

Chapter 9

Regional Aid for Trade and Aid Effectiveness: Examples from East and West Africa

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9.1 Introduction

This chapter provides an introductory review of regional Aid for Trade (AfT) and the extent to which aid effectiveness principles are applied through the use of case studies. The focus is on projects and programmes supporting regional economic integration, since many of these are regional and multi-country in nature. Geographically, the area of study is East and West Africa. The main aid effectiveness principles explored are ownership, alignment and harmonisation. The chapter does not attempt to conduct a comprehensive assessment but rather lays the groundwork for future work in this area.

The chapter begins with an introduction to regional AfT and aid effectiveness and looks at the engagement of developing countries and development partners. Sections 9.3 and 9.4 explore the main implementers of regional economic integration programmes including regional organisations such as regional economic communities, partner states and development partners. The challenges and opportunities faced in delivering such programmes according to aid effectiveness principles are also assessed. Section 9.5 highlights some of the key findings and conclusions while Section 9.6 provides areas for further investigation. This chapter aims to contribute to the debate around AfT and aid effectiveness, for instance at the World Trade Organization (WTO) and Organisation for Economic Co-operation and Development (OECD) AfT global reviews¹ and the high-level forums on aid effectiveness.²

9.2 Regional Aid for Trade and aid effectiveness in Africa

9.2.1 The AfT initiative

The AfT initiative has its origins in the WTO negotiations and fears over adjustment costs associated with multilateral trade liberalisation, particularly those arising from preference erosion (Turner 2008). The initiative gained prominence during the WTO Ministerial Meeting held in Hong Kong in December 2005, which also established an AfT Task Force.³ The final Ministerial Declaration stresses the importance of AfT in assisting developing countries, especially least developed countries (LDCs) ‘to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO Agreements and more broadly expand their trade’ (WTO 2005).

The AfT Task Force provided recommendations on how to operationalise the initiative and provided recommendations on the mandate, rationale, objectives,

scope and challenges. The Task Force recommended that: ‘The scope of Aid for Trade should be defined in a way that is both broad enough to reflect the diverse trade needs identified by countries, and clear enough to establish a border between Aid for Trade and other development assistance of which it is a part. Projects and programmes should be considered as Aid for Trade if these activities have been identified as trade-related development priorities in the recipient country’s national development strategies.’⁴

The six main categories identified by the Task Force as AfT are included in Box 9.1.

9.2.2 AfT and aid effectiveness

Since the 2005 Hong Kong Ministerial Meeting, the WTO has been working in partnership with the OECD to develop a monitoring framework for AfT guided by both the ‘Paris Declaration’ and the ‘Accra Agenda for Action’ on aid effectiveness. Monitoring is undertaken at several levels – both quantitative and qualitative – including monitoring of AfT flows using the OECD Creditor Reporting System (CRS) database for the categories that are most closely related to the WTO AfT Task Force definition. Qualitative information is obtained through questionnaires in which respondents (development partners, partner countries and regional

Box 9.1 Aid for Trade categories

- a. **Trade policy and regulations** including training of trade officials, analysis of proposals and positions and their impact, support for national stakeholders to articulate commercial interest and identify trade-offs, dispute issues, institutional and technical support to facilitate implementation of trade agreements and to adapt to and comply with rules and standards
- b. **Trade development** including investment promotion, analysis and institutional support for trade in services, business support services and institutions, public–private sector networking, e-commerce, trade finance, trade promotion, market analysis and development
- c. **Trade-related infrastructure** including physical infrastructure
- d. **Building productive capacity**
- e. **Trade-related adjustment** including supporting developing countries to put in place accompanying measures that assist them to benefit from liberalised trade
- f. **Other trade-related needs:** reporting on categories (c), (d) (e) and (f) should be reported as AfT when these activities have been explicitly identified as trade-related priorities in the recipient country’s national development strategies

The first two (a) and (b) may be considered as ‘narrow’ AfT and the others ‘broad’ AfT.

economic communities) provide self-assessments submitted ahead of the AfT global reviews. In addition, case stories were prepared for the 2011 AfT Global Review, which aimed to demonstrate the impact of AfT. These provide useful examples of what is working (or not), why it is working (or not) and what improvements are needed. Three global reviews have so far taken place in which the information and analysis of the monitoring information is presented (2007, 2009 and 2011).⁵ The 2013 global review will also include the results of questionnaires submitted by the private sector.

Results from previous reviews suggest that the AfT initiative has been successful in mobilising resources and raising awareness of the positive role trade can play in development. Many of the case stories give examples of how aid effectiveness principles (Paris and Accra) have been applied (e.g. increased ownership) and a number demonstrate tangible results (e.g. reduction in transport times). However, given the greater focus on the impact of aid in the current international development climate, it is increasingly important to move beyond questions of whether or not principles of aid effectiveness have been applied and to give greater consideration to what development interventions actually achieve in terms of impact on the ground (what we refer to here as ‘development effectiveness’). This is an area for further analysis.

9.2.3 Regional AfT

Regional AfT encompasses the different categories of AfT highlighted in Box 9.1. The main difference is that it is regional and multi-country in nature. In many cases it is hard to draw a distinction between regional and national AfT. Some sectors favour regional approaches more than others (e.g. infrastructure).⁶ For instance, support for the development of the Port of Mombasa, which is a central element in the regional transport corridors, will have implications for countries along the corridor and not only Kenya. In other words, an AfT intervention in one country may have positive externalities for other countries. Examples of narrow regional AfT (see Box 9.1) include support to the institutional capacity development of regional organisations supporting regional economic integration (e.g. the East African Community (EAC) and Economic Community of West African States (ECOWAS)). Broad regional AfT includes support to economic infrastructure programmes.

