Mainstreaming Non-State Actors in African Regional Integration

By:

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Introduction

Many mainstream discussions on African regional integration focus on the role of the executive, bureaucrats and state institutions (*hereafter referred to as state-actors*) in facilitating regional integration. While state-actors play crucial roles in enabling regional integration from a "top-down" perspective, concentration on these state-actors inadvertently means that less focus is paid to the non-state actors involved in the process. This article explains that while state-actors do facilitate regional integration from a top-down perspective, non-state actors have the potential to (and in some cases, already do) facilitate regional integration using a "bottom-up" approach.

This article makes two interconnected arguments: (a) non-state actors are integral in facilitating regional integration and intra-African trade and should be given sufficient recognition; and (b) within the context of Africa, the private sector, particularly small and medium scale enterprises (**SMEs**) are integral to the success of regional integration. The scope of non-state actors in this article is limited to the formal private sector, predominantly small and medium scale enterprises as well as transnational corporations. For an evaluation of the informal economy and regional integration, view articles published by the author as well as an article by Dr. Chris Changwe Nshimbi, both on Afronomics Law. Also see an analysis of civil society as non-state actors in regional integration by Theresa Reinold.

Non-State Actors and Regional Integration

Legal scholarship on regional integration tends to focus on state-centric regional institutions and policy-driven trading schemes within regional integration frameworks. This propensity for a state-centric approach is not surprising. In fact, I argue that this propensity is perfectly understandable, considering how much government activity is required to facilitate any form of regional integration. Heavy government involvement is inevitable, as governments are necessary for negotiation, signing and ratification of treaties, amongst other salient functions. However, I also argue that because of the importance of the state-centered elements of regional integration, there is a tendency for scholars and policy makers to inadequately explore the role of non-state actors in regional integration and facilitation of intra-African trade.

In order to lay a foundation for the core arguments in this article, it is important to highlight some crucial literature, starting with the New Regionalism Approach (**NRA**), which is largely embedded within the field of international relations. NRA recognizes the importance of non-state actors in regionalism and invites us to think broadly about the actors within regional integration. Contrary to the mainstream focus on state-centric regional integration, NRA is eclectic and more concerned with the dynamics and consequences of processes of regionalization in various fields of activity and at various levels.

Grant and Soderbaum explain that NRA rests on the position that regionalism is a heterogeneous, comprehensive, multi-dimensional phenomenon, taking place in several sectors and is often ‘pushed’ (or constructed) by a variety of actors (state, market and society). NRA obviates the artificial separation, of state and non-state actors, and of the formal–informal, which is associated with traditional regional approaches. By emphasizing that regional integration is not necessarily state-centric, NRA provides a more holistic perspective which if well employed, could be a powerful tool for Africa's integration.

NRA is not the only call for increased non-state actor activities in regionalism. In 2013, the United Nations Conference on Trade and Development (**UNCTAD**) published its Economic Development in Africa Report, titled Intra-African Trade, Unlocking Private Sector Dynamism (**UNCTAD Report**). The UNCTAD Report argues that for African countries to reap expected gains from intra-African trade and regional integration, they need to place the building of productive capacities and domestic entrepreneurship at the heart of the policy agenda for boosting intra-African trade. Essentially, this argument calls for more private sector involvement in the process of regional integration and facilitation of intra-African trade. In doing this, the UNCTAD Report advocates for an adoption of Developmental Regionalism. Within the context of the UNCTAD Report, Developmental Regionalism stresses the need for a shift from a process and linear approach to integration, which focuses on elimination of trade barriers, to a more development-based approach to integration, which pays as much attention to the building of productive capacities and private sector development as to the elimination of trade barriers.

In addition, the nascent philosophy of Africapitalism, first proposed by Nigerian entrepreneur Tony Elumelu and significantly advanced by Idemudia, Amaeshi, Okupe in their book *Africapitalism: Rethinking the Role of Business in Africa*, is an introduction to the potential of the private sector in Africa. Idemudia *et al* explain that Africapitalism is underpinned by notions of hybridity that seek to marry modern management practices with African values in a manner that is responsive to the particularities of the African context. According to the Tony Elumelu Foundation, Africapitalism is a call-to-action for businesses to make decisions that will increase economic and social wealth and promote development in the communities and nations in which they operate. The philosophy rests on eight core pillars, four of which are regional connectivity, value-added growth, a shared purpose and long-term investments. While there is yet some work to be done in conceptualising Africapitalism coherently, the philosophy points to something broader, that the private sector in Africa is an undeniable force and local entrepreneurs are beginning to think regionally and globally.

The Private Sector within the Context of Regional Integration in Africa

Why should the private sector matter so much in regional integration in Africa? Four preliminary reasons stand out and are explored briefly below: These reasons are ***Practice within the African context, Continuity, Efficiency and Innovation***.

