

ADDIS ABABA UNIVERSITY SCHOOL OF GRADUATE
STUDIES

ROADBLOCKS TO ECONOMIC INTEGRATION
IN THE IGAD SUB-REGIONAL

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Declaration

I, the undersigned, declare that this thesis is my original work, has not been presented for a degree in any other university and that all sources of material used for the thesis have been duly acknowledged.

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List of Abbreviations and Acronyms

ACDESS	African Center for Development and Strategic Studies
ACP	Africa, Caribbean and Pacific Countries
ADF	African Development Forum
AEC	African Economic Community
APEC	Asia Pacific Economic Cooperation
ASA	Association of Southeast Asia
ASEAN	Association of Southeast Asian Nations
CEWARN	Conflict Early Warning and Response Mechanism
CM	Common Market
COMESA	Common Market for Eastern and Southern Africa
CU	Customs Union
EAC	East African Community
ECOWAS	Economic Community of West African States
EEC	East European Community
ECOWAS	Economic Community of West African States
EEC	European Economic Community
EIJ	Eritrean Islamic Jihad
EPRDF	Ethiopian People's Revolutionary Democratic Front
ESAMI	Eastern and Southern Africa Management Institute
EU	European Union
FRUD	Afar-base Front for the Restoration of Unity and Democracy
FTAs	Free Trade Areas
GATT	General Agreement on Tariffs and Trade
GNP	Gross National Product

IFIs	International Financial Institutions
	vi
IGAD	Inter-governmental Authority on Development
IGADD	Inter-governmental Authority on Drought and Development
IMF	International Monetary Fund
IPF	IGAD Partners Forum
LPA	Lagos Plan of Action
LRA	Lords Resistance Army
MERCOSUR	Common Market of the Southern Cone
NAFTA	North American Free Trade Agreement
OAU	Organization of African Unity
OLF	Oromo Liberation Front
PANAFTTEL	Pan-African Telecommunications Network
REC	Regional Economic Community
SAARC	South Asian Association for Regional Cooperation
SADC	Southern African Development Community
SADCC	Southern African Development Co-ordinations Conference
SAPs	Structural Adjustment Programmes
SEM	Single European Market
SPLA	People's Liberation Army
SSA	Sub-Saharan Africa
UN	United Nations
UNEAC	United Douanière et Economique de L'Afrique Centrale
US	United States of America
WB	World Bank
WNBF	West Nile Bank Front

Abstract

This study attempts to identify the principal challenges to economic integration in the sub-region of IGAD. The study argues that theories of economic integration that are relevant to understanding the roadblocks to the attempts aimed at economic integration in developing countries in general and in the IGAD sub-region in particular require a merger of the theories of functionalism, neo-functionalism and dynamic Customs Union and exogenous factors.

The study tries to set out the main conditions that are necessary for successful economic integration among developing countries which are explored from the past experience of regional and sub-regional economic groupings within and outside the continent of Africa. These are: the need for the existence of at least one 'big brother' in the economic bloc and/or larger number of participating member states; de-link from North and encourage South-South cooperation; the promotion and development of infrastructure and communications; the need for sustained and irreversible commitment on the parts of the participating governments to honor financial contribution, empower the sub-regional organization and incorporate regional policies into national programmes; and the need for the existence of stability, compromise, tolerance and political harmony, and confidence among member states.

The assessment of this study reveals the prevalence of major challenges that work against the attempt to effective economic integration in the IGAD sub

region. The principal challenges identified are: excessive dependence of member states on external agents (the Western countries and their institutions), the impact of the triad trading blocs (Europe, America, East Asia), the incompatibility of the Lome Convention and Structural Adjustment Programmes (SAPs) on the promotion of regionalism, poor communication.

performance, lack of sustained and irreversible commitment by the participating governments, and mistrust, suspicion and lack of confidence between and among the partners.

The conclusion that emerges from such analysis is that the economic integration attempt in the IGAD sub-region is far from success. Thus, this study stresses that if genuine and sustainable economic integration is to be pursued in the sub-region, IGAD needs to minimize its ties with the North and enhance South-South cooperation, ensure the harmonization of national and sub-regional policies, promote an active involvement of people in the economic integration process, make sustained and irreversible commitment on the progress made, develop a climate of trust and confidence among the nations and populations, and make short-term compromises in the interest of long-term goals and benefits.

I. INTRODUCTION

1.1 Background to and Statement of the Problem

Regional or sub-regional integration is not a new concept. It has been an important part of international trade relations and policy worldwide since the Second World War. However, in the 1980s and 1990s the new wave of regional integration is once again at the top of the policy agenda in both developed and developing countries. Interest in regionalism has been revived partly in response to globalization (Bhalla and Bhalla, 1997: 1). All over the world, the pace of regionalism has accelerated and the division of the world into three trading blocks based on Europe, the America and East Asia has become a serious possibility. This presents challenges, as well as dangers and possibilities of serious economic, financial and market losses to Africa (Asante, 1997:179). It further accentuates the social-economic crisis of Africa and its increasing marginalization in the international economy.

The African Heads of State and Government signed the Abuja Treaty on the establishment of a Pan-African Economic Community by the year 2025 as a response to the changing international economic relations. This could be regarded as the new wave of regionalism in Africa in the 1990s (McCarthy1995: 213). This has led to a renewed interest within Africa in revitalizing and resuscitating regional groupings along with favorable internal political changes within the continent. For example, the PTA was transformed into the COMESA in 1994 with a view of attaining, among other things, sustainable growth and development of the member states by promoting a more balanced and harmonious development of its production and marketing structures. The SADCC was similarly transformed in 1992 into

the SADC to attain a higher level of cooperation that would enable the countries of the sub-region to address problems of national development, and cope with the challenges posed by a changing, and increasingly complex, regional and global environment more effectively.

In the Horn of Africa, a renewed interest in revitalizing and resuscitating came also into existence that resulted in the transformation of Intergovernmental Authority on Drought and Development (IGADD) in 1996 into Intergovernmental Authority on Development (IGAD) with a view of attaining, among other things, the promotion of food security, sustainable environmental management, peace and security, inter-regional trade and development of improved communication infrastructure in order to enable the sub-region to interact and compete in the global economy, eventually leading to regional integration (IGAD, 1996b:3).

However, member states of IGAD face common problems like economic dependence, debt burden, duplication of functions, poor economic performance, lack of political commitment, poor communication and transaction, institutional and structural inefficiency, and political instability that limit the implementation of the sub-regional organization's objective.

To begin with, from its inception IGAD relied heavily on the financial and technical assistance on the Western countries and their institutions (Adam, 1992: 115; Lyons, 1998:79; Markakis, 1998:151; Yacob, 2000:291). For example, the initial funding was made available by the World Bank and the United Nations Development Programme, and the basic document of the organization was first developed by experts from outside the sub-region (Adam, 1992: 115; Yacob, 2000: 291). Thus, further recourse to external agents was/ has

been seen as normal by the participating governments. The result has been the increasing dependence of the members states of the sub-region on the developed countries of the West.

Furthermore, the World Bank / International Monetary Fund (IMF) Structural Adjustment Programmes (SAPs) have posed a challenge to the economic integration process in Africa in general and in the IGAD sub-region in particular (Asante, 1997: 129-30, Daddieh 1995: 262-63). Similarly, the Lome Convention /Cotonou Agreement particularly with the emergence of 'Europe 1992') has created impact on the process of economic integration in Africa (Asante, 1992: 126). In addition, the enlargement of the European Union, NAFTA and APEC to include several new members have led to the marginalization of African interests.

Some member states are lagging behind in arrears (IGAD, 1996a:19). Kifle (1995:29-30), referring to all African sub-regional organizations, contends that "even if governments were to pay eventually, their contributions would not be sufficient at any point in time to enable them to carry out their mandated tasks." To make matters worse, the countries of IGAD are beset by debt burden. According to the Economic Intelligence Unit (CR, 2001) in 1999, the total debt burden of Djibouti, Eritrea, Ethiopia, Sudan and Uganda is estimated to be 280 million, 242 million, 5.5 billion, 16.1 billion and 4.1 billion U.S. dollars, respectively.

Duplication of membership is another constraint to the attempt of sub-regional integration. Some IGAD member states (Djibouti, Somalia and Sudan) are also members of the Arab League, which has incompatible interests with the aspiration of some other member states, particularly Ethiopia. Moreover, Kenya and Uganda have become members of the revived

former East African Economic Community. In addition to imposing heavy financial burden to the individual countries, duplication of functions create constraints in that they lead to conflicts over mandates and divided loyalty among governments (Kifle, 1998:30-31).

In terms of economy, Adam (1992:116) contends that there is no material basis for exchange as almost all member states are producers of similar primary products ; and trade among countries in the Horn of Africa is insignificant which stood at about 3% in the 1980s (Maruye, 1992, 196); and the levels of industrialization are low which limits comparative advantage (Kimuyu, 1999:175). In addition, labor and capital movement in all regions of Africa in response to economic incentives has remained negligible (*ibid.*). These limited trade links among member states of IGAD restrict the foundation on which regional economic integration scheme between them have been based.

Although the IGAD Charter (Article 3 of 1996) emphasizes promotion of regional trade and gradual harmonization of policies and removal of tariff and non tariff barriers to inter-state trade, transport and communications, there are barriers to the intra-regional trade. These are: major differences in tariff rates among member states, cumbersome administrative procedures, discriminative procedures at points of entry and exist, and the imposition of unilateral bans (IGAD, 1998 d:1-2).

Furthermore, structural inefficiency creates constraint to the realization of IGAD's objective. IGAD has a supreme organ that comprises Heads of State and Government, a Council of Ministers, a Committee of Ambassadors and a Secretariat (Article 8 of IGAD Charter); and

the Executive Secretary is appointed by Heads of State and Government (*ibid.*:Article 9). This structure is "top-heavy and cumbersome" resulting in the increasing level of politicization of the one-man organization pattern (Kifle, 1995:30). In addition, member states are not willing to give sufficient power to their institution that would enable it advance its objectives and major decisions are subject to a consensus rule (Kifle, 1995:30; Article 9 of IGAD Charter). In this connection, Nomvete (1997:21) identifies that the follow up of decisions taken at sub-regional meetings is left to Heads of State or to few ministers and to civil servants in the ministries without the involvement of the rest of the population. He considers this fact as an obstacle to the realization of sub-regional arrangements in the African continent. He further argues that people even do not know that there is a treaty establishing the cooperation arrangements. This argument is also valid in the case of the IGAD sub-region.

Last but not least, the political conditions in the sub-region are not favorable to the creation of possible cooperation for the use of resources for mutual interest. Relations among states are marked by mistrust, suspicion and uncertainty and there is no a single country in the Horn of Africa that has not been affected by conflict (Tafesse, 1998:25-26). Despite the fact that Uganda and Sudan recently agreed to make efforts to improve relations, there are accusations and threats from both sides (CRS:2001:8). The same holds true with regard to relation between Ethiopia and Eritrea (HAB, 2001:19). Eritrea and Sudan are not in good terms (*ibid.*:5). Somalia is still without a central government.

The above developments are main challenges to the effort of attaining economic integration in the sub-region of IGAD. In the light of this, the following research questions are posed.

Can integration schemes in the IGAD sub-region be realized?

If not, what factors constitute the impediments and how could these be overcome?

This study aims to address the issue of the challenge to economic integration in the Intergovernmental Authority on Development (IGAD) sub-region.

1.2 Hypothesis

Economic dependence, lack of political commitment of the leaderships, instability (inter-and intra- state conflicts) and poor communication and transaction among member countries are the principal roadblocks to the attempt to economic integration in the sub-region of IGAD.

1.3 Objectives

The thesis has the general objective of pointing out the determinant factors that are responsible for the challenges to economic integration in the IGAD sub- region. The specific objectives of the study are to:

1. assess the theoretical perspectives of integration that are relevant to the IGAD sub-region.
2. examine the objectives and structure of IGAD.
3. analyze the socio-economic and political settings of member states of IGAD.
4. investigate the conditions for successful integration.
5. explore the experience of other regional and sub-regional economic groupings.

6. use the results with respect to the above objectives (1-5) as a basis for identifying the reasons for the roadblocks and making some suggestions that may help achieve the attempt to economic integration in the IGAD sub-region.

1.4 Significance of the study

IGAD is one of the youngest sub-regional organizations and faces problems in attaining its objectives that it sets for itself. Some writers (Kimuyu, 1999; Hansson, 1999; Kifle, 1998; Kinfe, 1999; Tafesse, 1998; Nomvete, 1997) identify different reasons for the challenge to sub-regional integration. The works of these writers are the basis for this study. However, there is point of departure. This thesis tries to address the issue of the IGAD sub-regional economic integration by adopting different approach and giving more emphasis on the economic dependency status of the countries of the sub-region, lack of political will, instability and the poor communication and transaction within the sub-region as the principal challenge to economic integration in the IGAD sub-region. Thus, conducting a study of this sort which aims at finding out the main reasons for the challenge to economic integration in the sub-region and making suggestions to overcome the challenges for effective economic integration will be important for the following major reasons:

- the study may provide IGAD officials with a picture of the major challenges with some suggestions to overcome them so as contribute towards the revisiting of some of their policies that might help for successful integration scheme.

- the findings of this study may also be used as a source of information for those who are interested in conducting research on integration scheme in the sub-region of IGAD and other integration schemes in developing countries.
- It is also hoped that such a study will help contribute to the gap of knowledge on the subject under discussion .

1.5 Source of Data

The data items relevant to this particular study are collected from secondary sources as follows:

1. The data and information sources on the theoretical framework of sub-regional economic integration are obtained from different published books and periodicals.
2. The data and information to examine the foundational, objective and structure of IGAD are available in the Charter of IGAD, Strategic Framework of IGAD, the Lagos Plan of Action, the Treaty Establishing the African Economic Community, archives from the Ministry of Foreign Affairs (MOFA), IGAD publications, and IGAD and others web sites.
3. Regarding data and information on the socio-economic and political settings of the member states of IGAD, published books, Country Reports of each country, Horn of Africa Bulletin are used.
4. Data and information sources to identify the challenges to economic integration are provided from published books, periodicals by IGAD and others, Declaration of

Heads of State and Government of IGAD, Charter of IGAD and archives from MOFA.

1.6 Organization of the Study

The main topic of the study is divided into five Chapters. The second Chapter deals with the conceptual, theoretical perspective and rationale for economic integration in developing countries in general and in Africa in particular. The third Chapter focuses on the foundation of IGAD, the main aim and objectives, institutional structure as well as the state of the economies and politics of IGAD. The main conditions that are necessary for successful economic integration in the developing countries in general and in Africa in particular are examined in Chapter four. Chapter five is devoted to the assessment of the principal challenges to economic integration in the sub-region of IGAD. Finally, concluding remarks are provided. And on the basis of the assessment of the challenges to economic integration in the IGAD sub-region, recommendations are suggested.

CHAPTER 2

CONCEPTUAL DEFINITION, THEORETICAL PERSPECTIVE AND RATIONALE FOR INTEGRATION

Most of the theories of economic integration have been developed in the context of industrial countries whose applicability to situations beyond developed economies is limited. In this connection, it can be cited that the static effect of trade creation/ trade diversion is much less likely to be realized in developing countries (Axline, 1979:3; Dent, 1997:48). Thus, when applying economic integration theory in developing countries in general and in the IGAD sub-region in particular, an attempt is made to adopt a dynamic effect that involves economic growth and structural transformation.

Economic growth and development is, however, far from a purely economic phenomenon, but it is closely linked to social, cultural and political dimensions (Kahnert, *et.al.* 1969:15; Pelkmans, 1997:1-2). Hence, an approach to economic integration in these countries needs to take into consideration the socio-economic-political nexus in the light of its dynamic nature.

This Chapter attempts to provide a general overview the of theoretical framework in the context of developing countries. The first section deals with conceptual definition of integration and is followed by other sections; analyzing functionalism and neo-functionalism; examining pure economic theory; discussing the progressive stages of

economic integration and assessing the rationale for economic integration in developing countries.

