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# **Regional Integration in the Horn of Africa: State of Affairs and Challenges**

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## ***Regional Integration in the Horn of Africa: State of Affairs and Challenges***

### *Introduction*

This paper presents the state of affairs and challenges of regional integration in the Horn of Africa. The study depends on secondary sources and the personal observations of the writer. Following this introduction, the second section provides a brief conceptual framework about regional integration, which includes the definition and the level or forms or types of regional integration. The third section presents the genesis and evolution of regional integration in Africa. This section provides information about the treaty that established the African Economic Community (AEC) and the African Regional Economic Communities (RECs), which are the building blocks of the AEC. The fourth section, the main part of the paper, reveals the state of affairs and challenges of regional integration in the Horn of Africa. This section provides a description of the Horn of Africa and equates it with the Inter-Governmental Authority on Development (IGAD) region, one of the RECs recognized by the African Union (AU). It then highlights the regional integration schemes going on in the region. In this section, the two regional integration schemes, the Common Market for Eastern and Southern Africa (COMESA) and the Inter-governmental Authority on Development (IGAD) which embraces States of the Horn of Africa as their members are briefly discussed. The next subsection unveils the status of regional integration in the Horn of Africa region and the challenges it has encountered. The paper ends with a conclusion.

## *The Concept of Regional Integration*

### ***Definition of Regional Integration***

Although the term *regional integration* has been in existence for a long time, a precise definition is not easy to formulate. Generally, it refers to the unification of nation states into a larger whole. In simple terms, it can be described as a dynamic process that entails a country's willingness to share its sovereignty or unify into a larger whole. Broadly speaking, regional integration can be defined along three dimensions: (i) *geographic scope*, illustrating the number of countries involved in an arrangement; (ii) the *substantive coverage* or width, that is, the sector or activity covered by the regional arrangement (for example, trade, mobility of factors of production, macroeconomic-policies, sector policies, investment promotion, infrastructure, agriculture, food security, peace and security, social affairs, tourism, industry, etc.); and (iii) the *depth of integration*, that is, the degree of sovereignty a country is ready to surrender (van Niekerk, n.d.).

Similarly, Goertz and Powers (2011) describe regional integration arrangements based on four essential characteristics: (i) regional (the presence of contiguous States), (ii) having a set of legally binding treaties that constitute the institution, (iii) involving economic cooperation, and (iv) other multiple issues. The same authors also identify the following five core morphological characteristics of regional integration arrangements (that vary over time and space): (i) rule and policy making system of the Council of Minster type, (ii) a dispute settlement mechanism, (iii) international legal personality, (iv) secretary, and (v) parliamentary organization. Thus, regional integration arrangements have institutional and organizational components. It is institutional “---because it is constituted by legally binding documents which constitute the rules, norms, and principles of the institution. It is organizational because it has a bureaucracy, decision making bodies, dispute settlement mechanism bodies, etc. These institutions manage a wide range of issue areas, including trade, security, human rights, transportation, dispute management, education, etc.” (ibid. p.1).

In general, regional integration can be define as the a process or arrangement, where countries in a defined geographical area voluntarily surrender their sovereignty in one or more areas to carry out specific transactions, in view of achieving a goal or enjoying specific benefits to a higher degree than they would individually (UNECA, 2013a). In regional integration arrangements,

a supranational body is usually required to make decisions and participating States lose their sovereignty over some issues. Thus, regional integration involves some compromise on the part of member states' sovereign power, but should enhance the general quality of life for the citizens of those states (Soomer, 2003). By focusing on economic arrangement, Abdi and Seid (2013) define regional integration as an arrangement with geographically discriminatory trade policies that involve a preferential agreement to link the economies of two or more countries, typically with some geographical proximity, through the reduction or removal of barriers to economic transactions (such as tariffs and administrative controls) so as to raise living standards and encourage peaceful relations between the participating countries. In other words, regional integration involves an economic arrangement between or among States in geographically connected region, marked by the reduction or elimination of trade barriers, free movement of goods, services and factors of production and the coordination of monetary and fiscal policies. The aim of economic integration is to reduce costs for both consumers and producers, as well as to increase trade between the countries taking part in the agreement (Kehoe, n.d.).

### ***Levels/Forms/Types of Integration***

There are different levels or types or forms of integration, depending on predefined criteria. Following the European Union model, the following forms of regional integration have been identified (see for example in Kehoe, n.d.; Soomer, 2003; Abdi and Seid, 2013).

**Preferential Trade Area (PTA):** This is the most basic form of economic cooperation. A PTA involves agreements entered into between or among countries regarding specific trade issues, such as reduction of *tariffs* (a type of tax on imported or exported goods and services), and *non-tariff barriers* (such as quotas). But in this level (form of arrangement) member states are free to independently determine trade policies with non-member states.

**Free Trade Area (FTA):** FTA is a stage/type of regional integration featured by the removal of trade barriers placed against member states. It includes the removal of tariffs, quotas, and various non-tariff barriers, or a pledge to remove such trade barriers by setting a date in the future. Here, it is important to note that preferential and free trade areas are prone to the danger of *trade deflection* which can arise when goods are imported through a member country that has

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the lowest external tariff (with non-member states) for free circulation throughout the region. However, such trade deflection can be checked by the use of a *rule of origin* that determines whether a product is deemed to have originated in a particular member country and is thus eligible for preferential tariff treatment.

**Customs Union (CU):** A customs union adds another characteristic to the FTA, namely the imposition of a common tariff on non-member countries. This means that the member countries of a CU pledge to remove trade barriers among themselves and enters into agreements to impose common tariff against non-member countries. For example, all members of a customs union might agree to have a ten percent tariff against non-member countries, while previously each country had different and unique tariff levels. Imposition of a common tariff implies a convergence of trade policy across member countries and, through such trade policy convergence, a pooling of national sovereignty.

**Common Market (CM):** A common market encompasses all characteristic of a free trade area and of a customs union, while adding mobility of factors of production as additional distinguishing characteristics. Included is mobility of capital, labor, and technology. Mobility of labor requires that the member countries develop a common visa policy and a common position on residency. Additionally, the member countries will develop common policies to harmonize standards, have mutual recognition or acceptance of each other's standards, or agree on minimum standards. Examples of standards requiring common policies include standards on subsidies, standards on health and safety, anti-trust standards, and professional licensing standards, to name a few.

**Economic Union:** In addition to removing barriers of trade among member states, allowing free movement of factors of production and adopting common trade policy against third parties, EU is characterized by economic integration through harmonizing fiscal and monetary policies, creating a common currency, and establishing a supra-national governing authority.

**Political Union:** A political union is the ultimate step along the regional economic integration path. A political union brings full economic and political unification to members of an economic union. In other words, it involves the integration of legislative, administrative and judicial processes under the auspices of a supra-national authority. As a result, there will be a unification of monetary, fiscal and social policies.

## *Genesis and Evolution of Regional Integration in Africa*

Some scholars consider the Pan-African movement as a form of regional integration. It is true that Pan-Africanism contributed a lot as a backing ideology in the effort of establishing a continental level organization - the Organization of African Unity (OAU) now replaced by African Union (AU). However, taking into account any of the regional integration arrangements discussed above, it has not developed into any form of regional arrangement. According to some scholars, the history of regional integration in Africa goes back to early 20th century when four Southern African States (Botswana, Lesotho, South Africa and Swaziland) formed the South African Customs Union (SACU) in 1910. And in 1917, two East African States, Kenya and Uganda formed Custom Union and later in 1927 they were joined by Tanzania then Tanganyika (Seid, 2013). The formation of the Ghana-Guinea Union on November 1953 is also considered as one of the early attempts of regional integration by African states that had just acquired their independence. Since the 1960s, many other integration groupings have emerged and faded away.

