth therein
- July 2000: adoption of the Constitutive Act of the African Union at the Lomé Summit
- July 2001: establishment in Lusaka, Zambia, of the African Union and the adoption of the New Partnership for Africa's Development (NEPAD) as its key program



Africa's RECs are making some significant progress in Africa's attempt to integrate. However, though the African Union recognizes only eight RECs, the continent currently hosts 14 inter-governmental organizations, working on regional integration issues, with various objectives, numerous treaties and protocols governing inter-state relations.

The extent literature recognizes the negative effects of the REC multiple and overlapping memberships. Even national policy makers understand its consequences.

A discordant voice came from Afesorgbor and van Bergeijk (2011) who in their study found that overlapping memberships had a significant positive effect on bilateral trade within ECOWAS.^(*)

(*) Afesorgbor, S.K. and van Bergeijk, P.A.G (2005) "Multi-membership and the effectiveness of regional trade agreements in Western and Southern Africa: A comparative study of ECOWAS and SADC." Working Paper No. 520. ISS. The Hague, The Netherlands



In 2004, UNECA and AU initiated a series of assessment of the regional integration in Africa . The report is referred to as ARIA, for “Assessing Regional Integration in Africa”. AfDB joined starting from ARIA IV. Besides, AUC also produces a report on the status of integration in Africa. The most recent edition, the fourth one (SIA IV) was published in 2013.

EDITION	YEAR	THEME
ARIA I	2004	Assessing Regional Integration In Africa
ARIA II	2006	Rationalizing Regional Economic Communities
ARIA III	2008	Towards Monetary and Financial Integration in Africa
ARIA IV	2010	Enhancing Intra-African Trade
ARIA V	2012	Towards an African Continental Free Trade
ARIA VI	2013	Harmonizing Policies to Transform the Trading Environment

ARIA II focused on the issue of overlapping memberships. The report describes how overlapping RECs and multiple memberships in Africa are slowing integration, as they are associated with large resource costs and binding financial constraints.



Discussions organized by UNECA at the continental level showed quasi-unanimity on the need to rationalize the continent's integration process (UNECA & AU, 2006).

The first phase of rationalization, 1983~94 was marked by several attempts to regroup the RECs. This did not produce the expected results.

The second phase of rationalization, 1995~2002, took lessons from the first one and attempted to refocus the rationalization on areas where overlapping was evident.

Despite these efforts, the problem persist, though national policy makers understand the consequences of multiple and overlapping memberships.

Are then countries, consciously or not, being adopting the “free rider”^(*) syndrome?

() A free rider, in economics, refers to someone who benefits from resources, goods, or services without paying for the cost of the benefit.*



III~LANDSCAPE OF AFRICAN REGIONAL ECONOMIC COMMUNITIES

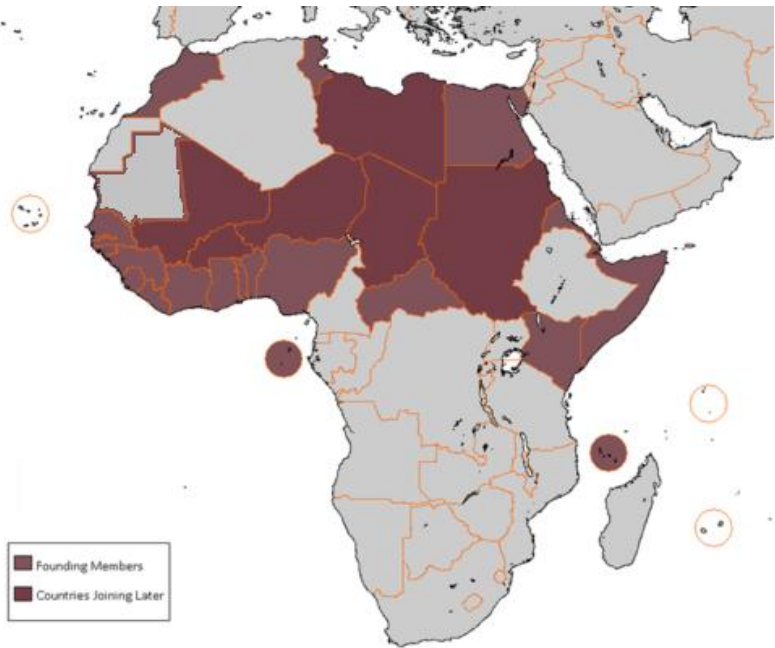
AU recognizes eight (8) African RECs

No.	Acronym	Full name	Membership
1	CEN-SAD	Community of Sahel-Saharan States	27
2	COMESA	Common Market for Eastern and Southern Africa	19
3	EAC	East African Community	5
4	ECCAS	Economic Community of Central African States	10
5	ECOWAS	Economic Community of West African States	15
6	IGAD	Intergovernmental Authority on Development	8
7	SADC	Southern Africa Development Community	15
8	UMA	Arab Maghreb Union	5