2.1 Conceptual Definition

There are a number of conceptual problems concerning integration. And the most basic problem is the definition of integration. This is exactly pointed out by Sullivan (1987:214) who states:

[Some view it as a level or situation that nation- states reach and then maintain, others view it as an ongoing process that ultimately is never-ending. As a result, for some the state of integration is a well-defined "point" that can be empirically established, usually by the formation of a union. For others, there is no "point".

This will become apparent if we examine some of the interpretations given by different writers. For instance, according to Deutsch (cited in *ibid.*), integration is a process in which the "fluctuation of numerous indicators thought to present union, and, therefore, states can be constantly oscillating in their process or level of integration." In the view of Haas (1958:16), integration can be regarded as a process "whereby political actors in several distinct national settings are persuaded to shift loyalties, expectations and political activities toward a new center, whose institutions possess or demand jurisdiction over the pre-existing national states." To Myrdal (cited in Balassa, 1966:22) integration can be termed as a social and economic process destroying barriers, both social and economic, between the participants of economic activities. He contends that the economy is not integrated unless all areas open to every body and the remunerations paid for productive services are equal, regardless of racial, social and cultural difference (*ibid.*). A somewhat restricted definition is provided, along with similar line, by Kahnert, *et.al.* (1969:11), who have understood integration as" a process

by which discrimination existing along national borders are progressively removed between two or more countries."

Similar interpretation is given by Pelkamns (1997:1) who defines economic integration as the removal of economic frontiers between two or more entities so that mobilities of goods, services and production factors could be achieved. This definition, he argues, is a necessary, not a sufficient condition for economic integration. He writes:

Demarcations, within and between national economies may remain, perhaps as a result of natural barriers (e.g mountains, sea) the costs of which have not been sufficiently replaced by infrastructural or transport provisions or perhaps as a result of great disparities in the levels of development.... Even discrepancies in the availability, speed and quality of information might sometimes serve as an economic frontier (ibid: 1-2, ellipses mine).

In a more general sense, integration is understood as an act of making a greater or complete whole; by combining the component parts or factors so that they function as a unit (Balassa, 1961:1;NIWD, 2000:507).

In view of the existence of widely different concepts, there is a need for a definition of integration that would be appropriate to the case of Africa. In this regard, we may depend on the analysis of Bingu W.T. Mutharika (cited in Asante, 1997:19) who argues that the "peculiarity of and other characteristics of the African economies and the evolution of political and other institutions 'make it unrealistic to apply the term in the same sense as used in the developed countries' ". Therefore, in the discussion of economic integration in Africa, it is important to take into consideration the economic and political realities of Africa. Economic integration may thus be defined as:

[A] process whereby two or more countries in particular area voluntarily join together to pursue common policies and objectives in matters of general economic development or in a particular economic field of common interest to the mutual advantage of all the participating states (ibid:20).

What is more, any scheme of economic integration in Africa has "to be broadly based and wide in its application, at least in the initial stage, and sufficiently flexible in its practical form to embody social, cultural, political, and economic considerations" (Asante, 1997:20).

From a philosophical or foundational point of view, integration is an old concern of social, economic and political thought. It occurs at all levels of human association i.e., from family to a world community. Economic integration can take place at three levels (a) national integration, which deals with the integration of regions within the territories of nation-states (b) regional or sub-regional integration, which involves the integration of independent nation-states in a regional or sub-regional bloc; and (c) world wide integration, which takes place at global level (Yohannes, 1993:7). The concern of this thesis is with the level of sub-regional economic integration.

2.2 The 'New' Wave of Regionalism

There are two waves of regionalism. The first started with the establishment of the European Economic Community (now European Union) in 1957, and in the developing world, in the 1960s as the means to effect inward-looking growth through import-substituting industries (Asante, 1997:1; Bhalla and Bhalla, 1997:1; McCarthy, 1996:212).

The second wave, (the 'new' wave) in regional integration began in the late 1980s with the Uruguay Round of GATT negotiations, the conversion of the United States to regionalism

with its concomitant negotiation of NAFTA, the focus of European Community's Single European Market (SEM) in 1992 (Asante, 1997:4-51; McCarthy, 1996:212). This has grown side by side with the globalization of world production, and rapid trade expansion and increasing interlinkages among the world's industrialized and rapidly growing regions (Asante, 1997:8).

The 'new' wave of regionalism is characterized by its distinct possibilities that divides the world into three triads of trading blocs: Europe, the Americas and East Asia, which was never an issue in the first (old) round of regionalism (*ibid.*:6). The new wave as indentified by Asante (*ibid.*:6-7) differs from the first (old) regional integration in the following aspects:

First, whereas past arrangements were generally viewed as either benign (pacts among developing countries) or complementary (the EU) to multilateralism, there is much evidence to suggest that the new regionalism might work at cross-purposes with the more traditional multilateral approach. Second, the United States is no longer exclusively committed to multilateralism and is actively pursuing regionalism. Third, today, regionalism is being pursued on much larger scale.

In addition, particularly from the view point of developing countries, the old (first) regionalism characterized by the import-substitute industrialization strategy and was thus inward-looking whereas the new wave is taking place in an environment of outward-oriented policies (Jaime de Melo, cited in Asante, 1997:5; McCarthy, 1995:212). According to McCarthy (1995:213), the signing in 1991 by the African Heads of State and Government of the Abuja Treaty on the establishment of a Pan-African Economic Community by the year 2025 (the experiment of which is to begin at the sub-regional levels) could be regarded as having initiated a new wave in the African Continent in the African continent in 1990s.

2.3 Functionalism and Neo-Functionalism

By far the most prominent theoretical perspectives of integration are functionalism and neo-functionalism. This distinction between the functionalist and neo-functionalist approaches to regional or sub-regional integration arises within more of political than economic dimensions.

Functionalism presupposes the process of "facilitating a looser set of institutional arrangements" (Dent, 1997:29). It requires the establishment of common institutions between or among participating members. Functionalism emphasizes the forging of institutional links for mutual cooperation through a gradual process (*ibid.*). Above all it is through these functional institutions or organization that necessary tasks of integration should be performed.

According to Mitrany (cited in Banerji, 1993:28), the institutions of integration that were necessitated by the functions to be performed would expand as problems confronting the entities or the integrating states or societies become immense. It is assumed that the growing complexity of governmental systems leads to raise greatly the essentially functional, non-political tasks confronting government (Dougherty and Pflatzgraff, 1990:432). It is argued that such tasks not only created a demand for highly trained specialists at national level, but also contributed to the emergence of technical problems beyond national state level whose solution lies in collaboration among technicians rather than political elites. It is further argued that the technical aspect of the functions, according to this theory, is the basic

elements of the process (*ibid.*). This is mainly because of the belief that the tasks of integration give rise to collaboration among technicians, rather than political elites (*ibid.*).

In this regard, Deutsch and Etzioni (cited in *ibid* :434; Sullivan, 1987:214), consider communications and transactions as important elements in the process of integration. Deutsch (cited in Sullivan, 1987:212), for example, argues that "those nation-states that retain high and consistent level of communications and transactions with each other may be more integrated than those that have signed agreements". He also contends that successful integration depends upon the level of transaction and communication (*ibid*: 224).

Moreover, the functionalist theory asserts that social inequalities which come mainly as a result of 'maldistribution' of economic benefits produce conflict among states (Sullivan, 1987:210). It is also argued that:

Because political problems between states are often intractable, social inequalities can only be dealt with on social and economic level, joint level of disease and hunger can be dealt with comparatively whereas political matters cannot (ibid).

That is to say that integration is to be initiated in relatively non- controversial areas. The functionalist stresses that " any discussion touching issues of 'high' politics is prejudicial to the integration of a region" and thus it is argued that an attempt at integration should start with "technical" low politics (non-controversial) issues (Tare, 1993:109).

Functionalist theory also encompasses what is termed as the "doctrine of ramification", which states that " the development of collaboration in one technical field leads to

comparable behavior in other technical fields” (Dougherty and Pflatzgraff, 1990: 432). In other words, the functional practice in one field of cooperation or integration is believed to generate functional collaboration in other areas. For example, functional process of integration to establish a common market would lead to other integrative process in the areas of "pricing investment, transport, insurance, tax, wage, social security, banking and monetary policy" (*ibid.*).

Generally, it is this functionally based process of integration that poses challenge to the old notion of state and sovereignty. This is particularly the case with those theories, which conceptualize integration as a condition. The justification is that new community of entities being integrated will have a new center of decision-making, which in turn leads to political integration as condition to be achieved (*ibid.*).

Dissatisfied with the assumption of functionalism, neo-functionalism has come to fill the theoretical vacuum by identifying the deficiencies of functionalism.

For example, the following deficiencies of functionalism are identified by Dougherty and Pflatzgraff (1990:459):

1. *That it is difficult, if not impossible to separate the economic and social tasks from the political;*
2. *That governments have shown themselves unwilling to hand over to international authority tasks that encroach upon the political;*
3. *That certain economic and social tasks do not 'ramify' or 'spill over' into the political sector.*

The main argument of the neo-functionalists is that “when certain sectors in the life of sovereign states are integrated, the process will sooner or later also involve interest groups and political parties” (Tare, 1993:113). It is further argued that:

For the integrative activities to be successful, two steps were essential: one, "that the sector which was chosen was important but not so controversial as to affect the interests of the states or of the political entities; two, that the activity to be susceptible to expansion and larger than the sum of independent activities pursued by nation states" (Linderberg and Scheingold, cited in Tare, 1993:113).

Similarly, neo-functionalists view the integrative process not to be divorced completely from political variables (Sullivan, 1987:212). Sullivan (*ibid.*) points out that the neo-functionalists also expand the number of variables involved in bringing about a community through functional process, and they realize that the process not being automatic (as functionalists argue), may in fact need a ‘political push’ at times. A somewhat similar interpretation is also furnished by Charles Pentland (cited in Dougherty and Pflatzgraff, 1990:459), who considers the experience of the European Economic Community (EEC), argues that there is little evidence to suggest technology and economic growth by themselves will bring about integration through functional cooperation. He, thus, attaches the importance of political influence in effecting the integrative process in Western Europe. It is important to note here that integration process is not completely free from political influence.

In general, neo-functionalism provides more elaborate and broader perspective regarding integration. It deals with not only with the process and schemes of integration as the functionalists point out, but rather focuses on the interests and values to be defended and promoted by the relevant actors of integrating entities, mainly based on 'expectation of gain' from the activities (Dougherty and Pflatzgraff, 1990:438) and the process involved.

In their approaches, both functionalists and neo-functionalists, however, consider the process of spill over where in certain procedures and behavior occurring in certain situations will lead to other situations (Sullivan 1987:212).

The neo-functionalist integration model is, however, not adequate to explain integrative process in developing countries. This is discussed in detail in the next section.

2.4 Pure Economic Integration Theory

The origin of the pure theory of economic integration is usually traced to Jacob Viner (1950). The theory developed as a branch of neoclassical welfare economics relying on the principle of comparative advantage, and the achievement of higher level welfare through the freeing of trade (Axline,1979:1-3; Balassa,1961: 21-25;Balassa,1966:22-23;Dent,1997:30-32; Kahnert, 1969:16).

The theory of Customs Union, which is introduced by Viner, assumes, by removing artificial barriers to economic activity within a given region, there will be increases in economic welfare of countries establishing a regional integration scheme (Axline, 1979:3; Balassa, 1966:24; Dent, 1997:2). The benefits accruing from economic integration are classified as static and dynamic benefits. Static benefits refer to welfare gains that stem from " a marginal reallocation of production and consumption patterns as a result of free trade", and dynamic benefits refer to the 'effects of integration on the rate of economic growth" (Axline, 1979:3).

The static theory of Customs Union is based on the twin concepts of trade creation and trade diversion. Trade creation refers to the 'displacement of one member's domestically produced goods by cheaper imports from more efficient partner equivalents as a consequence of the common external tariffs imposition on the former (*ibid.*). While trade creation may increase trade among members of integrated region and generate high welfare level, trade diversion may reduce trade with the rest of the world and degenerate the welfare level (Robson, 1968:26; Dent, 1997:30).

The theory of static Customs Union is, however, limited to a study of the effect on welfare. This makes difficult the theory to judge the overall desirability of an integrated scheme, particularly in developing countries. It is mainly because the concept of trade creation/ trade diversion neglects dynamic aspects (elements of economic growth and development), which are mostly relevant to regional integration scheme in developing countries (Alexine, 1979:12-13; Balassa, 1966:30; Dent 1997: 34-35; Dougherty and Pflatzgraft, 1990:459-60; Kahnert, 1969:16-18; Kitamura, 1966: 52-53; Peter Robson: 1983, cited in Yohannes, 1993:8).

The dynamic aspects of the theory considers the benefits from integration that can be exploited on a mutual basis, within an integrated area, without sacrificing structural development objectives of each members state (Peter Robson, cited in Yohannes, 1993:8).

Kahnert (1969:16-18) has provided two general reasons why the static analysis of the welfare implication of shifting existing trade patterns may not be important in the evaluation

of integration for developing countries. The first factor relates to the long time periods involved in the creation of customs union or free trade so that the initial impact rests not on the existing trade patterns but on the "expectation regarding future market opportunities". The second reason is that the existence of little intra-trade among members of regional scheme of developing countries. He notes, these countries are interested in the basic change in the structure of the economy that leads to the direction of specialization and concludes that "attention is therefore to be paid to the long- run effects economic integration is likely to have". Similarly, it is maintained that "... purely static proposition are mostly irrelevant if not actually misleading" in developing countries (*ellipses* original, D. Seers, cited in Robson 1968:31). Thus, as some writers (Axline, 1979: 12-13;Asante, 1997:24-25;Balassa, 1966: 30-33, Dent, 1977: 48; Kahnert, 1969:18; Kitamura, 1966: 52-53; Robson, 1968: 32-33) argue the relevance of economies of integration among developing countries rests on beyond the existing patterns of production, which is likely to emerge in the future- that brings about economic growth and structural transformation of developing countries. For example, Balassa (1966:30) writes:

If the purpose of integration in developing areas is the acceleration of economic growth, the categories of trade creation and trade diversion will have only limited relevance here. In such a situation, the question is not how the reallocation of given resources will effect trade flows after integration, but rather, the possibilities of expanding trade after the transformation of economic structure need to be investigated.

The fact remains that the long-term (dynamic effects) of integration may be more important in developing countries in general and in the IGAD sub-region in particular.

Finally, it is important to note that non-economic factors such as political obstacles to trade and other economic activities, exogenous developments (like drought and debt), cultural links, play a significant role in economic integrative schemes (See Chapter 3). As it is argued, economic integration in reality is always to some extent political (ADF II, 2002:2;Asante,1997:26-27; Dent, 1997: 48; Pelkmans, 1997:3; Robson, 1968: 11-12). An attempt to economic integration in Africa is therefore, not without taking into account factors other than economics. As Robson (1968:11) puts

The concern of African countries with integration, like that of countries, elsewhere, derives not only from economic considerations, but in part from political and social factors as well, which can not easily be disentangled from each other.

In other words, integration is assumed to be multidimensional rather than a single, simple process. Thus it involves social, economic and political indicators. Accordingly, this study argues that the appropriate integration theories to understand the challenges to economic integration in the sub-region of IGAD would be the combination of some elements of functionalism and neo-functionalism discussed so far, along with general conditions for successful integration, which will be examined in Chapter 3.

2.5 The Progressive Stages of Regional Economic

Integration

In this section we will treat the stages of regional economic integration along with its drawbacks as an illustration of one aspects of the theory and practice of integration.

According to Balassa (1961:2) five progressive stages of economic integration are possible. These are Free Trade Areas (FTAs), Customs Union (CU), Common Market (CM), Economic Union, and Total Economic Integration. This progress stages have often been typified by the process involved in the European Union.

The lowest level of economic integration is FTAs. Members agree to completely dismantle trade barriers among themselves but continue to retain their trade practices with non-members. One disadvantage of FTAs is that trade deflation is likely to occur, whereby imports arrive in the lowest tariff country to be re-routed to other member states (Dent, 1997:27). Thus, the more protectionist external policies of partner FTAs members are 'circumvented' (*ibid*).