Generally, the concept of regionalism has considerable resonance in the African continent, both in the rhetoric of African unity and as a preferred vehicle for economic development (Chatham House, 2011). As mentioned above, the concern for regional cooperation and integration in Africa predates to the colonial era. The period 1960-1980, however, witnessed the emergence of the major regional integration schemes that pushed forward the continent's economic integration agenda. Since independence, African States were and remain to be fully cognizant of the benefits of regional cooperation and integration and have been promoting it as instrumental to the continent's development agenda. The establishment of the OAU in 1963 was inspired, largely, by the determination to promote the unity of African countries and coordinate their efforts for the achievement of improved living conditions for the people of the continent. Regional cooperation and integration were also seen as vital for safeguarding the Continent's hard-won independence, ridding it of the vestiges of colonialism and apartheid, and overcoming the legacy of external exploitation and domination (ACBF, 2006).

In general, over the last fifty years or so, the institutional framework for Africa's integration process has evolved through a number of phases, in response to changing realities. Africa has been, at least formally, committed to the creation

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of an African Economic Community (AEC) since the OAU adopted the Lagos Plan of Action in 1980. The Abuja Treaty to establish the AEC was adopted in 1991 and its principles were subsequently incorporated into the Constitutive Act of the AU in 2000 (Chatham House, 2011).

Through the Abuja Treaty, the AEC was established as an integral part of the OAU with the primary objective of promoting the integration of African economies. Chapter XIX of the Abuja Treaty emphasizes that the AEC will be materialized *“through the coordination, harmonization, and progressive integration of the activities of regional economic communities”* (Abuja Treaty, 1991, p.18). The Treaty further underscores that member states have a responsibility to promote the coordination and harmonization of the integration activities of RECs to which they belong. The Abuja Treaty recognizes RECs as the only viable means to overcome underdevelopment and the security challenges of the continent. It is not surprising that the Abuja Treaty emphasizes the need for regional integration given the nature of Africa’s economies, which, being small and fragmented, stand to enjoy a variety of economic benefits that would come from integration, in addition to becoming a stronger voice in international economic decision-making (Janneh, 2012).

The Sirte Declaration of 1999 also urged African States to accelerate the implementation of the Abuja Treaty and the Accra Declaration of July 2007 stressed the need to accelerate the economic and political integration of the African continent. Article three (3) of the Constitutive Act of the AU also recognizes the need to coordinate and harmonize the policies between the existing and the future RECs for the gradual attainment of the objectives of the Union (AU Constitutive Act, 2002). Similarly, the New Partnership for Africa’s Development (NEPAD), a twenty-first-century platform for African economic regeneration, also stressed the importance of improving regional infrastructure and promoting integration, in order to enable Africa to play a full part in the global economy development (Chatham House, 2011). The imperatives of RECs in Africa has also to do with the dynamism and the complexity of the global economy, as an instrument to increase flow of investment and to promote economic growth through better leverage in international trading (Ndomo, 2009; UNECA, 2004).

Signed in 1991 and entered into force in 1994, the AEC framework provides for a staged integration of the regional economic agreements. The Abuja Treaty, establishing the AEC, is the legal framework of the African integration process



as specified in its Article six (6), particularly sub-article two (2). In the Abuja Treaty, the following has been proposed as stages/phases for continental level integration.

**Table 1: Proposed Phases and Targets of Integration in Africa**

Phases	Duration	Key Target
First	1994-1999	<ul style="list-style-type: none"> <li>Strengthening of existing regional economic communities (RECs), and their creation in regions where they do not exist</li> </ul>
Second	1999-2007	<ul style="list-style-type: none"> <li>Stabilization of tariff and non-tariff barriers, customs duties and internal taxes in each REC;</li> <li>Schedules for the removal of such barriers;</li> <li>Harmonization of customs duties;</li> <li>Strengthening of sector integration; and</li> <li>Coordination and harmonization of RECs' activities</li> </ul>
Third	2007-2017	<ul style="list-style-type: none"> <li>Establishment of free trade area and a customs union in each REC</li> </ul>
Fourth	2017-2019	<ul style="list-style-type: none"> <li>Coordination and harmonization of tariffs and non-tariff systems among RECs leading to a continental customs union</li> </ul>
Fifth	2019-2023	<ul style="list-style-type: none"> <li>Establishing common sector policies;</li> <li>Harmonizing monetary, financial and fiscal policies;</li> <li>Implementing free movement of persons and rights of residence and establishment;</li> </ul>
Sixth	2023-2028	<ul style="list-style-type: none"> <li>Establishing African common market;</li> <li>Setting up Pan-African economic and monetary union;</li> <li>Establishing African central bank and a single currency;</li> <li>Setting up Pan-African Parliament; and</li> <li>Establishing African multinational enterprises</li> </ul>

Source: The Abuja Treaty, 1991

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Africa's eight RECs<sup>1</sup> function as pillars of the AEC. They are the building blocks for achieving Continental integration through the creation of free trade areas, advancing to customs unions and the eventual establishment of common markets. The scale of integrating Africa is daunting, involving the integration of 54 countries. Progress has been patchy and halting, but the vision remains strong. The Chairman of the African Union, President of the African Development Bank and Executive Secretary of the UN Economic Commission for Africa jointly reiterated this vision in May 2010 as follows. *"Africa is increasingly focusing on regional integration as a strategy for achieving sustainable economic growth as there is a consensus that by merging its economies and pooling its capacities, endowments and energies, the continent can overcome its daunting development challenges"* (UNECA, 2010, p.23). To realize the vision sooner than later, the African Union Assembly of Heads of State and Government in January 2012 decided on boosting intra-African trade and fast-tracking the establishment of a continental FTA by 2017 (UNECA, 2013b). Currently there are around 14 RECs<sup>2</sup> in Africa, of which eight of them are recognized by the AU Commission as pillars of the AEC. Presently, every country on the Continent is a member of at least one regional economic grouping. Of all African States, 25 belong to two RECs, 17 are a member of three RECs, and 6 countries are members of four RECs. This reflects the fact that there is a problem of overlapping membership in Africa which hinders further integration process on the continent (Seid, 2013).

- 1 The full list of the African RECs recognized by the AU include: the Arab Maghreb Union (AMU), the Community of Sahel-Saharan States (CEN-SAD), the Economic Community of West African States (ECOWAS), the Economic Community of Central African States (ECCAS), the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Intergovernmental Authority on Development (IGAD), and the Southern Africa Development Community (SADC).
- 2 In addition to the RECs already recognized by AU (see above), others RECs include, Community of Sahel-Saharan States and Economic Community; Economic Community of Central African States; Inter- Governmental Authority on Development and Common Market for Eastern and Southern Africa; Economic Community of Great Lakes Countries; and Indian Ocean Commission and Mano River Union (Ansah, 2013).

