

Systems of Indicators for Monitoring Regional Integration Processes: Where Do We Stand?

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Introduction

- MLG, new regionalism
 - Macro-regional level of governance:
importance↑, variety of forms↑, types of actors↑
 - ∃ demand for monitoring tools
 - ∃ concrete proposals (qualitative, quantitative)
- quality?, best practice?, lessons?, typology?



Introduction - Typology of regional cooperation mechanisms

	Organization	Network
Unidimensional	Sectoral organizations Security organizations Economic integration arrangements Regional development banks	Research networks Public-private partnerships Civil society networks
Multidimensional	Comprehensive organizations River basin organizations UN Economic Commissions	Growth triangles Cross-border micro-regional organizations Development corridors

Source: Hettne and Söderbaum (2004:5-6).

Methodology - Selection of Indicator Systems

Academic proposals included in study:

- Hufbauer and Schott (1994) ('H&S');
- Feng and Genna (2004) ('F&G');
- GDRI model (Ruiz, 2004a) ('GDRI').

Institutional proposals included in study:

- ECB (Dorrucci et al., 2002) ('ECB-MERCOSUR');
- European Commission:
 - EU-MERCOSUR Joint Photography ('EU-MERCOSUR') (1998) ;
 - EU-CAN Joint Evaluation ('EU-CAN') (2005);
 - EU-Central America Joint Evaluation ('EU-CENTRAL') (2005);
 - EU-ACP Reviews ('EU-ACP') (2002-);
- COMESA (2002) ('COMESA');
- UNECA ('UNECA') (2001, 2002, 2004);
- ASEAN (Dennis and Yusof, 2003), ('ASEAN' and 'ASEAN-KEY').

Total = 12



Methodology – Political Economy Aspects

By whom? For whom? Why?

Actors: regional organisations, individual countries, academia, civil society, and external governmental and non-governmental actors.

‘Political’ Choices:

- *Uni-regional versus pluri-regional* (comparative) monitoring and indicator systems
- *Absolute versus relative* comparative indicators
- the *degree of specificity* of the system
- the *level of assessment*
- the *treatment of overlapping membership*
- the *distinction between policy discourse, effort, implementation and effect*

→ **Political issues ↔ technical issues**



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Methodology – Conceptual framework

Conceptual framework – options:

- regional integration conceived as a process or a state (Balassa, 1961),
- adoption of a uni-dimensional or a pluri-dimensional approach,
- focus on institutionalised or ‘real’ integration,
- focus on ‘positive’ or ‘negative’ integration (Tinbergen, 1954; Pinder, 1968),
- focus on one actor or more actors,
- adoption (or not) of a typological approach, (Balassa, 1961; Hettne and Söderbaum, 2000; etc.).

Theoretical models – normative aspects



Methodology – Variables and categories

Approaches:

- sectoral approach I (classification by policy areas);
- sectoral approach II (classification by disciplinary fields);
- input-output approach.

