

# **The Political Economy of Regionalism and International Waters**

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**Presentation of draft report at GEF workshop  
hosted by OAS 11-12 June**

## PURPOSE OF THE STUDY

- To explore the relationship between GEF IW interventions and the political economy of regionalism, as manifested by state-driven regional organizations (ROs)?
- To what extent do GEF IW projects contribute to enhance regional cooperation and can they benefit from a closer relationship with ROs?

## WHY IS THIS IMPORTANT?

- Importance of regionalism & ROs in global politics & for achieving public goods
- 40 % of GEF projects are “regional”
- GEF projects have many links to regional cooperation
- **We lack systematic knowledge about the relationship between regionalism and IWs**

# POINTS OF DEPARTURE

- Global & comparative focus
- Desk study of GEF IW projects in developing countries and countries in transition
- Explorative ambition — beyond individual projects
- Regionalism no universal solution
- ‘Governance’ (norms, rules, formal and informal institutions for managing collective affairs)
- Environment—‘Development’

# THE TEAM

- **Fred Söderbaum** (lead consultant): University of Gothenburg & UNU-CRIS. Expertise on IR, IPE, regions, regionalism & ROs, and to some extent transboundary rivers & waters
- **Doug Taylor**: STAP Consultant & ex-STAP Sec
- **Jakob Granit**: SEI & STAP, very active at all stages, also some writing
- **Ian Taylor**: University of St. Andrews, Scotland

# FOCUS OF THIS PRESENTATION

1. Overview of regionalism
  2. Brief reflections why regionalism is important for IW commons and GEF projects
  3. Key Lessons about relationship regionalism and IW projects
- Afternoon: Doug presents the 'bottom-up' desk study (chapter 3 of draft report).

# THE POLITICAL ECONOMY OF REGIONALISM

# RE-EMERGENCE OF REGIONALISM

- Re-emergence of regionalism
- Linked to post-Cold war context & globalization
- Global and regional challenges
- Restructuring of (Westphalian) nation-state
- Many policy areas: security, economic development, trade, social sectors, environment etc.
- The comparative advantage of regionalism: problems of multilateralism & nation-state logic

CLASSICAL/OLD REGIONALISM	CURRENT/NEW REGIONALISM
Shaped by the post-war and Cold War logic	Shaped by a multipolar world order
European phenomenon, modeled on EC	Global and pluralistic phenomenon
Specific objectives, usually sectorally segmented	Comprehensive and multipurpose (and stronger “political” dimension)
Exclusive in terms of membership	Inclusive in terms of membership
Introverted and often protectionist	Extroverted, linked to globalization
State actors within ROs	State, market and civil society actors in many institutional forms