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### ***Description of the Horn of Africa***

In order to get a clear picture about the status of regional integration and the associated challenges in the Horn of Africa, it may be useful to give a brief description about this region. First, one may be interested to know the geographic territory that constitutes the Horn of Africa. However, so far, there is no consensus about this. For some people, the Horn of Africa constitutes Somalia, Ethiopia, Djibouti and Eritrea. This description is simply attributed to the geographic shape when one looks at the map of Africa. For others, however, the Horn of Africa includes other countries, such as Sudan, South Sudan, Uganda, Kenya (and sometimes Tanzania) (see for example, Fisher, 2014). This conception of the greater Horn of Africa involves other issues of connectivity (such as security, economy, etc.), beyond the geographic shape of this particular region. This description is more or less consistent with the existing regional development initiative established by the States of the region (Sisay, 2006), that is, the Intergovernmental Authority on Development (IGAD). Therefore, for the purpose of this paper, the Horn of Africa refers to a geographic region that embraces all the countries mentioned above, excluding Tanzania. In other words, the Horn of Africa or greater Horn of Africa constitutes Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan and Uganda. These countries comprise the IGAD, one of the eight RECs of the AEC. By implication, therefore, in this paper, the Horn of Africa is understood as the IGAD region.

Three of the members States of the IGAD, namely Ethiopia, South Sudan and Uganda are landlocked. While Ethiopia joined this status after Eritrea seceded in 1991 (formally in 1993), South Sudan became the newest landlocked member of IGAD in 2012, after it seceded from Sudan in 2011. The fact that Ethiopia, the most populous country in the sub-region, South Sudan and Uganda are landlocked has been a motivating factor for member states of the IGAD to develop certain terms of cooperation or integration, both in the form of bilateral and multilateral arrangements. Furthermore, over the last two decades, countries of the Horn of Africa have been specializing on their comparative advantages, one of the classical factors for regional integration. For example, while Djibouti has been upgrading and expanding its port, mainly,

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to accommodate Ethiopia's increasingly growing economy, Ethiopia has been investing hugely on energy and is now exporting electricity to Djibouti, Sudan and Kenya. Generally, *"Ethiopia boasts a regional comparative advantage, ecologically and economically, in hydropower and has the potential to generate up to 45,000 megawatts of electricity"* (Verhoeven, 2011, p.3).

**Figure 1: Map of the Horn of Africa**



Source: Google Map, 2010 in Hassan Mao, 2013

Most importantly, in the last decade or so, the IGAD region has been a host to countries registering huge economic successes in Africa. Perhaps the most notable example in this regard is Ethiopia, whose average economic growth in the last decade (2002/3-2012/13) was 10.8%. This is twice the average economic growth of Sub-Saharan Africa, which was 5.3% (UNDP, 2014, p.1). The region is also attracting increasing levels of investments from different parts of the world, especially from Asia (and particularly from China and India as well as the Middle East) in various sectors including, hospitality and tourism, infrastructural development, retail, mining, manufacturing and telecommunication sectors (Solomon, 2014).

Although the IGAD region has not been known for the major natural resource endowments which have made other parts of Africa the center of allure for international major powers, recent oil and natural gas discoveries are changing its image. Specifically, the region is endowed with rivers, lakes, forests, livestock,

and high agricultural potential, including untapped potential of petroleum, gold, salt, hydro-power and natural gas. The Horn is also a region of diverse ethnicity, languages, and religious practices. It is a region where two of the world's major religions- Christianity and Islam have co-existed peacefully for generations (Sisay, 2006).

Moreover, owing to its geographic location, the region has been and remains to be one of considerable strategic importance at international level. *“While there are a number of factors accounting for this, including availability of vast agricultural land and water resources, the major factor is that the region borders the Red Sea and the Indian Ocean, which are two crucial international waterways”* (Solomon, 2014, p.3). As a region that borders these two key international maritime commercial routes connecting Asia to the Western world and particularly to the oil lines of the Middle East, the Horn of Africa is a very important strategic area to international trade and security. The Red Sea and the Indian Ocean serve as international maritime trade and communications between Europe, Africa and Asia, and as the main routes for the transportation of oil from one of the major oil-producing regions, the Middle East, to countries in Europe and North America. Thus, needless to say, a stable and integrated Horn of Africa is important not only for the benefit of its own society but also to the world at large.

During the Cold War, the two superpowers, the Soviet Union and the United States of America were very keen to create their sphere of influence and control in the region. After the end of the Cold War and the emergence of the war on terror (following the 9/11 attack), the U.S.A and the European Union have been very pervasive in the region. Moreover, as the River Nile, Egypt's life blood, originates mainly from this region, it has always been closely watching events in this region. Thus, regional integration (or the lack of it) in the Horn of Africa has been affected both by internal and external involvement and circumstances.

Finally, the IGAD region is known for violent inter-State and intra-State conflict, which has been one of the causes of mistrust among member states of the region. The region also is often characterized by a lack of democratic governance, frequent drought, grinding poverty and the presence of weak State institutions. Presently, absolute dictatorship in Eritrea, “State failure” in Somalia, and an open tribal conflict in South Sudan are among the major features that characterize the region. Finally, the region is known for various forms of transnational security threats, which include terrorism, human trafficking, piracy, etc.

### ***Regional Integration Schemes in the Horn of Africa***

There have been various initiatives and activities designed to lead into regional integration in the Horn of Africa. These initiatives and activities can be mainly, grouped into three categories. The first one constitutes a regional integration arrangement that involves countries of the Horn of Africa and other countries located beyond that region within the African continent. Here, we are referring to COMESA, a regional integration arrangement that involves member states from the Horn of Africa and beyond. The second one is a regional integration arrangement whose member states are exclusively from countries of the Horn of Africa, that is, the IGAD. The third one involves bilateral agreements adopted to facilitate the path of regional integration in the region. However, for the purpose of this paper, we shall only briefly discuss the first two regional integrations schemes.

#### ***Common Market for Eastern and Southern Africa***

The Preferential Trade Area for Eastern and Southern Africa (PTA), which was established in 1981, was transformed into COMESA in 1991. It has nineteen member states, six of them located in the Horn of Africa. According to Article 3 of the establishing treaty, COMESA has six objectives that involve economic and security issues. Although one of its objectives include cooperation in the promotion of peace, security, and stability among its member states, its main integration focus is on trade in goods and services; monetary integration; investment facilitation and promotion; and infrastructure development that include air, rail, road, maritime and inland transport as well as information communication technology and energy (UNECA, 2012 in Urgessa, 2014).

To boost trade and investment integration among its members, COMESA launched its FTA in October 2000 and a CU in 2009. According to the UNECA (2012), COMESA's FTA was established with the following three major objectives:

- a. Complete removal of tariffs for all tradable goods among COMESA members by the year 2000 as well as the continued development of the region as common investment area;
- b. Establishment of a CU by adopting common external tariff with third parties in 2004; and
- c. Establishment of an economic community by 2025.

Trade within the COMESA FTA is on a duty and quota free basis for goods that are produced by COMESA member states. The COMESA FTA applies the 'rule of origin'. Currently, out of the 19 member states of COMESA, 15 have already acceded to the FTA. Out of the eight countries of the Horn of Africa, four have already joined the FTA of COMESA. However, Ethiopia, a core state and one of the bigger economies in the region, has not yet acceded to the FTA. Nevertheless, Ethiopia grants a 10 % discount to goods imported from COMESA member states, based on its policy of Most Favored Nations import tariffs (Urgessa, 2014). Although the existence of the FTA has, in part, led to a rise in intra-COMESA trade from US\$3.1 billion in 2000 to US\$19.3 billion in 2012 (COMESA Business Council, n.d.), so far, its impact on facilitating trade interconnection among member states of the Horn of Africa remains insignificant. In June 2015, the Heads of State and/or Government of the COMESA, the East African Community (EAC) and the Southern African Development Community (SADC), gathered in Sharm El Sheikh, Egypt, to launch the COMESA-EAC-SADC Tripartite Free Trade Area (TFTA). The establishment of the TFTA is expected to bolster intra-regional trade and thereby enhance regional integration in the Eastern part of Africa, which embraces the Horn of Africa. The TFTA focuses on market integration, infrastructure development and industrial development (Communiqué of the third COMESA-EAC-SADC Tripartite Summit, 2015).