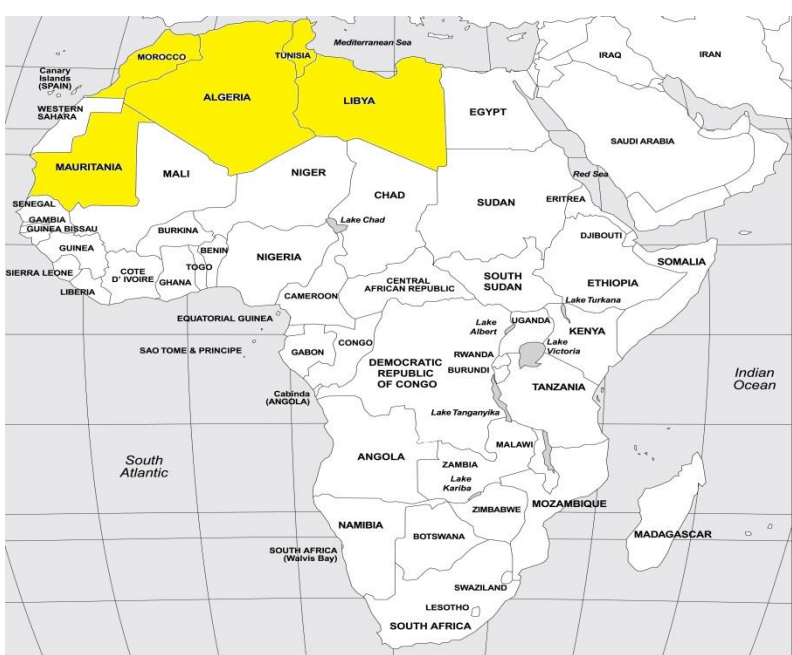
Geographically, the eight (8) AU-recognized RECs cover the whole Africa



CEN-SAD



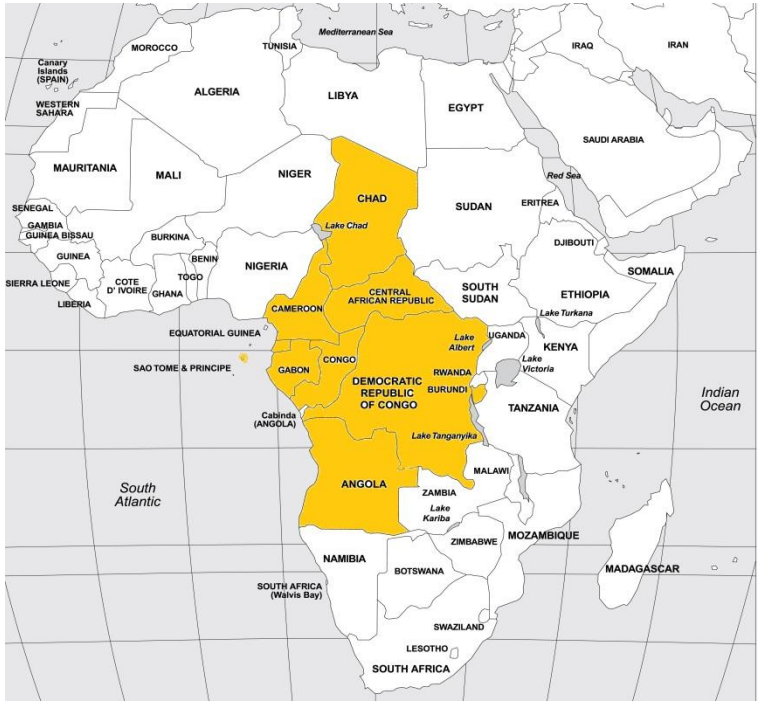
UMA



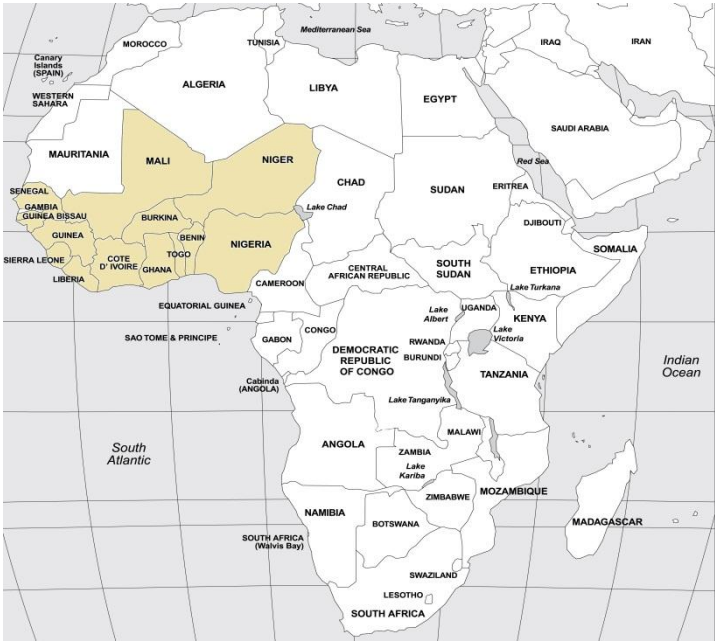
SADC



ECCAS



ECOWAS



COMESA



EAC



IGAD



Besides the eight RECs recognized by the AU, there are also some other six RECS with uneven sizes and uneven importance for their country members

No.	Acronym	Full name	Membership
1	CEMAC	Central African Economic and Monetary Community	6
2	CEPGL	Economic Community of the Great Lakes Countries	3
3	IOC	Indian Ocean Commission	4
4	MRU	Mano River Union	3
5	SACU	Southern African Customs Union	5
6	UEMOA	West African Economic and Monetary Union	8