1. **Practice Within the African Context**

While governments negotiate and sign trade agreements, it is the private sector that ultimately uses these agreements, or more lightly said, tests whether in reality, the agreement give the advantages contained within their letter. Given that in today's trading system, trade occurs primarily between companies and not countries, it is the private sector that seeks to use the opportunities afforded by trade liberalisation to facilitate regional or continental exchange. By conducting business, the private sector practicalize the provisions of the agreements and will face whatever challenges (non-tariff barriers for instance) that the black letter of the treaty may have no direct effect on, without concerted government implementation. Furthermore, the UNCTAD Reports explains that while state-centric efforts are important in the elimination of trade barriers and creation of an enabling business environment in terms of laws and policy, the desired effects of these efforts may yield limited results if they are not complemented with policy measures to boost supply capacities.

2. **Continuity**

Regional and continental negotiations on regional integration are largely driven by politicians and bureaucrats, who have limited tenure of office. It is not unusual for visions for regional integration to wane in the absence of charismatic pan-African leadership. Furthermore, governments' positions on integration on a national level may vary depending on who occupies the apex position. The rise of populism in other parts of the world and the difficult divorce, christened Brexit, makes the threat of lack of continuity within government more real today. On the other hand, private actors (with legal personality) persist until dissolved and if integrated properly into planning and development can act as agents of continuity. Furthermore, regional business operations need not cease upon the exit of corporate executives, as executive changes do not necessarily translate into change in company policy.

3. **Efficiency**

The private sector operates for profit and implicit in this is a drive for efficiency in all aspects, in order to reduce costs and increase profits. While this characteristic of private business needs to be overseen in order to prevent rent-seeking and to maintain standards, the level of efficiency within by the private sector can be useful in ensuring that scarce resources are harnessed to provide substantial regional results.

4. **Innovation**

Finally, the private sector in Africa is teeming with innovation as evidenced by several industries within the continent, particularly the banking, telecommunications and technology industries. Innovation typically moves faster than regulation and within the context of Africa, it can be argued that massive innovation is needed to provide solutions to the challenges faced by many.

Bottom-Up Regionalism, the Private Actors behind EcoBank

The Federation of West African Chambers of Commerce and Industry (**FEWACCI**) is a privately-led network founded in 1976 by the presidents of the 15 chambers of commerce in West Africa, with a view to giving the business community of the region a voice and a vehicle to foster development and reduce poverty. The founding members of FEWACCI set to create transnational corporations, which would have a presence in all ECOWAS member countries and whose capital would be built by nationals of all 15 member countries. In 1985, FEWACCI promoted the Ecobank Group as a private-sector-initiated holding bank.Today, Ecobank has grown to be one of the leading banks in Africa, as its operations and reach have gone beyond the confines of the West African region. Ecobank operates in 36 African countries today, connecting entrepreneurs and businesses across borders and participating in cross-border infrastructure financing projects. Ecobank is a prime example of the potential ripple effect of private actors involved in regional integration while pursuing their own private purposes. However, this example raises the second argument made in this paper: private actor led regionalism need not be the preserve of transnational corporations. SMEs in Africa are an extremely important part of the African entrepreneurial landscape and should also be considered as actors within this process.

Current Efforts

Of course, this article will be incomplete if I don't highlight that there is already an increasing recognition of the role of the private sector in regional integration in Africa. For example, regional economic communities (**RECs**) in Africa are increasing the inclusion of the business community in their activities through the establishment of business councils, i.e. the East African Business Council. In 2018, the Pan-African Private Sector Trade and Investment Committee (PAFTRAC) was created to enhance African private sector participation and galvanize the views of the African private sector in order to mainstream them into trade and investment policy making. Also, in December 2018, the intra-African trade fair in Egypt, powered by the African Union and AfreximBank, invited transnational corporations, SMEs as well as service provides to display their range of services and products. Nonetheless, it is important for us to remember that large corporations are not the only life-blood of the private sector. SMEs need to see that Africa is open to them as well.

Conclusion

While RECs are articulated to be the building blocks for continental integration, the private sector is another resource at our disposal. When private actors explore additional markets or create regional value chains, they could facilitate integration from the bottom-up through their activities. The treaties, more recently the African Continental Free Trade Agreement (**AfCFTA**) give legal backing for continental economic liberalisation, however, it is on-the-ground trade that will yield results, therefore we need to more attention to private actors at various levels.

This article in no way suggests that private actors alone can carry the weight of regional and continental integration. Instead, it advocates for a partnership. In many cases, the private sector is infamous for ignoring issues relating to inequality and labour standards and it is known to perpetuate rent-seeking behaviour. However, with the appropriate level of collaboration, perhaps the African model may hold up differently.

In conclusion, while state-actors facilitate integration from the top-down, private actors need to be empowered to facilitate integration from the bottom-up. In order for private actors to be incentivised, the UNCTAD Report recommends massive investment in infrastructure, accessibility of finance, developing and strengthening workforce skills, maintain peace and security, and strengthening mechanisms for consultation with the private sector. In addition to these, I recommend the development of trust between government and organised private actors through repeat interactions and democratisation of opportunities for SMEs to play an active role in the integration process.

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