### *The Intergovernmental Authority on Development (IGAD)*

#### **The Origin of IGAD**

Historically, the IGAD was established in 1996 to supersede the Inter-Governmental Authority on Drought and Desertification (IGADD), which was created in 1986. The original founding members of IGADD were Djibouti, Ethiopia, Kenya, Somalia, Sudan and Uganda. Later on, Eritrea became the seventh member in 1993 (IGAD, 1996). However, following IGAD's support for Ethiopia's intervention in Somalia in late 2006, to remove the threat from the Islamic Courts Union that was in control of south central Somalia, Eritrea declared its withdrawal from IGAD and has since remained outside of the authority (Solomon, 2014, p.4). Following its cessation from Sudan in 2011, South Sudan was admitted as a new member in 2012.

Initially, the IGADD was established to mobilize and coordinate resources of member States to prevent the spread of drought, famine and desertification.

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However, owing to several security issues, economic and other concerns and following the change of government in Ethiopia, as well as the independence of Eritrea in the early 1990s, the IGADD was revitalized into a full-fledged regional political, economic and security entity in the mid-1990s. This time, member countries recognized that economic development and regional integration could not be achieved without the existence of perpetual peace and security in the region. Consequently, they transformed the organization and expanded its mandate to incorporate a wide array of regional issues especially in areas of conflict prevention, management and resolution in 1995 (Kinfu, 2006). Later on, at a summit held in Nairobi, Kenya, on March 21, 1996, the Assembly of Heads of State and Government of IGADD's member states adopted an agreement to revitalize IGADD and gave it a broader name that matches with its several tasks and thus it came to be known as the IGAD (Solomon, 2014).

The ultimate objective of IGAD is to achieve economic cooperation and integration by averting the destructive energies of conflict into regional cooperation and development. It also aims to harmonize the policies of member countries in order to maintain lasting peace and security in the region. IGAD is primarily mandated *"to achieve regional cooperation and economic integration through the promotion of food security, sustainable environmental management, peace and security, intra-regional trade, and development of improved communications infrastructure"* (IGAD, 2000 in Sisay, 2006, p.4). IGAD's specific objectives include the: (i) creation of an enabling environment for trade and investment among member states, and (ii) harmonization of policies with regard to trade, customs, transport, communications, agriculture, and natural resources, as well as the promotion of free movement of goods, services, and people within the region (Sisay, 2006).

### Organizational Structure of IGAD

To achieve its objectives, IGAD has established four hierarchical and complementary operational structures, which include the Assembly of Heads of State and Government (or the Summit), the Council of Ministers; the Committee of Ambassadors and the Secretariat (IGAD, 1996). The composition and powers of each organ is described in the table below.



**Table 2: Name, Composition and Powers of the Organs of IGAD**

<b>S/N</b>	<b>Name of the body</b>	<b>Composition</b>	<b>Power/Responsibility</b>
1	The Summit	Composed of Heads of States and/or Government of member states	Is the highest policymaking body for every most significant political and economic policy decisions; Meets, at least once a year
2	The Council of Ministers	Composed of the Ministers of foreign affairs and one other focal minister designated by each member State	Is responsible for formulating policy and approving the work program and annual budget of the IGAD secretariat Meets biannually
3	Committee of Ambassadors	Composed of IGAD member states' ambassadors accredited to the IGAD headquarters in Djibouti	It is the standing policymaking body that oversees policy-relevant initiatives that the IGAD secretariat undertakes, and ensures implementation by the secretariat the decisions of IGAD's main policy bodies
4	The Secretariat	Composed of the Executive Secretary and three major Departments: <ul style="list-style-type: none"> <li>• Peace and Security;</li> <li>• Agriculture and environment; and</li> <li>• Economic Cooperation and Social Development</li> </ul>	It is responsible for assisting member states in formulating regional projects in priority areas, facilitating the coordination and harmonization of development policies, mobilizing resources necessary to implement regional projects and programs approved by the Council, and reinforcing national infrastructures necessary for their implementation

Source: Organized by the author based on information from Solomon (2014, pp.6-7).

### *The Status of Regional Integration in the IGAD Region*

The areas where the IGAD and its members have been engaged in an attempt to bring about regional integration can be grouped in to four. These are: peace and security, economic cooperation and integration, governance, and food security and environmental protection. For the purpose of this paper, only the activities that have been undertaken under the first two categories will be discussed.

#### **Peace and Security**

It has already been noted that the IGAD region is known for violent inter-state and intra-state conflicts. Axiomatically, much of IGAD's most visible work has been in the areas of peace and security. The 1996 IGAD agreement gave significant space to peace and security. Two of the principles of the agreement are “--- *the peaceful settlement of inter- and intra-state conflicts through dialogue*” and “*maintenance of regional peace and security*” (IGAD, 1996 in Solomon, 2014, p.8). When IGAD was established, one of its objectives was “*to promote peace and security in the region and create mechanisms within the sub-region for the prevention, management, and resolution of inter and intra-state conflicts through dialogue*” (ibid.). Conflict resolution was given a prime place with a dedicated article and agreement among member states to (a) take effective collective measures to eliminate threats to regional co-operation, peace and security; (b) establish an effective collective mechanism for consultation and co-operation for the pacific settlement of differences and disputes; and (c) deal with disputes between member states within this sub-regional mechanism before they are referred to other regional or international organizations (ibid.).

Based on its mandate, the IGAD has been introducing various mechanisms to promote regional peace and security. As in many other parts of the world, combating terrorism has been one of the major preoccupations of the IGAD, particularly in the last decade and a half. The IGAD has been involved in preventing and combating terrorism in its region. Since the 1990s, terrorism has been increasingly threatening the security of the IGAD region. The major acts of transnational terrorism in the IGAD region emanate from Somalia, a state that has virtually “*failed*” to provide security since the downfall of the Siad Barre government in 1991. Somalia's geographic location and its failure to function as an effective sovereign state has created an opportunity for several Al-Qaeda linked terrorists from North Africa and the Arabian Peninsula to establish Al-Qaeda cells in the region.

Recognizing the transnational nature of terrorism, IGAD member states recognized that no individual member can single-handedly deal with it effectively (Kinfe, 2006). Consequently, the draft Implementation Plan to Counter Terrorism was adopted by IGAD in 2003, in Kampala, Uganda, with the purpose of combating terrorism. It was the first major step towards legal cooperation against terrorism taken by the IGAD. It called on member states to work towards a common legal framework, develop Extradition and Mutual Legal Assistance (MLA) treaties, and encouraged ratification of relevant continental and international instruments adopted to combat terrorism. The Plan also called for increased information exchange, training coordination, and international cooperation and highlighted the importance of respecting human rights while countering terrorism (ibid.).

In September 2007, IGAD organized its first meeting on counter terrorism at the ministerial level, in Kampala, Uganda. The meeting was attended by IGAD member states Ministers of Justice. This meeting called up on member states, “to take the necessary legal, administrative, and regulatory measures, including establishing inter ministerial counterterrorism coordination mechanisms in each country [...] and exchange information and experiences related to combating terrorism, including through the establishment of a forum of counterterrorism experts” (UN-OSAA, n.d., p.25). This meeting also established a forum called IGAD Ministers of Justice Forum of Counter Terrorism Experts (ibid.).