CEMAC



CEGPL



IOC



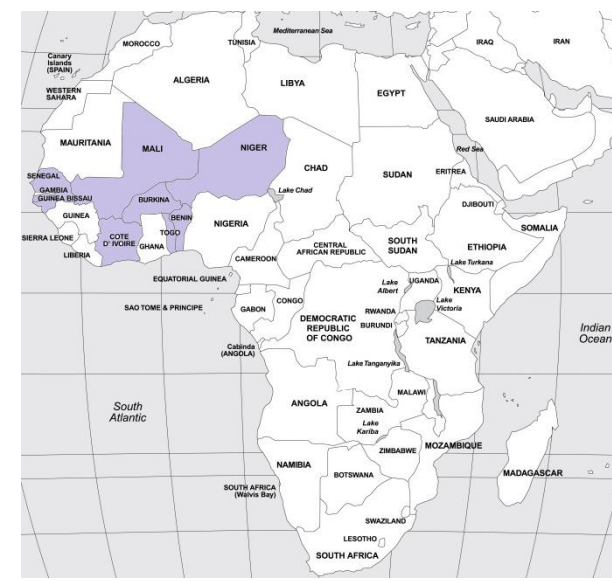
MRU



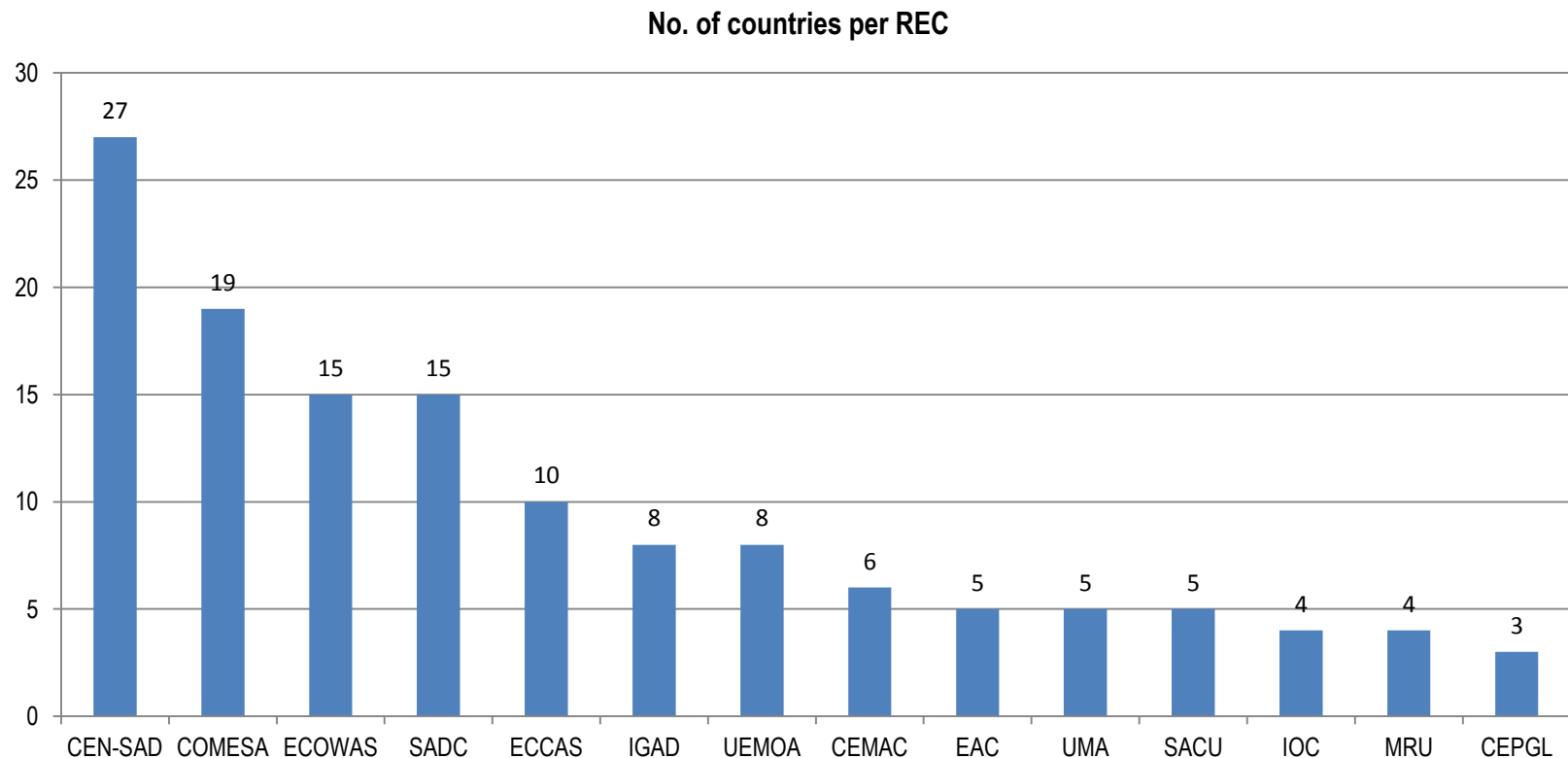
SACU



UEMOA



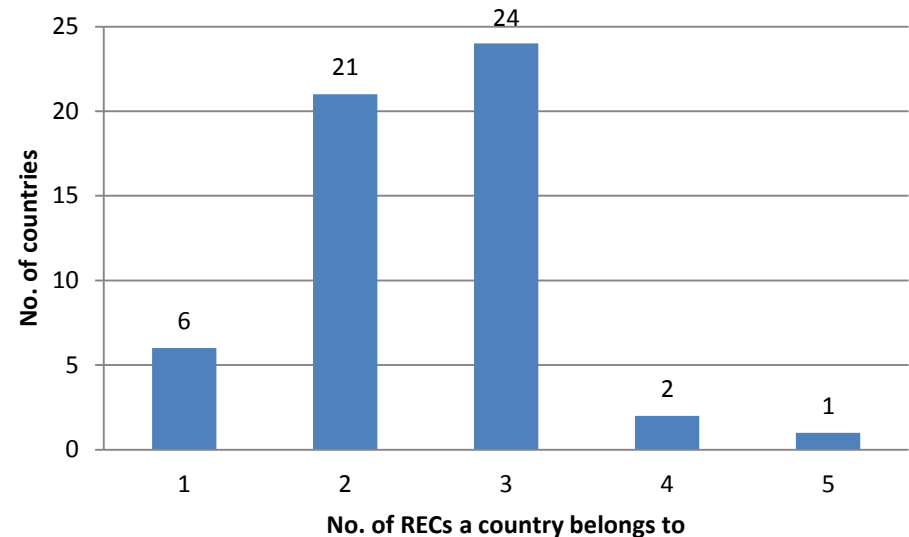
The 14 African RECs (irrespective their official status towards AU) do not have the same size. The total memberships per REC ranges from a minimum of three (3) countries (CEPGL) to a maximum of 27 (CENSAD)