There is no strong consensus amongst development partners on what constitutes regional AfT. They often take various different approaches in terms of their financial, staffing and strategic planning procedures. The 2009 AfT Global Review incorporated a preliminary consideration of ‘the regional dimension’ of AfT, which took the approach that regional AfT included multi-country programmes or national programmes with a regional scope (WTO/OECD 2009). The definition of ‘multi-country’ AfT is echoed in other arenas. An International Lawyers and Economists Against Poverty (ILEAP) advisory brief on regional AfT defined regional AfT as ‘Aid for Trade co-ordinated and/or implemented at a level involving more than one country’ (te Velde 2010). Examples of regional AfT are also presented in Box 9.2 based on the principle of subsidiarity (i.e. ‘where activities should not be carried out

Box 9.2 Examples of regional Aid for Trade

- Regional trade policy-making in free trade areas
- Support for border authorities
- Support for developing common standards and certification authorities
- Intra- and inter-regional infrastructure projects (roads, energy, communications)
- Regional investment funds
- Activities with substantial economies of scale

Source: Voionmaa and Brüntrup (2009)

regionally unless they are more effective than actions taken at the national level' (Voionmaa and Brüntrup 2009).

For the purpose of this chapter we will consider regional AfT to be aid delivered through either a regional organisation or a regional implementation mechanism with an explicit regional objective. We will focus on regional AfT through the lens of regional economic integration.

9.2.4 The growing importance of regional AfT

The regional dimension of AfT is becoming an increasingly important element of development partner support, growing faster than overall AfT.⁷ According to the 2009 AfT Global Review, 80 per cent of development partners consider the regional dimension to be an 'essential' or 'important' element of their AfT strategies.

A major driver is the escalation of regional (and bilateral) trading arrangements over the last two decades, with many agreements being negotiated or already agreed and in the process of being implemented. According to the WTO, the number of recorded regional trade agreements in force has risen from 230 in 2008 to 489 in March 2011. Although regional economic co-operation may deliver significant benefits, in many developing countries supply-side constraints limit the ability to take advantage of regional trading opportunities. Addressing supply-side constraints at the regional level – related to standards, infrastructure building productive capacity more generally – is seen as fundamental for developing countries to overcome the challenges posed by small internal markets and high transport costs. Hence, there is an important case to be made for AfT, especially at the regional level, to unblock the bottlenecks to production and trade.

The 2009 AfT Global Review noted that 'almost three-quarters of donors report increased demand for region-wide Aid for Trade [and] more than half report that their regional Aid for Trade has increased by over 15 per cent since 2005' (p. 88). In Africa, for example, regional AfT tends to be directed towards cross-border infrastructure (e.g. transport corridors), trade facilitation and capacity to meet quality standards (WTO/OECD 2009).

The percentage share of the African Development Bank's (AfDB) African Development Fund (ADF-12) assigned to regional integration is growing. In addition, a recent review of the World Bank's Regional Integration Assistance Strategy (RIAS) noted that its regional lending programme has grown by 75 per cent between 2008 and 2011 with approximately 78 per cent of the lending focused on reducing the 'missing links' in regional infrastructure networks (World Bank 2011). It should be noted that, following the mid-term review of the RIAS, the World Bank is now able to extend grants to regional organisations, which was not previously feasible.

A number of development partners and multilateral agencies have developed strategies to guide their interventions on regional economic integration and are escalating their support in this area. For example, the AfDB produced an overarching strategy on regional integration in 2009 and during 2011 launched the first set of sub-regional strategies on regional integration for Southern, Central, East and West Africa (2011–15). Similarly, the World Bank published its RIAS in 2008 structured around three pillars (regional infrastructure, institutional co-operation for economic integration, and co-ordination interventions to provide regional public goods). Bilateral development partners – such as the UK Department for International Development (DFID), the United States Agency for International Development (USAID) and Danida – are also very active in this area. The UK government's White Paper on trade highlighted the importance of AfT and particularly support to regional integration and trade in Africa. The UK was instrumental in the design of TradeMark East Africa and TradeMark Southern Africa and provides considerable funding to these programmes, which support regional integration in the respective regions. Denmark recently launched its first regional integration programme in East Africa. The USAID has been active in this area for a number of years and also has sub-regional strategies (Central, East, Southern and West Africa) focused on regional integration.

9.2.5 Development partner engagement in regional AfT and aid effectiveness

While commitments for regional AfT have been increasing, there is equally a growing recognition that levels of development partner co-ordination, harmonisation and alignment at the regional level are insufficient and not in keeping with commitments made under the Paris Declaration or Accra Agenda for Action.

WTO and OECD monitoring of regional AfT

Following the 2005 Hong Ministerial Conference, the AfT Task Force recommended that a regional AfT Committee be established. This recommendation was not carried out; however, the regional perspective has increasingly been integrated into AfT monitoring processes. The 2009 AfT Global Review included dedicated questions on regional AfT in partner country and development partner questionnaires. The 2011 AfT Global Review went a step further and included specific questionnaires for regional organisations as well as the opportunity to submit case stories for regional initiatives. However, current monitoring of regional AfT by the OECD CRS database looks at 'multi-country' programmes which may – or may not – have a truly 'regional' impact.

The findings of the 2011 AfT Global Review enriched the understanding of the effectiveness of AfT at the regional level particularly through the case studies and qualitative data from regional organisations.

Joining Up Africa: beginning of a consensus

In March 2010, DFID convened a meeting of regional organisations, African heads of state and key development partners, in order to address the issue of the effectiveness of regional AfT directly. The objective of the conference was to support the resolutions of the African Union on the importance of economic integration in Africa and to embed the Paris Declaration and Accra Agenda at a regional level.