In late 2009, acting on a desire to implement the United Nations Global Counter-Terrorism Strategy in the region, the IGAD Council of Ministers adopted two new Conventions, one on Extradition, and the other on MLA in criminal matters. They were adopted by the IGAD Council of Ministers at its 33rd ordinary session held in Djibouti from the 7th – 8th December, 2009. The Conventions are extensive and comprehensive. They have dozens of provisions that govern relations among state parties in their attempt to combat terrorism and other criminal offences. For example, the Convention on MLA has provisions relating to an obligation to provide the widest possible assistance for criminal investigations or proceedings, including: (covert) surveillance, interception of communication as well as the freezing and confiscation of assets. The MLA also provides for mechanisms and procedures by which evidence is transferred among member states concerning suspected terrorists and others who are convicted for committing transitional crime (Amicus Legal Consultants Limited and Donald Deya, 2010).

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In relation to extradition, the Convention provides for an obligation to either extradite or prosecute suspected criminals, (particularly of terrorism or transnational crime nature) where a request has been made by a state party. The extradition Convention governs the measures member states shall take and the procedures they follow in the extradition of persons involved or suspected of being involved in a crime to neighboring party state, up on the latter's request (*ibid.*). Finally, it is worth mentioning that, seven years on, only two member states, Djibouti and Ethiopia, have ratified the two Conventions (ENA, 2014).

Another step taken by IGAD in combating terrorism was the adoption of the Security Strategy in 2010. While adopting the Security Strategy, IGAD restructured what was known as IGAD Capacity Building Program Against Terrorism (ICPAT) and established the IGAD Peace and Security Strategy (IPSS) instead. The transformation of ICPAT to ISSP was motivated by the recognition of the changes in security situation in the region that include a convergence of various transnational crimes. ISSP has four pillars: Counter-terrorism (CT), Transnational Organized Crime (TOC), Maritime Security (MS) and Security Institutions Capacity Building (SICB) (Capital News Letter, 2013).

Finally, it is important to note that the counter terrorism laws that have been introduced are in line with the agreement establishing IGAD, in particular Article 18(A) that calls for member states to act collectively in order to preserve peace, security and to stability as well as to take effective measures to eliminate threats to regional cooperation, peace and stability (IGAD, 1996).

Regarding institutional mechanisms, currently, IGAD has a program unit, the ISSP, established to handle issues of security. The ISSP replaced the ICPAT in 2010, and was mandated with enhancing "the capacity of IGAD member states to combat terrorism, to deal with maritime security threats, contain the intensity and impact of organized crime, and provide security efficiently and effectively through security sector reform with capacity building as an overarching component" (CGCC and ISSP, 2012, p.13). IGAD also works in collaboration with the Eastern Africa Police Chiefs Cooperation Organization (EAPCCO). Similarly, IGAD has also been working with the U.S led Combined Joint Task Force-Horn of Africa (CJTF-Horn of Africa). The CJTF-Horn of Africa's mission is to detect, disrupt, defeat and deny terrorist activity in the Horn of Africa. The CJTFH-Horn of Africa is a joint and combined effort of personnel from all US services and allied officers from numerous other countries, such as Djibouti, Ethiopia and Kenya. CJTFH-Horn of Africa provided military training

to Ethiopia, Uganda, and Djibouti; and trained the navies of Kenya and Djibouti (Nzau, 2010).

In 2006, IGAD developed a program aimed at counter-terrorism capacity building and promoting regional security cooperation. This program was launched in 2006 in Addis Ababa, Ethiopia. IGAD's counter-terrorism program targets five areas: (a) enhancing judicial capacity; (b) working to promote greater inter-agency coordination on counter-terrorism within individual IGAD member states; (c) enhancing border control; (d) providing training, sharing information and best practices; and (e) promoting strategic cooperation. In this regard, IGAD's program is often held up as an example for other African Regional Economic Communities to emulate (UN-OSAA, n.d.). Between 2006 and 2010, IGAD helped its member states to focus on enhancing judicial measures, building internal counter-terrorism coordination units, strengthening border management to stop the movement of terrorists across borders and training of law enforcement officers. Since 2006, training projects and seminars were designed by the ICPAT to enhance the knowledge and skills of officials working in the security sectors (military, police, border guards, and intelligence services as well as institutions of justice) of IGAD member states and to enhance their familiarity with working together to solve shared problems (Memar and Solomon, 2014).

Practically, IGAD facilitated and backed the unilateral and/or collective interventions against the various terrorists groups in Somalia. In 2006, IGAD mandated Ethiopia and Uganda to deploy a peacekeeping force in Somalia to fight the Union of Islamic Court (Rosand, et.al., 2008). In 2007, IGAD deployed the Peace Keeping and support mission in Somalia (IGASOM) which was the precursor to the African Union Mission in Somalia (AMISOM). It played a major role in facilitating and persuading the UN and AU to intervene in Somalia. Although AMISOM is the AU's peacekeeping mission in Somalia, IGAD member states are the chief contributors and AMISOM operates in close collaboration with IGAD (Chatham House, 2013). Moreover, IGAD backed the unilateral intervention of Ethiopia in 2006 and Kenya in 2011.

For example, in its 19th extra-ordinary meeting, the IGAD Assembly of Head of States and Governments welcomed the unilateral intervention of Kenya to fight Al-shabaab jointly with Somali's Transitional Federal Government troops. According to the communiqué released from the meeting, IGAD 'understands, appreciates and supports' the joint operation and Kenya's move against Al-

shabaab and sees it as 'unique opportunity' to 'restore stability and security' in Somalia (ISSP, 2011). Generally, IGAD has been very active in attracting the attention of the international community concerning the crisis of Somalia in general and the situation of terrorism in the IGAD region in particular. It has also been involved in mobilizing financial, material and human resources for fighting international terrorists in Somalia.

Somalia has been the epicenter of terrorism and the source of international terrorism in the IGAD region. This is because Somalia has been unable to ensure its internal security and control its borders, as well as defend its territory from local and international terrorist. To sum up, rebuilding Somalia's security apparatus and reinstating a sovereign legitimate government in Somalia has been one of the major priorities of IGAD in fighting terrorism in the region. Accordingly, via its member states, IGAD has been providing various trainings to Somali security forces. According to Mahaboub Maalim, Executive Secretary of the IGAD, until the end of 2013, around 15,000 troops and police force were trained by IGAD countries (Rift Valley Institute, 2013). The IGAD also supported Somalia to develop about five major policy frameworks expected to contribute to uprooting terrorism and ensuring lasting peace in Somalia.

### **Economic Cooperation and Integration**

The objectives of IGAD, as outlined in the IGAD Agreement, include the following regarding economic cooperation and integration: (a) promote joint development strategies and gradually harmonize macroeconomic policies and programs in the social, technological, and scientific fields; (b) harmonize policies with regard to trade, customs, transport, communications, agriculture, and natural resources, and promote free movement of goods, services, and people within the region; (c) create an enabling environment for foreign, cross border and domestic trade and investment; and (d) develop and improve a coordinated and complementary infrastructure, in the areas of transport, telecommunications, and energy in the region (IGAD, 1996 in Solomon, 2014, p.12).