IV- MULTIPLE AND OVERLAPPING MEMBERSHIPS

Current multiple RECs memberships

As it appears in the figure in front, 89% of the 54 African countries are members of more than one REC. The DRC belongs to five (5) RECs, while Burundi and Kenya are members of four (4) RECs. Only six (6) countries are members of one REC alone.



Membership	Countries
1 REC	ALGERIA; CAPE VERDE; CONGO; MAURITANIA; MOZAMBIQUE; SOUTH SUDAN
2 RECs	ANGOLA; BOTSWANA; CAMEROON; EGYPT; EQUATORIAL GUINEA; ETHIOPIA; GABON; GAMBIA; GHANA; LESOTHO; MALAWI; MOROCCO; NAMIBIA; NIGERIA; SAO TOME AND PRINCIPE; SOMALIA; SOUTH AFRICA; TANZANIA; TUNISIA; ZAMBIA; ZIMBABWE
3 RECs	BENIN; BURKINA FASO; ; CAR; CHAD; COMOROS; CÔTE D'IVOIRE ; DJIBOUTI ; ERITREA ; GUINEA ; GUINEA-BISSAU ; LIBERIA ; LIBYA ; MADAGASCAR ; MALI ; MAURITIUS ; NIGER ; RWANDA ; SENEGAL ; SEYCHELLES ; SIERRA LEONE ; SUDAN; SWAZILAND; TOGO; UGANDA
4 RECs	BURUNDI; KENYA
5 RECs	DRC



UNECA conducted a survey on the issue, the findings of which are contained in the joint UNECA-AU ARIA II (2004) report. During the survey, the countries surveyed listed the problems occurring from multiple memberships, and were also asked to rate the problems on a scale 0-1.

Consequence of multiple memberships at national level	Frequency of citation from countries experiencing multiple membership	Score
Inadequate payment of contributions	25%	0.56
Low program implementation	23%	0.50
Low attendance to meetings	16%	0.35
Duplication and conflicting program implementation	16%	0.33
Other	20%	0.40

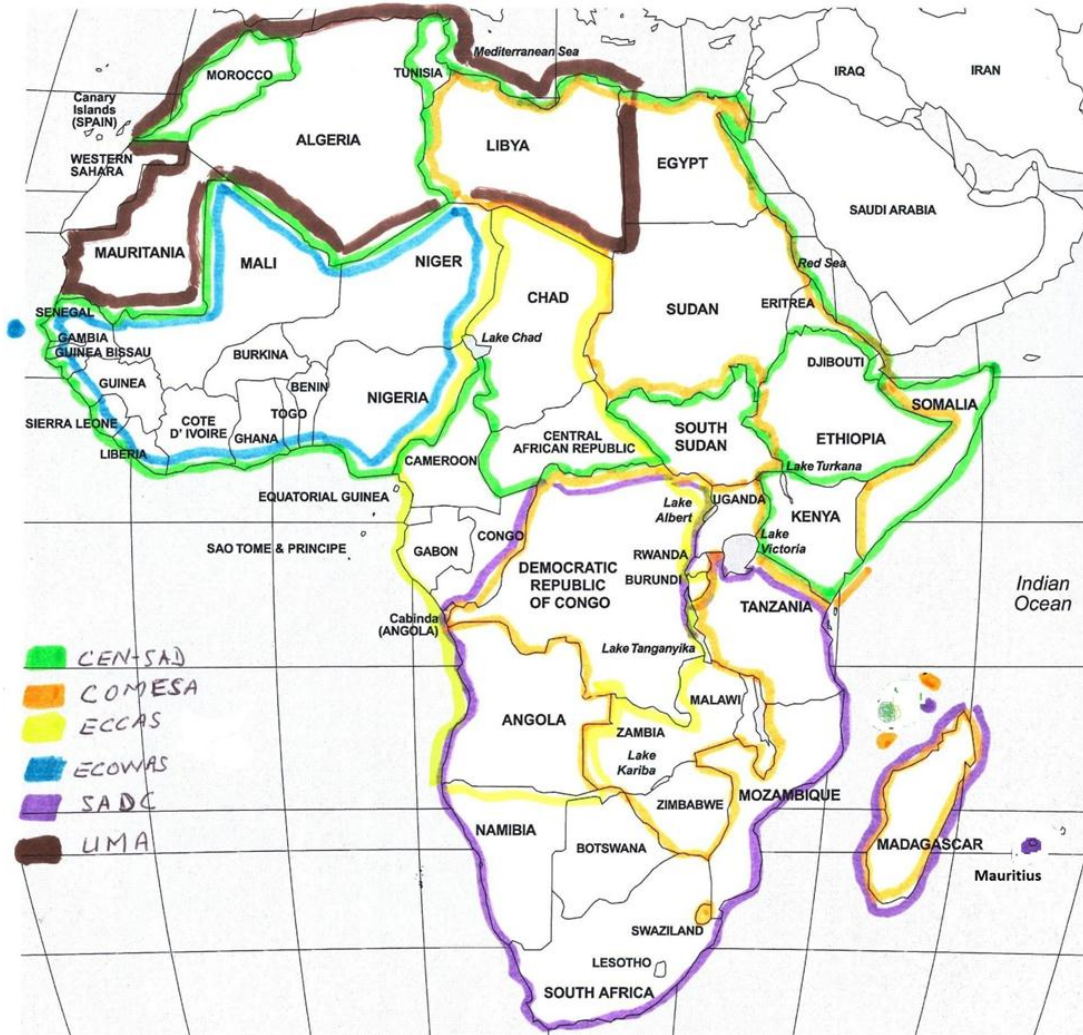
From the findings, the inadequate payment of contributions was the most cited, and also was rated as the biggest problem. It was followed by the implementation of programs, which had also a significant score. **One may wonder why the low program implementation and the duplication and conflicting program implementation do not come at the first position.** Let's see how multiple memberships can become a real headache when it comes to implementing programs.