The major outcomes of this conference were commitments to accelerate the implementation of regional trade, transport and energy infrastructure programmes, ensure private sector engagement and improve the effectiveness of support for regional integration. This included the development of a full set of proposals for ownership, alignment, harmonisation, results management and mutual accountability based on examples of best practice from Africa for the Fourth High Level Forum on Aid Effectiveness (HLF-4) in Seoul in November 2011. The commitments and responsibilities agreed are included in Box 9.3. The Infrastructure Consortium for Africa (ICA) was named as one of the lead organisations for monitoring progress on these commitments.

9.3 Regional organisations and implementation of regional programmes

Regional organisations and their partner states are the main managers and implementers of regional AfT. Development partner support to regional organisations may include, for example, financial contributions to the organisation (through a contribution

Box 9.3 Commitments of the Joining Up Africa conference

Ownership

African Union (AU)/regional organisations commit to:

- promote coherent regional development strategies based on broad consultative processes, including parliaments and citizens;
- promote prioritised results-oriented medium-term operational programmes consistent with overall resource availability;
- enhance political leadership and accountability mechanisms;
- take the lead in establishing dialogue with development partners on their regional strategies and encourage them to work as a group to support the strategies and programmes.

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Development partners commit to:

- respect the AU/regional organisation leadership
- work together to scale up and harmonise support to build AU/regional organisation capacity.

Alignment

AU/regional organisations commit to:

- intensify efforts to mobilise domestic resources within the region and to create an enabling environment for public and private investments.

Development partners commit to:

- develop joint strategies with the region or regularly consult the region if they choose to develop their own regional strategies;
- co-ordinate their interventions with beneficiaries at the national, regional and pan-African level and across regions;
- aim to do programming jointly with each other in support of the strategies and programmes.

Harmonisation

AU/regional organisations commit to:

- demonstrate proactive leadership to encourage development partners to work together and harmonise their procedures.

Development partners commit to:

- strengthen their own capacity to address co-ordination and harmonisation and strive to develop and use harmonised systems;
- provide reliable indicative commitments of support over multi-year frameworks and disburse support in a timely and predictable fashion according to agreed schedules.

Managing for results

AU/regional organisations commit to:

- establish results-oriented reporting and assessment frameworks that monitor progress against key targets.

Development partners commit to:

- link programming and resources to results.

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Mutual accountability

AU/regional organisations commit to:

- strengthen the role of national governments in regional development strategies and engage with a broad range of development partners.

Development partners commit to:

- provide timely, transparent and comprehensive information on aid flows to enable regional organisations to present comprehensive budget reports.

AU/regional organisations/development partners commit to:

- hold mutual assessment reviews.

agreement/budget support) and technical assistance and capacity building (e.g. training on trade negotiations).

Given the central role that regional organisations play in delivering and co-ordinating regional AfT, it is valuable to understand the major challenges and opportunities faced in terms of applying aid effectiveness principles. An introductory analysis of the institutional structures and implementation mechanisms established by regional organisations and their member states demonstrates many of the challenges faced in working according to aid effectiveness principles. These challenges have multiple and important implications for the delivery of regional AfT.

During the Joining Up Africa conference in 2010, the African Union and regional organisations agreed to exercise effective leadership over their regional integration policies and programmes and take the lead in ensuring alignment and harmonisation of development partners to regional level programmes. The following chapter reviews the capacity and progress made by the EAC and ECOWAS in meeting these responsibilities and highlights some of the major challenges they have encountered.

9.3.1 East African Community

Background and regional integration agenda

The EAC was re-established in 1999 and currently comprises Kenya, Uganda, Tanzania, Rwanda and Burundi.⁸ The mandate of the EAC is guided by the EAC Treaty and its objective is to spearhead East African economic, social and political integration. The EAC Development Strategy 2011/12–2015/16 outlines the broad strategic goals of the EAC as well as the specific targets to be achieved during the period. The EAC has established an ambitious agenda, but has achieved impressive results. In 2005 the EAC Customs Union Protocol came into force and the Common Market Protocol (which allows for the free movement of goods, services, labour and capital) came into effect in 2010. The Community has also already begun preparing for monetary union, and the ultimate goal is political federation.

The progress achieved so far establishes the EAC as one of the most rapidly integrating regional organisations in Africa and signals a significant achievement. Nevertheless, significant challenges remain in terms of implementation of regional protocols and legislation at the national level. The EAC Secretary General has identified as priorities for his term the realisation of a single customs territory; making the Common Market work; and achieving a monetary union; as well as infrastructure development and industrialisation.⁹ The signing of the Common Market Protocol in 2009 and its commencement since July 2010 has increased demands on the EAC and partner states to finalise elements of the Customs Union such as the application of the Common External Tariff (CET), removal of internal tariffs and a significant reduction in non-tariff barriers (NTBs) to trade.

Since 2008 the EAC has also been part of the COMESA (Common Market for Eastern and Southern Africa)–EAC–SADC (Southern African Development Community) Tripartite. The Tripartite was established in order to try to overcome the challenge of overlapping memberships in regional organisations faced by many partner states. The aim of the Tripartite is to harmonise trade rules, catalyse major regional integration investments (such as the North–South Corridor) and create a free trade area (FTA) covering the three regions.

Major EAC-led regional AfT programmes

The EAC works in partnership with development partners on a large number of regional economic integration programmes in East Africa. The European Commission (EC) provides financial support to the EAC (directed through COMESA) for the Regional Integration Support Programme, which is a €50 million programme covering capacity building for the EAC itself as well as support for trade negotiations, trade facilitation and trade development in the region. The EAC also works with the AfDB and World Bank on large infrastructure projects such as the East Africa Road Network Programme and the East Africa Submarine Cable System. DFID and the Swedish International Development Cooperation Agency (SIDA) have also partnered with the World Bank and EAC to implement the EAC Financial Sector Development Project and the EAC Investment Climate project.