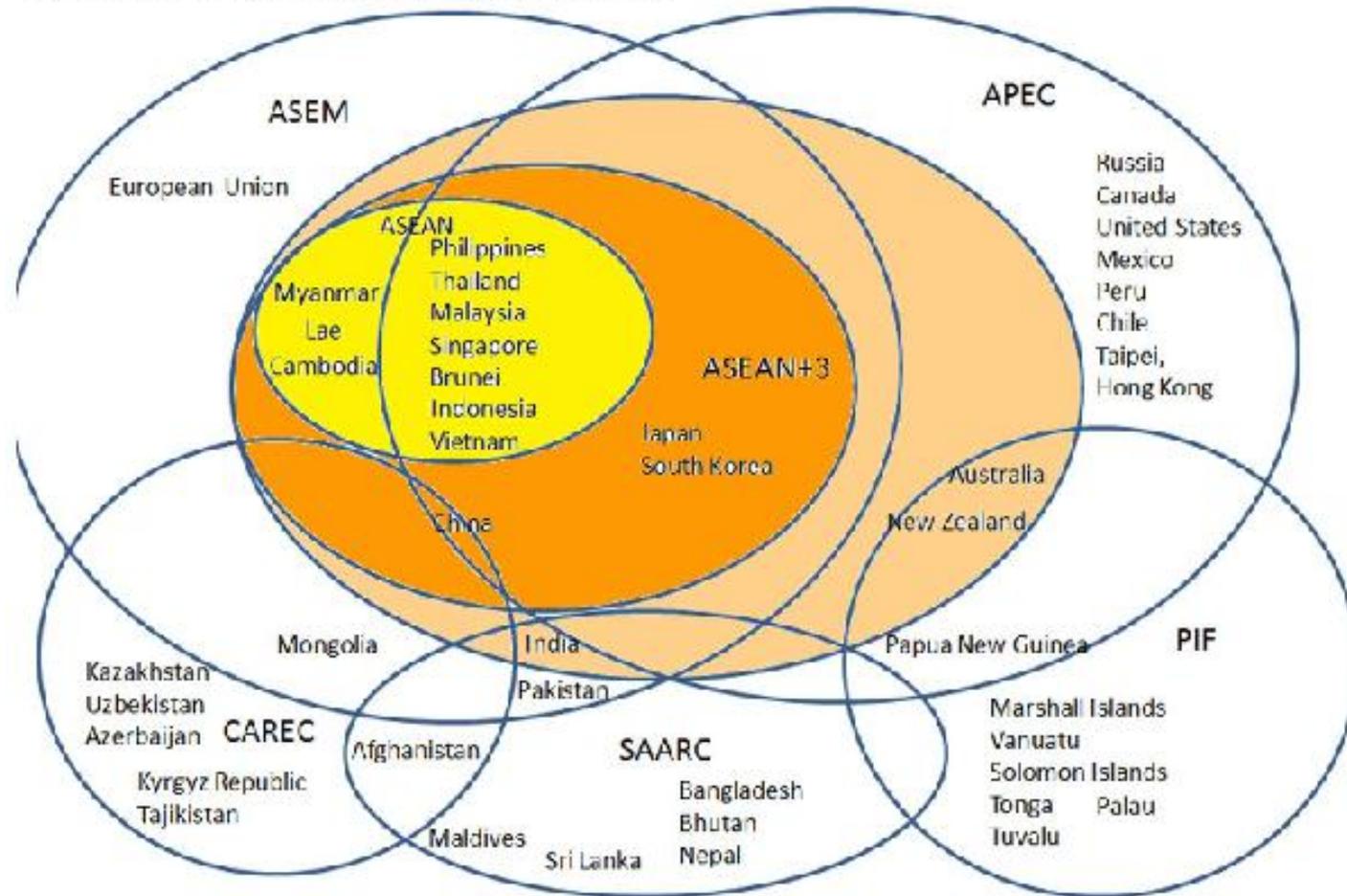
# GENERAL BENEFITS OF REGIONALISM

- Overcoming collective action problems
- Supplying transnational public goods
- Peace & security
- Better utilization of factors of production and resources
- Economies of scale and pooling of resources
- Larger and more competitive markets
- Increased FDI and capital flows
- Credibility of national reforms through 'lock-in'

# PLURALISM OF REGIONALISM

- Many regional 'scales' — continent, macro-region, sub-regions, micro-regions
- Many types of regionalism — economic, political, cultural
- Many actors involved in regionalism — states, markets, civil societies, external actors
- Many institutional forms of regionalism (typology)

## Regional Economic Institutions in Asia-Pacific



# TYPOLOGY OF REGIONAL COOPERATION MECHANISMS

	<b>Organization</b>	<b>Network</b>
<b>Specialized, sectoral or functional</b>	SPECIALIZED ORGANIZATION	SPECIALIZED NETWORK
<b>Multipurpose</b>	MULTIPURPOSE ORGANIZATION	MULTIPURPOSE NETWORK

# TYOLOGY OF REGIONAL COOPERATION MECHANISMS

	<b>Organization</b>	<b>Network</b>
<b>Specialized, sectoral or functional</b>	Transport organization Development bank River basin organizations	Research network Civil society network Power pool
<b>Multipurpose</b>	Development community Economic Union Political union	Growth triangle Development corridor

REFLECTIONS  
WHY REGIONALISM AND  
IW HANG TOGETHER

# GENERAL UNDERSUPPLY OF 'GOVERNANCE'

- International cooperation not easy
- Institutions and governance matter
- Public goods is 'political' issue (not 'incentives' or technocratic solutions)
- Often 'failure to match a regional public goods spillover range with a political jurisdiction' (Arce & Sandler)
- 'Mismatch' between transboundary water management bodies and multipurpose ROs

## KNOWN LIMITS OF IW PROJECTS: 'GOVERNANCE GAP'

- GEF should be 'catalytic'
- Sustainability and impact of 'projects'
- Some 'sectoral segmentation' ('functionalism')
- IW projects stronger on 'environmental systems' than on 'governance'
- Problems with national benefits & commitment ('vertical fragmentation')

# WHAT SHOULD GOVERNANCE DO?

- Link state and non-state **actors** at various **levels** over **time** ('nested governance')
- Provide **frameworks** for multi-country cooperation & **change behaviour** (norms, trust, institutions, reciprocity, transaction costs, reduce power games)
- Ensure (national) **political commitment and buy-in**

PRELIMINARY  
KEY LESSONS

## UNDERSTAND REGIONAL CONTEXT & DEVELOP REGIONAL STRATEGIES

- GEF projects not isolated from regional context and ROs
- GEF should develop regional strategy or template (but no 'one-size')
- TDA/SAP toolkit & LME governance handbook not enough
- Assess role of ROs in project design & how secure country/donor co-financing

## PRAGMATISM AND FLEXIBILITY IN GEF IW PROJECT DESIGN

- Regional cooperation is ‘means to an end’
- ‘Regional’ project can mean ‘everything’
- Project designers free to decide role of region and ROs themselves — without strategy
- Links are mainly to sectoral ROs, not multipurpose ROs

## GIVE MEANING TO 'REGIONAL' PROJECTS

- Strength of GEF PMU may enhance regional cooperation or ignore/bypass existing ROs
- GEF projects not able benefit (enough) from ROs, especially not from 'regional governance'
- Result is reduced regional cooperation sustainability & impact (see Desk Study)
- GEF should give meaning to regional projects (within a regional strategy)

## SYNCHRONIZE REGIONALISM AND NATIONAL POLITICAL CONCERNS

- Historically regionalism ‘delinked’ from national programs/priorities
- IW projects needs to better understand (national) incentives, benefits and commitment to cooperation and to GEF IW projects
- GEF partnership may be agent of change to deliver support at project design and at non-project level for regional environmental diplomacy

## FILL THE REGIONAL 'GOVERNANCE GAP'

- IW projects require governance to be effective and sustainable
- GEF IW projects overlooked political support and authority through regional cooperation
- Regional governance to facilitate cross-sectoral linkages
- Multipurpose ROs better than specialized ROs for political jurisdiction, national commitment and filling 'governance gap'

# DO NOT ROMANTICIZE REGIONALISM

- Many barriers to regionalism: outside and inside the region
- ROs can be costly, inefficient, dysfunctional & even manipulated
- GEF may have avoided some problems by avoiding the politics and dysfunctions of ROs
- ROs be carefully assessed by GEF in governance baseline process

**Q & A**