Consequences of multiple and overlapping memberships: the spaghetti bowl effect^(*)

According to UNECA, AU and AfDB, “One of the main challenges facing Africa’s Regional Economic Communities (RECs) in implementing their integration programmes is overlapping membership” (ARIA V, 2012). To better understand this statement, let’s take a look on the two charts below.

(*) The *spaghetti bowl effect* refers to the complication which arises from the application of domestic rules of origin in the signing of free trade agreements. It was first used by J. Bhagwati (1995). It is often used as metaphor for African countries’ many overlapping memberships in regional economic communities.



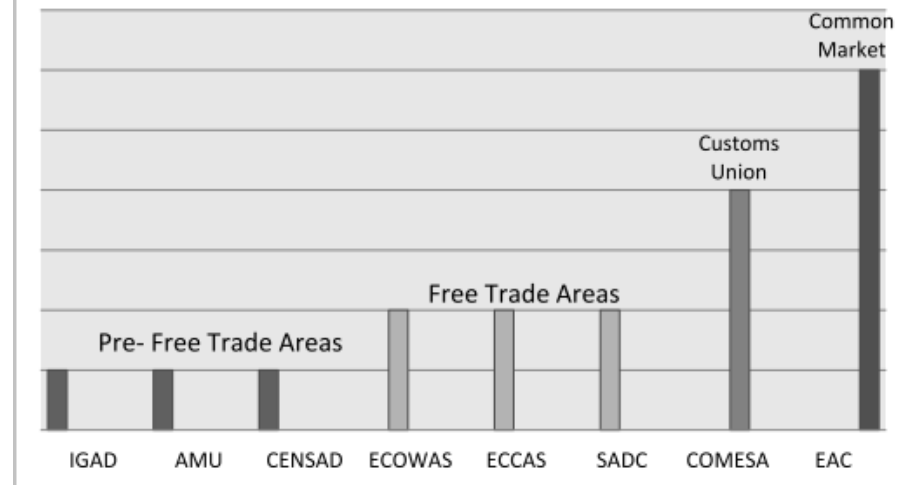
For practical reasons, only six RECs are considered here.



EAC is already a Common Market. And is moving towards the Monetary Union, as the Protocol for the establishment of the East African Monetary Union was signed during the EAC Head of States Summit held on 30 November 2013 in Kampala, Uganda.

Status of Integration of the RECs

Source: AUC (2003). Status of Integration in Africa (SIA IV)



EAC shares four member States with COMESA (Burundi; Kenya; Rwanda; Uganda). COMESA has launched its Customs Union on June 2009, but is yet to attain the Common Market stage. Those four countries currently belong to two (2) different Customs Unions.

EAC also shares one member country partner with SADC, which is still preparing to launch its Customs Union.

No.	Country	EAC	COMESA
1	BURUNDI	YES	YES
2	KENYA	YES	YES
3	RWANDA	YES	YES
4	TANZANIA	YES	NO
5	UGANDA	YES	YES

No.	Country	EAC	SADC
1	BURUNDI	YES	NO
2	KENYA	YES	NO
3	RWANDA	YES	NO
4	TANZANIA	YES	YES
5	UGANDA	YES	NO



Five SADC member States are members of Southern African Customs Union (SACU). Twelve of the SADC members are already members of a Customs Union (SACU or COMESA) but all of them are also in negotiations to establish alternative customs unions from the one they now belong to.

Country	SADC	SACU	COMESA	MEMBER OF A CUSTOMS UNION
ANGOLA	YES	NO		
BOTSWANA	YES	YES		YES
CONGO (DRC)	YES	NO	YES	YES
LESOTHO	YES	YES		YES
MADAGASCAR	YES	NO	YES	YES
MALAWI	YES	NO	YES	YES
MAURITIUS	YES	NO	YES	YES
MOZAMBIQUE	YES	NO		
NAMIBIA	YES	YES		YES
SEYCHELLES	YES	NO	YES	YES
SOUTH AFRICA	YES	YES		YES
SWAZILAND	YES	YES	YES	YES
TANZANIA	YES	NO		
ZAMBIA	YES	NO	YES	YES
ZIMBABWE	YES	NO	YES	YES

COMESA and SADC have seven member States in common that are not part of a customs union, but all are preparing Customs Unions. SADC member states will have to strike the balance of the costs and benefits of belonging to one or another CU.