The EAC also manages direct contributions from development partners through the EAC Partnership Fund. The Partnership Fund is a multi-donor basket fund, which totalled US\$6.3 million in 2009/10. The main objective of the fund is to support the capacity building of the EAC. The EAC is also in the process of developing its own Development Fund, which will be used to address infrastructural development issues, fiscal imbalances and investment promotion to support the deepening and acceleration of EAC integration.

Challenges faced by the EAC

During the Joining Up Africa conference, the African Union and regional organisations agreed to exercise effective leadership over their regional integration policies and programmes and take the lead in ensuring alignment and harmonisation of development partners in regional level programmes. The EAC is taking decisive

action in order to fulfil this requirement but the current organisational structure of the EAC, in particular the role and mandate of the EAC Secretariat, poses a significant challenge in ensuring ownership of regional AfT initiatives at both the regional and the national level.

The major organs of the EAC include the Secretariat, East Africa Legislative Assembly, East Africa Court of Justice, Council of Ministers, the Summit and co-ordination and sectoral committees. Co-ordination of regional integration at the national level is performed by Ministries for the EAC (MEACs), which have been established in each of the partner states since 2007. Except for the Summit, the Council is the highest decision-making authority of the EAC. The Council is composed of ministers from the partner states' MEACs as well as other relevant ministers such as those for trade and finance or foreign affairs. The Council is responsible for making policy decisions and regulations and issuing directives to partner states' governments. The Secretariat is the executive organ of the community and is responsible for proposing initiatives to the council, preparing protocols and agreements and monitoring their implementation.

Currently, the EAC Secretariat has no legal mandate to enforce the implementation of regional legislation at the national level and, although decisions made by the Council are binding on partner states (as per the EAC Treaty), there is no operational or enforcement mechanism to ensure that they are obeyed. Currently integration of regional level legislation at the national level is done according to the 'good will' of the national governments.

The example of the implementation of the SQMT Act (see Box 9.4) demonstrates the multiple challenges faced in the implementation of regional-level initiatives. The EAC Secretariat does not have the mandate, or the internal resources, to play a strong co-ordinating and oversight role in integrating regionally agreed standards at the national level. Partner states remain the main implementers so success of the initiative depends on strong political buy-in and ownership at the national level.

Without strong lines of accountability between the regional and the national level, national interests in enacting regional-level programmes (which may have relatively higher gains to their neighbours) can be undermined. Even when political buy-in is achieved (as in the Rwandan case) additional challenges exist created by low levels of technical capacity and access to financial resources.

In recognition of the need to progress implementation of regional level commitments, the Secretariat has recently conducted an institutional review, which recommends the evolution of the Secretariat into a Commission in order to increase its ability to ensure implementation at the national level along with an increase in the powers of the Courts of Justice and EAC Legislative Assembly.

Although the evolution of the Secretariat into a Commission may go some way to strengthen mutual accountability between the regional and national level, national sovereignty considerations of partner states means that responsibility for implementation will remain fundamentally at the national level. Consequently, improving accountability – and strengthening aid effectiveness – will depend not

Box 9.4 Institutional barriers to realisation of the Common Market: the example of standards

To demonstrate the complexities and challenges of the current institutional set up in the EAC we can look at the example of the harmonisation of regional product standards, which is a vital element of the EAC Common Market. Standards policy in the EAC is regulated by Chapter 13 Article 81 of the EAC Treaty, which provides for co-operation amongst partner states in Standardisation, Quality Assurance and Metrology (SQMT). It is further supported by the 2006 SQMT Act and a Standards Protocol, which is currently being promulgated. The SQMT Act provided for the establishment of National Standards Bodies (NSBs) in each of the partner states and representatives from the NSBs sit on an East Africa Standards Committee (EASC), which aims to provide a mechanism for the co-ordination and harmonisation of the partner state's National Quality Infrastructures (NQIs). There are approximately 5,500 standards in the EAC, 1,400 of which have been harmonised at the regional level. Partner states have begun the process of passing these standards into national law but progress is varied across the partner states and in some cases national standards are being used in parallel to regional ones (PTB 2010).

Once the standards have been passed into law, there is the additional challenge of implementation at the national level by the relevant bodies. Different partner states will encounter different levels of difficulty in achieving this based on the current level of development of their NQIs. Rwanda has taken a particularly pro-active stance in evolving its NQI to the new regional requirements and has recently developed a new National Quality Policy, which will require significant institutional restructuring of the current standards bodies but which will bring it into line with regional and international requirements. Even with this kind of high-level national buy-in, Rwanda will also require significant support for upgrading laboratory and testing equipment and training staff on the new procedures.

In order for improvements made to NQIs by individual partner states to translate into the desired reduction of NTBs and increase in trade, it is equally vital that partner states reciprocate, particularly in terms of recognition of certification and procedures at the borders. In some cases, it may be in the interest of one partner state to slow down or hinder the harmonisation of a standard in order to protect certain trading interests. The current mechanism for co-ordination between the regional NSBs is the EASC. This Committee is, however, a forum for information sharing and the development of policy, and does not have a mechanism for resolving complaints between partner states or for enforcing compliance.

A recent strategy paper on the implementation of the EAC SQMT Act (PTB 2010: 5) noted that: 'What is also sorely needed is a proper review mechanism to

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track the implementation of the EAC SQMT Act obligations, and the reporting of the progress at the EASC and the EAC Secretariat to ensure that Partners that fail to meet their obligations are appropriately supported or ultimately sanctioned. The current situation is anything but healthy – there is a lot of talk, but very little action.’

only on strengthening the mandate and capacity of the regional organisation but also on the political buy-in (ownership) and capacity of the partner state.