IGAD's Economic Cooperation and Social Development Department is in charge of ensuring economic cooperation and integration. In 2008, IGAD undertook a review of its Charter with a view to strengthening its economic cooperation and integration and has developed a Minimum Regional Integration Plan (MIP). The six priority sectors identified in the MIP are: peace and security; agriculture, livestock and food security; natural resources and environment; infrastructure

development; trade and macroeconomic policies as well as social development. The perceived rationale of the MIP is “to re-position IGAD as a development institution and accordingly refocus its regional integration agenda” (IGAD, 2010 in Chatham House, 2011, p.11). Recently, there has been a unilateral action between Ethiopia, Sudan, Kenya, Djibouti as well as Somalia to liberalize small-scale border trade by specifying the value (upper limit) and type of goods that can be traded, as well as the frequency of crossings and the distance from border posts up to which trade is authorized (Chatham House, 2011). Generally, major areas or potential activities for economic cooperation and integration in the IGAD region can be grouped in to two:

### **Trade Interdependence**

There is a wealth of potentially more positive, long established relationships that exist between people all over the region. There are close social and economic ties linking people across borders and these underpin trading networks that play a vital part in the economic life of the region. Informal cross-border trading has been particularly important for sustaining pastoralist livelihoods in Somalia, where formal trading regimes have collapsed with the demise of the state (Chatham House, 2011).

There is the continuing need for landlocked Ethiopia, South Sudan and Uganda to have access to the sea via their neighbors, creating an impetus for interdependence that could contain the seeds of greater integration. On the other hand, Ethiopia is constructing huge hydroelectric dams, one of the largest in Africa, which is a huge potential driver for regional development. The flow of cattle out of Somalia and Ethiopia to feed the growing demand for meat in Kenya’s cities has expanded enormously. There is a growing trade in camels raised in Ethiopia, Eritrea and Somalia for export to Sudan. Another seemingly irrepressible regional economic activity is the khat (or miraa) trade. For years, this perishable narcotic plant has been exported daily from the highland areas of Kenya and Ethiopia where it is grown, to the towns of Somalia and Djibouti, where khat consumption continues to increase (UNECA, 2013b). After years of distrust and hostility, Sudan has started to supply petroleum products to Ethiopia, and Port Sudan has become an outlet for Ethiopian agricultural exports. Before the outbreak of the civil war, small-scale investors from all over the region were operating in Juba and in other towns of the newly created State, South Sudan (East African Business Week, 2011 in Chatham House, 2011).

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On its side, Ethiopia has in recent times been selling electricity to Djibouti, Kenya, and Sudan. In order to appreciate the potential of economic integration in the IGAD sub-region, let us see the volume of intra-IGAD trade. Due to lack of up-to-date data, the data we are going to use goes back to 2010, but it can still help us to see the trends. As shown in the table below, although the share to the global export of the intra-IGAD trade had been declining, the intra-IGAD exports and imports had been increasing considerably. There is significant variation in the extent of regional trade by IGAD member states. The leading trade countries in the region are Kenya, Uganda and Djibouti (the last being by virtue of its port services). For much of the last decade, both Sudan and Ethiopia have lagged far behind in their trade relations across the region. Recently, however, both countries have been increasing their intra-regional trade owing to the export of oil and electricity respectively.

**Table 3: Intra-IGAD Trade (2001-2010)**

Year	Intraregional Exports (US\$ mio.)	Share from Global Exports (%)	Intraregional Imports (US\$ mio.)
2001	827.8	17.9	691.1
2002	809.6	15.2	687.9
2003	970.0	15.0	869.6
2004	981.8	12.0	820.9
2005	1094.3	10.5	1137.1
2006	1162.5	9.7	1180.6
2007	1319.2	8.0	1261.6
2008	1640.4	7.7	1801.2
2009	1435.2	9.4	1575.8
2010	1822.6	9.7	2001.3

Source: Seid, 2013 in Solomon, 2014, p.2.

### Investing on Infrastructure

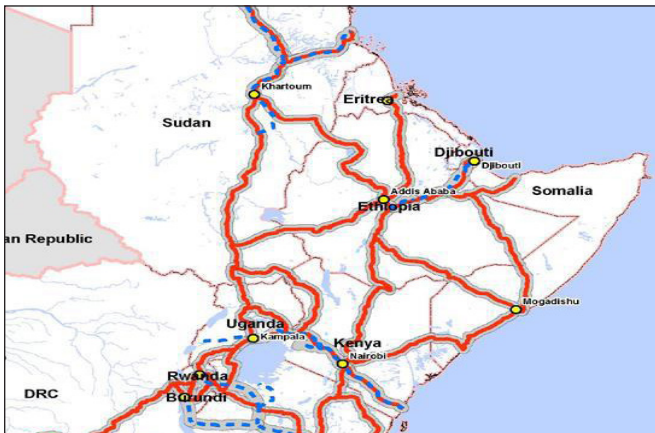
In terms of infrastructural development, increased cooperation and investment on key regional infrastructure projects was an important part of the IGAD MIP. One of the contributions of IGAD in this area has been the identification of the infrastructural development priority areas. Areas identified for regional integration



through infrastructure include transport, energy, and telecommunication. With respect to infrastructural development in the transport sector, mostly road and rail, IGAD has been coordinating the identification of regional priority projects. Recognizing that it is a major structural obstacle, IGAD has been mobilizing resources towards the construction of infrastructure. IGAD's role in the implementation of infrastructural projects has been limited to providing regional support through lobbying and facilitation of the efforts of member states in the regional priority projects (Solomon, 2014). According to the UNECA 2013b), the IGAD has continued to lobby for and mobilize funds for the following projects although transport projects are mainly dealt with on bilateral levels.

**Roads:** Nairobi - Addis Ababa corridor (Isiolo – Moyale – Addis Ababa road): various sections are at various stages of implementation, under procurement, construction and rehabilitation, with financing from the African Development Bank (AfDB) and the European Union; Kampala – Juba corridor: Nimule – Juba sector started construction in South Sudan by early 2013 and the Gulu – Nimule (Uganda), was under procurement as of 2013; Berbera corridor (Somaliland – Ethiopia): feasibility study and detailed engineering design services were under procurement as of 2013; and Djibouti – Addis Ababa corridor: remaining section of Arta–Guelile road section in Djibouti was under procurement as of 2013.

**Figure 2: Map of the Major Transport Corridors of IGAD**



Source: IGAD, 2014

**Railway:** a railway linking Djibouti, Ethiopia, and South Sudan has been under construction. A 756km electric-powered railway connecting Ethiopia and Djibouti has been under construction and at the end of 2015 it reached 90% milestone. Other projects identified for development and currently under preparation include the Lamu Port-South Sudan-Ethiopia Transport Corridor (LAPSSSET), the Berbera-Addis Ababa Corridor, and the Kampala-Juba-Addis Ababa-Djibouti Corridor.

**Information Communication Technology (ICT):** with respect to ICT, IGAD has been implementing a Regional ICT Support Program (RICTSP). The program aims at facilitating projects that reduce both the cost of ICT and the cost of doing business, by providing new opportunities for economic activities. IGAD member states have been participating in RICTSP, which ultimately contributes to the Eastern and Southern Africa regional integration agenda by reducing costs of trade and investment, thereby stimulating economic growth and reducing poverty. Another initiative of IGAD in this area is the development of marketing information systems for tradable crops and livestock by developing user friendly websites and networking points in member states. Given major policy divergences among IGAD countries in the telecom sector, the work in this area would inevitably be limited to addressing issues affecting the development of the sector within the existing policies of individual countries (Solomon, 2014).