Customs Union (CU) is the next higher stage of integration, in which members agree to abolish all tariff and non-tariff barriers among themselves. But each member state adopts a system of common trade restriction to be applied to goods imported into the union from non-members (Hodgson and Herander, 1983:276). In other words, customs union builds on the structure of FTAs along with the adoption of common external tariff. It is noted that, at this

stage, members forgo their respective rights to decide on their external trade arrangements. The establishment of CU solves the problem of trade deflation because external producers are now "prevented from discriminately targeting one specific member state as part of entry to re-route exports" (Dent, 1997:27).

The third type is the Common Market (CM), which like the CU eliminates internal trade barriers and imposes common external barriers. However, this regional grouping permits the free movement of factors of production-labour and capital, within the regional arrangements (Balassa, 1961:2). Thus, at this stage, national identities or differences are not in a position to hinder the conduct of business across borders of the members.

All of the stages of integration discussed so far involved the lowering of restricting on the movement of goods and services or factors of production among the member nation-states (Hodgson and Herander, 1983:280). Under these arrangement the member nation-states remain free to undertake their monetary and fiscal policies to achieve their domestic macroeconomic objectives such as inflation and employment goals. Nevertheless, in the most advanced stages of economic integration- Economic Union and Full Economic Integration, the freedom of each member to involve in an independent macroeconomic policy is diminished (*ibid.*).

The fourth stage is an Economic Union. It not only does have all the characteristics of CM, but also the harmonization of policies (fiscal and monetary) (Balassa, 1961:2). At this stage, it is understood that the common monetary institution needs to act or make decisions on

behalf of member states, to coordinate policy. This is believed to be partly necessitated by the preceding stage, i.e. CU requiring single money to function at the union level.

The highest form of regional grouping is Full Economic Integration. It presupposes the unification of monetary, fiscal and social policies and culminates in the establishment of common political institution (*ibid.*) with the practical implication that the sovereignty of the member states of the union would be forgone.

The above progressive stage of economic integration, however, has got limitations. In the first place, as (Kahnert, 1969) puts only in theory is this movement 'monetanic and automatic' because of the involvement of other considerations other than purely economic ones. The same line of argument is furnished by Pelkmans (1997:3), who maintains that the progress to higher stages of economic integration "tends to be accommodated by, or to result from political integration".

Another criticism is that one scheme can be introduced by its own right without following the sequential stages. In this regard, Pelkmans (1997:6) points out " there is no compelling reason to follow the sequence rigidly". For example, COMESA by-passed FTAs and customs union; and the European Economic Community (EEC) started with a customs union, not FTAs. The sequence is important for comprehending the additionality in each stage when ' increasing ambitions' for economic integration (*ibid.*).

Most importantly, Balassa's (1961) original progressive stages excluded certain other forms of integrational cooperation; like preferential arrangements, project coordination, partial integration, which are mostly relevant in developing countries (Kahnert, 1969:12, Kitamura, 1966:45; Pelkamans, 1997:7). For example, there are a number of preferential arrangements whose 'ambition' do not match the first stage of FTA's. These are loose forms of integration in which members reduce (but not fully remove) trade restrictions among themselves and they may not be limited in the scope of products covered (Hodgson and Herander, 1983:178-79; Pelkmans, 1997:7). Developing countries have got a special treatment in the General Agreement on Tariffs and Trade (GATT) that enable them to have "*de facto* unlimited discretion to conclude incomplete preferential agreements or any kind of (partial) FTAs."

2.6 Rationale for Economic Integration

So far we have been dealing with different theories of integration. In this section the rationale for economic integration is discussed. First, it is necessary to note the questions that Haas and Whiting (1956:430) identify:

Why organize or integrate beyond the state level? Why do societies having their own ethics of self or national preservation consent to the creation of organization and procedures having some measure of authority over them?

One explanation by the same writers, who used the above formulated questions maintain that it is in the interest of the entities (in this case states) representing their respective communities to consent in participating in larger community or organization. The basis of such interest lies in the recognition of inherent aspiration (*ibid.*). It is further maintained that

these aspirations could be interpreted into policies, which are dependent upon similar aims between and among the entities in order to act in common and to achieve the goal or the objective.

Given the above general reasons, what rationale leads developing countries in general and African states in particular to agree to come together to form regional or sub-regional economic integration schemes?

There are several reasons for integration. First, it is believed that regional groupings will enable economies of scale resulting from enlarged market and thus lower the costs of production and raise economic efficiency (Balassa, 1961: 6; Bhalla and Bhalla, 1997:1; 1990:404). Second, it would increase the demand for raw materials and food stuffs, and with time, exports of manufactured goods among developing countries which reduce economic and technological dependence on developed countries (Hans Singer *et al.*, cited in Yohannes, 1993:8).

Thirdly, it can increase the bargaining power of member countries, vis-à-vis developed countries. It is argued that " the larger the trade area as a single bloc, the more likely it is to get "better commercial treatment" in its negotiations with others, particularly developed countries (Bhalla and Bhalla, 1997:1). Fourthly, most developing countries are exporters of primary commodities the price of which are subject to general fluctuations. Regional groupings is thus said to reduce external shock. As Bhalla and Bhalla (*ibid.*: 1-2) put

Adverse terms of trade can have a shattering effect on their [developing countries] economies, which depend; by and large, on the exports of a single commodity on a few primary commodities. They are particularly vulnerable to fluctuation in world demand and commodity prices. Regional cooperation was seen as a means of reducing their vulnerability to external shocks.

Recently, after the end of the Cold War, interests in regional or sub-regional integration has been revised by both developed and developing countries as a response to globalization (ADF III, 2002; Bhalla and Bhalla, 1997:2). According to Bhalla and Bhalla (1997:2), the 1990s “have witnessed a revival of interest in regional integration by both developing and developed countries, possibly as an alternative, if not a stepping stone, to globalization”. It is further argued:

Among developing countries, in particular regionalism is a response to growing protectionist tendencies by the European Union, NAFTA and the major markets of Japan and the United states. It is also a bid to survive increasing global competition in trade and investment (ibid.).

African countries in particular are too small and too weak to compete independently in the global economy: and thus, the only hope for these countries lies in coming together to form regional and sub-regional economic groups (Mukisa and Thompson, 1996:67). In the same vein, it is argued that regional integration in Africa provides for the pooling of resources that can bring about results in development enhanced external bargaining power which are greater than the sum of results if they acted alone; and thus, it is considered as “the only viable strategy for optimal development of all the peoples of the region in the contemporary economic and political circumstances in the continent as well as in the world as a whole”(Asante, 1997:32).

To summarize, the rationale for economic integration in developing countries rests mainly on:

[E]conomic considerations related to economies of scale, diversity of resources, and natural geographical linkages, including river basin, ..., for mutually beneficial economic welfare of the partner states, through broader and deeper rate and level of economic growth and development process (ellipses mine, Hans Singer, et al., cited in Yohannes, 1993:8).

Given the objectives of economic policy and aspirations in many African countries, there can be little doubt that integrational schemes can create potential opportunities for effective attainment. There are, however, some general conditions required for successfully achieving the objectives of regional or sub-regional integration. This is the subject of discussion under Chapter 3. Let us first turn to the discussion of the foundation of IGAD.

CHAPTER 3

FOUNDATION, OBJECTIVES, STRUCTURE AND THE STATE OF THE ECONOMIES AND POLITICS OF IGAD

The previous Chapter discussed the theory of economic integration in developing countries in quite general terms. The next Chapter discusses the main conditions for successful economic integration in developing countries in general and in the IGAD countries in particular. A realistic evaluation of the challenges to economic integration in the sub-region of IGAD requires the knowledge of the foundation, objectives and structure of the organization as well as the existing economic and political situations. Thus, this chapter focuses on these aspects, which are important to depict the environment of the integration arrangements.

3.1 Foundation

IGAD is one of the youngest regional organization even in the African context. It was founded only in 1986 as a response to the severe drought and desertification in the countries of the Horn of Africa with the prodding of the UN Environment Programme and a massive publicity given to the sub-region by international media during the height of famine (Adam, 1992:115; Lyons, 1998:79; Markakis, 1998:157; Sorenson, 1992:255). It appears, it is the weakness of the countries in the sub-region and the conflicts among these governments that impede " even the most basic functional cooperation for many years" (Lyons, 1998:79).

It was because the severe drought and famine and the economic hardship which this sub-region suffered in the late 1970s and early 1980s, the UN General Assembly urged the countries of the sub-region to create a regional structure within which the problem could be addressed (ESAMI, 2001:7;IGADD 1986:1; Sorenson, 1992:255). The basic documents of Intergovernmental Authority on Drought and Desertification (IGADD) was developed by a series of experts (within and outside the sub-region) and ministerial meetings. Experts from the UN first drafted the document before it was re-adopted by the experts of sub-region (Adam, 1992:115). Finally, the Assembly of the Heads of State and Government of Djibouti, Ethiopia, Kenya, Somalia, Sudan and Uganda endorsed the document, and signed the Agreement establishing Intergovernmental Authority on Drought and Desertification (IGADD) on 6 January 1986 to coordinate their efforts to fight against drought and desertification, and ensure development (IGADD, 1986:1). Convinced that drought and desertification can be curbed effectively through development, the member states later changed the name of the organization to Intergovernmental Authority on Drought and Development (IGADD) (IGAD, 1996d: 1). After Eritrea got *de jure* recognition, it was admitted as the seventh member state at the Fourth Summit, which was held in Addis Ababa for the first time outside Djibouti in September 1993 (IGAD, 1996b: 17).

Countries from outside the sub-region had shown interest in IGADD, particularly some European countries and Egypt. France's interest is due to its military base in Djibouti and Italy because of historical ties with Eritrea, Ethiopia and Somalia and it provide economic assistance (Adam, 1992:116). As Adam (*ibid.*:115) points out, Egypt was very much interested in being given an observer status at IGADD meetings. This is basically because of

the Nile being the life line of Egypt and water development was /is one of IGADD's objectives. This encouraged Egypt to have close relations with the group of donor countries (Woodward, 1999:13).

At the first IGADD meeting in January 1986, despite the border disputes between Ethiopia and Somalia, Mengistu and Said Barre met for the first time and initiated a dialogue. In May 1988, IGADD was able to bring the two countries together to sign an agreement, which helped them to reduce tension after the 1977-78 war (Yacob, 2000:28).

The preparatory phase of IGADD took four years, which ended in 1990 at its Third Summit (*ibid.*). During the formulation period, the Authority developed a programme and plan of action, which defined three areas for its activities. These are emergency drought relief measures, medium term efforts and long-term programme (IGADD, 1986). The purpose of emergency drought relief measure was to provide immediate relief and assistance to drought affected member states. The short and medium terms were geared towards the recovery from drought and its effects and toward establishing a new base for development. The long-term programme aimed at re-establishing a productive and sustainable ecological balance. In order to implement the plan of action two strategies were identified by the secretariat in 1990. Namely; food security strategy and the strategy to protect the environment and combat desertification (IGAD, 1996d:1).

However, little success has been achieved. This little achievement is mainly in the areas of diplomacy (Sorenson, 1992:257). In addition, the original IGADD had limited objectives

and issues to address. But, the change of global circumstances and the realization of forming economic grouping in the 1990s have led to the revisiting of IGADD that resulted in the expansion of cooperation beyond the narrow focus of combating desertification and mitigating the effects of drought (IGAD, 1996b: 1; Tekeste, 1996:2).

There was a belief that there should be " a political forum for consensus building on development goals and strategies and for spearheading the new approaches to sub-regional self-sufficiency and reliance on one another", which indeed was supported by the Assembly of Heads of State and Government (IGAD, 1996b: 1). To this end, between, April 1995 and March 1996, two extra-ordinary summits were held in Addis Ababa and Nairobi to revitalize the organization and expand its mandate. At the Summit held on 18 April 1995, the Heads of State and Government of IGADD countries deliberated on ways and means of revising the organization to expand cooperation among their countries in all areas of endeavor, including economic, social, trade, communication, humanitarian and security (IGADD, 1995:1). The revitalization of IGADD was required to enable the organization respond to emerging sub-regional challenges such as inter-and intra-state conflicts and to find a mechanism for their resolutions and to address economic problems as well as poverty through close economic cooperation and integration (IGAD, 1996b:12; IGAD, 1996d:3). In this connection, the Declaration of Heads of state and government on the revitalization of IGADD, states the following:

Africa's future and challenges for promoting sustained economic growth, its prospects for extricating itself from marginalization , its ability to interact and compete in the global economy on an equal footing and its capacity to

enhance the welfare of its inhabitants will largely depend on its determination and ability for pooling its considerable natural endowments and human resources through suitable and practical arrangements of cooperation.

The Declaration (*ibid.*) further states about the need to extend cooperation among the countries of IGADD so that the sub-region plays its role in the sub-regional and continental integration as stipulated in the Treaty Establishing the African Economic Community.

On 21 March 1996, the Heads of State and Government of Djibouti, Eritrea, Ethiopia, Kenya, Sudan and Uganda met in Nairobi and finalized the structure of the organization and adopted a new Charter that expanded its mandate (IGAD, 1996d: 3). The revitalized IGADD was renamed the Intergovernmental Authority on Development (IGAD). Other than food security and environmental protection, it incorporates peace and security, intra-regional trade and development of improved communication infrastructure in order to enable the sub-region to interact and compete in the global economy, eventually leading to regional integration (*ibid.*).

The interplay of internal and external forces were very important for the revisiting of IGAD; mainly the coming of new leadership in the sub-region and the change of global system.

In 1991, the Derg regime was overthrown by the Ethiopian People's Revolutionary Democratic Front (EPRDF) and Eritrea seceded from Ethiopia and officially became independent in May 1993. Until late 1997 Ethiopia's relations with Eritrea had been cordial. In the case of Sudan, its government gave moral and material support that helped the

overthrow of the Derg regime (Tsfatsion, 1994: 95-96). Consequently, friendship and cooperation ties existed between the two states until 26 June 1995 when the assassination attempt was made on the life of president Hosni Mubarek in Addis Ababa. Kenya and Djibouti have had amicable relations with Ethiopia more often than not (Tafese, 1998:26). After the coming of the EPRDF to power in May 1991, these cordial relationships between Ethiopia and Djibouti on the one hand and between Ethiopia and Kenya on the other had been continuing. According to Sosina (1992:7) relations between Ethiopia and Kenya even became solid by widening their relations in the area of trade, economic and regional issues. On the whole, it can be argued that the smooth relations that existed in the early 1990s, between and among member states of IGAD contributed to the coming together of these countries that helped widen cooperation among them. At the same time, economic crises such as the increasing debt burden and domestic conflict that beset the countries of the sub-region also considered as factors that forced them to make efforts to jointly solve their problems.

The international political situation is equally important for the revisiting of IGADD. The end of Cold-War altered the old assumption of patron-client relationships based on ideology and new patterns evolved, which gave much attention to "democracy, free market and human rights" (Lyons, 1992:217). And at the same time, new pattern of regionalism developed both in developed and developing countries as a response to increasing globalization which called for forging closer cooperation (Amoako, 1997: Bhalla and Bhalla, 1997:2; Mukisa and Thompson, 1995: 59-60; Woodward, 1999:6). All these developments created a conducive environment for the countries of the Horn to come together to revitalize IGADD. For

example, the end of confronting on the basis of ideology (communism- capitalism) helped the reduction of differences among the countries of IGADD. This, of course, necessitated the coming together by the countries under the revitalized IGAD. However, this is not to argue that there is no ideological difference between IGAD countries.

The interest of Europe and the United States in regionalism can also be pointed out as a factor for the revitalization of IGADD. This was evident in their backing the process of revitalization of IGADD (Kiefe, 1999:11). Furthermore, the Abuja Treaty that set up the African Economic Community has a great influence in a revitalized IGAD (IGAD,1996b:23).