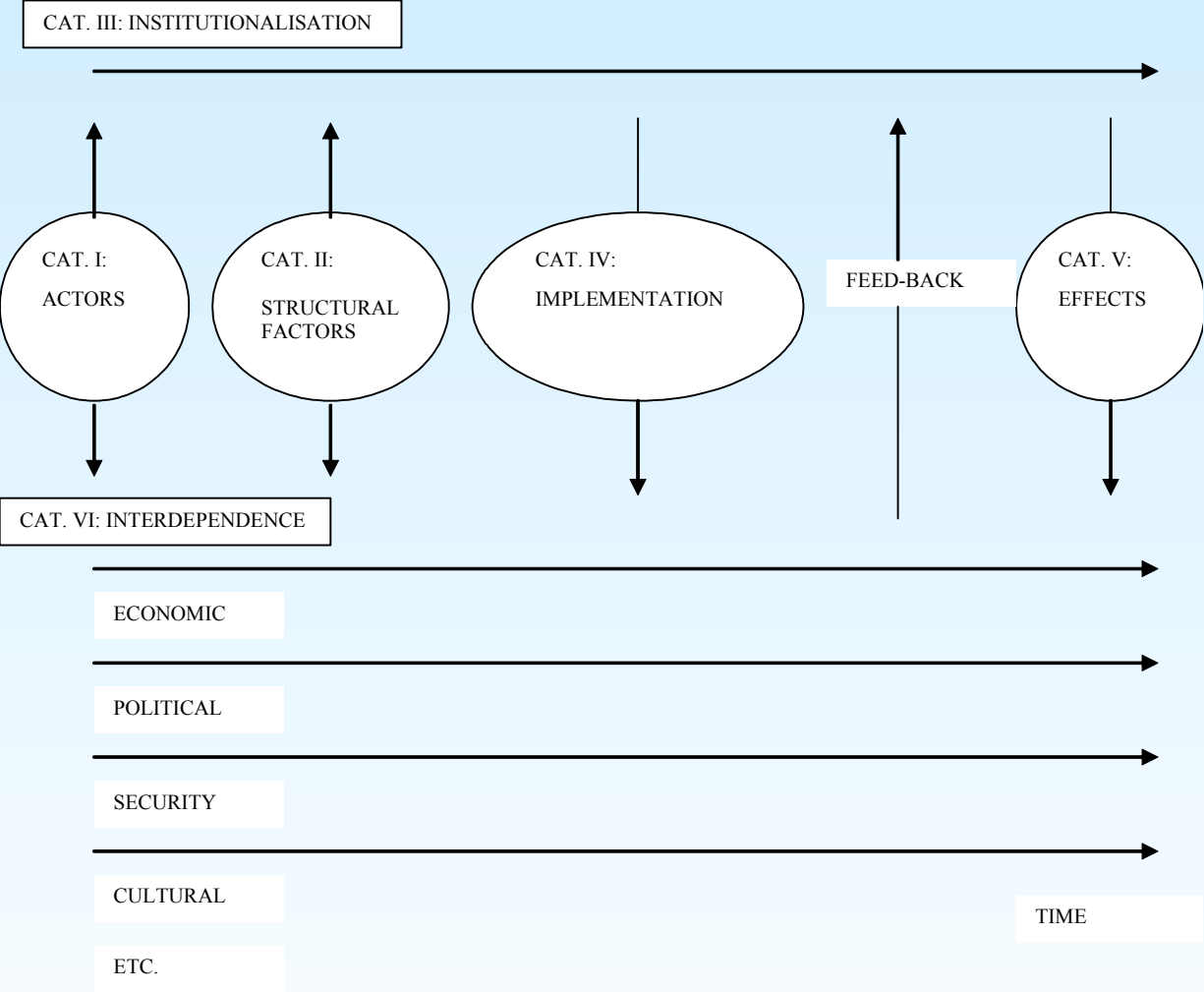
Pre-conditions for integration

Our proposal - six categories of variables:

- actors;
- structural factors,
- institutionalisation,
- implementation,
- effects,
- interdependence.



Methodology - Conceptual framework



Source: De Lombaerde and Van Langenhove (2006).



Methodology – Aggregation and Weighting

Tableaux de bord

Aggregation procedures - index problem

Solutions:

- statistical criteria,
- expert opinion,
- practical considerations.

Qualitative assessments



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Results - By whom, for whom?

Actors:

- Limited number of actors
- Low levels of participation/transparency
- Poor communication
- Practically no sustained efforts



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Results - Why?

Objectives of indicator systems:

- to measure the level of integration of a given regional grouping (H&S, GDRI, EU-MERCOSUR);
- to measure the pre-conditions for (further) integration (H&S, F&G);
- to assess the performance and contribution of individual countries in regional groupings (UNECA);
- to evaluate regional integration policies (ASEAN, ASEAN-KEY, COMESA);
- to compare regional integration in different regions (UNECA, H&S, GDRI, EU-MERCOSUR, ECB);
- to evaluate donor-financed support programmes for regional integration (EU-ACP);
- to assess needs and merits of regional organizations upon which to base future aid decisions (EU-ACP);
- to be strategically used in the context of a negotiation process (EU-MERCOSUR, EU-CAN, EU-CENTRAL).



Results - Conceptual and theoretical frameworks

In general: little developed

- ASEAN (integration – openness – interdependence; Balassa)
- EU-ACP (inputs/efforts)
- GDRI (old versus new regionalism?)
- ECB (institutional/Balassa versus economic/OCA)



Results - Coverage of Policy Areas

Indicator System	Policy Areas						
	Economic	Social	Institutional	Political	Monetary	Cultural	Technological
H&S-AS	X		X		X		
H&S-RI	X			X	X		
EU-MERCOSUR	X		X	X			
ECB-MERCOSUR-INST	X		X		X		
ECB-MERCOSUR-ECO	X				X		
COMESA	X		X	X	X		
ASEAN Road Map	X		X		X		X
ASEAN-KEY	X				X		
GDR1	X	X		X			X
UNECA	X	X			X		X
F&G	X		X		X		
EU-CAN	X		X	X			
EU-CA	X		X	X			
EU-ACP	X		X	X	X		

Note: AS = Achievement Scores of Economic Integration; RI = Readiness Indicators; INST = Institutional Index of Regional Integration; ECO = Economic integration measure.



Results - Variables and categories

Range: 6 variables (F&G) ↔ 145 variables (ASEAN)

Main observations:

- **One third** (172 out of 536 \approx 32%) of the variables do not inform us directly about the regional integration process.
- The categories on which the systems focus are varied.
- Those that **focus on one category** are: F&G on Institutionalisation and Policies; EU- MERCOSUR, EU-CAN and EU-CENTRAL on Implementation; ASEAN-KEY on National Macroeconomic Indicators; and GDRI on Other National Indicators.
- Those that **focus on two categories** are: H&S on Institutionalisation and National Macroeconomic Indicators; ECB-MERCOSUR and ASEAN on Implementation and Interdependence; EU-ACP on Institutionalisation and Implementation.
- Only EU-CENTRAL, EU-CAN and ASEAN cover **all categories** (with the exception of structural factors) at the regional level.