**Energy:** energy is another subsector of infrastructural development in the IGAD region. Major developments in this area include the exploration and development of oil and natural gas in countries such as Sudan and South Sudan, and most recently Uganda, Kenya, and Ethiopia. The production of oil in Sudan has been one of the factors that spurred increased economic cooperation with Ethiopia. The new discoveries in Uganda and Kenya are sure to catalyze cooperation in areas such as pipeline construction and building of refineries. In addition to this, Ethiopia has been constructing huge hydropower dams and wind energy to generate and export electricity to its neighbors (ibid.).

Generally, however, IGAD's efforts towards economic integration, particularly trade integration, has been lagging behind those of other African RECs. It needs to improve its regional integration functions if it is to remain relevant as a building block of the envisaged African Economic Community. By 2013, it was not even able to achieve the lowest level of FTA arrangement (UNECA, 2013a). For the purpose of comparison, let us review the status of integration in the eight RECs recognized by the AU, which form the "pillars" of the AEC. The African RECs

are moving towards implementing the Abuja Treaty at different speeds. EAC is the most advanced community, and launched its common market in 2010. COMESA launched its customs union in June 2009. SADC and the Economic Community of West African States (ECOWAS) have made progress in building their free trade areas (FTAs) and they had planned to launch a customs union by 2013 and 2015 respectively. The Economic Community of Central African States (ECCAS) launched its FTA in 2004, but is facing enormous challenges in its practical application. The Arab Maghreb Union (AMU), the Economic Community of Sahel- Saharan States (CEN-SAD) and IGAD have been moving slowly, and are still in the early stages of cooperation among their member States (UNECA, 2013a). In the following section, we shall see the status of integration in each African RECs as of 2013, using selected elements of integration. The data about the status of integration in the African RECs is taken from the UNECA 2013a Report and Mo Ibrahim Foundation 2014 Report.

- a. Elimination of trade barriers:** EAC, COMESA and SADC have adopted a single program on the elimination of non-tariff barriers (NTBs), which is an Internet-based system for use by stakeholders in the member states in reporting NTBs as well as monitoring the processes of their elimination. ECOWAS has put in place national committees to deal with problems raised by NTBs and has set up complaint desks at the borders. The remaining RECs have yet to establish such systems.
- b. Establishment of one-stop border posts (OSBP):** One of the main tools used for trade facilitation is the one-stop border post (OSBP). This means minimizing delays at cross border points on major transport corridors in the region, often caused by poor facilities, manual processes, lengthy and non-integrated procedures and poor traffic flow. Under the OSBP concept, all traffic stops only once in each direction of travel, facilitating faster movement of persons and goods and allowing border control officers from the two States involved to conduct joint inspections. This arrangement has been adopted by COMESA, EAC, ECCAS, ECOWAS and SADC.
- c. Investment Policy:** Few RECs have elaborated competition policies. COMESA has already established a Regional Investment Agency, located in Cairo, Egypt. Its role is to coordinate and strengthen the activities of the COMESA national investment promotion agencies. EAC has a model investment code in place, and plans are under way to upgrade it into legislation or a protocol promoting the Community as an investment

destination. The East African Business Council is the apex body of business associations in the private sector in the five East African countries (Burundi, Kenya, Rwanda, Tanzania and Uganda). It has published the East African Business Directory, the first and most comprehensive business directory in East Africa. SADC finalized a protocol on finance and investment in 2006, which entered into force in April 2010. ECOWAS is working in three areas, creation of a common investment market, investment promotion and financial market integration. ECCAS is working to put in place a regional strategy on investment promotion and establish a guarantee fund for small and medium-sized enterprises.

**d. Free movement of persons:** The free movement of people is a critical component of regional integration. In this area, notwithstanding the various obstacles, enormous results have been achieved by AMU, EAC and ECOWAS, but CENSAD, COMESA, ECCAS, IGAD and SADC are still facing challenges in this regard. ECOWAS and the EAC are adopting common passports, which could eventually replace current national passports.

**e. Macroeconomic Convergence (Monetary Policy):** In implementing their monetary cooperation programs, Africa's RECs are at different stages of integration. COMESA, EAC and ECOWAS have made some progress. COMESA has developed a Multilateral Fiscal Surveillance Framework, adopted an Action Plan for Financial System Development and Stability and designed an assessment framework for financial system stability. The COMESA Monetary Institute was established in 2011 in Nairobi, Kenya, in order to undertake preparatory work for implementing all the stages of the COMESA Monetary Cooperation Program. COMESA has also operationalized a Regional Payment and Settlement System. Preparatory work for the transition to an EAC monetary union is ongoing, and negotiations for a protocol on the subject are at an advanced stage. A review of EAC macroeconomic convergence criteria is heading towards completion. Finally, the ECOWAS planned to launch a second monetary zone by 2015 and merge it with the CFA (Communauté Financière d'Afrique i.e. African Financial Community) zone to create a larger monetary zone by the year 2020. In general, taking the steps/stages followed by the European Union as model of regional integration, one can see the status of integration in the IGAD region in the following table.

**Table 4: Current Status of RECs**

<b>Name of RECs</b>	<b>Year of establishment</b>	<b>No. of member states</b>	<b>Ultimate Objective</b>	<b>Current Stage of integration</b>
UMA	1989	5	Full economic union	Free trade area not achieved
ECOWAS	1975	15	Full economic union	FTA
ECCAS	1983	10	Full economic union	Semi-FTA
COMESA	1993	20	Common market	Customs Union
EAC	1999	5	Full economic union	Common Market
IGAD	1996	8	Full economic union	FTA being contemplated
SADC	1992	15	Full economic union	FTA
CEN-SAD	1998	24	Free trade area and integration in some sectors	FTA not achieved

Source: Mo Ibrahim Foundation, 2014

### ***Challenges of Integration in the Horn of Africa***

As one of the Africa's sub-regional economic groupings that embrace the Horn of Africa region, IGAD provides the institutional framework for regional economic integration, designed to increase prosperity and integration into the global economy. According to its MIP, IGAD planned to create a free trade area (FTA) between 2009 and 2012 (IGAD, 2010 in Chatham House, 2011). However, this did not materialize due to structural and other obstacles. IGAD shares almost all the challenges that other RECs in Africa have been facing in their attempts of economic integration. The challenges that have been hindering the vision for integration in the IGAD region can be grouped into the following six areas:

### *Competing Institutional Frameworks*

Almost all African RECs have overlapping membership and offer competing institutional frameworks for the creation of the African Economic Community. Not surprisingly, IGAD faces similar challenges. For example, two of its members, Kenya and Uganda, are also members of the EAC, formed in 1967 by Kenya, Uganda and Tanzania. All IGAD members except Somalia are members of the COMESA. Five IGAD members, Sudan, Djibouti, Eritrea, Somalia and Kenya, have joined the Community of Sahel-Saharan States (Chatham House, 2011).

### *Security Based Challenges (inter-State and intra-State conflict)*

The IGAD sub-region (particularly the Horn of Africa), has a long history of conflict and poor political relations means that military rather than economic considerations tend to dominate national security debates. Member states in the sub-region have been deeply involved in warfare with one another and have consistently worked to undermine or rearrange one another's regimes. The imperative to weaken hostile neighbors by all means possible undermines prospects for mutually beneficial economic integration. For Ethiopia and Eritrea, where cultural affinities and historical trade ties are strong, the legacy of distrust following a violent conflict has blocked the restoration of economic ties. Security interdependence in the region is at least as strong as economic interdependence, and the two frequently pull in opposite directions (Chatham House, 2011).