At its inception the OAU incorporated economic cooperation as one of its principal objectives (OAU Charter, 1963: Article 2). This resulted in the formulation of guidelines (see the Lagos Plan of Action (LPA), 1980 and the Abuja Treaty Establishing the African Economic Community, 1991: Article 6) that divides the continent geographically into North, South, East and West and envisaged each sub-region to pass through at least three stages: free trade, customs union and economic community before the final goal of establishing the African Economic Community (AEC). The Abuja Treaty Establishing AEC (1991) Article 6 calls the strengthening of the already existing economic community and the establishment of other economic groupings to pass through the successive stages before the final goal of achieving the African Economic Community. Accordingly, the OAU recognized, the revitalized IGAD as a Regional Economic Community (REC) in an attempt to realize the establishment of African Economic Community (IGAD, 1998a: 4).

The new IGAD, which was revitalized in January 1996 has a vision based on the determination of member countries to pool resources and coordinate activities 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 communication infrastructure (IGAD, 1996b: 3, IGAD, 1996c:1). It adheres to the well known principles of the OAU and the UN; namely, non-interference in the internal affairs of member states, peaceful settlement of inter- and intra-state conflicts through dialogue, sovereignty and equality of members states, as well as mutual and equitable sharing of benefits accruing from cooperation (IGAD, 1996a: Article 6A).

3. 2 Objectives

The ultimate goal of IGAD is to achieve economic integration and sustainable development for the sub-region (IGAD, 1996a:3). In order for IGAD to play its proper role in regional and continental integration and be recognized as a suitable vehicle for promoting development in the region, Article 7 of the Agreement establishing IGAD underlines the following aims and objectives.

- *Promote joint development strategies and gradually harmonize macroeconomic policies and programmes in the social, technological and scientific fields;*
- *Harmonize policies with regard to trade, customs, transport, communications, agriculture, and natural resources, and promote free movements of goods, services and people and the establishment of residence;*
- *Create an enabling environment for foreign, cross-border and domestic trade and investment.*

- *Achieve regional food security and encourage and assist efforts of member states to collectively combat drought and other natural and man-made disasters and their consequences.*
- *Initiate and promote programmes and projects for sustainable development of natural resources and environment protection.*
- *Develop and improve a coordinated and complementary infrastructure particularly in the areas of transport and energy.*
- *Promote peace and stability in the sub-region and create mechanisms within the sub-region for the prevention, management and resolution of inter and intra-state conflicts through dialogue.*
- *Mobilize resources for the implementation of emergency, short-term, medium term and long term programmes within the framework of sub-regional cooperation.*
- *Facilitate promote and strengthen cooperation in research, development and application in the fields of science and technology.*

The attainment of the above objective; calls for the development and implementation of appropriate strategies in economic, social, cultural, political and environmental sectors, which in turn, commensurate with the existing capacity both at national and sub-regional level. In other words, because of the limited capacity of IGAD and its member states, the Authority emphasizes on three priority areas; Infrastructure Development, Conflict Prevention, Management and Resolution and Humanitarian Affairs, and Food Security and Environment.

3.2.1 Priority Areas

(i) Infrastructure (Transport and Communication) Development

Development of infrastructure has a great impact on the attempt to bring about sustained economic development in the sub-region. Consequently, priority is given to the development of infrastructure. This sector focuses on increased co-operation, coordination and harmonization of macroeconomic policies in trade, industry, tourism, communications (transport, by road, rail, and water) and telecommunications and the elimination of physical and non-physical barriers to inter-state transport and communication (IGAD, 1996:8, IGAD, 1996:6; IGAD, 1996:2). Emphasis is placed on the following (IGAD, 1996:2).

- Construction of missing links on the Trans-African Highway and the Pan African Telecommunications Network (PANAFTEL)
- improvement of ports and inland container terminals
- modernization of railways' telecommunications services
- training in grain marketing

IGAD has been trying to secure for its projects its projects owing to its emphasis on infrastructure development from external sources (ESAMI,2001:34 ; IGAD,2000:6). But the result is not encouraging. Hence, constraint of finance resources makes the implementation of these projects difficult.

(ii) Conflict Prevention, Management and Resolution and Humanitarian Affairs.

Peace and stability are crucial for economic development. Among the list of problems that Africa encounters, conflicts must be given top and urgent attention, for without peace development is impossible (Deng, 1998:136). In the Horn, instability and conflicts have caused 'endless cycles' of drought and environmental degradation which in turn, producing impediments to economic development in the sub-region (Woodward, 1996:17, Yacob, 2000: 29).

Realizing that economic development ultimately depends on the prevalence of peace and security, the mechanism for conflict prevention, management and resolution is enshrined in the Agreement establishing IGAD. Article 18A of the Agreement states that "member states shall act collectively to preserve peace, security and stability, which are essential prerequisites for economic development and social progress". Another priority area under this sector is to alleviate and mitigate humanitarian crisis in the sub-region. To this end member states agree:

- *To establish an effective mechanism of consultation and cooperation for peaceful settlement of differences and disputes; and*
- *To accept to deal with dispute between member states within the sub-regional mechanism before they are referred to other regional and international bodies (IGAD, 1996:8)*

At this initial stage, three projects are pursued (IGAD, 1996:9). These are:

- *Capacity building in the area of conflict, management and resolutions;*
- *Alleviation and Mitigation of humanitarian crisis*
- *Reactivating IGAD peace and security initiatives in Somalia and Sudan*

IGAD recognizes the fact the bulk of activities within the realm of conflict management should be in the field of prevention, since it is cheaper to prevent than to put out the flames of war .In order to enhance an effective mechanism for consultation in the region, and cooperation for peaceful settlement of disputes that could help respond early to conflicts the establishment of early warning system was sought. This resulted in the promulgation of the Protocol on Establishment of a Conflict Early Warning and Response Mechanism (CEWARN) for IGAD member states on 9 January 2002. Some of the functions of (CEWARN include the following (IGAD, 2002:Article 5):

- *Promote the exchange of information and collaboration among member states on early warning and response on the basis of timeliness, transparency, cooperation and free flow of information,*
- *Gather, verify, process and analysis information about conflicts.*
- *Communicate all such information and analysis to decision makers of IGAD policy organs and the national governments of member states.*
- *To take effective collective measures to eliminate threats to sub-regional cooperation, peace and stability.*

IGAD, however, faces difficulties in implementing a conflict early warning mechanism. For example, lack of tradition of press freedom, transparency of association and information sharing in the sub-region is considered a road block (Rusu, 2002:13). Consequently, gaining support and implementing a shared information collection and analysis system will be difficult (*ibid.*).

iii. Food Security and Environment

The purpose of IGAD's policy on food security and environment protection, as stated in the strategy framework is " to ensure that all people in the IGAD sub-region have access to

sufficient food at all times for a healthy and productive life without destroying the natural resources base and the environment of the sub-region" (IGAD, 1996d:5). In this regard, the priority projects identified are the following:

- Establishment of regional information system
- Promotion of sustainable production of drought resistant, high yielding crop varieties through research and extension.
- Improvement of trans-boundary livestock diseases control and vaccine production.
- Promotion of environment education and training.
- Strengthening environment pollution control
- Capacity building in integrated water resources management.
- Promotion of community based land husbandry (*ibid.*).

The three priority areas are interlinked with each other. For example, the maintenance of peace and security is essential for successful implementation of both food security and environment protection and infrastructure development. It is to be noted that the absence of peace and security can cause loss of opportunities and means of production, destroys food and other resources supply networks thereby causing and aggravating food shortages (*ibid.*:9). The development of efficient and reliable infrastructure also facilitates rapid delivery of relief services in times of disaster and fosters inter-and intra-state dialogue to solve imminent conflicts.

3.3 Structure

IGAD is composed of four hierarchical policy organs: An Assembly of Heads of State and Government, a Council of Ministers, A Committee of Ambassadors and a Secretariat (IGAD, 1996a: Article 8). The Assembly, consisting of Head of State and Government of member states, is the supreme policy-making organ of the Authority. It holds a Summit at

least once a year and decisions of the Assembly shall be reached by consensus. The functions of the Assembly include policy-making, directing and controlling the functioning of the Authority, determining the main guidelines and programs of cooperation, giving guidelines and monitoring political issues, especially on conflict prevention, management and resolution (*ibid*: Article 9).

The Council of Ministers is composed of the Ministers of foreign affairs and other focal minister from each member state. It meets at least twice a year. The Council makes recommendations to the Assembly on matters of policy activities and approves the budget of the Authority. Decisions of the Councils are based on consensus. But, if the Council is not able to reach an agreement by consensus, decision is taken by two-third majority of members (*ibid*: Article 10).

The Committee of Ambassadors, comprising of IGAD member states' Ambassadors or Plenipotentiaries accredited to the country of IGAD Headquarters, advises and guides the Executive Secretary on the promotion of his efforts in realizing the work plan approved by the Council of Ministers and on the interpretation of policies and guidelines, which may require further elaboration. The procedure of decision making of the Committee is similar to the case of the Council (*ibid*: Article 11).

The Secretariat, the executive arm of IGAD, is headed by the Executive Secretary, who is appointed by the Assembly for a term of four years, renewable once. Some of the duties and responsibilities of the Executive Secretary include: promotion of cooperation with other organizations for the advancement of the Authority's objectives, preparation of

recommendations concerning the work of IGAD for consideration by the appropriate policy organ, and negotiating with the approval of the chairman of the Council, with other countries and international organizations in order to procure financial and technical assistance on behalf of IGAD. In addition to the office of the Executive Secretary, the Secretariat comprises the following three divisions: Agricultural and Environment, Economic Cooperation and Political and Humanitarian Affairs (IGAD 1996a:Article 11; IGAD, 1996d: 3).

3.4 The State of the Economies and Politics of IGAD Countries

The seven IGAD member states-Djibouti, Eritrea, Ethiopia, Kenya, Somalia, the Sudan and Uganda, cover an area of 5.2 million square kilometers. The Sudan and Djibouti are the largest and smallest countries in their area coverage, respectively. The IGAD countries have a total population of more than 155 million and over 70% of them live in rural areas (see Table 3.1). The average population growth rate, is almost 3%, is one of the highest population growth rates in the world and nearly half of the population is under 14 years of age (IGAD, 1996c:2).

Diversity of resource endowments, population size, climatic conditions, level of infrastructure, and ideological orientation exist among member states of IGAD. But, despite their diversity, most of them do share, in varying degrees, a number of important socio-economic and political characteristics.

The sub-region has had a historical significance and has important strategic zones like that of the Nile River, the Red Sea and the Indian Ocean (Yacob, 2000: 28). It also possesses other common resources such as mineral ores, wild animals of various species, rivers and lakes, forests, sea ports and grazing lands (Tafese, 1998:24-25). The people who live in the borders of the IGAD countries have ethnic -linguistics affinities, cultural ties and religious similarities.

The countries of the sub-region also share similar problems. They are classified as the least developed countries of the world. As depicted in Table 3.1, the average GNP, per capita for the period 1996-98 was less than 350 U.S.dollar. It ranges from US \$ 111 in Ethiopia to US \$ 328 in Kenya. The average life expectancy of the IGAD countries is 51.3 year in 1997. Out of 1000 live births, almost 90 infants die. This makes the countries of the sub-region one of the highest infant mortality rate in the world.

The sub-region's market economies are highly concentrated on primary products. Though Kenya is better than other member states, the exports of IGAD countries are not well diversified. Their exports include coffee, cotton, livestock and oilseeds and pulses. Recently, the Sudan has begun producing oil and gas for export. The oil industry picks upto 180,000 barrels /day and is expected to rise to more than 200,000 barrels /day in the recent future (CRS, 2000:29). Their import includes food, petroleum, transport equipment, chemicals and manufactured goods.

Table 3.1 Demographic and Economic Indicators of IGAD Countries

IGAD Countries	Area Km ²	Population (million 1998)	Pop. Growth Rate 1998	Average GNP per capital (U.S.A1996)	Life Expectancy at birth 1997	Infant Mortality rate per 1000 live births 1997	Rural pop. (%)
Djibouti	23,200	0.7	2.7	-	50	106	17.2
Eritrea	124,300	4.0	3.5	210	55	62	84.6
Ethiopia	1,116,100	62.1	3.2	111	50	107	87
Kenya	582,640	28.7	2.4	328	58	56	72
Somalia	637,660	10.5	3.3	-	44	126	74
Sudan	2,505,813	28.5	2.2	250	55	71	75
Uganda	236,860	20.9	2.9	324	42	99	87
Total	5,216,591	155.4	20.2 Av. 2.89	-	51.3	89.6	71 Av.

Source: Adopted from (EEHA). *The Eye on Ethiopia and the Horn of Africa*, 41-43. 2002. Vol 19 No. 82; *IGAD General Information*, 2 1996c. <http://www.igadregion>.

Even though the countries of the sub-region are highly dependent on the exports of primary goods, they have not been even able to feed their population. According to Yohannes (1992:6), this is mainly because of lack of adequate investment in research, education, land conservation, rural road and related development infrastructure. In addition, the industrial sector in the sub-region is not yet fully developed. Thus, the contribution of industrial products is insignificant and it accounts to a very small per cent of work production (*ibid.*).

Another characteristics of IGAD countries, which is very relevant to integration, is the small margin of their trade with each other. In fact, trade among countries of the sub-region is insignificant, which stood at 3% in the 1980s (Maruye, 1992:196). The production of similar primary products by almost all member states resulted in the lack of material basis for exchange of commodities among themselves (Baha, 1992:116). As a result the main origins of imports and destination of exports of the countries of the sub-region are Europe and the United States (CR. 2001; CRS, 2000; Eye, 2001; Yohannes, 1993).

From the standpoint of economic cooperation and integration, political conditions of the sub-region are equally serious. The sub-region is politically unsettled. No country in the sub-region is without internal strife, conflict and/or war (Tafese, 1998:25-26). In this connection, African Center for Development and Strategies (ACDESS) identified (cited in Adedeji, 1999: 4-5) triple -typological classification of African countries in terms of political conditions. These are countries engaged in armed conflict or civil strife, countries in several and prolonged political crisis and turbulence, and countries enjoying a more or less stable political condition. At the end of 1998 (see Table 3-2), no country in the IGAD sub-region was enjoying a fully peaceful political condition. While Djibouti was in severe political crisis and turbulence, the rest of IGAD member states engaged in armed conflict or civil strife.

Table 3.2 Categorization of IGAD countries by the prevailing political conditions in late 1998.

<i>Countries with armed conflict civil strife (category 1)</i>	<i>Countries under severe political crises and turbulence (Category 2)</i>	<i>Countries enjoying more or less stable political condition (category 3)</i>
Eritrea	Djibouti	
Ethiopia		
Kenya		
Somalia		
Sudan		
Uganda		

Source : Adopted from ACDESS, cited Adebayo Adedeji (1999) " Comprehending African Conflicts." In Comprehending and Mastering African Conflicts, 5.London. Zed books.

Ethiopia and Somalia engaged in two major wars in 1964-65 and 1977-78. The latter war was intensified due to the involvement of the United States and the Soviet Union (Gorman,

1981, 120-21; Makinda, 1987: 2-3). The territorial claim between Somalia and Ethiopia as well as Somalia and Djibouti have not yet settled in any final form (Yacob, 2000:29). Ethiopia and Eritrea whose 30 years long civil war ended in 1991, again involved in an interstate war in 1998. Sudan and Eritrea have been engaged in occasional fighting since particularly 1998. Somalia, in 1991, fragmented into warring states. In the northern part, Somaliland declared independence. Yet it does not get international recognition. 'Islamic fundamentalist' forces are also active in Somalia with potential threat to neighboring states (Sorenson, 1995:19-20). Still no central government exists in Somalia. In Djibouti, the government battles against the Afar-based Front for the Restoration of Unity and Democracy (FRUD). The Sudan has also been fighting with SPLA since 1983.

Moreover, relations between and among the IGAD member states are marked by mistrust, suspicion, and uncertainty (Tafese, 1998:25-26; Walwal, 1992:10). For example, in spite of the hostility cessation agreement signed between Ethiopia and Eritrea, they have remained suspicion of each other. Similarly, Uganda and Sudan recently agreed to make efforts to improve relations, there are, however, accusations and threats from both sides (CRS, 2001:8).