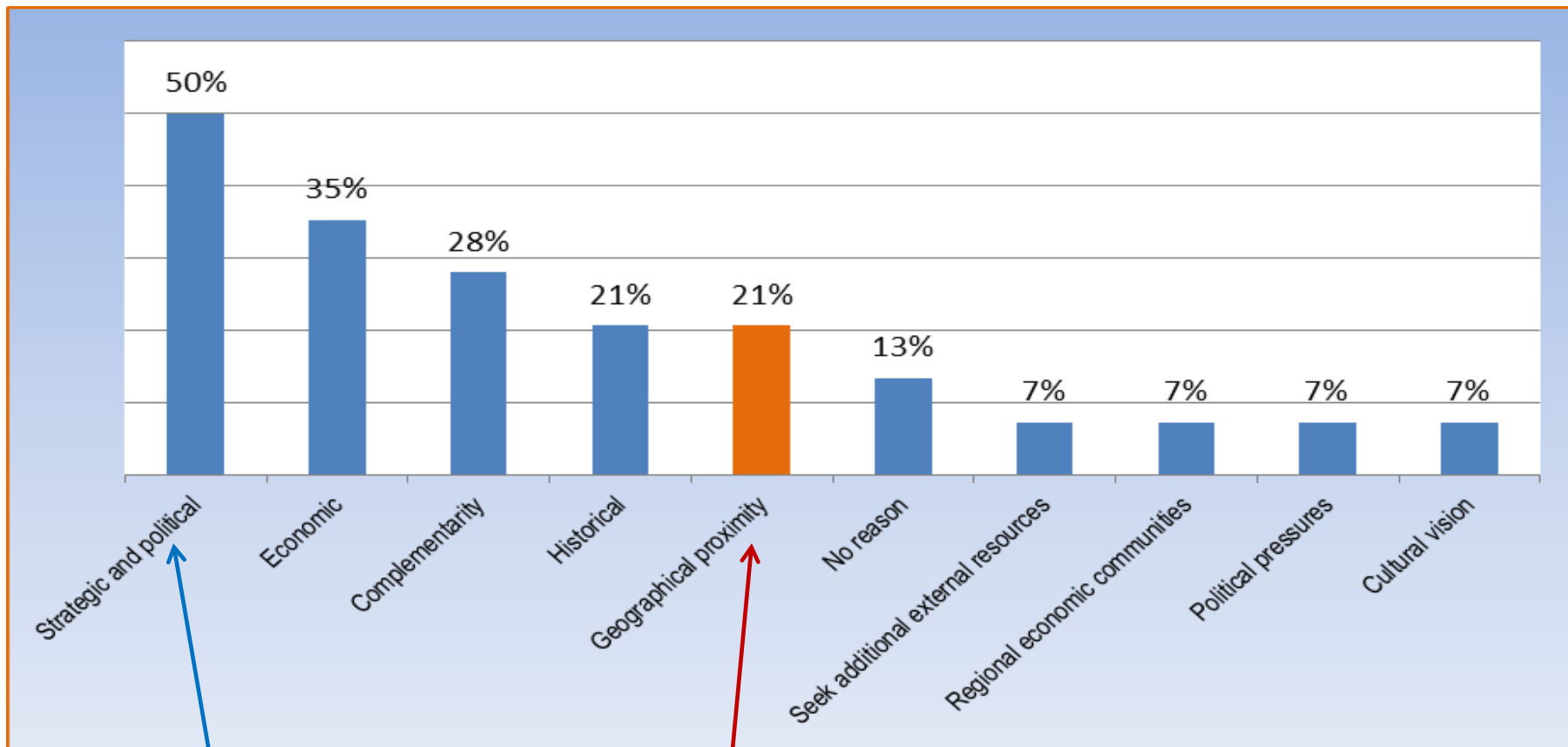
Country	COMESA	SADC	SACU	Not part of a Customs Union
ANGOLA	NO	YES	NO	
BOTSWANA	NO	YES	YES	
BURUNDI	YES	NO	NO	
COMOROS	YES	NO	NO	
CONGO (DRC)	YES	YES	NO	YES
DJIBOUTI	YES	NO	NO	
EGYPT	YES	NO	NO	
ERITREA	YES	NO	NO	
ETHIOPIA	YES	NO	NO	
KENYA	YES	NO	NO	
LESOTHO	NO	YES	YES	
LIBYA	YES	NO	NO	
MADAGASCAR	YES	YES	NO	YES

Country	COMESA	SADC	SACU	Not part of a Customs Union
MALAWI	YES	YES	NO	YES
MAURITIUS	YES	YES	NO	YES
MOZAMBIQUE	NO	YES	NO	
NAMIBIA	NO	YES	YES	
RWANDA	YES	NO	NO	
SEYCHELLES	YES	YES	NO	YES
SOUTH AFRICA	NO	YES	YES	
SUDAN	YES	NO	NO	
SWAZILAND	YES	YES	YES	
TANZANIA	NO	YES	NO	
UGANDA	YES	NO	NO	
ZAMBIA	YES	YES	NO	YES
ZIMBABWE	YES	YES	NO	YES



Reasons why African countries join more than one REC

The above mentioned UNECA survey also provides some reasons why countries join more than one REC.