9.3.2 Economic Community of West African States

Background and regional integration agenda

ECOWAS comprises 15 West African countries and was established in 1975 by the Treaty of Lagos. The objective of ECOWAS is to provide a forum and framework for sustainable economic development and poverty reduction and support political stability and the promotion of regional peace through dialogue and conflict resolution.

The highest policy-making authority of ECOWAS is the Conference of Heads of States of Government, followed by the Council of Ministers, which comprises the ministers responsible for ECOWAS affairs in the partner states. Unlike the EAC, there are no specific ministries for ECOWAS integration within partner states. Ministers therefore typically come from the ministries of finance or foreign affairs.

The main implementation body for decisions made by the Conference of Heads of State and the Council is the ECOWAS Commission, which is headed by a president, a vice president and seven commissioners across the focus areas of agriculture, human development, infrastructure, macro-economic policy, political affairs, and trade and customs. Other bodies of ECOWAS include the Parliament, the Court of Justice and specialised technical institutions and committees.

Since establishment, ECOWAS has created and is in the process of consolidating an FTA and aims to establish a customs union, a common market and eventually monetary union. ECOWAS has established its Vision 2020 and Regional Strategic Plan for 2011–14. The Regional Strategic Plan provides a coherent medium-term plan for the implementation of regional programmes by ECOWAS institutions and its stakeholders in direct support of its Vision 2020. The West African Economic and Monetary Union (UEMOA) and ECOWAS are also the first regional organisations to establish a joint Regional Poverty Reduction Strategy for West African development with support from the World Bank and International Monetary Fund (IMF).

Major ECOWAS-led regional AfT programmes

The ECOWAS Commission plays an important role in the development, management and implementation of many regional-level programmes. The Commission is in the process of developing a Community Development Program (CDP). The CDP aims to

formulate a coherent programme of action to take forward Vision 2020 and will serve as a platform for co-operation amongst the various departments of the Commission for promoting sub-regional development. The West Africa Economic Partnership Agreement (EPA) development programme (referred to as PAPER or EPADP) supported by the EC is another programme under development. Other programmes include the ECOWAS Agricultural Policy (ECOWAP), which provides the official framework for agricultural development in the region, and the Regional Road Transport and Trade Facilitation Program, which is supported by the various transport and infrastructure programmes funded by the World Bank and EC. The World Bank, USAID, AfDB, European Investment Bank (EIB) and European Union (EU) are also working with the ECOWAS Commission to develop a regional power market through the West Africa Power Pool. The ECOWAS Commission also implements its Capacity Building Plan with support from a multi-donor Capacity Building Pool Fund.

Challenges faced by ECOWAS

ECOWAS has, however, suffered from similar challenges to those of the EAC in terms of implementation at national level and also suffers from the challenge of overlapping memberships (with UEMOA) and the integration of historically divergent institutional structures between anglophone and francophone countries.

In 1990, ECOWAS began the ECOWAS Trade Liberalisation Scheme (ETLS), which embodies the essential features of the ECOWAS FTA, including the free movement of transport, goods and persons within ECOWAS. This was intended to be achieved over a period of 15 years, but 21 years after the ETLS was launched the level of implementation in partner states remained relatively low. In 2010, USAID conducted a gap analysis of the implementation of the ETLS in each of the ECOWAS partner states. Consultations conducted by the study revealed the continuing existence of NTBs such as non-reciprocity of standards/certification; the use of quantity and quota restrictions; duty being charged on duty-free goods; vehicle inspections not being conducted according to procedure; and so on.

In 2007, the ECOWAS Secretariat became a Commission and as a result its mandate and scope of activities increased. Compared with the EAC Secretariat, the ECOWAS Commission has a greater role in generating and driving policy. Whereas ECOWAS has existed since 1975, its mandate and scope of activities have increased dramatically, particularly since 2007. The performance of ECOWAS in recent years has, however, highlighted major management and recruitment concerns undermining its ability to effectively exercise these strengthened powers (ACBF 2008: 273).

In addition to weak capacity and oversight by ECOWAS, significant challenges to the implementation of the ETLS are located at the national level. The USAID gap analysis revealed that the reasons for weak implementation include:

- gap between legislation and implementation – many ETLS protocols are codified in legislation, but there is a lack of enforcement and consistency in application at the borders;

- lack of awareness – private sector traders indicated they had limited detailed information on ETLS protocols; and
- incentives for informal trade – border procedures are complex and duplicative, and involve a significant level of harassment, which encourages informal methods of trade.

Arguably, the foundation of many of these challenges is weak ownership and buy-in to the process of regional integration by the public and private sector, possibly due to self-interest or lack of awareness. The study also highlighted that for the ETLS to be realised it would also require neighbouring countries to reciprocate. As with the example of the EAC, without strong enforcement and co-ordination mechanisms, incentives for reciprocity between partner states is considerably weakened.

9.3.3 Lessons learnt for aid effectiveness

Comparison of the challenges faced by ECOWAS and EAC in the implementation of regional integration provides several revealing commonalities, which have important implications for the design of effective aid programmes. Partly because of national sovereignty concerns, the institutional structures of ECOWAS (until relatively recently) and the EAC have not provided these regional organisations with the legal mandate to act as an enforcer of regional acts and legislation. In addition, both regional organisations suffer from inadequate human and financial resources, weakening their ability to fulfil their mandate of monitoring and co-ordinating regional integration.

Responsibility for implementation remains at the national level, where a lack of political will, engagement and/or lack of capacity often results in delayed and incomplete implementation. Levels of national ownership of regional integration are relatively low and arguably present the greatest challenge to the realisation of regional programmes of development. The implication is that, for effective delivery of aid, engagement at both the regional and national levels are required simultaneously. Bolstering the capacity of regional organisations and national ministries is potentially the most effective mechanism for ensuring mutual accountability and development impact.