Explicit criteria for selection of indicators: only ASEAN (and ASEAN-KEY):

- policy relevance,
- simplicity,
- statistical consistency,
- validity,
- data availability
- indicator coverage



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Results - Number and Type of Variables

Indicator System	Number of Variables	Type				
		Quantitative Measures	Scores	Ranks	Binary System	Other qualitative measures
H&S-AS	6		x			
H&S-RI	7		x			
EU-MERCOSUR	52					x
ECB-MERCOSUR-INST	11		x			x
ECB-MERCOSUR-ECO	12	x				
COMESA	57	x				x
ASEAN	145	x				x
ASEAN-KEY	11	x				x
GDR	102	x			x	x
UNECA	20	x	x	x		
F&G	6		x			
EU-CAN	21	(x)				x
EU-CA	21	(x)				x
EU-ACP	35	(x)				x

Notes: see Table 2.



Results: Distribution of variables across categories

Indicator System	Actors	Structural Factors	Institutionalisation and policies	Implementation	Effects	Interdependence	National Macroeconomic Indicators	National Trade Indicators	Governance and Regulations	Externally Financed Regional Development Projects	Other National Indicators
H&S-AS	16.7%	0	83.3%	0	0	0	0	0	0	0	0
H&S-RI	0	0	0	0	0	0	57.1%	0	42.9%	0	0
EU-MERCOSUR	0	0	3.8%	94.2%	0	1.9%	0	0	0	0	0
ECB-MERCOSUR-INST	0	0	18.2%	81.8%	0	0	0	0	0	0	0
ECB-MERCOSUR-ECO	0	0	0	0	0	100%	0	0	0	0	0
COMESA	0	0	0	19.3%	0	7.0%	19.3%	14.0%	40.3%	0	0
ASEAN	0.7%	0	4.1%	43.4%	2.1%	49.0%	0.7%	0.7%	0	0	0
ASEAN-KEY	0	0	0	9.09%	0	0	90.9%	0	0	0	0
GDR1	3.9%	0	3.9%	0	0	2.9%	21.6%	5.9%	9.8%	0	52.0%
UNECA	0	0	0	0	0	20.0%	25.0%	20.0%	0	0	35.0%
F&G	16.7%	0	83.3%	0	0	0	0	0	0	0	0
EU-CAN	9.5%	0	14.3%	61.9%	9.5%	4.8%	0	0	0	0	0
EU-CA	9.5%	0	14.3%	61.9%	9.5%	4.8%	0	0	0	0	0
EU-ACP	14.3%	0	37.1%	34.3%	0	5.7%	0	2.9%	2.9%	2.9%	0



Results: Aggregation and weighting procedures

	H&S	EU-MERCOSUR	ECB-MERCOSUR	COMESA	ASEAN	GDR	UNECA	F&G	EU-CAN	EU-CENTRAL	EU-ACP
Overall/ aggregate index	YES - Achievement scores on economic integration - Readiness Indicators	NO	YES - Institutional Index of Regional Integration	NO	YES -Regional Economic Integration Index	YES - Regional Global Development Index - Regional Integration	YES - The weighted Composite Integration	YES - IAS	NO	NO	NO
Weighting procedure	Unweighted arithmetic average	NO	Adhoc weights within categories. Unweighted arithmetic average for the overall indicator	NO	Unweighted arithmetic average	Unweighted arithmetic average at the level of factors. Adhoc weights for the overall indexes.	Weighted arithmetic average	Unweighted equally weights	NO	NO	NO
Sub indexes included	NO	NO	- FTA and CU - CM - EUN - TEI	NO	- Regional Trade Index - Regional Investment Index	- Regional Global Political Development Index (X1) - R/G Social DI Index (X2) - R/G Economic DI (X3) - R/G Technological DI (X4)	Sectorial Indices	NO	NO	NO	NO



Conclusions: technical quality and policy relevance I

- **Need for adequate monitoring tools**
- **Participation of stakeholders – communication – transparency – sustainability**
- **Diverse objectives:**
 - to measure the level of integration of a given regional grouping;
 - to measure the pre-conditions for (further) integration;
 - to assess the performance and contribution of individual countries in regional groupings;
 - to evaluate regional integration policies;
 - to compare regional integration in different regions;
 - to evaluate donor-financed support programmes for regional integration;
 - to assess needs and merits of regional organizations upon which to base future aid decisions;
 - to be strategically used in the context of a negotiation process.



Conclusions: technical quality and policy relevance II

- **Conceptual issues** - lack of clarity related to the selection of variables and categories – effectiveness.
- **Technical issues are often linked to political issues:** the inclusion of cross-region comparisons, the choice between absolute and relative comparisons, the choice of weights, the inclusion of policy implementation variables, the combination of quantitative measurements with qualitative assessments, and the interpretation of results.
- **New initiative(s)?**