The mutual suspicion and mistrust among IGAD countries have also resulted in a tit for tat basis of conflict. Though it is often 'ferocisouly denied, Eritrea, Uganda and Ethiopia, individually and surreptitiously jointly", have intervened in Southern Sudan (Adedeje, 1999:3).

The causes of conflict include the combination of the legacy of colonialism, neocolonialism (the working of the international political economy), internal political and economic distress, corruptions, maladministration, ambitions of regional character and super power rivalry (Brown, 1995:14-15; Gorman, 1981: 29-39; Harbson, 1991:19; Makinda, 1987: 2-3; Mukisa and Thompson, 1995:59-60; Patman, 1990: 35-37; Shaw, 1995: 8-10, Sorenson, 1995: 2-3; Woodward, 1996:2).

Famine, drought, desertification and deforestation has been characteristic of this region. Along with war, famine and desertification have made the sub-region the largest movement of refugees and displaced persons to be found in the world (Harbson, 1991:124).

In an attempt to redress these problems and stimulate a high level of development, countries of the sub-region indebted themselves and borrowed from bilateral and multilateral sources. However, rather than mitigating, it magnifies the already existing problems. According to the Economic Intelligence Unit (CR, 2001), the total debt burden of Djibouti, Eritrea, Ethiopia, Sudan and Uganda is estimated to be 280 millions, 242 million, 5.5 billion, 16.1 billion and 4.1 billion U.S dollar, respectively in 1999. To make matter worse, Structural Adjustment Programmes (SAPs) imposed by World Bank (WB) and the International Monetary Fund (IMF) on African countries, which focused on austerity measures, currency devaluation and termination of social services only aggravated the crisis that was supposedly being mitigated (Brown, 1995: 5-6; Riddel, 1992: 66-67; Sorenson, 1995:3).

As mentioned earlier in this Chapter, IGAD provides a platform through which the governments of the member states pool resources and coordinate their efforts to initiate and implement regional projects to tackle development challenges facing the sub-region that eventually leading to integration.

In the light of the objectives, structure, state of economies and politics of IGAD countries discussed above, the assessment of the challenges to the attempt to economic integration in the sub-region will be made in Chapter 5. In order to better understand the challenges to an attempt to economic integration in the IGAD sub-region, since it is important first to examine the main conditions that need to be fulfilled to attain successful integration Chapter 4 will take up them.

CHAPTER 4

THE MAIN CONDITIONS FOR SUCCESSFUL INTEGRATION

Economic integration, as noted elsewhere in Chapter 2, is a multidimensional process. That is to say, besides economic considerations, it involves cultural, social and political aspects. Likewise, the success of economic integration depends on a combination of social, economic and political factors. Four main conditions are considered for successful economic integration. One is that there should be at least one 'big brother' in the economic bloc (Bhalla and Bhalla, 1997:199). This would help increase the bargaining power of the sub- region and make the dynamic gains from regional blocs (i.e. enlarged size of the market and economies of scale) more likely to occur. A second consideration is the need for promoting and developing an efficient regional transport and communications system in order to improve intra-regional trade and facilitate the movement of people and idea (Asante, 1997:64). The third is that the commitment of the participating governments to empower the institutions and involve the grassroots and private sector is required for the realization of the objectives of the scheme (Kimuyu, 1999:178). Thus, there is a need for commitment on the parts of the participating governments to implement the projects, honour financial contribution and cede power to the sub-region. A fourth consideration is the need for the existence of

stability, compromise, tolerance and political harmony among the members (Dougherty and Pflatzgraff, 1990:432; Mosha, 1997:5).

The issues involved in this Chapter are interrelated and their expositions complicated. Thus, each of the following section and sub sections should not be taken in isolation but should be seen as part of a whole. Furthermore, the conditions that are necessary for successful integration are drawn from past experience of different regional grouping.

4.1 Partners' Development Stages

The rate of industrialization and the rate of economic development are low in developing countries in general and in Africa in particular. This resulted in the lack of the existence of some of the prerequisites for successful integration as in the case of the Western World. For example, past experience with successful market integration in the Western-type economies suggests the existence of high level national economic performance that help to contain domestic opposition to exposing domestic industries to regional competition and the presence of economic homogeneity (Asante 1997:63). In the European Union, countries, needed a wider market to increase the competitiveness of their established industrial structure. The situation in Africa is different. Given the low level of development and the limited possibilities for

profitable intra-subregional exchange, the basis for integration in Africa is quite different. As some argue (Asante, 1997:64; Axline, 1979:13; Danso, 1995:38; Ravenhill, 1985:208; Woinczek, 1966:8) the prerequisites for successful integration do not exist, and sub-regional cooperation must start from the promise that these prerequisites must be created. Thus, the approach to economic integration in developing countries is not the same as developed countries. This is, however, not to mean there is no lesson to learn from the experience of economic regional schemes in Western Europe and North America.

4.1.1 Balanced Development and Equitable Distribution of Productive Activities

Regional integration can bring substantial benefits in economic, political and security related areas of the partners. However, there is a legitimate concern in many developing countries that the gains from regional integration tend to gravitate towards the advanced (larger and more industrially developed) member countries (Asante, 1997:69; Bhalla and Bhalla, 1997:13; Kahnert, 1969:31; Wionczek, 1966:8). Bhalla and Bhalla (1997:13) exactly points out: "This is to be expected on economic logic; industry is located where skills and infrastructure are available and economies of large scale production can be exploited." As seen from the experience of most integration schemes in developing countries, the asymmetries in the relative

economic weight and capabilities of regional partners were responsible for the failure or the disintegration of regional arrangements. A case in point is the experience of the defunct East African Community among Kenya, Tanzania and Uganda. Kenya benefited disproportionately at the expense of the other two partners (*ibid.*). Such problems have been encountered in the Andean Pact countries, the withdrawal of Chad in 1968 from membership of UDEAC, and the dissatisfaction of smaller states such as Djibouti, and Rwanda of PTA (Asante, 1997:69; Bhalla and Bhalla, 1977: 9-11).

In the absence of any mechanism to ensure compensation for any loss of production or tariff revenues, regional integration among unequal partners is likely to lead to unequal or uneven distribution of perceived or actual gains from trade and economic linkage. In the light of the low level of development, trade needs to be more promoted than freed (Wionczek, 1966 :8). This is mainly because free market fails to address the basic issue of balanced development and equitable distribution of productive activities: the location of industrial production within the region with its spillover effect on employment, technological transfer and learning-by-doing (Asante, 1997:69). Thus, maldistribution can be resolved not through market mechanism (*ibid.*) but through appropriate joint policies and institutions (such as joint industrial planning and programmes, foreign investment codes) that would ensure members derive equitable share of benefits (Bhalla and Bhalla, 1997:13; Kinfe, 1999:17; Mazzeo, 1985:152). It is argued that mechanisms for balanced development

and equitable distribution of productive activities among the partners need to be created in a manner acceptable to all for viable integration scheme to exist.

In this connection, it must be noted that no government can be expected to sacrifice its interest to those of the group as a whole (Asante, 1997:64; Daddieh, 1995:256). It rather tries to advance its own interest in the process of integration. It is pointed out that “perceptions that neighboring countries have gained a disproportionate share of the benefits from integration usually lead to moves that have the consequences, whether intended or not, of restricting the scope of regional cooperation (Asante, 1997:69-70). Arthur Hazlewood (cited in Asante, 1997:70) points out the important aspect of self - interest in the integration process. He writes:

The case for integration, for a particular country's participation in an integration scheme, rests on the benefits that country itself will obtain from integration. The case of integration is not a case for helping others; it is a case for helping oneself. However, it must be appreciated that integration will not benefit one country, or at any rate not for long, unless it also benefits the others; the case for integration arises from self-interest, but the pursuit of self-interest requires the interest of others to be simultaneously served. Integration will not succeed unless every partner benefits, because any who think they will not benefit will not participate, and there will then be no integration. The benefits is for every one or no one (ibid.).

All member states, thus, support the process of integration when they believe that the benefit accruing to each of them to be greater than what could be achieved outside the scheme. Of course, as Asante (1997:70) argues:

Unless governments can be convinced that economic cooperation and, eventually, integration will strengthen their capacity to cope with urgent domestic problems better than they could on their own, they will continue to be preoccupied with managing policy issues with a national orientation and lose sight of the significant benefits that regional cooperation can bring.

Thus, for integration schemes to succeed, it is essential to balance the benefits of common market operation in a manner acceptable to all partners. As Nye hypothesizes (cited in Dougherty and Ptlatzraff, 1990:445) the stronger the perceived equity of distribution of benefits in all countries, the better the conditions for further integration.

4.1.2 At Least One 'Big Brother'

Regional blocs in most of the developing countries consist of poor states with limited size of national and sub-regional markets. Their low level of development may not allow much market expansion through regionalism (Bhalla and Bhalla, 1997:11). The dynamic gains from regional groupings-the enlarged size of the market and economies of scale - are unlikely to occur if the countries involved are very poor (having small market size and low per - capita income). It is, thus, proposed that at least one of the partner countries in the bloc should have a reasonably big market to enable the reaping of economies of scale at a regional level (*ibid.*).

In the late 1960s, Kahnert (1969:45) argued that groupings in which one or more countries had a significantly larger and more efficient industrial sector than others, paradoxically could bring benefits to the region as a whole provided that larger countries do not produce all the goods, and committed for equitable distribution of benefits. In addition to the enlargement of the size of the market, it is believed that the sub-regional's international status and global bargaining power will be enhanced by inclusion of major trading countries, which are able to assist the regional integration arrangements to assert this power in the world stage. Bhalla and Bhalla (1997:199) contend that the importance of having at least one 'big brother' that ensures a reasonable size of market is an emerging phenomena in today's regional groupings. They support their argument by providing examples: such as Germany in the European Union; Brazil in MERCOSUR; the United States in NAFTA; South Africa in SADC; Nigeria in ECOWAS; and India in SAARC.

A larger number of participating countries are also thought to be conducive to an economically successful economic integration. Larger regional integration arrangement membership will lead to a stronger international negotiating position in the world affairs (Dent, 1997:46).

To sum up, regional arrangements that consist of larger members and 'big brother' are important for successful integration scheme. These assist them to extract economies

of scale at a regional level and to enhance the strength of the regional groupings in international status and global bargaining power in the new trade system.

4.1.3 De-link from North and Enhance South -South Cooperation

Sub-regional or regional groupings in Africa and other developing countries are closely linked to European economic blocs and other possible trading blocs. In this connection, Nye hypothesizes (cited in Dougherty and Pflatzgraff, 1990, 446) that "the further integration process, the more likely third parties will be to react to it, either in support or with hostility." It seems, the latter is more appropriate in the case of regional integration attempt in Africa. The attempt to regional cooperation in Africa are likely to be unsuccessful due to "the historic links of the separate states with Europe and North America, and in the undiminished ambition of imperialisms in the form of neo-colonialism" (Brown, 1995:136). This is evident within the framework of the European Union-Africa relationship under the Lome Convention (Amin, 1996:210, Astane, 1977: 127-28; Brown, 1995:136-37). The first Lome Convention signed in February 1975 between Africa, the Caribbean and the Pacific (ACP) countries and the European Union. Under this Convention special arrangements were made for the entry of certain products into the European Union from ACP associated countries for limited number of years (Brown, 195:160-61). Subsequent Conventions (Lome II in 1979, Lome III 1984, Lime IV in 1989 and this was negotiated in 1995)

was signed each of which prolonged arrangements and increased the measure of aid (*ibid*: 61). The Cotonou Agreement which replaced the Lome Convention was signed in June 2000 (Cotonou, 2000).

However, these decades of relationships have not brought about development nor solved structural problems in Africa, rather it trapped African countries in the process of economic decline, adjustment, debt and poverty (Asante 1997, 125-26; Brown, 1995:61). Most importantly, it prevented the establishment of mutually beneficial economic ties among these countries, and kept the African countries in a position of suppliers of raw materials for Western countries (*ibid.*). This has a serious impact on the process of African economic cooperation and integration, as it discourages intra-African relationships.

Greater self-reliance is a necessary condition for regional integration in Africa as it enables them to escape from the historic dependency on the developed countries and facilitate their development. However, a successful implementation of such a strategy requires the de-linking of relations with Europe and North America on a one hand and encouragement of South-South relationships on the other (Amin, 1996:210-11, Asante, 1997:124-25, Danso, 1995:50).

To conclude this section, to minimize the impact of the European Union and other potential trading blocs, and be able to participate and compete in the global trading

system through the building of regional production and services ventures, African states are required to delink their historical colonial and neo-colonial ties and encourage South-South cooperation. Asante (1997:125) contends that:

..., economic integration at the sub-regional levels may play a great role. Indeed the basic answer to Africa's fears of being left out should be found in practical changes in the direction of Africa's trade away from Europe towards intra-African trade. Such changes would provide the long term basis for improving Africa's products competitiveness within the continent itself. It is therefore necessary that regional economic integration moves from rhetoric, declaration, resolutions to joint economic programming in production, infrastructure, trade and so on.

Thus, for successful economic integration to exist in Africa, the strategy of greater self-reliance that enables it to escape from the historical dependence on the developed countries is important. This strategy needs the de-linking of Africa's relationship with the western world and the encouragement of South-South relationship.

4.2 Transport and Communication

Communication is the cement that makes organization. Communication alone enables a group [countries] to think together, to see together, and to act together (Wiener, cited in Cobb and Elder, 1970:8).

Specifically, in Africa, the low level of development and the limited possibilities for profitable intra - sub-regional exchange simply do not provide the basis for integration at the present time. Hence, as the prerequisites for integration do not presently exist, sub regional or regional cooperation must start from the premise that these prerequisites must be created. This is in contrast to the dominant approach of the existing economic communities, which tend to entertain the belief that integration in Africa could be legislated from above, exihilo. There is little purpose in liberalizing trade when the parties have nothing to exchange: regional cooperation, inter alia, must create the basis for trade. Otherwise, market integration in Africa will merely be for promoting non-African goods and services (Asante, 1997:64).

While the success of economic integration in developing countries depends in part upon the perception of both poor and rich partners to be benefited from participating in collective action, the existance of 'big brother' and larger partners depends at the same time in part also on the efficient performance and effective support of the transport and communication sectors and harmonization of coordinating efforts of the partner states.

Regional transport and communication networks within most sub-regions of Africa are either obsolete and dilapidated or are virtually non-existent (Asante, 1997:47). Yet without adequate and efficient transport and communications, infrastructure,

economic integration, particularly market integration is difficult to take place (*ibid.*). The weak infrastructure linkages (such as transport, telecommunication, information sharing), for example, limited the prospects of enhanced economic and trade cooperation in SAARC and ECOWAS (Bhalla and Bhalla, 1997:14).

Hence, governments should concentrate, as a first step, on the development of adequate transport and telecommunication infrastructure, training and research, control of foreign investment and transfer as a *sine qua non* for economic development in general and for the expansion of intra-trade in particular (Asante, 1997:53; Danso, 1995: 49).

In addition to the development of transport and telecommunication infrastructure, encouraging social interaction and communication among people are also important conditions not only to intra-African trade *per se* but also to economic integration in general (Makisa and Thompson, 1995:65). They assert that frequent contact and communication will lead people to "know one another better and hopefully, abandon stereotypes and caricatures of one another." Thus, they further argue, that for economic integration to succeed, social barrier (immigration rules, for example) should first be relaxed and lead to the formation of common set of rules and beliefs in the long-run (*ibid*: 65-66). In the same vein, it is argued that truly integrated schemes need not necessarily be created with the actual formation of intergovernmental organization by signing agreement between and among government (Sullivan, 1987:

210). As Deutsch puts (cited in Sullivan, 1997:210): "Those nations that retain high and consistent levels of communication and transactions with each other may be more integrated than those that have signed agreements."