9.4 Development partner support for regional Aid for Trade

9.4.1 Regional AfT and aid effectiveness in East Africa

In East Africa, development assistance to support regional economic integration is mainly provided through the support of large multilateral organisations (such as the AfDB, World Bank and EC) and bilateral development partners (DFID, Danida, German Development Cooperation [GIZ], Japan International Cooperation Agency (JICA) and USAID). Other bilateral development partners (e.g. Finland, Belgium, Norway, Sweden, the Netherlands and France) are scaling up their support in this area. The focus of development partners' regional-level initiatives is particularly on the areas of infrastructure and trade facilitation in line with the EAC priorities laid out in the current and previous EAC Development Strategies.

Support by development partners to regional initiatives in East Africa, particularly trade and economic development, is particularly high. A study by USAID in 2009 found that more than 125 projects were being implemented by development partners on trade and transit on the Northern and Central Transport Corridors in East Africa alone in the period 2002–14 with a total value of more than US\$4 billion (Walker et al. 2009). The EC and the AfDB provide direct budget support to regional organisations but other development partners tend to support regional integration through multiple mechanisms such as contributions to multilateral organisations and involvement in joint development partners programmes and on a direct project basis with regional institutions or national governments.

Challenges and opportunities faced by development partners in supporting aid effectiveness

A study conducted in 2010 for DFID on the feasibility of greater joint agency working found that, although development partners understood the importance of greater co-ordination in the delivery of regional aid (and were keen to reduce costs through more effective practices), efforts were undermined by internal institutional structures which meant that offices responsible for East African integration are geographically dispersed and many development partners lacked dedicated funding and personnel for the implementation of regional programmes (Wood et al. 2010).

The World Bank and the AfDB have regional programmes and dedicated funding, which they manage from Addis Ababa and their respective headquarters in Washington and Tunisia. USAID works through the East Africa Trade Hub (COMPETE), which is based in Nairobi. Sweden and Canada both have small 'regional' programmes managed out of their Nairobi offices but funding is limited and funds for what would be defined as regional projects often come out of other national programme budgets.

In addition, the definitions of regional coverage by different agencies are not harmonised. For example, Canada's official East and Southern Africa regional programme does not include Rwanda and Burundi. The AfDB has recently produced an East Africa Strategy which covers 12 countries, whereas work by DFID covers East and Southern Africa combined.

The EC manages its East African regional support through Brussels and Dar es Salaam and charges the EC delegation in Dar es Salaam with the responsibility for implementation and monitoring (but does not provide the guidelines or resources to do so).¹⁰ The EC's regional indicative programmes (RIP) for East Africa covers four separate regional organisations: COMESA, EAC, Indian Ocean Commission and the Intergovernmental Authority on Development. In 2002, it established the Inter-Regional Coordinating Committee (IRCC) in order to provide a mechanism to co-ordinate the RIP between the different regional organisations and help overcome some of the challenges caused by overlapping memberships of partner states.

In 2008 it was decided that there was a need for an increase in the role and scope of the IRCC. It became clear that there was a need for a mechanism to ensure the

effectiveness of EC support to regional organisations and to establish a regional-level monitoring and evaluation mechanism which had previously been lacking.¹¹ A Task Force has now been put in place to achieve this objective and it is hoped that will go some way to achieve greater aid effectiveness of regional AfT by the EC in East Africa.

Other development partners have also established some notable examples of joint working and co-ordination support. Direct support to the EAC, particularly in the area of capacity building, has been co-ordination by development partners through the EAC Partnership Fund. The Partnership Fund was responsible for instigating the Capacity Development Action Plan, which is a multi-donor initiative to provide capacity building to the EAC particularly in the areas of human resources and financial management.¹²

One programme of support to regional integration which is playing an increasing role in co-co-ordinating and harmonising development partners support in East Africa is TradeMark East Africa (TMEA), which is discussed below.

TradeMark East Africa: lessons for aid effectiveness

TMEA is a multi-donor platform for delivering large-scale, strategic support to the EAC's regional integration process. It was established in late 2009 by a group of development partners led by DFID, Denmark, Canada, Belgium and the Netherlands. The overall objective of TMEA is to increase growth and poverty reduction in East Africa and supports interventions in the following areas: reducing costs on transport corridors; supporting EAC institutions to guide regional integration; supporting partner states to increase implementation of regional integration; and engaging the private sector and civil society.

TMEA has an innovative institutional structure, which provides harmonised development partner support to regional and national level initiatives for regional integration (especially economic). TMEA has country programmes (and offices) as well as overarching regional programmes (principally managed out of Arusha and Nairobi). The regional and county programmes support the main focus areas of TMEA.

TMEA was designed through an extensive consultation process. The country and regional programmes reinforce each other to form one cohesive programme of delivery, which falls within one overall results framework, to ensure that *the whole is greater than the sum of its parts*. However, the programmes remain flexible (and demand-driven) within the framework through the creation of annual business plans and consultations at the National Oversight Committees (NOCs). The NOCs are composed of representatives from the national government, private sector, relevant development partners and civil society and have a largely advisory role but can re-allocate a proportion of the national programme budget to reflect changing priorities.

Because of TMEA's structure it has both a vertical (country) and horizontal (regional) funding stream, making it able to accept funds earmarked by country- or regional-level

activities. This structure has proved a major attraction for bringing in funds from a number of development partners who may not have dedicated funding for specific regional-level programmes or who have strong national priorities within the region. This has led to greater development partner collaboration (e.g. joint development partner reviews) and harmonisation and reduces duplication of efforts.

The programme is implemented through five country programme offices, one in each of the EAC partner states (plus an office in South Sudan), and an office in Arusha serving the EAC, and headquartered in Nairobi. In this respect, the structure therefore mirrors and reinforces the structure of the EAC with a central EAC Secretariat and MEACs in each of the partner states.