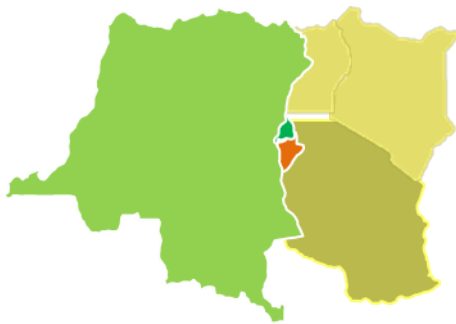
- Political and strategic reasons are the most important determinant for joining RECs
- far above geographical proximity, a key consideration in the Abuja Treaty



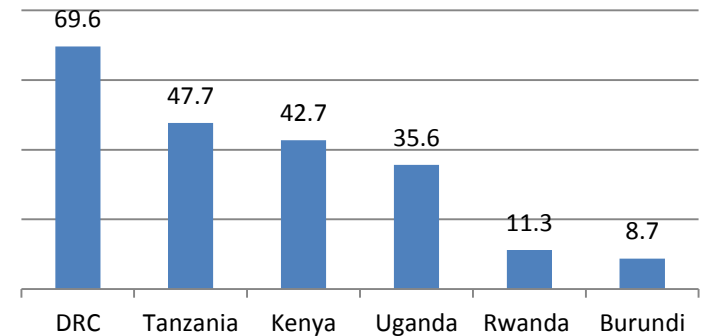
V~ THE CASE OF BURUNDI

Burundi has five country neighbors: DRC; Tanzania; Kenya; Uganda; and Rwanda. Compared to its neighbors, Burundi is a small country.

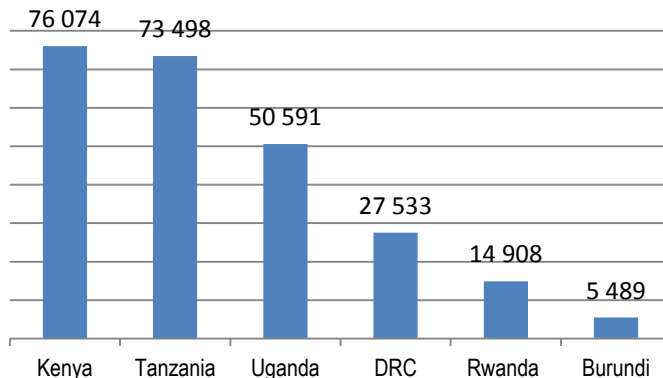
Some selected criteria to support this statement: Land area; Population ; GDP; FDI



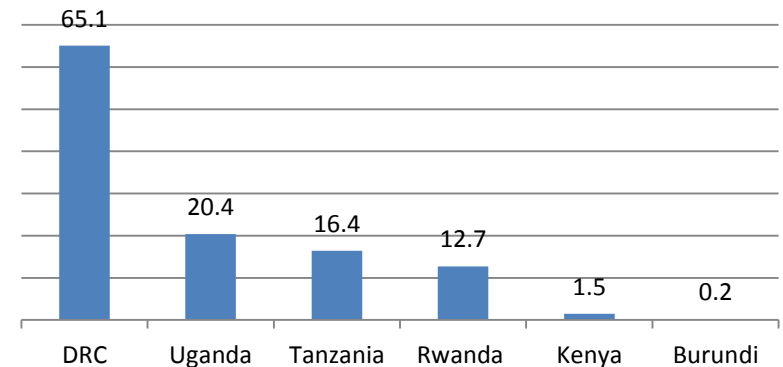
Population (Millions)



GDP PPP (Millions USD)

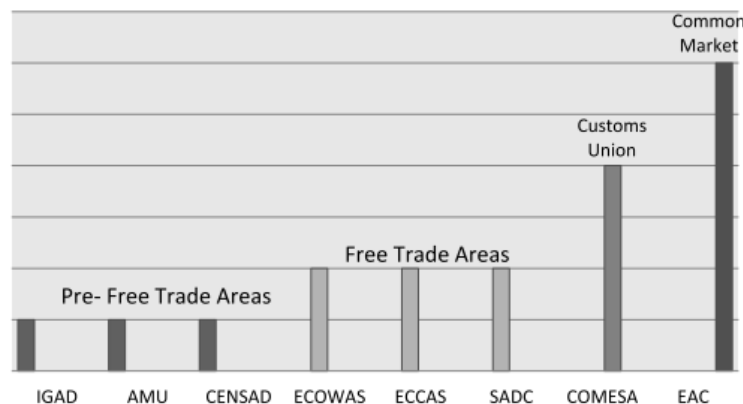


FDI Inflows/GFCF (%) 2008



Are there any reasons why Burundi could adopt the free rider syndrome?

- Burundi is member of four RECs: EAC; ECCAS; CEPGL; and COMESA.
- The main four consequences of multiple memberships found during the UNECA survey may apply to Burundi, but not with the same acuteness.
- Why then could Burundi not decide to remain a member of only one REC?
- Some of the many reasons found in the UNECA survey may apply to Burundi. Let's view this using the graph and the table below that show the status of implementation of the Abuja Treaty.



Status of integration of the RECs

Source: AUC (2013). SIA IV

Status of implementation of the Abuja Treaty.

Source: AUC (2013) SIA IV



Stages of the Abuja Treaty	Stage one: 1994-1999	Stage two:2000- 2007	Stage three: 2008- 2017	Stage four: 2018- 2019	Stage five: 2020- 2023	Stage six: 2024- 2028 latest 2034		
RECs	Strengthening existing RECs and creation of new RECs where they do not exist	Coordination and harmonization of activities	Gradual elimination of tariff and non-tariff barriers	Free Trade Area	Customs Union	Continental Customs Union	Establishment of an African Common Market	Monetary and Economic Union
UMA	☑	☑	In progress	Not yet	Not yet	This stage will be achieved when all RECs have achieved Customs Union and harmonized their respective Common External tariff (CET), with a view of creating one single continental CET.	This stage will be achieved when all RECs have achieved continental customs union as well as free movement of labour and capital.	This stage will be achieved when all RECs have achieved African Common Market at which time there will be a common currency, issued by the African Central Bank.
IGAD	☑	☑	In progress	Not yet	Not yet			
SADC	☑	☑	☑	☑	2013			
CENSAD	☑	☑	Not yet	Not yet	Not yet			
ECOWAS	☑	☑	☑	☑	2015			
COMESA	☑	☑	☑	☑	☑			
ECCAS	☑	☑	☑	☑	No date fixed			
EAC	☑	☑	☑	☑	☑			

From the graph and table above, it appears that Burundi has little reason to leave EAC for COMESA only. EAC is the most advanced in the integration process.