As the citations at the beginning of this section also make clear, transport and communication are important conditions for successful economic integration. Most importantly, regional economic schemes should not be based on liberalizing trade where the major need is not for consolidation of existing production according to comparative advantage, but must be based on creating the basis for trade and promoting development of such programmes and projects as transport communication and telecommunication infrastructure, training, research, and promotion of social interaction.

4.3 Political Commitment

The major innovative feature of the European Community [European Union] compared with other international bodies is that its members have ceded to it a part of their national sovereignty, with the goal of forming a cohesive, indissoluble organizational and political unit. They are endowed it with political powers of its own, independent of the member states, which it can exercise to adopt acts which have the force of national law (Banerji, 1993:24).

As one of the important pre-conditions and features of successful integration is the political will for closer cooperation, a strong political commitment is required to

advance towards common objectives. In this regard, three important issues for success are needed: ceding power to the regional body, meeting the human and financial resource commitments made and incorporating regionally adopted policies into national programmes.

As indicated in the above citation willingness to lose part of their sovereignty by the partners is essential for a successful integration scheme to exist. In this connections, the European Union offers the most advanced example. The lesson is that strong and independent institutions, which are endowed with sufficient decision making powers, sufficient amount of resources and clear mandate, are required for effective integration scheme. The commitment is not only required at the initial stages but it must be sustained over a long period (Asante, 1997:150). In this regard, the most remarkable feature, is the irreversible nature of progress accomplished(*ibid*). That is, politicians could not easily backtrack on the progress made.

Though regional policies are formulated at the regional level, the responsibility for implementation rests with the various national government. Thus, there is a need for the existance of coherent policy between the national and sub-regional or regional programmes (Asante,1997:151; Kifle, 1995:11). To materialize this strategy, however, member states of an integrative scheme need to develop planning capacity and tools that would enable the national and regional programmes to complement each other in terms of planning, management and implementation (Asante, 1997:

152) Adopting a coherent policy framework and a consistent strategy that attempts gradually to eliminate the mismatch between national and regional policy objectives is essential for effective economic scheme. As Kifle (1998:11) has pointed out:

There cannot be a dynamic regional cooperation if a national government in any African region pursues policies that create obstacles to the free movement of resources or that destroy incentives for people to work hard or to invest.

Furthermore, it is argued that:

[S]uccessful regional integration would depend on the extent to which there exist national and sub-regional or regional institutions with adequate competence and capacity to stimulate and manage efficiently and effectively the complex process of integration. Weak national institutions may seriously hamper effective cooperation and integration (Asante, 1997:151-52).

It can, thus, be argued that economic cooperation and integration has little chance of contributing to economic development and structural change without concerted efforts of the participating states to coordinate their sectoral plans and programmes as well as their overall development strategies and perspectives. Hence, for an economic integration scheme to be effective, regional economic relations must be given a central role in the activities of governments, which offers commitment to incorporate agreements reached by integration scheme in national plans.

4.4 Trust and Confidence Among the Partners

Besides the different conditions discussed in the preceding sections, there is essential political pre-requisite for successful economic cooperation and integration. This is trust and confidence between and among member states of an integrative scheme. Inter-state trust and confidence refers to stability, political harmony, spirit of compromise and cohesion. And the degree of mutual understanding and trust depends on mutual rapport (Deutsch, 1970:14).

Lack of trust, confidence and certainty created by tension and conflict in most of developing countries was and has been major prohibitive factor in an accelerated process of integration. Serious political disagreements and disputes over territory and other issues led to the failure or break up of many well functioning groupings. In Africa, the ideological differences between Kenya and Tanzania on the one hand, and personal differences between Nyerere and Amin, on the other hand, with the combination of other factors resulted in a constant friction and misunderstanding among the members of EAC and eventually the collapse of the Community in 1977 (Bhalla and Bhalla, 1997:13; Mazzeo, 1985: 155; Tekie, 1993:18). In the Middle East, the Arab-regional efforts failed to make much headway partly due to the political conflicts between Iran and Iraq, between Iraq and the countries of the Gulf Coalition and between Israel and the Arab states. In South Asia, political and ethnic

tensions among neighboring states have been a hurdle to economic cooperation in SAARC. In East Asia, the political tension between Malaysia and Philippines over a territory finally led to the demise of Association of Southeast Asia (ASA) in 1964 (*ibid*).

A major lesson learnt from the past experience of regional grouping is that stability is an essential precondition for successful integration. In this regard, Dougherty and Pflatzgraff (1990:445) correctly points out the importance of stability in the process of integration by stating that:

The higher the level of domestic stability and the greater capacity of key decision makers to respond to demands within their respective political units, the more likely they are to be able to participate effectively in a larger integration unit.

Hence, for effective economic integration, relations among member states must be normal and predictable, which guarantee peace and stability in the sub-region.

Finally, what needs to be underlined is that the factors for successful integration are interconnected and cannot be seen in isolation. For the attainment of regional economic scheme, at least most of the conditions should be fulfilled. The key questions in light of study are: do all or most of the conditions for successful integration exist in the IGAD sub-regions? If not, why? What are the major

challenges to the attempt to economic integration in the sub-region? These issues are assessed in the following Chapter.

CHAPTER 5

ASSESSMENT OF THE ROADBLOCKS TO INTEGRATION

SCHEME IN IGAD

Structural adjustment in fact encourages many characteristics, which have long been identified with persistent underdevelopment. Foremost among these is the reliance upon a few export crops or commodities as the primary source of economic growth. This locks individual African countries into a dependence upon declining markets in industrialized states, and holds them hostage to the wild swings, which typify commodity price movements. Rather than instigating movement away from neo-colonial patterns of trade and exchange, those patterns are instead being reinforced . . . adjustment programs tend to work against many of the elements which favor sustainable development. These include regional economic integration and South-South trade internationally (D.S. Copeland, cited in Daddieh, 1995:243, ellipses original).

As noted elsewhere in Chapter 3, the Intergovernmental Authority on Development (IGAD) in the Horn of African was endorsed in 1996 to supersede the Intergovernmental Authority on Drought and Development (IGADD), which was founded in 1986. This resulted in the approval of an extended mandate to coordinate and harmonize policy in the areas of economic cooperation and political and humanitarian affairs, in addition to its existing responsibilities.

The goal of IGAD is to achieve regional cooperation and economic integration through promotion of food security, sustainable environmental management, peace and security, intra-regional trade and development of improved communications infrastructure (IGAD,1996a:3). As clearly indicated in the IGAD Strategy Framework (IGAD: 1996d:3), its vision in the future is as follows:

The sub-region has the required natural and human resources that could be developed and propel the sub-region to collective self-reliance where peace and security prevails. The vision is based on determination of the governments of the sub-region to pool resources and coordinate development activities in order to face the present and future challenges, enabling the sub-region to interact and compete in global economy on behalf of its inhabitants, eventually leading to regional integration.

On the whole, IGAD is expected to play an important role in the socio-economic transformation of the sub-region's economies and directed towards the achievements of the establishment of the African Economic Community. Here the key questions are: to what extent IGAD has realized its goal? What are the main internal and external challenges to the attempt to economic integration scheme in the sub-region? This Chapter attempts a critical assessment of the performance of IGAD.

5.1 Economic Dependency

As indicated in Chapter 3, IGAD itself was the product of external assistance as a response to the severe drought and famine in the sub-region. And at the initial stage member states relied heavily on the financial and technical assistance of the Western states and their institutions (Adam, 1992:115, Lyons, 1998:74; Merkakis, 1998:157 Yacob, 2000: 29). For example, the initial funding was made available by the World Bank and the United Nations Development Programme, and the basic documents of the organization was first developed by experts from outside the sub-region (Adam, 1992:115; Yacob, 2000:291) .

Thus, further recourse to external agents or 'partners' such as Western governments and their International Financial Institutions (IFIs) was and has been seen as 'normal' by the member states of IGAD (see ESAMI,2001:54;Tekeste,1996:7). The result has been the increasing dependence of the members of the sub-region on the developed countries of the West. It can be argued that the low level of development strengthens the chains of dependence, making national and regional policies highly vulnerable to external environment. Dependence here is defined as the increasing attachment and /or reliance by the IGAD member countries upon the Western countries and their institutions such as the IMF and the World Bank, whether political, economic and financial, and cultural nature or a combination of all these aspects. Though these aspects of dependence are interrelated this section emphasizes economic and financial dependence.

5.1.1 The Challenge of International Economic Relations

One of the most glaring reflection of Africa's in general and the sub-region of IGAD's economic weakness is the small size of domestic market and the low volume of trade among them. This has led to the intensification of Africa's in general and the IGAD sub-region's dependence on external market and supplies. In this connection, the changing face of international relations that began in the 1980s, along with the trend towards the creation of more integrated trading blocs, have not only revived interest in regionalism in Africa and other regions of the world, but they have also posed some formidable challenges to the promotion of regional or sub-regional integration in Africa and African development as a whole (Asante, 1997:118). In this regard, Danso (1995:31) points out that:

The end of the Cold War also marked increased concern for the marginalization of the African continent. Africa's share in the world economy fell to below 2 percent by 1985, its terms of trade fell by 40 percent since 1980s, and the poverty level has catapulted while incomes per head have plummeted by 20 percent since 1980 in Sub-Saharan Africa.

It is further argued that:

Among others, the impact of the end of Cold War which has made the developing countries no longer of geostrategic interest to superpowers and the substantial implications of the Uruguay round are factors that marginalize African interests (Asante, 1997:18).

According to Shaw (1995:9), by the mid-1990s " African's political economy and political culture have transformed from economic and political colonies to political without economic independence."

Since, the IGAD sub-region is within the African continent, the arguments presented by the above writers have direct bearings on the socio- economic situation of the IGAD member countries. This remains the great challenge to effective economic integration of the sub-region. Let us first discuss the challenge of trading blocs.

(i) The Challenge of Trading Blocs

The increasing tendency towards the establishment of larger, stronger and more cohesive trading and economic blocs, as one of the most striking features of the existing economic relations, either between developed or developing countries of the world, constituted a major challenge to Africa (Asante, 1997:118). Generally, the African integration scheme seems to be on the losing side in the unfolding of trading blocs. In this connection, it is argued that:

The economic implications of trading blocs, especially Europe 1992, for Africa are more crucial and more widely understood. Because of historical, geographic and political reasons. Africa trades for more with Europe than any other area of the world. Therefore, the implications of Europe 1992 for Africa are more significant... than the implication of similar existing trading blocs elsewhere in the world (ellipses mine, Unilage Consultant, cited in Asante 1997:119).

It can be argued that the completion of a Single European Market (SEM) in 1992 could affect the traditional relations of African countries with the EU without much opportunity of equal value being offered in return (Asante, 1997:123). That is to say with the shift in the world trade regime towards global liberalization and away from generalized and selective preferences, there not appear to be much space afforded to support preferences for African countries in general and the IGAD countries in particular.

Moreover, the regional blocs such as NAFTA and APEC may constitute a challenge to Africa, in particular since they now contain some of the most dynamic economies in the world. For example, the emergence of NAFTA in North America and APEC in the Pacific Rim and their possible extension the rest of their neighbours with the objective of achieving free trade and open trade in thier respective region in the near future, is likely to diminish Africa's access to export commodity markets by raising the average level of further substitution for Africa's commodity exports and impose losses in terms of trade, higher costs of imports and reduced export earnings from those markets (*ibid*: 124-25).

(ii) The Challenge of the Lome Convention /Cotonou Agreement

The subsequent Lome Convention (the first in 1975) has an impact on the future of the EU-African cooperation in general and the EU- IGAD countries' relations. The major problem arises as the decades of privileged relationship have not brought about development nor solved structural problems (Amin, 1996:216; Asante, 1997:128;Kinfe,1999:13). The IGAD countries remain trapped in processes of economic decline, adjustment, debt and poverty. More importantly, it has been argued that the problem of economic integration in Africa is compounded by the external orientation of the African states and the tendency towards Euro-African integration rather than pan-African or intra-IGAD integration, particularly in area of intra-African economic and trade penetration (Asante, 1997:126).

In African countries the impact and image of the Lome Convention (Cotonou Agreement) are more problematic. It tends to generate further inequalities rather than development (Amin, 1996:210; Asante, 1997:126). It is further argued that:

Structural problems such as debt and commodity prices are not addressed: trade preferences are eroding, aid budgets are shrinking and subjected to a multitude of conditionalities....Thus, although the Lome Convention celebrated its twentieth birthday in February 1995, yet for many African states, the instrument is still 'a mystery', whose potential both in the realm of aid and trade, remains largely untapped. More serious, however, is the impact of Lome on the process of African economic cooperation and integration (Asante, 1997:126).

Some also hold the view that African and EU economic and political links through the Lome Convention /Cotonou Agreement perpetuate and institutionalize neo-colonial links at the

expense of the collective self-reliance of African states (Martin, cited in Danso, 1995:48). Shaw (cited in Asante, 1997:128) contends that the future of inter-African trade is "unlikely to increase much, other than through smuggling and the black market, until the continent escape from its colonial heritage of North-South links and produces goods with markets on the continent as well as outside."

To conclude this sub-section, although greater economic self-reliance, as mentioned earlier, is a necessity for the regional integration schemes in Africa, as it enables them to escape from the historic dependency on industrial countries in Europe and facilitates their development, the successful implementation on this strategy within the Lome framework remains problematic. Cotonou represents a vertical Euro-African orientation, while IGAD and other sub-regional groupings in Africa reflect an interest in horizontal South-South links. Thus, it can be argued that the North-South relations reflected in Euro-Africa (or IGAD countries) links remain a challenge to the process of integration in the sense that it hinders great autonomy.

5.1.2 The Challenge of Structural Adjustment Programmes

(SAPs)

Promotion of regional economic integration and implementation of the IMF and the World Bank mandated (SAPs) are considered the two strategies of the response to problems facing Africa in the 1980s. The two strategies, however, have been pursued independently of

each other. While SAPs are national responses to national economic crisis and are implemented without regard to their regional consequences, economic integration is a joint effort by groups of contiguous countries to come together with a view of forming large markets (Asante, 1997:129;Daddieh,1995:262). Of course, one critic has noted (Peter da Costa,cited in Daddieh,1995:262) that: “Every country is thinking as an individual, with all its individual adjustment conditionalities. If integration is to be realized, all countries have to streamline their economies and tackle adjustment as a single unit.” In this connection, Asante (1997: 131) has rightly remarked that;

[R]egional elements are missing from the adjustment programmes designed for Africa, as it is indeed a national concern with priority put on macro-economic policies. Not only are structural adjustment policies designed and implemented at the national level: the aims of SAPs, which are macro-economic can only be measured correctly also at national economic level.

It is further argued that

Consequently, not only do programmes fail to explore collective or regional reform responses in spite of the general recognition that African countries suffer from broadly similar problems; they also tend to over look development and transformation objectives such as sustained growth, collective self-reliance or regionalism. The approach of SAPs therefore, tends to lead African governments and people to overlook the existence of potentially important partners-regional and sub-regional organizations and local communities(ibid.).

In the same vein, Kidane and Logan (1995,293-94) contend that SAPs do not encourage collective self-reliance, "[r]ather they produce reliance on external source of growth and thereby, exacerbate the malintegration of African economies with the global economy.

In addition, macro economic policy reforms requiring expenditure cutback mandated by SAPs lead to reduced consumer demand which lowers trade in general (Asante, 1997:132;Daddieh, 1995:265). Further more, the quest for balance of payment equilibrium will tend to favour hard currency exports and reduce priority for self sufficiency, both of which will favour exports outside the region” (Asante, 1997:132). It can thus be argued that the adoption of the World Bank and IMF stabilization and structural adjustment measures can pose a great challenge to the efforts by the Africa states in general and the IGAD countries in particular towards the attainment of the goal of economic integration.