As market forces and development imperatives build pressure in the Horn of Africa for closer economic integration, security concerns tend to drive events in the reverse direction. There are clear tensions between the requirements of regional security –manifested in tighter border controls and restrictions on movements of goods and people. IGAD has embarked on efforts to develop mechanisms to improve regional security, but this can be expected to be a long haul. Right now, Ethiopia and Eritrea are in a “no-peace no war” status, South Sudan has been engulfed by a disastrous civil war since last year, Sudan and South Sudan are not in good terms and Somalia remains the epicenter of crisis in the sub-region. The imperatives of this insecurity have thus far placed overwhelming obstacles in the way of advancing formal economic cooperation in the sub-region. The enormous scope for cooperation and joint development that exists between Ethiopia and Eritrea cannot be realized because of the hostility between the two countries. The Eritrean port of Assab, which was

handling some 85% of Ethiopia's exports until 1998, is no longer in use. Sudan and South Sudan have yet to agree on how to manage their economic interdependence as two separate countries. They could, like Ethiopia and Eritrea, move in the direction of economic disintegration. Meanwhile, Somalia operates under several different administrations that, with the exception of Somaliland authorities, lack the capacity to enter into meaningful state-to state economic arrangements (ibid.). Generally, several obstacles are hampering and even undermining the integration process in this owing to security issues. The movement of people is faced with a number of problems, including those related to infrastructure, especially road transport, and security issues due to vulnerability of many countries to insurgent movements (example in Ethiopia, Uganda, and Sudan) and terrorist attacks, which mainly emanates from Somalia. Hence, security is becoming the main reason for delaying the implementation of decisions on the free movement of persons which have been taken IGAD.

### *Unwillingness to Share Sovereignty*

Across countries but particularly for new states emerging from a costly and devastating war (such as Eritrea and South Sudan), sovereignty remains highly prized and jealously guarded. Thus, a combination of military priorities and economic nationalism is likely to prove a stronger driving force than regionalism.

### *Weak Institutional Capacity and Lack of Internal Democratic Governance*

The implementation of preferential trade regimes or more advanced steps such as the harmonization of production and marketing needs to be grounded in solid bureaucratic procedures. Such capacity is very unevenly distributed in the IGAD region. It is almost non-existent in the most fragile countries, Somalia and Eritrea, where, for entirely different reasons, institutions are weakest. South Sudan too is at a very early stage of institutional development. Coordination is needed among integrating countries to develop a common economic policy. This will impinge on governments' freedom of action and touches again on the question of sovereignty. Economic harmonization with other countries implies restrictions on the ability of individual governments to determine the economic trajectory of their country and define their development goals. Rule of law, enforcement of property rights and efficient judicial systems are all needed to support the legislative and regulatory frameworks that are the foundations

on which regional economic integration is normally achieved. Institutions are required to monitor anti-competitive practices, including informal quotas and trade barriers. Regional trade dispute mechanisms are needed to handle disagreements. Some common standards of governance are therefore central to the success of an integration venture, which are all missing across the sub-region.

### *Poverty, High Dependency on Agriculture and the Lack of Economic Diversification*

Poverty and lack of diversification in the economy have been one of the major challenges in the region. Member states of the IGAD are poor, have small economies, are highly dependent on exports of primary commodities, and are often in competition with one another. Overlap exists in key export products including coffee, livestock and oil seeds. Ethiopia and Eritrea both export gold and have substantial potash deposits. Sudan and South Sudan are the only oil producers. Ethiopia, Kenya and Uganda are significant producers of coffee, although different types and provenances are recognized in the international market; Somalia, Ethiopia and Sudan are major exporters of livestock and livestock products; Sudan and Ethiopia both produce sesame and oil seeds for export; khat is a lucrative regional export commodity from Kenya and Ethiopia. However, while most of this is exported, a significant volume is traded within the region, where different agro-ecological and climatic zones provide localized comparative advantage. Examples are khat and coffee, grown in highland regions (in Ethiopia and Kenya for example) and sold to coastal communities (Somalia and Djibouti). The population is mostly rural and the largest percentage of the workforce is engaged in small land holding agricultural labor, where production is low and thus a low surplus can be supplied to the integrated market. The region's imports consist overwhelmingly of manufactured goods. Historically, this pattern of trade has produced very low levels of formal intra-regional trade and limited scope for integration (Chatham House, 2011).

### *Low Domestic Tax Base and the Need for Collecting Revenue From Tariffs and Poor Infrastructure*

According to Chatham House (2011), government revenue from taxation accounts for just 9.9% of GDP in Ethiopia compared with 20.9% in Kenya, so



Ethiopia is much more wary about the loss of duties that would result from forming a customs union. For example, in 2007–8, as much as 37% of Ethiopian tax revenue came from import and related duties. Poor inter and intra-state infrastructures are significant structural obstacles to the attainment of regional economic integration in the region.

## *Conclusion*

Recognizing the role of regional integration in accelerating the transformation of their fragmented small economies, to expand markets and widen Africa's economic space in order to reap the benefits of economies of scale for production and trade, and thereby maximize the welfare of their nations, African leaders have taken a number of initiatives, through various AU decisions aimed at advancing the regional integration process in Africa. These include: the transformation of the Organization OAU into the AU, establishing the AEC scheme, and consolidating eight RECs as the main building blocks of the AEC.

IGAD, as one of the eight African RECs is constituted by eight States located in the Horn of Africa, namely Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan and Uganda (Eritrea, withdrew in 2006). IGAD has adopted several agreements to boost the integration of its members. Its major areas of engagement include: peace and security, economic cooperation and integration, governance as well as food security and environmental protection. As the Horn of Africa is known for violent inter and intra-state conflict, it is not surprising that much of IGAD's activities since establishment have been consumed by issues related to peace and security. However, it has also been exerting efforts in areas of economic cooperation and integration, governance as well as food security and environmental protection. Specifically, the activities IGAD has been undertaking on infrastructure, which is considered as major impetus for regional integration is commendable. Yet, compared to other African RECs, progress of integration in the IGAD region has been lagging behind. Similar to the other RECs of Africa, inadequate political will and commitment to the process of integration (which manifests in terms of slow implementation of regional laws, a lack of paying contributions, reluctance of States to share their sovereign power, etc.); high incidence of conflicts and political instability; inadequacy of funding of regional projects and lack of well-established infrastructures have been the daunting challenges to integration in the IGAD region, accounting for the

## Regional Integration in the Horn of Africa: State of Affairs and Challenges

ineffectiveness (ACBF, 2006). Moreover, competing institutional frameworks or overlap of membership; security based challenges (due to inter and intra-State conflict); weak institutional capacity and lack of internal democratic governance; poverty, high dependency on agriculture and lack of economic diversification; low domestic tax base/ tax collection capacity (and thus the need for collecting revenue from tariffs) as well as poor infrastructure, are some of the challenges hampering regional integration in the IGAD region.

On the other hand, the following can be taken as potentials for realizing economic integration in the IGAD region: the progresses made so far, particularly in terms of establishing institutional norms and organizational structures; the increasing intra-regional trade (including on oil, energy and ports); cross border social (ethnic) ties and promising economic growth and infrastructural development, could be taken as potentials of regional integration in this part of Africa. Finally, despite IGAD's unsatisfactory track record over the last two decades, the case for cooperation and integration has become much stronger in recent years, due to the fact that the region is facing a number of major challenges, notably globalization and the changing global economic and political environments, to which enhanced cooperation and integration constitute an appropriate response.

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