However, EAC membership is limited to 5, which does not offer the same economies of scale the 19 members of COMESA can provide.

Can Burundi withdraw from ECCAS? Despite its poor results in the integration process, ECCAS has been instrumental in the resolution of the conflict in CAR. Given the current tension in the North-East of the DRC, I believe Burundi would reluctantly go that way.

Can Burundi then leave CEPGL?

This REC comprises of only 3 countries, with specific interest in the lake Tangayika, which is of political, strategic and economic interest for them. The lake is strategic for the survival of Burundi, a landlocked country.



VI- THE WAY FORWARD: ACBF SUPPORT TO REGIONAL INTEGRATION

ACBF has brought support to regional organizations as presented in the table below:

No	Project acronym	Beneficiaries	Main objectives
1	AU-CAP	AUC	support institutional transformation processes of the AU
2	CAP-WAMI	WAEMU	Strengthen WAMI's capacity to improve macroeconomic surveillance and statistical harmonization; and to develop the human and institutional capacity within WAMI
3	COMESA	COMESA	Enhancing COMESA capacity in economic and trade policy analysis and research
4	EABC	EAC	Deepening private sector participation in East Africa's economic integration process
5	EALA	EAC	Build the capacity of the EALA to effectively and efficiently discharge its functions of law making, overseeing all matters related to the implementation of the EAC Treaty and increasing its capacity for promoting effective constituent relations.
6	EPAU	ECOWAS	Establishment of the Economic Policy Analysis Unit
7	NEPAD	NEPAD; RECs	Strengthen the Institution Capacity of NEPAD Secretariat through support of strategic organization functions and to enhance the operational capacity of selected program clusters in order to facilitate implementation of priority programs.
8	PAP	AU	Build the capacities of PAP committees, parliamentarians and staff to discharge their functions and advance the implementation of AU decisions
9	PRMP-UEMOA	WAEMU	Enhance the Public Procurement System of the members states of West Africa Economic and Monetary Union
10	RE-CEMAC	CEMAC	Increase the participation of CEMAC member countries in international trade
11	RENFOR	ECCAS	Enhance effective participation of ECCAS to regional integration and fight against poverty
12	SADC-PF	SADC	Improve capacity for Parliamentary oversight, representation and law making in the SADC region

Plus, ACBF is currently conducting a survey on RECs' capacity needs, to update the previous one it conducted in 2006. This is done in collaboration with other main partners.



No	Project acronym	Full name
1	AU-CAP	AFRICAN UNION CAPACITY BUILDING PROGRAM
2	CAP-WAMI	CAPACITY BUILDING PROJECT FOR WAMI (West African Monetary Institute)
3	COMESA	ENHANCING COMESA CAPACITY IN ECONOMIC AND TRADE POLICY ANALYSIS AND RESEARCH
4	EABC	DEEPENING PRIVATE SECTOR PARTICIPATION IN EAST AFRICA'S ECONOMIC INTEGRATION PROCESS
5	EALA	EAST AFRICAN LEGISLATIVE ASSEMBLY ACBF PROJECT
6	EPAU	ECONOMIC POLICY ANALYSIS UNIT
7	NEPAD	STRENGTHENING THE INSTITUTIONAL CAPACITY OF NEPAD
8	PAP	PAN AFRICAN PARLIAMENT INSTITUTION BUILDING PROJECT
9	PRMP-UEMOA	ENHANCING PUBLIC PROCUREMENT PROJECT OF WEST AFRICAN ECONOMIC AND MONETARY UNION
10	RE-CEMAC	ECONOMIC AND MONETARY COMMUNITY OF THE CENTRAL AFRICAN COUNTRIES TRADE CAPACITY BUILDING PROJECT (RE-CEMAC II)
11	RENFOR	PROJET DE RENFORCEMENT DES CAPACITÉS DE LA COMMUNAUTÉ ÉCONOMIQUE DES ÉTATS DE L'AFRIQUE CENTRALE
12	SADC-PF	SOUTHERN AFRICA DEVELOPMENT COMMUNITY PARLIAMENTARY FORUM



ACBF has been bringing support to a number of Regional Organizations, including NEPAD and AU. The support covers many areas, which are in line with the beneficiaries' areas of focus.

Support to regional organizations is still relevant, as it falls within the ACBF New Business Model areas.

However, in light of the multiple and confusing memberships that creates duplication and sometimes competition in activities, we may want to be more strategic in our support to RECs.



VII- KEY POINTS EMERGING

- Currently, in the spirit of the Abuja Treaty, Africa hosts too many RECs. The AUC recognizes eight among the existing fourteen (14).
- The REC multiple and overlapping membership appears to be practically an impediment to the implementation of the Africa integration process.
- However, from the findings of a survey conducted by UNECA, the African countries do not think that the main challenge facing RECs in implementing their integration programmes is overlapping membership.
- Rather, they see the inadequate payment of their contributions as the most important consequence of their multiple RECs memberships.
- In such a situation, countries experiencing multiple and overlapping memberships may be adopting the “free rider” syndrome.



VIII –SOME GUIDING QUESTIONS FOR DISCUSSIONS

In light of the overlapping nature, should ACBF:

- Give priorities to RECs it has not supported so far?
- Should ACBF limit its support to the AU-recognized RECs only ?
- Should ACBF support to RECs be guided by the continental programs?