5.1.4. Aid, Debt and Economic Integration

The aid projects that make headline do not add much to the welfare of the developing countries (Onyemelukwe, 1974:110). It is argued that aid is not an essential ingredient of development (*ibid:120*). This is not to deny, for example, one could find that aid given in telecommunication sector may have helped to remove bottleneck in communication. However, aid can not be justified from this concept. As indicated in Chapter 4, great self-reliance is a necessary condition for regional integration in Africa as it enables them to escape from the historic dependency on the developed countries and facilitates development. Viewed from this point, aid works against the viability and strength of sub- regional economic integration in Africa in general and in the IGAD sub-region in particular. Two decades ago Onyemelukwe (1974:110) warned: “ Projects aid in the way they are administered ... can not add to the objective of rapid economic take-off in the underdeveloped countries.”

More importantly, as some writers (Hancock, 2001: 189; Onyemelukwe 1974:120) contend, aid has sapped people's energy, initiative, creativity, and enterprise and substituted the superficial and 'irrelevant glitz' of imported advice. Moreover, aid " has created a moral tone in international affairs that denies the hard task of wealth creation and that substitutes easy handouts for the rigours of self-help " (Hancock: 2001: 189). Hancock (*ibid.*: 191) argues that Africa contains many lessons from the aid lobby. He notes:

It [Africa] has lost the self-sufficiency in food production that it enjoyed before development assistance was invented and, during the past few decades, has become instead a continent-sized beggar hopelessly dependent on the largesse of outsiders-per capita food production has fallen in every year since 1962.

Since the IGAD sub-region is within the continent of Africa, the above argument is relevant to the sub-region .

Apart from the economic and political arguments, aid has an impact on Africa's development in that it can alter the entire psychology of a people in the direction of mental impotence. In this connection, Onyemelukwe (1974:120) has rightly remarked that:

The problem linked with the psychology of aid tend to undermine the very essence of economic development by building up the attitude" that some one else is better qualified and can do it for me' amongst the recipients.

This remains a major challenge to pursue the policy of self-reliance which is the one of the main rationale for economic integration.

It is further argued that aid and grants are being used, not for development, but to repay creditors in the North (PSSA, 2001: 27). African governments are transferring wealth to rich creditors (Alemayehu, 2001: 10; PSSA, 2001:27). This has led to the neglect of basic social needs such as health, sanitation, education and water provision. For example, though Uganda is at the center of an AIDS epidemic, its government spends only 1.69 Pound per person on health and 19.00 per person on debt repayment to rich creditors (*ibid.*)

According to the Economic Intelligence Unit (CR,2001) in 1999, the total external debt of Djibouti, Eritrea, Ethiopia, Sudan and Uganda was estimated to be 280 million, 242 million, 5.5 billion, 16.1 billion and 4.1 billion U.S. dollar, respectively. The consequence of this debt burden, among others, include the following:

[T]he neglect of spending on health, sanitation, education and water provision; cutbacks in imports and infrastructure investment-which harm productivity and contribute to declining national income; the inability to change the structure of production from primary products to products with greater added value (PSSA, 2001: 29).

Most of all, governments in debt burden remain in hock to their creditors in the North. And thus, “ they are increasingly losing control over the conduct of their own economic policies over their own affairs” (*ibid*). This weakens the viability of economic integration process in the IGAD sub –region.

5.1.4 Dependence on External Funding

As mentioned earlier from its inception, IGAD has not been in a position to financially maintain the organization's personnel, let alone the priority areas. The Organization has totally relied on IGAD Partners Forum (IPF) for implementations of the projects (ESAMI,2001:54;Tekeste.1996:7). As Daddieh (1995:246) argues, external sources of financing would only exacerbate Africa's vulnerability to external pressure and cooperation. This greatly affects negatively the attempt to effective economic integration in Africa in general and in the IGAD sub-region in particular. In this regard, Yacob (2000:29) remarked that:

IGAD's dependence on outside resources for the maintenance of the organization and functioning of its activities has been one of the fundamental predicaments. The potential significance of self-help and cooperation at the sub-regional level could not materialize with the unsustainable hopes and funding promises from outside sources.

IGAD, as rightly identified by the Eastern and Southern African Management Institute (ESAMI) report, “has compromised sustainability by its external over-dependence”(ESAMI,2001:54). This remains a great challenge to an attempt to effective integration in the sub-region of IGAD.

5.2 Lack of Political Will

.... if a government is unwilling or unable to play an active positive role, then the government itself can be considered a barrier to development or a fundamental cause of failure of policy orientation. This is particularly evident in the case of regional cooperation and integration where the most crucial factor is strong and sustainable

political commitment to keep to the agreed regional agenda. This makes the African political leaders key figures in cooperation and integration. It is their decision which determines the role of regional organizations and institutions, as well as that of the private sector... Hence, the establishment of effective sub-regional economic schemes crucially depends upon the extent to which the member states have committed themselves to the concept of regionalism in Africa (ellipses mine, Asante, 1997: 71-72).

With regard to commitment, IGAD countries like most of African countries have been unable to articulate minimum conditions for cooperation. Yet three important issues for success are left unsolved in Africa. These are: how much to cede to the regional body, how to incorporate regionally adopted policies into national programmes, and how to meet the human and financial resource commitments (Kimuyu, 1999:175). This hold, true also in the case of IGAD countries.

5.2.1 Lack of Supernationality

To begin with, like most of economic integration arrangements in Africa, IGAD is intergovernmental organization devoid of power to enforce decisions over its constituencies. As noted elsewhere in Chapter 3, IGAD has a supreme organ that comprises Heads of State and Government, a Council of Ministries, a Committee of Ambassadors and a Secretariat (IGAD, 1996b; Article 8) and the Secretariat is appointed by Heads of State and Government (*ibid*: Article 9). This structure is "top heavy and cumbersome" that resulted in the increased level of politicization of the one man organization pattern (Kifle, 1995:30). In this connection, Nomvete (1997:21) contends that the follow up of decisions taken at sub-regional meetings is left to Heads of State or to few ministers and to civil servants in the ministries dealing with cooperation matters without the involvement of the rest of the

population. He further argues that people even do not know that there is a treaty establishing the cooperation arrangements (*ibid.*). As the case in most of regional groupings in Africa, this is an inhibiting factor to an attempt to integration in the IGAD sub-region. In other words, integration in the sub region lacks a strong supranational authority. The supreme policy-making organ of IGAD is the Assembly consists of Heads of State and Government and a decision is reached by consensus (IGAD, 1996a: Article 9). This allows governments to avoid a loss of sovereignty through unilateral decisions on the applications of regional agreements. Consequently, IGAD lacks the power and hence the leverage on governments (Hansson, 1999:91). And this remains a roadblock to integration process in the sub region of IGAD.

The lack of political will on the parts of the participating governments is also reflected on their reluctance to give executive independence to the Secretariat in the running and management of the institution. As Nomvete (1997:25) points out, the problems of management of secretariats of the economic cooperation institutions in Africa are administrative in nature, but arises from policies passed by governments. He further contends:

[R]eluctance by member states to give chief executives independence in staff recruitment and the management of the secretariats, and the tendency of some countries to force candidates on the secretariat and to listen to complaints from staff members who are their nationals about the management of the secretariats. As a result, some officers of the secretariats become more loyal to ministers in their home countries or their ambassadors in the host country of the secretariat than to the institution through its chief executive.

Moreover, the secretariats of the regional groupings, composed of international civil servants who have sworn to be faithful to the treaty but who are answerable to the Council of Ministries, made up of incumbent ministers, and members states are too weak to enforce the organization's view point.(Adedeji, cited in Asante, 1997:76).

This argument seems very relevant to the case of IGAD. Most officers are loyal to their governments than to the institution. This has become one of the hurdles to effective integration in the sub-region.

5.2.2 Lack of Commitment to Incorporate Regional Policies into National Programmes

As shown in Chapter 4, commitment by governments to incorporate regionally adopted policies into national programmes is crucial for effective integration. However, this is not the case in Africa in general and the IGAD sub-region in particular. As some writers (Asante, 1997:77; Kifle, 1998:11) argue, member countries of regional groupings in Africa are individually developing their own strategies, plan and priorities while declaring their commitment to regional economic integration. This has led to the mismatch between national and regional economic policies. In particular, Kifle (1995:34) contends that :

Since independence, African countries have proposed economic integration as a desirable objective in itself as well as an indispensable means for ensuring their national economic development. However, despite several efforts, progress to that end has remained limited. A principal reason for this poor performance is that African governments have followed mostly national policies designed to achieve national

objectives while at the same time they endeavor to pursue common policies towards common objectives.

This has led to the lack of harmonization and coordination of national policies at the regional or sub-regional level. Even though " African countries continue to speak of collective action for economic integration, no single country has as yet designed its national plans to be consistent with the promotion of effective integration for development" (Asante, 1997:73). This argument seems valid also in the countries of IGAD sub-region. Consequently, the lack of commitment to harmonize national and regional policies remains a challenge to effective integration.

5.2.3 Lack of Resources Commitment

The lack of commitment has also been reflected in tardy payment of budgetary contribution and a low level of participation in meetings. To begin with, the finance of IGAD is unenviable. As indicated in Table. 5.1 as of the end of January 2001, the total arrears owed to the secretariat of IGAD alone stood 2,347,201 US dollar. Article 14 (c) of the Agreement Establishing IGAD stipulates that any member state that is in arrears for the preceding two years and above is not able to speak and vote at experts and policy organs of IGAD and is not allowed to present candidates for managerial positions at the secretariat. But this is not put into practice.

**Table 5.1 Contribution Due From Member States
As at 28 January, 2001
(In US Dollar)**

Country	1989-95	1996	1997	1998	1999	2000	2001	Total
Djibouti					110,058	189,623	200,604	500,285
Eritrea							133,447	133,447
Ethiopia					246,875	480,363	508,086	1,235,324
Kenya						25,344	534,317	559,661
Somalia	115,916						-	115,916
Sudan						188,907	534,257	723,164
Uganda		218,639	370,822	376,482	415,910	404,690	436,490	2,223,033
Total	115,916	218,639	370,822	376,482	772,843	1288,927	2,347,201	5,490,830

Source: Report of the Sixth Meeting of the IGAD Committee of Ambassadors. Djibouti, 29-30 January 2001.

This adversely affects the attempt to economic integration in the sub-region of IGAD. Let alone carrying out its expanded mandate, IGAD is not able to financially maintain the organization's personnel. In this regard, Tekeste, (2000:3) the then executive secretary of IGAD, reports at his termination of office the following:

On numerous occasions there were threats to our services by service providers to interrupt them due to our arrears. During the past year [1999] we borrowed for 9 months from the Bank to pay salaries by making staff gratuity and donor fund as collateral. All other expenses were kept to a minimum. Travelers were exclusively financed by partner's funding.

What is more, the lack of commitment, by the participating governments is manifested itself in the different meetings. For example, in most of the meetings of the Heads of State and Government, Uganda was represented by its foreign minister.

Table 5.2 Country Membership in Regional Institutions in the Sub-region of IGAD

Country	political	Econo-mic	Agric and Resources	Transport and communication	Transport and communication	Trade Industry Finance	Total
Djibouti	1	1	2	2	3	5	14
Ethiopia	1	1	8	8	7	5	30
Kenya	1	1	10	9	11	13	45
Somalia	1	1	5	3	3	6	19
Uganda	1	1	6	6	5	7	26

Source: adopted from Kifle Wodao, (1995) "Inter-African Cooperation".
Ethiosocpe, 31 Vol. 1 No.3.

Duplication of membership is also a hurdle to the attempt to sub regional integration. Some IGAD member states (Djibouti, Somalia and Sudan) are also member of the Arab League, which has incompatible interest with the aspiration of some other member states particularly Ethiopia. In this connection, As Walwal, (1992:10) some years ago argues:

The Sudan's commitment to regional cooperation in the Horn remains questionable. Through its own cooperation policies, which have tilted towards pan-Arabian, or in more recent years towards Islamic fundamentalism, the Sudan had failed to strike an external balance between its commitment to African and to the Arab-World.

Kenya and Uganda have also become members of the revived former Eastern African Community. What is more, IGAD member states, as shown in Table 5.2, are members of

different organizations which have similar functions that range from Kenya's forty-five to Djibouti's fourteen. Such duplication of functions create constraints in the integration process in that they, in the first place, lead to conflicts over mandates and divided loyalty among government and secondly, they impose heavy financial and administrative burdens on individual government (Kifle, 1995:29). This works against integrational scheme in the IGAD sub-region.

5.3 Poor Communication Among the Partners

What is harder to see is whether growth causes infrastructure or infrastructure causes growth. But it is generally recognized that the link works both ways. Despite the ambiguity about causality, it seems clear that inadequate infrastructure is a major barrier to growth and poverty reduction, particularly because it lessens competitiveness and impedes market integration (World Bank, 2000:139).

Since the IGAD governments have committed themselves to seeking rapid integration of their economies and expansion of intra-trade as promulgated in the Agreement Establishing IGAD (Article 7) there is a great need to develop transport and communications which is, according to the IGAD Strategy Framework, essential to achieve sustained economic development of the sub-region (IGAD 1996d:6). Thus, as shown in Chapter 3, harmonization of macroeconomic policies and programmes in the infrastructure sector including the harmonization of transport and communications policies and the removal of physical and non-physical barriers to interstate transport and communication have been viewed in the Strategy Framework as a priority area of cooperation (*ibid*). Yet, not much has been achieved. Still intra-regional communication is poor.

To begin with, there is no adequate social and physical services such as adequate roads, railways, airways, sea ways which connect the countries of the sub-region. This makes the effort of economic integration very difficult. In this connection, in an interview held with the Reporter (2002:6), the current Secretary General of IGAD, Dr. Atalla Hamed Al-Beshir, states the following:

The region is also very compartmentalized. If you want to go from Djibouti to Eritrea, though it is just across the border, you might have to go through Paris or Nairobi. Instead of flying half an hour, you fly ten hours. If you want to go from Kampala to Sudan, you have to go through Nairobi or Addis Ababa, flights that only leave a week. This contributes to making the region very compartmentalized and integration difficult: poor roads, little aviation, no sea route.

All IGAD countries have very poor transport system (road and railway) maintenance records (IGAD, 1998d:2-3). According to the reports of IGAD experts workshop, which was held in Addis Ababa in April 1998, the main reason for this is “poor government policies and insufficient allocation of funds for maintenance” (*ibid*). IGAD has been trying to secure funds for its projects owing to its emphasis on infrastructure development from its 'partners', particularly EU (ESAMI,2001:34; IGAD, 2000:6). The result, however, is not encouraging. It only increases the dependence of IGAD countries on the developed world. Thus constraint of financial resource remains the basic challenge to effective economic integration in the sub-region of IGAD.

Moreover, though the IGAD Charter (1996a: Article 13) emphasizes promotion of regional trade and gradual harmonization of policies and removal of tariff and non tariff barriers to inter-state trade, transport and communications, there are barriers to the intra-regional trade. These are: major differences in tariff rates among member

countries, use of different custom declaration documents, cumbersome administrative procedures, different legal interpretation of insurance claims, restriction of foreign exchange allocation, imposition of unilateral bans and discriminative procedure at points of entry/exist (IGAD, 1998c:1). This weakens the process of economic integration in the sub-region of IGAD.

The challenge to effective integration is also reflected in the poor records of intra-trade in the sub-region of IGAD. Some years ago, writers like Babu (1992:116) argued that there was no material basis for exchange as almost all states were producers of similar primary products; and trade among countries in the Horn of Africa were insignificant, which stood at about 3% in the 1980s (Maruye, 1992:196). It is further argued that:

[O]fficial trade between neighboring countries in the Horn of Africa has been stagnating and even declining over the years. In addition, the composition of this trade has remained basically unchanged. Constraints on the expansion of trade in the sub-region can be seen as political, economic, institutional and also physical (ibid.).

This argument is still valid. Inter-trade among states of the sub-region is still nascent and at its primary level (Waldo, summarized in EIIPD: 1998:33) while the North are still the main trading partners, and raw materials are the main exports (Kimuyu, 1999:181-82). Political differences between countries and political instability within countries in the sub-region (see section 4 of this Chapter) are partly responsible for the low level of official trans-border trade in the sub-region.