The scope of activities conducted by TMEA requires a substantial organisational infrastructure for delivery and accordingly TMEA has not escaped criticism from some quarters for establishing an additional delivery institution not channelled directly through the EAC. Although the establishment of a new institution is not in line with the letter of the Paris Declaration, a case can be made to argue that TMEA reinforces the institutional structure of the EAC and provides an implementation mechanism for regionally and nationally integrated working not currently operationalised by the EAC itself.

In addition, TMEA's country programmes focuses on building up national capacity for regional integration. This has focused significantly on building up the capacity of the MEACs in each partner state, including the development of strategic plans, national integration strategies and building mechanisms for cross-government co-ordination. This is a crucial area of support for ensuring aid effectiveness at the regional level, particularly given that the MEACs were not previously receiving support from any other development partner.

TMEA is a relatively new institution and it may be too early to assess its effectiveness. Nevertheless, it provides a good example of a programme that is managed outside a regional organisation but manages to support mutual accountability between the regional and national levels.

9.4.2 Regional AfT and aid effectiveness in West Africa

West Africa has experienced a rapid increase in AfT in recent years. The majority of regional AfT is provided by the EC, World Bank and AfDB, as well as bilateral partners such as USAID, France, Germany, Canada and the UK.

Challenges and opportunities faced by development partners in supporting aid effectiveness

Evaluations of AfT support to the ECOWAS Commission and the region suggest there is a strong need for greater harmonisation and co-ordination. A review by GIZ of regional AfT found that many development partners were not aware that they could use the external relations department at ECOWAS to co-ordinate their activities. There is a bimonthly mechanism for bringing together ECOWAS and development partners but AfT is considered a cross-cutting issue and therefore is not explicitly

addressed.¹³ Also, until fairly recently, regional co-operation has been focused on peace and security rather than on trade.

Attempts at capacity building of ECOWAS have not been considered very successful and development partners have raised concerns about ECOWAS's absorptive capacity (Voionmaa and Brüntrup 2009). ECOWAS has strong high-level leadership but has struggled to recruit sufficient middle management staff and its capacity to oversee and administer programmes (particularly socio economic programmes) has proven to be a limiting factor in the ability of development partners to provide assistance (Wood 2009). The development of the ECOWAS Regional Strategic Plan 2011–15 has gone some way to providing greater direction to development partners on regional priorities. Importantly, ECOWAS is also in the process of developing an AfT Strategy for ECOWAS focusing on regional AfT.

Development partners have also struggled to co-ordinate and harmonise support. One of the challenges to greater co-ordination amongst partners is that they manage their portfolios from different geographical locations. USAID manages its work from Ghana, the World Bank from Washington and Ghana, the AfDB from Tunis and the EC from Nigeria and Brussels. Despite this, development partners have tried to address the problems of co-ordination and increasing numbers of mechanisms and joint programmes are coming on stream.

EPA development programme: lessons for aid effectiveness

EC regional support in West Africa

The EC is the single largest contributor of AfT at a regional level in West Africa with a doubling of funds for regional programmes in the 10th European Development Fund (EDF), the vast majority of which is committed to regional economic integration.¹⁴ In line with the EU's commitments on the delivery of aid, such as the EU Code of Conduct on Complementarity and Division of Labour, and in line with the Paris Declaration and Accra Agenda, EC support at the regional level is provided through RIPs, which are mostly funded through contribution agreements to qualifying regional organisations.

RIPs are developed in conjunction with the relevant regional organisations. For example, the West Africa RIP covers both ECOWAS and UEMOA. Although the process of the development of the regional programmes is aligned with regional organisations' priorities, some concerns have been raised about the integration of regional programmes with national programmes within each of the partner states.

A 2009 report by the European Court of Auditors on the effectiveness of EDF support at the regional level in West and East Africa identified a number of challenges faced by the regional programmes, including a lack of national-level co-ordination and communication of regional-level priorities. National-level delegations are not given sufficient mandate or guidance on how to integrate regional programmes at the national level and reporting on regional programmes is often done by individual country programmes (often only the one in the country where the regional organisation is based, e.g. the Nigerian EC Delegation in Abuja for ECOWAS) with

no mechanism to collate and aggregate these at the regional level. The reporting that does occur is also often focused on finances rather than results. The outcome of this is that co-ordination of regional work by national delegation is weak and impact evaluation of the regional programme is undermined.

As explored earlier, as a result of capacity constraints (amongst others), ECOWAS is currently not providing strong leadership between regional-level programmes and the implementation of the programmes at the national level. Arguably, much of the delivery of the EDF to West Africa thus far has not provided sufficient support to overcome this gap and has even replicated it to some extent through the gap in its own internal co-ordination structure.

EPA development programme

PAPED is a major programme of EC support to West Africa which has been hailed as having the potential to act as a multi-donor platform for regional-level economic support. PAPED is rooted within the EPA negotiations. Its focus is on support for West African integration into the global economy and the stimulation of growth and sustainable development. Accordingly, the programme embodies goals with much broader relevance and has ensured that it is in line with regional and national poverty strategies as well as the ECOWAS CDP and UEMOA Regional Economic Programme.

The process of the development of PAPED has had strong regional ownership. The programme was designed through a participatory process, which included regional and national governments, private sector and civil society and was led by the ECOWAS and UEMOA commissions. This process has given PAPED high-level political endorsement across the region.

PAPED is based on five axes, which have been aligned (retrospectively) with AfT categories at the multilateral level. Thus, PAPED has established itself as a useful framework for EU and non-EU development partners to engage in a more effective and coherent approach to addressing trade-related needs in the region in general.