Poor communication among the members of IGAD is also manifested in the lack of common currency. Three decades ago Robson (1968:49-50) argued that effective integration demanded the use of common currency. He pointed out that the use of common currency would help in settlement of payments among governments and people and promote intra-trade and investment (*ibid.*). Yet all countries use their own currencies: Djibouti Shilling, Eritrean Nakfa, Ethiopian Birr, Kenyan Shilling, Somali Shilling, Sudanese Dinar and Ugandan Shilling. This is a roadblock to effective integration in that it retards the achievement of a free flow of goods and services, capital movements and unilateral transfer.

Economic constraints on the expansion of intra-regional trade are attributable to the existing structure of production (Maruye, 1992:98). There is a clear divergence between supply and demand patterns among neighboring countries. All the countries in the sub-region are mainly primary producers while the demands are manufactured goods and capital. This limited demand for raw materials, which is a reflection of their low level of development results in production geared largely toward export to developed countries outside of Africa.

Moreover, institutional constraints on regional trade is manifested itself in the lack of information on regional demands and of marketing institutions (*ibid.*). This has led to the low level of trade in the IGAD sub-region. In addition, labour and capital movement in all regions of Africa in response to economic incentives had remained negligible (Kimuyu, 1999:175). These limited trade links among member states of IGAD restrict the foundation on which regional economic integration scheme between them have been based.

5.4 Suspicion, Mistrust and Lack of Confidence

Among the Partners

It seems to me rather obvious that one cannot think of effective economic cooperation, let alone of integration among countries, if relations among states are not underpinned by modes of behavior that foster mutual trust and mutual confidence.... In the absence of normal and predictable relations among nation states whereby all subscribe to principles which constrain them from engaging in activities which create lack of confidence in others, there can hardly be the necessary foundation for a healthy relations among those states, let alone those states being able to develop the common capacity for solving problems that might arise with regard to the proper and fair utilization of transboundary resources. (ellipses mine, Seyoum, in EIIPD, 1998:12).

Conflicts constitute one of the greatest challenges currently facing IGAD. As noted elsewhere in Chapter 2, no country in the sub-region is without internal strife, conflict and/or war. From the political point of view, it can thus be argued that an attempt to economic integration in the IGAD sub-region is far from success (Hansson, 1999:236; Yacob, 2000; 29-30).

5.4.1 Intra-State Conflict

The sub-region of IGAD is characterized by internal strife, conflict and/or civil war. To use the words of Sovenson (1995:1), the sub-region "is viewed as being in a state of crisis,... the crisis is also that of the state itself". In the early 1990s, two entities- Eritrea and Somaliland were created though the latter has not yet got formal international recognition. The rest of Somalia disintegrated because of a war between factions and is now going into an eleventh

year without a central government capable of enforcing civil order. Almost in all other IGAD member states, there are also opposition forces that are fighting against the regime in power.

Since independence in 1956 Sudan has been in civil war in most years of self rule. It was only for the period between 1972 and 1983 that Sudan achieved relative peace (Woodward 1996:50-51; Yacob, 2000:29). Starting from the 1950s the government had been fighting against the Anya Nya movement until 1972. In 1983, Sudan People's Liberation Army (SPLA) was created by assimilated former Anya Nya (Woodward, 1996:50). Since then Sudan has been in civil war.

The thirty years of long civil war in Northern Ethiopia ended in 1991. Yet it has barely recovered from civil war. For example, the government is fighting against the Oromo Liberation Front (OLF). In Uganda, the Lords Resistance Army (LRA) and the West Nile Bank Front (WNBF) have put up an armed opposition to the regime in power. The Eritrean Islamic Jihad (EIJ) and other opposition forces have been operating against the Eritrean government. In Djibouti, the Afar-based Front for the Restoration of Unity and Democracy (FRUD) battles against the government. The Islamic party of Kenya has been engaging in subversive activities against the Kenyan government (CR, 2002, CRK, 2002; CRS, 2000; CRS, 2002; CRU, 2002: Doornbos, 2002:104:104-05; RSWASSI, 2001; Sorenson, 1995: 18-20; Tafese, 1998: 25-26, Malwal, 1992, 9-10; Woodward, 1999: 11-12; Yacob, 2000:29-30).

It is to be noted that these domestic conflicts have negative impact on inter-state relations among the countries of the IGAD sub-region. As it is argued, no civil conflict in Africa can be considered solely as an internal domestic affair (Inter-Africa Group, 2002:4). It is further asserted that:

*... most African governments, faced with a war in a neighboring country, know that it is only a matter of time before they feel the consequence themselves, whether in terms of refugees, or destabilization, or inflow of armaments. Another consequence of war is that it... has a tendency to spill over boundaries. Africa's wars have also of been magnets from criminality..., and these plagues easily infect neighbors, whether directly involved or not (ellipses mine, *ibid.*).*

This argument is very relevant in the case of the IGAD sub-region as the domestic and regional security problem are interdependent. As Tafesse (1998:26) points out " the domestic structure of states and policies and the attitudes of their decision-makers have significantly oriented their regional policy goals and diplomatic activities". Consequently, such conflicts offers a challenge for IGAD member countries to work together for pursuing their common goal of development. To use the words of Tafese (*ibid.*) such conflicts " virtually inhibited attempts at least, at some sort of a *modus vivendi.*".

5.4.2 Inter-state conflicts

There is no a single country in the IGAD sub-region that is not engaged in conflict with at least one of its neighbours. For example, relations between Sudan and Uganda remain poor, largely because of Uganda's support of the SPLA and Sudan's links to Ugandan rebel groups, such as the Lords Resistance Army (LRA) and the West Nile Bank Front (WNBF) (RSWASS, 2001: 983). Sudan's relations with Eritrea have also been marred by repeated

border incidents since 1993. The Sudan government has supported Eritrea's opposition groups like that of Eritrean Islamic Jihad (EIJ). In turn, Eritrea has provided assistance to SPLA. Sudan has been in conflict with Kenya particularly over the sovereignty of territory on the Kenyan side of the Kenyan-Sudan border, known as 'Elemi-triangle', which is believed to contain substantial deposits of petroleum (*ibid*:498). Sudan's relations with its another neighbor (Ethiopia), also characterized by conflict. Ethiopia's accusation of Sudan of its exporting Islamic ideology to the region and Sudan's suspicion of Ethiopia's support to SPLA can be cited as examples of conflicts between the two IGAD member countries. Similarly, though the scale of conflict differs from one case to another, Ethiopia was/has been in conflict with Djibouti (over the use of port), with Eritrea (over boundary and economic reasons), with Kenya (over boundary and other issues) and with Sudan (CRS, 2002: CRS, 2002; CRK, 2002; RSWASS,2001). The same holds true as far as Eritrea's, Djibouti's and Kenya's relations with their immediate neighbors is concerned (see also Chapter 3). Such inter-state conflict “have eclipsed the bilateral and multilateral cooperation between and among the states in the sub-region” (Yacob, 2000:29).

As mentioned earlier in this section, domestic conflict has affected inter-state relations in the IGAD sub-region. Inter-state rivalries and suspicions have also helped fuel the civil war within the sub-region (Malwal, 1992:10). In most cases, the inter-state and intra-state conflicts are interwoven and there are a number of instances “where the opposition forces operate in alliance with the host states and with their commissioning”(Yacob, 2000:30). Such situations create mistrust, suspicion and lack of confidence among member states of

IGAD and this offers the greatest challenge to effective economic integration in the sub-region.

5.4.3 Role of IGAD in Resolving Conflicts

Convinced that economic development ultimately depends on the prevalence of peace and stability, IGAD introduced, *inter alia*, conflict prevention, management and resolution as additional priority areas for the sub-region (IGAD, 1996d:d 9; Tekeste, 1996:3). Its objective is to play a more visible and pro-active role in conflict prevention, and in maintaining peace by contributing to the restoration of existing conflicts (IGAD, 1996b: 8-9). This is, however, far from success.

IGAD's peace initiative on the Sudan and Somalia has stalled since the mid-1990s (IGAD, 1998b:1). In September 1995 negotiation between the Sudanese government and the rebels were initiated under the auspices of IGAD, with the aim of resolving the conflict in southern Sudan (RSWASS, 2001: 1222). These were subsequently been reconvened periodically. In 1998, IGAD was able to bring the two sides to reach an agreement on basic principles (IGAD, 1998b:1). Under the agreed principles, the government conceded that the predominantly non-Muslim south is to be allowed to hold a self-determination ballot to decide if it wishes to be independent or to remain part of a confederal Sudan (*ibid.*).

However, there remain a significant number of obstacles that must be addressed before any single negotiation forum could be formed, let alone a peace deal concluded. These include

differences on the definition of what constitutes South Sudan, divergences over the relationship of religion and state, the definitions of the water areas of the mineral rich country should be included as part of the South Sudan, who should be allowed to vote and what options the ballot should offer (CRS, 2000:14; IGAD, 1998b:2).

As it is argued, "the difficulties in reaching a framework within which these issues could be negotiated are compounded by the divergent interests of the regional players" (CRS, 2002:14-15). Egypt and Libya came with their own peace plan which did not support a vote on self-determination in the south that could lead to southern independence, mainly because Egypt "fears the impact such a move could have on the security of its water flows through the Nile" (*ibid.*). Moreover, while the Arab countries have been linked closely with the Arab, Islamic government in Khartoum, the African states of IGAD have allied closely to the SPLA due to ethnic differences and political allegiances (*ibid.*). This has paralysed IGAD's peace initiative.

IGAD has also been trying to broker a lasting peace between factions in Somalia. Yet it has not been able to bring all factions into a round table (and more importantly the peace initiative is compounded by the divergent interests of the regional players as in the case of the Sudan(CR, 2002:3; Doornbos, 2002:104-05, RSWASS, 2001:1222).

As mentioned elsewhere in this section, almost all IGAD countries engaged in an inter-state conflict. However, IGAD has not been able to broker such conflicts. As Yacob (2000:30)

argues: "IGAD does not have the clout and the necessary abilities to deal with the inter-state and intra-state conflicts."

IGAD adheres to the principle of non-interference in the internal affairs of member states (IGAD, 1996a: Article 6A). This limits the effectiveness of the Organization in charging the mandate entrusted in it. Moreover, the IGAD conflict management action is limited in the sense that it does not pass binding solutions. It only appeals and urges to the disputing parties to refrain from further action without passing binding resolution.

To summarize, as the opening citation in this section made it clear, in the absence of normal and predictable relations among countries that guarantees mutual trust and mutual confidence, it is unthinkable to attain effective cooperation among states, let alone economic integration. The evidence in the ground indicates that relations between and among the countries of IGAD sub-region have been characterized by mutual mistrust suspicion and uncertainty. Today's amicable relations might be reversed overnight. Such insecurity and instability remains a great challenge to the attempt to economic integration in the sub-region of IGAD for some time in the future. To use the words of Hansson (1999:236), "[f]rom the political point of view, the prospect of successful regional integration in the Horn of Africa is even remoter."

VI. CONCLUDING REMARK

Economic integration attempt in the IGAD sub-region is far from success. There are a number of challenges that militate against the attempt to effective economic integration in the sub-region of IGAD. The economic dependency status of IGAD countries, the poor performance of infrastructure and communications development, lack of political commitment on the part of the participating governments, the mistrust, suspicion and lack of confidence among the member states, among other things, are the major ones.

For effective economic integration to exist in the sub-region of IGAD, the following issues need to be given due attention. First, the economic dependency status of IGAD countries is one of the factors that works against the viability and strength of the sub- regional economic cooperation and integration. Thus an approach should be devised for the sub-region to the relationship between the individual states and the regional bodies and curtail external influence. In this regard, the following should be taken into account:

- Take measures to address the weak production structures with virtually no intersectoral links, that is, between the primary and the secondary sectors in general and between agriculture and industry, between mining and manufacturing, in particular (Asante, 1997: 141). Thus, the revitalized IGAD should also give priority to production and devote substantial resources to production integration in order to reduce excessive external dependence and critical lack of production capacity. It is to

be noted that the veritable gains of Africa's self-reliance will be derived from the integration of the productive structures (*ibid: 142*).

- Harmonization of national efforts to improve agricultural productivity and restructure industrial production to rely more on domestic rather than on imported inputs are major components of cooperative programmes that IGAD ought to promote in order to have significant impact on the development of member states.
- No serious development endeavor and integration programme can be exclusively based on foreign assistance. As Orakwue (2002:42) puts it: " real, lasting, positive and sustained development in Africa can only be created by Africans, of all classes, themselves. No one else has the motivation or the interest." Thus, a step towards strengthening the institution to have enough autonomy and own resources to undertake the tasks assigned to it should be taken . A significant progress towards self-financing mechanism that guarantees a regular and sufficient flow of resources needs to be devised. For example, the origin of self-resource can be a percentage of duties levied on goods traded within the sub-region and originating from outside the sub-region, mobilizing funds from people and different organizations, encouraging people to contribute voluntarily, and a specific tax for economic integration purposes and other possibilities.

Decades of African's relations with the Western countries and their institutions have not brought about development nor solved structural problems, rather it prevented the establishment of mutually beneficial economic ties among African States. Thus to minimize the impact of the European Union and other potential trading blocs and be able to participate and compete in the global trading system, Africa in general and

the IGAD sub-region in particular are required to de-link their historical colonial and neo-colonial links with Europe and North America and encourage a South - South relationship.

- As shown in chapter 4, a larger number of participating countries are thought to be conducive to successful economic integration in that it will lead to a stronger international negotiating position in the world affairs. To this end, the inclusion of new membership such as Tanzania, Burundi and Rwanda can be proposed .

Secondly, the development of adequate transport and telecommunication infrastructure are very crucial for effective economic integration in the sub region of IGAD. Therefore, continued support for and intensification of concerted efforts towards the development of such sectors are required. In this regard, harmonization and simplification of customs union are important.

Thirdly, another important point is that economic integration needs to be approached from a wide variety of angles: cultural, social and economic. Thus, the success of economic integration requires the combination of cultural, social and political aspects. Such inextricably linked should serve to facilitate the achievement of the economic objectives of integration scheme. Hence, measures such as removal of visa requirements for the citizens of the sub-region, promoting cultural exchanges through organizing seminars, workshops, conferences and student and researcher exchanges, establishing sub-regional cultural and economic information centers and research institutions can serve as mechanisms for people to "know each other better and hopefully, abandon stereotypes and caricatures of one another

"(Makisa and Thompson, 1995: 65). Such measures, in addition to strengthening inter-governmental relations, promotes "people to peoples" interaction.

Fourthly, governments are required to involve the different section of people (students, civil and professional associations, academicians; political parties and other local non-governmental organizations) in the process of economic integration. The involvement of these groups will help successfully implement the integration process. Moreover, governments should encourage private sectors to participate in the sub-regional economic activities. For example, private sectors should be encouraged to participate in the establishment and development of road, railways and maritime shipping. Such measures will strengthen the economic integration process.

More importantly, whatever economic integration scheme is to exist in the sub-region of IGAD, its success basically depends on the will and commitment of those directly involved, and especially of the top political leaders. Therefore, Heads of State and Government in the Horn of Africa should be committed to advance integration towards common objectives. It is not enough to have a strong motivation in the initial stages (Asante, 1997: 149). The commitment must be sustained over a long period of time. And politicians should not easily backtrack on the progress made.

Finally, integration is best developed in a climate of trust and confidence among nations and their populations. One way of stimulating this ambiance of harmony, as Kinfe (1999: 22) points out, is capitalizing on commonalities and promoting equality in diversity. Enlightened

leadership is bound to lead the way in such efforts. Moreover, the mechanisms of prevention conflicts should be enhanced and culture of tolerance should be promoted. To this end, governments must commit themselves to peace by the development of institutions such as fair courts that facilitate negotiation and resolution of conflicts.

It is also important to consider what Kiefe (*ibid*: 22-23) has suggested: plan policies on shared tranboundary resources, like international rivers, lakes, etc; strengthen bilateral links, which in turn provide a basis for multilateral cooperation and make short-term compromises in the interest of long-term goals and benefits.

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