The process of design of PAPED, which has strong national buy-in and ownership of the regional programme and which aims to have national-level implementation, bodes well for overcoming the current disconnect in ECOWAS (and indeed current EC support) between the regional and national levels. Nevertheless, given the current stage of its development it is still too early to tell and PAPED will need to overcome significant challenges if it is to deliver on its promises.

9.5 Key findings and conclusions

9.5.1 Key findings

- a. There is no clearly established definition of 'regional AfT'. Whereas much of the work considered to be 'regional AfT' by development partners falls within the category of support to regional economic integration, the boundaries of

regional AfT have not been universally established. Lack of a common definition of regional AfT is particularly challenging in respect of establishing a common ground from which to establish mechanisms for monitoring and evaluation, across countries and across development partners, of the effectiveness of regional AfT.

- b. Aid for Trade at the regional level is an area of increasing importance. Developing countries and development partners have shown an increasing interest in regional AfT and regional economic integration. The number of regional trade agreements has risen markedly. The importance of regional economic integration is reflected in many development partner and multilateral agency strategies.
- c. The effectiveness of regional AfT is a growing area of focus. The increasing integration of the regional element into the AfT Global Review process reflect increasing interest and focus of development partners on the issue of effectiveness at the regional level.
- d. Regional organisations are major co-ordinators and implementers of regional AfT but they face significant challenges in working according to aid effectiveness principles. The regional organisations reviewed in this chapter, namely the EAC and ECOWAS, have struggled with the implementation of regional-level commitments and initiatives at the national level. Ownership of regional-level programmes has not been established successfully at the national level, and accountability mechanisms between the regional organisation and partner states are weak. Reasons for this include the weak capacity and mandate of regional organisations for monitoring and co-ordination of regional-level commitments, and a lack of political will or capacity for implementation at the national level.
- e. Development partners' support for regional AfT is not currently in line with aid effectiveness principles but there is a growing number of mechanisms to ensure alignment with regional organisations and harmonise their development support. Development partners in both East and West Africa struggle with the common challenges of lack of dedicated staff and funding for regional-level initiatives; differing classifications of countries included in regions; and dispersion of locations of country offices dealing with the regional level. Nevertheless, there is a growing number of strategies and mechanisms which support greater alignment and harmonisation.

9.5.2 Conclusions

Preliminary conclusions based on the findings above are included below. It is important to note that these conclusions should be tested systematically in future work in this area.

- a. Support to regional AfT needs to occur at the regional and national levels simultaneously. Given the disconnect in national-level ownership and mutual accountability mechanisms identified between regional organisations and their partner states, development partners should ensure that support both builds capacity

at the regional and national levels simultaneously and supports the establishment of mutual accountability mechanisms between regional organisations and their partner states.

- b. Development partners should provide greater focus on internal co-ordination between regional- and national-level programmes. One of the potential challenges to development partners providing the required level of integrated regional- and national-level support is likely to be the difficulties faced in aligning their own internal institutional structures. Development partners could give greater attention to working through mechanisms which provide this kind of alignment as a first step to providing greater co-ordination support to regional AfT.
- c. Ownership needs to be established at the national level for regional programmes. National governments remain the main implementers of regional-level initiatives. Conducting participatory processes which include national-level actors (public sector, private sector and civil society) is important for ensuring national-level ownership and ultimately implementation.
- d. Different approaches can support aid effectiveness. The case studies of TMEA and the EC's PAPED demonstrate two different approaches to building national-level ownership and the implementation of regional programmes. Given the current challenges faced by regional organisations, direct budget support to regional organisations should not be seen as the only approach to supporting effective regional AfT. Given current capacity challenges of regional organisations, providing support which effectively addresses the disconnect between regional organisations and their partner states should be the priority.

9.5.3 Areas for further investigation

The findings and conclusions outlined in the previous section are based on a preliminary investigation of the workings of regional AfT in East and West Africa. Many regional AfT initiatives are relatively young and assessments of their development impact have often not yet been conducted. Accordingly, the chapter provides many more questions than answers to the issue of effectiveness of regional AfT. There are a potential number of areas for further analysis, for instance:

- further exploration of the extent to which aid effectiveness principles are applied;
- exploring whether or not applying aid effectiveness principles leads to positive development impact;
- identifying best practice: who are applying these principles well and what lessons can we draw for future regional AfT initiatives?

Answering these questions is by no means straightforward. An important next step in furthering the aid effectiveness of regional AfT will be a systematic engagement by development partners in how they define and view the boundaries of it. Establishing a common definition for regional AfT amongst development partners will be a useful step in facilitating comparison across regional AfT projects and programmes.

Notes

- 1 www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm
- 2 www.oecd.org/dac/effectiveness
- 3 www.wto.org/english/tratop_e/devel_e/a4t_e/implementing_par57_e.htm
- 4 <http://docsonline.wto.org/imrd/directdoc.asp?DDFDocuments/t/WT/AFT/1.doc>
- 5 www.oecd.org/dac/aft/monitoringaidfortradelogicalframework.htm
- 6 www.businessfightspoverty.org/profiles/blogs/aid-for-trade-and-trans-national-constraints-to-development
- 7 www.oecd.org/trade/aft/aid-for-tradestatisticalqueries.htm
- 8 Rwanda and Burundi joined the EAC in 2007.
- 9 www.eac.int/sg/
- 10 European Court of Auditors (2009).
- 11 The 2009 European Court of Auditors report noted that monitoring and evaluation at the regional level by the IRCC was too focused on finances and not on impact.
- 12 The CDAP is now being managed by TradeMark East Africa.
- 13 An ECOWAS Interdepartmental Working Group on Trade was created in 2009, which could improve coherence between trade-related activities and strategies as well as co-operation with development partners.
- 14 The total allocation to the West Africa regional programme under the 10th EDF (2008–13) is €597 million, of which €418 million is for regional economic integration.

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